XO Copenhagen A/S

Tuborg Havnevej 18, 2900 Hellerup

Company reg. no. 43 08 34 22

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 28 June 2024.

Mark Philip Beer
Chairman of the meeting

Contents

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

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of XO Copenhagen A/S for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

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

Hellerup, 28 June 2024

Managing Director

Henrik Lerchedahl Christensen

Board of directors

Kent Hedegaard Christian Philip Levin Mark Philip Beer

Independent auditor's report

To the Shareholders of XO Copenhagen A/S

Opinion

We have audited the financial statements of XO Copenhagen A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company 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 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 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.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the 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 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 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 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.

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

Statement on Management’s Review
Management is responsible for Management’s Review.

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

Independent auditor's report

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

Alleroed, 28 June 2024

Piaster Revisorerne
Statsautoriseret Revisionsaktieselskab
Company reg. no. 25 16 00 37

Steen Dahl Andersen
State Authorised Public Accountant
mne29455

Company information

The company	XO Copenhagen A/S Tuborg Havnevej 18 2900 Hellerup	
	Company reg. no.	43 08 34 22
	Established:	23 February 2022
	Domicile:	Gentofte
	Financial year:	1 January - 31 December
Board of directors	Kent Hedegaard Christian Philip Levin Mark Philip Beer	
Managing Director	Henrik Lerchedahl Christensen	
Auditors	Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab Engholm Parkvej 8 3450 Allerød	

Management´s review

Description of key activities of the company

The company's purpose is to own and operate ships, including M/V XO Copenhagen.

Development in activities and financial matters

The gross loss for the year totals USD -25.086 against USD 1.531.103 last year. Income or loss from ordinary activities after tax totals USD -3.437.011 against USD 103.229 last year.

The net loss for the year is considered unsatisfactory.

The company has recieved a group grant of 10 mio. USD from the parent company. Furthermore the company has recieved a letter of support from the ultimate parent company.

Income statement

All amounts in USD.

Note		1/1 - 31/12 2023	23/2 - 31/12 2022
	Gross profit	**-25.086**	**1.531.103**
	Depreciation and impairment of property, land, and equipment	-2.227.947	-1.015.639
	Operating profit	**-2.253.033**	**515.464**
	Other financial income	1.987	11.735
3	Other financial expenses	-1.441.215	-528.770
	Pre-tax net profit or loss	**-3.692.261**	**-1.571**
	Tax on net profit or loss for the year	255.250	104.800
	Net profit or loss for the year	**-3.437.011**	**103.229**
	Proposed distribution of net profit:		
	Transferred to retained earnings	0	103.229
	Allocated from retained earnings	-3.437.011	0
	Total allocations and transfers	**-3.437.011**	**103.229**

Balance sheet at 31 December

All amounts in USD.

Note	Assets	2023	2022
	Non-current assets		
	Other fixtures, fittings, tools and equipment	17.539.536	17.184.361
	Total property, plant, and equipment	17.539.536	17.184.361
	Total non-current assets	**17.539.536**	**17.184.361**
	Current assets		
	Trade receivables	163.278	780.688
	Tax receivables from group enterprises	361.716	106.466
	Other receivables	3.000.000	3.751.791
	Prepayments	1.873.343	1.013.169
	Total receivables	5.398.337	5.652.114
	Cash and cash equivalents	18.861	368.657
	Total current assets	**5.417.198**	**6.020.771**
	Total assets	**22.956.734**	**23.205.132**

Balance sheet at 31 December

All amounts in USD.

Note	**Equity and liabilities**	2023	2022
	Equity		
	Contributed capital	60.999	60.999
	Retained earnings	6.666.218	103.229
	Total equity	**6.727.217**	**164.228**
	Liabilities other than provisions		
4	Bank loans	7.619.040	9.047.616
	Payables to group enterprises	5.099.869	11.474.275
	Total long term liabilities other than provisions	12.718.909	20.521.891
	Current portion of long term liabilities	1.428.576	952.384
	Bank loans	1.496.175	0
	Trade payables	21.285	708.167
	Other payables	62.969	66.451
	Deferred income	501.603	792.011
	Total short term liabilities other than provisions	3.510.608	2.519.013
	Total liabilities other than provisions	**16.229.517**	**23.040.904**
	Total equity and liabilities	**22.956.734**	**23.205.132**

1 Uncertainties concerning recognition and measurement
2 Special items
5 Charges and security
6 Contingencies
7 Related parties

Statement of changes in equity

All amounts in USD.

