

Clipper Bulk Invest II K/S

Sundkrogsgade 19
2100 Copenhagen
Central Business Registration No. 41 80 17 19

Annual report 2023

The Annual General Meeting adopted the annual report on May 3, 2024

Anders Schandorff
Chairman of the General Meeting

CLIPPER BULK INVEST II K/S 2023

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Company

Clipper Bulk Invest II K/S
Sundkrogsgade 19
2100 København Ø
Denmark

Central Business Registration No. 41 80 17 19
Registered in: City of Copenhagen

General partner:

Komplementarselskabet Clipper Bulk Invest II ApS

Statement by management

Management have today considered and approved the annual report of Clipper Bulk Invest II K/S for the financial year January 1 to December 31, 2023.

The consolidated financial statements and the Parent financial statements are presented in accordance with the IFRS Accounting Standards and additional requirements in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent financial statements give a true and fair view of the Group's and the Parent's financial position at December 31, 2023 and of their results and cash flows for the year January 1 to December 31, 2023.

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

We recommend the Annual Report for adoption at the Annual General Meeting.

Copenhagen, May 3, 2024

On behalf of General Partner,

Directors

Morten Hvidtfeldt
Director

Anders Schandorff
Director

Board of Directors

Torben Gülnar Jensen
Chairman

Frank Gülnar Jensen

Per Gullestrup

Independent auditors' report

To the shareholders of CLIPPER BULK INVEST II K/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Clipper Bulk Invest II K/S for the financial year 01.01.2023 – 31.12.2023, which comprise the statement of comprehensive income (loss), statement of financial position, statement of changes in equity, statement of cash flow and notes, including a summary of material accounting policies, for the Group and for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023, and of the results of their operations and cash flows for the financial year 01.01.2023 – 31.12.2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Management's responsibilities for the consolidated financial statements and the parent financial Statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent'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 consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent'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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, May 3, 2024

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No. 33 96 35 56

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

Martin Pieper
State Authorized Public Accountant
Identification No (MNE) mne44063

Management commentary

Primary activities

The Group focuses on the operation of oceanic transportation trading with bulk commodities.

The Group has sold all vessel during the year and all activities are discontinued. The Group had one vessel held for sale December 31, 2023 which was delivered to the buyer in January 2024.

Development in activities and finances

The profit for the year is USD 7,367 thousand for the Group (2022: USD 13,927 thousand) and Parent which is in line with last year's outlook between USD 5 and 10 million and have an equity of USD 10,893 thousand as of December 31, 2023 (2022: USD 35,276 thousand). The result for the year is considered satisfactory.

Uncertainty relating to recognition and measurement

One of the Group's vessels was involved in a collision in 2021. The accounting effect has been reflected in 2022 and 2023. No specific uncertainties relating to recognition and measurement has been identified.

Outlook

Overall, for 2024 Clipper Bulk Invest II K/S Group expects a Profit from operations between USD 3,000 thousand and USD 4,000 thousand, mainly due from sale of the last vessel. Clipper Bulk Invest II K/S expects a profit excluding income from subsidiaries around USD nil.

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. In January 2024 the Group sold its last vessel and will not impact the external environment going forward.

Policies

The Group does not have any employees and has outsourced the operation of its activities to Clipper Bulk. The Group is, furthermore, relying on Clipper Group Ltd.'s CSR policies, where relevant, which include the following:

- CSR policy,
- Anti-corruption policy,
- Competition law compliance policy,
- Export control compliance policy,
- International sanctions compliance policy,
- Human rights policy, and
- Data ethics policy.

The Group has therefore not developed its own policies or identified any significant risks on environment, climate, social and labor, human rights, data ethics and anti-corruption. As there is not identified any risks there is not established any mitigating actions.

Events after the balance sheet date

In January 2024 the Group sold and delivered its last vessel Clipper Copenhagen.

