

Seapeak Invention A/S

Kalvebod Brygge 39-41
1560 København V
CVR No. 35381155

Annual report 2023

The Annual General Meeting adopted the annual report on 14.05.2024

Michel Christian Nielsen

Chairman of the General Meeting

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Entity details

Entity

Seapeak Invention A/S
Kalvebod Brygge 39-41
1560 København V

Business Registration No.: 35381155
Registered office: København
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Michel Christian Nielsen
Aske Lercke Kilsdal
Nete Egebjerg

Executive Board

Nete Egebjerg

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Seapeak Invention A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 14.05.2024

Executive Board

Nete Egebjerg

Board of Directors

Michel Christian Nielsen

Aske Lercke Kilsdal

Nete Egebjerg

Independent auditor's report

To the shareholders of Seapeak Invention A/S

Opinion

We have audited the financial statements of Seapeak Invention A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 financial statements

Management is responsible for the preparation of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 14.05.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Brian Schmit Jensen

State Authorised Public Accountant

Identification No (MNE) mne40050

Management commentary

Primary activities

The objectives of the Company is to carry on shipping business.

Development in activities and finances

The Company's result for 2023 is a profit of USD 2,855,552 against a profit of USD 2,417,881 in 2022 and the Company's balance sheet at 31 December 2023 shows an equity of USD 9,996,409 against an equity of USD 7,140,857 in 2022.

Events after the balance sheet date

Subsequent to the balance sheet date the company exercised the vessels purchase option. New financing has been obtained in meaning the company has adequate resources to repay its short term leasing debt as it falls due.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 USD	2022 USD
Gross profit/loss		7,777,567	7,620,306
Depreciation, amortisation and impairment losses		(1,600,000)	(2,119,605)
Operating profit/loss		6,177,567	5,500,701
Other financial income		25,121	4,538
Other financial expenses		(3,341,692)	(3,092,237)
Profit/loss before tax		2,860,996	2,413,002
Tax on profit/loss for the year	2	(5,444)	4,879
Profit/loss for the year		2,855,552	2,417,881
Proposed distribution of profit and loss			
Retained earnings		2,855,552	2,417,881
Proposed distribution of profit and loss		2,855,552	2,417,881

Balance sheet at 31.12.2023

Assets

	Notes	2023 USD	2022 USD
Ships		42,436,865	44,036,865
Property, plant and equipment	3	42,436,865	44,036,865
Other receivables		1,400,000	1,400,000
Financial assets		1,400,000	1,400,000
Fixed assets		43,836,865	45,436,865
Raw materials and consumables		84,021	82,035
Inventories		84,021	82,035
Receivables from group enterprises		3,881,314	2,324,411
Other receivables		5,361	127,214
Prepayments		54,087	436,451
Receivables		3,940,762	2,888,076
Cash		2,681,720	1,146,447
Current assets		6,706,503	4,116,558
Assets		50,543,368	49,553,423

Equity and liabilities

	Notes	2023 USD	2022 USD
Contributed capital		92,329	92,329
Retained earnings		9,904,080	7,048,528
Equity		9,996,409	7,140,857
Lease liabilities		35,699,056	38,439,117
Non-current liabilities other than provisions	4	35,699,056	38,439,117
Current portion of non-current liabilities other than provisions	4	3,144,894	2,592,806
Prepayments received from customers		982,834	982,834
Trade payables		170,784	292,657
Payables to group enterprises		397,919	0
Other payables		151,472	105,152
Current liabilities other than provisions		4,847,903	3,973,449
Liabilities other than provisions		40,546,959	42,412,566
Equity and liabilities		50,543,368	49,553,423
Going concern	1		
Employees	5		
Contingent liabilities	6		
Group relations	7		

Statement of changes in equity for 2023

	Contributed capital USD	Retained earnings USD	Total USD
Equity beginning of year	92,329	7,048,528	7,140,857
Profit/loss for the year	0	2,855,552	2,855,552
Equity end of year	92,329	9,904,080	9,996,409

Notes

1 Going concern

As per 31 December 2023, the Company's current assets exceeds the current liabilities by USD 1,858,600. The current cash flow forecast for 2024 is positive.

Management has received a financial support letter from Seapeak LLC which will provide financial support 12 months after signing the financial statements. Based on this review the Board of Directors has concluded that it is appropriate for the Company to continue to apply the going concern principle when preparing the financial statements and there is no material uncertainty related to the above conditions that may cast significant doubt on the ability of the Company to continue as a going concern.

Subsequent to the balance sheet date the company exercised the vessels purchase option. New financing has been obtained in meaning the company has adequate resources to repay its short term leasing debt as it falls due.

2 Tax on profit/loss for the year

The taxable income for 2023 is calculated based on the rules under the Danish Tonnage tax regime, which is binding until 2030.

