



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 928 221 830
Organisasjonsform: Aksjeselskap
Foretaksnavn: KLAVENESS DRY BULK AS
Forretningsadresse: Drammensveien 260
0283 OSLO

Regnskapsår

Årsregnskapets periode: 12.11.2021 - 31.12.2022

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Lene Carlson Haug
Dato for fastsettelse av årsregnskapet: 24.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 28.06.2024



Resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Management fee to group companies	2	18 110 362	
Sum inntekter		18 110 362	
Kostnader			
Salaries and personnel expenses	3	4 092 201	
Operating expenses	4	13 873 382	
Sum kostnader		17 965 583	
Driftsresultat		144 779	
Finansinntekter og finanskostnader			
Group contribution from subsidiaries		504 714	
Net currency gain/(loss)		198 255	
Sum finansinntekter		702 969	
Rentekostnad til foretak i samme konsern		3 000	
Annen rentekostnad		2 200	
Net other financial income		266	
Sum finanskostnader		5 466	
Netto finans		697 503	
Ordinært resultat før skattekostnad		842 282	0
Taxes		75 007	
Ordinært resultat etter skattekostnad		767 275	0
Årsresultat		767 275	0



Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5	447 624	
Sum immaterielle eiendeler		447 624	
Finansielle anleggsmidler			
Investering i datterselskap	6	16 066 926	16 066 926
Sum finansielle anleggsmidler		16 066 926	16 066 926
Sum anleggsmidler		16 514 550	16 066 926
Omløpsmidler			
Varer			
Fordringer			
Short-term receivables		47 250	
Konsernfordringer	7	4 264 074	
Sum fordringer		4 311 324	
Bankinnskudd, kontanter og lignende			
Bank deposits	8	2 613 343	
Sum bankinnskudd, kontanter og lignende		2 613 343	
Sum omløpsmidler		6 924 667	0
SUM EIENDELER		23 439 217	16 066 926
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital (1 000 shares of NOK 200)	9	23 056	23 056
Overkurs	9	16 043 870	16 043 870
Sum innskutt egenkapital		16 066 926	16 066 926



Balanse

Beløp i: USD	Note	2022	2021
Opptjent egenkapital			
Other equity	9	-1 085 689	
Sum opptjent egenkapital		-1 085 689	
Sum egenkapital		14 981 237	16 066 926
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		2 684	
Public duties payable		71 753	
Kortsiktig konserngjeld	10	5 556 691	
Other short-term liabilities		2 826 852	
Sum kortsiktig gjeld		8 457 980	
Sum gjeld		8 457 980	0
SUM EGENKAPITAL OG GJELD		23 439 217	16 066 926



Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Net trading profit/(loss)	4,5,6	35 015 610	
Pool revenue/operating vessel revenue	6,7	274 737 681	
Internal fees from group companies	8	5 214 463	
Bunker sale	9	58 170 909	
Other revenue	10	161 594	
Sum inntekter		373 300 257	
Kostnader			
Voyage expenses	11	45 440 162	
Bunker purchase	9	58 170 909	
Pool hire to shipowners	11,12	228 935 496	
Salaries and personnel expenses	13	4 092 201	
Other administrative expenses	14,15	83 108	
Administrative expenses	15,16	19 722 759	
Sum kostnader		356 444 635	
Driftsresultat		16 855 622	
Finansinntekter og finanskostnader			
Annen renteinntekt	17	304 175	
Gain/(loss) on foregin exchange	17	256 282	
Sum finansinntekter		560 457	
Other financial income/(expenses)	17	212 307	
Sum finanskostnader		212 307	
Netto finans		348 150	
Ordinært resultat før skattekostnad		17 203 772	0
Tax on ordinary result	18	4 464 834	
Ordinært resultat etter skattekostnad		12 738 938	0
Årsresultat		12 738 938	0



Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
Overføringer og disponeringer			
Avgitt konsernbidrag	19	19 657 123	
Transferred to/(from) other equity	19	-6 918 184	
Sum overføringer og disponeringer		12 738 939	



Konsernets balanse

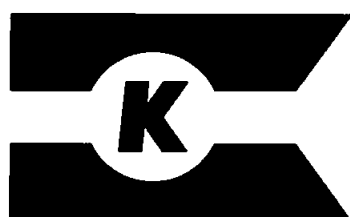
Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	18	1 009 186	3 278 164
Sum immaterielle eiendeler		1 009 186	3 278 164
Sum anleggsmidler		1 009 186	3 278 164
Omløpsmidler			
Varer			
Bunkers on board vessels	20	32 871 384	22 277 566
Sum varer		32 871 384	22 277 566
Fordringer			
Accounts receivable	21	10 468 308	20 326 239
Other short-term receivables	22	12 386 597	20 028 161
Prepaid expenses	24	10 739 300	16 062 893
Konsernfordringer	23	1 957 291	1 877 366
Sum fordringer		35 551 496	58 294 659
Investeringer			
Derivates	17	27 623	27 660
Sum investeringer		27 623	27 660
Bankinnskudd, kontanter og lignende			
Cash and bank deposits		41 219 223	26 200 597
Cash and bank deposits, restricted	25	10 000 000	1 430 831
Sum bankinnskudd, kontanter og lignende		51 219 223	27 631 428
Sum omløpsmidler		119 669 726	108 231 313
SUM EIENDELER		120 678 912	111 509 477

BALANSE - EGENKAPITAL OG GJELD



Konsernets balanse

Beløp i: USD	Note	2022	2021
Egenkapital			
Innskutt egenkapital			
Share capital (1 000 shares of NOK 200)	19	23 056	23 056
Overkurs	19	16 043 870	16 043 870
Sum innskutt egenkapital		16 066 926	16 066 926
Opptjent egenkapital			
Other equity / (uncovered losses)	19	21 433 425	28 351 608
Sum opptjent egenkapital		21 433 425	28 351 608
Sum egenkapital		37 500 351	44 418 534
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Debt to financial institutions	25	14 146 679	2 285 845
Leverandørgjeld	26	16 153 359	22 040 197
Kortsiktig konserngjeld	27	18 689 556	2 224 490
Pool hire owed to shipowners	12	6 407 626	6 427 366
Accrued estimated expenses	28	9 810 719	9 879 474
Accrued revenues	28	13 914 139	21 854 473
Other current liabilities	29	4 056 483	2 379 098
Sum kortsiktig gjeld		83 178 561	67 090 943
Sum gjeld		83 178 561	67 090 943
SUM EGENKAPITAL OG GJELD		120 678 912	111 509 477



**Torvald
Klaveness**

KLAVENESS DRY BULK GROUP

FINANCIAL STATEMENT DECEMBER 31, 2022



CONSOLIDATED INCOME STATEMENT

		<u>30.11.2021 - 31.12.2022*</u>
		<u>USD</u>
OPERATING REVENUES AND EXPENSES		
Net trading profit/(loss)	Note 4, 5, 6	35 015 610
Pool revenue/operating vessel revenue	Note 6, 7	274 737 681
Internal fees from group companies	Note 8	5 214 463
Bunker sale	Note 9	58 170 909
Other revenue	Note 10	161 594
Total net revenues		<u>373 300 257</u>
Voyage expenses	Note 11	(45 440 162)
Bunker purchase	Note 9	(58 170 909)
Pool hire to shipowners	Note 11, 12	(228 935 496)
Salaries and personel expenses	Note 13	(4 092 201)
Other administration expenses	Note 14, 15	(83 108)
Administrative expenses	Note 15, 16	(19 722 759)
Total operating expenses		<u>(356 444 634)</u>
Operating result		<u>16 855 623</u>
FINANCIAL INCOME AND EXPENSES		
Other interest income/(expenses)	Note 17	304 175
Other financial income/(expenses)	Note 17	(212 307)
Gain / (loss) on foreign exchange	Note 17	256 282
Result of financial items		<u>348 150</u>
Ordinary result before tax		<u>17 203 773</u>
Tax on ordinary result	Note 18	(4 464 834)
Net Profit / (loss) for the year		<u>12 738 939</u>
<u>Details on transfers and allocations:</u>		
Net paid / (received) group contribution without tax effect	Note 19	11 675 044
Net paid / (received) group contribution with tax effect	Note 19	7 982 080
Transferred to / (from) other equity	Note 19	(6 918 184)
		<u>12 738 939</u>

* Klavness Dry Bulk Group was established in November 2021, and the period from establishment to 31.12.2022 represents the first accounting year for the company. Reference to note 1.