	2023 *	2022 *	2020 / 2021
	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>
Key figures for the Group			
Net revenue	13,831	27,759	20,649
Profit / (loss) before depreciation, etc.	4,276	16,945	11,519
Profit / (loss) from operations	7,155	14,418	9,503
Profit / (loss) for the year	7,367	13,927	8,563
Investment in tangible assets	(1,972)	(909)	(35,680)
Interest-bearing debt	-	-	14,994
Equity	10,893	35,276	26,349
Assets, total	11,817	38,290	42,956
Ratios			
Profit margin (%)	51.7%	51.9%	46.0%
Return on assets (%)	60.5%	37.7%	22.1%
Return on equity (%)	31.9%	45.2%	32.5%
Equity ratio (%)	92.2%	92.1%	61.3%

* Income statement for 2022 and 2023 has been presented as discontinued operations, for further see note 12 to the consolidated financial statements

Ratios

The ratios have been compiled applying the formulas listed below:

Profit margin	=	Operating profit/(loss) x 100 / Revenue
Return on assets	=	Operating profit/(loss) x 100 / Assets, total
Return on equity	=	Profit/(loss) for the year x 100 / Average equity
Equity ratio	=	Equity x 100 / Assets, total



CONSOLIDATED FINANCIAL STATEMENTS

CLIPPER BULK INVEST II K/S

Consolidated statement of comprehensive income / (loss)

¹ for the year ended December 31,

2023

(US Dollars Thousands)

	Notes	2023	2022
		USD '000	USD '000
Time charter revenue		9,165	9,704
Pool Revenues		4,292	17,966
Other revenue		<u>374</u>	<u>89</u>
Net revenue		13,831	27,759
Commercial expenses		(502)	(1,013)
Operating expenses		(8,884)	(9,661)
Administration expenses		<u>(169)</u>	<u>(140)</u>
Profit / (loss) before depreciation, etc.		4,276	16,945
Gain on sale of vessels		5,669	-
Depreciation	2	<u>(2,790)</u>	<u>(2,527)</u>
Profit / (loss) from operations		7,155	14,418
Financial income		146	34
Financial expenses		<u>(8)</u>	<u>(488)</u>
Profit / (loss) before taxes		7,293	13,964
Tax		<u>74</u>	<u>(37)</u>
Profit / (loss) for the year		<u>7,367</u>	<u>13,927</u>
Other Comprehensive Income / (Loss)			
Other comprehensive income / (loss) for the year		<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the year		<u>7,367</u>	<u>13,927</u>
Proposed distribution of profit and loss			
Retained earnings		<u>7,367</u>	<u>13,927</u>
		<u>7,367</u>	<u>13,927</u>

¹ The Group has in 2023 sold or placed all vessels as held for sale, as a result the entire operations and comprehensive income statement is considered discontinued operation. The accounting principles are described in the summary of accounting policy (note 12).

CLIPPER BULK INVEST II K/S

Consolidated statement of financial position as of December 31, 2023

(US Dollars Thousands)

	Notes	2023 USD '000	2022 USD '000
Assets			
Vessels	2	-	32,046
Non-current assets			
Trade receivables and due from related parties	3	257	1,017
Accounts receivable, others		-	135
Prepaid expenses and other assets		845	1,852
Cash and cash equivalents	4	2,668	3,240
		3,770	6,244
Assets classified as held for sale	5	8,047	-
Current assets			
		11,817	6,244
Assets			
		11,817	38,290
Equity and liabilities			
Share capital		10,036	17,786
Retained earnings		857	17,490
Equity			
		10,893	35,276
Trade accounts payable		16	-
Accrued tax		-	74
Other liabilities		908	2,940
Current liabilities			
		924	3,014
Liabilities			
		924	3,014
Equity and liabilities			
		11,817	38,290

CLIPPER BULK INVEST II K/S

Consolidated statement of changes in equity for the year ended December 31, 2023

(US Dollars Thousands)

