XO Shipping A/S

Tuborg Havnevej 18, st, DK-2900 Hellerup

Annual Report for 2023

CVR No. 33 08 02 12

The Annual Report was presented and adopted at the Annual General Meeting of the company on 26/6 2024

Kent Hedegaard
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of XO Shipping A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hellerup, 26 June 2024

Executive Board

Kim Holberg Pihl

Board of Directors

Kent Hedegaard Chairman	Christian Philip Levin	Erik Svanberg

Independent Auditor's report

To the shareholder of XO Shipping A/S

Opinion

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's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of XO Shipping A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the 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, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the 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 Parent 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 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 Parent 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 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the 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.

Independent Auditor's report

Hellerup, 26 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Lunden
State Authorised Public Accountant
mne32209

Martin Birch
State Authorised Public Accountant
mne42825

Company information

The Company	XO Shipping A/S Tuborg Havnevej 18, st 2900 Hellerup
	CVR No: 33 08 02 12
	Financial period: 1 January - 31 December
	Incorporated: 19 April 2010
	Financial year: 13th financial year
	Municipality of reg. office: Gentofte
Board of Directors	Kent Hedegaard, chairman Christian Philip Levin Erik Svanberg
Executive Board	Kim Holberg Pihl
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Bankers	Jyske Bank Vesterbrogade 9 1780 København V.

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2023	2022	2021	2020	2019
	TUSD	TUSD	TUSD	TUSD	TUSD
Key figures					
Profit/loss					
Revenue	557,724	831,896	792,868	232,311	199,315
Profit/loss of primary operations	4,015	20,953	49,313	9,503	6,028
Profit/loss of financial income and expenses	1,036	-3,396	2,793	129	-285
Net profit/loss for the year	2,799	15,996	46,037	7,104	4,610
Dividend	2,500	7,000	12,500	2,000	0
Balance sheet					
Balance sheet total	84,324	101,136	125,844	33,640	30,992
Equity	39,243	55,637	56,641	15,104	4,841
Cash flows					
Cash flows from:					
- operating activities	-9,509	30,610	27,710	11,332	6,781
- investing activities	0	-36	-221	22	-33
- financing activities	-19,193	-17,000	-4,500	-2,341	-10
Change in cash and cash equivalents for the year	-28,702	13,574	22,990	9,013	6,738
Number of employees	40	32	25	20	19
Ratios					
Gross margin	1.9%	3.9%	9.0%	7.0%	4.4%
Profit margin	0.7%	2.5%	6.2%	4.1%	3.0%
Return on assets	4.8%	20.7%	39.2%	28.2%	19.5%
Solvency ratio	46.5%	55.0%	45.0%	44.9%	15.6%

For definitions, see under accounting policies.

Management's review

Key activities
The Group's purpose is to operate within the Supramax and Ultramax dry bulk shipping market.

Development during the year
The income statement for 2023 shows a profit of 2.799 kUSD after tax and bonuses. The result for 2023 is below the expectations set for the year. The result is satisfactory considering the changes in market conditions during the year.

Throughout 2023 there has been a high level of activity. Our highly skilled employees and partners have maintained focus on creating business with relatively low exposure against volatile changes in a challenging freight market.

The balance sheet as of 31 December 2023, shows an equity of 39.243 kUSD and a strong solvency of 44%.

Compared to last year, our equity has been reduced by approximately USD 8.2 million. In connection with a partner leaving the company, since we wanted to change the ownership structure and partner structure, we chose to let the company buy-back his shares.

According to our accounting policies, the value of owned shares must reduce the equity. The value of owned shares is an asset that will increase the equity in line with the sale of the shares to partners. The real solvency included in owned shares is close to 50%.

In 2022 we opened our new office in Dubai.

During the year we have increased operating activity and number of employees in Dubai. We have succeeded in recruiting skilled employees, both locally and from our office in Denmark. It is our expectation that the subsidiary in Dubai will employ 10-15 employees within the not too distant future.

In mid-2023, we established XPower Trading A/S for our bunker activities. We have succeeded in attracting skilled and industry-experienced employees who will create a strong business activity, based on our volume and the synergies that can be developed.

At the beginning of 2024, we opened a new office in Hong Kong, which will strengthen our activities in the Pacific and Far East region.