CONSOLIDATED BALANCE SHEET

		2022	30.11.2021
		USD	USD
ASSETS			
FIXED ASSETS			
Intangible assets			
Deferred tax assets	Note 18	1 009 186	3 278 164
Total tangible fixed assets		1 009 186	3 278 164
Total fixed assets		1 009 186	3 278 164
CURRENT ASSETS			
Inventory			
Bunkers on board vessels	Note 20	32 871 384	22 277 566
Total inventory		32 871 384	22 277 566
Receivables			
Account receivable	Note 21	10 468 308	20 326 239
Other short term receivables	Note 22	12 386 597	20 028 161
Receivables from group companies	Note 23	1 957 291	1 877 366
Prepaid expenses	Note 24	10 739 300	16 062 894
Total receivables		35 551 496	58 294 660
Investments			
Derivatives	Note 17	27 623	27 660
Total investments		27 623	27 660
Cash and bank deposits			
Other cash and bank deposits		41 219 223	26 200 597
Other cash and bank deposits, restricted	Note 25	10 000 000	1 430 831
Total cash and bank deposits		51 219 223	27 631 428
Total current assets		119 669 726	108 231 314
Total ASSETS		120 678 912	111 509 477

**CONSOLIDATED BALANCE SHEET**

		2022	30.11.2021
		USD	USD
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital (1 000 share of NOK 200)	Note 19	23 056	23 056
Other paid-in capital	Note 19	16 043 870	16 043 870
Total paid-in capital		16 066 926	16 066 926
Retained earnings			
Other equity / (uncovered losses)	Note 19	21 433 425	28 351 608
Total retained earnings		21 433 425	28 351 608
Total equity		37 500 351	44 418 534
Current liabilities			
Accounts payable	Note 26	16 153 359	22 040 197
Pool hire owed to shipowner	Note 12	6 407 626	6 427 366
Debt to financial institutions	Note 25	14 146 679	2 285 845
Debt to group companies	Note 27	18 689 556	2 224 490
Accrued estimated expenses	Note 28	9 810 719	9 879 473
Accrued revenues	Note 28	13 914 139	21 854 472
Other current liabilities	Note 29	4 056 484	2 379 098
Total current liabilities		83 178 562	67 090 942
Total liabilities		83 178 562	67 090 942
TOTAL EQUITY AND LIABILITIES		120 678 912	111 509 477

Oslo, December 31 2022
March 24, 2023Ernst André Meyer
ChairPetter Markussen
Managing DirectorGøran Andreassen
Board MemberMorten Skedsmo
Board Member



CONSOLIDATED CASH FLOW STATEMENT

	30.11.2021-31.12.2022 USD
Cash flow from operating activities	
Ordinary result before tax	17 203 773
Changes in market value of financial assets	37
Change in bunkers on board	(10 593 818)
Change in current assets	22 743 164
Change in current liabilities	1 234 640
Net cash flow from operating activities (1)	30 587 796
Net cash flow from investment activities (2)	-
Cash flow from financing activities	
Paid group contribution	(7 000 000)
Net cash flow from financing activities (3)	(7 000 000)
Cash and cash equivalents at beginning of period	27 631 428
Net change in cash and cash equivalents	23 587 796
Cash and cash equivalents December 31	51 219 223
SPECIFICATION OF CASH AND CASH EQUIVALENTS	
Other cash and bank deposits	41 132 707
Restricted cash	10 086 516
Cash and cash equivalents December 31	51 219 223



NOTE 1: ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles (NGAAP). The most significant accounting principles are described below.

Basis of consolidation

The consolidated financial statements include the parent company Klaveness Dry Bulk AS (KDB), and all its subsidiaries (collectively referred to as "The Group"). Subsidiaries are all entities in which a parent company directly or indirectly has a controlling interest. Controlling interest is normally gained when such company owns, directly or indirectly, more than 50 per cent of the shares in the company and/or is capable of exercising actual control over the company. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Minority interests equal the share of profit/loss and net assets in the subsidiaries held by owners external to the Group. As per 2021 and 2022 there are no external owners, as such there is no minority interest taken into account when presenting the financial statement.

The financial statements of all subsidiaries are prepared for the same reporting period as the parent company. Where accounting principles of subsidiaries are different from the principles of the Group, figures are restated in order to be in line with Group accounting principles. All intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transferred assets are impaired.

The Company was established November 12, 2021, and has as a result not prepared annual financial statements previously. KDB was founded with the shares in AS Klaveness Chartering (KC) and Baumarine AS (BAU) contributed as equity and is considered a continuation of the underlying business in these entities. The first financial year includes therefore transactions from founding date 12.11.2021 to 31.12.2022 for the parent company, whereas in the consolidated accounts The Group have (for practical reasons due to monthly close and overall materiality) presented it as if KC and BAU had been owned from 30.11.2021.

Business combinations

Acquisition of subsidiaries is accounted for using the purchase method. Under the purchase method of accounting the cost of the business combination is allocated to the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition.

Classification of assets and liabilities

Current assets and short-term liabilities include items due less than one year from the balance sheet date, as well as items due more than one year from the balance sheet date, that are related to the operating cycle. Assets intended for permanent ownership or use and receivables with maturities exceeding one year from the balance sheet date are presented as fixed assets. Liabilities with maturity less than one year from the balance sheet date are classified as current. All other debt is classified as long-term debt. The first year's repayment of long-term debt is classified as current liabilities in the balance sheet.

Valuation of tangible assets and liabilities

Non-financial fixed assets are stated at historical cost, less subsequent depreciation and impairment.

Current assets are valued at the lower of cost and net realizable value. Accounts receivable are related to operations and consist of trade receivables, other short-term receivables and prepayments. For valuation of receivables, see section "Receivables".

Loans are recognized at cost (the fair value of the consideration received) net of transaction costs associated with borrowing.

Accounts payable are valued at nominal amount at the transaction date. Account payable are liabilities related to operations and other short-term payables. All these items represent interest free liabilities. In accordance with the Norwegian Accounting Act, some items are valued according to special valuation rules. A more detailed presentation of these is provided under each principle below.



Estimates and assumptions

Preparation of financial statements according to generally accepted accounting principles requires management to use estimates and assumptions that affect the profit and loss account and the valuation of assets and liabilities, and requires disclosure of information about liabilities that, as of the balance sheet date, are not yet certain. Actual figures will generally differ from such estimates. Conditional losses which are likely to occur and which are quantifiable are expensed on a current basis. The Group uses estimates and assumptions in connection with the calculation of pension liabilities, the determination of accruals for contract losses and for losses on receivables, the calculation of risks related to contract fulfillment and the determination of fair market value for the purpose of assessing added values as well as impairment of assets.

Revenue recognition

The Group generates most of its revenues from shipping activities. This includes operating revenue from the vessels in the pools managed by the Group and profit from proprietary portfolio management.

Pool income

The pools in the Group generate their results by operating pool vessels in the market, as well as by conducting market operations. Market operations comprise contracts of affreightment, time charters, and forward freight agreements. Forward freight agreements are used to hedge a portion of the spot days in the pools, refer to the principle concerning hedging below. The mandate for the pools limits the scope of open positions.

For vessels operating in chartering pools, revenues and voyage expenses are pooled and allocated to each pool participant on a time charter equivalent basis in accordance with an agreed-upon formula, such that the net result of the pools, less service revenues, is zero. Total revenues, expenses, assets and liabilities of the pools operated by the Group are included line by line in the consolidated financial statement.

Profit is accrued for each month using the following principles:

- All voyage revenues and voyage expenses are recognized on a percentage of completion basis. The company uses a discharge-to-discharge basis in determining percentage of completion for all spot voyages and voyages servicing under CoA. Under this method, voyage revenue is recognized evenly over the period from the departure of a vessel from its original discharge port to departure from the next discharge port.
- For vessels that have completed unloading without obtaining an agreement as to the next voyage, no estimated revenues are accrued.
- All contracts of affreightment and vessel charters generate voyages, which are accrued as described above.
- FFA contracts are settled monthly according to contract maturity. FFA option premium is recognized across the term to maturity.
- Administrative, non-voyage-related revenues and expenses are recognized in the month in which they are incurred.
- Demurrage / despatch are taken into account if it is probable that a claim will occur.
- Monthly profit is distributed among those vessels that have been employed in the pool for that specific month. The monthly distribution of profit is a product of the vessel's net days in the specific month and the vessel's pool earnings points (VEP). VEP calculations are based on vessel performance; the main criteria being the vessel's speed, fuel consumption, and maximum load intake. Profit for the year for the pool is distributed to pool participants in its entirety and defined as a pool expense so that the net profit for the year is zero.

Net trading profit/(loss)

Income from proprietary portfolio management. The proprietary portfolio consists of physical and financial freight contracts, primarily contracts of affreightment (CoA), time charters (TC) and forward freight agreements (FFA). The contracts are managed as a single portfolio. For further description of the accounting treatment of the portfolio, refer to the presentation below of the accounting principles for derivatives.

Sales of services are recognized upon performance. Voyage revenues and expenses are recognized on a pro rata basis over the estimated length of each voyage, on a discharge to discharge basis. At the time of discharge,



management normally knows the next load port and expected discharge port, so that the discharge-to-discharge calculation of voyage revenues and expenses can be estimated with a reasonable degree of accuracy. For vessels without contract in place at discharge, no revenue is recognized before a new contract is entered into. Voyage related expenses incurred for vessels in idle time are expensed. Revenues from time charters are recognized over the time when the services are performed. Demurrage and despatch are taken into account if it is probable that a claim will occur.