	Share capital	Retained Earnings	Total
	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>
Balance, January 1, 2022	17,786	8,563	26,349
Profit / (loss) for the year	-	13,927	13,927
Total comprehensive profit / (loss) for the year	-	13,927	13,927
Dividends paid	-	(5,000)	(5,000)
Balance, December 31, 2022	17,786	17,490	35,276
Profit / (loss) for the year	-	7,367	7,367
Total comprehensive profit / (loss) for the year	-	7,367	7,367
Repayment of share capital	(7,750)	-	(7,750)
Dividends paid	-	(24,000)	(24,000)
Balance, December 31, 2023	10,036	857	10,893

CLIPPER BULK INVEST II K/S

Consolidated statement of cash flows ² for the year ended December 31, 2023

(US Dollars Thousands)

	Notes	2023 USD '000	2022 USD '000
Profit/(loss) for the year		7,367	13,927
Adjustments for:			
Depreciation	2	2,790	2,527
Net gain on sale of vessels		(5,669)	-
Financial income		(146)	(34)
Financial Expenses		8	488
Income taxes		(74)	37
Change in receivables and other current assets		1,902	899
Change in payables and accrued liabilities		(2,016)	1,364
Financial income received		146	34
Financial expenses paid		(8)	(327)
Net cash flows from operating activities		4,300	18,915
Investing activities			
Investments in vessels	2	(1,972)	(909)
Proceeds from sale of vessels	2	28,850	-
Net cash flows used in investing activities		26,878	(909)
Financing activities			
Repayment of bank loans		-	(15,155)
Repayment of share capital		(7,750)	-
Dividends paid		(24,000)	(5,000)
Net cash flows used in financing activities		(31,750)	(20,155)
Change in cash and cash equivalents		(572)	(2,149)
Cash and cash equivalents, beginning of year		3,240	5,389
Cash and cash equivalents, end of year		2,668	3,240

²The Group has in 2023 sold or placed all vessels as held for sale, as a result the entire operations and statement of cash flow is considered discontinued operation. The accounting principles are described in the summary of accounting policy (note 12).

CLIPPER BULK INVEST II K/S

Notes to financial consolidated financial statements for the year ended December 31, 2023

(US Dollars Thousands)

1. GENERAL

The Group was established on October 28, 2020.

Companies included in the consolidated financial statements	Country of incorporation	Percentage owned	
		<u>2023</u>	<u>2022</u>
Parent			
Clipper Bulk Invest II K/S	Denmark	100	100
Fully consolidated companies:			
Copenhagen Shipping LLC	Marshall Island	100	100
Houston Shipping LLC	Marshall Island	100	100
Hong Kong Shipping LLC	Marshall Island	100	100
Como Shipping LLC	Marshall Island	100	100

The Group focuses on the operation of oceanic transportation trading with bulk commodities.

The Group's bulk vessels conduct their operations through Clipper Emerald Pool and time charters to Clipper Bulk Shipping Ltd. The Group has sold all four vessels. Three has been delivered in 2023 and the last one will be delivered in 2024.

The Group had no employees during the year. The Group has outsourced administration, management and the staffing of crews.

The Group's headquarter is located in Denmark: Sundkrogsgade 19, 2100 Copenhagen, Denmark.

Summary of Material Accounting Policies are detailed in note 12, Details of the Adoption of New and Revised IFRS Accounting Standards are included in note 13 and Critical Accounting Judgements and Key Sources of Estimation Uncertainty are detailed in note 14.

2. VESSELS

The movement in vessels was as follows (US dollars thousand):

	2023	2022
	<u>USD'000</u>	<u>USD'000</u>
Cost:		
Balance, beginning of year	36,589	35,680
Additions	1,972	909
Transferred to asset held for sale	(10,386)	-
Disposals	<u>(28,175)</u>	<u>-</u>
Balance, end of year	<u>-</u>	<u>36,589</u>
Depreciation:		
Balance, beginning of year	4,543	2,016
Depreciation	2,790	2,527
Transferred to asset held for sale	(2,339)	-
Disposals	<u>(4,994)</u>	<u>-</u>
Balance, end of year	<u>-</u>	<u>4,543</u>
Vessels	<u><u>-</u></u>	<u><u>32,046</u></u>

The last vessel has been sold with delivery beginning of 2024. The vessel has been classified as held for sale. Please also see note 5.