We have continued to be able to attract some of the industry's most skilled and committed employees, meaning that in 2024 we will be close to 50 employees across our offices in Hellerup, Dubai, Hong Kong and Geneva. The Shipping industry is a traditionally male dominated profession, but we are working hard to get a balanced distribution of women and men.

The bonus program ensured attractive earnings for our employees in 2023, regardless of ownership, as the bonus program constitutes a significant share of the profit for the year. Our employees and partners achieve an attractive remuneration package via our form of profit sharing.

We focus on a tight management of our cash flow, and therefore we also have a proven dividend policy, so we ensure a comfortable liquidity contingency, which enables us to handle large fluctuations in freight rates and working capital.

Management's review

Expectations for 2024

Nearly six months into the new financial year, it is our expectations that we will realize a profit in 2024 at least at the same level as in 2023. However, negative developments in geopolitical circumstances may affect the activity and profit for the year.

It is our expectation to increase staff during 2024, both in Denmark and in Dubai, which will form a strong foundation for growth in autumn 2024.

Special risks - 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 tonnage and fuel. Management continuously assesses the extent to which it is relevant to take measures against these market fluctuations.

Foreign exchange risks
The foreign exchange risks are limited as most of the income and expenses from shipping activities is in USD.

Financial instruments
The Group works with derivative financial instruments to hedge its bunker price risks and freight risks.

Bunker hedging is used to hedge future bunker expenses and redelivery commitments related to time-chartered vessels.

A Forward Freight Agreement (FFA) is used to hedge cash flow risk from freight prices to the extent Management finds it attractive. An FFA can also be used as part of the Group´s exposure towards freight rates.

The credit risk related to these instruments is deemed to be small, since they are cleared through margin accounts with major credit institutions.

Statement in compliance with section 99(a) of the Danish Financial Statements Act
The Group is under the Danish financial statements act required to report on Corporate Social Responsibility (CSR). The values and the approach to do business have always been based on responsibility and accountability, and the Group is compliant with all legal requirements within the areas of climate change, environment, human rights, employee conditions and anti-corruption.

Strategy and objectives

Business model
The main activities within the Group relate to dry bulk shipping and include operating up to 100 short-term chartered vessels from external suppliers. This operation is carried out from the offices in Copenhagen, Dubai, Hong Kong and Geneva by approx. 40 staff in total.

Contracting with suppliers of vessels follows the industrial standard contractual terms provided by the international shipping organization BIMCO. To the extent it has been incorporated into the standard terms, this includes clauses on CSR. The Group selects suppliers based on experience and informal expectations and requirements related to energy efficiency and legal compliance. All chartered vessels undergo inspection from relevant authorities, such as the International Transport Worker's Federation, ITF.

The Group acknowledges the importance of being alert to challenges within climate change, environment, human rights, employee conditions and anti-corruption, but being a relatively small organization, the Group does not see the need to formalize its management approach into written policies and procedures.

The management is very approachable and agile and allows for all within the organization to address top management directly with questions and when in need of approval.

Assessment of risks

Climate change and the environment
It is our ambition to work towards continuously improving energy efficiency for all vessels. Consequently, the Group is always inquiring about energy efficiency when engaging a supplier about contractual terms ensuring the supplier vessel is compliant with low-sulphur bunker regulations. In 2023, we have included contractual terms about low-sulphur bunker regulation compliance in all new contracts, and we will continue this in the future.

However, as fuel consumption is the only material impact we can influence, and since the number of transactions are limited, the Group does not see enough material risks to require a formalized policy. In the coming years, there will be new legislation and regulations which will increase focus on vessels' CO_2 emissions. We will continuously evaluate the need for a more formalized policy.

Human rights
With our current business model, we do not employ crew on the vessels.

Consequently, we do not see any risks requiring the need for a formalized policy on human rights. We will continuously evaluate the need for a more formalized policy. For a description of our work with social and employee conditions, please see the section 'Intellectual capital resources' below.