Provisions are made for unrealized losses if it is likely that such losses will occur.

Other income

Gains and losses arising from sales of tangible assets are presented as part of the operating profit or loss. Other income is recognized when it is earned (the earned income principle).

Cost recognition

Expenses are recognised in the same period as the revenue to which they are related. Expenses that cannot be directly attributed to revenues are expensed as they are incurred. In recording projects in progress but not completed at the close of an accounting period, expenses are accrued according to the proportion incurred.

Provisions are made for unrealized losses if it is likely that such losses will occur.

Derivate instruments

The Group may use a set of financial instruments (forward freight agreements, bunkers contracts, foreign currency contracts and interest rate swaps, among others) either to manage financial risks (hedging) or within given mandates to maximize profit (non-hedging). The purpose of the derivatives determines which accounting principle is applied.

Hedging

A hedging instrument is an instrument whose fair value or cash flows are expected to offset changes in the fair value or cash flows of an underlying object (asset/liability). Cash flow hedges are recorded in the profit and loss account in the same period as the cash flow from the associated asset or physical contract. Fair value hedges are reflected in the book value of the underlying asset, and gains or losses in the fair value of the hedging instrument are recognized immediately in the profit and loss account.

Non-hedging

Foreign currency contracts not considered as hedging are measured at fair market value. All other derivatives entered into for non-hedging purpose are recorded at the lower of historical cost or fair market value.

Physical and financial freight contracts

The Group uses financial instruments (forward freight agreements (FFA), fuel swaps and currency swaps, among others) both to manage financial risk and as elements in its trading. These physical and financial freight contracts entered into to profit from short-term fluctuations in market rates are managed and valued as a single portfolio. The portfolio is valued at the lower of acquisition cost and fair market value. Both physical and financial freight contracts are valued against the forward curves as of December 31st. The fair market value of these contracts also includes estimated future losses due to counterparty risk. Loss provisions are made to the extent the fair market value of the portfolio is negative. Such provisions are classified in the balance sheet as provisions for loss of contracts. Any positive value exceeding acquisition cost is not recognised. The fuel swaps in the fuel trading portfolio are recognized separately at fair value.

Financial investments

Subsidiaries as defined above are consolidated in the Group accounts on a 100 per cent basis. These investments are accounted for in the Group accounts according to the proportionate consolidation method. Other long-term investments are stated according to the cost method. Short term investments are valued at the lower of cost or fair market value.



In the parent company accounts, all long-term investments are stated according to the cost method, while short-term investments are valued at the lower of cost or fair market value.

Investments in financial current assets

Financial current assets, listed shares and bonds included in a trading portfolio and traded on a regular basis, are recorded at market value. Short-term liquid investments defined as cash equivalents are financial instruments that can be converted at any time into a known amount of cash and have a maximum maturity of three months.

Tax

Tax expenses in the profit and loss account comprise the sum of tax payable for the year and changes in deferred tax assets and liabilities. Deferred tax assets and liabilities are calculated at 22 per cent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at year-end. Temporary differences, both positive and negative, are balanced out within the same period. Deferred tax assets are recognized in the balance sheet only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity.

Foreign currency

The presentation currency for the Group is US dollar (USD). Group companies, excluding the parent company using NOK, has USD as their functional currency. Each entity in the Group determines its own functional currency in accordance with NGAAP and items included in the financial statements of each entity are measured using that functional currency.

Functional currency

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

Where the functional currency of consolidated entities differs from the functional currency of the Group, income statements are translated into USD using the average exchange rate for the year. Exchange differences arising on the translation are recognized directly in equity.

Income and expenses in NOK are converted at the rate of exchange on the transaction date. The average exchange rate was 9.6197 in 2022 (2021: 8.5973). At year-end 2022, an exchange rate of 9.9066 (2021: 8.8363) was used for the valuation of balance sheet items.

Receivables

Short-term trade receivables are recorded at their nominal value less provisions for bad/doubtful debt, as an approximation of their fair value. The Group regularly reviews its accounts receivable, estimates the amount of unrecoverable receivables each period and establishes an allowance for unrecoverable amounts. The amount of the allowance is based on the age of unpaid amounts, information about the current financial strength of customers, and other relevant information.

Provisions for losses on receivables more than 90 days past due are recorded at 50 percent of their nominal value. The 50 percent rate has been arrived at based on experience. Further, provisions are recorded for major unpaid receivables based on individual assessments.

Bunker inventories

Inventories, which consist primarily of bunker fuel and lubrication oil, are stated at cost. Cost is determined on a first-in, first-out (FIFO) basis. Bunkers is recognized in the balance sheet when the Group has legal ownership of the stock. On short term time charter contracts, ownership remains with the vessel owner when vessels are hired in. Instead of transferring ownership of the bunkers, the vessels are to be returned to the owner at the end of the contract period with the same amount of bunkers onboard.



For time charter-in vessels that are hired out on time charter-out contracts, bunkers onboard the vessel at the time of hiring out is recognized as bunkers (if legal ownership is established), although some of this may have been consumed at the balance sheet date. The Group has legal ownership of the bunkers onboard vessels in the pools.

Bunkers are considered to be materials used for execution of voyages. These are not written down below cost if the voyage result where the bunkers are consumed is positive. However, when a decline in the price of bunker stock indicates that the voyage result turns negative, the bunker stock is written down to net realizable value.

Pool payment

The Group pays pool hire to pool participating vessels. Annual pool payments vary according to total pool profit. Sums earned by pool shipowners but not paid in the accounting year in question are recorded as pool hire owed to shipowners under current liabilities.

Related parties

Transactions with related parties are conducted at arm's length on market terms. Related parties are defined to include the Group's top management, the Board of directors and stockholders of Klaveness Dry Bulk AS, as well as the ultimate owners of the Group and any other companies that the ultimate owners control.

Pensions

All current employees in the Group have a defined contribution plan. All the pension plans in the Group are in compliance with local laws and regulations.

A defined contribution plan is one under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Currency gain/loss related to net pension assets is presented as part of the pension costs.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments with original maturities of three months or less.

Events after the balance sheet date

The values of assets and liabilities that are recorded in the balance sheet may be based on assumptions and uncertainties. Events that occur after the balance sheet date and that result in new information that leads to a reassessment of an item of asset or liability, are accounted for accordingly. Examples of such events after the close of the balance sheet date are legal decisions, payments and settlements received from customers, final determination of bonuses and other performance-dependent remuneration.



NOTE 2: SUBSIDIARIES

Klaveness Dry Bulk AS comprises several subsidiaries. Subsidiaries are all entities in which a parent company directly or indirectly has a controlling interest.

Subsidiaries are fully consolidated from the date of acquisition. Where accounting principles of subsidiaries are different from the principles of the Group, figures are restated in line with Group accounting principles.

Unless otherwise stated, the companies are located in Oslo, Norway.

Subsidiaries:

Company name	Ownership interest per 31 Dec, 2022	Ownership interest per 30 Nov, 2021
Baumarine AS	100 %	100 %
Bulkhandling Handymax AS	0 %	100 %
AS Klaveness Chartering	100 %	100 %

NOTE 3: MAJOR AND SUBSEQUENT EVENTS

2023: Subsequent events

There are no events after the balance sheet date that have material effect on the financial statement as of 31 December 2022.

30.11.2021-31.12.2022: Major events

Bulkhandling Handymax AS dissolved

In December 2022 the dissolving was announced in Brønnøysundsregisteret, with no payout to the shareholder as equity amounted to zero.



NOTE 4: OPERATIONAL AND FINANCIAL RISKS

Klaveness Dry Bulk operates globally in a capital intensive industry subjected to strong business cycles and volatility in underlying markets. The group is exposed to both operational and financial risks.

Operational risks:

Operational risk is managed through insurances and procedures to manage risks such as piracy, health and safety, environmental risks, off-hire and accidents. All vessels sailing through piracy exposed areas take necessary steps to mitigate the threat. The vessels are insured for loss of hire, protection and indemnity (P&I), and complete loss. Operational risk are related to the execution of cargo contracts and time charter contracts in AS Klaveness Chartering, and to the management of a spot pool.

The chartering and trading and pool management activities are governed by well-defined and board-approved mandates, management procedures and reporting requirements.

Financial risks:

Market risk

The trading of physical and financial freight contracts, which includes COAs, TCs and FFAs, conducted by AS Klaveness Chartering, involves risks related to movements in the overall market price levels and market movements between sub-markets, e.g. geographical areas. These risks are monitored continuously and managed according to scenario-based mandates and kept within market- and liquidity risk limits decided by the board.

Currency risk

Klaveness Dry Bulk's functional currency is USD. Some of the cash, bank deposits, debt to related parties are denominated in NOK and EUR, however the main income and cost is in USD. There were no currency hedges used in the period from 30.11.2021 to 31.12.2022.