3. TRADE RECEIVABLES AND DUE FROM RELATED PARTIES

The Group has receivables from Clipper Bulk Shipping Ltd. and Komplementarselskabet Clipper Bulk Invest II ApS of USD 257 thousand. The receivables from Clipper Bulk Shipping Ltd. represents receivables from trading activities.

4. CASH AND CASH EQUIVALENTS

The cash and cash equivalents in the Group primarily consist of deposits with reputable banks. Cash and cash equivalents are not assessed to be subject to particular credit risk. Bank deposits carry a floating rate of interest. Carrying amount corresponds to the fair value.

5. ASSETS HELD FOR SALE

	2023	2022
	<u>USD'000</u>	<u>USD'000</u>
Assets classified as held for sale		
The movement in loans was as follows:		
Balance at January 1	-	-
Transferred from vessels	<u>8,047</u>	<u>-</u>
Balance at 31 December	<u>8,047</u>	<u>-</u>

Vessels, expected sold within the next 12 months and where a sales process have been initiated, have been classified as held for sale and are presented separately in the balance sheet (one vessel). The vessel has been sold at a price above book value and delivered in January 2024.

6. INTEREST-BEARING LOANS

Interest-bearing loans are measured at amortized cost:

	2023	2022
	<u>USD'000</u>	<u>USD'000</u>
The movement in loans was as follows:		
Balance beginning of year	-	14,994
Repayment of bank loans	-	(15,155)
Borrowing expenses amortized	<u>-</u>	<u>161</u>
Balance end of year	<u>-</u>	<u>-</u>

The fair value of loans, calculated as the present value of expected future repayments and interest payment using interest rates based on actual market rates, is estimated to be equal to the recognized value, as all loans are subject to variable interest rates.

There are no unused credit facilities related to bank loans at December 31, 2023.

7. TRANSACTIONS WITH RELATED PARTIES

	Entities with joint control/significant influence over the entity		Other related party	
	2023	2022	2023	2022
	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>
Transactions with related parties can be summarized as follows:				
Revenue	-	-	9,165	9,704
Sale of vessels	-	-	18,250	-
Administration and overhead	-	-	(1)	(1)
Receivable/(Payable), net	-	-	2	-

8. RISK MANAGEMENT

Foreign currency risk management - The Group's exposure to changes in currency exchange level is limited. Earnings and operating costs as well as assets and liabilities are to a large degree denominated in US dollars.

Credit risks management - The Group has a of credit risk with one counterparty in terms of the receivable from Clipper Bulk Shipping Ltd. The Group monitors its exposure on an on-going basis. The credit risk is reduced by regular payments from Clipper Bulk Shipping Ltd.

The extent of the Group's credit exposure is represented by the aggregate balance of amounts receivable as shown in the consolidated statement of financial position.

9. FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING

	2023	2022
	<u>USD'000</u>	<u>USD'000</u>
Statutory audit services, Deloitte	22	27
Tax service, Deloitte	68	21
	<u>90</u>	<u>48</u>

10. CAPITAL STRUCTURE

General partner assesses on a regular basis whether the Group's capital structure is in accordance with the Group's and Shareholders' interests. The Group has sold its last vessel January 2024 and no activities left in the Group.

11. SUBSEQUENT EVENTS UP TO MAY 3, 2024

Clipper Copenhagen has been sold and delivered in January 2024.

12. SUMMARY OF MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by EU and additional Danish requirements of reporting class C, applied consistently for the period presented.

The following is a summary of the material accounting policies:

- a. Reporting currency - Due to the international nature of the Group's activities and the fact that the Group transacts most of its business in USD, the functional currency is USD and therefore the consolidated financial statements are prepared in USD. The DKK exchange rate against USD applied is 6.7447 at December 31, 2023.
- b. Consolidation - The consolidated financial statements include the companies that are controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity. This control is normally evidenced when the Group owns more than 50 percent of the voting rights.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated.

Companies included in the consolidated financial statements are listed in note 1.

