INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Icon Energy Corp.

Opinion on the Financial Statements

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

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/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

We have served as the Company's auditor since 2023.

Athens, Greece
May 14, 2024
(except as to Notes 1, 2, 7, 9 and 12 as to which the date is June 12, 2024)

ICON ENERGY CORP.
CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022
(Expressed in thousands of U.S. dollars—except for share data)

	Notes	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	2	$2,702	$3,551
Trade receivables	2	—	117
Due from manager	3	207	168
Inventories	2	57	134
Prepayments and advances		43	44
Other current assets		13	25
Total current assets		**$3,022**	**$4,039**
Non-current assets			
Vessel, net	4	9,181	9,861
Advances for vessel improvements	4	22	—
Deferred drydocking costs, net	5	340	697
Deferred issuance costs	2	317	—
Total non-current assets		**$9,860**	**$10,558**
Total assets		**$12,882**	**$14,597**
Liabilities and shareholders' equity			
Current liabilities			
Due to manager	3	9	—
Accounts payable		85	179
Deferred revenue	2	247	—
Accrued liabilities		372	97
Distributions payable	12	3,000	—
Total current liabilities		**$3,713**	**$276**
Non-current liabilities		—	—
Total liabilities		**$3,713**	**$276**
Commitments and contingencies	6	—	—
Shareholders' equity			
Common shares: authorized 750,000,000 shares with $0.001 par value, 200,000 shares issued and outstanding as of December 31, 2023 and 2022	7	—	—
Preferred shares: authorized 250,000,000 shares with $0.001 par value, 15,000 Series A Preferred Shares and 1,500,000 Series B Preferred Shares issued and outstanding as of December 31, 2023 and 2022	7	2	2
Additional paid-in capital	7	8,590	11,590
Retained earnings		577	2,729
Total shareholders' equity		**$9,169**	**$14,321**
Total shareholders' equity and liabilities		**$12,882**	**$14,597**

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

ICON ENERGY CORP.
CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of U.S. dollars—except for share data)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
Revenue, net	2	$4,476	$7,241
Voyage expenses, net	2	(162)	(270)
Vessel operating expenses		(1,880)	(1,786)
Management fees	3	(274)	(274)
General and administrative expenses	8	(18)	(12)
Other operating income	2	—	359
Depreciation expense	4	(680)	(680)
Amortization of deferred drydocking costs	5	(357)	(360)
Operating Profit		**$1,105**	**$4,218**
Finance costs		(3)	(3)
Interest income		56	13
Other (costs)/income, net		(3)	14
Net Income		**$1,155**	**$4,242**
Earnings per common share, basic and diluted	9	$5.78	$21.21
Weighted average number of shares, basic and diluted	9	200,000	200,000
Pro forma earnings per common share, basic and diluted	12	$0.94	
Pro forma weighted average number of shares, basic and diluted	12	1,230,400	

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

ICON ENERGY CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of U.S. dollars—except for share data)

	Preferred Shares		Common Shares				
	No. of Shares	Par Value	No. of Shares	Par Value	Additional Paid in Capital	Retained Earnings	Total
Balance as of January 1, 2022	**1,515,000**	**2**	**200,000**	**—**	**11,590**	**1,125**	**$12,717**
Net income for the period	—	—	—	—	—	4,242	4,242
Dividends paid (Note 7)	—	—	—	—	—	(2,638)	(2,638)
Balance as of December 31, 2022	**1,515,000**	**2**	**200,000**	**—**	**11,590**	**2,729**	**$14,321**
Cash contributions from shareholders (Note 7)	—	—	—	—	700	—	700
Net income for the period	—	—	—	—	—	1,155	1,155
Return of additional paid-in capital (Note 7)	—	—	—	—	(700)	—	(700)
Dividends paid (Note 7)	—	—	—	—	—	(3,307)	(3,307)
Return of additional paid-in capital (Note 12)	—	—	—	—	(3,000)	—	(3,000)
Balance as of December 31, 2023	**1,515,000**	**2**	**200,000**	**—**	**8,590**	**577**	**$9,169**