Credit and counterparty risk

Klaveness Dry Bulk is exposed to credit risk towards all counterparties. All counterparties are credit rated and corresponding exposure limits are defined and monitored per counterparty. The group monitors the net exposure to all counterparties, and recognize provisions against expected future losses. A provision for losses on other outstanding amounts is made based on age and individual evaluations of each item. Financial contracts are for the main part entered into through clearing houses to minimise counterparty exposure.

Liquidity risk

The Group's cash position is impacted by market and credit risk. There are two main uncertainties related to AS Klaveness Chartering's cash flow; clearing margin payments and cash flow shortfall from key counterparty defaults. The daily settlement for mark-to-market of cleared FFAs is based on changes in the forward market. In addition, clearing houses require collateral for possible future market changes. Clearing of FFAs therefore has an impact on the cash requirements. AS Klaveness Chartering has an overdraft facility in Skandinaviska Enskilda Banken (SEB) amounting to 15 MUSD. Further the Group is considered to have sufficient funds on hand to manage the mentioned volatility. As such the liquidity risk is considered to be limited.



NOTE 5: NET TRADING PROFIT/(LOSS)

	30.11.2021-31.12.2022
	USD
Realised portfolio value	35 015 610
Net trading profit/(loss)	35 015 610

The Group through its subsidiary AS Klaveness Chartering ("The Company") takes positions in physical and financial freight contracts including time charter agreements, forward freight agreements, contracts of affreightment and options. The positions in physical and financial freight agreements are managed as one portfolio.

The portfolio is managed within a given trading mandate regulating market- and liquidity risks with maximum exposure limits. Limits and exposures are supervised on a daily basis. The derivative portfolio mainly consists of cleared forward freight agreements, some over-the-counter agreements with investment grade institutions and negligible positions with non-investment grade counterparties. All physical and financial contract counterparties are rated in-house and given a designated credit exposure limit.

The portfolio of contracts is managed through defined mandates and risk measures and is therefore treated as a portfolio for accounting purposes. As a consequence of the accounting principles followed, a negative future portfolio value requires a provision, whereas a positive future portfolio value will only be recognized in the accounts in future years, as it is realized.

The mark-to-market value of the portfolio of contracts related to the Panamax and Financial Trading segments per end of December 2022 and forward was, assuming no credit risk, USD 9.1 million. This is based on a valuation of each separate contract's cash flow relative to the forward market in the relevant contract period, which is aggregated and discounted using the USD swap interest curve. The net mark-to-market value of the portfolio, after deducting the statistically estimated counterparty losses, was positive by USD 8.3 million.

The Company has 4 ship-years of time charter-in contracts with maturity below 1 year, and 0 ship-years of time charter-in contracts with maturity between 1 and 2 years. The average daily lease rate was USD 13 612. In addition we have 2 ship years with index based lease rate.

The initial margin equals the guarantee obligation the Company has to the clearing houses for the trade of cleared Forward Freight Agreements (FFA's). The deposits vary daily according to the forward market. SEB is the company's Clearing Agent and has provided a USD 5 million facility for clearing purposes (initial and variation margins). The initial margin equals the guarantee obligation the Company has to the clearing houses for freight and oil derivatives. Per year-end 2022, the company had not drawn on the facility as deposit for initial margins, while the variation margin, which is collateral transferred between the parties due to market variations, were USD 0.8 million. The initial margins are not recognized in the balance sheet.

0



NOTE 6: HEDGING

The Group through its subsidiaries Baumarine AS and AS Klaveness Chartering use financial instruments to hedge against certain financial risks. In the period from 30.11.2021 to 31.12.2022, Future Freight Agreements (FFAs) and Fuel Swaps have been used to hedge against market fluctuations. FFA agreements are entered into to hedge a portion of open spot days.

Cash flow hedges are recorded in the profit and loss account in the same period as the cash flow from the associated asset or physical contract. Fair value hedges are reflected in the book value of the underlying asset, and gains or losses in the fair value of the hedging instrument are recognised immediately in the profit and loss account.

Hedging object	Hedging instrument	Profit and Loss effect		Future Market	Hedge included in P&L line
		30.11.2021-31.12.2022	31.12.2022	value per 31.12.2022	
Pool income/Freight income	Future freight agreements	9 524 525	-435 409	486 381	Operating revenues
Bunkers cost	Fuel contracts	7 326 541	-1 549 185	-6 020 477	Voyage costs
Total effect on P&L / OW balance sheet		16 861 066	-1 984 594	-5 634 096	

NOTE 7: POOL REVENUE/OPERATING REVENUE VESSELS

USD	30.11.2021-31.12.2022
Freight revenues	57 857 297
Sub time charter revenues	221 346 469
Forward Freight Agreement (FFA)	-1 817 922
Other operating revenues	-2 648 164
Total pool revenue/operating revenue vessels	274 737 681



NOTE 8: MANAGEMENT FEE TO GROUP COMPANIES

The group sells administration services to MaruKlav Management Inc with a mark-up depending on the type of services which is provided. This includes finance, tax, legal services, commercial operations, chartering, HR and management. In addition they also sell other management services to other companies in the Rederiaktjeselskapet Torvald Klaveness group.

USD	30.11.2021-31.12.2022
MaruKlav Management Inc	4 771 380
Klaveness AS	116 449
Cargo Intelligence AS	15 256
Klaveness Ship Management AS	17 991
KCC Chartering AS	293 387
Total Management fee	5 214 463

NOTE 9: BUNKERS PURCHASE AND SALE

The Group through its subsidiary AS Klaveness Chartering is responsible for all bunker purchases in Torvald Klaveness Group. Some of the bunkers are resold to other companies within The Group and therefore eliminated in the financial statement. AS Klaveness Chartering has all the risk and responsibilities towards the bunker suppliers, hence the bunker purchase and resale is presented gross in the financial statement

NOTE 10: OPERATING REVENUE, VESSELS

All activity in Bulkhandling Handymax AS was discontinued by the end of 2020, as such no vessels were active in the pool in the period from 30.11.2021 to 31.12.2022. The result from 30.11.2021 to 31.12.2022 is made up of minor adjustment of the voyages of previous years.

USD	30.11.2021-31.12.2022
Other operating revenues	161 594
Total operating revenues	161 594

NOTE 11: POOL RELATED VOYAGE COST, VESSELS

USD	30.11.2021-31.12.2022
T/C-hire	(544 657)
Voyage expenses	(37 844 166)
Bunker hedge	(5 809 487)
Various expense	(1 241 852)
Total voyage cost, vessels	(45 440 162)

The net result distributed to the pool vessels owner in the Baumarine pool, represent an amount of USD 228 935 496. The average number of vessels employed in the pools from 30.11.2021 to 31.12.2022 are 28 vessels, out of which all 28 are pool participating vessels. Voyage corrections from the discontinued operations in Bulkhandling Handymax AS is also included in the pool related voyage cost.



NOTE 12: POOLHIRE OWED TO SHIPOWNERS

The pool hire owed to shipowners as at December 31, 2022 is based on an estimated pool distribution during the year. The estimated pool distribution has been calculated using Vessel Earnings Points (VEP) which is a distribution key and is the basis for the distribution of the pool income amongst the pool participants, reference is made to note 1. The VEP has been calculated using the ships estimated performance and will be updated with the ships actual performance. The actual VEP for all vessels is calculated quarterly. The last quarter of 2022 will be calculated and set in Q1 2023. Even though the estimated VEP shall be as correctly as possible to reflect the relative earning potential for the ships compared with the other pool ships, there can be differences that will trigger a redistribution of the pool result. The redistribution may require some pool participants to repay some of the pool distribution received, if their ship has underperformed compared to estimated VEP, while some pool participants may receive more than earlier distributed.

Vessel	Poolhire 30.11.2021-31.12.2022	Balance at December 31, 2022
Fleet total	228 935 496	-6 407 626



NOTE 13: SALARY AND PERSONELL EXPENSES

USD	30.11.2021-31.12.2022
Salaries	3 349 713
Employer's social security contribution	504 302
Net pension costs	174 576
Other remuneration	63 610
Total salary and personell expenses	4 092 201

Defined contribution plan

All employees in Klaveness Dry Bulk As have a defined contribution plan. This plan currently consists of annual savings of 5% of salaries between 0 and 12G plus 15 % of salaries between 7.1G and 12G. 1G is currently defined to NOK 111.477. The annual pension payable depends on the size of the contributions, the number of contributions paid and the return during the savings and pension-payment period. The employee may start taking his/her pension from the age of 62, given that it is paid out over a minimum of 10 years and at least until the age of 77. The responsibility for managing the individual pension account, within the insurance company's prevailing selection of funds, lies with the employee. As of December 31, 2022 the defined pension plan included 15 employees. All payments to the defined contribution plan are expensed as they are paid-in.

The contributions recognised as expenses equalled TUSD 175.

Number of employees

The average number of employees in the company was 15 in 2022.

Remuneration to key personnel

USD	30.11.2021-31.12.2022
Salary	336 716
Pension cost	15 236
Total remuneration to key personnel	351 952

The salary expenses for the General Manager includes all salary and bonus paid during the period 30.11.2021-31.12.2022. Accrued bonus to be paid in 2023 is not included.

The board of directors

Members of the Board of Directors are employees of the Torvald Klaveness Group. No special remuneration has been paid to the various members of the Board of Directors, because such positions of office are a part of their regular employment. Compensation for Board work is thus included in the regular salary of such employees.

NOTE 14: OTHER ADMINISTRATIVE EXPENSES

	30.11.2021-31.12.2022
	USD
Audit fee	81 610
Other services from the auditor	1 498
Total	83 107



NOTE 15: MANAGEMENT AGREEMENTS

Maruklav Management Inc

The Baumarine pool purchases pool management services from Maruklav Management Inc. For this service the pool pays a management fee of 1.25 % on freight and T/C income and USD 385 per pool day. The contribution of management fee in the period 30.11.2021-31.12.2022 from the company amounts to USD 7 605 237. Maruklav Management Inc. started purchasing commercial and administrative services in 2022 from Klaveness Dry Bulk AS. In prior years these were purchased from Klaveness AS.

The pool offers fixed rate agreements to its participants for a certain period of time up to a maximum of 90 days. To cover the difference between the fixed rate paid to the pool participant and the spot pool earnings, the pool has entered into a Contract of Difference with a sister company, Maruklav Management Inc. For each fixed rate agreement Baumarine AS enters into with a pool participants, there is an agreement between Baumarine and Maruklav to transfer the risk. Maruklav agrees to assume the market and performance risk, i.e. any negative or positive difference between the fixed hire and daily pool hire that would otherwise be payable under the Pool Participate Agreement.

Contracts entered into by AS Klaveness Chartering on behalf of the group

All bunkers is purchased from AS Klaveness Chartering

NOTE 16: GROUP ADMINISTRATION EXPENSES

The group buys all administration services from Klaveness AS with a mark-up depending on the type of services which is provided. This includes accounting, finance, tax, legal services and HR. In addition they also pay for other services and employees in Dubai and Singapore from the group company Klaveness Asia, in addition to services from the Manila office (Klaveness Shore services Inc) and management services from Klaveness Ship Management AS.

	30.11.2021-31.12.2022
	USD
Klaveness AS	(9 223 181)
Klaveness Ship Management AS	(288 359)
Klaveness Asia Pte. Ltd	(8 244 106)
Klaveness Shore Services Inc	(180 315)
Total group administration services	(17 935 962)



NOTE 17: OTHER FINANCIAL INCOME/(EXPENSES)

	30.11.2021-31.12.2022
	USD
Other interest income/expenses	304 175
Other financial expenses	(263 638)
Gain/loss(-) on foreign exchange	256 282
MtM Fuel swaps	51 331
Total	348 150



NOTE 16: TAXES

	2022	2021	30.11.2021-31.12.2022*
	USD	USD	USD
Change in deferred tax / deferred tax assets	2 298 064	(825 694)	2 298 064
Effect of group contribution	2 239 189	(49 317)	2 239 189
Subtotal	4 537 253	(875 011)	4 537 253
Adjustment of previous year's provision		5 983	(72 419)
Total tax income(-)/expense	4 537 253	(869 028)	4 464 834

* Tax expense for period 30.11.2021-31.12.2022 is calculated by adding 1/12 of the tax expense (869 028 / 12 = 72 419) from 2021 to the tax expense for 2022. As tax is calculated at year end we have included a proportional part of the total tax from 2021 and added it to the tax expense for 2022 to visualise the total tax expense for the period 30.11.2021-31.12.2022.

B. CALCULATION OF TAX BASIS - TAX PAYABLE

USD	2022	2022	2021	2021
	Basis	Tax	Basis	Tax
	2022	22 %	2021	22 %
Profit before tax	16 070 003	3 535 401	25 667 649	5 646 883
Subtotal - permanent differences	7 880 944	1 733 808	2 682 426	590 134
Group contribution from the Klaveness Dry Bulk Group to: Klaveness Finans AS Rederiaksjeselskapet Torvald Klaveness	0 (10 178 132)	0 (2 239 189)	224 168	49 317
Subtotal - group contribution	(10 178 132)	(2 239 189)	224 168	49 317
Total basis and tax payable before tax deficit carried forward	16 948 617	3 728 696	28 309 863	6 228 170
Tax deficit carried forward	(16 948 617)	(3 728 696)	(28 309 863)	(6 228 170)
Use of tax losses carried forward	0	0	0	0
Total tax basis and tax payable	0	0	0	0

C. RECONCILIATION OF NOMINAL AND ACTUAL TAX RATES:

	2022	2021
Profit before tax	16 070 003	25 667 649
Nominal tax rate	22 %	22 %
Expected income tax according to the nominal taxation rate	3 535 401	5 646 883
Tax effect on non deductible expenses	1 257	
Adjustment of previous year group contribution	0	5 983
Total expense for the year	4 537 253	(869 028)
Effective tax rate	28 %	-3 %



NOTE 18: DEFERRED TAX / (DEFERRED TAX ASSETS)

Specification of the tax effect of temporary differences;

USD	Status January 1, 2022	Change	Tax effect	
			Status December 31, 2022	December 31, 2021
			22 %	22 %
Allocation loss on contracts	(1 139 028)	(1 141 148)	(2 280 176)	(1 139 028)
Provision loss on contracts	(300 000)	0	(300 000)	(300 000)
Bonus provision	0	(2 034 654)	(2 034 654)	(447 624)
Total temporary differences that have not been specially adjusted	(1 439 028)	(3 175 802)	(4 614 830)	(1 439 028)
Unrealised market value financial instruments	23 708	3 915	0	23 708
Total temporary differences - adjusted / not adjusted	23 708	3 915	27 623	23 708
Tax losses carried forward	(16 948 617)	16 948 617	0	(16 948 617)
Total temp. differences - basis for calc. deferred tax/(deferred tax assets)	(18 363 937)	13 776 730	(4 587 207)	(18 363 937)
Write-down deferred tax asset			0	732 817
Deferred tax / (deferred tax assets) recorded in the balance sheet			(1 009 186)	(3 307 249)
Change in deferred tax / (deferred tax assets)			2 298 064	(825 694)

Deferred tax asset is recognised in the balance sheet to the extent that future utilisation is probable. The assessment is carried out at Rederiakselskapet Group level for companies within ordinary Norwegian taxation; as these companies can use group contribution to offset taxable income in one company against deductible loss in another. Within the Group, taxable income is generated in the trading portfolio of Klaverness Chartering, as well as through the pools and through the sale of internal services to companies within the tonnage tax regime. Based on the company's tax positions per December 31, 2022, and forecasted future revenues, the tax position is expected to be utilised over a period of 3-5 years. Consequently, the value of the tax position has been recognised in the balance sheet.

Deferred tax as of 30.11.2021 is adjusted with the proportional amount of the tax expense from 01.01.2021 to 30.11.2021 to reflect the proportional changes in deferred tax asset in the subsidiaries from 01.01.2021 to 30.11.2021. Deferred tax asset as of 01.01.2021 was USD 2 481 555, adding 11/12 of the tax expense (689 028 / 12 x 11 = 796 609), calculates to a deferred tax asset of USD 3 278 164 as of 30.11.2021.



NOTE 19: EQUITY

EQUITY

	Share capital	Other paid-in equity	Other equity	Total equity
Equity 30 November 2021	23 056	16 043 870	28 351 608	44 418 534
Profit/loss of the year			12 738 939	12 738 939
Net group contribution received / (paid) without tax effect 2021			(7 000 383)	(7 000 383)
Net group contribution received / (paid) with tax effect 2021			(43 137)	(43 137)
Net group contribution received / (paid) with tax effect 2022			(7 938 943)	(7 938 943)
Net group contribution received / (paid) without tax effect 2022			(4 674 661)	(4 674 661)
Equity 31 December 2022	23 056	16 043 870	21 433 425	37 500 351

Shareholders	Ownership	Shares
Rederiaksjeselskapet Torvald Klaveness	100 %	1 000
TOTAL	100 %	1 000

The Group (Klaveness Dry Bulk AS) is included in the consolidated accounts of Rederiaksjeselskapet Torvald Klaveness (RASTK), Drammensveien 260, P.O. Box 182 Skøyen, NO-0212 Oslo, Norway as Klaveness Dry Bulk AS is 100 % owned by RASTK. The annual accounts of RASTK are available at www.klaveness.com



NOTE 20: INVENTORY

	2022	30.11.2021
	USD	USD
Fuel on board	26 425 136	18 023 166
Diesel on board	6 446 248	4 254 401
Total bunkers on board vessels	32 871 384	22 277 566



NOTE 21: ACCOUNTS RECEIVABLE

	2022	30.11.2021
	USD	USD
Customers, charter	12 203 723	20 661 476
Customers, owner	2 387 059	1 934 526
Provision loss on accounts receivables	(4 122 475)	(2 269 763)
Total accounts receivable	10 468 308	20 326 239

Accounts receivable comprise all items that fall due for payment within one year after the close of the accounting year.

NOTE 22: OTHER SHORT-TERM RECEIVABLES

	2022	30.11.2021
	USD	USD
Public duties receivable	2 361	10 280
Prepaid market-to-market margin on cleared FFAs	4 567 216	2 809 699
Accrued voyage income	7 707 496	16 286 593
Other short-term receivables	109 525	921 589
Total external debtors	12 386 597	20 028 161

NOTE 23: RECEIVABLE FROM GROUP COMPANIES

	2022	30.11.2021
	USD	USD
Short-term receivables		
Rederiaksjeselskapet Torvald Klaveness	0	5 000
Maruklav Management Inc	182 364	124 028
Klaveness AS	33 210	0
Cargo Intelligence AS	5 334	0
Klaveness Combination Carriers ASA	1 630 127	0
Klaveness Ship Management AS	1 421	0
KCC Chartering AS	104 835	1 748 338
Total short-term receivables - Group companies	1 957 291	1 877 366

Short-term intragroup receivables are defined as items that fall due within one year after the close of the accounting year.

NOTE 24: PREPAID EXPENSES

	2022	30.11.2021
	USD	USD
Short-term receivables		
Prepaid expenses, on-going voyages	9 318 817	9 662 235
Other prepaid expenses	1 420 482	6 400 659
Total prepaid expenses	10 739 300	16 062 894



NOTE 25: CASH AND BANK DEPOSITS

	2022	30.11.2021
	USD	USD
Cash and bank deposits	41 132 707	26 200 597
Cash and bank deposits, restricted	10 000 000	1 430 831
Employee tax withholding, restricted	86 516	0
Total cash and bank deposits	51 219 223	27 631 428

Skandinaviska Enskilda Banken (SEB) provided the group with an overdraft facility of USD 10 million with a one-year tenor in 2022. The facility is for general purposes and can partly be used as security for guarantees provided by the bank, without cash draw-down. No cash amount was drawn per 31. December 2022. The overdraft facility is secured by a pledge in current assets, including bank accounts and there is a minimum equity covenant of USD 20 million. At 31.12.2022 10 MUSD cash was on a restricted deposit account.

In addition, Skandinaviska Enskilda Banken (SEB) has provided the group with an overdraft facility of 5 million. The overdraft facility is for derivatives clearing purposes and undrawn amount on the facility as per 31 December 2022 was USD 4,95 million.

The group also has a short-term drawing right of USD 15 000 000 with DnB Bank ASA. The overdraft facility is renewed annually.

The unused part of the ODF was per year-end 2022 USD 853 320 and the draw of USD 14 146 680 is classified as debt to financial institutions in the balance sheet.

The overdraft facility is secured by an assignment of accounts receivables recorded in the Registry for Movable Property in Brønnøysund, pledge over inventory and tangible assets.



NOTE 26: ACCOUNTS PAYABLE

	2022	30.11.2021
	USD	USD
Vendors	16 153 359	22 040 197
Total account payable	16 153 359	22 040 197

Accounts payable are liabilities that fall due in their entirety within one year after the end of the accounting year.

NOTE 27: DEBT TO GROUP COMPANIES

	2022	30.11.2021
	USD	USD
Klaveness AS	259 526	250 000
Maruklave Management AS	518 270	1 542 886
KCC Chartering AS	64 721	431 603
Rederiaksjeselskapet Torvald Klaveness - group contribution with tax effect	10 178 132	-
Rederiaksjeselskapet Torvald Klaveness	5 465	-
Klaveness Ship Management AS	23 175	-
Klaveness Shore Services Ltd	17 170	-
Klaveness Asia Pte	2 948 430	-
Rederiaksjeselskapet Torvald Klaveness - Group contribution without tax effect	4 674 661	-
Total liabilities to group companies	18 689 556	2 224 489

NOTE 28: ACCRUED ESTIMATED EXPENSES AND REVENUE

The balance sheet items; accrued estimated revenues, accrued revenues, accrued estimated expenses and accrued expenses show the accrual for voyages not yet completed at year end.

As of 31.12.2022 there are 30 voyages not yet completed in the Baumarine pool and 28 voyages not yet completed in AS Klaveness Chartering. The total days for the voyages are 2 718 days, whereof 1 627 days in 2022.

	2022	30.11.2021
	USD	USD
Accrued voyage expenses	9 810 719	9 879 473
Accrued revenue related to voyages	13 914 140	21 854 472
Total accrued expenses	23 724 859	31 733 945

NOTE 29: OTHER CURRENT LIABILITIES

	2022	30.11.2021
	USD	USD
Other current liabilities	3 948 981	2 379 098
Public duties	107 503	0
Total current liabilities	4 056 484	2 379 098

In general, current liabilities are defined as liabilities that fall due within one year after the end of the accounting year.



KLAVENESS DRY BULK AS

FINANCIAL STATEMENT DECEMBER 31, 2022



INCOME STATEMENT- PARENT COMPANY

USD	Note	12.11.2021 - 31.12.2022
Operating income and expenses		
Management fee to group companies	2	18 110 362
Total operating income		18 110 362
Salaries and personel expenses	3	-4 092 201
Operating expenses	4	-13 873 382
Total operating expenses		-17 965 584
Operating profit/(loss)		144 778
Financial income and expenses		
Net interest income/expenses		-2 200
Net other financial income/(expenses)		-266
Net other financial income/(expenses), group companies		-3 000
Group contribution from subsidiaries		504 714
Net currency gain/(loss)		198 255
Net financial income/(expenses)		697 503
Profit/(loss) before taxes		842 282
Taxes	5	-75 007
Profit/(loss) for the year		767 275

Klaveness Dry Bulk AS was established at 12.11.2021, as such the result from the period 12.11-31.12.2021 has been included with the 2022 result.



BALANCE SHEET - PARENT COMPANY

USD	Note	2022	12.11.2021
ASSETS			
Intangible assets			
Deferred tax asset	5	447 624	0
Total intangible fixed assets		447 624	0
Financial fixed assets			
Investments in subsidiaries	6	16 066 926	16 066 926
Total fixed assets		16 514 550	16 066 926
Current assets			
Receivables, Group companies	7	4 264 074	0
Short-term receivables		47 250	0
Bank deposits	8	2 613 343	0
Total current assets		6 924 667	0
TOTAL ASSETS		23 439 217	16 066 926
EQUITY AND LIABILITIES			
Equity			
Paid-in-capital			
Share capital (1.000 shares of NOK 200)	9	23 056	23 056
Other paid in equity	9	16 043 870	16 043 870
Retained earnings			
Other equity	9	-1 085 689	0
Total equity		14 981 237	16 066 926
LIABILITIES			
Current liabilities			
Public duties payable		71 753	0
Accounts payable		2 684	0
Short-term liabilities, group/related companies	10	5 556 691	0
Other short-term liabilities		2 826 852	0
Total current liabilities		8 457 980	0
Total liabilities		8 457 980	0
TOTAL EQUITY AND LIABILITIES		23 439 217	16 066 926

Oslo, December 31 2022
March 24, 2023

Ernst Andre Meyer
Chair

Gøran Andreassen
Board Member

Petter Markussen
Managing Director

Morten Skedsmo
Board Member



CASH FLOW STATEMENT - PARENT COMPANY

USD	12.11.2021 - 31.12.2022
Profit/(loss) before taxes	842 282
Change in current assets	(4 311 324)
Change in current liabilities	6 082 386
Net cash from operating activities (1)	2 613 343
Net cash from investing activities (2)	0
Repayment of short term loan	-850 000
Loans from Group companies	850 000
Net cash from financing activities (3)	0
Net increase/decrease (-) in cash (1+2+3)	2 613 343
Cash at January 1	0
Cash at December 31	2 613 343
Net increase/decrease (-) in cash	2 613 343



Note 1 ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles.

Investments in subsidiaries

Investments in subsidiaries are stated according to the historical cost method. If there is a decrease in value that is not temporary, the shares are written down. Previously recognised impairments are reversed if the reason for the impairments no longer exists.

For other accounting principles refer to group accounting principles.

Note 2 MANAGEMENT FEE

The company sells administration services to MaruKlav Management Inc and AS Klaveness Chartering with a mark-up depending on the type of services which is provided. This includes finance, tax, legal services, commercial operations, chartering, HR and management. In addition they also sell other management services to other companies in the Rederiaksjeselskapet Torvald Klaveness group.

USD	12.11.2021 - 31.12.2022
As Klaveness Chartering	12 895 899
MaruKlav Management Inc	4 771 380
Klaveness AS	116 449
Cargo Intelligence AS	15 256
Klaveness Ship Management AS	17 991
KCC Chartering AS	293 387
Total management fee	18 110 362

Note 3 SALARIES AND OTHER PERSONNEL EXPENSES

USD	12.11.2021 - 31.12.2022
Salaries	3 349 713
Employer's social security contribution	504 302
Net pension costs	174 576
Other remuneration	63 610
Total operating expenses	4 092 201

Defined contribution plan

The company is obliged to have an occupational pension scheme pursuant to the Act on Compulsory Occupational Pensions. All employees have a defined contribution plan. The defined contribution plans cover full-time employees and contributions comprise between 3 % and 5 % of salaries. As at 31 December 2022, 15 members were covered by the plans.

The contributions recognised as expenses equalled TUSD 175

Number of employees

The average number of employees in the company was 15 in 2022

Remuneration to key personnel

USD	12.11.2021 - 31.12.2022
Salary	336 716
Pension cost	15 236
Total remuneration to key personnel	351 952

The salary expenses for the General Manager includes all salary and bonus paid during the period 12.11.2021-31.12.2022. Accrued bonus to be paid in 2023 is not included.

The board of directors

Members of the Board of Directors are employees of the Torvald Klaveness Group. No special remuneration has been paid to the various members of the Board of Directors, because such positions of office are a part of their regular employment. Compensation for Board work is thus included in the regular salary of such employees.



Note 4 OPERATING EXPENSES AND REMUNERATION TO AUDITOR

USD	12.11.2021 - 31.12.2022
Internal fees from group companies	12 063 840
External services	197 183
Other operating expenses	1 612 360
Total operating expenses	13 873 382

Klaveness Dry Bulk AS buys administration services from group companies with a mark-up depending on the type of service which is provided. This includes accounting, finance, tax, legal services, IT, commercial operations, chartering, HR and management.

Remuneration to the auditor	USD	12.11.2021 - 31.12.2022
Auditing ex. VAT, statutory		2 991
Tax and other services ex. VAT		1 498
Total remuneration to the auditor		4 488

Note 5 TAXES

USD	12.11.2021 - 31.12.2022
Income taxes consist of:	
Effect of Group contribution	522 631
Change in deferred tax / deferred tax asset	-447 624
Total tax expense / (income)	75 007

Taxable income:	12.11.2021 - 31.12.2022
Profit/(loss) before tax	842 282
Permanent differences	(501 342)
Change in temporary differences	2 034 654
Group contribution with tax effect	(2 375 594)
Taxable income	(0)

Reconciliation of the effective tax rate:	12.11.2021 - 31.12.2022
Profit/(loss) before tax	842 282
Expected income tax (22 %)	185 302
Tax effect of non deductible expenses	(110 295)
Total tax expenses / (income)	75 007

Deferred tax / Deferred tax asset:	2022	12.11.2021
Temporary differences from bonus provision	447 624	0
Net recognised deferred tax / (deferred tax asset)	447 624	0
Change deferred tax / (deferred tax asset)	447 624	0



Note 6 INVESTMENTS IN SUBSIDIARIES

USD	Share capital	Group contr. & dividends in 2022	BV changes in 2022	Book value 2022	Book value 2021
Subsidiaries (acquisition year)					
AS Klaveness Chartering (2021)	NOK 1 000			16 051 537	16 051 537
Baumarine AS (2021)	NOK 100			15 389	15 389
Total investments in subsidiaries		0	0	16 066 926	16 066 926

The shares in AS Klaveness Chartering and Baumarine AS were transferred as a "non-cash deposit" from Rederiselskapet Torvald Klaveness during 2021, in relation to the establishment of Klaveness Dry Bulk AS.

Note 7 RECEIVABLES, GROUP COMPANIES

USD	2022	12.11.2021
Klaveness AS	33 210	0
Cargo Intelligence AS	5 334	0
Klaveness Combination Carriers ASA	16 297	0
Klaveness Ship Management AS	1 421	0
Maruklav Management Inc	182 364	0
KCC Chartering AS	104 835	0
AS Klaveness Chartering	3 415 899	0
AS Klaveness Chartering - Group contribution with tax effect	504 714	0
Total receivables, group companies	4 264 074	0

Note 8 BANK DEPOSITS

USD	2022	12.11.2021
Bank accounts USD	2 363 888	0
Bank accounts NOK	162 939	0
Employee tax withholding, restricted	86 516	0
Total bank deposits	2 613 343	0



Note 9 EQUITY

2021

USD	Share capital	Other paid-in capital	Other equity	Total equity
Equity at 12 November 2021	23 056	16 043 870	0	16 066 926
Profit/(loss) for the year			767 275	767 275
Group contribution with tax effect			(1 852 963)	(1 852 963)
Equity at 31 December 2022	23 056	16 043 870	(1 085 689)	14 981 237

For information regarding ownership, refer to group notes.

Note 10 SHORT-TERM LIABILITIES, GROUP/RELATED COMPANIES

USD	2022	12.11.2021
Klaveness AS	192 321	0
Klaveness Ship Management AS	23 175	0
Klaveness Shore Services Ltd	17 170	0
Klaveness Asia Pte	2 948 430	0
Rederiaksjeselskapet Torvald Klaveness - Group contribution with tax effect	2 375 594	0
Total short-term liabilities, group/related companies	5 556 691	0



Skatteetaten

Vår dato
03.10.2022

Din/Deres dato
16.09.2022

Saksbehandler
Nina Gulbrandsen

800 80 000
Skatteetaten.no

Din/Deres referanse
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Telefon
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Org.nr
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Vår referanse
2022/5781261

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U.off.

KLAVENESS AS
Postboks 182 Skøyen
0212 OSLO

Att. Lena Christin Evensen

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Klaveness AS (org.nr. 997 553 667) søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk for følgende selskap:

Klaveness Maritime Services AS (org.nr. 929 418 417)

Klaveness Dry Bulk AS (org.nr. 928 221 830)

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Selskapene som søker om dispensasjon ble stiftet i 2021/22 og inngår i Torvald Klaveness Gruppen. Selskapene som inngikk i Torvald Klaveness Gruppen fikk i vedtak (2009/275763) av 25. januar 2010 dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk. Selskaper som har kommet til senere har også fått dispensasjon. Det søkes derfor om dispensasjon for disse nye selskapene. Øvrige forhold som ble lagt til grunn i det tidligere vedtaket er fortsatt gjeldende.

Skattekontorets vurdering

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 mv., 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, kunder og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattekontoret lagt vekt på at selskapene som søker om dispensasjon er nye selskaper som inngår i et konsern som tidligere er gitt dispensasjon

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lene Bjørkevoll
underdirektør
Innsats, storbedrift
Skatteetaten

Nina Gulbrandsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



DIRECTORS' REPORT 2022

The group Klaveness Dry Bulk (Klaveness) was established 12.11.2021 and is fully owned by Rederiaksjeselskapet Torvald Klaveness (RASTK). It consists of the companies Klaveness Dry Bulk AS (KDB), Baumarine AS ("The Pool") and AS Klaveness Chartering (KC). The companies are all located in Oslo, Norway.

Klaveness Dry Bulk is an operator and pool manager in the dry bulk segment and operates a fleet of around 60 vessels in the Panamax, Kamsarmax and Post-Panamax segments. The operator business consists of a portfolio of cargo contracts of affreightment, time-chartered period vessels, and freight and fuel derivatives; delivering safe and competitive transportation to cargo owners. The pool business, through Baumarine by MaruKlav, aims to deliver service offerings that enable vessel owners to take control in optimizing their earnings while giving them greater flexibility. In addition to the delivering spot earnings based on the Pool's performance, the Pool is able to offer pool participants the option to convert freely between spot and fixed rate at any given time, in line with forward market levels. The product allows owners to take control of their market exposure in utilizing peaks to lock-in fixed earnings at preset target levels.

In addition to being an operator and pool manager, Klaveness Dry Bulk aims to build value-driven solutions for ship owners and industrial participants to make better commercial decisions. The business area has a range of services including TC-in partnerships, trade-optimizing tools, bunkering, and research services. During 2022, Klaveness Dry Bulk experienced keen interest for several of these services and has also seen increased potential for internal use of several of the tools. Financially, 30.11.2021-31.12.2022 was a strong year for Klaveness Dry Bulk with revenues of USD 373.3 million and profit after tax of USD 12.7 million. With an equity ratio of 31.1 % and USD 51.2 million in liquid assets, Klaveness Dry Bulk has a strong financial position.

Sustainability

In terms of environmental impact, dry bulk shipping is an efficient way of transporting industrial commodities. Nevertheless, the shipping industry has a significant environmental footprint both globally and locally. Both the Pool and KC requires that all vessels operated by the company are ISM certified. All vessels operated are however, chartered in and the responsibility for their technical condition remains with the owners of the vessels. In addition, the company aims to reduce the use of fossil fuels and associated emissions to the atmosphere as far as possible by optimizing trading patterns and reducing ballasting. Cleaning of the vessels is performed according to the MARPOL rules.