- c. Cash and cash equivalents - Cash and cash equivalents include cash on hand and deposits with banks.
- d. Receivables - Receivables are stated at net realizable value, after allowance for expected credit losses.
- e. Income recognition - Revenue from voyage charters and time charters are recognized ratably over the life of the charters.

The Group's bulk vessels conduct their operations through a pool (Clipper Emerald Pool) and through time charters. The pool is regarded as a jointly controlled operation, and the Group's share of the statement of comprehensive income and statement of financial position in the pool is accounted for by recognising a proportional share, based on participation in the pool, combining items of a uniform nature. The Group's share of pool revenues and expenses are allocated in accordance with the formulas agreed by the pool participants.

Revenue from voyage charter activities is recognized over time as the performance obligation is satisfied, including a share of the freight income from incomplete voyages at the balance sheet date. The estimate is performed in accordance with the "over-time principle where the share of revenue to be recognized 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.

- f. Commercial expenses – Commercial expenses include management fee to the pool (Clipper Emerald Pool) and other trading related expenses.
- g. Operating expenses - Operating expenses include costs relating to the operation of the Group's vessels, crew cost, insurance, maintenance and other vessel operating costs. Generally, expenses are expensed as incurred.
- h. Administration expenses - Administration expenses comprise costs incurred from the administration of the Group and related corporate costs and management fee.
- i. Vessels and related depreciation - Vessels are stated at cost and are depreciated on a straight-line basis. For bulk and projects vessels the depreciation is calculated over a 20-year period from the date of completion of construction and the vessels are put into operational use. Dry docking costs are capitalized separately and depreciated over 30 months.

Depreciation is based on cost less the estimated residual value. Residual value is estimated as the Light Weight Metric Ton of each vessel multiplied by scrap value per ton. The useful life and the residual value of the vessels are reviewed at least at each financial year-end based on market conditions, regulatory requirements and the Group's business plans. Residual value of dry docking is nil.

Gain on sale of vessels is calculated by sales price less net book value and sales cost.

- j. Non-current assets held for sale and discontinued operations - Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less selling costs.

During 2023 the entire operations of the Group is related to either vessels sold during 2023 or classified as assets held for sale at 31 December 2023. Consequently, the entire income statement and cash flow statements has been presented as discontinued operations. Comparable figures for the income statement, cash flow statements and relevant disclosures have been adjusted accordingly.

A discontinued operation constitutes a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

- k. Claims accounting for voyages - Claims made on the Group are generally covered by insurance and accordingly only that element of a claim, which is not covered by insurance, has been accrued. Where claims are not covered by insurance and payments are expected, provision is made for the full amount of the estimated liability.
- l. Investments in subsidiaries – Investments in subsidiaries are recognized and measured in the Parent’s financial statements using the equity method. The Parent’s share of the subsidiaries’ profit/loss after tax and after elimination of unrealized intra-group profits and losses for the year is recognized in the items “Profit/loss from investments in subsidiaries”.
- m. Foreign currency translation - The Group’s entities maintain their accounts in US dollars. Individual transactions in other currencies are translated into US dollars using the approximate rate of exchange in effect at the time the transaction is recorded. Settlement of all transactions is translated into US dollars using the rate of exchange in effect on the date of settlement. Monetary assets and liabilities denominated in currencies other than US dollars are translated at the rates of exchange at the respective consolidated statement of financial position date. Non-monetary assets and liabilities are translated at the rates prevailing at the transaction date. Translation gains or losses are included in the consolidated statement of comprehensive income.
- n. Impairment of assets - Vessels are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Any impairment loss is recognized in income. The recoverable amount is the higher of an asset’s net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm’s length transaction, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased, though the carrying amount of the asset may not exceed the carrying amount that would have been determined had the impairment loss not been recognized in prior years.

- o. Related parties - Related parties comprise the Group’s shareholder, their affiliates and key management personnel.

Taxes – Clipper Bulk Invest II K/S is a limited liability partnership, which for tax purposes is a tax exempted entity. Instead taxation takes place at the shareholder level.