Anti-corruption
The Group has a zero tolerance towards corruption and bribery practices. Contracts with both customers and suppliers follow the standards provided by BIMCO and applicable laws. Port costs forwarded by chartered vessels that are to be paid by XO Shipping A/S undergo quality assurance and approval from an external service provider, which knows all official rates in ports. Further, all costs related to voyages are approved directly by management applying a four-eyes principle, so the risks related to corruption and bribery are considered very low. In 2023, we have followed the anti-corruption procedures, and we will continue to do so going forward. We have not identified any breaches in 2023.

Employees
The Group believes that personal development is key to the success and well-being of the Group's employees and thereby the success of the Group itself. It is critical to the Group's growth to attract and maintain qualified employees.

Policy regarding employees
It is the policy of the Group to attract, retain and evolve the best possible employees, meaning employees that are highly qualified and motivated to successfully manage present and future assignments. Highly competent employees are one of the most important resources for our success and result, because shipping is a relationship business, hence there is a risk in not attracting the right employees. We seek to mitigate the risk by focusing on development and the welfare of our current employees and by being present in the business.

The Group offers an attractive place to work where each employee finds joy and good welfare in both physical and psychological terms. This is secured by a positive working environment through development and involvement of the employees.

Research and development

The Group is not involved in research and development activities.

Intellectual capital resources

Through retention and recruitment of new competencies, as well as through cooperation, alliances and education, the intellectual capital resources, which are major parameters in the development and the perfection of new services, increase.

The Group has defined goals, positions and strategies that systematically strengthen the value creation and form the basis of the Group's innovative skills, just as it is important to the future success of the Group to attract and retain well-educated employees who identify with the stated core values. Therefore, investments are made to continuously improve the qualifications of the staff.

In 2023, annual performance reviews were held with all employees where goals, plans and career opportunities are discussed and planned. Going forward, we plan to continue our work in this area.

Statement in compliance with section 99(b) of the Danish Financial Statements Act

There are no women in the current board because no women have been nominated and elected to the Board in 2023.

The goal is by 2027 that the company will meet the target of a gender distribution of 33% in the board. Policy to increase gender diversity on other management levels:

The Group employs less than 50 employees and therefore there is no requirement to develop a policy for the underrepresented gender.

Top Managements equals Board of Directors and other management levels equals the executive board.

	2023
Top management	
Total number of members	3
Underrepresented gender %	0%
Target figure %	33%
Year for meeting target	2027
Other management levels	
Total number of members	1

Policy for increasing the number of women on other management levels
As other management consists of two or fewer employees and the company has under 50 employees, the company has chosen to use the exemption clause and has not stated the proportion of the underrepresented gender as well as the target figures and policy for this, meaning other management levels.

Data ethics

The Group has evaluated if it is relevant to prepare a policy for data ethics. The Group only enters business with B2B customers and therefore, to a limited extend, collects and processes data. The Group has not prepared a data ethics policy, but all information we receive related to customers, vendors and employees are treated in a responsible manner that secure that the data cannot be accessed by unauthorised persons.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

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

Income statement 1 January - 31 December

		Group		Parent company	
	Note	2023	2022	2023	2022
		USD	USD	USD	USD
Revenue	1	557,724,361	831,896,056	426,550,863	737,679,365
Other operating income		538,891	489,932	1,633,403	1,076,469
Expenses for raw materials and consumables		-544,710,857	-798,375,247	-418,755,305	-712,465,839
Other external expenses		-2,701,633	-1,665,575	-2,284,267	-1,482,586
Gross profit		**10,850,762**	**32,345,166**	**7,144,694**	**24,807,409**
Staff expenses	2	-6,662,327	-11,303,332	-4,759,860	-8,625,489
Depreciation and impairment losses of property, plant and equipment	3	-173,637	-89,258	-173,637	-89,258
Profit/loss before financial income and expenses		**4,014,798**	**20,952,576**	**2,211,197**	**16,092,662**
Income from investments in subsidiaries		0	0	2,051,964	4,665,279
Financial income	4	2,176,407	638,397	2,005,281	558,169
Financial expenses	5	-1,140,080	-4,034,888	-1,194,435	-3,997,228
Profit/loss before tax		**5,051,125**	**17,556,085**	**5,074,007**	**17,318,882**
Tax on profit/loss for the year	6	-2,251,839	-1,559,905	-2,274,721	-1,322,702
Net profit/loss for the year	7	**2,799,286**	**15,996,180**	**2,799,286**	**15,996,180**

