



NORSE MARITIME A/S

Central Business Registration No 42 19 19 30

Annual Report 2022

The Annual General Meeting adopted the annual report on 15.05.2023

Chairman of the Annual General Meeting

NORSE MARITIME A/S | Sundkrogsgade 19 | 2100 Copenhagen, Denmark

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Company details

COMPANY

Norse Maritime A/S
Sundkrogsgade 19
2100 Copenhagen Ø, Denmark

Central Business Registration No. 42 19 19 30
Registered in: City of Copenhagen
Financial year: 01.01.2022 – 31.12.2022

EXECUTIVE MANAGEMENT

Amrit Peter Kalsi, CEO

BOARD OF DIRECTORS

Frank Gülnar Jensen, Chairman

Katsuya Abe

Simon Christensen

Morten Hvidtfeldt

Shigenobu Matsuzawa

AUDITORS

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Management have today considered and approved the annual report of Norse Maritime A/S for the financial year 01.01.2022 – 31.12.2022.

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 Company's financial position at 31.12.2022 and of the result of its operations and cash flows for the financial year 01.01.2022 - 31.12.2022.

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, 15.05.2023

Executive Management

Amrit Peter Kalsi
CEO

Board of Directors

Frank Gülnar Jensen
Chairman

Katsuya Abe

Simon Christensen

Morten Hvidtfeldt

Shigenobu Matsuzawa

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Norse Maritime A/S

Opinion

We have audited the financial statements of Norse Maritime A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the statements of profit and loss, financial position and changes in equity and notes, including a summary of significant accounting policies, for the Company and the cash flow statement for the Company. 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 Company's financial position at 31.12.2022, and of the results of their operations and the cash flows for the Company for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

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 this auditor's report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 and parent 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 and parent 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 Company's and the Parent'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 Company or the 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 and parent 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 Company's and the Parent'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 Company's and the Parent'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 Company and the Company 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.
- 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 Company's internal control.

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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 15.05.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No. 33 96 35 56

Niels Skannerup Vendelbo
State Authorized Public Accountant
Identification No (Mne) mne34532

Anette Beltrão-Primdahl
State Authorized Public Accountant
Identification No (Mne) mne45854

Management commentary

Financial highlights

	2022	2021
	<u>USD'000</u>	<u>USD'000</u>
Key figures		
Revenue	183,507	58,204
Profit from operations	23,176	1,644
Net financials	639	49
Profit for the year	23,695	1,653
Equity	29,847	6,152
Assets, total	47,937	13,078
Cash flows from operating activities	27,006	5,534
Cash flows from financing activities	-	4,499
Ratios		
Profit margin (%)	12.6	2.8
Return on assets (%)	48.3	12.6
Return on equity (%)	131.6	26.9
Equity ratio (%)	62.3	47.0

Ratios

The ratios have been compiled applying the formulas listed below:

Profit margin	=	$\frac{\text{Operating profit/(loss)} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Operating profit/(loss)} \times 100}{\text{Assets, total}}$
Return on equity	=	$\frac{\text{Profit/(loss) for the year} \times 100}{\text{Average equity}}$
Equity ratio	=	$\frac{\text{Equity} \times 100}{\text{Assets, total}}$

Primary activities

The object of the Company is to carry out international shipping business, trading, transport including other associated activities.

Development in activities and finances

The profit for the Entity is 23,695 tUSD and at the end of the year the Company has an equity of 29,847 tUSD.

Uncertainty relating to recognition and measurement

No specific uncertainties relating to recognition and measurement has been identified.

Outlook

Overall, for 2023 Norse Maritime A/S expects a reduced operating result compared to 2022, due to a negative change in the market conditions (bulk rates).

It is the intention to merge Norse Maritime A/S with Lignum Maritime A/S during 2023.

Events after the balance sheet date

The planned merger between Norse Maritime A/S and Lignum Maritime A/S, with Norse Maritime A/S as the continuing entity, has been registered with the Danish Business Authorities and is expected to be completed in Q2 2023.

Knowledge resources

The Company has no employees and no specific risk relating to knowledge resources has been identified.

Impact on external environment

The Company is conscious about the environmental impact and is continuously working on reducing the Company's operational impact on the external environment.

Financial risks

Financial risks are limited to common risks for the Company and for the business area in which it operates.

