Christianiaship A/S

Amerika Plads 38, DK-2100 Copenhagen

Annual Report for
20 June 2022 - 31 December 2022

CVR No. 43 33 93 70

The Annual Report was presented and adopted at the Annual General Meeting of the company on 28/6 2023

Morten Berggreen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Christianiaship A/S for the financial year 20 June - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 28 June 2023

Executive Board

Torben Kæseler Larsen
Manager

Board of Directors

Axel Camillo Eitzen Chairman	Torben Kæseler Larsen	Snorre Schie Krogstad

Independent Auditor's report

To the shareholder of Christianiaship A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company´s operations for the financial year 20 June - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Christianiaship A/S for the financial year 20 June - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”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 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.

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 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 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.

Independent Auditor's report

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 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.

Hellerup, 28 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Martin Birch
State Authorised Public Accountant
mne42825

Company information

The Company	Christianiaship A/S Amerika Plads 38 DK-2100 Copenhagen CVR No: 43 33 93 70 Financial period: 20 June - 31 December Incorporated: 20 June 2022 Financial year: 1st financial year Municipality of reg. office: Copenhagen
Board of Directors	Axel Camillo Eitzen, chairman Torben Kæseler Larsen Snorre Schie Krogstad
Executive Board	Torben Kæseler Larsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Financial Highlights

Seen over a 1-year period, the development of the Company is described by the following financial highlights:

	2022
	TUSD 6 months
Key figures	
Profit/loss	
Gross profit/loss	8,221
Profit/loss of ordinary primary operations	6,366
Profit/loss before financial income and expenses	6,366
Profit/loss of financial income and expenses	-1,050
Net profit/loss	5,318
Balance sheet	
Balance sheet total	52,650
Investment in property, plant and equipment	47,042
Equity	12,087
Ratios	
Return on assets	12.1%
Solvency ratio	23.0%
Return on equity	88.0%

Management's review

Key activities

The company's key activities consists primarily of owning vessels used for chartering.

Business review

Christianiaship A/S (the Company or Christianiaship) is a specialized chemical vessel owning company established in 2022 to be the ship owning arm of Christiania Shipping A/S (Christiania Shipping or the Group). In 2022 all the 100% owned Christiania Shipping A/S vessels were transferred to Christianiaship. At the end of 2022 the Company owned 9 chemical vessels. All the vessels are on time charter to Christiania Shipping A/S for a period of 6 months. The technical management is outsourced to external technical managers.

Organization

The Company has no employees, but acquires all necessary administration services from Christiania Shipping A/S.

Strategic focus

Safety is the Group's first and foremost priority and it is an integral part of Christianiaship's vision, mission, strategy and values. The Company's overall strategic focus is:

•Develop a safety culture with a target of zero accidents
•Optimize and develop the existing business platform
•Expand and renew the fleet
•Continue the consolidation within the chemical tanker segment and generate profitable growth

Market

Rates
After several challenging years in the small chemical market segment, the market finally improved to a very satisfactory market in 2022. The fleet of Christianiaship was on t/c to Christiania Shipping at an average rate of USD 10,611 per month.

Profit and loss

For the six months Christianiaship's time charter equivalent earnings was USD 15.7 million. The vessel operating expenses amounted to USD 7.4 million. EBITDA for the period was USD 8.2 million. Ordinary depreciation was USD 1.8 million. Financial expenses for the year were USD 1.0 million. The Group had a tax income for 2022 of USD 2 thousand.

Statement of financial positions

The Company's total assets were USD 52.6 million. The book value of owned vessels was USD 45.2 million. Restricted cash accounts related to the bank loan with NIBC, was USD 2.3 million. Cash at the end of the year was USD 6.1 million.

The Company's equity amounted to USD 12.1 million.

Total long-term liabilities amounted to USD 31.4 million. Long-term bank loan was USD 31.1 million at the end of 2022. Total current liabilities were USD 40.6, of which USD 6.5 million is short-term bank debt, USD 0.1 million lease liabilities. Trade payables at year end was USD 0.7 million, other payables was USD 0.6 million.

Management's review

Outlook for 2023

The market for small chemical tankers is dependent upon the volume of easy chemicals transported by sea, which again is dependent upon several factors including the development in the economy and commodity prices among others. These factors, combined with the supply of chemical vessels, will determine the market going forward. The demand for chemical vessels was weak for several years due to periods of oversupply of chemical vessels as well as the general impact of covid worldwide. At the end of 2021 there was a gradual market recovery which continued and into a firm market recovery in 2022. The market was somewhat lower at the beginning of 2023, but still at very healthy rates. From a historical perspective, the newbuilding orderbook is relatively low with a forecasted net fleet growth of 1% in 2023 for both the 1-10K segment and the 10-20K segment. Based on the forecasted fleet growth combined with the anticipated GDP growth, analysts expect the market to continue to be firm in 2023. However, the market is still dependent upon a continued stable economic environment and a potential recession in Europe will of course impact the small chemical vessel market. The Group expects continued firm rates and steady volumes in 2023 which we expect will result in EBITDA of about USD 16 million for the company on the basis of the existing fleet.