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

ICON ENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of U.S. dollars—except for share data)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
Cash flows from operating activities			
Net Income		$1,155	$4,242
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation expense	4	680	680
Amortization of deferred drydocking costs	5	357	360
(Increase)/decrease in:			
Trade receivables		117	(74)
Due from manager	3	(39)	182
Inventories		77	(79)
Prepayments and advances		1	13
Other current assets		12	17
Increase/(decrease) in:			
Due to manager		9	
Accounts payable		(94)	(608)
Deferred revenue		247	(209)
Accrued liabilities		(17)	(79)
Payments for drydocking	5	—	(456)
Net cash provided by operating activities		**$2,505**	**$3,989**
Cash flows from investing activities			
Vessel acquisitions and improvements	4	(22)	(225)
Net cash used in investing activities		**$(22)**	**$(225)**
Cash flows from financing activities			
Cash contributions from shareholders	7	700	—
Return of additional paid-in capital	7	(700)	—
Dividends paid	7	(3,307)	(2,638)
Deferred issuance costs		(25)	—
Net cash used in financing activities		**$(3,332)**	**$(2,638)**
Net (decrease) / increase in cash and cash equivalents		**(849)**	**$1,126**
Cash and cash equivalents at the beginning of the period		3,551	2,425
Cash and cash equivalents at the end of the period		**$2,702**	**$3,551**

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 Icon Energy Corp. ("Icon"), Maui Shipping Co. ("Maui") and Positano Marine Inc. ("Positano") (collectively the "Company").

The Company is engaged in the ocean transportation of dry bulk cargoes worldwide through the ownership and operation of the M/V Alfa, a 77,326 DWT, 2006 built, Panamax, drybulk vessel (the "Vessel"). Overall responsibility for the business of the Company rests with the board of directors, who has organized the provision of management services through Pavimar Shipping Co. ("Pavimar"), a ship management company controlled by the Company's Chairwoman and Chief Executive Officer, Mrs. Ismini Panagiotidi, under the terms of a management agreement between the Company and Pavimar which became effective on January 18, 2024. Until that management agreement became effective, management services were provided by Pavimar S.A., a ship management company also controlled by the Company's Chairwoman and Chief Executive Officer. Please refer to Note 3 "Transactions with Related Parties".

Icon was incorporated on August 30, 2023, under the laws of the Republic of the Marshall Islands and is controlled by the Company's Chairwoman and Chief Executive Officer. On June 11, 2024, Icon acquired all of the outstanding shares of Maui in exchange for 15,000 Series A Cumulative Convertible Perpetual Preferred Shares (the "Series A Preferred Shares"), 1,500,000 Series B Perpetual Preferred Shares (the "Series B Preferred Shares"), and 200,000 common shares of Icon, pursuant to an exchange agreement dated June 11, 2024 (the "Exchange Agreement"). Maui was incorporated on October 27, 2022, under the laws of the Republic of Marshall Islands. On May 3, 2023, Maui entered a deed of transfer of shares with the shareholders of Positano by which all outstanding shares of Positano were transferred to Maui. Positano was incorporated on February 1, 2021, under the laws of the Republic of Marshall Islands. Positano is the owning company of the Vessel, which was acquired on March 5, 2021.

The transactions described above were treated as reorganizations of companies under common control and have been accounted for in a manner similar to the pooling of interests method, as each entity was controlled by the Company's Chairwoman and Chief Executive Officer. Accordingly, the Company's consolidated financial statements have been presented, giving retroactive effect to the transactions described above, using historical carrying values of the assets and liabilities of Maui and Positano. The Company's consolidated statements of income present the results of operations for the period in which the transfers occurred as though the transfers of shares and exchange of equity interests had occurred on the date Positano was incorporated and as if Positano and Maui were from their date of incorporation consolidated subsidiaries of the Company. Results of operations and cash flows during the years ended December 31, 2023 and 2022, comprise those of the previously separate entities consolidated. The equity accounts of the entities are combined and the difference between the consideration paid and the net assets acquired is reflected as an equity transaction and has been given retroactive effect as of the earliest period presented. Please refer to Note 12 "Subsequent Events".

In the fourth quarter of 2023, the Company commenced preparations for the initial public offering of 1,250,000 of its common shares in the United States, under the United States Securities Act of 1933, as amended.

2. Significant Accounting Policies and Recent Accounting Pronouncements:

Principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and applicable rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). The consolidated financial statements include the accounts of Icon, Maui and Positano and have been prepared on the basis described in Note 1 "Basis of presentation and general information" above. All intercompany balances and transactions have been eliminated upon consolidation. Icon, as the holding company, determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity. Under Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 810 "Consolidation", a voting interest entity is an entity in which the total equity investment at risk is deemed sufficient to absorb the expected losses of the entity, the equity holders have all the characteristics of a controlling financial interest and the legal entity is structured with substantive voting rights. The holding company consolidates voting interest entities in which it owns all, or at least a majority (generally, greater than 50%) of the voting interest. Variable interest entities ("VIE") are entities, as defined under ASC 810, that in general either have equity investors with non-substantive voting rights or that have equity investors that do not provide sufficient financial resources for the entity to support its activities. The holding company has a controlling financial interest in a VIE and is, therefore, the primary beneficiary of a VIE if it has the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. A VIE should have only one primary beneficiary which is required to consolidate the VIE. A VIE may not have a primary beneficiary if no party meets the criteria described above. The Company evaluates all arrangements that may include a variable interest in an entity to determine if it is the primary beneficiary, and would therefore be required to include assets, liabilities and operations of a VIE in its consolidated financial statements.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. On an on-going basis, management evaluates the estimates and judgments, including those related to uncompleted voyages, future drydock dates, the selection of useful lives and residual values for tangible assets, expected future cash flows from long-lived assets, and changes in environmental and other regulations, to support impairment tests, provisions necessary for accounts receivable, provisions for legal disputes and contingencies. 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 may differ from those estimates.