13. APPLICATION OF NEW AND REVISED INTERNATIONAL ACCOUNTING STANDARDS

The Group has adopted all relevant new and updated accounting standards. The amendments did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

The IASB has issued a number of new or amended standards and interpretations with effective date post December 31, 2023. The new and amended Standards and Interpretations are not mandatory for the financial reporting for the year. The Group expects to adopt the Standards and Interpretations when they become mandatory, as applicable for the Group.

None of the standards and interpretations are expected to have a significant impact on recognition and measurement.

14. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Carrying amount of vessels

The Group acquired all vessels in 2020 and 2021. At December 31, 2023 the carrying amount of the Group's vessels was USD nil (2022: USD 32.0 million). The remaining vessel owned is classified as assets held for sale as of December 31, 2023 with the carrying amount of assets held for sale amounts to USD 8 million (2022: USD Nil).

Impairment indicators and methodology used

The Group has tested whether the carrying amount for vessels exceeds the recoverable amount at December 31, 2023.

Assets held for sale are measured at the lower of carrying amount and fair value less cost of disposal. Estimation of fair value less cost of disposal is performed immediately before classification as held for sale.

Estimation of net selling prices

In developing estimates of the net selling prices, the Group reviews reported sales and purchase prices and prices for new buildings for similar vessels, market demand and general market conditions. In addition, valuations for the vessels are obtained from internationally acknowledged independent shipbrokers for the Group's fleet of vessels.

The valuations obtained by internationally acknowledged independent shipbrokers at any point in time reflect market prices of secondhand vessels obtained in recent transactions, which in a given period may be affected by unusual transactions such as distressed sales. The broker valuations obtained are therefore not necessarily reflective of the net selling prices that may be obtained in a future disposal in an ordinary transaction between willing parties.

Summary

Based on the review of net selling prices for the Group's vessels the Group has determined that the vessels are not impaired at December 31, 2023.



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FINANCIAL STATEMENTS PARENT

CLIPPER BULK INVEST II K/S

Statement of comprehensive income / (loss), parent for the year ended December 31, 2023

(US Dollars Thousands)

	Notes	2023 USD '000	2022 USD '000
Administration expenses		<u>(101)</u>	<u>(66)</u>
Profit / (loss) from operations		(101)	(66)
Profit / (loss) from investments in subsidiaries	1	7,443	13,988
Financial income		27	6
Financial expenses		<u>(2)</u>	<u>(1)</u>
Profit / (loss) before taxes		7,367	13,927
Tax		<u>-</u>	<u>-</u>
Profit / (loss) for the year		<u>7,367</u>	<u>13,927</u>
Other Comprehensive Income / (Loss)			
Other comprehensive income / (loss) for the year		<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the year		<u>7,367</u>	<u>13,927</u>
Proposed distribution of profit and loss			
Retained earnings		<u>7,367</u>	<u>13,927</u>
		<u>7,367</u>	<u>13,927</u>

CLIPPER BULK INVEST II K/S

Statement of financial position, parent as of December 31, 2023

(US Dollars Thousands)

	Notes	2023 USD '000	2022 USD '000
Assets			
Investments in subsidiaries	1	<u>6,866</u>	<u>40,494</u>
Non-current assets		<u>6,866</u>	<u>40,494</u>
Due from related parties	2	4,835	-
Cash and cash equivalents		<u>570</u>	<u>243</u>
Current assets		<u>5,405</u>	<u>243</u>
Assets		<u>12,271</u>	<u>40,737</u>
Equity and liabilities			
Share capital		10,036	17,786
Net revaluation reserve		30,369	22,926
Retained earnings		<u>(29,512)</u>	<u>(5,436)</u>
Equity		<u>10,893</u>	<u>35,276</u>
Trade accounts payable		42	-
Due to related parties	2	1,300	5,419
Other accrued liabilities		<u>36</u>	<u>42</u>
Current liabilities		<u>1,378</u>	<u>5,461</u>
Liabilities		<u>1,378</u>	<u>5,461</u>
Equity and liabilities		<u>12,271</u>	<u>40,737</u>