Balance sheet 31 December

Assets

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		USD	USD	USD	USD
Other fixtures and fittings, tools and equipment		48,767	222,404	48,767	222,404
Property, plant and equipment	8	**48,767**	**222,404**	**48,767**	**222,404**
Investments in subsidiaries	9	0	0	5,971,513	7,219,549
Fixed asset investments		**0**	**0**	**5,971,513**	**7,219,549**
Fixed assets		**48,767**	**222,404**	**6,020,280**	**7,441,953**
Finished goods and goods for resale		21,834,808	18,290,507	18,172,988	12,410,246
Inventories		**21,834,808**	**18,290,507**	**18,172,988**	**12,410,246**
Trade receivables		19,872,679	18,544,085	8,835,799	14,529,242
Receivables from group enterprises		0	0	4,531,830	2,807,956
Other receivables		3,066,873	2,898,952	3,288,066	2,869,132
Corporation tax		959,035	135,188	872,181	135,188
Prepayments		11,799,258	5,599,304	9,755,904	1,307,083
Receivables		**35,697,845**	**27,177,529**	**27,283,780**	**21,648,601**
Cash at bank and in hand		**26,743,069**	**55,445,477**	**25,359,783**	**53,596,657**
Current assets		**84,275,722**	**100,913,513**	**70,816,551**	**87,655,504**
Assets		**84,324,489**	**101,135,917**	**76,836,831**	**95,097,457**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2023	2022	2023	2022
		USD	USD	USD	USD
Share capital	10	8,000,000	8,000,000	8,000,000	8,000,000
Reserve for net revaluation under the equity method		0	0	5,356,852	7,104,888
Retained earnings		28,743,458	36,637,126	23,386,606	29,532,238
Proposed dividend for the year		2,500,000	11,000,000	2,500,000	11,000,000
Equity		**39,243,458**	**55,637,126**	**39,243,458**	**55,637,126**
Payables to group enterprises		0	0	498,942	4,500,000
Long-term debt	11	**0**	**0**	**498,942**	**4,500,000**
Trade payables		27,281,348	21,752,706	20,563,991	16,286,367
Corporation tax		0	126,499	0	0
Other payables	12	5,673,327	6,768,820	4,404,084	5,535,216
Deferred income	13	12,126,356	16,850,766	12,126,356	13,138,748
Short-term debt		**45,081,031**	**45,498,791**	**37,094,431**	**34,960,331**
Debt		**45,081,031**	**45,498,791**	**37,593,373**	**39,460,331**
Liabilities and equity		**84,324,489**	**101,135,917**	**76,836,831**	**95,097,457**
Contingent assets, liabilities and other financial obligations	16				
Fee to auditors appointed at the general meeting	17				
Accounting Policies	18				

Statement of changes in equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Total
	USD	USD	USD	USD
Equity at 1 January	8,000,000	36,637,126	11,000,000	55,637,126
Ordinary dividend paid	0	0	-11,000,000	-11,000,000
Purchase of treasury shares	0	-8,192,954	0	-8,192,954
Net profit/loss for the year	0	299,286	2,500,000	2,799,286
Equity at 31 December	**8,000,000**	**28,743,458**	**2,500,000**	**39,243,458**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	USD	USD	USD	USD	USD
Equity at 1 January	8,000,000	7,104,888	29,532,238	11,000,000	55,637,126
Ordinary dividend paid	0	0	0	-11,000,000	-11,000,000
Dividend from group enterprises	0	-3,800,000	3,800,000	0	0
Purchase of treasury shares	0	0	-8,192,954	0	-8,192,954
Net profit/loss for the year	0	2,051,964	-1,752,678	2,500,000	2,799,286
Equity at 31 December	**8,000,000**	**5,356,852**	**23,386,606**	**2,500,000**	**39,243,458**

