



K/S Danskib 84

c/o ID Management ApS, Bredgade 30, 1260 Copenhagen K

Company reg. no. 32 32 09 10

Annual report

2023

The annual report was submitted and approved by the general meeting on the 16 April 2024.

Fritz Larsen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance USD 146.940 means the amount of USD 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the management has presented the annual report of K/S Danskib 84 for the financial year 2023.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2023, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2023.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen K, 16 April 2024

Board of directors

Allan Munk Nielsen

Torben Ankjær Weis

Per Gullestrup

Axel Stove Lorentzen

Independent auditor's report

To the Limited Partners of K/S Danskib 84

Opinion

We have audited the consolidated financial statements and the parent company financial statements of K/S Danskib 84 for the financial year 1 January to 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 16 April 2024

Redmark

Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

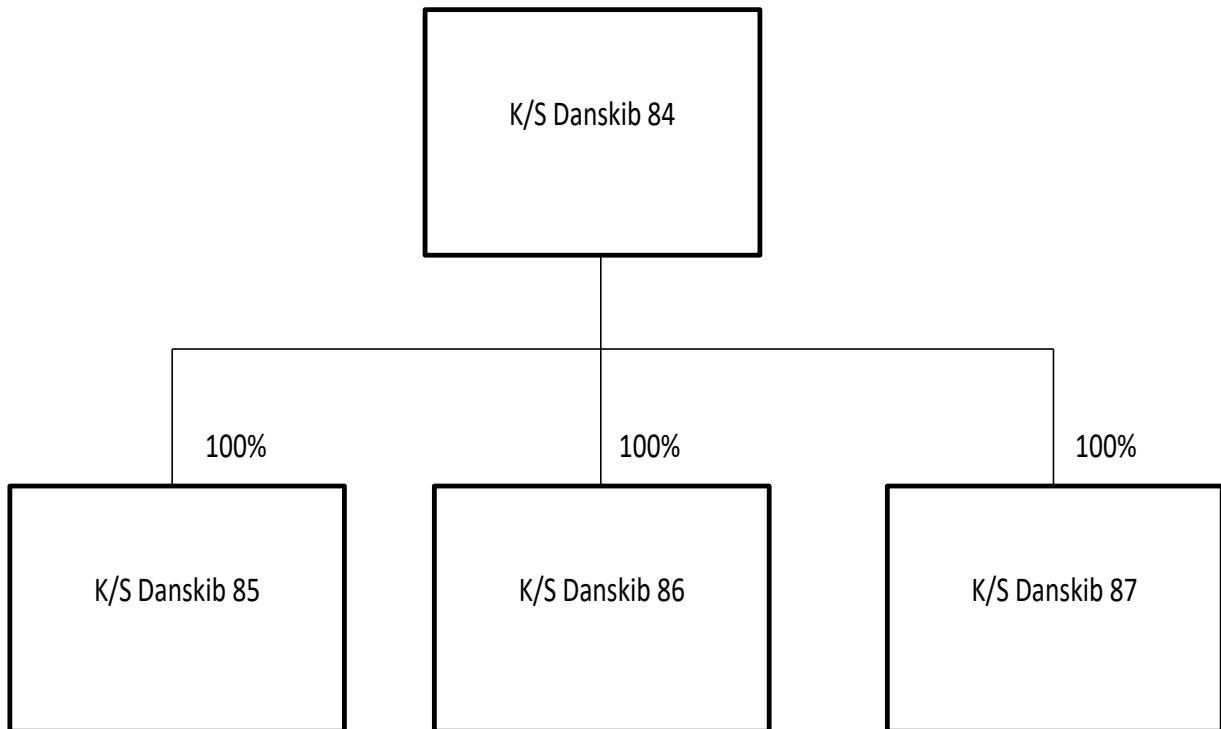
Rasmus Sværke

State Authorised Public Accountant
mne42871

Company information

The company	K/S Danskib 84 c/o ID Management ApS Bredgade 30 1260 Copenhagen K Company reg. no. 32 32 09 10 Established: 26 January 2011 Domicile: Copenhagen Financial year: 1 January - 31 December
Board of directors	Allan Munk Nielsen Torben Ankjær Weis Per Gullestrup Axel Stove Lorentzen
General partner	Skibdan LXXXIV ApS
Auditors	Redmark Godkendt Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
Bankers	Hamburg Commercial Bank AG Jyske Bank A/S
Subsidiaries	K/S Danskib 85, Copenhagen K/S Danskib 86, Copenhagen K/S Danskib 87, Copenhagen

Group overview



Consolidated financial highlights

USD in thousands.	<u>2023</u>	<u>2022</u>
Income statement:		
Revenue	10.346	21.501
Gross profit	1.662	12.010
Profit from operating activities	-370	4.706
Net financials	-1.065	-848
Net profit or loss for the year	-1.435	3.858
Statement of financial position:		
Balance sheet total	33.813	50.039
Total investments in vessels	30.000	42.750
Equity	22.140	33.270
Cash flows:		
Operating activities	1.000	10.108
Investing activities	10.718	-1.554
Financing activities	-14.495	-6.170
Total cash flows	-2.776	2.384
Key figures in %:		
Gross margin ratio	16,1	55,9
Profit margin (EBIT-margin)	-3,6	21,9
Acid test ratio	195,1	255,6
Solvency ratio	65,5	66,5
Return on equity	-5,2	11,7

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin (EBIT margin)	$\frac{\text{Operating profit or loss (EBIT)} \times 100}{\text{Revenue}}$
Acid test ratio	$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$

Consolidated financial highlights