Risk Factors

Being an international player in the chemical tankers segment, Christianiaship is exposed to a variety of risks that can affect the Company's result. The risk factors can be divided into the following main risk components:

•Market risk
•Operational risk
•Financial risk

Such risks are normally related to volatility in charter income, charter defaults, unforeseen operational events, operating expenses and unforeseen capital expenditure requirements, fluctuations in interest- and foreign exchange rates, as well as financing risk related to new capital expenditure requirements and refinancing of existing credit facilities.

Market risk

Christianiaship's revenues are exclusively generated from activities in the oil and chemical tankers industry. The oil and chemical tanker industry is cyclical and volatile, which can lead to reductions in freight rates, volumes transported, and ship values. Fluctuations in freight rates result from changes in the supply of chemical vessels and demand for seaborn transportation of certain chemicals. Christianiaship mitigates the risk of fluctuation in freight rates to a certain degree, by entering into TC contracts for a period of 6 months.

Operational risk

The Group is focused on delivering strong operational performance for the fleet and is striving towards operational excellence through strict attention on vessel maintenance and through continued education of its staff. Despite the Group's high degree of pre-emptive maintenance and education there is a risk for equipment failure and accidents. Risks related to the operation of the vessels, transport of cargo, personal injuries, environmental damages, and war are covered by insurances in internationally recognized insurance companies. The Group aims at minimizing its exposure by using multiple insurance companies. The Group has established duplication of business-critical IT systems and contingency plans in case of breakdowns. Back-up of data is made in an external IT environment outside the Group's offices. Even though the Group obtains loss of hire insurance for contracts over a certain length, a technical breakdown will affect the earnings for a period of at least 14 days (deductible).

Risk related to changes in laws and regulation

The Group's operation and vessels are subject to international environmental laws and regulations which have become more stringent in recent years. Although the Group is doing its outmost to comply, changes in laws and regulations may expose the Group.

Financial risk

Investments are typically financed by cash reserves, equity proceeds injected by the shareholders, debt obtained by international banks or international leasing providers. The Company is exposed to financing risk related to potential new investments and refinancing of existing debt. In July 2022, the Company financed its outstanding Bank debt with NIBC when a 5-year USD 39.5 million loan was entered into. The loan agreements include customary financial covenants. At the end of 2022 the Company was in compliance with all its covenants. The Group is dependent upon a stable income to be able to refinance debt or raise new debt in the future.

Interest rate risk

The Company's bank loans are generally subject to floating interest rates. For 2022, the Company did not hedge any of its interest rate risk but will evaluate to hedge the exposure going forward.

Currency risk

The Company pursues a finance policy that ensures that foreign exchange risks arise only on the basis of commercial factors. All of the revenues earned by Christianiaship are in USD and all expenses are in USD.

Liquidity risk

The shipping market is capital intensive and insufficient liquidity will severely impact the ability to operate. The Company's approach to manage liquidity risk is to ensure, as far as possible that it will always have sufficient liquidity to meet its obligations.

The Company has a minimum liquidity covenant in its credit facility. In 2023, Christianiaship expects to have sufficient liquidity for meeting its payment obligations for conducting the normal course of its operations without needing the support from its shareholder.

Environment, Social and Governance Reporting (ESG)

Christianiaship will actively initiate and participate in activities related to ESG and will incorporate ESG initiatives in its strategy at any given time. The key focus points of Christianiaship are areas related to health & safety, environment & climate and general welfare and training. Christianiaship will strive to continuously improve itself in these fields and communicate transparently with stakeholders about results and initiatives. All of Christiania Shipping's ESG activities emerge from the Group's core business and strategy. The Company is committed to progress in business-driven ESG initiatives to deliver high quality and 'best in class's services while meeting own and customers' expectations in respect of responsible business practice.

The Board of Directors of Christianiaship is committed to operate the Company in a responsible manner to be sustainable. The aim is to manage the Company in a way that generates long-term profitability in combination with care for the environment, the people involved in our business and the society at large. For further information related to the Company's and Group's ESG policy please see the Group Consolidated Annual Report for Christiania Shipping A/S.