Other comprehensive income

The Company follows the accounting guidance relating to comprehensive income, which requires separate presentation of certain transactions that are recorded directly as components of shareholders' equity. The Company has no other comprehensive income/(loss) items and, accordingly, comprehensive income equals net income for the periods presented.

Foreign currency translation

The Company's reporting and functional currency is the U.S. Dollar ("USD"). Transactions incurred in other currencies are translated into USD using the exchange rates in effect at the time of the transactions. At the balance sheet date, monetary assets and liabilities that are denominated in other currencies are translated into USD to reflect the end-of-period exchange rates. Any gains or losses from foreign currency translation into USD at the balance sheet date, as well as, differences in exchange rates between each foreign currency transaction date and its settlement date, are included in "other income, net" in the consolidated statements of income.

Cash and cash equivalents

The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents. Cash from time to time may consist of cash on hand and cash deposits held on call with banks.

Trade receivables

The amount shown as trade receivables, at each balance sheet date, includes receivables from charterers for hire and other potential sources of income (such as ballast bonus compensation and/or holds cleaning compensation, etc.) under the Company's charter contracts, net of any 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. There were no doubtful accounts as of December 31, 2023 and 2022.

Inventories

Inventories consist of bunkers (when applicable), lubricants and provisions on board each vessel. Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price less reasonably predictable costs of disposal and transportation. Cost is determined by the first in, first out method. Inventories include bunkers during periods when vessels are unemployed, undergoing drydocking or special survey or under voyage charters.

Vessel, net

Vessel, net is stated at cost net of accumulated depreciation and impairment, if any. The cost of a vessel consists of the contract price plus any direct expenses incurred upon acquisition, including improvements, delivery expenses and other expenditures to prepare the vessel for its intended use which is to provide worldwide transportation services for dry bulk commodities. Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of a vessel; otherwise these amounts are expensed as incurred.

Vessel's depreciation

Depreciation is computed using the straight-line method over the estimated useful life of a vessel, after considering the estimated salvage value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Salvage values are periodically reviewed and revised, if needed, to recognize changes in conditions, new regulations or for other reasons. Revisions of salvage value affect the depreciable amount of the vessels and affect depreciation expense in the period of the revision and future periods. Management estimates the useful life of the Company's vessel to be 25 years from the date of her initial delivery from the shipyard.

Impairment of long-lived assets

The Company reviews its vessel for impairment whenever events or changes in circumstances indicate that the carrying amount of a vessel may not be recoverable. When the estimate of future undiscounted cash flows expected to be generated by the use of a vessel is less than its carrying amount, the Company evaluates the vessel for an impairment loss. Measurement of the impairment loss is based on the fair value of the vessel in comparison to her carrying value, including unamortized deferred drydocking costs and any related intangible assets. In this respect, management regularly reviews the carrying amount of its vessels in connection with their estimated recoverable amount.

For the years ended December 31, 2023 and 2022, the management of the Company after considering various indicators, including but not limited to the market price of its long-lived assets, its contracted revenues, expected cash flows and the economic outlook, concluded that no impairment indicators were present and therefore no further analysis should be performed on the long-lived assets of the Company.

Although management believes the underlying indicators supporting this conclusion are reasonable, if the circumstances associated with the long-lived assets change or significant events occur that would affect the recoverability of the carrying amount of our long-lived assets, management may be required to perform impairment analysis that could expose the Company to material charges in the future.

Drydocking and special survey costs

The Company's vessel is subject to regularly scheduled drydocking and special surveys which are carried out every 30 or 60 months to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained in rare cases and under certain conditions. Drydocking and special survey costs are accounted under the deferral method whereby the actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next survey is scheduled to become due. Costs deferred include expenditures incurred relating to shipyard costs, hull preparation and painting, inspection of hull structure and mechanical components, steelworks, machinery works, and electrical works as well as lodging and subsistence of personnel sent to the yard site to supervise. If a drydock and/or a special survey is performed prior to its scheduled date, any remaining unamortized balance from previous events is immediately expensed. Unamortized balances of vessels that are sold are also written-off and included in the calculation of the resulting gain or loss in the period of a vessel's sale. The amortization charge related to drydocking and special survey costs is presented in "amortization of deferred drydocking costs" in the accompanying consolidated statements of income.