Income statement for the period 01.01.2022 – 31.12.2022

	Notes	2022	2021
		<u>USD'000</u>	<u>USD'000</u>
Revenue		183,507	58,204
Commercial and administrative expenses	2	<u>(160,331)</u>	<u>(56,560)</u>
Profit from operations		23,176	1,644
Financial income		1,021	83
Financial expenses		<u>(382)</u>	<u>(34)</u>
Profit before taxes		23,815	1,693
Tax on profit for the year	3	<u>(120)</u>	<u>(40)</u>
Profit for the year	4	<u>23,695</u>	<u>1,653</u>

Balance sheet at 31.12.2022

	Notes	2022	2021
		<u>USD'000</u>	<u>USD'000</u>
Assets			
Bunkers and stock		3,663	1,660
Trade accounts receivable		7,152	1,385
Receivables, related parties	7	83	-
Cash		<u>37,039</u>	<u>10,033</u>
Current assets		<u>47,937</u>	<u>13,078</u>
Assets		<u>47,937</u>	<u>13,078</u>
Equity and liabilities			
Share capital		160	160
Share Premium		4,339	4,339
Proposed dividend		10,000	-
Retained earnings		<u>15,348</u>	<u>1,653</u>
Equity	5	<u>29,847</u>	<u>6,152</u>
Trade accounts payable		6,113	3,863
Voyages in progress		7,945	1,175
Due to related parties	7	1,573	783
Accrued tax		120	40
Other accrued liabilities		<u>2,339</u>	<u>1,065</u>
Current liabilities		<u>18,090</u>	<u>6,926</u>
Liabilities		<u>18,090</u>	<u>6,926</u>
Equity and liabilities		<u>47,937</u>	<u>13,078</u>
Revenue	1		
Unrecognised time-charter commitments	6		
Transactions with related parties	7		
Ownership	8		
Subsequent events	9		

Statement of changes in equity for the period 01.01.2022 – 31.12.2022

	Share capital	Share premium	Proposed dividend	Retained Earnings	Total
	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>
Equity beginning of the year	160	4,339	-	-	4,499
Profit for the period	-	-	-	1,653	1,653
Total comprehensive profit / (loss) for the period	-	-	-	1,653	1,653
Balance, December 31, 2021	<u>160</u>	<u>4,339</u>	<u>-</u>	<u>1,653</u>	<u>6,152</u>
Profit for the period	-	-	-	23,695	23,695
Proposed dividend	-	-	10,000	(10,000)	-
Balance, December 31, 2022	<u>160</u>	<u>4,339</u>	<u>10,000</u>	<u>15,348</u>	<u>29,847</u>

Statement of cash flow for the period 01.01.2022 – 31.12.2022

	Notes	2022	2021
		<u>USD'000</u>	<u>USD'000</u>
Profit for the year		23,695	1,653
Adjustments for:			
Financial income		(1,021)	(83)
Financial Expenses		382	34
Change in receivables and other current assets		(7,853)	(3,045)
Change in payables and accrued liabilities		11,164	6,926
Financial income received		1,021	83
Financial expenses paid		<u>(382)</u>	<u>(34)</u>
Net cash flows from operating activities		<u>27,006</u>	<u>5,534</u>
Financing activities			
Injected equity upon formation		-	4,499
Net cash flows used in financing activities		<u>-</u>	<u>4,499</u>
Change in cash and cash equivalents		27,006	10,033
Cash and cash equivalents, beginning of period		<u>10,033</u>	<u>-</u>
Cash and cash equivalents, end of period		<u>37,039</u>	<u>10,033</u>

Notes

1. Revenue

	2022	2021
	<u>USD'000</u>	<u>USD'000</u>
Freight revenue	156,451	51,743
Time charter revenue	26,365	6,459
Other revenue	<u>691</u>	<u>2</u>
	<u>183,507</u>	<u>58,204</u>

2. Commercial and administrative expenses

A part of the administration expenses is a management fee to Clipper Bulk A/S covering administrative costs as office rent, staff salary, management remuneration etc.

	2022	2021
	<u>USD'000</u>	<u>USD'000</u>
Remuneration of Management, Executive Board	<u>217</u>	<u>47</u>

3. Tax on profit for the year

	2022	2021
	<u>USD'000</u>	<u>USD'000</u>
Tonnage tax	<u>(120)</u>	<u>(40)</u>
Total tax	<u>(120)</u>	<u>(40)</u>

The Company has entered the Danish tonnage tax regime for a binding 10-year period from the income year 2021.