Cash flow statement 1 January - 31 December

	Note	Group 2023	Group 2022
		USD	USD
Result of the year		2,799,286	15,996,180
Adjustments	14	1,389,149	5,035,899
Change in working capital	15	-11,032,783	12,602,039
Cash flow from operations before financial items		**-6,844,348**	**33,634,118**
Financial income		1,677,159	1,137,645
Financial expenses		-1,140,080	-4,034,888
Cash flows from ordinary activities		**-6,307,269**	**30,736,875**
Corporation tax paid		-3,202,185	-126,542
Cash flows from operating activities		**-9,509,454**	**30,610,333**
Purchase of property, plant and equipment		0	-36,123
Cash flows from investing activities		**0**	**-36,123**
Purchase of treasury shares		-8,192,954	0
Dividend paid		-11,000,000	-17,000,000
Cash flows from financing activities		**-19,192,954**	**-17,000,000**
Change in cash and cash equivalents		**-28,702,408**	**13,574,210**
Cash and cash equivalents at 1 January		55,445,477	41,871,267
Cash and cash equivalents at 31 December		**26,743,069**	**55,445,477**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		26,743,069	55,445,477
Cash and cash equivalents at 31 December		**26,743,069**	**55,445,477**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	USD	USD	USD	USD
1. Revenue				
Geographical segments				
Globally	557,724,361	831,896,056	426,550,863	737,679,365
	557,724,361	**831,896,056**	**426,550,863**	**737,679,365**

	Group		Parent company	
	2023	2022	2023	2022
	USD	USD	USD	USD
2. Staff Expenses				
Wages and salaries	6,164,863	11,005,318	4,383,530	8,371,126
Pensions	162,150	67,785	162,150	67,785
Other social security expenses	125,211	62,399	37,165	33,105
Other staff expenses	210,103	167,830	177,015	153,473
	6,662,327	**11,303,332**	**4,759,860**	**8,625,489**
Including remuneration to the Executive Board and Board of Directors:				
Executive board	249,061	276,718	249,061	276,118
Board of directors	14,508	14,118	14,508	14,118
	263,569	**290,836**	**263,569**	**290,236**
Average number of employees	**40**	**32**	**32**	**29**

	Group		Parent company	
	2023	2022	2023	2022
	USD	USD	USD	USD
3. Depreciation and impairment losses of property, plant and equipment				
Depreciation of property, plant and equipment	173,637	89,258	173,637	89,258
	173,637	**89,258**	**173,637**	**89,258**

Notes to the Financial Statements

4. Financial income

	Group 2023	Group 2022	Parent company 2023	Parent company 2022
	USD	USD	USD	USD
Other financial income	2,176,407	638,397	2,005,281	558,169
	2,176,407	**638,397**	**2,005,281**	**558,169**

5. Financial expenses

	Group 2023	Group 2022	Parent company 2023	Parent company 2022
	USD	USD	USD	USD
Interest paid to group enterprises	0	0	103,942	21,205
Other financial expenses	640,375	3,927,856	586,395	3,927,688
Exchange loss	499,705	107,032	504,098	48,335
	1,140,080	**4,034,888**	**1,194,435**	**3,997,228**

6. Income tax expense

	Group 2023	Group 2022	Parent company 2023	Parent company 2022
	USD	USD	USD	USD
Current tax for the year	2,173,602	1,638,111	2,210,407	1,398,611
Adjustment of tax concerning previous years	78,237	-78,206	64,314	-75,909
	2,251,839	**1,559,905**	**2,274,721**	**1,322,702**

7. Profit allocation

	Parent company 2023	Parent company 2022
	USD	USD
Extraordinary dividend paid	0	7,000,000
Proposed dividend for the year	2,500,000	11,000,000
Reserve for net revaluation under the equity method	2,051,964	4,665,279
Retained earnings	-1,752,678	-6,669,099
	2,799,286	**15,996,180**

8. Property, plant and equipment

	Group	Parent company
	Other fixtures and fittings, tools and equipment	Other fixtures and fittings, tools and equipment
	USD	USD
Cost at 1 January	407,920	407,920
Cost at 31 December	407,920	407,920
Impairment losses and depreciation at 1 January	185,516	185,516
Depreciation for the year	173,637	173,637
Impairment losses and depreciation at 31 December	359,153	359,153
Carrying amount at 31 December	**48,767**	**48,767**

9. Investments in subsidiaries

	Parent company	
	2023	2022
	USD	USD
Cost at 1 January	114,661	101,037
Additions for the year	500,000	13,624
Cost at 31 December	614,661	114,661
Value adjustments at 1 January	7,104,888	2,439,609
Net profit/loss for the year	2,051,964	4,665,279
Dividend to the Parent Company	-3,800,000	0
Value adjustments at 31 December	5,356,852	7,104,888
Carrying amount at 31 December	**5,971,513**	**7,219,549**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
XO Shipping SA	Schweitz	USD 101.037	100%
XO Middle East DMCC	Dubai (UAE)	AED 50.000	100%
XPower Trading A/S	Denmark	DKK 3.469.000	100%

Notes to the Financial Statements

10. Share capital

The share capital consists of 53,018,400 shares of a nominal value of DKK 1. No shares carry any special rights.