Issuance costs

Incremental costs directly attributable to a proposed or actual offering of securities are deferred and charged against the gross proceeds of that offering. Such costs include underwriting, legal, accounting and advisory fees, printing, marketing and distribution costs, listing fees, transfer agent fees, regulatory compliance costs, insurance, and other incremental costs incurred in conjunction with a particular offering. Deferred issuance costs relating to aborted offerings are immediately expensed.

Repairs and maintenance

All repair and maintenance expenses including underwater inspection expenses are expensed in the period incurred. Such costs are included in “Vessel operating expenses” in the accompanying consolidated statements of income.

Revenues, voyage expenses and deferred revenue

Revenues are primarily generated from time charter agreements. Time charter agreements contain a lease when they meet the criteria of a lease under ASC 842 and are accounted for as operating leases. All time charter agreements contain a minimum non-cancellable period and an extension period at the option of the charterer. Each lease term is assessed at the inception of that lease. Under a time-charter agreement, the charterer pays a daily hire for the use of the vessel and reimburses the owner for cargo hold cleanings, extra insurance premiums for navigating in high-risk areas and any damages caused by such charterer. Additionally, the charterer pays directly, or reimburses the Company, for substantially all port and canal dues, as well as for bunkers consumed during the term of the time charter. If not paid directly, or reimbursed, by the Charterers, such costs are included in “voyage expenses, net”. Additionally, the owner pays commissions on the daily hire, to both the charterer and the brokers. Brokers’ commissions are direct costs and are recorded in “voyage expenses, net”, whereas commissions to charterers are deducted from revenue.

Under a time-charter agreement, the owner provides services related to the operation and the maintenance of the vessel, including crew, spares and repairs, which are recognized in “vessel operating expenses”. Time charter revenues are recognized over the term of the charter as service is performed, when they become fixed and determinable. Revenue generated from variable lease payments is recognized in the period when changes in the facts and circumstances on which the variable lease payments are based occur.

The Company, as lessor, has elected not to allocate the consideration in the agreement to the separate lease and non-lease components (operation and maintenance of the vessel), as their timing and pattern of transfer to the charterer, as the lessee, are the same and the lease component, if accounted for separately, would be classified as an operating lease. Additionally, the lease component is considered the predominant component as the Company has assessed that more value is ascribed to the lease of the vessel rather than to the services provided under the time charter contracts.

Deferred revenue includes cash received prior to the balance sheet date for which all criteria to recognize as revenue have not been met, including any deferred revenue resulting from charter agreements providing for varying annual rates, which are accounted for on a straight-line basis.

For the years ended December 31, 2023 and 2022, all of the Company’s revenue derived from lease contracts where the Company is a lessor. During the same periods, the Company’s major charterers that individually accounted for more than 10% of the Company’s revenue, were as follows:

Charterer	December 31, 2023 % of Company’s revenue	December 31, 2022 % of Company’s revenue
A	—	30%
B	100%	70%

Voyage expenses primarily consist of bunker fuel consumption, port dues, canal tolls, brokerage commissions, and other expenses directly associated to the performance of a particular charter. Voyage expenses mainly arise from voyage charters, or when a vessel is repositioning or unemployed.

Furthermore, in time charters, bunker fuel on commencement of the charter is sold to charterers and then repurchased on completion. This may result in gains or losses equal to the difference between the book value of bunker fuel and the value for which such bunker fuel is sold to charterers. These gains or losses, if any, are reported within “other operating income”.

The Company made an accounting policy election not to recognize as “contract fulfillment costs” the costs incurred between the charter party date (or, if later, the date the vessel was redelivered from her preceding charter) and the delivery date to the charterer. Such costs mainly relate to bunker fuel consumption and occasionally port dues and canal tolls, and are recognized as incurred in "voyage expenses".

Accounting for financial instruments

The principal financial assets of the Company consist of cash and cash equivalents, amounts due from related parties and trade receivables. The principal financial liabilities of the Company consist of accounts payable and accrued liabilities. The particular recognition methods applicable to each class of financial instrument are disclosed in the relevant significant policy description of each item, or clarified below as applicable.

Earnings per common share

Basic earnings per common share are computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per common share are computed using the 'if converted' method to reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised.

Preferred Shares

The Company follows the provisions of ASC 480 "Distinguishing Liabilities from Equity" to determine the classification of certain freestanding financial instruments as equity or liabilities. In its assessment, the Company identifies certain embedded features, such as conversion, voting and dividend rights, and examines whether these fall under the definition of a derivative pursuant to ASC 815 "Derivatives and Hedging" and whether those features require bifurcation or affect classification.