Business areas

Klaveness Chartering (KC)

KC is a leading operator and trader in the dry bulk market, providing transportation of dry bulk commodities to industrial customers and employment opportunities to owners of bulk carriers. KC is engaged in operation of a portfolio of physical and financial freight contracts including time-charter contracts (T/C), contracts of affreightment (CoA) and forward freight derivatives (FFAs), referred to herein as "market maker" activities. Contracts are predominantly entered into for vessels in the Panamax segment.

KC also uses financial bunker swaps to manage the risk of its bunker oil exposure. KC hedges most of the bunker oil exposure, and the counterpart of the contracts Skandinaviska Enskilda Banken (SEB) as clearing provider and OTC contracts with investment grade institutions. In addition, KC has a mandate to take marginal proprietary positions in the fuel markets.

In addition to being an operator KC has a goal to become a "market manager" for its customers, through a range of services including T/C partnerships, portfolio management, bunkering, and research services.



Baumarine "The Pool"

Baumarine AS is a commercial pool which operates and charters vessels for independent ship owners. The objective is to obtain the best possible pool result relative to the spot market for distribution to the participating vessels' owners. The Pool also aims to deliver service offerings that enable vessel owners to take control in optimizing their own earnings and give them greater flexibility. In addition to delivering the general floating rate earnings based on the pool's performance, the Pool also offers pool participants the option to convert freely between floating and fixed rate at any given time, in line with forward market levels. The product allows owners to take control of their market exposure in utilizing peaks to lock in fixed earnings at present target levels.

The results are distributed according to Vessel Earning Points (VEP) governed by the pool agreements. The VEP reflects the vessels' characteristics (dead-weight, draft, speed & consumption etc.), which determine the vessels' relative earning potentials.

The Pool purchases management services from Maruklav Management Inc, which is a jointly owned company between Marubeni and Klaveness. The daily management of the Pool activities is managed out of Klaveness' offices in Oslo, Dubai and Singapore, where the existing teams have been strengthened with experienced employees from Marubeni. According to the management agreements, the company pays 1.25% management fee on freight income, T/C income, and an additional USD 385 per pool day to Maruklav Management Inc. The management fee covers chartering, operation, accounting, reporting, financing, risk management and legal counselling.

Panamax freight rates through 2022 averaged at 19,327 USD/day, down 6,072 USD/day compared to average rate for 2021. The average rate in the Pool for 2022 ended at 20,552 USD/day (Benchmark index P5TC_82, lagged was 20,449 USD/d). The participants had a total of 30 vessels in the Pool at year-end 2022 and 28 vessels on average in 2022.

Organization

Klaveness Dry Bulk had a total of 15 employees located in Oslo at year-end 2022. Women represented 6.6% of the workforce.

Klaveness is built on talented and dedicated employees. All employment-related decisions are based upon relevant qualifications, merit, performance, and other job-related factors. Klaveness ensures equal rights for all, irrespective of gender, gender identification, ethnicity, religion, sexual orientation, disability, or social status.

Absence due to sick leave was satisfactory, averaging 1.52% for the Group in 2022. Working conditions for employees are considered good. The company holds a Directors & Officers (D&O) liability insurance.

In relation to the Transparency Act which came into force 1 July 2022, Klaveness has evaluated and made some minor adjustments to its Code of Conduct and Counterparty Code of Conduct. KYC Procedures and contract clauses with counterparties and suppliers were as well amended to ensure compliance with the legislation. The Transparency Act report will be published on Klaveness' web pages at www.klaveness.com in due time before June 30, 2023.

Financial results (30.11.2021-31.12.2022)

Gross revenue from the portfolio of physical and financial freight agreements ended at USD 35 million, while revenue from pool activities amounted to USD 274.7 million. Revenues were positively impacted by strong underlying markets and improved trading efficiency. For the Group in total, 30.11.2021-31.12.2022 resulted in total operating revenue of USD 373.3 million.

EBITDA ended at USD 16.9 million and operating expenses amounted to USD 356.4 million. The net result from financial items was in total positive by USD 0.4 million.

The Group earned a profit before tax (EBT) of USD 17.2 million while net income after taxes was 12.7 MUSD.



Financial position

At year-end 2022, consolidated equity was USD 37.5 million (30.11.2021: USD 44.2 million), corresponding to a book equity ratio of 31.1 % (30.11.2021: 39.8 %). Cash and bank deposits were USD 51.2 million at year-end 2022 (30.11.2021: USD 27.6 million) and in addition the Group had available revolving credit and overdraft facilities of USD 30 million (2021: USD 20.5 million).

Cash flow

During the period 30.11.2021-31.12.2022, The Group had a cash flow from operating activities of USD 30.6 million. The net cash flow from investing activities was null and the cash flow from financing activities was negative by USD 7 million, whereof the main items were group contribution paid to sister companies.

Financing and going concern

Both AS Klaveness Chartering and Baumarine AS have renewed their overdraft facilities in Q1 2023, with no changes to the amount. During 2022, the facility in AS Klaveness Chartering was increased from USD 10m to USD 15m while Baumarine AS' facility was increased from USD 12m to USD 15m.

The accounts are reported under the assumption of a going concern. The Board of Directors considers the financial position of the Group at year-end 2022 to be solid and the liquidity to be satisfactory. The group's current cash flow, existing and committed debt and liquidity position are considered sufficient to cover all approved commitments.

The markets

The Panamax spot dry bulk market had a strong start of the year with earnings (PSTC13) of \$24,798/day during first half 2022, weakening substantially to \$16,590/day in second half of the year. Average spot Panamax earnings averaged \$20,663/day in 2022, down from 2021 but still at very healthy levels. The global dry bulk demand growth decelerated from 3.4% in 2021 to minus 1.9% in 2022 according to Clarksons Research, while the nominal growth in the dry bulk fleet was 2.8% in 2022, down from 3.6% in 2021.

Going into 2023 the dry bulk markets were at their weakest levels since 2020, normally a seasonally slow part of the year. The dry bulk market is expected to improve through 2023, but to remain at more moderate levels than seen in 2021 and 2022. Both vessel demand (tonne-miles) and supply are expected to grow about 2% while the fleet inefficiencies of 2021 and 2022 have largely been unwounded.

Risk and risk management

Market risk

Market risks in the shipping markets relate primarily to changes in freight rates, fuel prices and counterparty credit risk. For contracts extending into 2024 and beyond, EU ETS may also entail market risk. These risks are monitored and managed according to procedures and mandates. The mandates for the chartering and trading activity within Klaveness Dry Bulk 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 either 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 financial exposure within approved risk limits.

Financial risks

Klaveness income and costs are mainly USD-denominated, but port costs are in several currencies. The group may use financial instruments to hedge against currency risk. No such hedges were made in 2022.

The liquidity risk of the company is considered acceptable. Current cash, available undrawn credit and projected operating cash flow are considered sufficient to cover the company's commitments.



Digital risks

Klaveness Dry Bulk has not become victim of any serious cyber-attacks during 2022. However, the amount of information security risks that could disrupt Klaveness' business operations are steadily increasing. Our employees are the first line of defense in preventing cyber-attacks. Throughout 2022 we have conducted a series of phishing simulations and other types of awareness activities. Such activities will continue in 2023. Furthermore, technical upgrades and vulnerability assessments have been carried out in 2022 to better protect the IT infrastructure. Klaveness continues to subscribe to NORMA's services, providing us intelligence to adequately manage cyber threats.

Regulatory risks

Changes in the political, legislative, fiscal and/or other regulatory framework governing the activities of Klaveness may have material impact on its business. To limit this exposure, procedures have been implemented and are continuously updated to comply with all applicable legislation, and all counterparties go through due diligence assessments.

The parent company

Klaveness Dry Bulk AS registered business address is Drammensveien 260, 0283 Oslo, Norway. The result for the parent company was a profit after tax of USD 0.8 million for the period 12.11.2021-31.12.2022. The profit is proposed transferred to equity.

Oslo, December 31, 2022

24 March 2023

Morten Skedsmo
Board member

Ernst André Meyer
Chair

Petter Markussen
Managing Director

Gøran Andreassen
Board member



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Klaveness Dry Bulk AS

Opinion

We have audited the financial statements of Klaveness Dry Bulk AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2022 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities 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 annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is 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 board of directors' report contains the information required by legal requirements and 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 or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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.

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In preparing the financial statements, management is responsible for assessing the Company's and the Group'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 the Group, or to cease operations, or has no realistic alternative but to do so.

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 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 and the Group'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 and the Group'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 and the Group 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 the board of directors 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.

Oslo, 24 March 2023
ERNST & YOUNG AS

The auditor's report is signed electronically
Johan Lid Nordby
State Authorised Public Accountant (Norway)

Independent auditor's report - Klaveness Dry Bulk AS 2022

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Johan Nordby

Statsautorisert revisor

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