4. Proposed distribution of profit and loss

	2022	2021
	<u>USD'000</u>	<u>USD'000</u>
Proposed dividend	10,000	-
Retained earnings	<u>13,695</u>	<u>1,653</u>
	<u>23,695</u>	<u>1,653</u>

5. Share capital

The share capital is composed as follows:	2022	2021
Share capital (DKK'000)	<u>1,000</u>	<u>1,000</u>
Share capital (USD'000), translated at historical rates	<u>160</u>	<u>160</u>

The shares have not been divided into classes.

6. Unrecognised time-charter commitments

	2022	2021
	<u>USD'000</u>	<u>USD'000</u>
Commitments under Time-charter agreements until maturity	<u>117,561</u>	<u>135,221</u>

7. Transactions with related parties

Transactions with related parties comprise below:

	<u>Related party</u>	
	2022	2021
	<u>USD'000</u>	<u>USD'000</u>
Commercial and administrative expenses	15,257	2,765
Receivable related parties, 31.12.2022	83	0
Due to related parties, 31.12.2022	1,573	783

8. Ownership

At 31.12.2022, the Company was owned by Clipper Bulk Shipping Ltd., Bahamas (45.0%), Nissen Kaiun Co., Ltd., Japan (25.1%), Navi Merchants A/S, Denmark (15.0%) and Mitsui & Co., Ltd., Japan (14.9%).

9. Subsequent events

After the balance sheet date a transfer of shares have been executed to prepare for the planned merger between Lignum Maritime A/S and Norse Maritime A/S with Norse Maritime A/S as the continuing entity. After this transfer, the Company is owned by Clipper Bulk Shipping Ltd., Bahamas (35.9%), Nissen Kaiun Co., Ltd., Japan (36.1%), Mitsui & Co., Ltd., Japan (14.9%) and Navi Merchants A/S, Denmark (13.1%).

Accounting policies

Reporting class

This annual report of the Company has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The annual report covers the period 01.01.2022 – 31.12.2022. Comparative figures in this annual report cover the period 08.03.2021 (establishment of the Company) – 31.12.2021.

Basis of preparation

The Company presents the financial statements for the Company in USD. The DKK exchange rate against USD applied is 6.9722 at 31.12.2022.

Recognition and measurement

Assets are recognized in the statement of financial position when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognized in the statement of financial position when the Company 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 Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected 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 end of the reporting period are considered at recognition and measurement.

Income is recognized in the statement of profit and loss when earned, whereas costs are recognized by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognized in the statement of profit and loss as financial income or financial expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the end of the reporting period are translated using the exchange rate at the end of the reporting period. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate at the end of the reporting period are recognized in the statement of profit and loss as financial income or financial expenses. Fixed assets purchased in foreign currencies are translated using the exchange rate at the transaction date.

Income statement

Revenue

Time charter revenue is recognized over the term of the charter.

Freight income from voyage charters is recognized in accordance with the percentage-of-completion method where the percentage of completion is determined as the percentage of the estimated duration of the voyage completed at the balance sheet date.

For losses estimated on the completion of voyages and time charters in progress at the end of a reporting period, a provision is recognized to cover the anticipated net loss.

Demurrage revenue is recognized when reimbursement under the claim is considered probable.

Commercial and administrative expenses

Commercial expenses include costs relating to the operation of the Company's chartered vessels, including time charter costs for short-term charters, port charges, bunker costs, maintenance costs, insurance costs, crew wages and other vessel-operating expenses. Like revenue, vessel-operating costs are recognized concurrently with receipt of services over the life of a voyage of the time charter period.

Administration expenses comprise costs incurred from the management and administration of the Company, including office costs and it-costs.

The Company has no employees but buy administrative services related to administration staff and management from other business partners.

Financial income and expenses

Financial income and financial expenses comprise interest as well as realized and unrealized exchange rate adjustments.

Tax on profit/loss for the year

Tax for the year, which consists of current tonnage tax for the year, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company have entered the Danish tonnage tax regime for a binding 10-year period from the income year 2021.

Statement of financial position

Bunkers

Bunkers and lubricant oils are stated at the lower of cost and net realizable value. Cost of bunkers and stocks is determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value, less write-downs for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Current liabilities

Liabilities, comprising trade payables and other payables, are measured at amortized cost, corresponding substantially to nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash and bank deposits