CII and EEXI

The International Maritime Organisation (IMO) is introducing new regulatory standards for ship energy efficiency - the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) - and from 2023 all existing ships must meet new energy efficiency standards. The Carbon Intensity Indicator (CII) measures how efficiently a vessel above 5,000 GT transports goods or passengers and is given in grams of CO_2 emitted per cargo-carrying capacity and nautical mile. The CII measurement was initiated as per January 2023. The first reporting of the CII based on 2023 data is due no later than 31 March 2024. Vessels will receive a rating of A (major superior), B (minor superior), C (moderate), D (minor inferior) or E (inferior performance level). The rating thresholds will become increasingly stringent towards 2030. A vessel rated D for three consecutive years or rated as E, will need to develop a plan of corrective actions. From 2024, the CII must be calculated and reported to the DCS verifier together with the aggregated DCS data for the previous year, including any correction factors and voyage adjustments. The Energy Efficiency Existing Ship Index (EEXI) is a measure introduced by the IMO to reduce the greenhouse gas emissions of ships. The EEXI is a measure related to the technical design of a ship. Ships must attain EEXI approval once in a lifetime, by the first periodical survey in 2023 at the latest. The required EEXI value is determined by the ship type, the ship’s capacity and principle of propulsion and is the maximum acceptable attained EEXI value. Christiania vessel not meeting the EEXI requirements will be fitted with ShaPoLi in accordance with regulations prior first periodical survey. Three vessels are complying, and 6 vessels are currently fitted with ShaPoLi. Christianiashiphas initiated all the necessary routines and procedures in order to comply with the CII and EEXI regulations. In order to improve the vessel efficiency, Christianiaship has installed Frugal on 7 of its vessels. Frugal is an automated on-top system optimizing RPM and pitch, applicable for vessels with controllable pitch propeller (CPP). This technology allows automated fuel and CO_2 savings up to 15% and thus helps lower the carbon footprint on the vessels. On vessels with fixed pitch propeller, they system allows the vessel to keep constant consumption, optimizing vessels performance by 3 - 4%. Further, initiatives as below has been decided or already launched by Christianiaship to limit CO_2 emissions. -Hull painting: Christianiaship will move to Silicon based hull paint instead of normal antifouling paint.

- Bunker system: Testing
- Power management system: Presently investigation upgrade of vessels pms to lower aux consumption
- Trim system: Investigating options to install onboard our vessels to optimized vessels trim and hereby speed /consumption

All vessels have ballast water to manage stability and trim of the vessel. The transfer of invasive species in ballast water is a source of environmental contamination through transportation of organism from one eco system to another. As a result, international and national regulations have been implemented to limit the risk of containment. Christianiaship fully complies with all regulations. Ballast water treatment system is installed on seven vessels. The remaining vessels will receive the systems as required by the regulations (at first renewal of their IOPP-certificate).

There are strict international maritime laws regulating on board waste management to prevent disposal of garbage at sea. This is regulated through MARPOL Annex V. Christiania Shipping, through their technical managers, have continuous efforts towards improving on board waste management with the aim to reduce the total environmental impact of the vessels. Each vessel has its own Garbage Record tracking waste treatment ensuring that waste is safely treated and to secure a high level of recycling. Furthermore, technical managers are taking actions to actively manage and encourage suppliers to focus on reducing the usage of plastic wrapping. Our actions to minimize plastic also include the abolition of plastic bottles, replaced with environmentally friendly paper carton. Christiania Shipping, through its technical managers, is fully committed to comply with all applicable regulations related to waste management. Christianiaship believes that waste management is important to reduce the environmental impact for the vessels, furthermore that the Company and its technical managers should strive to improve and strengthen the effort towards this going forward. The average amount of waste produced per vessel should track downward over an extended period. Further 80% of the owned and BB fleet are Green Award certified, aiming to complete the remaining 20% before summer 2022. Green Award certificate holders are the front runners of the maritime industry and our quality and safety standards as well as enhanced environmental performance have been audited and confirmed with the Green Award certificate. Accidental spills and emergency preparedness The technical managers of the vessels are responsible for the emergency preparedness of the vessels. This is conducted, checked and approved via vessels Safety Management System which includes focus on drills, ensuring regular emergency, fire and lifeboat drills as well as verifying that adequate supplies of effective tools and materials are maintained onboard each vessel to respond to oil spills or other emergencies. It is the target to have 0 groundings and 0 oil spills, both of which were achieved in 2022. If an environmental emergency does occur, the technical managers Emergency Response Plan is effectuated enabling a quick response enabling efficient focus on the human capital as well as minimizing environmental impact.