Solvency ratio	$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$
Return on equity	$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$

Management's review

The principal activities of the group

The object of the group and K/S Danskib 84 is to operate the bulk vessels M/V ID Pioneer and M/V Pacific Pioneer.

The activities take place through Danish subsidiaries.

Uncertainties about recognition or measurement

The fair values of the vessels may not necessarily correspond to the actual sales price at any given time, as prices for second-hand vessels fluctuate in accordance with changes in charter rates and new building prices, among other factors.

Management has evaluated the fair value of the vessels based on external market assessments obtained for vessels of the same types. As of 31 December 2023, is valued at USD 30 million.

A substantial degree of discretionary uncertainty is incorporated into the estimates made regarding the fair value of the vessels.

Development in activities and financial matters

Year 2023 EBITDA was USD 1.66 mio. compared to USD 12 mio. in 2022. Primary reason was a drop in vessel earnings from USD 20,131 per day in 2022 to USD 11,876 per day in 2023 almost as company budget of USD 12,000 per day. The average BHSI for 2023 was USD 10,496 per day and the company are satisfied with the achieved earnings above this index.

The group sold "Taizhou Pioneer" during the year and had related costs and depreciation to this sale affecting the result. Additionally the company exit strategy allowed for individual shareholders to sell their shares to the company at book value 30 June 2023. 62 shares elected this exit option and these 62 shares was subsequently sold to other shareholders with a minor loss of USD 694,000 due to market development.

Finally the company refinanced the NIBC loans in December 2023 for 3½ years and the fees and costs for this also affected the 2023 result ending with a net loss of USD 1.4 mio. after depreciation and finance.

Expected developments

Management expect earnings to be relative flat in 2024 at USD 12,000 per day average and with normalized costs and depreciation the expected result for 2024 is positive EBITDA USD 3.7 mio. and positive USD 2 mio. net after depreciation and finance.

Know how resources

The Group is not involved in know how resources. The activities are administrated by an external partner.

Management's review

Environmental issues

The Group is focused on a high level of quality and safety as an important element of the operation and has a strong focus on energy efficient vessels as well as optimization of fuel consumption to reduce the carbon footprint.

Research and development activities

The Group is not involved in research and development activities.

