

**PIONEER MARINE INC.  
AND ITS SUBSIDIARIES**

**Consolidated Financial Statements  
Year ended December 31, 2023**



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## **Independent auditor's report**

To the Shareholders of Pioneer Marine Inc.

### **Our opinion**

We have audited the accompanying consolidated financial statements of Pioneer Marine Inc. and its subsidiaries (together, the "Company") which comprise the consolidated balance sheet as of December 31, 2023, the consolidated statement of operations, the consolidated statement of shareholders' equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 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 consolidated 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 content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company 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.

*PricewaterhouseCoopers S.A.*

July 17, 2024  
Athens, Greece

**Pioneer Marine Inc. and its Subsidiaries**  
**Consolidated Balance sheet**  
(In thousands of U.S. Dollars except per share data)

	<u>Notes</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	226	478
Trade accounts receivable and accrued revenue		-	20
Prepayments and other receivables		9	219
<b>Total current assets</b>		<b>235</b>	<b>717</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		38	66
Due to related parties	8	1	11
<b>Total current liabilities</b>		<b>39</b>	<b>77</b>
<b>Total liabilities</b>		<b>39</b>	<b>77</b>
<b>Shareholders' equity</b>			
Common Stock, \$0.001 par value; 500,000,000 shares authorized; 25,463,715 issued and outstanding as at December 31, 2023 and as at December 31, 2022	5	25	25
Additional paid in capital	5	130,060	130,060
Accumulated other comprehensive loss		(24)	(24)
Accumulated deficit		(129,865)	(129,421)
<b>Total shareholders' equity</b>		<b>196</b>	<b>640</b>
<b>Total liabilities and shareholders' equity</b>		<b>235</b>	<b>717</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Pioneer Marine Inc. and its Subsidiaries**  
**Consolidated Statement of Operations**  
(In thousands of U.S. Dollars except per share data)

	Notes	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
<b>Revenue, net</b>	6	<u>-</u>	<u>420</u>
Voyage expenses	7	-	(35)
Vessel operating expenses	7	-	(262)
Depreciation		-	(43)
General and administrative expenses		(252)	(375)
Gain on vessels disposal	1	-	6,965
Other (expenses) / income and taxes, net		(196)	445
<b>Total (expenses) / income, net</b>		<u>(448)</u>	<u>6,695</u>
Interest income		4	1
<b>Net (loss)/ income</b>		<u>(444)</u>	<u>7,116</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Pioneer Marine Inc. and its Subsidiaries**  
**Consolidated Cash flow Statement**  
(In thousands of U.S. Dollars except per share data)

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
<b>Cash flows from operating activities</b>		
Net (loss) / income	(444)	7,116
<b>Adjustments to reconcile net (loss) / income to net cash (used in) / provided by operating activities:</b>		
Depreciation expense	-	43
Gain on vessel disposal	-	(6,965)
Write-off of other receivable	211	-
<b>(Increase)/decrease in operating assets:</b>		
Trade accounts receivable and accrued revenue	20	443
Inventories	-	192
Prepayments and other receivables	(1)	434
<b>(Decrease)/increase in operating liabilities:</b>		
Accounts payable and accrued liabilities	(28)	(772)
Deferred revenue	-	(69)
Due to related parties	(10)	8
<b>Net cash (used in)/provided by operating activities</b>	<u>(252)</u>	<u>430</u>
<b>Cash flows from investing activities</b>		
Cash proceeds from vessel sale	-	13,804
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>13,804</u>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(16,332)
<b>Net cash used in financing activities</b>	<u>-</u>	<u>(16,332)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(252)</u>	<u>(2,098)</u>
Cash and cash equivalents at the beginning of the year	478	2,576
<b>Cash and cash equivalents at year end</b>	<u>226</u>	<u>478</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Pioneer Marine Inc. and its Subsidiaries**  
**Consolidated statement of shareholders' equity**  
(In thousands of U.S. Dollars except per share data)

	<u>Number of shares</u>	<u>Common stock</u>	<u>Additional paid in capital</u>	<u>Accumulated other comprehensive income/(loss)</u>	<u>Treasury stock</u>	<u>Accumulated deficit</u>	<u>Total</u>
<b>Balance, December 31, 2021</b>	<u>25,463,715</u>	<u>30</u>	<u>158,718</u>	<u>(24)</u>	<u>(12,331)</u>	<u>(136,537)</u>	<u>9,856</u>
Dividends paid (Note 5)	-	-	(16,332)	-	-	-	(16,332)
Cancellation of Treasury Stock (Note 5)	-	(5)	(12,326)	-	12,331	-	-
Net income	-	-	-	-	-	7,116	7,116
<b>Balance, December 31, 2022</b>	<u>25,463,715</u>	<u>25</u>	<u>130,060</u>	<u>(24)</u>	<u>-</u>	<u>(129,421)</u>	<u>640</u>
Net loss	-	-	-	-	-	(444)	(444)
<b>Balance, December 31, 2023</b>	<u>25,463,715</u>	<u>25</u>	<u>130,060</u>	<u>(24)</u>	<u>-</u>	<u>(129,865)</u>	<u>196</u>

The accompanying notes are an integral part of these consolidated financial statements.



**Pioneer Marine Inc. and its Subsidiaries**  
**Notes to the consolidated financial statements**

**1. Basis of Presentation and General Information:**

Pioneer Marine Inc. (the “Company”) together with its subsidiaries is a global drybulk handysize transportation service provider. Pioneer Marine Inc. was incorporated in the Republic of the Marshall Islands on February 14, 2014.

On June 23, 2021, a special meeting of the shareholders was held where it was recommended and approved that: a) all or substantially all of the assets of the Company will be sold or disposed-consisting of the vessels or their vessel owning subsidiaries, and b) following those sales, the company may be dissolved, both of which are subject to Board of Directors approval.

All of Company’s vessels entered into Memoranda of Agreement for their sale, following the respective approval from the Board. Vessels were delivered to their new owners throughout various dates within the year and up to February 22, 2022, when the last vessel M/V Resolute Bay was disposed, therefore the main portion of Company’s operations (transportation of dry bulk commodities) was discontinued gradually within this period. Total gain from the last vessel’s disposal transaction amounts to \$6,965 thousand for the year ended December 31, 2022 and is presented in the accompanying consolidated statement of Operations under Gain on vessels disposal.

On September 30, 2021, the Company signed a share purchase agreement with Pioneer Shipholding Co. for the sale of 100% of the shares of its wholly owned management subsidiaries, namely Pioneer Marine Hellas S.A., Pioneer Chartering S.A. and Pioneer Marine Advisers Pte Ltd. Pioneer Shipholding Co. is a related company controlled by Mr. Papoulis (CEO of Pioneer Marine Inc.) and Mrs. Tapaktsoglou (CFO/Director of Pioneer Marine Inc).

Following the completion of shares transfer and the deconsolidation of the aforementioned subsidiaries for the agreed consideration of \$1 thousand the net liabilities and associated personnel were transferred to Pioneer Shipholding Co.

On March 14, 2022 a related party to the Company, acquired 21,015,384 shares of Company’s issued and outstanding shares held at that time by Company’s major shareholder.

As of December 31, 2023, Pioneer, Marine Inc. owns 100% of the interests of the following subsidiaries:

<u>Company name</u>	<u>Date of incorporation</u>	<u>Date of cancellation</u>
Pioneer Marine Trading LLC (1)	September 23, 2013	-
Bay Trading LLC (1)	November 12, 2013	-

**Dormant Companies**

<u>Company name</u>	<u>Date of incorporation</u>	<u>Date of Vessel Disposal</u>
PNR Resolute LLC (1)	September 14,2016	February 22,2022
PNR Marine Trading VI LLC (1)	November 5, 2013	April 14,2021

(1) Incorporated under the laws of the Republic of the Marshall Islands

**Dormant Companies-cancelled**

<u>Name</u>	<u>Date of incorporation</u>	<u>Date of cancellation</u>	<u>Date of Vessel Disposal</u>
Pioneer Marine LLC (1)	September 12, 2013	April 11,2022	-
PNR Guoyu II, LLC (1)	September 18, 2013	April 14,2022	October 27,2021
PNR Marine Trading III LLC (1)	September 23, 2013	November 1,2022	April 6,2021
PNR Marine Trading V LLC (1)	November 5, 2013	November 1,2022	June 16,2021
PNR Marine Trading XI LLC (1)	February 6, 2014	November 1,2022	July 9,2021

(1) Incorporated under the laws of the Republic of the Marshall Islands.

(2) Incorporated under the laws of Singapore.

(3) Incorporated under the laws of India.

**Pioneer Marine Inc. and its Subsidiaries**  
**Notes to the consolidated financial statements**

**1. Significant Accounting Policies:**

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The significant accounting policies are set out below.

***Principles of consolidation***

The consolidated financial statements incorporate the financial statements of the entities listed in Note 1 (the “subsidiaries”). Income and expenses of subsidiaries are included in the consolidated statements of operation from the effective date of acquisition and up to the effective date of disposal, as appropriate. All significant intercompany balances and transactions are eliminated upon consolidation.

***Accounting estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Significant estimates include the residual value and the useful life of vessels.

***Going concern***

The Company evaluates whether there is substantial doubt about its ability to continue as a going concern by applying the provisions of ASU No. 2014-15. In more detail, the Company evaluates whether there are conditions or events that raise substantial doubt about the Company’s ability to continue as a going concern within one year from the date the financial statements are issued. As at December 31, 2023 the Company’s current assets totalled \$235 thousand while current liabilities totalled \$39 thousand, resulting in a positive working capital of \$196 thousand. The Company’s assessment indicates its ability to continue its operation for a period of at least 12 months from the date of issuance of these financial statements. The Company did not identify any conditions that raise substantial doubt about the entity’s ability to continue as a going concern within one year from the date the financial statements are issued. Management is furthermore exploring various opportunities to expand in the dry bulk market.

***Cash and cash equivalents***

Cash and cash equivalents comprise of cash on hand and demand deposits with an original maturity of three months or less and which are not restricted for use or withdrawal.

***Trade accounts receivable, net***

Trade accounts receivable reflect receivables from charterers for hire, freight and demurrage billings, net of provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts.

***Foreign currencies***

The consolidated financial statements of the Company are presented in U.S. dollars which is the functional currency of Pioneer Marine Inc. and its subsidiaries.

Transactions in currencies other than the U.S. dollar are recorded at the rate of exchange prevailing on the dates of the transactions. Any change in exchange rate between the date of recognition and the date of settlement may result in a gain or loss which is recognized in the consolidated statement of Operations as incurred. At the end of each reporting period, monetary assets and liabilities denominated in a currency other than the functional currency are retranslated into U.S. dollars at rates prevailing at that date and all resulting exchange differences are recognized in the consolidated statement of Operations.

**Pioneer Marine Inc. and its Subsidiaries**  
**Notes to the consolidated financial statements**

**2. Significant Accounting Policies- *continued*:**

***Revenue recognition and related expenses***

The Company charters out its vessels on time charters which involves placing a vessel at a charterer's disposal for a specified period during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Such charters are accounted for as operating leases and therefore revenue is recognized on a straight-line basis as the average revenues over the rental periods of such charter agreements, as service is performed. Cash received more than earned revenue is recorded as deferred revenue. If a time charter contains one or more consecutive option periods, then subject to the options being exercisable solely by the Company, the time charter revenue will be recognized on a straight-line basis over the total life of the time charter, including any options.

***Vessel operating expenses***

Vessel operating expenses, which include crewing, repairs and maintenance, insurance, spares and consumable stores, lube oils and communication expenses are expensed as incurred. Additionally, these costs include technical management fees that are payable to our technical ship managers.

***Recent Accounting Pronouncements***

In March 2020, the Financial Accounting Standards Board issued Accounting Standard Update ("ASU") No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04")." ASU 2020-04 provides temporary optional expedients and exceptions to the guidance in U.S. GAAP on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. In January 2021, the FASB issued ASU 2021-01 (Topic 848), which amends and clarifies the existing accounting standard issued in March 2020 ASU 2020-04 for Reference Rate Reform. Reference rates such as LIBOR, are widely used in a broad range of financial instruments and other agreements. The ASU 2020-04 is effective for adoption at any time between March 12, 2020, and December 31, 2022, for all entities and the ASU 2021-01 is effective for all entities as at January 7, 2021 through December 31, 2022.

In March 2021, the FCA announced that the intended cessation date of the overnight 1-, 3-, 6-, and 12-month tenors of USD LIBOR would be June 30, 2023, which is beyond the current sunset date of Topic 848. Because the current relief in Topic 848 may not cover a period during which a significant number of modifications may take place, the FASB issued ASU No. 2022-06 (Topic 848) to defer the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The Company adopted the ASC 848 for its reporting period commencing January 1, 2022, and there was no effect of this standard on its financial statements.

**3. Cash and Cash Equivalents:**

Cash and cash equivalents consisted of the following:

<b>USD in thousands</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand and at banks	226	478
<b>Total</b>	<b>226</b>	<b>478</b>

**Pioneer Marine Inc. and its Subsidiaries**  
**Notes to the consolidated financial statements**

**4. Commitments and Contingencies:**

- a) Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance, and other claims with suppliers relating to the operations of the Company's vessels.
- b) The Company is a member of a protection and indemnity association, or P&I Club that is a member of the International Group of P&I Clubs ("IG"), which covers its third-party liabilities in connection with the vessels' shipping activities. A member of the IG may be subject to supplemental amounts or calls, payable to its P&I Club based on the claim records of all members of the P&I Club.

The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements. The Company's protection and indemnity (P&I) insurance coverage for pollution is \$1 billion per vessel per incident.

Following the adoption of ASC 842 "Leases" as discussed in Note 2, the Company has evaluated the impact of the new guidance adopted on the presentation of the operating lease for the Company's offices in Athens. Following the disposal of the management companies (Note 1), the Company derecognized the Right of Use from the consolidated balance sheets.

**5. Shareholders' Equity:**

On February 22, 2022, following the disposal of the last vessel of the fleet, M/V Resolute Bay, the Board of Directors of Pioneer Marine declared a cash dividend of \$0.641 per share of common stock. The cash dividend of \$16,332 thousand was paid on March 4, 2022, to shareholders of record on February 25, 2022.

On March 14, 2022, a related party company, controlled by Mr. Papoulis (CEO of Pioneer Marine Inc.) and Mrs. Tapaktoglou (CFO/Director of Pioneer Marine Inc), acquired 21,015,384 shares held by the Company's major shareholder at that time.

On May 19, 2022 the Board of Directors of Pioneer Marine Inc. resolved the cancellation of 4,867,832 of Company's shares previously held as treasury stock. Following this cancellation, Company's issued and outstanding shares amount to 25,463,715 shares.

**6. Revenue, Net:**

Revenue, net comprises of the following:

<u>USD in thousands</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time charter revenues	-	436
Less: address commissions	-	(16)
<b>Total Revenue</b>	<b>-</b>	<b>420</b>

**Pioneer Marine Inc. and its Subsidiaries**  
**Notes to the consolidated financial statements**

**7. Voyage and Vessel Operating Expenses:**

USD in thousands	December 31, 2023	December 31, 2022
<b>Voyage Expenses</b>		
Bunkers consumption	-	36
Agency costs	-	-
Commissions and other voyage costs	-	(1)
<b>Total Voyage Expenses</b>	<b>-</b>	<b>35</b>
USD in thousands	December 31, 2023	December 31, 2022
<b>Vessel Operating Expenses</b>		
Crew wages and expenses	-	138
Lubricants consumption	-	1
Stores, spares, and repairs	-	34
Insurance	-	15
Management fee and expenses	-	24
Other operating expenses	-	50
<b>Total Operating Expenses</b>	<b>-</b>	<b>262</b>

During the year ended December 31, 2023, the Company had no owned vessels, while during the year ended December 31, 2022 the fleet consisted only of M/V Resolute Bay which was disposed of on February 22, 2022.

**8. Related parties:**

On March 14, 2022 the Company entered into a service agreement with a related party Company, Pioneer Marine Hellas S.A., whereas the related party company provides to the Company management services against a monthly fee of Euro 4 thousand. According to Addendum No 1 entered on January 1, 2023, the monthly fee was amended to \$4.5 thousand, further amended as per Addendum No 2 dated January 1, 2024 effective at the same date to \$5 thousand.

USD in thousands	December 31, 2023	December 31, 2022
M/V Resolute Bay	-	21
Pioneer Marine Inc.	54	37
<b>Management fees paid to Related Party</b>	<b>54</b>	<b>58</b>
USD in thousands	December 31, 2023	December 31, 2022
Pioneer Marine Hellas S.A.	1	11
<b>Due to related parties</b>	<b>1</b>	<b>11</b>

**9. Subsequent events:**

Subsequent events have been evaluated through July 17, 2024 the date that the financial statements were available to be issued. There are no significant events that have occurred after the reporting period date that would require adjustment or disclosure in the Company's consolidated financial statements.