In case the preferred shares become mandatorily redeemable, or must be redeemed upon or after an event that becomes certain to occur, the Company reclassifies from equity to liability at fair value and the difference between that fair value and the carrying value of the shares being reclassified is treated as a deemed dividend and charged to net income available to common shareholders. In such an event, the Company also follows the guidance in ASC 260-10-S99-2 which requires entities to adjust the numerator in the calculation of earnings per share for the difference between the fair value of the consideration transferred to the holders of the preferred shares and the carrying amount of the preferred shares redeemed or otherwise considered extinguished.

Fair value measurements

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. The fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets and the lowest priority (Level 3) to unobservable data, for example, the reporting entity's own data. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy.

Commitments and contingencies

Commitments are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Emerging growth company

The Company is an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, and reduced disclosure obligations. Further, the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with such new or revised financial accounting standards.

The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected to opt out of such extended transition period and will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies.

Recent Accounting Pronouncements

There are no recent accounting pronouncements the adoption of which is expected to have a material effect on the Company's consolidated financial statements in the current or any future periods.

3. Transactions with Related Parties:

Pavimar S.A. – Ship management agreement

The Company's board of directors has organized the provision of management services through Pavimar S.A., a ship management company incorporated in the Republic of the Marshall Islands, with a branch office in Greece established under the provisions of Greek Law 27 of 1975. Pavimar S.A. is controlled by the Company's Chairwoman and Chief Executive Officer. Pursuant to the management agreement dated February 1, 2021, as amended on December 29, 2021, between the Company and Pavimar S.A., Pavimar S.A. provided the Company with vessel commercial and technical management services including, but not limited to, post-fixture support, arranging and supervising crew, repairs and maintenance, insurance, provisions, bunkering, day to day vessel operations, and ancillary services. In exchange for these services, Pavimar S.A. is entitled to a daily management fee of $0.75 per vessel.

Total management fees charged by Pavimar S.A. for the years ended December 31, 2023 and 2022, amounted to $274 and $274, respectively. These amounts are included in "Management fees" in the accompanying consolidated statements of income.

Further, to enable Pavimar S.A. to make payments relating to vessel operating expenses on behalf of the Company, the Company made monthly working capital advances to Pavimar S.A. Occasional and extraordinary funding needs, including those in relation to drydockings, were covered upon request or reimbursed at cost. The outstanding balance due from Pavimar S.A. was $207 and $168 as of December 31, 2023, and December 31, 2022, respectively. These amounts are reflected in "Due from manager" in the accompanying consolidated balance sheets.

In the event of termination of the management agreement for any reason other than Pavimar S.A.'s default, or if the Vessel is lost, sold or otherwise disposed of, the management fee payable to Pavimar S.A. shall continue to be payable for a further period of three calendar months as from the termination date. Pavimar S.A. shall be under no liability whatsoever to the Company for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect, (including but not limited to loss of profit arising out of or in connection with detention of or delay to the Vessel) and howsoever arising in the course of performance of the management services unless same is proved to have resulted from the gross negligence or willful default of Pavimar S.A., Pavimar S.A.'s employees, agents or subcontractors, in which case Pavimar S.A.'s liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of ten times the daily technical management fee multiplied by 365 days.

The management agreement with Pavimar S.A. was terminated on January 18, 2024, and in accordance with its terms, the Company paid $68 to Pavimar S.A. as the management fee continues to be payable for a further period of three calendar months as from the termination date, to enable Pavimar S.A. to finalize all outstanding matters.

Pavimar S.A. – Services agreement

Pursuant to the services agreement dated October 1, 2023, Pavimar S.A. provided the Company with the services of its Chief Executive Officer and Chief Financial Officer, for a fee of $12 per annum. The related fees for the year ended December 31, 2023, amounted to $3. This amount is included in "General and administrative expenses" in the accompanying consolidated statements of income. The services agreement was novated to Pavimar on January 18, 2024, on the same terms.

Pavimar Shipping Co. – Ship management agreement

On November 1, 2023, the Company entered into a management agreement with Pavimar, a ship management company incorporated in the Republic of the Marshall Islands, with a branch office in Greece established under the provisions of Greek Law 27 of 1975. Pavimar is controlled by the Company's Chairwoman and Chief Executive Officer. The management agreement with Pavimar became effective on January 18, 2024 and under its terms, Pavimar provides the Company with vessel commercial and technical management services including, but not limited to, securing employment, post-fixture support, handling vessel sale and purchases, arranging and supervising crew, repairs and maintenance, insurance, provisions, bunkering, day to day vessel operations, and ancillary services. In exchange for these services, Pavimar charges a daily technical management fee of $0.8 per vessel, a commercial management commission of 1.25% on gross revenue, and a commission of 1% on the contract price per each consummated sale or purchase of a vessel.