	Contributed capital	Retained earnings	Total
Equity 23 February 2022	60.999	0	60.999
Retained earnings for the year	0	103.229	103.229
Equity 1 January 2023	60.999	103.229	164.228
Retained earnings for the year	0	-3.437.011	-3.437.011
Group grant	0	10.000.000	10.000.000
	60.999	**6.666.218**	**6.727.217**

Notes

All amounts in USD.

1. Uncertainties concerning recognition and measurement

The company has recognized 3 mUSD regarding insurance claims, based on management expectation and current claims. The insurance claim is ongoing and is associated with uncertainty.

2. Special items

The company has recieved 675 tUSD in insurance compensation. The amount is recognized in the item "Other operating income" under Gross profit.

	1/1 - 31/12 2023	23/2 - 31/12 2022
3. Other financial expenses		
Financial costs, group enterprises	615.595	187.275
Other financial costs	825.620	341.495
	1.441.215	**528.770**
4. Bank loans		
Total bank loans	9.047.616	10.000.000
Share of amount due within 1 year	-1.428.576	-952.384
	7.619.040	**9.047.616**
Share of liabilities due after 5 years	1.785.688	3.095.200

5. Charges and security

As collateral for mortgage loans, tUSD 9.047, an indemnity security has been granted on the ship representing a carrying amount of tUSD 17.539 at 31 December 2023.

6. Contingencies

Contingent liabilities

Joint taxation

With Atlantic Invest A/S as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

Notes

All amounts in USD.

7. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of Atlantic Invest A/S, Tuborg Havnevej 18, 2900 Hellerup.

Accounting policies

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

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

Recognition and measurement in general

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

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

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

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

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

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

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, other operating income, and external costs.

Revenue is recognized upon delivery of services in accordance with the terms and conditions of the charter parties and is made based on “load to discharge”, and demurrage is recognized with up to 95% until actual realization. Accordingly, no revenue is recognized for the days incurred during a vessel’s positioning voyage to a load port.

Accounting policies

Cost of sales comprises costs concerning purchase of operating expenses, materials and consumables less discounts.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets as well as operating loss and conflict compensation. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses comprise expenses incurred for distribution, sales, administration and loss on receivables.

Depreciation, amortisation, and write-down for impairment
Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses
Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year
Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment
Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

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

Accounting policies

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

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

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Vessels	25 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Dry docking costs are recognised in the carrying amount of vessels when incurred and depreciated over the period until the next dry docking.

The scrap value of vessels is determined based on the market price per lightweight tonne for scrapping of the vessel.

The depreciation period for secondhand vessels is determined on the basis of the condition and age of the vessels at the time of acquisition, but the depreciation period does not exceed 25 years from delivery from the shipyard.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Accounting policies

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

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

Deferred income assets
Deferred income assets recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank.

Income tax and deferred tax
Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, XO Copenhagen A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

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

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

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

Deferred income

Payments received concerning future income are recognised under deferred income.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Henrik Lerchedahl Christensen
Direktør
Serienummer: d5c3e745-3a18-490e-b21b-bef34bf5bcd7
IP: 77.213.xxx.xxx
2024-06-28 05:20:29 UTC

Mark Philip Beer
Bestyrelsesmedlem
Serienummer: 27f7f834-229f-4858-a635-e0f209bfd289
IP: 194.182.xxx.xxx
2024-06-28 05:22:09 UTC

Mark Philip Beer
Dirigent
Serienummer: 27f7f834-229f-4858-a635-e0f209bfd289
IP: 194.182.xxx.xxx
2024-06-28 05:22:09 UTC

Kent Hedegaard
Bestyrelsesformand
Serienummer: 1afa367d-371f-4466-9777-9996ebdd5fad
IP: 176.22.xxx.xxx
2024-06-28 06:39:49 UTC

Christian Philip Levin
Bestyrelsesmedlem
Serienummer: 645aff1e-a527-4770-901f-64d399d7fd23
IP: 87.59.xxx.xxx
2024-06-28 07:50:03 UTC

Steen Dahl Andersen
PIASTER REVISORERNE, STATSAUTORISERET REVISIONSAKTIESELSKAB
CVR: 25160037
Revisor
På vegne af: Piaster Revisorerne
Serienummer: d37b01ac-a005-41d1-8c8b-ffa2c3b096a8
IP: 62.242.xxx.xxx
2024-06-28 10:06:33 UTC