



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	988 306 428
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	KLAVENESS SHIP HOLDING AS
Forretningsadresse:	Drammensveien 260 0283 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Solveig Sundby
Dato for fastsettelse av årsregnskapet:	22.03.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 16.07.2021



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Management fee	13	16 000	154 000
Other administrative services	2	15 000	72 000
Sum kostnader		31 000	226 000
Driftsresultat		-31 000	-226 000
Finansinntekter og finanskostnader			
Finance income		3 810 000	7 493 000
Sum finansinntekter		3 810 000	7 493 000
Finance costs	3,5	45 244 000	3 103 000
Sum finanskostnader		45 244 000	3 103 000
Netto finans		-41 434 000	4 390 000
Ordinært resultat før skattekostnad		-41 465 000	4 164 000
Income tax expenses	4	-195 000	195 000
Ordinært resultat etter skattekostnad		-41 270 000	3 969 000
Årsresultat		-41 270 000	3 969 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	5	178 130 000	223 084 000
Lån til foretak i samme konsern	6		
Financial assets		0	1 438 000
Sum finansielle anleggsmidler		178 130 000	224 522 000
Sum anleggsmidler		178 130 000	224 522 000
Omløpsmidler			
Varer			
Fordringer			
Loan to related parties	6	13 510 000	38 197 000
Receivables from related parties	6	71 000	97 000
Sum fordringer		13 581 000	38 294 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	7	2 962 000	1 834 000
Sum bankinnskudd, kontanter og lignende		2 962 000	1 834 000
Sum omløpsmidler		16 543 000	40 128 000
SUM EIENDELER		194 673 000	264 650 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	8	1 817 000	1 817 000
Overkurs		7 068 000	7 068 000
Sum innskutt egenkapital		8 885 000	8 885 000



Balanse

Beløp i: USD	Note	2020	2019
Opptjent egenkapital			
Other reserves		346 177 000	346 177 000
Retained earnings		-160 390 000	-118 384 000
Sum opptjent egenkapital		185 787 000	227 793 000
Sum egenkapital		194 672 000	236 678 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9	0	16 654 000
Sum annen langsiktig gjeld		0	16 654 000
Sum langsiktig gjeld		0	16 654 000
Kortsiktig gjeld			
Kortsiktig konserngjeld	6	0	11 088 000
Other current liabilities		0	231 000
Sum kortsiktig gjeld		0	11 319 000
Sum gjeld		0	27 973 000
SUM EGENKAPITAL OG GJELD		194 672 000	264 651 000



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Freight revenue	2	142 290 000	130 768 000
Charter hire revenue	2	43 588 000	32 818 000
Voyage expenses	3	-71 592 000	-75 194 000
Sum inntekter		114 286 000	88 392 000
Kostnader			
Ordinary depreciation	7	25 280 000	19 075 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	7	975 000	0
Operating expenses, vessels	3	58 086 000	51 368 000
Group administrative services	4	4 375 000	5 448 000
Tonnage tax	6	249 000	229 000
Other operating and administrative expenses	4	2 149 000	2 257 000
Sum kostnader		91 114 000	78 377 000
Driftsresultat		23 172 000	10 015 000
Finansinntekter og finanskostnader			
Finance income	5	1 887 000	2 409 000
Sum finansinntekter		1 887 000	2 409 000
Finance costs	5	18 184 000	16 626 000
Sum finanskostnader		18 184 000	16 626 000
Netto finans		-16 297 000	-14 217 000
Ordinært resultat før skattekostnad		6 875 000	-4 202 000
Income tax expenses	6	-195 000	195 000
Ordinært resultat etter skattekostnad		7 070 000	-4 397 000
Årsresultat		7 070 000	-4 397 000
Net movement fair value on interest rate swaps	11	1 253 000	-1 438 000
Reclassification to profit and loss (CCIRS)		-3 715 000	1 347 000
Net movement fair value on interest rate swaps		-2 491 000	-686 000



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
Net movement fair value FX hedge	11	0	38 000
Net movement fair value bunker hedge	11	87 000	918 000
Net movement fair value FFA hedge	11	-1 814 000	85 000
Sum resultatkomponenter for IFRS-foretak		-6 680 000	264 000
Totalresultat		390 000	-4 133 000



Konsernets balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessels	7	512 435 000	430 523 000
Newbuilding contracts	8	48 441 000	62 316 000
Right of use assets		2 575 000	2 969 000
Financial assets	11	3 497 000	1 077 000
Sum varige driftsmidler		566 948 000	496 885 000
Sum anleggsmidler		566 948 000	496 885 000
Omløpsmidler			
Varer			
Inventories	12	6 654 000	8 025 000
Sum varer		6 654 000	8 025 000
Fordringer			
Accounts receivable		7 851 000	8 754 000
Financial assets	11	87 000	202 000
Receivables from related parties	9	419 000	110 000
Prepaid expenses		8 012 000	1 856 000
Other short-term receivables	9	4 694 000	4 109 000
Sum fordringer		21 063 000	15 031 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	10	73 230 000	66 980 000
Sum bankinnskudd, kontanter og lignende		73 230 000	66 980 000
Sum omløpsmidler		100 947 000	90 036 000
SUM EIENDELER		667 895 000	586 921 000

BALANSE - EGENKAPITAL OG GJELD



Konsernets balanse

Beløp i: USD	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Share capital	19	1 817 000	1 817 000
Overkurs		6 939 000	6 939 000
Sum innskutt egenkapital		8 756 000	8 756 000
Opptjent egenkapital			
Other reserves		-3 418 000	177 000
Retained earnings		174 213 000	174 582 000
Sum opptjent egenkapital		170 795 000	174 759 000
Minoritetsinteresser		101 655 000	100 311 000
Sum egenkapital		281 206 000	283 826 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Obligasjonslån	16	80 649 000	34 023 000
Gjeld til kredittinstitusjoner	11	5 409 000	29 823 000
Mortgage debt	15	206 812 000	196 801 000
Long-term lease obligation		1 791 000	2 248 000
Sum annen langsiktig gjeld		294 661 000	262 895 000
Sum langsiktig gjeld		294 661 000	262 895 000
Kortsiktig gjeld			
Short-term debt	15	71 836 000	17 367 000
Short-term lease liabilities		844 000	683 000
Financial liabilities		757 000	0
Other interest bearing liabilities	15	0	2 172 000
Accounts payable		1 532 000	7 954 000
Current debt to related parties		1 434 000	819 000
Tax payable	6	0	195 000
Tonnage tax payable	6	245 000	225 000
Other current liabilities	18	15 382 000	10 780 000
Sum kortsiktig gjeld		92 030 000	40 195 000



Konsernets balanse

Beløp i: USD	Note	2020	2019
Sum gjeld		386 691 000	303 090 000
SUM EGENKAPITAL OG GJELD		667 897 000	586 916 000



Klaveness Ship Holding AS

Income Statement

USD '000	Note	Year ended 31 December	
		2020	2019
Total operating revenue			
Management fee	Note 13	(16)	(154)
Other administrative services	Note 2	(15)	(72)
Total operating expenses		(31)	(226)
Operating profit		(31)	(226)
Finance income	Note 3	3 810	7 493
Finance costs	Note 3, 5	(45 244)	(3 103)
Profit/ (loss) before tax		(41 465)	4 164
Income tax expenses	Note 4	195	(195)
Profit/ (loss) after tax		(41 269)	3 968



Klaveness Ship Holding AS
Statement of Other Comprehensive Income

USD '000	Note	2020	2019
Profit of the year		(41 269)	3 968
Net other comprehensive income to be reclassified to profit or loss		-	-
Net other comprehensive income not to be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive income/(loss) for the period, net of tax		(41 269)	3 968



Klaveness Ship Holding AS
Statement of Financial Position

USD '000	Note	As at 31 December	
		2020	2019
ASSETS			
Non current assets			
Investments in subsidiaries	Note 5	178 130	223 084
Financial assets		-	1 438
Total non current assets		178 130	224 522
Current assets			
Loan to related parties	Note 6	13 510	38 197
Receivables from related parties	Note 6	71	97
Cash and cash equivalents	Note 7	2 962	1 834
Total current assets		16 542	40 127
TOTAL ASSETS		194 673	264 648



Klaveness Ship Holding AS
Statement of Financial Position

		As at 31 December	
EQUITY AND LIABILITIES			
Equity			
Share capital	Note 8	1 817	1 817
Share premium		7 068	7 068
Other reserves		346 177	346 177
Retained earnings		(160 390)	(118 384)
Total equity		194 673	236 677
Non-current liabilities			
Financial liabilities	Note 9	-	16 654
Total non-current liabilities		-	16 654
Current liabilities			
Loan from related parties	Note 6	-	11 088
Tax payable	Note 4	-	-
Other current liabilities		-	231
Total current liabilities		-	11 319
TOTAL EQUITY AND LIABILITIES		194 673	264 648

Oslo, 31 December 2020

Oslo, 22 March 2021

Lasse Kristoffersen
Chairman of the Board

Martin Prokosch
Board member

Trine Hellum
Board member

Morten Skedsmo
Managing Director



Klaveness Ship Holding AS
Statement of Changes in Equity

USD'000	Share capital	Share premium	Other paid in capital	Hedging reserves	Other reserves	Retained earnings	Total equity
Equity at 1 January 2019	1 817	7 068	-	-	346 177	(107 342)	247 719
Profit (loss) for the year						3 968	3 968
Other comprehensive income for the year				-			-
Total comprehensive income for the year				-		3 968	3 968
Group contribution						(15 010)	(15 010)
Equity at 31 December 2019	1 817	7 068	-	-	346 177	(118 384)	236 677
Profit (loss) for the year						(41 269)	(41 269)
Other comprehensive income for the year						-	-
Total comprehensive income for the year						(41 269)	(41 269)
Group contribution						(736)	(736)
Equity at 31 December 2020	1 817	7 068	-	-	346 177	(160 390)	194 673



Klaveness Ship Holding AS

Statement of Cash Flows

USD '000	Note	2020	2019
Profit before tax		(41 465)	4 164
Gain/loss on foreign exchange		-	655
Unrealised result financial instruments		69	(1 368)
Interest income	Note 3	(759)	(3 626)
Interest expenses	Note 3	74	1 918
Impairment shares in subsidiaries	Note 5	44 955	-
Dividends from subsidiaries		(2 650)	(2 183)
Change in receivables		26	(1 036)
Change in current liabilities		11 319	(20)
Change in other working capital		1 438	(127)
Interest received	Note 3	19	28
A: Net cash flow from operating activities		13 026	(1 595)
Group contribution/dividends from shares in subsidiaries		(736)	2 183
Capital increase in subsidiaries		-	(997)
B: Net cash flow from investment activities		(736)	1 186
Interest paid	Note 3	(74)	(1 918)
Loans from related parties		(11 088)	11 088
Repayment of loan from related parties		-	7 500
Payments of group contribution/dividends		-	(15 010)
C: Net cash flow from financing activities		(11 162)	1 659
Net change in liquidity in the period (A + B + C)		1 128	1 251
Net foreign exchange difference		-	-
Net change in liquidity in the period		1 128	1 251
Cash and cash equivalents at beginning of period		1 834	583
Net change in cash and cash equivalents in the period		1 128	1 251



Note 2 - Operating expenses

The Company has no employees and thus has no wage expenses or pension liabilities. Management services are acquired from other companies within the Group of Rederiaksjeselskapet Torvald Klaveness (RASTK), see note 13. The managing director and members of the Board of Directors are employees of other companies within RASTK. The cost of management is included in the management fee. No special remuneration has been paid to the members of the Board of Directors, because such positions are part of their regular employment.

USD '000	2020	2019
Statutory audit	14	19
Other assurance services from auditor	1	2
Total audit fee	15	21

Auditor's fees are stated excluding VAT.



Note 3 - Finance income and finance costs

USD'000	2020	2019
Interest received from related parties	740	3 618
Other interest income	420	84
Guarantee fee from related parties	-	176
Income from investments in subsidiaries (note 5)	2 650	2 183
Unrealised results financial instruments	-	1 368
Gain on foreign exchange	-	64
Total finance income	3 810	7 493

USD'000	2020	2019
Interest paid to related parties	109	179
Interest expenses bond loan	-	447
Impairment shares in subsidiaries (note 5)	44 955	-
Unrealised results financial instruments	70	199
Loss on foreign exchange	132	655
Other financial expenses	(22)	1 624
Total finance costs	45 244	3 103

Refer to note 5 for further information related to Income from investments in subsidiaries and impairment shares in subsidiaries.

Refer to note 16 in the Group accounts for further disclosures of the company's bond debt.



Note 4 - Taxes

	2020	2019
Income tax for the year		
Income taxes payable	-	195
Change in deferred tax	-	-
Adjustment correction of last year's tax expense	(195)	-
Total tax expense/(income) reported in the income statement	(195)	195

Net (gain)/loss on revaluation of cash flow hedges	-	-
Deferred tax charged to OCI	-	-

	2020	2019
Calculation of tax payable		
Profit/ (loss) before tax, incl OCI	(41 465)	4 164
Permanent differences	861	(3 300)
Change in temporary differences	2 796	3 637
Change in tax losses carried forward	12 250	(3 821)
Currency effects	25 557	208
Tax basis before group contribution	0	888
Income taxes payable	0	195

	2020	2019
Reconciliation of actual tax expense against expected tax cost in accordance with the ordinary Norwegian income tax rate of 22 % (22 %)		
Profit /(loss) before tax, incl OCI	(41 465)	4 164
Estimated tax at 22 % (22 %) statutory rate	(9 122)	(916)
22 % (22 %) tax on permanent differences	189	726
Tax effect, change in temporary differences	(123)	800
Exchange rate differences	5 623	180
Tax effect financial instrument	3 433	-
Impairment of deferred tax asset	-	(594)
Correction group contribution previous year	-	-
Income tax expenses	(0)	195
*Profit and loss effect	(0)	195
*OCI effect	-	-
Effective tax rate	0 %	5 %

	Temporary difference	2020 Tax effect	Temporary difference	2019 Tax effect
Temporary differences - ordinary taxation				
Gains and losses account	(112)	(25)	(136)	(30)
Currency gain/loss not realised	345	76	2 829	622
Unrealised gain/loss interest rate swaps	-	-	252	56
Unrealised gain/loss CCIRS	-	-	(15 173)	(3 338)
Loss carried forward	(12 250)	(2 695)	-	-
Deferred tax asset not recognised in balance sheet	12 017	2 644	12 227	2 690
Deferred tax liability/ asset (-) recognised in balance sheet*	0	0	0	0



Note 5 - Investments in subsidiaries

	Business office, country	Voting share/ ownership	Book value 31.12.2020	Book value 31.12.2019
Klaveness Combination Carriers ASA	Oslo, Norway	53,82 %	131 694	163 336
Klaveness Container AS	Oslo, Norway	96,53 %	46 095	59 409
Klaveness Cement Logistics AB	Stockholm, Sweden	100 %	345	345
Investments in subsidiaries			178 130	223 084

Investments in subsidiaries are recorded at cost. Impairments are recognized if the fair value of equity is lower than book value of the shares

Impairment assessment

The share price of Klaveness Combination Carriers ASA have been traded below initial cost price for the company. Based upon this the company performed an impairment test per year end. Fair value less cost of sale was based on the identified share price including a control premium of 25 % related to the company's ownership (53.82 %).

The company recognized impairments for the shares in both Klaveness Combination Carriers ASA and Klaveness Container AS as the spread between book values and fair value less cost of sale was considered material.

Sensitivity analysis of impairment

The impairment testing is affected by changes in the underlying share market and the control premium. A 10 % drop in the share price and control premium per 31 December 2020 will bring the total value below book value by USD 10.0 million. This effect might result in an additional impairment loss for the company considering other potential alternative market conditions.



Note 6 - Intragroup balances

At the end of the year, the Company had the following intragroup balances with related parties:

USD'000	Relationship	2020	2019
Klaveness AS	Affiliated company	47	-
Klaveness Container AS	Subsidiary	13 534	38 294
Receivables from related parties		13 580	38 294

USD'000	Relationship	2020	2019
KCC Shipowning AS	Subsidiary	-	-
Klaveness Finans AS	Affiliated company	-	11 088
Current debt to related parties		-	11 088



Note 7 - Cash and cash equivalents

The company has bank deposits in the following currencies:

USD'000	2020	2019
Bank deposits, NOK	65	735
Bank deposits, USD	2 896	1 099
Total cash and cash equivalents	2 962	1 834

The company has no restricted bank deposits.



Note 8 - Share capital, shareholders, dividends and reserves

	Shares	Notional	Share capital (NOK)
31.12.2020	1 000	12 000	NOK 12 million

All shares are issued and fully paid.

All shares are owned by Rederiaksjeselskapet Torvald Klaveness.



Note 9 Financial liabilities

To reduce currency and interest rate risk related to the bond loan, the company has entered into a cross currency interest rate swap (CCIRS) agreement. The CCIRS was transferred to Klaveness Combination Carriers ASA in 2020.

Financial liabilities at 31 December	2020	2019
<i>Financial instruments at fair value through P&L</i>		
Cross currency interest rate swap	-	16 654
Financial liabilities	-	16 654



Note 10 - Financial risk management

Capital management

Capital management of the Company is overseen on Group level, see note 13 in the consolidated accounts of Klaveness Ship Holding AS. The Company is in compliance with all covenants as of 31 December 2020 - see note 15 in the consolidated accounts of Klaveness Ship Holding AS.

Operational risk

The company's activity is to be a holding company of subsidiaries and its main risk is related to the financial situation of the subsidiary companies. If the subsidiary experiences losses over time, the investment may be impaired. Impairment evaluations are carried out at each closing date. As the ultimate holding company of all shipowning companies, the company is also subject to development costs related to research and development within the Torvald Klaveness Group.

Foreign currency risk and interest rate risk

The company no longer has a cross currency interest rate swap agreement.

The Company's functional currency is US Dollars (USD). The company has some costs incurred in other currencies (mainly Norwegian kroner, NOK). No direct currency hedge has been made towards the small portion of costs incurred in foreign currencies. Fluctuations in USD against NOK may affect the company's tax payable, which will be calculated and paid in NOK. This effect is considered to be limited.

Counterparty/credit risk

Counterparty risk is related to intercompany balances and risk related to guarantees provided to banks on behalf of loan facilities in subsidiaries (Klaveness Container AS, see note 12). There is a risk that subsidiaries do not generate sufficient cash flow to meet financial obligations when they fall due. Loan facilities in which such a guarantee has been provided fall due in 2021. Liquidity buffers in the benefactors are expected to be sufficiently large to cater for such events.

The company is exposed to credit risk through its deposits. Deposits are currently made with financial institutions that have A/AA rating.

Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its obligations when they fall due. Liquidity risk is managed by the Group's treasury department. The Group keeps its liquidity reserves mainly in cash and bank deposits. The KSH Group's current cash flow, existing and committed debt, bank financing under negotiation and liquidity position are considered sufficient to cover all approved investments. The bond loan (KSH03) was transferred to Klaveness Combination Carriers ASA (KCC) during 2019 and changed ticker to KCC03. KCC issued a NOK 500 million bond in February 2020 and has repurchased NOK 158 million of KCC03. In relation to this, the internal swap between KSH and KCC was settled and the external swaps in KSH was settled. KSH company has after this settlement no external debt obligations. The Group as such furthermore benefits from being well diversified on funding sources.

Maturity profile presented below includes interest payments.

Maturity profile to financial liabilities at 31 Dec 2020	< 1 year	1-3 years	3-5 years	> 5 years	Total
Loan from related parties	-	-	-	-	-
Financial liabilities	-	-	-	-	-
Other current liabilities	-	-	-	-	-
	-	-	-	-	-

Maturity profile to financial liabilities at 31 Dec 2019	< 1 year	1-3 years	3-5 years	> 5 years	Total
Loan from related parties	11 088	-	-	-	11 088
Financial liabilities	-	16 654	-	-	16 654
Other current liabilities	231	-	-	-	231
	11 319	16 654	-	-	27 972



Note 11 - Fair value measurement

Fair value measurement

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments included in the financial statements.

	Carrying amount		Fair value	
	2020	2019	2020	2019
Financial instruments at fair value				
Cross-currency interest rate swap	-	1 438	-	1 438
Loans and receivables at amortised cost				
Loan to related parties	13 510	38 197	13 510	38 197
Receivables from related parties	71	97	71	97
Other short-term receivables	-	-	-	-
Total loans and receivables	13 580	38 293	13 580	38 293
Cash and cash equivalents	2 962	1 834	2 962	1 834
Total assets	16 542	40 127	16 542	40 127
Total current	16 542	40 127	16 542	40 127
Total non-current	-	-	-	-
	Carrying amount		Fair value	
	2020	2019	2020	2019
Financial liabilities at fair value				
Derivatives	-	16 654	-	16 654
Total financial liabilities at fair value	-	16 654	-	16 654
Other financial liabilities at amortised cost				
Current debt to related parties	-	11 088	-	11 088
Non-current debt related parties	-	-	-	-
Bond loan	-	-	-	-
Other current liabilities	-	231	-	231
Total other financial liabilities at amortised cost	-	11 319	-	11 319
Total liabilities	-	27 972	-	27 972
Total current	-	11 319	-	11 319
Total non-current	-	16 654	-	16 654



The fair value of the financial assets and liabilities is recognised as the value at which they could be exchanged in a transaction between willing parties other than in a forced or liquidation transaction. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and restricted cash, trade receivables, trade payables and other current liabilities are deemed to have equal fair value and book value due to the short term maturities of these instruments.
- The bond was transferred to Klaveness Combinaton Carriers ASA and changed ticker to KCC03.
- The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. Valuation is performed by the banks, and assessed by the company.
- Fair value of loans to/from related parties is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The fair value of current borrowings equals their carrying amount as the impact of discounting and differences in margin is not significant.

Note 11 - Fair value measurement (cont.)

Fair value hierarchy

The company uses hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques. Below table presents fair value measurements to the company's assets and liabilities at 31 December. The company had no assets measured at fair value at year end.

31.12.2020

Liabilities	Level 1	Level 2	Level 3	Total
<i>Financial liabilities measured at fair value</i>				
Derivatives		-		-
Cross-currency interest rate swap		-		-

31.12.2019

Liabilities	Level 1	Level 2	Level 3	Total
<i>Financial liabilities measured at fair value</i>				
Derivatives		16 654		16 654
Cross-currency interest rate swap		1 438		1 438

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date and are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instruments are included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.



Note 12 - Commitments and guarantees

Capital commitments

The company has capital commitments related to borrowings. For information of maturity profile for bond loans, see note 10.

Guarantees

Below is a list of guarantees provided by the company at 31 December 2020.

Guarantee to	Description	Amount
SEB/DNB/Danske Bank	Klaveness Ship Holding AS guarantees for RCF in Klaveness Container AS, related to the eight container vessels.	Drawn amount USD 50 million, max limit 56.65 million incl interest, expenses and exposures under derivatives



Note 13 - Transactions with related parties

The ultimate owner of Klaveness Ship Holding AS is Rederiaksjeselskapet Torvald Klaveness (RASTK), which owns 100 % of the shares in Klaveness Ship Holding AS.

The company has undertaken several agreements and transactions with related parties in the RASTK Group. The fees are based on market terms and are in accordance with the arm's length principle. Loan to related parties - see note 6.

Klaveness AS (affiliated company) delivers administrative and business management services (G&A) to the company such as management, accounting, legal, IT services, rent and office services.

Supplier	Type of agreement	2020	2019
Klaveness AS	Business administration fee	16	154
Klaveness Container AS	Interest fee recieved loan	632	3 592
Klaveness Combination Carriers ASA	Dividend received	2 650	2 183
Klaveness Combination Carriers ASA	Interest fee recieved loan	0	212



Note 14 - Events after the balance sheet date

There are no other events after the balance sheet date that have material effect on the financial statement as of 31 December 2020.



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Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Klaveness Ship Holding AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Klaveness Ship Holding AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2020, income statement, statement of other comprehensive income, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is

Independent auditor's report - Klaveness Ship Holding AS

A member firm of Ernst & Young Global Limited

Pennco Dokumentnøkkel: 33WIK-L4GV5-SWE85-2PLYO-BLW85-83465



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properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 22 March 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant

Penneo Dokumentnøkkel: 33WIK-L4GV5-SWE85-2PLYO-BLW85-83465

Independent auditor's report - Klaveness Ship Holding AS

A member firm of Ernst & Young Global Limited



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Johan Nordby

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5997-4-729076

IP: 84.211.xxx.xxx

2021-03-22 15:49:00Z



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KLAVENESS SHIP HOLDING AS CONSOLIDATED

Board of Directors' report 2020

Klaveness Ship Holding AS ("KSH" or the "Company") was established 31 May 2005 and is fully owned by Rederiaksjeselskapet Torvald Klaveness. Klaveness Ship Holding AS is located in Oslo, Norway, and is the holding company of the shipowning activities in Rederiaksjeselskapet Torvald Klaveness. The consolidated financial statement of the Company as at year end 31 December 2020 comprises the Company and its subsidiaries.

2020 HIGHLIGHTS

Health, safety and environment are priority number one in Klaveness and to the Board's satisfaction there were no major incidents in 2020.

Klaveness Combination Carriers ASA (KCC) continued to expand its business in 2020 with two additional CLEANBU vessels delivered to the fleet. Due to good commercial and operational performance, and a booming market in Q2, KCC delivered a very solid result in 2020. Klaveness is today the largest shareholder of KCC holding 53.8% of the shares.

Klaveness Container experienced a roller coaster year with all-time low utilization and market rates in the second quarter and a significant improvement in rates through Q4 and a full utilization of the fleet.

The Group achieved an EBITDA of USD 49.4 million in 2020 (2019: USD 29.1 million) and a profit before tax (EBT) of USD 6.9 million (2019: negative USD 4.2 million). Cash flow from operations for 2020 was USD 42.3 million (2019: USD 31.9 million). The balance sheet remains solid with a book equity including non-controlling interest of USD 281.2 million at year-end corresponding to an equity ratio of 42 per cent (2019: 49 per cent). High solidity and good liquidity were maintained in 2020.

NET RESULT AND FINANCIAL POSITION CONSOLIDATED ACCOUNTS

For the full year 2020 total net revenues from operations of vessels was USD 114.3 million (2019: USD 88.4 million) and total operating costs amounted to USD 71.6 million (2019: USD 75.2 million). EBITDA was USD 49.4 million for 2020, up from an EBITDA of USD 29.1 million for 2019 mainly due to good commercial and operational performance, and a booming market in Q2, KCC delivered a very solid result in 2020.

Profit before tax was USD 6.9 million in 2020 (2019: negative USD 4.2 million). Net result from financial items was negative by USD 16.3 million in 2020 (2019: negative USD 14.2). This is due to increased interest expenses on the mortgage debt and non-cash mark-to-market on financial derivatives.

Net profit after tax ended at USD 7.1 million for 2020. For 2019 the profit was negative USD 4.4 million. USD 6.7 million of the result (2019: USD 0.3 million) is attributable to non-controlling interests.

Total assets increased by USD 81.0 million in 2020 from USD 586.9 million at year end 2019 to USD 667.9 million. Main impacts come from drawdown on debt related to delivery of newbuilds.

At year-end 2020, the consolidated equity including minority interests was USD 281.2 million (2019: USD 284.8 million), corresponding to a book equity ratio of 42 per cent (2019: 49 per cent). Book equity excluding minority interests was USD 179.6 million. Total equity decreased by USD 2.6 million in 2020 due to total comprehensive income of negative USD 6.7 million, group and group contribution/dividends of in total USD 3.0 million.



Cash and bank deposits were USD 73.2 million.

During 2020, the Group had a positive cash flow from operating activities of USD 42.3 million (2019: USD 31.9 million). Net cash flow from investments amounts to negative USD 93.0 million (2019: negative USD 170.1 million), mainly consisting of payments for vessels under construction and dry docking costs. The cash flow from financing activities was positive USD 59.1 million (2019: positive USD 111.2 million) and is mainly net inflows of USD 62.1 million from refinancing of debt and ordinary installments on mortgage debt in addition to paid group contribution of USD 3.0 million.

The accounts are reported under the assumption of a going concern and the Board considers the financial position of Klaveness Ship Holding including subsidiaries at year-end to be solid.

NET RESULT AND FINANCIAL POSITION STATUTORY ACCOUNTS

Operating result of the standalone financial statements of the parent company Klaveness Ship Holding AS consists of administrative expenses of USD 0.03 million (2019: USD 0.2 million). The financial result in 2020 consists mainly of income from interest income of USD 0.7 million (2019: USD 3.6 million), income from investments in subsidiaries of USD 2.6 million (2019: USD 2.2 million) and impairment of shares in subsidiaries of USD 45 million (2019: USD 0). The net result from financial items was in total negative by USD 41.5 million in 2020 (2019: USD 4.4 million).

Net result for the year is negative USD 41.3 million (2019: USD 4.0 million), including tax income of USD 0.2. Klaveness Ship Holding AS statutory balance sheet has decreased by USD 70.0 million from 2019 to 2020, mainly due to a reduction in the loan to Klaveness Container AS and the termination of the cross-currency interest rate swap.

Net operating cash flow from the parent company was USD 13.0 million in 2020 (2019: negative USD 1.6 million). Net cash flow from investing activities was negative USD 0.7 million in 2020 (2019: USD 1.2 million). Net cash flow from financing activities amounted to negative USD 11.2 million (2019: USD 1.7 million) and mainly consists of loan from related parties.

THE MARKETS

Earnings for the combination carriers are driven by the dry bulk, tanker and fuel markets. The main competition for the vessels comes from standard MR-and LR-tankers and panamax/kamsarmax dry bulk vessels. Hence earnings from the combination carriers are impacted by the market development in these dry bulk and product tanker segments. Due to the vessels' efficient combination trading pattern with minimal ballast, earnings from the combination carriers are also positively impacted by increased fuel costs. These three markets, the product tanker market, the dry bulk market and the bunkers market, have moved in different directions in 2020.

Dry bulk freight rates were negatively affected by Covid-19 in 2020. Capesize freight rates averaged 12,829 USD/day during 2020 (-5,007 USD/day year on year), Panamax freight rates averaged 9,923 USD/day (-2,506 USD/day) and Supramax freight rates averaged 8,165 USD/day (-1,720). According to Clarksons the value of a second-hand dry bulk vessel decreased with 10% year-on-year, while the newbuild prices decreased 3.7%. Global dry bulk demand growth slowed from +2.8% in 2019 to +1.0% in 2020 (source Klaveness Research). The nominal growth in the dry bulk fleet decreased from 4.0% in 2019 to 3.7% in 2020.

The product tanker market started the year on a strong note with LR1 TCS time charter equivalent (TCE) earnings at around USD 18,500/day. During the first half of 2020, oil prices (and product prices) plummeted on a combination of a negative energy demand shock driven by the Covid-19 lockdowns around the world and the Saudi-Russian oil price war. The oil market imbalances lead to a substantial increase in tanker rates towards the end of the first quarter due to the demand for floating storage, port congestions and volatility driven arbitrage oil trading.



After the rates spike during the first half the tanker market quickly fell back as the oil market surplus was curtailed by a series of production cuts throughout the year. Production cuts coupled with inventory overhang, low oil prices, oil price backwardation and still muted oil demand has resulted in weak demand for tanker tonnage. The TCS TCE recorded a high of USD 110,000/day for the year, while the average for the year ended at around USD 19,400/day. Product tanker demand ended down 10% from 2019 to 2020.

Rates in the feeder containership sector took a large, Covid-induced hit in the first half of 2020. Activity was at its lowest in May 2020, when about 13% of the global container fleet was without employment, surpassing even the levels seen in the aftermath of the global financial crisis in 2009. Charter rates bottomed out before the summer at levels near operating expenses, with Owners having to give away significant optionality to keep vessels employed.

Fortunes were reversed through the second half of the year, when unlocked "pent-up" demand, inventory restocking, shifts in consumer activity towards goods, and PPE volumes led to a faster than anticipated return in cargo volumes. In total, the 2020 volume ended up only 1% behind the year before. The second-hand containership market saw a flurry of activity towards the end of 2020. In the fourth quarter alone, 125 deals were recorded, the highest activity in 12 years. Asset prices across started to rise from the low point reached in the middle of the year.

The containership fleet grew by 2.9% in capacity terms across 2020. By year end, firm orders of 120 vessels were announced (75% of those in Q4 alone), bringing the orderbook-to-fleet ratio to just under 11%, up from 8% at the end of Q3.

BUSINESS SEGMENTS

By the end of 2020 the fleet consisted of 14 combination carriers and eight container vessels. In addition, the Group has three combination carriers under construction.

Combination carriers

Klaveness Combination Carriers ASA is listed on Euronext Growth (Oslo Axess) and is owned 53.8% by Torvald Klaveness. KCC took delivery of two CLEANBU vessels in 2020, and by year-end 2020 the fleet consisted of nine CABU vessels and five CLEANBU vessels on water with additional three CLEANBU vessels under construction at Jiangsu New Yangzi Shipbuilding Co., Ltd. in China. The remaining CLEANBU newbuilds are estimated to be delivered in 1H 2021.

The CABU vessels are combination carriers that mainly transport caustic soda solution and all types of dry cargo, in the Far East, the Middle East, Australia, Brazil and North America. The CLEANBU vessels can in addition transport clean petroleum products, giving them a wider range of trading possibilities.

Take-over of the CLEANBU vessels as well as operation of both the CLEANBU and the CABU vessels were impacted by the Covid-19 pandemic in 2020. The health and safety of our crew is priority number one in this situation.

The CABU vessels were largely employed in combination trades with shipments of caustic soda for customers in the Australian and Brazilian alumina industry and dry bulk return shipments with alumina, bauxite, iron ore and coal. While caustic soda shipments were mainly based on contracts of affreightment, dry cargoes were partly spot and partly contract shipments. The % of days in main combination trades increased somewhat in 2020 compared to 2019 and ended at 87% (2019: 74%), mainly due to higher caustic soda volumes. Earnings for the CABU vessels were strong in 2020 on the back of a high degree of efficient combination trading as well as a strong tanker market for the first half of 2020. The vessels MV Bantry, MV Bangor and MV Banasol were dry-docked during 2020.

Two additional CLEANBU vessels were delivered in August and October 2020. Three vessels were employed on tanker time charters for periods between three and nine months due to the exceptionally strong product tanker market peaking in the second quarter. Focus for 2020 for the remaining ship-years has been on expanding the commercial platform and employing the vessels in efficient combination trades. The number of trades, terminals, cargoes, and customers have increased steadily through the year. Earnings for the CLEANBU vessels were as for the CABU vessels strong in 2020 both due to the improved combination trading as well as due to the tanker contracts secured in a very strong market.



Container

Klaveness Container owns and operates a fleet of eight geared container vessels in the feeder segment between 1,700 TEU and 3,100 TEU. All vessels were employed on short term time charter contracts to liner companies throughout the year.

The container market became heavily impacted by the Covid-induced lockdowns in the first half of 2020 and the year ended with a loss for the company. The global fleet utilization fell to all-time-low levels in the second quarter, and charter rates barely covered operating expenses. In the second half of the year, demand bounced back strongly, resulting in an uninterrupted bull run swinging charter rates back to its highest point since 2008. The low rates seen in the first half of the year, combined with significant idle time (2020: 162 days, 2019: 93 days) and Covid-related increases in operating expenses, led to a loss for the company in 2020.

The strategy for the container investments has been to optimize values through active management, until a higher value can be achieved through selling than holding. Given the extraordinary strengthening of the market at the end of 2020, the administration is evaluating possibilities to start reducing the exposure.

RISK AND RISK MANAGEMENT

The Group's business is exposed to risks in many areas. Risk management are performed by the management and through services rendered from the affiliated companies, Klaveness AS and Klaveness Ship Management AS. Risk assessment, monitoring and implementation of mitigating actions are a part of daily activities and on a quarterly basis the Board will be presented with a risk assessment report. It is important for the Board of Directors that the right risk reward assessment is made and that internal control routines are good.

Market risk

Market risks in the shipping markets relate primarily to changes in freight rates, fuel prices, vessel values and counterparty credit risk. These risks are monitored and managed according to procedures and mandates decided by the Board of Directors. The mandates for the chartering and trading activity are regularly tested against extreme market scenarios to ensure a high probability that capital and liquidity are sufficient to cover potential losses. Most of the fuel price risk is hedged through bunker adjustment factor clauses (BAFs) and fuel derivatives. The dry bulk market exposure is managed by combining COAs with TC-in contracts and freight forward agreements (FFA), maintaining the total exposure within approved risk limits.

Commercial risk

The Group is exposed to commercial risks, particularly on customer acceptance of its fleet of combination carriers. Klaveness makes extensive efforts to secure vetting and TMSA acceptance of existing vessels and works closely with customers to document that new vessel concepts meet all customer requirements including ports and terminals where the vessels are trading. There are risks associated with increased competition and these risks are mitigated through strong operational performance with high attention to safety and continuous development of rendered services.

Financial risks

A large part of the Group's costs and income are USD denominated, hence the currency exposure is limited. Interest rate exposure is hedged through swaps and open exposure is limited.

There were no major unforeseen events of a financial nature during 2020, except for the exchange rate between USD to NOK reaching a new historic high in March 2020 (which has a positive impact for Klaveness as income is mainly in USD). The liquidity risk of the Group is considered acceptable. Equity and bank funding have been secured for the three remaining newbuilds. Current cash, available undrawn credit and projected operating cash flow are considered sufficient to cover the Group's commitments.

Operational risks

Operational risks in the shipping and trading activities are managed through formal and certified safety and quality management, control processes as well as training of seafarers and land-based employees. All employees attend in-house training to ensure compliance with applicable legislation and the Klaveness Code of Conduct.



The organization is continuously working to learn from incidents and accidents through a formalized Improvement Reporting system and develop procedures and training accordingly.

In 2020, the Covid-19 pandemic imposed a whole new set of operational risks on Klaveness. The vessels are the most vulnerable and substantial measures on testing, quarantine and vessel access has been implemented. The pandemic also pose risk to crew changes and has severely impacted the ability to timely exchange crew on vessels. In addition, the office work force has for a large part of the year worked from home office and practiced social distancing, minimal travel and other relevant measures.

The vessels sail in waters exposed to piracy. All vessels sailing through exposed areas take precautionary steps to mitigate the threat of such attacks based on advice and intelligence from Den Norske Krigsforsikring for Skib (DNK).

The number of cyber-attacks is increasing, and such attacks might disrupt Klaveness' business operations. To mitigate the threat, employees are trained to increase awareness and we continuously work to assess our security and ensure that we are compliant with IMO Maritime Security Regulations. Further, technical upgrades have been made in 2020 to protect the IT infrastructure both in the office and onboard the vessels.

At the end of 2020, the Group, through KCC, had three newbuilds on order and had taken delivery of two sister vessels from the same yard. Dedicated on-site personnel supervise the building processes. There is performance risk associated with the newbuilds. Tier one Chinese banks provide refund guarantees and the yard itself is financially strong.

Environmental risks

Environmental laws and regulations often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject the Group to liability without regard to whether the Group was negligent or at fault. Additionally, the Group cannot predict the cost of compliance with any new environmental protection and other laws and regulations that may become effective in the future. Quality and risk management is reflected in the approach to all aspects of business activities including vessel owning, management and operations. The policy is to conduct operations with the utmost regard for the safety of employees, the public and the environment, in accordance with sound business practice and in compliance with environmental regulations.

Regulatory risks

Changes in the political, legislative, fiscal and/or regulatory framework governing the activities of the Group could have material impact on the business. To limit this exposure, procedures have been implemented to comply with all applicable environmental regulations and sanctions legislation, and all counterparties go through a due diligence check.

THE PARENT COMPANY

The result for the parent company was a loss after tax of USD 41.3 million. The loss is proposed transferred from other equity.

There are no employees in the Group, hence no actions were planned or implemented to promote equality or prevent discrimination. The board consists of four men.

The consolidated and parent accounts are prepared under the assumption of going concern. Nothing has occurred after the balance date, which may significantly influence the result or the balance sheet. The Board of Directors finds that the accounts represent a true and fair view of the company's equity and debt, financial position and result.

The Board of Directors in Klaveness Ship Holding AS



Oslo, 31 December 2020

Oslo, 22 March 2021

Lasse Kristoffersen
Chairman of the Board

Trine Hellum
Board Member

Martin Prokosch
Board Member

Morten Skedsmo
Managing Director



Skattedirektoratet

Saksbehandler
Torstein Kinden Helleland

Deres dato
20.04.2009

28 JAN. 2010

Vår dato
25.01.2010

Telefon
22078139

Deres referanse
Baard Haugen

Vår referanse
2009/275763

KLAVENESS CORPORATE SERVICES AS
Postboks 182 Skøyen
0212 OSLO

Søknad om tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Torvald Klaveness-gruppen

Det vises til Deres brev av 20. april 2009 og 12. november 2009 samt telefonsamtale i sakens anledning. De søker på vegne av Torvald Klaveness-gruppen om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk.

Torvald Klaveness-gruppen omfatter følgende selskaper;

Rederiaksjeselskapet Torvald Klaveness	org. nr. 932 578 247
Klaveness Corporate Services AS	org. nr. 963 109 466
Klaveness Finans AS	org. nr. 993 345 911
Klaveness Maritime Logistics AS	org. nr. 985 303 665
AS Klaveness Chartering	org. nr. 913 419 472
Klaveness Cement Logistics AS	org. nr. 988 306 428
T Klaveness Shipping AS	org. nr. 963 109 288
Klaveness Ship Investments AS	org. nr. 988 247 081
Klaveness Invest AS	org. nr. 988 913 685
Bulkhandling Cabu AS	org. nr. 984 094 280
Bulkhandling Beltunloader AS	org. nr. 984 094 191
Bulkhandling Handymax AS	org. nr. 984 094 256
Baumarine AS	org. nr. 979 964 684
Bulkhandling Handysize AS	org. nr. 984 094 221
KCL Shipholding AS	org. nr. 986 500 472

Torvald Klaveness-gruppen er en norskeiet selskapsgruppe som er engasjert hovedsakelig i shipping samt i fast eiendom og finansielle investeringer. Gruppens hovedkontor er i Oslo. I tillegg har gruppen operative kontorer i Singapore, Beijing og Manila. Det er opplyst at bakgrunnen for søknaden er at gruppen ønsker å avlegge årsoppgjør på engelsk fordi dette vil bidra til en administrativ forenkling. Gruppen bruker i dag engelsk som arbeidsspråk. All regnskapsdokumentasjon, arbeidsutkast til styreberetning, regnskap og noter m.v. utarbeides på engelsk. Regnskapslovens hovedregel som tilsier at årsoppgjøret må avlegges med norsk tekst, medfører en omfattende oversettelse av alle styreberetninger og regnskaper med noter som en del av arbeidet med årsoppgjøret. Dette er et merarbeid som ikke er verdiskapende eller nødvendigjgjøres av reelle hensyn og som vi ønsker å unngå.

Eierne av gruppen er fire holdingselskaper som igjen eies av brødrene Tom Erik og Trond Harald Klaveness samt deres barn. Begge hovedeiere er aktivt involvert i driften av gruppen som henholdsvis

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Postboks 9200 Grønland 0134 Oslo	Fredrik Selmers vei 4 Org. nr: 974761076	800 80 000 Telefaks
skattedirektoratet@skatteetaten.no		22 17 08 60



styreleder og administrerende direktør. Det er ingen eksterne eierinteresser ut over disse familiene. Gruppens finanskreditorer er i hovedsak norske finansinstitusjoner. Dette er imidlertid banker som er svært aktive i internasjonal shipping- og næringsfinansiering og som ikke har noe problem med å forholde seg til engelsk som arbeidsspråk. Gruppens leverandører og øvrige kreditorer vil også normalt være selskap som leverer varer og tjenester til rederisektoren, en sektor som av sterk internasjonal karakter. Det må legges til grunn at disse ikke vil ha noe problem med å forholde seg til engelsk som arbeidsspråk. Flertallet av gruppens landbaserte ansatte er av norsk nasjonalitet og har Oslo som arbeidssted. Utekontorene har primært ikke-norske ansatte og vi har også et innslag av ikke-norske ansatte ved kontoret i Oslo. Blant annet av denne grunn har gruppen for et par år tilbake besluttet å benytte engelsk som arbeidsspråk. I dag er det trykte årsoppgjøret som sendes eksterne forretningsforbindelser, deles ut blant ansatte m.v., kun på engelsk.

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som sentrale verktøy i sin kontrollvirksomhet.

Det er etter Skattedirektoratets vurdering derfor avgjørende at spørsmål om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, ikke på vesentlige områder fraviker fra hensynet til brukere av regnskapsinformasjon. Søkeren må som et utgangspunkt for vurderingen ha en særlig interesse for kun å utarbeide årsregnskap og/eller årsberetning på et annet språk enn norsk.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Det framgår av søknaden at alle aksjonærene ønsker at årsregnskapet utarbeides på engelsk språk. Gruppen opererer inne en sektor med sterk internasjonal karakter og arbeidsspråket er engelsk. Dette er imidlertid banker som er svært aktive i internasjonal shipping- og næringsfinansiering og som ikke har noe problem med å forholde seg til engelsk som arbeidsspråk. Gruppens leverandører og øvrige kreditorer vil også normalt være selskap som leverer varer og tjenester til rederisektoren, en sektor som av sterk internasjonal karakter.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de overnevnte selskapene i Torvald Klaveness-gruppen dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

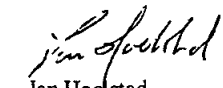


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Dispensasjonen er gitt under den forutsetning at de ovennevnte opplysninger som vedtaket baserer seg på ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Jan Hoelstad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Torstein Kinden Helleland



**Torvald
Klaveness**

Klaveness Ship Holding AS

FINANCIAL STATEMENT 31. DECEMBER 2020



Klaveness Ship Holding AS

Consolidated Income Statement

		Year ended 31 December	
USD '000	Note	2020	2019
Continuing operations			
Freight revenue		142 290	130 768
Charter hire revenue		43 588	32 818
Total operating revenue	Note 2	185 877	163 586
Voyage expenses	Note 3	(71 592)	(75 194)
Net revenues from operations of vessels		114 285	88 392
Operating expenses, vessels	Note 3	(58 086)	(51 368)
Group administrative services	Note 4	(4 375)	(5 448)
Tonnage tax	Note 6	(249)	(229)
Other operating and administrative expenses	Note 4	(2 149)	(2 257)
EBITDA		49 426	29 090
Ordinary depreciation	Note 7	(25 280)	(19 075)
Impairment loss (-) / reversal	Note 7	(975)	-
EBIT		23 170	10 015
Finance income	Note 5	1 887	2 409
Finance costs	Note 5	(18 184)	(16 626)
Profit before tax		6 874	(4 201)
Income tax expenses	Note 6	195	(195)
Profit for the year		7 069	(4 396)
Attributable to:			
Equity holders of the parent company		374	(4 668)
Non-controlling interests		6 694	272
Total		7 069	(4 396)



Klaveness Ship Holding AS

Consolidated Statement of Other Comprehensive Income

USD '000	Note	2020	2019
Net profit/ (loss)		7 069	(4 396)
<i>Other comprehensive income to be reclassified to profit or loss</i>			
Net movement fair value on interest rate swaps (CCIRS)	Note 11	1 253	(1 438)
Reclassification to profit and loss (CCIRS)		(3 715)	1 347
Net movement fair value on interest rate swaps		(2 491)	(686)
Net movement fair value FX hedge	Note 11	-	38
Net movement fair value bunker hedge	Note 11	87	918
Net movement fair value FFA hedge	Note 11	(1 814)	85
Net other comprehensive income to be reclassified to profit or loss		(6 679)	264
<i>Other comprehensive income not to be reclassified to profit or loss</i>		-	-
Net other comprehensive income not to be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the period, net of tax		(6 679)	264
Total comprehensive income/(loss) for the period, net of tax		389	(4 132)
Attributable to:			
Equity holders of the parent company		(3 220)	(4 404)
Non-controlling interests		3 610	272
Total		389	(4 132)



Klaveness Ship Holding AS

Consolidated Statement of Financial Position

As at 31 December			
USD '000	Note	2020	Restated* 2019
ASSETS			
Non-current assets			
Vessels	Note 7	512 435	430 523
Newbuilding contracts	Note 8	48 441	62 316
Right of use assets		2 575	2 969
Financial assets	Note 11	3 497	1 077
Total non-current assets		566 948	496 885
Current assets			
Financial assets	Note 11	87	202
Inventories	Note 12	6 654	8 025
Accounts receivable		7 851	8 754
Receivables from related parties	Note 9	419	110
Prepaid expenses		8 012	1 856
Other short-term receivables	Note 9	4 694	4 109
Cash and cash equivalents	Note 10	73 230	66 980
Total current assets		100 948	90 034
TOTAL ASSETS		667 897	586 919



Klaveness Ship Holding AS

Consolidated Statement of Financial Position

		As at 31 December	
USD '000	Note	2020	Restated* 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	Note 19	1 817	1 817
Share premium		6 939	6 939
Other reserves		(3 418)	177
Retained earnings		174 213	174 582
Equity		179 551	183 515
Non-controlling interests		101 655	100 311
Total equity		281 206	283 826
Non-current liabilities			
Mortgage debt	Note 15	206 812	196 801
Bond loans	Note 16	80 649	34 023
Financial liabilities	Note 11	5 409	29 823
Long-term lease obligation		1 791	2 248
Total non-current liabilities		294 661	262 895
Current liabilities			
Short-term debt	Note 15	71 836	17 367
Short-term lease liabilities		844	683
Financial liabilities		757	-
Other interest bearing liabilities	Note 15	-	2 172
Accounts payable		1 532	7 954
Current debt to related parties		1 434	819
Tax payable	Note 6	-	195
Tonnage tax payable	Note 6	245	225
Other current liabilities	Note 18	15 382	10 780
Total current liabilities		92 029	40 194
TOTAL EQUITY AND LIABILITIES		667 897	586 919

*Restatement described in note 24

Oslo, 31 December 2020

Oslo, 22 March 2021

Lasse Kristoffersen
Chairman of the Board

Trine Hellum
Board member

Martin Prokosch
Board member

Morten Skedsmo
Managing Director



Klavness Ship Holding AS

Consolidated Statement of Changes in Equity

Restated*	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Other paid in capital	Hedging reserve	Retained earnings	Total		
Equity at 1 January 2019	1 817	6 939	-	(87)	190 365	199 034	67 539	266 574
Correction from prior periods (note 24)					(504)	(504)	(433)	(937)
Profit (loss) for the year					(4 668)	(4 668)	272	(4 396)
Other comprehensive income for the year				264		264	-	263
Total comprehensive income for the year				264	(5 172)	(4 908)	(161)	(5 070)
Dividends to non-controlling interests					-	-	(1 638)	(1 638)
Group contribution					(5 010)	(5 010)	-	(5 010)
Dividends					(10 000)	(10 000)	-	(10 000)
Capital increase (May 20, 2019)					-	-	39 756	39 756
Transaction costs					-	-	(1 010)	(1 010)
Reallocation from non-controlling interests					4 174	4 174	(4 174)	0
Impact of majority participation in increase					225	225		225
Equity at 31 December 2019	1 817	6 939	-	177	174 582	183 515	100 311	283 828
Profit (loss) for the year					374	374	6 694	7 069
Other comprehensive income for the year				(3 595)		(3 595)	(3 084)	(6 679)
Total comprehensive income for the year				(3 595)	374	(3 220)	3 610	389
Dividends to non-controlling interests					-	-	(2 218)	(2 218)
Group contribution					(736)	(736)		(736)
Other changes					(7)	(7)	(48)	(55)
Equity at 31 December 2020	1 817	6 939	-	(3 418)	174 213	179 551	101 655	281 206

*Restatement is reconciled and explained in note 24.

Hedging reserve

The reserve contains total net changes in the fair value of financial instruments recognized to fair value with changes through OCI.



Klaveness Ship Holding AS

Consolidated Statement of Cash Flows

USD '000	Note	2020	2019
Profit before tax		6 874	(4 201)
Tonnage tax expensed		249	244
Ordinary depreciation	Note 7	25 280	19 075
Impairment loss/ reversal	Note 7	975	-
Amortization of upfront fees bank loans		878	571
Financial derivatives unrealised loss/gain		2 169	2 297
Gain/loss on foreign exchange		(1 428)	(1 341)
Interest income	Note 5	(327)	(2 001)
Interest expenses	Note 5	14 632	12 590
Taxes paid for the period		-	(191)
Change in receivables		8	(3 060)
Change in current liabilities		(2 440)	995
Change in other working capital		(4 882)	4 924
Interest received		327	2 001
A: Net cash flow from operating activities		42 315	31 901
Acquisition of tangible assets	Note 7	(3 534)	(11 863)
Installments and cost on newbuilding contracts	Note 8	(89 443)	(158 285)
B: Net cash flow from investing activities		(92 977)	(170 148)
Proceeds from mortgage debt		82 450	116 634
Proceeds from bond loan		76 390	-
Buyback of bond loan (KCC03)		(34 100)	-
Transaction costs on issuance of loans		(2 099)	(1 962)
Repayment of mortgage debt		(42 867)	(13 013)
Interest paid		(14 632)	(12 590)
Terminated financial instruments		(3 101)	-
Cash proceeds from issuing of shares non-controlling interests		-	39 756
Transaction costs on capital increase		-	(1 010)
Group contribution/dividend		(736)	(15 010)
Dividends to non-controlling interests		(2 218)	(1 638)
C: Net cash flow from financing activities		59 087	111 168
Net change in liquidity in the period (A + B + C)		8 424	(27 079)
Net foreign exchange difference		-	-
		8 424	(27 079)
Cash and cash equivalents at beginning of period		64 808	91 888
Cash and cash equivalents at end of period	Note 10	73 230	64 808
Net change in cash and cash equivalents in the period		8 424	(27 079)

* Undrawn amount on the overdraft facility is USD 10 million.



Note 2 - Revenue from contracts with customers

Disaggregated revenue information

The Group has income from COA contracts (1-3 years), spot voyages and TC trips. Set out below is the disaggregation of the Group's revenue from contracts with customers:

Revenue types (USD'000)	Classification	2020	2019
Revenue from COA contracts	Freight revenue	100 659	98 110
Revenue from spot voyages	Freight revenue	41 631	32 658
Revenue from TC contracts	Charter hire revenue	23 146	32 818
Revenue from TC contracts (KCC Chartering)	Charter hire revenue	20 308	-
Other revenue	Charter hire revenue	134	-
Total revenue, vessels		185 877	163 586

Contract balances

USD'000	2020	2019
Trade receivables from charterers	7 527	8 696
Contract assets	3 385	3 356
Contract liabilities	3 199	3 237

Contract balances relates mainly to the chartering company KCC Chartering AS. Contract assets is accrued income related to ongoing voyages (revenue recognised from load-to-discharge). Contract liabilities is prepaid revenue from customers.

Performance obligations

IFRS 15 also requires the Group for each contract with a customer, to identify the performance obligations, determine the transaction price, allocate the transaction price to performance obligations to the extent that the contract covers more than one performance obligation, determine whether revenue should be recognised over time or at a point in time and recognise revenue when or as performance obligations are recognised. The Groups' voyage charters and TC contracts qualify for recognition over time. The nature of the Group's revenues from TC contracts with its customers is categorised in two groups, the leasing element of the vessel and the service element related to the leased vessel.

For dry bulk cargo lifted, payment is generally due within 10 days after the cargo is loaded, while payment for wet cargo is due immediately upon discharge.



Note 3 - Voyage expenses and operating expenses

USD '000	2020	2019
Freight expenses	12 708	17 781
T/C-hire	2 021	1 537
Voyage expenses	52 853	53 158
Fuel hedge settlement	816	311
Various expenses	3 194	2 407
Total voyage costs, vessels	71 592	75 194

USD '000	2020	2019
Technical expenses	19 311	17 443
Crew costs	25 776	20 900
Insurance	4 154	3 707
Crewing agency fee to Klaveness Ship Management AS	1 658	1 530
Ship management fee to Klaveness Ship Management AS	4 583	4 109
IT fee to Klaveness Ship Management AS	103	165
Commission fee	532	653
Other operating expenses	1 969	2 862
Total operating expenses	58 086	51 368

Costs related to technical management, maintenance and crewing services are recognised as operating expenses. Technical expenses are costs related to spare parts, consumables, cargo handling, power supply, navigation and communication. Crew costs include sea personnel expenses such as wages, social costs, travel expenses and training.

USD '000	2020	2019
Commercial management fee to Klaveness AS	3 965	4 668
Accounting fee and other administrative fees to Klaveness AS	410	751
Travel expenses invoiced from Klaveness AS	-	29
Group administrative services	4 375	5 448



Note 4 - Other operating and administrative expenses

From 2020 five employees was transferred from Klaveness AS to KCC ASA. Salaries and social expenses are specified below. Services including management, technical, commercial and crewing are acquired from other companies within Rederiaksjeselskapet Torvald Klaveness (RASTK), see note 21. The managing director and members of the Board of Directors are employees of other companies within RASTK. No special remuneration has been paid to the various members of the Board of Directors, as such positions of office are a part of their regular employment.

Remuneration to the auditor

USD'000	2020	2019
Statutory audit	152	218
Other assurance services	31	44
Total remuneration to the auditor	182	262

Auditor's fees are stated excluding VAT.

(USD'000)	Women	Men	2020	2019
Employees per year end	2	4	6	0
Average number of employees			5	0

Salaries and social expenses

USD'000	2020	2019
Salaries and other remuneration	1 247	-
Pension benefit	66	-
Other social costs	5	-
Other personel ralated expenses	8	-
Total salaries and social expenses	1 327	-



Note 5 - Finance income and finance costs

USD'000	2020	2019
Other interest income	455	2 056
Gain / (loss) on foreign exchange	1 433	352
Total finance income	1 887	2 409

USD'000	2020	2019
Interest paid to related parties	109	-
Interest expenses mortgage debt	12 826	10 769
Interest expenses bond loan	1 910	2 571
Fair value changes interest rate swaps (note 14)	2 169	2 297
Other financial expenses	1 170	989
Total finance costs	18 184	16 626

Interest expenses of USD 1.0 million is capitalized as borrowing costs on newbuildings in 2020 (2019: USD 1.3 million). Refer to note 15 and note 16 for further disclosures of the Group's debt.



Note 6 - Taxes

Tonnage tax

Companies subject to tonnage tax regimes are exempt from ordinary tax on their shipping income. Klavness Container AS, KCC Shipowning AS and KCC Chartering AS are subject to tonnage taxation. The subsidiary KCC KBA AS exited tonnage taxation in 2016 after the sale of its qualifying asset. The companies within the tonnage tax system pay a tonnage fee based on the size of the vessels. The fee is recognized as an operating expense. Financial income is taxed according to the Norwegian tonnage tax regime, however only a portion of the interest cost and net currency expenses are deductible.

Ordinary taxation

The ordinary rate of corporation tax in Norway is 22 % for 2020 (2019 22 %). Subsidiaries outside of Norway are governed by the tax laws and tax rates in the local jurisdiction (Klavness Cement Logistics AB subject to tax rate of 22 % in Sweden). Tax expenses outside Norway are not material.

USD '000	2020	2019
Income taxes for the year		
Income taxes payable	-	195
Change in deferred tax	-	-
Write-down of deferred tax	-	-
Tax adjustments previous years	-	-
Total tax expense / income (-) reported in the income statement	-	195

Tax on net (gain)/loss on revaluation of cash flow hedges	-	-
Deferred tax charged to OCI	-	-

USD '000	2020		2019	
	Income	Tax effect	Income	Tax effect
Tax payable				
Profit / loss (-) before taxes, incl OCI	389	86	(3 937)	(867)
Income from shipping activity, tonnage tax system	(21 034)	(4 627)	(11 127)	(2 448)
Change in temporary differences	(5 750)	(1 265)	(4 999)	(1 100)
Permanent differences	(16 473)	(3 624)	16 277	3 581
Change in tax losses carried forward	33 655	7 404	(4 796)	(1 055)
Exchange rate differences	9 213	2 027	9 467	2 083
Tax payable in the balance sheet	(0)	0	885	195
Effective tax rate		0 %		0 %
Tonnage tax (included in operating profit)		245		225
Total tax payable in the balance sheet		245		419

USD '000	Temporary difference	2020 Tax effect	Temporary difference	2019 Tax effect
Temporary differences - ordinary taxation				
Unrealised gain/loss CCIRS				
Temporary differences	(8 962)	(1 972)	(14 712)	(3 237)
Tax losses carried forward	(46 451)	(10 219)	(12 796)	(2 815)
Deferred tax asset not recognised in the balance sheet	55 413	12 191	27 509	6 052
Net temporary differences - deferred tax liability/asset (-) *	(0)	(0)	0	0
Deferred tax asset	-	(0)	-	-

*At year-end 2020 the company has not recognized a deferred tax asset of USD 12.1 million (2019: 6.1 million) of which USD 5.2 million relates to companies subject to tonnage taxation. Temporary differences relates to financial losses carried forward in which possibility to net against future gain is uncertain. No tax positions have been recognised in the balance sheet as there is no convincing evidence of future utilisation.



Note 7 - Vessels

2020

Vessels	Combination		Total vessels*
	carriers	Container	
Cost price 1.1	489 134	263 361	752 495
Additions (mainly upgrading and docking of vessels)	4 812	72	4 884
Delivery of newbuildings	103 708		103 708
Adjustment acquisition value newbuildings delivered	(809)		(809)
Costprice 31.12	596 845	263 433	860 279
Acc. Depreciation 1.1	173 925	41 362	215 287
Depreciation for the year	18 770	6 125	25 280
Acc. depreciation losses 31.12	192 695	47 487	240 567
Acc. impairment losses 1.1	-	106 688	106 688
Reversal of impairment	-	975	975
Acc. impairment losses 31.12	-	107 663	107 663
Carrying amounts 31.12.2020	404 150	108 284	512 436
No. of vessels	14	8	
Useful life	25	25	
Depreciation schedule	Straight-line	Straight-line	

*) carrying value of vessels includes dry-docking

2019

Vessels	Combination		Total vessels*
	carriers	Container	
Cost price 1.1	327 277	257 539	584 816
Delivery of newbuildings	155 847		155 847
Additions (mainly upgrading and docking of vessels)	6 010	5 822	11 832
Adjustment acquisition value newbuilding delivered	-	-	-
Costprice 31.12	489 134	263 361	752 496
Acc. Depreciation 1.1	160 240	36 357	196 597
Depreciation for the year	13 685	5 005	19 075
Reclass/disposal	-	-	-
Acc. depreciation losses 31.12	173 925	41 362	215 672
Acc. impairment losses 1.1	-	106 688	106 688
Impairment for the year	-	-	-
Acc. impairment losses 31.12	-	106 688	106 688
Carrying amounts 31.12.2019	315 209	115 312	430 523
No. of vessels	12	8	
Useful life	25	25	
Depreciation schedule	Straight-line	Straight-line	

FINANCIAL STATEMENT 31. DECEMBER 2020



Note 7 - Vessels (cont.)

Additions

The Group has per 31 December 2020 three CLEANBU combination carrier newbuildings on order at Jiangsu New Yangzi Shipbuilding Co., Ltd in China, whereof MV Baiacu was delivered 11 January 2021, and the last two newbuildings will be delivered first half 2021. The Group also took delivery of CLEANBU vessel MV Bangus (13 October 2020) and MV Baleen (4 August 2020) during the year.

MV Bantry, MV Bangor and MV Banasol have performed scheduled docking in 2020 of in total MUSD 4.8.

Pledged vessels

All owned vessels are pledged to secure the various loan facilities (refer to note 15 for further information).

Impairment assessment

Container vessels

Covid-19 had a negative impact on seaborne container rates and thus M/V Barry were impaired by 2.5 mUSD in Q2 2020. However, towards the end of 2020 rates have improved significantly. Market rates in December were higher than what have observed over the last 10 years. Based upon this the company performed an impairment test per year end. Recoverable amount was based on the highest of estimated value in use and fair value less cost of sale. Fair value less cost of sale was based on average broker values. Broker values have improved since year end 2019, and long-term TC freight rates from brokers used as input to the cash flow projections have increased from last year's predictions. The Company also had an offer in place to sell one of its vessels. Consequently, the impairment test showed that calculated value in use and broker values is above book for all eight vessels.

The company identified a need to reverse previous impairment charges of in total USD 1.5 million for the vessel M/V Barry and MV/Baro as per 31.12.2020. We have not identified need for impairment charges/write down of any of the other assets in KCA.

Sensitivity analysis of impairment

The impairment testing is affected by changes in the secondhand market for container vessels which again is impacted by the expected future container freight rates, regulations (IMO), and global economy. A 10 % drop in the broker estimates as per 31 December 2020 will bring the total estimated broker value below book value with USD 3.8 million. This effect would be within range of max and min so no additional impairment loss for the company considering other potential alternative market conditions.

Combination carriers

The below summarizes the total impairment cost/reversal:

Impairment loss (-)/ reversal	2020	2019
Impairment of vessels	(975)	-
Total impairment loss (-) / reversal	(975)	-



Note 8 - Newbuildings

The Group has per 31 December 2020 three CLEANBU combination carrier newbuildings on order at Jiangsu New Yangzi Shipbuilding Co., Ltd in China, whereof MV Baiacu was delivered 11 January 2021 (note 23), and the last two newbuildings will be delivered first half 2021. During Q4, the Group took delivery of the fifth CLEANBU vessel, MV Bangus.

The fleet of newbuildings are fully financed.

The following tables present the Group's investment in newbuildings as at 31 December 2020 and at 31 December 2019, respectively:

(USD '000)	2020	2019
Cost 1.1	62 316	59 877
Borrowing cost	1 023	1 302
Yard installments paid	80 851	148 170
Other capitalized cost	7 960	8 813
Delivery of newbuildings	(103 708)	(155 847)
Net carrying amount 31.12	48 441	62 316

Capital commitments

The commitments related to the two newbuildings as per 31 December 2020 are set out below.

Remaining installments at 31 December 2020 (USD '000)	2021	2022	Total
Combination carriers	97 650	-	97 650
Total commitments newbuildings	97 650	-	97 650



Note 9 - Receivables

USD'000	2020	2019
Receivables from related parties		
Klaveness Ship Management AS	39	-
Klaveness AS	739	110
Receivables from related parties	778	110

USD'000	2020	2019
Other short-term receivables		
Accrued income	3 385	3 356
Accrued interest income	6	13
Claims	209	168
Other short-term receivables	1 094	572
Other short-term receivables	4 694	4 109

Accounts receivable comprise all items that fall due for payment within one year after the balance sheet date. For dry bulk cargo lifted, payment is generally due within 10 days after the cargo is loaded, while payment for wet cargo is due immediately upon discharge. Trade receivables are non-interest bearing. Trade receivables and other current assets relates mainly to the chartering company KCC Chartering AS.

Claims consisting of insurance claims for incidents and is expected to be settled within next year.



Note 10 - Cash and cash equivalents

The Group has bank deposits in the following currencies:

USD'000	2020	2019
Bank deposits, NOK	966	998
Bank deposits, USD	71 727	65 517
Cash	538	465
Total cash and cash equivalents	73 230	66 980
<hr/>		
Hereof cash and bank deposits related to subsidiaries with ownership interest less than 90 %	65 685	57 089



Note 11 - Financial assets and liabilities

To reduce currency and interest rate risk, the Group has entered into interest rate swap (IRS) and cross currency interest rate swap (CCIRS) agreements.

The Group holds IRSs that qualify for hedge accounting which reduce interest risk for loans financing the vessels. These instruments have duration until 2025. Interest rate swaps qualifying for hedge accounting are recognised at fair value with changes through other comprehensive income.

The Group has also entered into bunker fuel swaps and forward freight agreements (FFA) that qualify for hedge accounting. The Group uses bunker fuel swaps to hedge a portion of its floating bunkers cost to a fixed cost for bunkers to reduce the Group's exposure to changes in bunkers prices. Similarly, the Group can use FFAs to fix freight rates in a future period to reduce its exposure to the dry bulk freight market (via open capacity and index linked COA commitments).

The cross currency interest rate swap (CCIRS) agreement reduces currency and interest rate risk for the bond loan, and qualifies for hedge accounting. Cross currency interest rate swaps qualifying for hedge accounting are recognised at fair value with changes through other comprehensive income.

Financial assets at 31 December

	2020	2019
<i>Financial instruments at fair value through OCI</i>		
Interest rate swaps	356	-
Forward freight agreements	87	1 056
Cross-currency interest rate swap	2 917	-
<i>Financial instruments at fair value through P&L</i>		
Forward freight agreements	-	21
Interest rate swaps	154	202
Financial assets	3 514	1 279

Financial liabilities at 31 December

	2020	2019
<i>Financial instruments at fair value through OCI</i>		
Cross-currency interest rate swap	5 409	91
Interest rate swaps	-	364
FX hedge (AUD/USD)	-	-
Fuel hedge	757	-
Forward freight agreements	-	-
Interest rate swaps	-	18 372
Cross-currency interest rate swap	-	-
Financial liabilities	6 166	18 736



Note 12 - Inventories

USD'000	2020	2019
Bunkers	5 261	6 777
Luboil	1 393	1 248
Inventories	6 654	8 025



Note 13 - Financial Risk Management

Capital management

The Group intends to maintain an efficient capital structure, provide financial ability to execute on the strategy and ensure the Group has sufficient liquidity to meet liabilities and commitments as they fall due. Targets have been defined for equity ratio and minimum liquidity. The equity ratio as of 31 December 2020 was 42 % (2019: 49 %) and cash was USD 73.2 million. The Group's covenants are described in note 15.

The capital structure and dividend payments are considered in view of debt service ability, capital commitments and expectations of future cash flows. Available cash, loan covenants and the balance sheet composition is monitored to make sure that the company has the necessary financial strength to continue as a going concern.

The Group aims to spend free cash flows as follows:

- Repayment of net interest-bearing debt
- Distribution to the Group's shareholders by means of dividends.
- Investments in developing new and existing business.

The main priority of maintaining a strong financial position is to secure the ongoing business activity of the Group, the ability to do new business and to ensure access to funding at favourable terms. The Group's capital structure consists of mortgage debt (note 16), bond loan listed at Nordic ABM (note 17) interest bearing debt to related parties (note 21), cash and cash equivalents and equity attributable to the shareholders.

Financial risk

The Group is exposed to operational risk, market risk including but not limited to freight rates and vessel values, currency (FX) and interest rate (IR) risks, credit/counterparty risk and liquidity risk. The Group's executive management oversees the management of these risks, and is supported by a risk management department and a treasury department that provide risk advisory and maintain an appropriate financial risk governance framework for the Group. The risk department provides assurance to the executive management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Operational risk

Operational risks are mainly related to the operation of vessels. The Group's vessels are on technical management to Klavness Ship Management AS (affiliated company) which ensures compliance with IMO, flag and port state regulations. Quality and safety audits are performed regularly and the crew and officers onboard are trained to ensure that regulatory requirements are met.

Operational risk is managed through quality assurance procedures and systematic training of seafarers and land based employees. The ongoing pandemic of COVID-19 makes crew changing more challenging. All vessels sailing through piracy exposed areas take necessary steps to mitigate the threat of such attacks. Operational risk is also covered by insurance where relevant to cover loss of assets, revenues and contract commitments. The vessels are insured for loss of hire, protection and indemnity (P&I) and complete loss (Hull and Machinery). The latter is aligned with vessel values and loan agreements. The financial impact of a total loss of a vessel will not be material for the Group.

Market risk

Ownership of vessels involves risks related to vessel values, future vessel employment, freight rates and costs. Over time, vessel values may fluctuate, which may result in an impairment of the book value of the Group's vessels. These risks are to some extent managed through contracts of affreightment covering a large part of the Group's fleet capacity for the nearby year and covering part of the exposure for the next 1-2 years.

A significant expense for transport at sea is bunkers. The price of fuel is unpredictable and fluctuates based on events outside the Group's control, including geopolitical developments, supply and demand for oil and gas, actions of OPEC and other energy producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. To reduce the risk of fluctuations in bunker fuel prices, the Group may decide to hedge the bunker price exposure by the use of bunker fuel swaps or options to hedge the inherent fuel oil exposure in its freight contracts or include bunker adjustment factors (BAF) in the contracts.



Note 13 - Financial Risk Management (cont.)

Foreign currency risk and interest rate risk

The Group's revenue and costs are denominated primarily in US Dollar (USD) which is the functional currency of all significant entities in the Group. Fluctuations in USD against NOK may affect the company's tax payable, which will be calculated and paid in NOK. This effect is considered to be limited. The Group has hedged a portion of port costs in AUD.

The Group has long term interest bearing debt that is exposed to floating interest rate. Long term mortgage debt bear interest at LIBOR plus an applicable margin. In order to hedge the risk, the company has entered into interest rate swaps. At 31 December 2020, 51 % of the floating interest loans are hedged. The Group evaluates on an ongoing basis the need to adjust interest rate exposure.

The table below shows estimated changes in profit before tax for the Group from changes in interest rates in 2020 and 2019, with all other variables held constant. The changes are estimated based on given capital structure as of year-end.

USD '000	Change in interest rate	2020	2019
USD LIBOR	+1,00%	1 743	1 087
	+ 0,5%	871	543
	- 0,50%	(871)	(543)
	- 1,00%	(1 743)	(1 087)

Counterparty/credit risk

The performance of the Group depends on its counterparties' ability to perform their obligations under agreed contracts, a continued client need for the services performed by the combination carriers and KCC's ability to renew contracts with these clients. Default by a counterparty of its obligations under, mainly cargo customers (CoA's), may have material adverse consequences on the contract portfolio earnings. The counterparty's financial strength will thus be very important. The Group recognizes claims to the extent the Group has legal right to insurance coverage. As such, default by an insurance institution may have material financial consequences.

The Group has two newbuildings on order. Risk of delays and failure of the yard to deliver exists. Tier one Chinese banks have provided refund guarantees. Further, the Group is exposed to credit risk through its deposits. Deposits are currently made with investment grade financial institutions with A rating or higher from public rating agency.

Total unrisks credit risk at year-end 2020 amounts USD 81.8 million (book value of receivables and bank deposits).

Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its obligations when they fall due. Liquidity risk is managed by the Group's treasury department. The Group keeps its liquidity reserves mainly in cash and bank deposits. The KSH Group's current cash flow, existing and committed debt, bank financing under negotiation and liquidity position are considered sufficient to cover all approved investments. The Group as such furthermore benefits from being well diversified on funding sources.



Maturity profile of financial liabilities at 31 December 2020

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Interest bearing debt and bond loan includes interest payments.

Maturity profile financial liabilities at 31 Dec 2020	< 1 year	1-3 years	3-5 years	> 5 years	Total
Mortgage debt (incl interests)	79 278	167 733	52 920	-	299 931
Bond loan (incl interests)	4 757	9 515	80 678	-	94 950
Other interest bearing liabilities	-	-	-	-	-
Accounts payable	1 532	-	-	-	1 532
Current debt to related parties	1 434	-	-	-	1 434
	87 001	177 248	133 598	-	397 847

Maturity profile financial liabilities at 31 Dec 2019	< 1 year	1-3 years	3-5 years	> 5 years	Total
Mortgage debt (incl interests)	25 909	119 118	81 043	-	226 070
Bond loan (incl interests)	2 464	36 218	-	-	38 682
Other interest bearing liabilities	2 172	-	-	-	2 172
Accounts payable	7 954	-	-	-	7 954
Current debt to related parties	819	-	-	-	819
	39 318	155 336	81 043	-	275 697

Commitments newbuildings

The yard commitments related to newbuildings are set out below. Five combination carrier newbuildings on order at Jiangsu New Yangzi Shipbuilding Co., Ltd in China are scheduled for delivery in end 2021.

Remaining installments at 31 December 2020	2021	2022	Total
Combination carriers	97 650	-	97 650
Total commitments newbuildings	97 650	-	97 650



Note 14 - Fair value measurement

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial assets included in the financial statements.

USD'000	Carrying amount		Fair value	
	2020	2019	2020	2019
Loans and receivables at amortised cost				
Accounts receivable	7 851	8 754	7 851	8 754
Receivables from related parties	419	110	419	110
Total loans and receivables	8 271	8 863	8 271	8 863
Cash and cash equivalents*	73 230	66 980	73 230	66 980
Total	81 501	75 843	81 501	75 843
Total current	81 501	75 843	81 501	75 843
Total non-current	-	-	-	-

* including restricted cash (note 12)

USD'000	Carrying amount		Fair value	
	2020	2019	2020	2019
Financial liabilities at fair value through OCI				
FX hedge (AUD/USD)	5 409	-	5 409	-
Fuel hedge	757	-	757	-
Financial liabilities at fair value through P&L				
Other derivatives	-	18 372	-	18 372
Total financial liabilities at fair value	6 166	18 372	6 166	18 372
Other financial liabilities at amortised cost				
Accounts payable	1 532	7 954	1 532	7 954
Other financial liabilities	1 434	819	1 434	819
Interest bearing debt	278 648	212 893	279 888	214 167
Bond loan	79 617	34 023	80 649	36 156
Liabilities directly associated with assets held for sale	-	-	-	-
Total financial liabilities at amortised cost	361 231	255 689	363 503	259 096
Total	367 397	274 061	369 669	277 468
Total current	74 802	26 140	74 802	26 140
Total non-current	292 595	247 922	294 867	251 328



Note 14 - Fair value measurement (cont.)

The fair value of the financial assets and liabilities is recognised as the value at which they could be exchanged in a transaction between willing parties other than in a forced or liquidation transactions. The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash and restricted cash, trade receivables, trade payables and other current liabilities are recognized at their carrying amounts largely due to the short term maturities of these instruments.
- Fair value of loans from banks and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Since the bond is listed on Nordic ABM (KCC04), fair value of the bond is disclosed based on traded information. Fair value of KCC04 is based on latest transactions.
- Fair value of derivatives are based on mark to market reports received from banks.

Fair value hierarchy

The Group uses financial hierarchy under IFRS 13 for determining and disclosing the fair value of financial instruments by valuation techniques. Below table presents fair value measurements to the Group's assets and liabilities at 31 December 2020:

31.12.2020

Assets	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss</i>				
Interest rate swaps		154		154
<i>Financial assets at fair value through OCI</i>				
Interest rate swaps		356		356
Forward freight agreements		87		87

Liabilities	Level 1	Level 2	Level 3	Total
<i>Financial liabilities at fair value through profit or loss</i>				
Interest rate swaps		-		-
<i>Financial liabilities not measured at fair value, but for which fair value is disclosed</i>				
Bond	80 649			80 649
Mortgage debt			279 888	279 888
Other interest bearing liabilities			-	-

The table below presents fair value measurements to the Group's assets and liabilities at 31 December 2019:

31.12.2019

Assets	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss</i>				
Interest rate swaps		202		202
<i>Financial assets at fair value through OCI</i>				
Interest rate swaps		-		-
Forward freight agreements		1 056		1 056

Liabilities	Level 1	Level 2	Level 3	Total
<i>Financial liabilities at fair value through profit or loss</i>				
Cross currency interest rate swap		16 654		16 654
Interest rate swaps		-		-
<i>Financial liabilities not measured at fair value, but for which fair value is disclosed</i>				
Bond	34 023			34 023
Mortgage debt			214 167	214 167
Other interest bearing liabilities			2 172	2 172

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date and are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where this is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. During the reporting periods, there were no transfers between any of the levels. Refer to Note 17 for the disclosures of non-current and current portion of the liabilities measured at fair value.



Note 15 - Interest bearing debt and financial instruments

The below tables present the Group's financing arrangements as per 31 December 2020.

In 2020 the Group issued a senior unsecured bond loan (KCC04) of NOK 700 million (NOK 500 million in February 2020 and NOK 200 million in September 2020) which is listed on Oslo Stock Exchange. KCC04 has a bullet structure with full repayment at maturity in February 2025 and the bond loan carries a coupon of 3 months NIBOR plus a margin of 4.75 % p.a with quarterly interest payments. The bond loan is swapped to fixed rate USD and fixed interest rate (cross currency interest rate swaps /CCIRS). The CCIRS qualify for hedge accounting and are recognised at fair value with changes through other comprehensive income.

During 2020 two drawdowns of in total USD 60.45 million were made under the SEB/SR-Bank/SPV term loan facility in connection with the delivery of MV Baleen and MV Bangus.

In 2020 the Group signed a USD 60 million Sustainability Linked Term Loan and Revolving Credit Facility with Nordea and Credit Agricole to finance two CLEANBU vessels with delivery in 2021. The margin is 2.75% and main terms including parent guarantee and financial covenants are in line with existing financing.

The container vessels are financed by a revolving credit facility (RCF) secured by all eight vessels and a maximum limit of USD 56.65 million by year-end 2020.