Further, to enable Pavimar to make payments relating to vessel operating expenses on behalf of the Company, the Company makes monthly working capital advances to Pavimar. Occasional and extraordinary funding needs, including those in relation to drydockings, are covered upon request or reimbursed at cost. The outstanding balance due to Pavimar at December 31, 2023 was $9 and related to expenses made in preparation of Pavimar taking over the management of the Vessel. This amount is reflected in "Due to manager" in the accompanying consolidated balance sheets.

In the event of termination of the management agreement for any reason other than Pavimar's default, or if the Vessel is lost, sold or otherwise disposed of, the management fee payable to Pavimar continues to be payable for a further period of three calendar months as from the termination date or, if greater than three months, for as long as the Company requires the services of Pavimar to finalize all outstanding matters. In addition, in the event of termination of the management agreement due to the Company's default, change of control, or due to the Company tendering a termination notice for any reason other than Pavimar's default, a termination fee of $584 shall become due and payable to Pavimar.

Pavimar shall be under no liability whatsoever to the Company for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect, (including but not limited to loss of profit arising out of or in connection with detention of or delay to the Vessel) and howsoever arising in the course of performance of the management services unless same is proved to have resulted from the gross negligence or willful default of Pavimar, Pavimar's employees, agents or subcontractors, in which case Pavimar's liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of $1,000.

Pavimar Shipping Co. – Services agreement

Pursuant to the services agreement dated October 1, 2023, as novated from Pavimar S.A. to Pavimar on January 18, 2024 on the same terms, Pavimar provides the Company with the services of its Chief Executive Officer and Chief Financial Officer. The services agreement was amended and restated on April 1, 2024 to include the provision of the services of the Company's corporate secretary for an additional fee of $2,000 per annum, commencing upon the effectiveness of the Company's registration statement on Form F-1, in connection with the Company's anticipated initial public offering.

Alexandria Enterprises S.A. – Shipbroking services

From time to time, the Company uses the commercial services of Alexandria Enterprises S.A., ("Alexandria") an entity incorporated in the Republic of the Marshall Islands, specializing in shipbroking. Alexandria is controlled by family members of the Company's Chairwoman and Chief Executive Officer. Alexandria charges the Company a commission on gross revenue generated from contracts brokered by Alexandria. Total commissions charged by Alexandria during the years ended December 31, 2023 and 2022, were $113 and $188, respectively. These amounts are included in "voyage expenses" in the accompanying consolidated statements of income. The balance due to Alexandria at December 31, 2023 and 2022, was $nil.

4. Vessel, net:

The movement in "Vessel, net", between the periods presented in the accompanying consolidated balance sheets is analyzed as follows:

	Vessel cost	Accumulated depreciation	Vessel, net
Balance, January 1, 2022	**$11,066**	**$(525)**	**$10,541**
Depreciation	—	(680)	**(680)**
Balance, December 31, 2022	**$11,066**	**$(1,205)**	**$9,861**
Depreciation	—	(680)	**(680)**
Balance, December 31, 2023	**$11,066**	**$(1,885)**	**$9,181**

During 2023, the Company advanced $22 towards vessel efficiency improvement equipment that is scheduled to be installed on the Vessel in 2024.

5. Deferred Drydocking Costs, net:

The movement in "Deferred drydocking costs, net", between the periods presented in the accompanying consolidated balance sheets is analyzed as follows:

	Drydocking costs, net
Balance, January 1, 2022	**$1,057**
Amortization	(360)
Balance, December 31, 2022	**$697**
Amortization	(357)
Balance, December 31, 2023	**$340**

6. Commitments and Contingencies:

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. 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 is member of a protection and indemnity association, or P&I Club that is a member of the International Group of P&I Clubs, which covers its third-party liabilities in connection with its shipping activities. Members of P&I Clubs are typically subject to possible supplemental amounts or calls, payable to the P&I Club based on its claim records as well as the claim records of all other members of the individual associations, and members of the International Group of P&I Clubs.

The Company also 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 insurance coverage for pollution is $1 billion per vessel per incident.

Commitments under long-term lease contracts

The minimum future revenue expected to be recognized on non-cancellable time charter of the Vessel as of December 31, 2023, is as follows:

Year	Amount
2024	$5,643
2025	$4,532
Total	**$10,175**

The amount of minimum future revenue is estimated by reference to the contracted period and hire rate, net of charterers' commissions but before reduction for brokerage commissions and assuming no off-hire days. For index-linked contracts, minimum future revenue is estimated by reference to the average of the relevant index during the last 15 days of the year.

7. Capital Structure:

Capital contributions

During the year ended December 31, 2023, the Company's shareholders contributed $700 for working capital purposes. There were no capital contributions during the year ended December 31, 2022.