Operating risks and financial risks

Market risks

Revenues from the shipping operations are linked to global market trends, which through demand fluctuations affect freight rates as well as prices of vessels and fuel. Management continuously assesses the extent to which it is relevant to take measures against these market fluctuations.

Foreign currency risks

Most of the income from shipping activities is in USD, with a small amount of income in EUR. With most operational expenses being in USD and administration expenses being in USD and DKK, the group have only limited foreign exchange risk.

Interest rate risks

The interest rate risk on floating-rate loans is limited as the fleet are financed with fixed interest rate loans.

Events occurring after the end of the financial year

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

All amounts in USD.

Note	Group		Parent	
	2023	2022	2023	2022
Revenue	10.346.430	21.500.831	0	0
Vessel operating costs	-8.184.653	-8.669.425	0	0
Other external expenses	-499.594	-821.798	-41.044	-40.788
Gross profit	1.662.183	12.009.608	-41.044	-40.788
3 Depreciation and impairment of vessels	-2.032.299	-7.303.566	0	0
Operating profit	-370.116	4.706.042	-41.044	-40.788
4 Income from investments in subsidiaries	0	0	-1.404.202	3.899.734
5 Other financial income	129.423	45.988	10.403	0
6 Other financial expenses	-1.194.150	-893.920	0	-836
7 Net profit or loss for the year	-1.434.843	3.858.110	-1.434.843	3.858.110

Balance sheet at 31 December

All amounts in USD.

		Group		Parent	
		2023	2022	2023	2022
Assets					
<u>Note</u>					
Non-current assets					
8	Vessels	30.000.000	42.750.000	0	0
	Total property, plant, and equipment	30.000.000	42.750.000	0	0
9	Investments in group enterprises	0	0	21.680.154	32.998.101
	Total investments	0	0	21.680.154	32.998.101
	Total non-current assets	30.000.000	42.750.000	21.680.154	32.998.101
Current assets					
	Receivables from subsidiaries	0	0	220.965	367.205
	Other receivables	513.935	923.774	3.750	3.750
10	Prepayments	877.990	1.167.684	0	0
	Total receivables	1.391.925	2.091.458	224.715	370.955
	Cash and cash equivalents	2.421.502	5.197.893	242.980	78.846
	Total current assets	3.813.427	7.289.351	467.695	449.801
	Total assets	33.813.427	50.039.351	22.147.849	33.447.902

Balance sheet at 31 December

All amounts in USD.

Note	Group		Parent		
	2023	2022	2023	2022	
Equity and liabilities					
Equity					
11	Called-up portion of the limited partnership capital	22.260.000	29.400.000	22.260.000	29.400.000
	Reserves for net revaluation as per the equity method	0	0	0	1.222.310
	Retained earnings	-119.564	3.869.803	-119.564	2.647.493
	Total equity	22.140.436	33.269.803	22.140.436	33.269.803
Liabilities other than provisions					
	Bank loans	9.700.000	13.900.000	0	0
	Other payables	18.533	17.928	0	0
12	Total long term liabilities other than provisions	9.718.533	13.917.928	0	0
12	Current portion of long term liabilities	1.400.000	2.000.000	0	0
	Trade payables	554.458	705.076	7.413	5.163
	Payables to group enterprises	0	0	0	172.936
	Other payables	0	146.544	0	0
	Total short term liabilities other than provisions	1.954.458	2.851.620	7.413	178.099
	Total liabilities other than provisions	11.672.991	16.769.548	7.413	178.099
	Total equity and liabilities	33.813.427	50.039.351	22.147.849	33.447.902

1 Uncertainties concerning recognition and measurement

13 Charges and security

14 Contingencies

Consolidated statement of changes in equity

All amounts in USD.

	Called-up portion of the limited partnership capital	Retained earnings	Total
Equity 1 January 2023	29.400.000	3.869.803	33.269.803
Share of results	0	-1.434.843	-1.434.843
Repaid limited partnership capital	-7.140.000	0	-7.140.000
Purchase of own shares	0	-6.274.524	-6.274.524
Sales of own shares	0	3.720.000	3.720.000
	22.260.000	-119.564	22.140.436

Statement of changes in equity of the parent

All amounts in USD.