Ship Recycling

The recycling of vessels is a potential source of contamination of the environment. Christianiaship is aware of the environmental aspects relating to the recycling of vessels and will therefore take necessary precautions if vessels are sold for recycling. The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (the “Hong Kong Convention”) has been ratified by Denmark, and Christianiaship is committed to follow the standards set out therein. Christianiaship will through a comprehensive investigation and screening process ensure that any recycling is completed in full compliance with the Hong Kong Convention and ensure that the nominated yard must at minimum meet following requirements:

•Comply with the Hong Kong Convention
•Produce an Inventory Hasardous Material certificate issued by Class (IACS)
•Issue a Ship Recycling Plan
•Issue a Green Recycling Certificate Social responsibility With reference to section 99a(6) of the Danish Financial Statements Act, refer to the Group Consolidated Annual Report for Christiania Shipping A/S.

General purchasing terms and conditions

There is a risk of violation of human rights in our supply chain. As such, the General Purchasing Terms and Conditions of Christianiaship specify that all suppliers and sub-suppliers are required to live up to the rules and regulations applicable for the Group. The Company expects its suppliers to operate their businesses in accordance with all applicable laws and regulations and to treat its employees with dignity and respect. To ensure to this, it is explicitly stated in the Company’s general purchasing terms and conditions that suppliers may not in any way be involved in or related to any form of slavery or forced labor, human trafficking or similar actively. Furthermore, suppliers shall treat all personnel with dignity and respect and shall not tolerate mental or physical abuse or coercion of employees. Nor may suppliers be engaged in or benefit from child labor. All new suppliers in 2022 have agreed to the purchasing terms and conditions and have as such committed to upholding the Group’s requirements related to human rights as stated in the terms and conditions. It is not the goal to draw up a separate policy on human rights in 2023, as the Group believes the General Purchasing Terms and Conditions combined with their Code of Conduct to be adequate. Labor rights International and local legislation is adhered to by the Company and its technical managers, including the Maritime Labor Convention (2006) which sets out the rights of the seafarers when it comes to, general working conditions, payment of wages, working hours and rest, right to medical care and annual leave.

Anti-corruption and Anti-Money Laundering

As an industry, shipping is exposed to corruption and the demand of facilitation payments. Christianiaship is firmly committed to adherence to high ethical standards in addition to applicable laws, hereunder anti-corruption. The Technical Managers have their own Anti Bribery Policy committing them to a zero-tolerance approach to bribery as well as strict actions to report demand for bribe. The Group has implemented an Anti-Money Laundering (AML) Policy and Guidelines that further elaborated on the policy statement set out in the Company's CoC. This states that Christianiaship will not participate in any form of money laundering, and that no member of Management or any employee may facilitate, support, directly or indirectly, any payment or transfer of money, which is likely to constitute money laundering. The responsibility to avoid Christianiaship getting involved in any money laundering or dubious transaction applies to all departments and throughout the entire activity chain from the choice of customer or business partner all the way to the execution of payments. The policy and guidelines include a financial background check of customers/vendors plus a sanctions background check. All employees have received a copy of the policy in 2022 plus the training necessary to identify the warning signs of money laundering and financial crime have been completed in the financial year. No issues have been identified and employee training will continue going forward to ensure compliance with the company's policy on this area.

Diversity and equal opportunity

With reference to the Danish Financial Statements Act, refer to the Group Consolidated Annual Report for Christiania Shipping A/S.

Data Ethics

With reference to section 99d(2) of the Danish Financial Statements Act, refer to the Group Consolidated Annual Report for Christiania Shipping A/S.

Subsequent events

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

Income statement 20 June - 31 December

	Note	2022
		USD 6 months
Gross profit/loss		**8,221,085**
Depreciation and impairment losses of property, plant and equipment		-1,854,739
Profit/loss before financial income and expenses		**6,366,346**
Financial income	1	25,111
Financial expenses	2	-1,075,151
Profit/loss before tax		**5,316,306**
Tax on profit/loss for the year	3	1,743
Net profit/loss for the year	4	**5,318,049**

Balance sheet 31 December

Assets

	Note	2022
		USD
Vessels		45,187,583
Property, plant and equipment	5	**45,187,583**
Fixed assets		**45,187,583**
Raw materials and consumables		47,741
Inventories		**47,741**
Other receivables		3,450
Deferred tax asset	6	1,743
Prepayments	7	1,068,167
Receivables		**1,073,360**
Cash at bank and in hand		**6,341,053**
Current assets		**7,462,154**
Assets		**52,649,737**