Transfer of shares to Maui

Maui was incorporated on October 27, 2022, under the laws of the Republic of Marshall Islands. On May 3, 2023, Maui entered a deed of transfer of shares with the shareholders of Positano by which all outstanding shares of Positano were transferred to Maui. The transaction was accounted for as described in note 1 "Basis of Presentation and General Information".

Exchange agreement with Icon

Icon was incorporated on August 30, 2023, under the laws of the Republic of the Marshall Islands. On June 11, 2024, Icon acquired all of the outstanding shares of Maui in exchange for 15,000 Series A Preferred Shares, 1,500,000 Series B Preferred Shares, and 200,000 common shares of Icon, pursuant to the Exchange Agreement. The transaction was accounted for as described in note 1 "Basis of Presentation and General Information".

The main characteristics of the Series A Preferred Shares and the Series B Preferred Shares are as follows:

Series A Preferred Shares are perpetual, non-redeemable, have no maturity date and rank senior to the Company's common shares and Series B Preferred Shares, with respect to dividend distributions and distributions upon liquidation, dissolution or winding up of the affairs of the Company, or upon sale of all or substantially all of the assets, property or business of the Company, or upon a change of control of the Company. Each Series A Preferred Share has a stated amount of $1,000 and may be converted into common shares at any time and from time to time between the one-year and eight-year anniversary of the Company's anticipated initial public offering. The conversion price is equal to the lower of (i) 150% of the Company's initial public offering price per common share, subject to anti-dilution adjustments and (ii) the volume weighted average price of the Company's common shares over the five consecutive trading day period expiring on the trading day immediately prior to the date of delivery of written notice of the conversion. The holders of Series A Preferred Shares have no voting rights, subject to limited exceptions, and are entitled to receive biannual dividends, payable in cash or in kind or in a combination thereof, in the Company's option, accruing at a dividend rate of 9.00% per annum, subject to adjustments in the events of non-payment or payment in kind.

Series B Preferred Shares are perpetual, non-redeemable, not convertible into common shares, have no maturity date and rank *pari-passu* with the Company's common shares. Each Series B Preferred Share has the voting power of 1,000 common shares and counts for 1,000 votes for purposes of determining quorum at a meeting of shareholders, subject to adjustment to maintain a substantially identical voting interest in the Company following certain events. The holders of Series B Preferred Shares have no dividend or distribution rights, other than upon the Company's liquidation, dissolution or winding up, in which event the holders of Series B Preferred Shares shall be entitled to receive a payment up to an amount equal to the par value per Series B Preferred Share. Also, if the Company declares or makes any dividend or other distribution of voting securities of a subsidiary to the holders of the Company's common shares by way of a spin off or other similar transaction, then, in each such case, each holder of Series B Preferred Shares shall be entitled to receive preferred shares of the subsidiary whose voting securities are so distributed with at least substantially similar rights, preferences, privileges and voting powers, and limitations and restrictions as those of the Series B Preferred Shares.

Distributions

Dividends distributed to the Company's shareholders during the years ended December 31, 2023 and 2022, amounted to $3,307 and $2,638, respectively. In addition, during the year ended December 31, 2023, the Company returned additional paid-in capital in the amount of $700.

8. General and administrative expenses:

The amounts in the accompanying consolidated statement of income include general corporate expenses and the compensation payable for the Company's Chief Executive Officer and Chief Financial Officer. Commencing October 1, 2023, the services of the Company's Chief Executive Officer and Chief Financial Officer were provided by Pavimar S.A. pursuant to a services agreement, which was novated to Pavimar on January 18, 2024, on the same terms, and amended and restated on April 1, 2024, to include the provision of the services of the Company's corporate secretary (see note 3 "transactions with related parties").

9. Earnings per common share:

The following computation of earnings per common share for the years ended December 31, 2023 and 2022, gives retroactive effect to the Exchange Agreement (see note 1 "Basis of Presentation and General Information"). During the years ended December 31, 2023 and 2022, there was no potential dilution since the Company's potentially dilutive instruments' exercise conditions were not satisfied.

	Year ended December 31, 2023	Year ended December 31, 2022
Net income	**$1,155**	**$4,242**
Weighted average number of shares, basic and diluted	200,000	200,000
Earnings per common share, basic and diluted	$5.78	$21.21

10. Financial Instruments and Fair Value Disclosures:

The principal financial assets of the Company consist of cash and cash equivalents, trade accounts receivable and amounts due from the Manager. The principal financial liabilities of the Company consist of accounts payable, deferred revenue and accrued liabilities.