	Called-up portion of the limited partnership capital	Reserve for net revalua- tion according to the eq- uity method	Distributed to limited partners	Total
Equity 1 January 2022	29.400.000	1.222.310	2.647.493	33.269.803
Share of results	0	-1.222.310	-212.533	-1.434.843
Repaid limited partnership capital	-7.140.000	0	0	-7.140.000
Purchase of own shares	0	0	-6.274.524	-6.274.524
Sales of own shares	0	0	3.720.000	3.720.000
	22.260.000	0	-119.564	22.140.436

Statement of cash flows 1 January - 31 December

All amounts in USD.

Note	Group	
	2023	2022
Net profit or loss for the year	-1.434.843	3.858.110
15 Adjustments	3.097.026	8.151.497
16 Change in working capital	402.977	-1.053.872
Cash flows from operating activities before net financials	2.065.160	10.955.735
Interest received, etc.	129.422	45.991
Interest paid, etc.	-1.194.150	-893.920
Cash flows from ordinary activities	1.000.432	10.107.806
Cash flows from operating activities	1.000.432	10.107.806
Purchase of vessel equipment	-153.299	-1.553.567
Sale of vessel	10.871.000	0
Cash flows from investment activities	10.717.701	-1.553.567
Repayments of long-term payables	-4.800.000	-3.170.011
Purchase of own shares	-6.274.524	0
Sales of own shares	3.720.000	0
Repaid capital	-7.140.000	-3.000.000
Cash flows from investment activities	-14.494.524	-6.170.011
Change in cash and cash equivalents	-2.776.391	2.384.228
Cash and cash equivalents at 1 January 2023	5.197.893	2.813.665
Cash and cash equivalents at 31 December 2023	2.421.502	5.197.893
Cash and cash equivalents		
Cash and cash equivalents	2.421.502	5.197.893
Cash and cash equivalents at 31 December 2023	2.421.502	5.197.893

Notes

All amounts in USD.

1. Uncertainties concerning recognition and measurement

The fair values of the vessels may not necessarily correspond to the actual sales price at any given time, as prices for second-hand vessels fluctuate in accordance with changes in charter rates and new building prices, among other factors.

Management has evaluated the fair value of the vessels based on external market assessments obtained for vessels of the same types. As of 31 December 2023, is valued at USD 30 million.

A substantial degree of discretionary uncertainty is incorporated into the estimates made regarding the fair value of the vessels.

	Group		Parent	
	2023	2022	2023	2022
2. Staff costs				
Salaries and wages	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	0	0	0	0
Average number of employees	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The company has no employees and is administrated by an administrator.

3. Depreciation and impairment of vessels

Depreciation of vessels	2.195.667	2.545.504	0	0
Value adjustments of vessels and reversing of previous years recognized impairment losses	<u>-163.368</u>	<u>4.758.062</u>	<u>0</u>	<u>0</u>
	2.032.299	7.303.566	0	0

4. Income from investments in subsidiaries

Income from subsidiaries, K/S 85, 86, 87	<u>0</u>	<u>0</u>	<u>-1.404.202</u>	<u>3.899.734</u>
	0	0	-1.404.202	3.899.734

Notes

All amounts in USD.

	Group		Parent	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
5. Other financial income				
Interest, banks	<u>129.423</u>	<u>45.988</u>	<u>10.403</u>	<u>0</u>
	<u>129.423</u>	<u>45.988</u>	<u>10.403</u>	<u>0</u>
6. Other financial expenses				
Other financial costs	<u>1.194.150</u>	<u>893.920</u>	<u>0</u>	<u>836</u>
	<u>1.194.150</u>	<u>893.920</u>	<u>0</u>	<u>836</u>
7. Proposed distribution of net profit				
Reserves for net revaluation according to the equity method			<u>-1.222.310</u>	<u>899.734</u>
Transferred to retained earnings			<u>0</u>	<u>2.958.376</u>
Allocated from retained earnings			<u>-212.533</u>	<u>0</u>
Total allocations and transfers			<u>-1.434.843</u>	<u>3.858.110</u>

Notes

All amounts in USD.

	Group	
	<u>31/12 2023</u>	<u>31/12 2022</u>
8. Vessels		
Cost 1 January 2023	64.522.932	62.969.365
Additions during the year	153.300	1.553.567
Disposals during the year	<u>-20.295.839</u>	<u>0</u>
Cost 31 December 2023	<u>44.380.393</u>	<u>64.522.932</u>
Revaluation 1 January 2023	-5.877.772	-1.119.710
Revaluations for the year	163.368	-4.758.062
Adjustment of previous revaluations	<u>3.800.158</u>	<u>0</u>
Revaluation 31 December 2023	<u>-1.914.246</u>	<u>-5.877.772</u>
Depreciation and write-down 1 January 2023	-15.895.160	-13.349.655
Depreciation for the year	-2.195.667	-2.545.505
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>5.624.680</u>	<u>0</u>
Depreciation and write-down 31 December 2023	<u>-12.466.147</u>	<u>-15.895.160</u>
Carrying amount, 31 December 2023	<u>30.000.000</u>	<u>42.750.000</u>

The vessels are first recognized at cost, which includes the ship and any directly attributable costs. The vessels are measured at estimated fair value which is determined bases on LTAV model (Long Term Assets Value) and obtained external market assessments for the same type of vessel. The valuation is based on the vessels future cash flows which are discounted at a fixed discount rate, which is adjusted for the individual vessel risk.

Notes

All amounts in USD.

	Parent	
	<u>31/12 2023</u>	<u>31/12 2022</u>
9. Investments in group enterprises		
Acquisition sum, opening balance 1 January 2023	<u>31.775.791</u>	<u>31.775.791</u>
Cost 31 December 2023	<u>31.775.791</u>	<u>31.775.791</u>
Revaluations, opening balance 1 January 2023	1.222.310	322.576
Results for the year before goodwill amortisation	-1.404.202	3.899.734
Dividend	<u>-9.913.745</u>	<u>-3.000.000</u>
Writedown 31 December 2023	<u>-10.095.637</u>	<u>1.222.310</u>
Carrying amount, 31 December 2023	<u>21.680.154</u>	<u>32.998.101</u>

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity USD	Results for the year USD	Carrying amount, K/S Danskib 84 USD
K/S Danskib 85, Copenhagen	100 %	506.571	-1.512.611	506.571
K/S Danskib 86, Copenhagen	100 %	12.887.163	48.009	12.887.163
K/S Danskib 87, Copenhagen	100 %	<u>8.286.420</u>	<u>60.400</u>	<u>8.286.420</u>
		<u>21.680.154</u>	<u>-1.404.202</u>	<u>21.680.154</u>

	Group	
	<u>31/12 2023</u>	<u>31/12 2022</u>
10. Prepayments		
Prepaid insurance etc.	<u>877.990</u>	<u>1.167.684</u>
	<u>877.990</u>	<u>1.167.684</u>

Notes

All amounts in USD.

	Group		Parent	
	<u>31/12 2023</u>	<u>31/12 2022</u>	<u>31/12 2023</u>	<u>31/12 2022</u>
11. Called-up portion of the limited partnership capital				
Called-up portion of the limited partnership capital 1 January 2023	29.400.000	41.000.000	29.400.000	41.000.000
Unpaid contributed capital	<u>-7.140.000</u>	<u>-11.600.000</u>	<u>-7.140.000</u>	<u>-11.600.000</u>
	<u>22.260.000</u>	<u>29.400.000</u>	<u>22.260.000</u>	<u>29.400.000</u>