	Group		Parent company	
	2023	2022	2023	2022
	USD	USD	USD	USD

11. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group 2023 USD	Group 2022 USD	Parent company 2023 USD	Parent company 2022 USD
Payables to group enterprises				
After 5 years	0	0	0	0
Between 1 and 5 years	0	0	498,942	4,500,000
Long-term part	0	0	498,942	4,500,000
Within 1 year	0	0	0	0
	0	**0**	**498,942**	**4,500,000**

	Group		Parent company	
	2023	2022	2023	2022
	USD	USD	USD	USD

12. Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts and futures have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Hedge Accounting not Applied:
-FFA and oil contracts with a duration of 0-12 months.

Hedge Accounting Applied:
-No contracts.

	Group 2023 USD	Group 2022 USD	Parent company 2023 USD	Parent company 2022 USD
Liabilities	585,809	499,248	585,809	499,248

	Value adjustment, income statement	Fair value at 31. December
	USD	USD
FFA's and oil contracts (Hedge accounting not applied)	585,809	585,809

13. Deferred income

Deferred income consists of payments received in respect of income in subsequent years and accruals regarding costs for open voyages.

14. Cash flow statement - Adjustments

	Group	
	2023	2022
	USD	USD
Financial income	-2,176,407	-638,397
Financial expenses	1,140,080	4,034,888
Depreciation, amortisation and impairment losses, including losses and gains on sales	173,637	79,503
Tax on profit/loss for the year	2,251,839	1,559,905
	1,389,149	**5,035,899**

15. Cash flow statement - Change in working capital

	Group 2023	Group 2022
	USD	USD
Change in inventories	-3,544,301	949,364
Change in receivables	-7,197,221	35,430,553
Change in trade payables, etc	-291,261	-23,777,878
	-11,032,783	**12,602,039**

16. Contingent assets, liabilities and other financial obligations

	Group 2023	Group 2022	Parent company 2023	Parent company 2022
	USD	USD	USD	USD
Charges and security				
The following assets have been placed as security with bankers:				
Floating charge kUSD	5,045	4,877	5,045	4,877
The following assets have been placed as security with supplier etc.: Cash at bank and in hand kUSD	341	341	341	341
Other contingent liabilities				
The company has entered into agreements for chartering vessels on Timer Charter basis to maturity during the year 2024. The aggregate lease obligation amounts to kUSD	64,950	31,285	27,558	25,641
The company's rent obligation and lease liability 31/12 2023 amounts to kUSD	466	587	466	587

17. Fee to auditors appointed at the general meeting

	Group 2023	Group 2022
	USD	USD
Audit fee	68,200	41,221
Tax advisory services	8,700	4,590
Non-audit services	12,000	14,128
	88,900	**59,939**

Notes to the Financial Statements

18. Accounting policies

The Annual Report of XO Shipping A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in USD. Exchange rate 31 December 2023, 674,47 and 31 December 2022, 697,22.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, XO Shipping A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Segment information on revenue

Information on geographical segments is based on the Group´s risks and returns and its internal financial reporting system.

Income statement

Revenue

Revenue that includes freight and charter income etc., are recognized in the Income Statement, when the voyage is completed. This is considered to be the case when the voyage is completed before the end of the financial year. Ongoing voyages are recognized as the voyage are executed, then the revenue are equal to the activity in the financial year.

Expenses for raw materials and consumables

Running cost, bunkers etc. comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Notes to the Financial Statements

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with . The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at USD 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

Bunker and other consumables are measured at the lower of cost under the FIFO method and net realisable value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid T/C - hire.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Deferred income

Deferred income and accruals comprises ongoing voyages.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise .

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end