Credit risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of trade receivables, amounts due from the Manager, and cash and cash equivalents. The Company limits its credit risk by performing ongoing credit evaluations of its counterparties' financial condition. The Company generally does not require collateral for its trade receivables, but when considered necessary it may pursue additional securities and guarantees from its customers. The Company places its cash and cash equivalents with high credit quality financial institutions and performs periodic evaluations of the relative credit standing of those financial institutions.

Currency risk

The Company's transactions are denominated primarily in U.S. Dollars; therefore, overall currency exchange risk is limited. Balances in foreign currency other than U.S. Dollars are not considered significant.

Fair value

The carrying values of trade receivables, amounts due from the Manager, cash and cash equivalents, accounts payable and accrued liabilities 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 in accordance with fair value hierarchy as they represent liquid assets with short-term maturities.

11. Taxes:

Marshall Islands tax considerations

Icon, Maui and Positano are incorporated under the laws of the Republic of Marshall Islands and are not subject to income taxes in the Republic of Marshall Islands.

Taxation on United States Source Income

Pursuant to § 883 of the Internal Revenue Code of the United States (the "Code"), U.S. source income from the international operation of ships is generally exempt from U.S. Federal income tax on such income if the company meets the following requirements: (a) the company is organized in a foreign country that grants an equivalent exception to corporations organized in the U. S. and (b) either (i) more than 50 percent of the value of the company's stock is owned, directly or indirectly, by individuals who are "residents" of the company's country of organization or of another foreign country that grants an "equivalent exemption" to corporations organized in the U.S. (the "50% Ownership Test") or (ii) the company's stock is "primarily and regularly traded on an established securities market" in its country of organization, in another country that grants an "equivalent exemption" to U.S. corporations, or in the U.S. (the "Publicly-Traded Test").

The jurisdictions where the Company and its subsidiaries are incorporated grant an equivalent exemption to United States corporations.

12. Subsequent Events:

Management Agreement

On January 18, 2024, the management agreement with Pavimar dated November 1, 2023, became effective. On the same day, the Company terminated the management agreement with Pavimar S.A. and, in accordance with its terms, the Company paid $68 to Pavimar S.A. as the management fee continues to be payable for a further period of three calendar months as from the termination date, to enable Pavimar S.A. to finalize all outstanding matters (see note 3 "transactions with related parties").

Services Agreement

On January 18, 2024, the services agreement dated October 1, 2023, pursuant to which Pavimar S.A. provided the Company with the services of its Chief Executive Officer and Chief Financial Officer, was novated to Pavimar on the same terms. On April 1, 2024, the services agreement was amended and restated to include the provision of the services of the Company's corporate secretary (see note 3 "transactions with related parties").

Exchange Agreement

On June 11, 2024, Icon acquired all of the outstanding shares of Maui in exchange for 15,000 Series A Preferred Shares, 1,500,000 Series B Preferred Shares, and 200,000 common shares of Icon, pursuant to the Exchange Agreement. The Series A Preferred Shares were recorded at fair value of $11,590 which was determined by using the income approach based on the discounted present values of future dividend payments. The Series B Preferred Shares have no economic interest and were recorded at par of $2. The transaction was accounted for as described in note 1 "Basis of Presentation and General Information".

Subsequent return of additional paid-in capital

On April 1, 2024, the Company approved the return to its shareholder of an amount of $3,000 of additional paid-in capital, which was paid thereafter out of the Company's cash on hand, including cash generated from operations subsequent to December 31, 2023. As this return of additional paid-in capital was made after the date of the latest balance sheet presented but prior to the Company's anticipated initial public offering, it has been given retroactive effect in the accompanying consolidated balance sheet as of December 31, 2023.

In addition, because that subsequent return of additional paid-in capital, together with the dividends paid during the year ended December 31, 2023, exceed the amount of net income for that year, the accompanying consolidated statement of income for the year ended December 31, 2023, includes the following computation of pro forma earnings per common share which gives retroactive effect to the increase in the number of common shares which, when multiplied by the Company's anticipated initial public offering price, would be sufficient to replenish that excess. For the purposes of this calculation, the Company has used the mid-point of the expected price range per common share to be issued on closing of the Company's anticipated initial public offering, being $5.00 per share.

Net income during the year ended December 31, 2023	$1,155
Less: Dividends paid during the year ended December 31, 2023	(3,307)
Less: Additional paid-in capital returned after December 31, 2023	(3,000)
Excess of distributions over net income	**($5,152)**
Weighted average number of common shares, basic and diluted for the year ended December 31, 2023	200,000
Plus: Number of common shares required to be issued at $5.00 per share to replenish the excess of distributions over net income	1,030,400
Pro forma weighted average number of common shares, basic and diluted for the year ended December 31, 2023	**1,230,400**
Pro forma earnings per common share, basic and diluted, for the year ended December 31, 2023	**$0.94**