Balance sheet 31 December

Liabilities and equity

	Note	2022
		USD
Share capital		56,389
Retained earnings		12,030,406
Equity		**12,086,795**
Credit institutions		31,059,124
Lease obligations		320,015
Long-term debt	8	**31,379,139**
Credit institutions	8	6,516,000
Lease obligations	8	80,000
Trade payables		737,516
Payables to group enterprises		1,224,057
Other payables		626,230
Short-term debt		**9,183,803**
Debt		**40,562,942**
Liabilities and equity		**52,649,737**

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Statement of changes in equity

	Share capital	Retained earnings	Total
	USD	USD	USD
Equity at 20 June	0	0	0
Cash payment concerning formation of entity	56,389	0	56,389
Other equity movements	0	6,712,357	6,712,357
Net profit/loss for the year	0	5,318,049	5,318,049
Equity at 31 December	**56,389**	**12,030,406**	**12,086,795**

Notes to the Financial Statements

	2022
	USD

1. Financial income

Other financial income	25,111
	25,111

	2022
	USD

2. Financial expenses

Other financial expenses	1,048,139
Exchange adjustments, expenses	24,363
Exchange loss	2,649
	1,075,151

	2022
	USD

3. Income tax expense

Current tax for the year	-1,743
	-1,743

	2022
	USD

4. Profit allocation

Retained earnings	5,318,049
	5,318,049

Notes to the Financial Statements

5. Property, plant and equipment

	Vessels
	USD
Cost at 20 June	0
Additions for the year	47,042,322
Cost at 31 December	47,042,322
Impairment losses and depreciation at 20 June	0
Depreciation for the year	1,854,739
Impairment losses and depreciation at 31 December	1,854,739
Carrying amount at 31 December	**45,187,583**

6. Deferred tax asset

	2022
	USD
Amounts recognised in equity for the year	1,743
Deferred tax asset at 31 December	**1,743**

7. Prepayments

Prepayments comprise prepaid expenses concerning charter, insurance premiums, etc.

Notes to the Financial Statements

8. 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:

	2022
	USD
Credit institutions	
After 5 years	0
Between 1 and 5 years	31,059,124
Long-term part	31,059,124
Within 1 year	6,516,000
Short-term part	6,516,000
	37,575,124
Lease obligations	
After 5 years	0
Between 1 and 5 years	320,015
Long-term part	320,015
Within 1 year	80,000
	400,015

The fair value of the loans approximates the carrying amount. The loan agreement, signed in July 2022, includes financial covenants with respect to liquidity, equity ratio and working capital requirements. These requirements were met at the balance sheet date.

9. Contingent assets, liabilities and other financial obligations

There are no security and contingent liabilities at 31 December 2022.

Notes to the Financial Statements

10. Related parties and disclosure of consolidated financial statements

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Christiania Shipping A/S	Copenhagen

11. Subsequent events

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

Notes to the Financial Statements

12. Accounting policies

The Annual Report of Christianiaship A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2022 are presented in USD. Applied USD exchange rate on the 31 December 2022, DKK 697,22.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Christiania Shipping A/S, the Company has not prepared a cash flow statement.

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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other 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

USD is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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.

Notes to the Financial Statements

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Net sales

Revenue comprises freight, demurrage, time charter and other voyage related revenue. Revenue is recognised when or as performance obligations are satisfied by transferring the promised goods or 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 the Company expects to be entitled to.

The completion is determined using the load to discharge method based on the percentage of the estimated duration of the voyage completed at the reporting date. Freight revenue and related voyage and operating costs are recognized in the income statement according to the entered charter parties from the date of load to the date of delivery of the cargo (discharge)

Accordingly, freight, charter hire and demurrage revenue are recognised at selling price upon delivery of the service as specified in the agreement with the charter parties.

Direct expenses

These are expenses related to voyages performed by the Company's vessels. Voyage related expenses consist mainly of bunkers, port expenses and commissions. Voyage related expenses are recognised as incurred.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, direct expenses and other external expenses.

Amortisation, depreciation and impairment losses

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

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.

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.

Notes to the Financial Statements

The Company is jointly taxed with Christiania Shipping A/S. 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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:

Vessels	25 years

The fixed assets' residual values are determined at USD 10.7 million.

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.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

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 expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

Financial debts

Loans, such as loans from credit institutions, 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.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Lease liabilities are initially measured on a present value basis and include the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts to be expected to be payable by the Company under residual value guarantees
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option
- Payments to be made under reasonably certain extension options

In calculating the present value of the lease payments, Christianiaship uses the incremental borrowing rate at the lease commencement date. This is the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate applied is approximately 8%. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset. The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance expenses.

Finance expenses are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period

Financial Highlights

Explanation of financial ratios

Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity