INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Heidmar Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Heidmar Inc. and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows, for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte Certified Public Accountants S.A.

Athens, Greece
April 10, 2024

We have served as the Company's auditor since 2022.

Heidmar Inc.
Consolidated Balance Sheets
As of December 31, 2023 and 2022
(Expressed in United States Dollars, except number of shares)

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	18,931,215	25,208,208
Receivables from related parties (Note 3)	10,781,063	12,200,780
Other receivables (Note 3)	595,404	612,960
Inventories (Note 13)	1,202,921	—
Prepayments and other current assets	1,464,970	2,346,799
Total current assets	**32,975,573**	**40,368,747**
Non-current assets		
Right-of-use assets from operating leases (Note 9)	14,040,342	22,280,533
Property and equipment, net (Note 4)	88,946	92,721
Guarantees	135,973	166,584
Other non-current assets	27,219	27,219
Total non-current assets	**14,292,480**	**22,567,057**
Total assets	**47,268,053**	**62,935,804**
Shareholders' equity and liabilities		
Current liabilities		
Payables to vessel owners (Note 5)	4,907,672	11,019,812
Accounts payable and accrued expenses (Note 14)	1,740,615	1,056,898
Payables to sharing partner and assignee (Note 10)	857,434	288,785
Payables to assignee, related party (Note 3, 10 and 12)	783,852	—
Payables to related parties (Note 3)	507,047	496,728
Payables to shareholder (Note 3)	5,239,219	—
Deferred revenue	1,809,408	5,030,891
Operating lease liabilities, current portion (Note 9)	9,286,602	8,634,609
Total current liabilities	**25,131,849**	**26,527,723**
Non-current liabilities		
Payables to sharing partner (Note 10)	972,089	972,089
Operating lease liabilities, non-current portion (Note 9)	4,753,740	13,645,924
Total non-current liabilities	**5,725,829**	**14,618,013**
Total liabilities	**30,857,678**	**41,145,736**
Commitments and contingencies (Note 11)		
Shareholders' equity		
Share capital, no par value (500 Class A shares authorized and 96 issued and outstanding and 7,999,500 Class B shares authorized as of December 31, 2023 and 2022) (Note 8)	—	—
Additional paid-in capital	4,225,265	4,225,265
Accumulated other comprehensive income	1,449,963	1,383,854
Retained earnings	10,735,147	16,180,949
Total shareholders' equity	**16,410,375**	**21,790,068**
Total shareholders' equity and liabilities	**47,268,053**	**62,935,804**

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

Heidmar Inc.
Consolidated Statements of Income
For the Years Ended December 31, 2023 and 2022
(Expressed in United States Dollars)

	2023	2022
Revenues		
Trade revenues (Note 7)	4,930,274	3,924,994
Trade revenues, related parties (Note 3)	13,788,955	10,447,600
Voyage and time charter revenues (Note 7 and 9)	21,968,679	9,467,373
Syndication income, related party (Note 3)	8,409,528	6,223,911
Total revenues	**49,097,436**	**30,063,878**
Operating expenses		
Voyage expenses	762,229	1,127,878
Operating lease expenses (Note 9)	8,077,834	3,515,026
Charter-in expenses (Note 9)	10,505,532	3,412,929
General and administrative expenses	10,099,716	5,060,145
Depreciation (Note 4)	12,828	21,099
Loss on sale of vehicle (Note 4)	—	8,332
Total operating expenses	**29,458,139**	**13,145,409**
Operating income	**19,639,297**	**16,918,469**
Other income/(expenses)		
Interest income, net	938,342	7,717
Finance costs (Note 12)	(1,368,613)	(751,431)
Finance costs, related party (Note 12)	(4,833)	—
Foreign exchange gains	350,005	6,194
Other expenses, net	**(85,099)**	**(737,520)**
Net income for the year	**19,554,198**	**16,180,949**
Earnings per Share (Note 15):		
Basic and diluted	$203,689.56	$168,551.55
Weighted-average shares outstanding		
Basic and diluted	96	96

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

Heidmar Inc.
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(Expressed in United States Dollars)

	2023	2022
Net income for the year	**19,554,198**	**16,180,949**
Other comprehensive income / (loss):		
Foreign currency translation	66,109	(292,218)
Total comprehensive income for the year	**19,620,307**	**15,888,731**

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

Heidmar Inc.
Consolidated Statements of Shareholders' Equity
For the Years Ended December 31, 2023 and 2022
(Expressed in United States Dollars, except number of shares)

	Share Capital Common shares *Class A No of shares*	*Amount*	**Additional paid-in capital**	**Accumulated other comprehensive income**	**Retained earnings**	**Total shareholders' equity**
Balance, January 1, 2022	**96**	**—**	**2,225,265**	**1,676,072**	**—**	**3,901,337**
Net income for the year	—	—	—	—	16,180,949	16,180,949
Capital contributions	—	—	2,000,000	—	—	2,000,000
Foreign currency translation	—	—	—	(292,218)	—	(292,218)
Balance, December 31, 2022	**96**	**—**	**4,225,265**	**1,383,854**	**16,180,949**	**21,790,068**
Net income for the year	—	—	—	—	19,554,198	19,554,198
Dividends declared and paid (distributions of $260,417 per common share) (Note 8)	—	—	—	—	(25,000,000)	(25,000,000)
Foreign currency translation	—	—	—	66,109	—	66,109
Balance, December 31, 2023	**96**	**—**	**4,225,265**	**1,449,963**	**10,735,147**	**16,410,375**

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

Heidmar Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(Expressed in United States Dollars)

	2023	2022
Cash flows from operating activities		
Net income for the year	19,554,198	16,180,949
Adjustments to reconcile net income for the year to net cash provided by operating activities:		
Depreciation	12,828	21,099
Noncash lease expense	6,981,148	3,717,439
Loss on sale of vehicle	—	8,332
Changes in assets and liabilities:		
Receivables/payables from/to related parties	1,430,036	(11,402,661)
Payables to vessel owners	(6,112,140)	6,438,284
Guarantees	30,611	—
Other receivables	17,556	(406,183)
Inventories	(1,202,921)	—
Prepayments and other current assets	881,829	(2,244,925)
Other non-current assets	—	(4,314)
Accounts payable and accrued expenses	683,717	794,142
Accrued interest payable to sharing partner and assignee	(54,566)	288,785
Accrued interest payable to assignee, related party	4,833	—
Deferred revenue	(3,221,483)	5,030,891
Other long-term liabilities	—	(50,309)
Operating lease liabilities	(6,981,148)	(3,717,439)
Net cash provided by operating activities	**12,024,498**	**14,654,090**
Cash flows from investing activities		
Payments for additions of property and equipment	(9,053)	—
Proceeds from sale of property and equipment	—	24,173
Net cash (used in) / provided by investing activities	**(9,053)**	**24,173**
Cash flows from financing activities		
Capital contributions	—	2,000,000
Proceeds from sharing partner	—	972,089
Proceeds from assignee	623,215	—
Proceeds from assignee, related party	779,019	—
Proceeds from shareholder	5,239,219	—
Dividends paid	(25,000,000)	—
Net cash (used in) / provided by financing activities	**(18,358,547)**	**2,972,089**
Effect of Exchange Rate changes on cash and cash equivalents	66,109	(292,218)
Net increase in cash and cash equivalents	(6,276,993)	17,358,134
Cash and cash equivalents at the beginning of the year	25,208,208	7,850,074
Cash and cash equivalents at the end of the year	**18,931,215**	**25,208,208**
Supplemental cash flow information		
Cash paid for interest	1,423,179	462,646

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

1. Basis of Presentation and General Information

The accompanying consolidated financial statements include the accounts of Heidmar Inc. ("Heidmar") and its controlled subsidiaries (collectively, the "Company") which engages in marine transportation services on an international basis that consists of three business activities: management services to pools of vessels that share operational costs and revenues ("pool management services"), commercial management services for individual vessels ("commercial management services") and chartering of vessels through charter in and charter out ("charter in – charter out"). Heidmar Inc. was formed under the laws of the Republic of Liberia on December 3, 1987 and redomiciled into the Republic of the Marshall Islands on December 4, 2006.

As of December 31, 2023, the consolidated financial statements include Heidmar Inc. and the following controlled subsidiaries:

- Heidmar International Pools Inc.
- Heidmar2020 LLC
- Cash Custodian Inc.
- Heidmar Bulkers Inc.
- Heidmar Investments LLC
- Heidmar UK Limited
- Heidmar UK Trading Limited
- Heidmar (Far East) LLC
- Heidmar (Far East) Pte. Ltd.
- Heidmar (Far East) Tankers Pte Ltd.
- Heidmar DMCC
- Heidmar Trading DMCC
- Ocean Star Inc.
- Ocean Dolphin Inc.

2. Significant Accounting Policies

Principles of Consolidation: The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and include the accounts of Heidmar and its subsidiaries in which it holds a controlling financial interest. All inter-company balances and transactions have been eliminated upon consolidation. The Company's wholly owned subsidiaries to which the Company provides pool management services are variable interest entities, which are not controlled by Heidmar, but rather by the participants in the pools pursuant to the one vote-per-vessel contractual arrangements between the Company and the participants in the pools (the "Non-consolidated Pool Subsidiaries"). The Company has evaluated all facts and circumstances of not being the primary beneficiary of these Non-consolidated Pool Subsidiaries as per the guidance in ASC 810 including (a) any financial or other support (explicitly or implicitly) during the periods presented, (b) the carrying amounts and relevant classifications of the Non-consolidated Pool Subsidiaries, (c) the exposure of the Company to any loss from these Non-consolidated Pool Subsidiaries, and (d) any liquidity arrangement, guarantees and any other commitments

2. Significant Accounting Policies—(Continued)

by third parties that may affect the risk of exposure and concluded that none of the above conditions apply. The Non-consolidated Pool Subsidiaries are accounted for under the equity method. Under the equity method of accounting, investments in non-consolidated pool subsidiaries are stated at initial cost, and are adjusted for subsequent additional investments and the Company's proportionate share of earnings or losses and distributions. Cost as of December 31, 2023 and 2022 as well as the Company's proportionate share of earnings or losses and distributions for the years then ended was nil.

For the year ended December 31, 2023 and 2022, the Non-consolidated Pool Subsidiaries consisted of the following:

- Blue Fin Tankers Inc., which operates a pool of Suezmax-size tankers (the "Blue Fin pool")
- SeaLion Tankers INC., which operates a pool of LR2-size tankers (the "SeaLion Pool")
- Seadragon Tankers Inc., which operates a pool of VLCC tankers (the "Seadragon pool")
- SeaHorse Tankers Inc., which operates a pool of small size tankers (the "SeaHorse Pool")
- Dorado Tankers Pool Inc., which operates a pool of MR2-size tankers (the "Dorado pool")

For the years ended December 31, 2023 and 2022, the dormant Non-consolidated Pool Subsidiaries consisted of the following:

- Sigma Tankers Inc. (the "Sigma pool")
- Seawolf Tankers Inc. (the "Seawolf Pool")
- Star Tankers Inc. (the "Star pool")
- Marlin Tankers Inc. (the "Marlin Pool")

(Expressed in United States Dollars)

2. Significant Accounting Policies—(Continued)

Comparative figures: Certain restatements have been made to prior year amounts to conform to the current period presentation. The restatements and their impact on the consolidated balance sheet, statement of income and cash flows are analyzed as follows:

	December 31, 2022 as previously reported	Adjustments	December 31, 2022, as restated
Consolidated balance sheet			
Current liabilities			
Payables to vessel owners	11,991,901	(972,089)	11,019,812
Accounts payables and accrued expenses	1,345,683	(288,785)	1,056,898
Payables to sharing partner and assignee	—	288,785	288,785
Total current liabilities	**27,499,812**	**(972,089)**	**26,527,723**
Non-current liabilities			
Payables to sharing partner	—	972,089	972,089
Total non-current liabilities	**13,645,924**	**972,089**	**14,618,013**
Consolidated statement of income			
Operating expenses			
Profit sharing expense	751,431	(751,431)	—
Total operating expenses	**13,896,840**	**(751,431)**	**13,145,409**
Operating income	**16,167,038**	**751,431**	**16,918,469**
Other expenses			
Finance costs	—	751,431	751,431
Other (income)/expenses, net	**(13,911)**	**751,431**	**737,520**
Consolidated statement of cash flows			
Cash flows from operating activities			
Changes in assets and liabilities			
Payables to vessel owners	7,410,373	(972,089)	6,438,284
Accounts payables and accrued expenses	1,082,927	(288,785)	794,142
Payables to sharing partner and assignee	—	288,785	288,785
Net cash provided by operating activities	**15,626,179**	**(972,089)**	**14,654,090**
Cash flows from financing activities			
Proceeds from sharing partner	—	972,089	972,089
Net cash provided by financing activities	**2,000,000**	**972,089**	**2,972,089**
Supplemental cash flow information			
Cash paid for interest	—	462,646	462,646

During the year ended December 31, 2022, the Company entered into an arrangement associated with one vessel that it has time chartered in from an unrelated party (Note 10), whereby the net income or losses earned by the Company on its employment are equally shared with another unrelated party ("Sharing partner") based on the specified terms in the respective profit and loss sharing agreement. Net result attributed to the Sharing partner in accordance with the profit and loss sharing agreement was $751,431, previously presented under "Profit sharing expense" in the consolidated statements of income. The cash flows received from the Sharing partner amounting to $972,089 were originally presented under "Payables to vessel owners" in the consolidated balance sheet, while the outstanding undistributed balance amounting to $288,785 relating to the profit sharing expense was

2. Significant Accounting Policies—(Continued)

previously presented under "Accounts payable and accrued expenses" in the consolidated balance sheet. In the consolidated statement of cash flows, the balance of proceeds from the Sharing partner was previously presented within cash flows from operating activities.

Subsequent to the issuance of the Company's 2022 consolidated financial statements, the Company's management determined that the profit and loss sharing agreement (deemed a sale of future revenue) shall be accounted for as debt under ASC 470-10 because of the Company's significant continuing involvement in the generation of the cash flows of the vessel. Under this guidance, the proceeds received in a sale of future revenue are accounted for as debt and are subject to the interest method. This restatement had no impact on net income for the year ended December 31, 2022. The change in accounting treatment resulted in the 2022 profit sharing expense being reclassified from "Profit sharing expense" to "Finance costs" in the consolidated statements of income and the related 2022 cash flows from the Sharing partner ("Proceeds from Sharing partner") being reclassified from cash flows from operating activities to cash flows from financing activities in the consolidated statement of cash flows. In addition, Company's management determined that the 2022 proceeds from the Sharing partner should have been included within "Payables to sharing partner" under non-current liabilities in the consolidated balance sheet, as they are due after one year from the reporting period and that the undistributed balance of the profit sharing expense should have been included in "Payables to sharing partner and assignee" under current liabilities in the consolidated balance sheet instead of "Accounts payable and accrued expenses" due to its nature.

Use of Estimates: The preparation of the consolidated financial statements in conformity with US GAAP 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.

Earnings per common share: Basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding during the period. The weighted-average number of common shares outstanding does not include any potentially dilutive securities.

Diluted earnings per share gives effect to all potentially dilutive securities to the extent that they are dilutive. No potentially dilutive securities existed as of December 31, 2023 and 2022.

Segment reporting: The Company reports financial information and evaluates its operations by total revenues and not by type of business activity. The Company does not use discrete financial information to evaluate the operating results for each such business activity. Although revenue can be identified for each business activity, management cannot and does not identify expenses, profitability, or other financial information for these various types of business activities. As a result, management, including the chief operating decision maker reviews operating results by total profitability, thus the Company has determined that it operates under one reportable segment. Furthermore, the disclosure of geographical information is impracticable.

Foreign Currency Translation: The Company translates the consolidated financial statements of its non-U.S. subsidiaries into U.S. dollars from their functional currencies. Assets and liabilities denominated in foreign currencies are translated at the Exchange Rates in effect at the consolidated balance sheet dates. Revenues and expenses are translated at the weighted average Exchange Rates prevailing during the period. Unrealized gains or losses arising from currency translation are included in other comprehensive income/(loss) in the accompanying consolidated statements of comprehensive income.

(Expressed in United States Dollars)

2. Significant Accounting Policies—(Continued)

Cash and Cash Equivalents: Cash consists of cash on hand and cash in banks. The Company considers highly liquid investments such as time deposits and certificates of deposit with original maturities of three months or less to be cash equivalents.

Inventories: Inventories consists of consumable bunkers and EU Emissions Trading System ("EU ETS") allowances and are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling prices less reasonably predictable costs of disposal and transportation. The cost is determined by the first-in, first-out method. EU ETS allowances are accounted for under Accounting Standards Codification ("ASC") 330, as inventory, as the Company plans to actively trade these allowances.

Property and equipment, net: Property and equipment is recorded at cost. The cost of each of the Company's assets is depreciated on a straight-line basis over the asset's remaining economic useful life, after considering the estimated residual value (if any).

The expected useful life of each of the assets are as follows:

Property and equipment	
Furniture and office equipment	10 years

Impairment Loss: The Company follows the ASC Subtopic 360-10, "Property, Plant and Equipment" ("ASC 360-10"), which requires impairment losses to be recorded for furniture and office equipment when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts. If indicators of impairment are present, the Company performs an analysis of the anticipated undiscounted future net cash flows of the related furniture and office equipment, annually. If the carrying value of the related asset exceeds the undiscounted cash flows, the carrying value is reduced to its fair value and the difference is recorded as an impairment loss in the accompanying consolidated statements of income. For the years ended December 31, 2023 and 2022 there was no impairment loss.

Impairment of Right of use assets from operating leases: The Company evaluates its Right of use assets from operating leases for potential impairment when it determines a triggering event has occurred. When a triggering event has occurred, the Company performs a test of recoverability by comparing the expected undiscounted future cash flows (including expected residual values) over the remaining lease terms to the carrying value of the Right of use asset. If the test of recoverability identifies a possible impairment, the Right of use asset's fair value is measured in accordance with the fair value measurement framework. An impairment charge is recognized for the amount by which the carrying value of the Right of use asset exceeds its estimated fair value and would be recorded in the accompanying consolidated statements of income. For the years ended December 31, 2023 and 2022 there was no impairment of the Company's Right of use assets from operating leases.

Accounting for Trade Revenues and Trade Revenues, related parties: Trade revenues consist primarily of commissions and management fees earned from pool management services and commercial management services. Commissions are earned based on the gross freight, dead freight, hire and demurrage revenues of the managed vessels and are recognized ratably over the duration of each voyage on a load port-to-discharge port basis. Management fees are earned on a fixed rate per day, per vessel. The Company's pool and commercial management services do not have established terms of duration. Either party is entitled to terminate the agreement at any time after the expiry of a certain period, subject to the completion of the ongoing voyage,

2. Significant Accounting Policies—(Continued)

provided written notice of a period up to 3 months is given by either party to the other that the agreement is to terminate. Trade revenues are recognized when earned and when it is probable that future economic benefits will flow to the Company and such benefit can be measured reliably. The performance obligations begin to be satisfied once the vessel begins loading the cargo. The Company determined that its service contracts consist of a single performance obligation of providing commercial management services during the transportation of the cargo within a specified time period. Therefore, the performance obligation is met evenly as the voyage progresses and the revenue is recognized on a straight- line basis over the voyage days from the commencement of the loading of cargo to completion of discharge.

Operating Leases—The Company as a Lessor

Time charter-out contracts

Our time charter revenues are generated from our vessels that have been chartered out to a third-party charterer for a specified period in exchange for consideration, which is based on a daily rate. The charterer has the full discretion over the ports subject to compliance with the applicable charter party agreement and relevant laws. In a time charter contract, we are responsible for all the costs incurred for running the vessel such as crew costs, vessel insurance, repairs and maintenance, and lubricants. The charterer bears the voyage related costs such as bunker expenses, port charges and canal tolls during the hire period. The charterer generally pays the charter hire monthly in advance. We determined that our time charter contracts are considered operating leases and therefore fall under the scope of the guidance ASC 842 because (i) the vessel is an identifiable asset, (ii) we do not have substantive substitution rights, and (iii) the charterer has the right to control the use of the vessel during the term of the contract and derives the economic benefits from such use.

Time charter revenue is recognized as earned on a straight-line basis over the term of the relevant time charter starting from the vessel's delivery to the charterer, except for any off-hire period, and ending upon redelivery to the Company. Under the guidance of ASC 842, we elected the practical expedient available to lessors to not separate the lease and non-lease components included in the time charter revenue because (i) the pattern of revenue recognition for the lease and non-lease components is the same as it is earned by the passage of time and (ii) the lease component, if accounted for separately, would be classified as an operating lease.

Time charter revenues received in advance of the provision of charter service are recorded as deferred revenue and recognized when the charter service is rendered. Deferred revenue also may result from straight-line revenue recognition in respect of charter agreements that provide for varying charter rates. Deferred revenue amounts that will be recognized within the next twelve months are presented as current, with amounts to be recognized thereafter presented as non-current. Revenues earned through the profit-sharing arrangements in the time charters represent contingent rental revenues that are recognized when earned and amounts are reasonably assured based on estimates provided by the charterer.

Operating Leases – The Company as a Lessee

Time charter-in contracts

A time charter is a contract for the use of a vessel for a specific period of time and a specified daily charter hire rate, which is generally payable in advance. A time charter generally provides typical warranties and owner protective restrictions. The time charter contracts are considered operating leases because (i) the vessel is an identifiable asset, (ii) the owner of the vessel does not have substantive substitution rights, and (iii) the charterer has the right to control the use of the vessel during the term of the contract and derives the economic benefits from such use.

2. Significant Accounting Policies—(Continued)

Our time charter-in contracts relate to the charter-in activity of vessels from third parties for a specified period of time in exchange for consideration, which is based on a daily rate. We elected the practical expedient of the ASC 842 guidance that allows for contracts with an initial lease term of 12 months or less to be excluded from the operating lease right-of-use assets and lease liabilities recognized on our consolidated balance sheets. The Company recognizes right-of-use assets ("ROU") and corresponding lease liabilities for its operating leases. ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement, less any lease incentives, and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Under the guidance ASC 842, we elected the practical expedients available to lessees to not separate the lease and non-lease components included in the charter hire expense because (i) the pattern of expense recognition for the lease and non-lease components is the same as it is earned by the passage of time, and (ii) the lease component, if accounted for separately, would be classified as an operating lease. We elected not to separate the lease and non-lease components included in charter hire expense, but to recognize operating lease expense as a combined single lease component for all time charter-in contracts.

Office leases

We carried forward our historical assessments of (i) whether contracts are or contain leases, (ii) lease classifications, and (iii) initial direct costs. For leases with terms greater than 12 months, we record the related right-of-use asset and lease liability as the present value of fixed lease payments over the lease term. For leases that do not provide a readily determinable discount rate, we use our incremental borrowing rate to discount lease payments to present value. The Company recognizes right-of-use assets ("ROU") and corresponding lease liabilities for its operating leases. ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement, less any lease incentives, and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. After the commencement date, we remeasure the lease liability to reflect changes to the lease payments. We recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Under the ASC 842 guidance, we elected the practical expedients available to lessees to not separate the lease and non-lease components included in the office lease expense but to recognize operating lease expense as a combined single lease component for all time charter-in contracts because (i) the pattern of expense recognition for the lease and non-lease components is the same as it is earned by the passage of time and (ii) the lease component, if accounted for separately, would be classified as an operating lease.

Accounting for Voyage Revenues and Voyage expenses: In a voyage charter contract, the charterer hires the vessel to transport a specific agreed-upon cargo for a single voyage, which may contain multiple load ports and discharge ports. The consideration in such a contract is determined on the basis of a freight rate per metric ton of cargo carried or occasionally on a lump sum basis. The charter party contracts commit for a minimum amount of cargo. The charterer is liable for any short loading of cargo known as "dead" freight. The voyage charter party generally has a "demurrage" or "dispatch" clause. As per this clause, the charterer reimburses the Company for any potential delays exceeding the allowed laytime as per the charter party clause at the ports visited, which is recorded as demurrage revenue. Demurrage revenue is recognized starting from the point that it is determined that the amount can be estimated and its collection is probable and on a straight line basis until the

2. Significant Accounting Policies—(Continued)

end of the voyage. Conversely, the charterer is given credit if the loading/discharging activities happen in less time than the allowed laytime known as dispatch resulting in a reduction in revenue and is recognized as the performance obligation is satisfied. In a voyage charter contract, the performance obligations begin to be satisfied once the vessel begins loading the cargo. The Company determined that its voyage charter contracts consist of a single performance obligation of transporting the cargo within a specified time period. Therefore, the performance obligation is met evenly as the voyage progresses and the revenue is recognized on a straight-line basis over the voyage days from the commencement of the loading of cargo to completion of discharge. The freight charters are considered service contracts which fall under the provisions of ASC 606 because the Company retains control over the operations of the vessels such as the routes taken or the vessels' speed. Freight, demurrage, and miscellaneous revenues from the operations of vessels are recognized in the period earned. Such revenues and the related operating costs applicable to voyages in progress at the end of a reporting period are recognized ratably over the estimated duration of the voyage on the percentage-of-completion method of accounting.

Voyage expenses are direct expenses to voyage revenues and primarily consist of brokerage and agency commissions, port expenses, canal dues and bunker fuel. Brokerage and agency commissions are paid to shipbrokers for their time and efforts for negotiating and arranging charter party agreements on behalf of the Company and are expensed over the related charter period. All other voyage expenses are expensed as incurred, except for expenses during the ballast portion of the voyage (period between the contract date and the date of the vessel's arrival to the load port). Any expenses incurred during the ballast portion of the voyage such as bunker fuel expenses, canal tolls and port expenses are deferred and are recognized on a straight-line basis, in voyage expenses, over the voyage duration as the Company satisfies the performance obligations under the contract provided these costs are (1) incurred to fulfill a contract that we can specifically identify, (2) able to generate or enhance resources of the Company that will be used to satisfy performance of the terms of the contract, and (3) expected to be recovered from the charterer. These costs are considered 'contract fulfillment costs' and are included in 'deferred voyage expenses' in the accompanying consolidated balance sheets.

Syndication income, related party: Heidmar Investments LLC, a fully-owned consolidated subsidiary of Heidmar Inc., entered into "Syndication Agreements" ("syndication") with Heidmar Trading LLC, a related party, ("syndication partner") for two vessels ("Two Vessels") which the syndication partner chartered-in from unrelated parties and then chartered-out to unrelated parties. The syndication is an assignment and transfer of profits and losses between Heidmar Investments LLC and the syndication partner wherein Heidmar Investments LLC will assume the syndication partner's monthly charter hire and voyage expenses and in return will be assigned the revenues earned by the Two Vessels (the "syndication result"). Furthermore, in accordance with the provisions of the Syndication Agreements, Heidmar Inc. has been appointed as the commercial manager of the vessels based on the provisions of the related commercial management agreements ("CMA") entered into between Heidmar and the syndication partner. In order to receive the proceeds from the Syndication Agreement, the Company needs to be performing the services under the CMA. Therefore, the Syndication Agreements and the CMA are considered a single service contract which depends on the provision of a service and in accordance with the guidance in ASC 606-10-25-9 for combining contracts, the Syndication Agreement and the CMA are accounted for as a single services contract under ASC 606 (the "services contract"). Heidmar concluded that the services contract includes a fixed and a variable consideration related to the servicing of the vessels. The variable consideration is equal to the net operating results of the two vessels which is recognized as the profits are earned or the losses are incurred during the period of the service contract as that is when the income, if any, can be reliably measured for this variable remuneration. The fixed based fee component is a fixed rate per day and a fixed commission on the gross freight, dead freight, hire and demurrage revenues of the Two Vessels. The fixed

2. Significant Accounting Policies—(Continued)

commissions earned are recognized ratably over the duration of each voyage on a load port-to-discharge port basis. Because the variable consideration is calculated after taking into account the fixed fee component recognized as an expense by the vessels in their operating results, the income related to the fixed fees is eliminated against such expense included in the variable fee income. The resulting variable fee income amounted to $8,409,528 and $6,223,911 for the years ended December 31, 2023 and 2022, respectively.

Profit sharing arrangements: The Company follows the provisions of ASC 470 "Debt" in order to account for the profit and loss sharing agreements entered into with related or unrelated parties. According to the provisions of the profit and loss sharing agreements, the Company charters in a vessel, earns revenue from the charter out of the vessel to another party, and receives an upfront cash payment from the counterparty of the profit and loss sharing agreement to be used for the operations of the vessel and the counterpart receives an agreed percentage of profits and losses (sale of future revenue, arising from the operations of the vessel. When the Company has significant continuing involvement in the generation of the cash flows of the vessel, the Company accounts for this transaction as debt under ASC 470-10. The proceeds received in a sale of future revenue are accounted for as debt. After the initial recognition, an entity uses the interest method (ASC 835-30-25-5: "The total amount of interest during the entire period of a cash loan is generally measured by the difference between the actual amount of cash received by the borrower and the total amount agreed to be repaid to the lender to account for the amount recorded as debt."). Actual cash repayments are recorded as either interest expense or a reduction of the outstanding debt balance, including accrued interest, in accordance with the interest method. Interest cost is accrued in each period by applying the effective interest rate against the debt's net carrying amount. If the timing or amount of the actual or estimated cash flows changes, the original amortization schedule for the debt is updated to reflect the revised cash flows. The Company has elected to adopt the prospective approach to account for changes in the amount or timing of cash flows, in which the effective interest rate is updated.

Concentration of credit risk: The Company extends credit to its customer in the normal course of business. The Company regularly reviews its accounts and estimates the amount of uncollectible receivables each period to assess the adequacy of the allowance for uncollectible amounts. Management does not believe significant risk exists in connection with the Company's concentration of credit as at December 31, 2023 and 2022. The simplified approach is applied to other receivables and the Company recognizes lifetime expected credit losses ("ECLs") on other receivables. Under the simplified approach, the loss allowance is always equal to ECLs. No provision for doubtful accounts was required for the years ended December 31, 2023 and 2022. The Company places its cash and cash equivalents, consisting mainly of bank deposits, with creditworthy financial institutions rated by qualified rating agencies.

Fair Value: The Company follows the provisions of ASC 820, "Fair Value Measurements and Disclosures" which defines, and provides guidance as to the measurement of fair value. ASC 820 creates a hierarchy of measurement and indicates that, when possible, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. In accordance with the requirements of accounting guidance relating to Fair Value Measurement, the Company classifies and discloses assets and liabilities carried at fair value in one of the following categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

(Expressed in United States Dollars)

2. Significant Accounting Policies—(Continued)

Level 3: Unobservable inputs that are not corroborated by market data.

***Recent Accounting Pronouncements*:**

On August 23, 2023, the FASB issued ASU 2023-05 that will require a joint venture, upon formation, to measure its assets and liabilities at fair value in its standalone financial statements. A joint venture will recognize the difference between the fair value of its equity and the fair value of its identifiable assets and liabilities as goodwill (or an equity adjustment, if negative) using the Business Combination accounting guidance regardless of whether the net assets meet the definition of a business. The new accounting standard is intended to reduce diversity in practice. This ASU applies to an entity that qualifies as either a joint venture or a corporate joint venture under GAAP. This accounting standard will become effective for joint ventures with a formation date on or after January 1, 2025, with early adoption permitted. The Company expects to adopt this ASU on January 1, 2025. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, which requires the disclosure of significant segment expenses that are part of an entity's segment measure of profit or loss and regularly provided to the chief operating decision maker. In addition, it adds or makes clarifications to other segment-related disclosures, such as clarifying that the disclosure requirements in ASC 280 are required for entities with a single reportable segment and that an entity may disclose multiple measures of segment profit and loss. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024. Early adoption is permitted. The amendments should be adopted retrospectively. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

3. Transactions with related parties and shareholders

Transactions with the Non-consolidated Pool Subsidiaries:

The Company earns management fees and commissions from the Non-consolidated Pool Subsidiaries (Note 2). The amounts earned for the years ended December 31, 2023 and 2022 were as follows:

	December 31, 2023	
	Management Fees	**Commissions**
Blue Fin Pool	562,732	1,612,632
SeaLion Pool	1,080,585	4,163,287
Dorado Pool	73,000	889,057
SeaHorse Pool	160,772	206,890
Seadragon Pool	—	5,040,000
Total	**1,877,089**	**11,911,866**

	December 31, 2022	
	Management Fees	**Commissions**
Blue Fin Pool	1,022,822	1,318,765
SeaLion Pool	1,074,411	3,187,366
Star Pool	—	13,288
Dorado Pool	53,726	412,254
SeaHorse Pool	95,136	138,644
Seadragon Pool	—	3,131,188
Total	**2,246,095**	**8,201,505**

(Expressed in United States Dollars)

3. Transactions with related parties and shareholders—(Continued)

Receivables from the Non-consolidated Pool subsidiaries are included in “Receivables from related parties” in the accompanying consolidated balance sheets and consist of receivables related to unpaid management fees, commissions earned from the Non-consolidated Pool Subsidiaries and amounts paid for expenses of the Non-consolidated Pool Subsidiaries on behalf of them. Payables to the Non-consolidated Pool subsidiaries are included in “Payables to related parties” in the accompanying consolidated balance sheets and mainly consist of revenue collected from Heidmar Inc. on behalf of Non-consolidated Pool Subsidiaries. As of December 31, 2023 and 2022, the Company had receivables from/ (payables to) the following Non-consolidated Pool subsidiaries:

	2023	2022
Blue Fin Pool	747,149	743,843
SeaLion Pool	2,594,788	2,467,057
Seadragon Pool	1,196,675	459,392
Seawolf Pool	12,944	20,164
Dorado Pool	444,841	131,342
Star Pool	7,202	7,133
Marlin Pool	4,595	3,493
SeaHorse Pool	511,861	—
Total Receivables	**5,520,055**	**3,832,424**
SeaHorse Pool	—	3,413
Sigma Pool	507,047	493,315
Total Payables	**507,047**	**496,728**

Revenues of the Non-consolidated Pool Subsidiaries, costs and expenses applicable to revenues of the Non-consolidated Pool Subsidiaries, net income of the Non-consolidated Pool Subsidiaries for the years ended December 31, 2023 and 2022 and current and total assets of the Non-consolidated Pool subsidiaries, current and total liabilities of the Non-consolidated Pool subsidiaries as of December 31, 2023 and 2022 are analyzed as follows:

	December 31, 2023	December 31, 2022
Revenues of the Non-consolidated Pool Subsidiaries	877,449,952	683,809,587
Costs and expenses of the Non-consolidated Pool Subsidiaries	328,587,308	347,922,997
Net income of the Non-consolidated Pool Subsidiaries	—	—
Current and total assets of the Non-consolidated Pool Subsidiaries	194,146,719	228,948,203
Current and total liabilities of the Non-consolidated Pool Subsidiaries	194,146,519	228,948,103

Transactions with Syndication partner:

Receivables and trade revenues from the Syndication partner consist of balances with Heidmar Trading LLC. (“Syndication partner”), an entity that is controlled by one of our shareholders.

(Expressed in United States Dollars)

3. Transactions with related parties and shareholders—(Continued)

Syndication income

Syndication income amounting to $8,409,528 (2022: $6,223,911) for the year ended December 31, 2023 represents the variable remuneration relating to the operating results of the Two Vessels under the Syndication Agreement. The Syndication agreement for one vessel ended in April 2023 and for the second one is expected to end by March 2024.

Receivable from Syndication partner: Receivable from Syndication partner of $5,261,008 and $8,368,356 as at December 31, 2023 and December 31, 2022, respectively, mainly includes amounts due from the Syndication partner relating to the Syndication result and advances for expenses paid on behalf of the Syndication partner and is included in "Receivables from related parties" in the accompanying consolidated balance sheet.

Transactions with assignee:

Payables to assignee, related party consist of balances with "Assignee A", a related party with regards to the agreement between Heidmar Investments LLC., MM Shipinvest Holdings Co., a related party company owned by one of Heidmar's two shareholders, and an unrelated party, discussed in Note 10.

Payables to assignee, related party: Payables to assignee, related party consist of balances with "Assignee A", a related party, amounting to $783,852 as at December 31, 2023 and mainly include the working capital provided from the Assignee A for the operations of the Vessel and the recognized interest cost. As at December 31, 2022 the balance was $nil.

Other:

Included in "Other receivables" in the accompanying consolidated balance sheets, is the loan to an employee in a management position which is unsecured, interest free and callable upon demand. The balance as at December 31, 2023 and 2022 was $nil and $56,029, respectively. The loan was fully settled on March 15, 2023.

Payables to shareholder: Payables to shareholder consist of amounts paid by one of the shareholders, Maistros Shipinvest Corp., for working capital purposes with regards to the operations of the newly established office in Dubai (Note 9). The balances as at December 31, 2023 and 2022 were $5,239,219 and $nil, respectively. Such amounts are unsecured, with no fixed payment terms, interest free and repayable upon demand.

4. Property and equipment, net

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	December 31,	
	2023	**2022**
Furniture and office equipment	118,936	109,883
Total	**118,936**	**109,883**
Less accumulated depreciation	**(29,990)**	**(17,162)**
Property and equipment, net	**88,946**	**92,721**

(Expressed in United States Dollars)

4. Property and equipment, net—(Continued)

The Company recognized depreciation expense of $12,828 and $21,099 for property and equipment for the years ended December 31, 2023 and 2022, respectively and it is included under "Depreciation" in the accompanying consolidated statements of income.

During 2022, the Company sold a vehicle for $24,173 with a net book value of $32,505 and realized a loss of $8,332.

5. Payables to vessel owners

Payables to vessel owners include amounts related to commercial management services.

The Company has entered into commercial management agreements for certain vessels. Under the terms of these agreements, the Company collects freight and other revenues and pays voyage expenses on behalf of the vessel owning subsidiaries. Outstanding payable balances are recorded in accounts payable to vessel owners.

Payables to vessel owners as of December 31, 2023 and 2022 consist of the following:

	December 31,	
	2023	2022
Payables to non-pool vessels	4,907,672	11,019,812
Total	**4,907,672**	**11,019,812**

6. Income tax

Heidmar serves as a holding company for a group of companies primarily engaged in the international operation of ships. Generally, income from the international operation of ships is subject to preferential tax regimes in the countries where the ship owning or operating companies are incorporated and exempt from income tax in other countries where the ships call due to the application of income tax treaties or, in the case of the United States, treaties or Section 883 of the Internal Revenue Code of 1986, as amended (the "Code"). Among other things, in order to qualify, the Company must be incorporated in a country, which grants an equivalent exemption to U.S. corporations and must satisfy certain qualified ownership requirements.

Income earned by the Company organized outside of the United States that is not derived in connection with the international operation of ships (as such term is defined by Section 883 of the Code and the regulations promulgated there under) or earned in countries without preferential tax regimes is subject to income tax in the countries where such income is earned. Section 887 of the Code imposes a 4% gross basis tax on U.S. source gross transportation income ("USSGTI"). USSGTI is 50% of the gross revenue derived from voyages that begin or end in the United States. The Non-consolidated Pool Subsidiaries of the Company earn USSGTI. The Non-consolidated Pool Subsidiaries are incorporated in the Marshall Islands. Pursuant to the income tax laws of the Marshall Islands, these subsidiaries are not subject to income tax. The Marshall Islands has been officially recognized by the Internal Revenue Service as a qualified foreign country that currently grants the requisite equivalent exemption from tax. In addition, these subsidiaries satisfy one of the ownership tests required by Section 883 and are therefore exempt from U.S. income tax on their transportation income derived from the operation of their chartered vessels to or from U.S. ports.

Uncertain tax positions are evaluated under the more likely-than-not threshold for financial statement recognition and measurement for tax positions taken or expected to be taken in a tax return. The Company

(Expressed in United States Dollars)

6. Income tax—(Continued)

reviews its tax positions annually and adjusts its tax reserve balances as more information becomes available. No such reserve was deemed necessary as of December 31, 2023 and 2022.

The Company through its subsidiaries operates in various jurisdictions and generates taxable income (if any). Current tax is recognized at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. For the year ended December 31, 2023 and 2022 no taxable profits existed.

There were no income tax benefits/(expenses) for the years ended December 31, 2023 and 2022.

7. Revenues

Trade Revenues for the years ended December 31, 2023 and 2022 consists of the following items:

	December 31,	
	2023	2022
Commission revenue	3,409,716	2,587,819
Management fee revenue	1,173,139	954,348
Other revenue	347,419	382,827
Total	**4,930,274**	**3,924,994**

Voyage and Time charter revenues for the years ended December 31, 2023 and 2022 consists of the following items:

	December 31,	
	2023	2022
Charter hire revenue	22,047,017	5,827,179
Voyage revenue	—	3,742,434
Address commissions	(78,338)	(102,240)
Total	**21,968,679**	**9,467,373**

As of December 31, 2023, one vessel was employed under time charter agreement with remaining tenor 0.3 year, which includes an option of one year extension at the option of the charterer.

As of December 31, 2023 and 2022 there were no voyage expenses incurred between the contract date and the date of the vessel's arrival to the load port and no unearned revenue related to undelivered performance obligations.

8. Shareholders' equity

As of December 31, 2023 and 2022 there were common shares as follows: 500 Class A shares authorized and 96 issued and outstanding and 7,999,500 Class B shares authorized and no shares issued and outstanding, without par value. Each Class A share entitles the holder to one vote on all matters with respect to which shareholders vote and each Class B share does not entitle its holder to any voting rights.

8. Shareholders' equity—(Continued)

As of December 31, 2023 and 2022, Heidmar is equally owned by Rhea Marine Ltd. and Maistros Shipinvest Corp. following a share purchase agreement (the "JV Agreement") that the two entities entered into in January 2022. The JV Agreement provides the right to each shareholder to appoint two members in the Board of Directors of Heidmar. The purpose of the joint venture is for Heidmar to grow into new sectors relating to its pool and commercial management services. As a result of the JV Agreement, Maistros Shipinvest Corp. contributed an amount of $2,000,000 in cash to Heidmar in 2022, which was recorded as an increase in Additional Paid-in Capital. Furthermore, certain pool agreements including, among others, the provision of commercial management services, were entered into between the Company and certain vessel-owning companies related with Maistros Shipinvest Corp. In addition, at the time of entering into the JV agreement, the Company agreed to employ certain employees of affiliated entities of Maistros Shipinvest Corp. Since following the JV Agreement, Heidmar meets the definition of a joint venture in accordance with the provisions of the Accounting Standards Codification ("ASC") Subtopic 323-10, "Investments—Equity Method and Joint Ventures" ("ASC 323-10"), contributions relating to the pool agreements and the employees of affiliated entities of Maistros Shipinvest Corp. were recognized at Maistros Shipinvest Corp.'s historical cost basis being nil. The significant factors considered and judgments made in determining that the power to direct the activities of Heidmar that most significantly impact its economic performance are shared, are that all significant business decisions over operating and financial policies of Heidmar require consent from each of Rhea Marine Ltd. and Maistros Shipinvest Corp.

On August 1, 2023, the board of directors of the Company declared a cash distribution of $260,417 per common share. The total cash distribution of $25,000,000 was paid on August 11, 2023. No dividends were paid in 2022.

9. Leases

Office lease

We currently have operating leases for our offices in Greece, Dubai and Singapore.

Greece Office Leases

In December 2020 the Company entered into a new lease agreement in the South suburbs of Athens with an effective date of January 1, 2021, and for a lease term of 3 years.

In December 2023 the Company entered into a new lease agreement with an effective date of February 11, 2024, and for a lease term of 3 years. The aggregate future lease payments for this operating lease as of December 31, 2023 were $250,306.

Singapore Office lease

In May 2023 the Company terminated the office lease and entered into a new lease agreement for a term period of 1 year and 10 months effective June 1, 2023 at a new office site in Singapore.

The Company determined that the Greece and Singapore office leases to be operating leases and recorded the related right-of-use-assets within right-of-use-assets and the lease liabilities within lease liabilities in the accompanying consolidated balance sheets and the lease expenses within "Operating lease expenses" in the accompanying consolidated statements of income. Right-of-use assets and lease liabilities initially recognized, during the year ended December 31, 2023, arising from the office lease in Singapore, were $478,808.

(Expressed in United States Dollars)

9. Leases—(Continued)

Dubai Office lease

In May 2023 the Company entered into a new lease agreement in Dubai with an effective date of June 16, 2023, and for a lease term of 1 year. The aggregate future lease payments for this operating lease as of December 31, 2023 were $23,100.

The Company determined the office lease of Dubai to be operating lease. Leases that have an original term of 12 months or less are not recognized on the Company's consolidated balance sheet, and the lease expense related to those short-term leases is recognized over the lease term within "Operating lease expenses" in the accompanying consolidated statements of income.

Vessel leases

Charter-in vessels

During the year ended December 31, 2022, we time chartered-in two vessels that were delivered to us in October 2022 with a duration of 8 and 12 months, respectively with no option and one year option period, respectively. The charter-in contracts expired during the year ended December 31, 2023. Therefore, these operating leases were excluded from operating lease right-of-use asset and lease liability recognition on Company's consolidated balance sheets.

In August 2023, the Company entered into a time charter agreement with a vessel owner to lease a dry bulk carrier vessel for an initial lease term of 7 months for $10,425 per day with an additional 9-month optional period. On August 18, 2023 the vessel was delivered to the Company. In addition, in September 2023, the Company further entered into a time charter agreement to charter-out the vessel to a third party and on October 1, 2023, the vessel was delivered to the charterer.

Charter hire expenses for three vessels time chartered in, that are excluded from operating lease right-of-use asset and lease liability recognition due to original duration of not more than one year, were as follows:

Description	Location in consolidated statements of income	2023	2022
Vessels operating leases	Charter-in expenses	10,505,532	3,412,929

In August 2022 the Company entered into a time charter agreement with a vessel owner to lease one vessel for an initial lease term of 2 years with an additional 1-year option that the Company immediately exercised.

The Company determined this lease to be an operating lease and recorded the related right-of-use-asset within "Right-of-use assets from operating leases" and the "Operating lease liabilities, current and non-current" in the accompanying consolidated balance sheet and the lease expenses within "Operating lease expenses" in the accompanying consolidated statements of income. Right-of-use assets and lease liabilities initially recognized, during the year ended December 31, 2022, arising from the time charter agreement with the vessel owner, were $25,707,020.

During the year ended December 31, 2023, the lease payments were adjusted due to the fact that the vessel had an off-hire period, in which no lease payment was required. The operating right-of-use asset and lease liability were remeasured utilizing an estimated incremental borrowing rate of 5.25%. As a result of the remeasurement, the right-of-use asset and lease liability decreased by $1,737,851. No gain or loss was recognized upon the remeasurement.

(Expressed in United States Dollars)

9. Leases—(Continued)

Charter-out vessels

The Company has earned income from chartering out the three vessels that have been chartered-in with original term of 12 months or less. For the years ended December 31, 2023 and 2022 the time charter revenue amounted to $11,157,694 and $3,412,929, respectively and is included in "Voyage and time charter revenues" in the accompanying consolidated statements of income.

The Company has earned income from chartering out one vessel that has been chartered under a time charter agreement entered into in August 2022 with an initial period exceeding 12 months. For the years ended December 31, 2023 and 2022, the time charter revenue amounted to $10,810,985 and $2,401,950, respectively and is included in "Voyage and time charter revenues" in the accompanying consolidated statements of income.

Right-of-use assets and lease liabilities as of December 31, 2023 and 2022 were as follows:

Description	Location in balance sheet	December 31, 2023	December 31, 2022
Non-current assets:			
Office leases	Right-of-use assets from operating leases	394,401	108,234
Vessel lease	Right-of-use assets from operating leases	13,645,941	22,172,299
		14,040,342	**22,280,533**
Liabilities:			
Office leases	Operating lease liabilities, current portion	275,323	108,234
Vessel lease	Operating lease liabilities, current portion	9,011,280	8,526,375
Lease liabilities - current portion		**9,286,603**	**8,634,609**
Office leases	Operating lease liabilities, non-current portion	119,078	—
Vessel lease	Operating lease liabilities, non-current portion	4,634,661	13,645,924
Lease liabilities – non-current portion		**4,753,739**	**13,645,924**

The aggregate future lease payments for the Company's operating leases that have been recognized within ROU assets as of December 31, 2023 were as follows:

2024	9,805,515
2025	4,826,631
Total lease payments	**14,632,146**
Less: imputed interest	(591,804)
Present value of lease liabilities	**14,040,342**

(Expressed in United States Dollars)

9. Leases—(Continued)

The table below presents the components of the Company's lease expenses.

Description	Location in consolidated statements of income	2023	2022
Lease expense for office leases	Operating lease expenses	289,442	182,606
Lease expense for vessel lease	Operating lease expenses	7,788,392	3,332,420
Total		**8,077,834**	**3,515,026**

For our office leases and time charter-in arrangement, the weighted average discount rates used to calculate the operating lease liability were 5.75% and 5.25%, respectively. Lease payments for December 31, 2023 and 2022 amounted to $8,049,546 and $4,333,002 respectively. The weighted average remaining lease term on our office leases and a time chartered-in vessel as of December 31, 2023 is 18.9 months.

10. Payables to sharing partner and assignees

During the year ended December 31, 2022, the Company entered into an arrangement associated with one vessel that it has classified as a "right of use asset" (Note 9) that has time chartered in from an unrelated party (the "Lessor A") based on a charter-in agreement, whereby the net profits or losses earned by the Company on its employment are equally shared with another unrelated party ("Sharing partner") based on the specified terms in the respective profit and loss sharing agreement (the "Sharing agreement"). Since the Sharing agreement is a contract between the Company and the Sharing partner (i.e. Lessor A is not a party to the Sharing agreement) and there is no alteration or termination to the charter-in agreement that takes place at the time of the Sharing agreement, the terms in the charter-in agreement are in full effect notwithstanding the execution of the Sharing agreement. Therefore, the Company has not been released as the primary obligor for the charter-in agreement and records the entire ROU asset and liability in the accompanying consolidated balance sheet as well as the revenues generated from the operation of the vessel in the consolidated statements of income. During the year ended December 31, 2022, the Company received from the Sharing partner an upfront cash payment of $972,089. As of December 31, 2023 and 2022, the balance of $972,089 has been included in "Payables to sharing partner" under the non-current liabilities, in the accompanying consolidated balance sheets, since the repayment date is due at the end of the agreement in 2025.

During the year ended December 31, 2023, Heidmar Investments LLC., a fully-owned consolidated subsidiary of Heidmar Inc. ("Assignor"), entered into a profit and loss sharing agreement (the "Agreement") with MM Shipinvest Holdings Co., a related party company owned by one of Heidmar's two shareholders, ("Assignee A") and an unrelated party, ("Assignee B") for one vessel (the "Vessel") which the Assignor chartered-in from an unrelated party (the "Lessor B") for an initial lease term of 7 months for $10,425 per day with an additional 9-month optional period, in the Company's option based on a charter-in agreement (Note 9). The Agreement is a share of profits and losses between the Assignor and the Assignees wherein the Assignees will assume the 90% of the Assignor's monthly charter hire and voyage expenses and in return will be assigned 90% of the revenues earned by the Vessel. The Assignor retains the remaining 10% interest (the "Result"). Since the Agreement is a contract between the Assignor and the Assignees (i.e. the Lessor B is not a party to the Agreement) and there is no alteration or termination to the charter-in agreement that takes place at the time of the Agreement, the terms in the charter-in agreement are in full effect notwithstanding execution of the Agreement. Therefore, the Assignor has not been released as the primary obligor for the charter-in agreement and records the entire charter-in expense and the revenues generated from the operation of the Vessel in the accompanying consolidated statement of income. During the year ended December 31, 2023, the Assignor received from Assignee A an upfront cash

(Expressed in United States Dollars)

10. Payables to sharing partner and assignees—(Continued)

payment and a subsequent cash payment of $491,661 and $287,358, respectively, and from Assignee B an upfront cash payment and a subsequent cash payment of $393,330 and $229,885, respectively, which have been included in “Payables to assignee, related party” and “Payables to sharing partner and assignee”, respectively, in the accompanying consolidated balance sheet.

Heidmar concluded that both profit and loss sharing agreements should be accounted for as debt under ASC 470-10 because of the Company’s significant continuing involvement in the generation of the cash flows of both vessels.

The Company treated the aggregate proceeds of $972,089 related to the Sharing agreement and the $1,402,234 related to the Agreement as the principal amounts of the debt. The additional amounts in excess of $972,089 and $1,402,234, comprising of interest, that will be paid to the Sharing partner and the Assignees, respectively, will be recognized as interest over the life of the debt using the effective interest method.

During the years ended December 31, 2023 and 2022, the accrued interest costs of the Sharing agreement and the Agreement, based on the effective interest method, were $1,373,446 and $751,431, respectively, and are presented under “Finance costs” in the accompanying consolidated statements of income (Note 12).

Payables to sharing partner and assignees within current liabilities in the consolidated balance sheets as of December 31, 2023 and 2022 are analyzed as follows:

	Payable to sharing partner	Payable to Assignee A (Note 3)	Payable to Assignee B	Total
January 1, 2022	**—**	**—**	**—**	**—**
Interest cost	751,431	—	—	751,431
Interest paid	(462,646)	—	—	(462,646)
December 31, 2022	**288,785**	**—**	**—**	**288,785**
Proceeds	—	779,019	623,215	1,402,234
Interest cost	1,364,659	4,833	3,954	1,373,446
Interest paid	(1,423,179)	—	—	(1,423,179)
December 31, 2023	**230,265**	**783,852**	**627,169**	**1,641,286**

11. Commitments and Contingencies

Operating Leases

As of December 31, 2023 the Company has entered into lease agreements expiring in 2024 and 2027 for office facilities in Dubai and Greece, respectively. The future minimum payments are described in Note 9.

Fixed Time Charter Commitments

We had the following future minimum fixed time charter hire receipts based on non-cancelable long-term fixed time charter contracts as of December 31, 2023:

Less than one year	3,001,590
Total lease receipts	**3,001,590**

(Expressed in United States Dollars)

11. Commitments and Contingencies—(Continued)

Contingencies

In the ordinary course of operations, the Company becomes party to various claims initiated by charterers, ship owners, and other parties. The Company believes the ultimate settlement of such claims is adequately provided for by insurance such that their ultimate outcome will not have a material effect on the Company's consolidated business, financial position, or results of operations, although there is an inability to predict with certainty the ultimate outcome of such claims.

12. Finance Costs

Finance costs for the years ended December 31, 2023 and 2022 consists of the following items:

	December 31,	
	2023	**2022**
Interest cost (Sharing agreement)	1,364,659	751,431
Interest cost Assignee A, related party (Agreement)	4,833	—
Interest cost Assignee B (Agreement)	3,954	—
Total	**1,373,446**	**$751,431**

13. Inventories

Inventories as of December 31, 2023 and 2022 consist of the following:

	December 31,	
	2023	**2022**
Bunkers	353,215	—
EU Emissions Trading System allowances	849,706	—
Total	**1,202,921**	—

On September 15, 2020, the European Parliament voted to include greenhouse gas emissions from the maritime sector in the European Union's carbon market, the EU Emissions Trading System. The Environment Council adopted a general approach on the proposal in June 2022. On December 18, 2022, the Environmental Council and European Parliament agreed to include maritime shipping emissions within the scope of the EU ETS on a gradual introduction of obligations for shipping companies to surrender allowances: 40% for verified emissions from 2024, 70% for 2025 and 100% for 2026. Shipping companies have to surrender their first EU ETS allowances by September 30, 2025, for emissions reported in 2024. As of December 31, 2023, the Company has pre-purchased EU ETS for trading purposes.

14. Accounts payable and accrued expenses

Accounts payable and accrued expenses as of December 31, 2023 and 2022 consist of the following:

	December 31,	
	2023	**2022**
Trade accounts payable	659,442	731,876
Accrued expenses	1,081,173	325,022
Total	**1,740,615**	**1,056,898**

(Expressed in United States Dollars)

15. Earnings per share

Basic and diluted earnings per share is presented below.

	December 31,	
	2023	**2022**
Net income attributable to Company's shareholders	**19,554,198**	**16,180,949**
Weighted average shares outstanding basic:		
Common shares (Class A)	96	96
Earnings per share – Basic and diluted	**$203,689.56**	**$168,551.55**

16. Fair Value

The carrying values of cash and cash equivalents, receivables from related parties, other receivables, payables to vessel owners, accounts payable and accrued expenses and payables to related parties are reasonable estimates of their fair value due to the short-term nature of these financial instruments. Cash and cash equivalents are considered Level 1 items as they represent liquid assets with short-term maturities. As of December 31, 2023 and 2022 there were neither Level 2 nor Level 3 items.

17. Subsequent Events

Subsequent events have been evaluated through April 10, 2024, the date of issuance of these consolidated financial statements.

On January 18, 2024, Heidmar Investments LLC, Heidmar's subsidiary, entered into a joint venture agreement with Bainbridge Navigation Pte. Ltd. ("Bainbridge") based on which a new company named BH Cape Holdings Pte. Ltd. was formed equally owned by Bainbridge and Heidmar Investments LLC. Bainbridge is a company incorporated under the laws of Singapore engaging in the chartering of dry bulk vessels worldwide. The newly formed company operates in the commercial management of bulk carrier vessels worldwide. Each venturer has 50% share in the net results of BH Cape Holdings Pte. Ltd. The directors of BH Cape Holdings Pte. Ltd. will be 4, from which 2 will be appointed by each of Heidmar Investments LLC and Bainbridge. All decisions must be unanimous with the approval of all 4 directors.

On February 7, 2024, Heidmar Inc, signed a letter of intent ("LOI") with MGO Global Inc. ("MGO") an entity listed on the NASDAQ and incorporated in Delaware, United States. The LOI outlines the general terms and conditions pursuant to which the Company proposes to engage in a business combination with MGO.

On March 13, 2024, Heidmar Inc., signed an agreement with Huwell Ship Management Limited and acquired 100% of Landbridge Ship Management (HK) Limited ("LSM"), a company incorporated in Hong Kong in 2018, for a total consideration of $0.8 million. LSM provides technical management to tanker vessels.