

Condensed interim financial statements

The reported condensed interim consolidated financial figures for the Stainless Tankers Group presented below comprise revenue and expenses incurred during the period 1 December 2022 – 31 December 2023 ('YTD').

Consolidated statement of profit or loss and other comprehensive income (unaudited)

In US\$	Notes	YTD	Q4 2023
Operating revenue	5	32,864,764	14,153,729
Vessel voyage expenses	6	(1,491,258)	(638,013)
Vessel operating expenses	7	(12,734,884)	(5,129,601)
Administrative expenses	8	(2,043,383)	(780,056)
Other income		12,905	2,807
EBITDA		16,608,144	7,608,867
Depreciation		(6,079,469)	(2,568,400)
Operating result (EBIT)		10,528,675	5,040,467
Financial income	9	290,176	122,313
Financial expenses	9	(4,633,551)	(1,951,887)
Profit before tax (EBT)		6,185,299	3,210,893
Taxes		(34,137)	(15,315)
Profit and other comprehensive income for the period		6,151,162	3,195,578
Attributable to:			
Equity holders of the parent company		6,151,162	3,195,578
Non-controlling interests		-	-
		6,151,162	3,195,578

Consolidated statement of financial position (unaudited)

In US\$	Notes	31 Dec 2023
ASSETS		
Non-current assets		
Vessels	10	142,079,020
Total non-current assets		142,079,020
Current assets		
Trade and other receivables	11	4,926,922
Cash and cash equivalents	12	6,199,671
Total current assets		11,126,593
Total assets		153,205,613
EQUITY AND LIABILITIES		
Equity		
Share capital		13,072,672
Share premium		46,901,047
Retained earnings		6,151,162
Total equity		66,124,881
Non-current liabilities		
Interest-bearing debt - non-current	14	74,381,002
Total non-current liabilities		74,381,002
Current liabilities		
Interest-bearing debt – current	14	10,269,275
Trade and other payables	15	1,914,346
Accrued taxation		34,137
Deferred income		481,973
Total current liabilities		12,699,730
Total equity and liabilities		153,205,613

Oslo, 7 February 2024

Board of Directors and Chief Executive
Officer of Stainless Tankers ASA



Geir Frode Abelsen
Board member



Ted Kalborg
Chairman



Ulrika Laurin
Board member



Irini Michael
Board member



Hans Van der Zidje
Board member



Alexandros Karakassis
CEO

Consolidated statement of changes in equity (unaudited)

In US\$	Notes	Share capital	Share premium	Retained earnings	Total
As at 01 December 2022		-	-	-	-
Capital increase - private placement (cash)	13	13,072,672	54,030,330	-	67,103,002
Transaction costs		-	(3,281,783)	-	(3,281,783)
Profit and other comprehensive income for the period		-	-	2,955,584	2,955,584
Dividends distribution during the period		-	(1,687,500)	-	(1,687,500)
As at 30 September 2023		13,072,672	49,061,047	2,955,584	65,089,303
Profit and other comprehensive income for the period		-	-	3,195,578	3,195,578
Dividends distribution during the period		-	(2,160,000)	-	(2,160,000)
As at 31 December 2023		13,072,672	46,901,047	6,151,162	66,124,881

Consolidated statement of cash flows (unaudited)

In US\$	Notes	YTD	Q4 2023
Profit and other comprehensive income for the period		6,185,299	3,210,893
Financial expenses	9	4,231,075	1,829,574
Depreciation	10	6,079,469	2,568,400
Cash flow from operating activities before changes in working capital		8,886,978	16,495,844
Changes in working capital			
Increase in trade and other receivables		(4,926,922)	1,009,006
Increase in trade and other payables		1,914,346	812,851
Deferred income		481,973	480,593
Cash flow from operating activities		13,965,241	9,911,317
Acquisition of vessels		(148,158,490)	(26,957,607)
Interest received		290,176	122,313
Cash flow from investing activities		(147,868,314)	(26,835,294)
Proceeds from issue of share capital	13	67,103,002	-
Transaction related costs	13	(3,281,783)	-
Dividends paid		(3,847,500)	(2,160,000)
Proceeds from issue of debt	14	94,500,000	27,000,000
Borrowing costs	14	(1,577,749)	(462,130)
Repayment of debt	14	(8,491,250)	(3,004,375)
Interest paid on interest-bearing debt	14	(4,301,976)	(1,831,940)
Cash flow from financing activities		140,102,743	19,541,555
Net change in cash and cash equivalents		6,199,670	2,617,578
Cash and cash equivalents at beginning of period		-	3,582,092
Cash and cash equivalents at end of period	12	6,199,670	6,199,670

Notes to the condensed interim consolidated financial statements (unaudited)

Note 1 – General information

Stainless Tankers ASA (the 'Company') was incorporated on 1 December 2022 by Tufton Management Limited ('TML'), as a limited liability company and was established for the sole purpose to operate as a holding company for a shipping group owning stainless steel chemical tankers. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

The shares of the Company are listed on the Euronext Growth Oslo exchange.

Stainless Tankers ASA is a public limited liability company incorporated and domiciled in Norway, with a registered address at Henrik Ibsens gate 90, 0255 Oslo, Norway.

Note 2 – Basis of preparation

The interim consolidated financial statements for the period 1 December 2022 - 31 December 2023 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union. These are the first financial statements prepared in accordance with IFRS, and IFRS 1 First-time adoption of IFRS has been applied.

The financial statements have not been subject to an audit and do not include all information and disclosures required in the annual financial statements.

The financial statements are based on historical cost except as disclosed in the accounts.

The financial statements are presented in US Dollar (US\$), which is the functional currency of the Company and the Group.

The interim consolidated financial statements are prepared based on the assumption of going concern.

Only standards and interpretations that are applicable to the Group have been included and the Group reviews the impact of these changes in its financial statements. There are some amendments to the standards effective from 1 January 2023. None of these have had any effect on the Financial Statements. The Group will adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. At the date of the approval of these FS, the group has not identified any significant impact to the Group's Financial Statements as a result of new standards or amendments effective 2023 or later.

Note 3 – Significant accounting policies

Consolidation

The interim consolidated financial statements comprise the financial statements of Stainless Tankers ASA and its subsidiaries as at 31 December 2023. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated. Subsidiaries are all companies where the Group has a controlling interest. Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. The financial statements of the subsidiaries are prepared for the same accounting period as those of the Company, using consistent accounting principles for similar transactions and events under otherwise similar circumstances.

Non-controlling interests represent the portion of comprehensive income and net assets that are not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity.

Revenue recognition

The Group's time charter contract revenues are separated into a lease element accounted with IFRS 16 Leases and a service element which is accounted for in accordance with IFRS 15 Revenue from Contracts with Customers.

Time charter, pool revenue and other revenue contracts with customers are recognised when control of goods or services are transferred to the customer and when each separate performance obligation in the customer contract is fulfilled following the "over-time principle". It is recognised at an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services.

The Group acts as a participant in the pool arrangements. The performance obligation under the pool arrangements is equal as set under the time charter contracts. Revenues for the vessels employed in the pool are based on average revenues across the pool the vessels are employed in, i.e. the vessels earn the average charter rate of the pool for the respective month, with certain adjustments which reflect the relative specification of each vessel in the pool.

The service element from the Group's time charter contracts is recognised over time, as the performance obligation is also satisfied over time. Revenue from bunkers and other goods and services from customers are recognised during the period the goods or services are transferred to the customer, following the "point in time principle".

Operating expenses

Operating expenses are accounted for on an accrual basis. Expenses are charged to the income statement, except for those incurred in the acquisition of an investment which are capitalised as part of the cost of the investment. Expenses arising from the disposal of investments are deducted from disposal proceeds.

Vessel operating expenses of the Group are expenses related to the operation of vessels, such as (but not limited to) crewing expenses, expenses for repair and maintenance, lubrication oil consumption and insurance.

Financial income and expenses

Interest income and expense is recognised as accrued and is presented under the financial income or expense in the income statement.

Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the functional currency exchange rate prevailing at the balance sheet date. Exchange differences arising from translations into the functional currency are recorded in the income statement. Non-monetary assets and liabilities measured at historical cost in foreign currency are translated into the functional currency using the historical exchange rate. Non-monetary assets and liabilities recognised at fair value are translated using the exchange rate on the date of the determination of the fair value.

For subsidiaries with functional currencies other than USD, financial position items are translated at the rate of exchange at the balance sheet date, and income statements are translated at the exchange rate prevailing at the date of the transaction. Exchange differences arising on the translation are recognized in other comprehensive income as foreign currency differences.

Vessels and other tangible assets

Tangible fixed assets are stated at historical cost, less subsequent depreciation and impairment. For vessels purchased, these costs include expenditures that are directly attributable to the acquisition of the vessels and eligible for capitalisation. Upon acquisition, all components of the vessels, with a cost significant to the total acquisition costs, are separately identified and depreciated over that component's useful life on a straight-line basis.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, taking residual values into consideration, and adjusted for impairment charges, if any. The estimated useful life of the Group's vessels are 25 years. Residual values of the vessels are estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton. Expected useful lives of assets, and residual values, are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation calculations are altered accordingly.

Ordinary repairs and maintenance expenses are charged to the income statement as incurred. Costs related to dry-docking or other major overhauls are recognized in the carrying amount of the vessels. This recognition is made when the dry-docking has been performed and is depreciated based on estimated time to the next class renewal, which is normally five years. All other costs that do not meet this recognition criteria are expensed as repairs and maintenance.

Vessels and other tangible assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the profit or loss during the period the asset is derecognised.

Impairment of vessels and other tangible assets

Vessels and other tangible assets are assessed for impairment indicators at each reporting period. If impairment indicators are identified, the recoverable amount is estimated, and if the carrying amount exceeds its recoverable amount an impairment loss is recognised, i.e. the asset is written down to its recoverable amount. An asset's recoverable amount is calculated as the higher of the net realisable value and its value in use. The net realisable value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of sale and the value in use is the present value of estimated future cash flows expected from the continued use of an asset. An impairment loss recognised in prior periods for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Leases

Group as lessor

The Group enters into lease agreements as a lessor with respect to its vessels under operating leases to non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Charter income received under operating leases (net of any incentives given to the lessee) are recognised in profit or loss on a straight-line basis over the period of the lease term.

Fuel and lubrication oil

The Group values its inventories, which comprise lubrication oil and fuel on board the vessels, at the lower of cost and net realisable value. They are accounted for on a weighted average cost basis.

Trade and other receivables

Trade and other receivables are measured at the transaction price upon initial recognition and subsequently measured at amortized cost less expected credit losses.

Cash and cash equivalents

Cash and cash equivalents include restricted and unrestricted cash, bank deposits and other highly liquid investments with original maturities of three months or less.

Share issuance

Share issuance costs related to a share issuance transaction are recognised directly in equity. If share issuance costs, for tax purposes, can be deducted from other taxable income in the same period as they are incurred, the costs are recognised net after tax.

Dividends

Dividends are recognised as a liability in the Group's financial statements from the date when the dividend is approved by the General Meeting.

Financial liabilities

All loans and borrowings are initially measured at fair value less directly attributable transaction costs, and are subsequently measured at amortized cost, using the effective interest method. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, when it is more likely than not that an outflow of resources representing economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Fair value measurement

Derivative financial instruments are measured at fair value. The fair value of financial instruments traded in active markets are determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. The fair value of financial instruments not traded in active markets is determined using appropriate evaluation techniques.

Taxes

The Group operates within several jurisdictions and tax regimes, including the Norwegian general tax regime and tonnage tax regime as well as the Isle of Man tax regime. Changes in taxation law or the interpretation of taxation law may affect the business, results of operations and financial condition of the Group. To the extent tax rules change, this could have both a prospective and retrospective impact on the Group both of which could be material. The Group's income tax returns may be subject to examination and review. If any tax authority successfully challenges the Group's operational or legal structure, eligibility for the Norwegian tonnage tax regime, hereunder due to performance of disqualifying activities or holding disqualifying assets, taxable pretence or similar circumstances, the Group's effective tax rate could increase substantially and have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects.

It is the intention that the Group will be taxed under the Norwegian tonnage tax regime. Under the tonnage tax regime, qualifying shipping income is exempt from taxation in Norway. Net financial income is subject to tax in accordance with the general Norwegian tax rules and certain special rules in the tonnage tax regime. Instead of tax on qualifying shipping income, a tonnage tax based on the net tonnage of the vessel(s) is paid. Should the Group for any reason such as due to activities and/or assets held by a Group company not qualify for the Norwegian tonnage tax regime, net taxable profits are taxed at the corporate income tax rate, currently 22%.

The Company's subsidiaries are incorporated in the Isle of Man and will, consequently, in principle be taxable in the Isle of Man under local regulation and will not be subject to any material taxation under the laws of Isle of Man. There can be no assurance that this will continue, as Isle of Man may change its tax laws and regulations. Further, also other jurisdictions may claim that Group companies are tax resident in their jurisdiction and claim taxes on earnings or assets on that basis.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. Related party transactions are recorded based on their estimated fair value.

Classification in the statement of financial position

Current assets and short-term liabilities comprised of items due less than one year from the balance sheet date, as well as items due more than one year from the balance sheet date that are related to the operating cycle.

Liabilities with maturities less than one year from the balance sheet date are classified as current. All other debt is classified as long-term debt. Long-term debt due for repayment within one year from the balance sheet date is classified as current.

Statement of cash flows

The statement of cash flows has been prepared based on the indirect method.

Subsequent events

New information on the Group's financial position at the balance sheet date is taken into account in the financial statements. Subsequent events that do not affect the Group's position at the balance sheet date, but which will affect the Group's position in the future, are disclosed if significant.

Note 4 - Critical accounting judgements and key sources of estimation uncertainty

The preparation of interim consolidated financial statements for the Group and application of the accounting policies, which are described in Note 3, requires judgements, estimates and assumptions to be made about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual outcomes may differ from these estimates and assumptions and could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an on-going basis.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which had the most significant effect on the amounts recognised in the consolidated financial statements:

Vessel life and impairment

The carrying value of the Group's vessel represents its original cost at the time it was delivered or purchased less depreciation calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard. In the shipping industry, use of life in this range has become the standard. The actual life of a vessel may be different. If the economic life assigned to the vessel proves to be too long because of new regulations or other future events, higher depreciation expense and impairment losses could result in future periods related to a reduction in the useful life of the vessel.

The carrying value of the Group's vessel may not represent its fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of new buildings. Historically, both charter rates and vessel values tend to be both correlated and volatile. The Group records impairment losses only when events occur that cause the Group to believe that future cash flows for the vessel will be less than its carrying value. The carrying amount of a vessel held and used by the Group is reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of the vessel may not be fully recoverable. In such instances, an impairment charge would be

recognised if the estimate of the discounted future cash flows expected to result from the use of the vessel and its eventual disposition is less than the vessel's carrying amount.

In developing estimates of future cash flows, the Group must make assumptions about future charter rates, ship operating expenses and the estimated remaining useful life of the vessel. These assumptions are based on historical trends as well as future expectations. Although management believes that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions may be highly subjective.

Note 5 - Operating revenue

	YTD US\$	Q4 2023 US\$
Service revenue from time charters	3,313,118	1,341,430
Lease revenue from time charters	5,183,665	1,398,358
Pool charter revenue	24,367,981	11,413,941
	32,864,764	14,153,729

(a) Contract balances

The Group has recognised the following liabilities related to contracts with customers:

	YTD US\$
Contract liabilities	
<u>Current</u>	
Contract liabilities	230,650
Contract liabilities	230,650

Contract liabilities represent the performance due to a charterer for the remaining lease period, as at the period end. This may happen in the case where the charterer has made an advance payment before the completion of the lease period, as of the period end date.