Mortgage debt	Description		Maturity	Carrying amount
Nordea/Danske Facility	Term loan, USD 100 mill	LIBOR + 2.3 %	March 2022	76 763
DNB/SEB Facility	Term loan, USD 105 mill	LIBOR + 2.3 %	December 2023	93 311
SEB/SR-Bank/SPV Facility	Term loan/RCF, 90.75 mill	LIBOR + 2.3 %	October 2025	60 450
Container RCF	DNB/SEB USD 56.65 mill		November 2021	49 856
Capitalized transaction costs				(1 239)
Mortgage debt 31 December 2020				279 141

(USD '000)	Fair value	Book value	Book value
	31 Dec 2020	31 Dec 2020	31 Dec 2019
Mortgage debt	208 052	208 052	196 801
Capitalized loan fees	-	(1 239)	(1 274)
Total mortgage debt, non-current	208 052	206 813	195 527
Mortgage debt, current	71 836	71 836	17 367
Total mortgage debt	279 888	278 648	212 893

Fair value is estimated to carrying amount less financing costs as the difference between market margin and carrying margin is considered to be immaterial. Fair value is not based on observable market data (fair value hierarchy level 3).

(USD '000)	Fair value	Book value	Book value
Other interest bearing liabilities	31 Dec 2020	31 Dec 2020	31 Dec 2020
Overdraft facility	-	-	-
Other interest bearing liabilities	-	-	-

(USD '000)	Fair value	Book value	Book value
Other interest bearing liabilities	31 Dec 2019	31 Dec 2019	31 Dec 2019
Overdraft facility	1 835	1 835	1 835
Other interest bearing liabilities	1 835	1 835	1 835

The Group has entered into a overdraft facility pledged with receivables and bunkers inventory.

Covenants

As per 31 December 2020, the Group is in compliance with all financial covenants. On Group level financial covenants relate to minimum equity (USD 125 million), equity ratio (30%), and cash (USD 15 million). Financial covenants on KCC Shipowning AS level relate to minimum cash (the higher of USD 10 million and 5 % of net interest-bearing debt) and net interest-bearing debt to EBITDA (NIBD/EBITDA) of max 7x. The NIBD/EBITDA ratio can be higher than 7x for one reporting period (measured semi-annually) provided that the NIBD/EBITDA is below 7x in the previous reporting period. In addition, all secured loans contain minimum value clauses related to the value of the vessel compared to outstanding loan.

Securities

As a security for the mortgage debt, the company has included a first priority security in all vessels and earnings accounts, and assignment of the earnings and insurances of the vessels in favour of the debtors.

Book value of collateral and mortgaged assets (USD '000)	2020	2019
Vessels	512 435	430 523
Bunkers	6 654	8 025
Accounts receivables	7 851	8 754
Total book value of collateral and mortgaged assets	526 941	447 301



Note 15 - Financial assets and financial liabilities continued

Reconciliation of movements of liabilities and equity to cash flow arising from financing activities

USD '000	Liabilities			Equity			Total
	Interest payable	Interest-bearing short-term debt	Interest-bearing long-term debt	Share capital/premium/reserve	Other equity	Non-controlling interests	Total
Balance at 1 January 2020	-	17 367	196 801	8 933	175 086	100 747	511 068
Repayment of mortgage debt	-	-	(42 867)	-	-	-	(42 867)
Proceeds from mortgage debt	-	22 000	60 450	-	-	-	82 450
Buyback of bond loan	-	-	(34 100)	-	-	-	(34 100)
Proceeds from bond loan	-	-	76 390	-	-	-	76 390
Interest and loan fee's paid	(16 731)	-	-	-	-	-	(16 731)
Termination of financial instruments	(3 101)	-	-	-	-	-	(3 101)
Group contribution/dividends	-	-	-	-	(736)	-	(736)
Dividends to non-controlling interests	-	-	-	-	-	(2 218)	(2 218)
Total changes from financing cash flow	(19 832)	22 000	59 873	-	(736)	(2 218)	59 087

Liability-related

Expensed capitalised borrowing costs	-	-	35	-	-	-	35
Non-cash movement	-	-	-	-	-	-	-
Total liability-related changes	-	-	35	-	-	-	35
Total equity-related other changes	-	-	-	-	-	-	-

Balance at 31 December 2020 39 367 256 639 8 933 174 350 98 529 570 120

USD '000	Liabilities			Equity			Total
	Interest payable	Interest-bearing short-term debt	Interest-bearing long-term debt	Share capital/premium/reserve	Other equity	Non-controlling interests	Total
Balance at 1 January 2019	-	12 200	113 258	8 669	190 365	67 539	418 717
Repayment of mortgage debt	-	(12 200)	(814)	-	-	-	(13 014)
Proceeds from mortgage debt	-	17 367	99 267	-	-	-	116 634
Interest and loan fee's paid	(14 552)	-	-	-	-	-	(14 552)
Capital increase (May) (net of transaction costs)	-	-	-	-	-	38 747	38 747
Group contribution/dividends	-	-	-	-	(15 010)	-	(15 010)
Dividends to non-controlling interests	-	-	-	-	-	(1 638)	(1 638)
Acquisition of non-controlling interests	-	-	-	-	-	-	-
Total changes from financing cash flow	(14 552)	5 167	98 453	-	(15 010)	37 109	111 168

Liability-related

Expensed capitalised borrowing costs	-	-	369	-	-	-	369
Non-cash movement	-	-	(15 279)	264	269	3 901	19 185
Total liability-related changes	-	-	(14 910)	264	(269)	(3 901)	14 910
Total equity-related other changes	-	-	-	-	-	-	(3 906)

Balance at 31 December 2019 17 367 196 801 8 933 175 086 100 747 511 068



Note 16 - Bond loans

On 30 January 2020, the Company completed the placement of a new senior unsecured bond issue of NOK 500 million with maturity date 11 February 2025. The bond carries a coupon of 3 months NIBOR + 475 bps p.a. with quarterly interest payments. NOK 400 million of the new bond loan (KCC04) was swapped to USD with fixed rate (cross currency interest rate swaps /CCIRS). The CCIRS qualifies for hedge accounting and is recognised at fair value with changes through other comprehensive income. During 2020, NOK 158 million of the KCC03 bond has been repurchased and the remaining NOK 142 million will be repaid at the latest on the final maturity date in May 2021. The Group repaid the remaining outstanding amount of NOK 142 million under the KCC03 bond loan at 101% of par in December 2020. In February 2020 KCC terminated the cross-currency interest rate swap agreement related to KCC03 with Klaveness Ship Holding with a net P&L effect of negative USD 0.3 million.

Covenants are described in note 15.

Bond loan	Face value NOK'000	Year of maturity	Carrying amount (USD'000)	
			2020	2019
KCC03 (KSH03)				
Original loan amount	300 000	27.05.2021	35 370	35 273
Buyback KCC03 (Q1 2020)			(18 628)	-
Buyback KCC03 (Q4 2020)			(16 051)	-
Exchange rate adjustment			(691)	(949)
Capitalized expenses			-	(301)
Bond loan	300 000		0	34 023
KCC04	700 000	11.02.2025	76 390	-
Exchange rate adjustment			5 602	-
Capitalized expenses			(1 032)	-
Bond discount			(310)	-
Sum KCC04			80 649	-
Total bond loan			80 649	34 023



Note 17 - Commitments and guarantees

Capital commitments

The Group has capital commitments relating to borrowings and newbuildings. For information of maturity profile for mortgage debt and bond loan, see note 13, Commitments related to newbuildings are presented in note 11. Available facilities is presented in note 13.

Guarantees

Below is a list of guarantees given at 31 December 2020

Guarantee to	Description	Amount
SEB/DNB/Danske Bank	Klaveness Ship Holding AS guarantees for RCF in Klaveness Container AS, related to the eight container vessels.	Drawn amount USD 50 million, max limit 56.65 million incl interest, expenses and exposures under derivatives
Jiangsu New Yangzi Shipbuilding Co. Ltd	Klaveness Combination Carriers AS guarantees on behalf of KCC Shipowning AS (part of the KCC Group) to the yard for the 3rd and 4th installments for the shipbuilding contracts YZJ 2015-1229 and YZJ 2015-1247.	USD 9.3 million per newbuilding + 5 % interest p.a.



Note 18 - Other liabilities

Other current liabilities	2020	2019
Accrued expenses	4 919	3 603
Crew accrued wages	2 532	1 291
Accrued interest	2 067	1 560
Other short term liabilities	5 863	3 389
Total other current liabilities	15 382	9 843



Note 19 - Share capital, shareholders, dividends and reserves

	Shares	Notional	Share capital (NOK)
31.12.2020	1 000	12 000	NOK 12 million

All shares are issued and fully paid.

All shares are owned by Rederiaksjeselskapet Torvald Klaveness.



Note 20 - List of subsidiaries

Klaveness Ship Holding AS (KSH) comprises several subsidiaries. Presented below is a list of all subsidiaries. Unless otherwise stated, the companies are located in Oslo, Norway.

Company name	Ownership interest per 31 Dec 2020	Ownership interest per 31 Dec 2019
Klaveness Combination Carrier ASA	53,86 %	53,86 %
Klaveness Container AS	96,50 %	96,50 %
Klaveness Cement Logistics AB (Sweden)	100,00 %	100,00 %
KCC Shipowning AS	53,86 %	53,86 %
KCC KBA AS (formerly Klaveness Bulk AS)	53,86 %	53,86 %
KCC Chartering AS	53,86 %	53,86 %



Note 21 - Transactions with related parties

The ultimate owner of the Group is Rederiaksjeselskapet Torvald Klaveness (RASTK), which owns 100 % of the shares in Klaveness Ship Holding AS.

The Group has undertaken several agreements and transactions with related parties in the RASTK Group. The level of fees are based on market terms and are in accordance with the arm's length principle. The group has no employees.

Klaveness AS delivers services to the Group performed by corporate functions like management, legal, accounting & controlling, risk management and commercial management.

Klaveness Ship Management AS delivers ship management services for all of the vessels in the Group. Ship Management fees cover services like technical management, crewing management, IT and energy management. For the newbuildings in the Group, Klaveness AS performs supervision and project management services.

USD'000			
Supplier	Type of agreement	2020	2019
Klaveness AS (affiliated company)	Business administration fee	(410)	(2 238)
Klaveness AS (affiliated company)	Commercial management fee	(2 331)	(1 628)
	Travel expenses and operating cost		
Klaveness AS (affiliated company)	re invoiced from Klaveness AS	-	(530)
Klaveness Ship Management AS (affiliated company)	IT fee	(103)	(165)
Klaveness Ship Management AS (affiliated company)	Ship Management fee	(4 583)	(4 109)
Klaveness Ship Management AS (affiliated company)	Crewing agency fee	(1 658)	(1 530)
Klaveness AS (affiliated company)	Supervision/project management	(296)	(2 075)



Note 22 - Contingent liabilities

Regular claims are made against the Group as a result of its ordinary operations. Provisions are made in the financial statements whenever the probable outcome of these disputes are expected to be in disfavour of the Group. No new provisions are recognised in 2020.



Note 23 - Events after the balance sheet date

The sixth CLEANBU vessel, MV Baiacu, was delivered from Jiangsu New Yangzi Shipyard in China at 11 January 2021.

The container charter market has continued to significantly improve in January and new fixtures are above 2020 levels. In January the company has agreed to sell two of its vessels to external parties with delivery in the first quarter of 2021. The sales prices were above book value per 31.12.2020.

There are no other events after the balance sheet date that have material effect on the financial statement as of 31 December 2020.



Note 24 - Restatement of 2019
(Figures in USD '000)

ASSETS	Audited 31-Jan-19	Adjustment	Restated 31-Jan-19
Total non-current assets	496 885	-	496 885
Total current assets	90 034	-	90 034
TOTAL ASSETS	586 919	-	586 919

EQUITY AND LIABILITIES	Audited 31-Jan-19	Adjustment	Restated 31-Jan-19
Total equity	284 765	(937)	283 828
Total non-current liabilities	262 895	-	262 895
Total current liabilities	39 257	937	40 194
TOTAL EQUITY AND LIABILITIES	586 919	-	586 919

1) An error related to incorrectly accrual of USD 0.9 million from 2018 was identified. Error from prior periods was corrected against 2019 opening balance in line with IAS 8 with corresponding restatement of statement of changes in equity and balance sheet as of 31.12.2019.