The contributed capital originally consists of:

200 shares of a nominal value of USD 145,000, USD 29,000,000

100 shares of a nominal value of USD 120,000, USD 12,000,000

Total USD 41,000,000

12. Long term liabilities other than provisions

	<u>Total payables 31 Dec 2023</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2023</u>	<u>Outstanding payables after 5 years</u>
Group				
Bank loans	11.100.000	1.400.000	9.700.000	0
Other payables	<u>18.533</u>	<u>0</u>	<u>18.533</u>	<u>0</u>
	<u>11.118.533</u>	<u>1.400.000</u>	<u>9.718.533</u>	<u>0</u>

Notes

All amounts in USD.

13. Charges and security

Group

As security regarding financial loans in the group following securities has been provided:

- The Limited Partnership has provided security in the form of 1. priority mortgage in M/V ID Pioneer and M/V Pacific Pioneer, which is presented in tangible fixed assets in subsidiaries with a total value of USD 30,000,000.
- Security in income and assistance payments regarding the vessels.
- Cash and cash equivalents of USD 1,067,000 is pledged.

14. Contingencies

Contingent liabilities

As security regarding financial loans in subsidiaries following securities has been provided:

Parent company

- The Limited Partnership has a total liability of USD 11,100,000 regarding subsidiaries.

	Group 2023	2022
	<u>2023</u>	<u>2022</u>
15. Adjustments		
Depreciation, amortisation, and impairment	2.032.299	7.303.567
Other financial income	-129.423	-45.990
Other financial expenses	1.194.150	893.920
	<u>3.097.026</u>	<u>8.151.497</u>

Notes

All amounts in USD.

	Group	
	<u>2023</u>	<u>2022</u>
16. Change in working capital		
Change in receivables	699.536	-970.887
Change in trade payables and other payables	<u>-296.559</u>	<u>-82.985</u>
	<u>402.977</u>	<u>-1.053.872</u>

Accounting policies

The annual report for K/S Danskib 84 has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with all rules applying to reporting class C enterprises.

The accounting policies are unchanged from the previous year, and the annual report is presented in American dollars (USD).

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

USD is used as presentation currency. All other currencies are considered as foreign currency. The rate between DKK and USD amounted to 6.7447 at 31 Decemer 2023 (2022: 6.9722).

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

The consolidated financial statements

The consolidated income statements comprise the parent company K/S Danskib 84 and those group enterprises of which K/S Danskib 84 directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

Accounting policies

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Vessel operating costs

Vessel operating costs comprises costs regarding purchase of raw materials and consumables less discounts consumed to achieved revenue for the year.

Other external costs

Other external costs comprise administration etc.

Depreciation and impairment of vessels

Depreciation and writedown for impairment comprise depreciation and writedown of vessels.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, debt and transactions in foreign currency and amortisation of financial assets and liabilities.

Results from investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual entities are recognised in the income statement of the parent as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Due to the fact that K/S Danskib 84 is not an independent tax object, the annual report does not include tax of the operating profit.

Accounting policies

Balance sheet

Vessels

The vessel is first recognized at cost less accumulated depreciations. Depreciations are calculated linearly on the basis of costs less the expected residual value over the ship expected useful life of 25 years.

The vessel is measured to fair value at the balance sheet date. Any revaluation to fair value is made in accordance with section 41 of the Danish Financial Statements Act.

Reversal of previous years positive revaluations are recognised directly in company equity.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates. The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Significant accounting estimates and evaluations for assets to market value

The vessels are first recognized at cost, which includes the ships and any directly attributable costs. The vessels are measured at estimated fair value which is determined bases on LTAV model (Long Term Assets Value) and obtained external market assessments for the same type of vessels. The valuation is based on the vessels future cash flows which are discounted at a fixed discount rate, which is adjusted for the individual vessel risk.

Leases

All leases are handled as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Accounting policies

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Accounting policies

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Accounting policies

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.