(b) Performance obligations

Information about the Group's performance obligations are summarised below:

Revenue from time charters - Under IFRS 15, the lease component and the service component of time charters need to be separately disclosed. The service component is accounted for separately under IFRS 15. The service component in the time charter includes a single performance obligation. The performance obligation is satisfied over time, given that the charterers simultaneously receive and consume the benefits provided by the Group. Revenue recognized in respect of the service component under IFRS 15 did not change. The lease component continues to be accounted for as a lease under IFRS 16 (Note 5).

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 are, as follows:

	31 Dec 2023 US\$
Within one year	885,400
Between two to five years	-
	885,400

Note 6 – Vessel voyage expenses

	YTD US\$	Q4 2023 US\$
Commission fees	1,015,324	415,975
Bunkers consumption	18,763	13,024
Pool administration costs and other expenses	452,425	206,158
Other voyage expenses	4,747	2,856
	1,491,258	638,013

Note 7 – Vessel operating expenses

	YTD US\$	Q4 2023 US\$
Vessel operating expenses	12,734,884	5,129,601
	12,734,884	5,129,601

Note 8 – Administrative expenses

	YTD US\$	Q4 2023 US\$
Auditor's remuneration	80,000	20,000
Legal and other professional fees	300,805	171,072
Directors' fees (Note 16)	125,674	40,962
Management service fees	1,389,700	488,800
Bank charges	21,089	13,179
Other expenses	126,115	46,044
	2,043,383	780,056

Between 1 March 2023 and 31 December 2023, the Company paid a management service fee of US\$1,389,500 to its shareholder TML, in accordance with the Management Services Agreement.

Note 9 - Finance (costs)/income

	YTD US\$	Q4 2023 US\$
Interest income	290,176	122,313
Finance income	290,176	122,313
Interest expense (Note 14)	(4,521,251)	(1,951,887)
Debt commitment fees	(112,300)	-
Finance costs	(4,633,551)	(1,951,887)
Net finance costs	(4,343,375)	(1,829,574)

Note 10 - Vessels

	Total US\$
Cost	
Additions	121,200,883
Balance as at 30 September 2023	121,200,883
Additions	26,957,607
Balance as at 31 December 2023	148,158,490
Depreciation	
Charge for the period	3,511,070
Balance as at 30 September 2023	3,511,070
Charge for the period	2,568,400
Balance as at 31 December 2023	6,079,469
Net book amount	
Balance as at 30 September 2023	117,689,813
Balance as at 31 December 2023	142,079,020
Insured value (US\$)	199,200,000
Total light weight tonnage (ldt)	47,414.61

On 17 March 2023, BSL Gwen Shipping Ltd (Sellers) entered into a memorandum of agreement (the 'MoA') with ST1 Ltd (Buyers) for the acquisition of a Japanese built stainless steel chemical tanker vessel Gwen with an IMO number 9407067, built in 2008. The purchase price was agreed at US\$17,100,000. Pursuant to the MoA, the vessel was to be delivered prior to 1 April 2023, with a daily penalty to be subtracted from the purchase price for each day passing after 1 April 2023. The vessel was delivered on 19 May 2023. Included in the additions above, there is a price reduction amounting to US\$290,000 and various takeover costs and legal fees amounting to US\$19,143 which are amortised over the remaining useful life of the vessel.

On 17 March 2023, BSL Barbouni Shipping Ltd (Sellers) entered into a memorandum of agreement (the 'MoA') with ST2 Ltd (Buyers) for the acquisition of a Japanese built stainless steel chemical tanker vessel Barbouni with an IMO number 9416020, built in 2007. The purchase price was agreed at US\$16,300,000. Pursuant to the MoA, the vessel was to be delivered prior to 1 April 2023, with a daily penalty to be subtracted from the purchase price for each day passing after 1 April 2023. The vessel was delivered on 11 April 2023. Included in the additions above, there is a price reduction amounting to US\$86,281 and various takeover costs and legal fees amounting to US\$16,143 which are amortised over the remaining useful life of the vessel.