3 Property, plant and equipment

	Ships USD
Cost beginning of year	50,518,802
Cost end of year	50,518,802
Depreciation and impairment losses beginning of year	(6,481,937)
Depreciation for the year	(1,600,000)
Depreciation and impairment losses end of year	(8,081,937)
Carrying amount end of year	42,436,865

The vessel is not owned by the Company but recognized on the balance sheet as a financial leased asset.

The carrying amount of the Company's vessel includes borrowing costs arising from financing the construction of the vessels. Borrowing costs capitalized as part of the cost of this vessel amounts to USD 679k as 31 December 2023.

4 Non-current liabilities other than provisions

	Due within 12 months 2023 USD	Due within 12 months 2022 USD	Due after more than 12 months 2023 USD	Outstanding after 5 years 2023 USD
Lease liabilities	3,144,894	2,592,806	35,699,056	17,271,671
	3,144,894	2,592,806	35,699,056	17,271,671

5 Employees

No wages and salaries were paid during the financial year as the Company has no employees. Crewing is outsourced to external providers, and administration and management is outsourced to other group companies.

6 Contingent liabilities

At 31 December 2023 the Company has obligations under a Technical Management agreement of USD 258k.

The Company is jointly taxed with Seapeak Maritime Holdings (Denmark) A/S, which acts as administration company, and is jointly liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

7 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Seapeak LLC, office location is 2000 – 550 Burrard Street, Vancouver, B.C. Canada V6C 2K2.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year except the change in useful life of vessels as stated below.

Minor reclassification are performed in comparative figures.

The financial statements are presented in USD, based on bookkeeping records maintained in USD. The financial statements are presented in USD to match the functional currency of the Company, which is also USD. The exchange rate between USD/DKK per 31 December 2023 was 6.75 against 6.97 per 31 December 2022.

Transactions denominated in foreign currencies are translated into USD at the exchange rates at the date of the transaction. Monetary items denominated in foreign currencies are translated into USD at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

Changes in accounting estimates

The Company has changed its accounting estimate regarding the useful lives of the vessel to reflect the actual lifetime hereof. The estimated useful life has changed from 25 years to 30 years.

As the accounting policies state the vessels are to be depreciated following the straight-line principle, the change of accounting estimate has resulted in a decrease of the yearly depreciations by USD 517k.

Consequently, the total effect of the change in accounting policies is an increase in this year's pre-tax profit by USD 517k while equity increases by USD 517k at 31.12.2023. Similarly, the assets are positively affected by a decrease in depreciation by USD 517k.

The comparative figures have not been restated.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

With reference to section 32 of the Danish Financial Statements Act, the items Revenue through other external expenses are combined into one-line item Gross profit/loss.

Revenue

Income is recognized in the income statement when:

- The income generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company
- Costs relating to the transaction can be measured reliably

Revenue comprises charter hire from vessels. Revenue is recognized when or as performance obligations are satisfied by transferring the promised services to the customer, i.e. at a point in time or over time provided that the stage of completion can be measured reliably. Revenue is measured at the consideration that the Company expects to be entitled to.

Other external expenses

Other external expenses include other operating expenses for the vessels like crewing, insurance, technical expenses and management fees and expenses related to sale, administration, etc.

Depreciation, amortisation and impairment losses

Depreciation includes depreciation and impairment of fixed assets. Fixed assets are depreciated on a straight-line basis to the residual value, based on the cost less impairment.

Residual value for the vessel is estimated to USD 6.8m (31 December 2022: USD6.8m). The residual value is determined at the time of acquisition based on the market steel price and is reassessed every year.

Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized. In case of changes in the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates. Gains or losses on the sale of fixed assets are recognized in the income statement under 'Other income/Other expenses'.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, gain on lease extinguishment, payables and transactions in foreign currencies, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, loss on lease extinguishment, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income according to Tonnage Tax Scheme.

The Company is jointly taxed with other Danish group enterprises. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a minimum, a surcharge according to the management company

Balance sheet**Vessels**

Vessels are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the vessels. The cost is split into vessel and dry-docking components.

Depreciation is based on cost less the estimated residual value. The residual value of the vessels is estimated as the lightweight tonnage of each vessel multiplied by expected steel price per ton.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Vessel	30 years
Dry Dock	5 years

The residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end. Components of vessels are de-recognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on de-recognition of an asset is included in the income statement in the year the asset is de-recognized.

An impairment test is prepared if there are indications of decreases in value. The impairment test is prepared for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realizable value.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Equity

Dividends proposed for the reporting period are presented as a separate item under 'Equity'

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Financial leases

Leases of vessels where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Charter hire costs under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant charters. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the charters.

Finance leases are capitalized at the commencement of the charters at the fair value of the chartered asset or, if lower, at the present value of the minimum charter hire payments. Charter hire payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the term of the charters, if there is no reasonable certainty that the Company will obtain ownership by the end of the term of the charters.

Deferred income – current liability

Deferred income recognized as a liability comprises payments received to be recognized as income within the next year.