CLIPPER BULK INVEST II K/S

Statement of changes in equity, parent for the year ended December 31, 2023

(US Dollars)

	<u>Share capital</u>	<u>Net revaluation reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>	<u>USD '000</u>
Balance, January 1, 2022	17,786	8,938	(375)	26,349
Profit / (loss) for the year	-	13,988	(61)	13,927
Total comprehensive profit / (loss) for the year	-	13,988	(61)	13,927
Dividends paid	-	-	(5,000)	(5,000)
Balance, December 31, 2022	17,786	22,926	(5,436)	35,276
Profit / (loss) for the year	-	7,443	(76)	7,367
Total comprehensive profit / (loss) for the year	-	7,443	(76)	7,367
Repayment of share capital	(7,750)	-	-	(7,750)
Dividends paid	-	-	(24,000)	(24,000)
Balance, December 31, 2023	10,036	30,369	(29,512)	10,893

CLIPPER BULK INVEST II K/S

Statement of cash flows, parent for the year ended December 31, 2023

(US Dollars Thousands)

	Notes	2023 USD '000	2022 USD '000
Profit/(loss) for the year		7,367	13,927
Adjustments for:			
Profit / (loss) from investments in subsidiaries		(7,443)	(13,988)
Financial income		(27)	(6)
Financial expenses		2	1
Change in receivables and other current assets		(4,835)	20
Change in payables and accrued liabilities		(4,083)	4,944
Financial income received		27	6
Financial expenses paid		(2)	(1)
Net cash flows from operating activities		<u>(8,994)</u>	<u>4,903</u>
Investing activities			
Repayment of share capital from subsidiaries		13,571	-
Dividends from subsidiaries		27,500	-
Net cash flows used in investing activities		<u>41,071</u>	<u>-</u>
Financing activities			
Repayment of share capital		(7,750)	-
Dividends paid		(24,000)	(5,000)
Net cash flows used in financing activities		<u>(31,750)</u>	<u>(5,000)</u>
Change in cash and cash equivalents		327	(97)
Cash and cash equivalents, beginning of year		243	340
Cash and cash equivalents, end of year		<u>570</u>	<u>243</u>

CLIPPER BULK INVEST II K/S

Notes to financial statements, parent for the year ended December 31, 2023

(US Dollars Thousands)

1. INVESTMENT IN SUBSIDIARIES

	2023	2022
	<u>USD'000</u>	<u>USD'000</u>
Cost beginning of year	17,568	17,568
Repayment of share capital	<u>(13,571)</u>	<u>-</u>
Cost end of year	<u>3,997</u>	<u>17,568</u>
Value adjustments, net beginning of year	22,926	8,938
Dividend received	(27,500)	-
Net shares of profit / (loss) after tax	<u>7,443</u>	<u>13,988</u>
Value adjustments, net end of year	<u>2,869</u>	<u>22,926</u>
Carrying amount end of year	<u>6,866</u>	<u>40,494</u>

Investments in subsidiaries can be specified as follows:

Name	Registered	Ownership	Value
			<u>USD'000</u>
Copenhagen Shipping LLC	Marshall Island	100%	4,039
Houston Shipping LLC	Marshall Island	100%	1,179
Hong Kong Shipping LLC	Marshall Island	100%	810
Como Shipping LLC	Marshall Island	100%	<u>838</u>
			<u>6,866</u>

2. TRANSACTIONS WITH RELATED PARTIES

	<u>Parent</u>		<u>Subsidiaries</u>		<u>Other related party</u>	
	2023	2022	2023	2022	2023	2022
Transactions with related parties can be summarized as follows:	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>
Administration and overhead	-	-	-	-	(1)	(1)
Receivable/(Payable), net	-	-	3,533	(5,419)	2	-

USD 1 thousand is management fee to Komplementarselskabet Clipper Bulk Invest II ApS (2022: USD 1 thousand).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Please see note 12 in Group notes.

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Frank Gülnar Jensen

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Torben Gülnar Jensen

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