On 17 March 2023, HSL Filly Shipping Ltd (Sellers) entered into a memorandum of agreement (the 'MoA') with ST23 Ltd (Buyers) for the acquisition of a Japanese built stainless steel chemical tanker vessel Lavraki with an IMO number 9323077, built in 2007. The purchase price was agreed at US\$15,800,000. Pursuant to the MoA, the vessel was to be delivered prior to 1 April 2023, with a daily penalty to be subtracted from the purchase price for each day passing after 1 April 2023. The vessel was delivered on 29 June 2023. Included in the additions above, there is a price reduction amounting to US\$536,000 and various takeover costs and legal fees amounting to US\$16,143 which are amortised over the remaining useful life of the vessel.

On 17 March 2023, HSL Bronco Shipping Ltd (Sellers) entered into a memorandum of agreement (the 'MoA') with ST4 Ltd (Buyers) for the acquisition of a Japanese built stainless steel chemical tanker vessel City Island with an IMO number 9360960, built in 2007. The purchase price was agreed at US\$17,100,000. Pursuant to the MoA, the vessel was to be delivered prior to 1 April 2023, with a daily penalty to be subtracted from the purchase price for each day passing after 1 April 2023. The vessel was delivered on 4 May 2023. Included in the additions above, there is a price reduction amounting to US\$384,292 and various takeover costs and legal fees amounting to US\$39,833 which are amortised over the remaining useful life of the vessel.

On 17 March 2023, ASL Orchid Shipping Ltd (Sellers) entered into a memorandum of agreement (the 'MoA') with ST5 Ltd (Buyers) for the acquisition of a Japanese built stainless steel chemical tanker vessel Orchid Kefalonia with an IMO number 9363821, built in 2008. The purchase price was agreed at US\$18,200,000. Pursuant to the MoA, the vessel was to be delivered prior to 1 April 2023, with a daily penalty to be subtracted from the purchase price for each day passing after 1 April 2023. The vessel was delivered on 10 May 2023. Included in the additions above, there is a price reduction amounting to US\$452,870 and various takeover costs and legal fees amounting to US\$16,143 which are amortised over the remaining useful life of the vessel.

On 17 March 2023, ASL Friesian Shipping Ltd (Sellers) entered into a memorandum of agreement (the 'MoA') with ST6 Ltd (Buyers) for the acquisition of a Japanese built stainless steel chemical tanker vessel Orchid Sylt with an IMO number 9367413, built in 2009. The purchase price was agreed at US\$19,400,000. Pursuant to the MoA, the vessel was to be delivered prior to 1 April 2023, with a daily penalty to be subtracted from the purchase price for each day passing after 1 April 2023. The vessel was delivered on 2 May 2023. Included in the additions above, there is a price reduction amounting to US\$361,292 and various takeover costs and legal fees amounting to US\$19,143 which are amortised over the remaining useful life of the vessel.

On 17 March 2023, ASL Charger Shipping Ltd (Sellers) entered into a memorandum of agreement (the 'MoA') with ST7 Ltd (Buyers) for the acquisition of a Japanese built stainless steel chemical tanker vessel Orchid Madeira with an IMO number 9367401, built in 2009. The purchase price was agreed at US\$19,400,000. Pursuant to the MoA, the vessel was to be delivered prior to 1 April 2023, with a daily penalty to be subtracted from the purchase price for each day passing after 1 April 2023. The vessel was delivered on 12 April 2023. Included in the additions above, there is a price reduction amounting to US\$130,573 and various takeover costs and legal fees amounting to US\$15,643 which are amortised over the remaining useful life of the vessel.

On 7 November 2023, Fuchsia Shipping Ltd (Sellers) entered into a memorandum of agreement (the 'MoA') with ST8 Ltd (Buyers) for the acquisition of a Japanese built stainless steel chemical tanker vessel Monax with an IMO number 9311256, built in 2005. The purchase price was agreed at US\$13,500,000. Pursuant to the MoA, the vessel was to be delivered prior to 15 November 2023, with a daily penalty to be subtracted from the purchase price for each day passing after 15 November 2023. The vessel was delivered on 20 November 2023. Included in the additions above, there is a price reduction amounting to US\$81,250 and various takeover costs and legal fees amounting to US\$10,850 which are amortised over the remaining useful life of the vessel.

On 7 November 2023, Dandelion Shipping Ltd (Sellers) entered into a memorandum of agreement (the 'MoA') with ST9 Ltd (Buyers) for the acquisition of a Japanese built stainless steel chemical tanker vessel Marmotas with an IMO number 9304344, built in 2005. The purchase price was agreed at US\$13,500,000. Pursuant to the MoA, the vessel was to be delivered prior to 15 November 2023, with a daily penalty to be subtracted from the purchase price for each day passing after 15 November 2023. The vessel was delivered on 16 November 2023. Included in the additions above, there is a price reduction amounting to US\$20,937 and various takeover costs and legal fees amounting to US\$10,850 which are amortised over the remaining useful life of the vessel.

The vessels are pledged on the Group's bank loan detailed in Note 14.

As at 31 December 2023, the management carried out an assessment of whether there is any indication that the vessels may have suffered an impairment loss. Management assessed the recoverable amount as at the period end and no impairment was recognised in the period ended 31 December 2023 based on the assessment.

Note 11 - Trade and other receivables

	31 Dec 2023
	US\$
Charterers balances receivable	1,365,035
Pool working capital receivable	2,800,000
Prepayments	643,230
Other receivables	118,657
	<u>4,926,922</u>

Included in the prepayments, there is an amount of US\$236,902 due from the ship managers of the vessels, representing advance cash paid.

Note 12 - Cash and cash equivalents

Cash balances are analysed as follows:

	31 Dec 2023
	US\$
Cash at bank	2,345,378
Restricted cash	3,854,293
	<u>6,199,671</u>

Restricted cash comprise (i) a minimum liquidity requirement of US\$250,000 per Vessel held in a restricted cash account and (ii) funding of a dry dock reserve account of US\$2,104,293 (Note 14).

Note 13 - Equity contribution

	No. of shares	Share capital	Share premium	Total
		US\$	US\$	US\$
Balance as at 01 December 2022	-	-	-	-
Proceeds during the period	13,500,000	13,072,672	54,030,330	67,103,002
Transaction costs	-	-	(3,281,783)	(3,281,783)
Dividend distribution during the period	-	-	(1,687,500)	(1,687,500)
Balance as at 30 September 2023	13,500,000	13,072,672	49,061,047	62,133,718
Proceeds during the period	-	-	-	-
Dividend distribution during the period	-	-	(2,160,000)	(2,160,000)
Balance as at 31 December 2023	13,500,000	13,072,672	46,901,047	59,973,718

The equity contribution represents paid in capital made by the equity holders during the period.

On August 24 2023, the distribution of a cash dividend in the form of paid-in capital, amounting to US\$1,687,500, was approved at the Extraordinary General Meeting.

On November 23 2023, the distribution of a cash dividend in the form of paid-in capital, amounting to US\$2,160,000, was approved at the Extraordinary General Meeting.

Note 14 - Borrowings

	31 Dec 2023
	US\$
Current borrowings	
Bank loans	10,269,275
Non-current borrowings	
Bank loans	74,381,002
Total	84,650,276
Maturity of borrowings:	
	31 Dec 2023
	US\$
Within one year	10,269,275
Between two and five years	74,381,002
	84,650,276

On 17 March 2023, Stainless Tankers Limited ("STL") as borrower, (ii) ST1 Limited, ST2 Limited, ST3 Limited, ST4 Limited, ST5 Limited, ST6 Limited and ST7 Limited as Owners, (iii) the Company as guarantor (collectively, the Obligors), and (iv) Macquarie Bank Limited, London Branch as Lender, arranger, facility agent and security agent (the "Lender") entered into a facility agreement whereby the Lender makes available a loan of up to US\$97,500,000, comprising a US\$67,500,000 tranche, being the Committed Amount, and US\$30,000,000 or such other higher amount as might be agreed between the Lender and the ship owning entities, being the Uncommitted Amount (the "Facility Agreement"). On 7 November 2023, the Obligors, the Lender, ST8 Limited and ST9 Limited (the "Additional Owners") entered into an Upsize Accession Agreement (the "Upsize Tranche") where a further US\$27,000,000 was drawdown out of the aforementioned Uncommitted Amount.

The Facility Agreement was, inter alia, entered into in order to provide the ship owning entities with financing for the purchase of the Vessels, in addition to the equity capital the Group would provide from the Private Placement.

Interest will accrue quarterly and commenced on the utilisation date 30 March 2023, with the first scheduled payment made on 30 June 2023. Final repayment of the Facility Agreement is scheduled separately for each Vessel tranche, at the earlier of when a Vessel has reached twenty years of age or five years from utilisation. Voluntary prepayment is allowed at higher amounts in multiples of US\$500,000. Mandatory prepayment becomes automatically due in the case of a sale or total loss, as well as any arrest from which a Vessel is not released within a period of 45 days. In the latter case, repayment is due for each Vessel's tranche, respectively.

The Facility Agreement includes covenants on (i) a minimum liquidity requirement of US\$250,000 per Vessel (except for the last two vessels acquired using the Upsize Tranche) held in a restricted cash account at all

times (earning interest at 30-day SOFR p.a.), (ii) a continuing maximum loan to value ratio of 65%, (iii) funding of a dry dock reserve account in equal monthly instalments beginning 12 months prior to an upcoming capex event for each Vessel, and (iv) satisfactory vessel inspections to be performed prior to drawdown.

The restrictions on dividends for STL according to the Facility Agreement include (i) lender approval on the basis of a 12-month cash flow forecast, illustrating to the lender's satisfaction that the borrower will not face liquidity constraints following a proposed dividend, (ii) a maximum loan to value ratio of 60% immediately following the dividend distribution, and (iii) maintenance of US\$250,000 in unrestricted cash per Vessel immediately following dividend distribution.

Movement analysis:

	31 Dec 23
	US\$
Balance as at 01 December 2022	-
Drawdown (gross of borrowing costs)	94,500,000
Capitalised borrowing costs	(1,577,749)
Repayments	(8,491,250)
Interest expense (Note 9)	4,301,976
Amortisation of borrowing costs (Note 9)	219,276
Interest paid	(4,301,976)
Balance as at 31 December 2023	84,650,277

Note 15 - Trade and other payables

	31 Dec 23
	US\$
Pool working capital	767,806
Trade payables	772,962
Accruals	373,475
Other payables	103
	1,914,346

Included in the trade payables, there is an amount of US\$582,804 due to the technical manager of the vessels.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

Note 16 - Related party transactions

Transactions with related parties (Note 8)

Name	Nature of relationship	Nature of transactions	YTD	Q4 2023
			US\$	US\$
Directorship fees	Board of Directors	Directorship fees	125,674	40,962
			125,674	40,962

Note 17 - Contingent liabilities

The Group had no contingent liabilities as at 31 December 2023.

Note 18 - Commitments
Operating lease commitments

The Group as lessor

Contracted revenues from vessels operations

The Group's long-term time charter arrangements aggregate time charter hire revenues as at the year-end over the firm contract period receivable are as follows:

	Lease revenue from time charters US\$	Service revenue from time charters US\$	Total US\$
Within one year	929,350	885,400	1,814,750
Between two and five years	-	-	-
	929,350	885,400	1,814,750

Note 19 - Events after the reporting period

There have been no events subsequent to period end which require adjustment of or disclosure in the consolidated financial statements or notes thereto.