



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 912 189 775
Organisasjonsform: Aksjeselskap
Foretaksnavn: KLAVENESS CONTAINER AS
Forretningsadresse: Drammensveien 260
0283 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: 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, 13.07.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenue, vessels		23 146 000	27 066 000
Sum inntekter		23 146 000	27 066 000
Kostnader			
Ordinary depreciation	6	6 426 000	5 305 000
Impairment loss (-) / reversal	6	975 000	0
Operating expenses, vessels	2	19 086 000	19 633 000
Tonnage tax		69 000	66 000
Group administrative services		2 297 000	2 316 000
Other operating and administrative expenses	3	15 000	22 000
Sum kostnader		28 868 000	27 342 000
Driftsresultat		-5 722 000	-276 000
Finansinntekter og finanskostnader			
Finance income	4	96 000	86 000
Sum finansinntekter		96 000	86 000
Finance costs	4	3 507 000	5 424 000
Sum finanskostnader		3 507 000	5 424 000
Netto finans		-3 411 000	-5 338 000
Ordinært resultat før skattekostnad		-9 133 000	-5 614 000
Income tax expenses	5	0	0
Ordinært resultat etter skattekostnad		-9 133 000	-5 614 000
Årsresultat		-9 133 000	-5 614 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessels	6	108 177 000	115 343 000
Right of use asset	6	903 000	1 204 000
Sum varige driftsmidler		109 080 000	116 547 000
Sum anleggsmidler		109 080 000	116 547 000
Omløpsmidler			
Varer			
Inventories		495 000	862 000
Sum varer		495 000	862 000
Fordringer			
Accounts receivable		0	0
Other short-term receivables	7	1 675 000	962 000
Konsernfordringer	7	39 000	50 000
Sum fordringer		1 714 000	1 012 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	8	4 213 000	7 665 000
Sum bankinnskudd, kontanter og lignende		4 213 000	7 665 000
Sum omløpsmidler		6 422 000	9 539 000
SUM EIENDELER		115 502 000	126 086 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	14	46 501 000	46 501 000



Balanse

Beløp i: USD	Note	2020	2019
Overkurs		133 366 000	133 366 000
Annen innskutt egenkapital		3 350 000	3 350 000
Sum innskutt egenkapital		183 217 000	183 217 000
Opptjent egenkapital			
Retained earnings		-135 463 000	-126 330 000
Sum opptjent egenkapital		-135 463 000	-126 330 000
Sum egenkapital		47 754 000	56 887 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11	0	27 684 000
Langsiktig konserngjeld	13	13 510 000	0
Long-term lease obligation	6	552 000	853 000
Sum annen langsiktig gjeld		14 062 000	28 537 000
Sum langsiktig gjeld		14 062 000	28 537 000
Kortsiktig gjeld			
Interest bearing debt to related parties	13	0	38 197 000
Leverandørgjeld	13	719 000	454 000
Tonnage tax payable	5	70 000	68 000
Kortsiktig konserngjeld	13	24 000	97 000
Short-term mortgage debt	11	49 856 000	0
Short-term lease obligation		351 000	351 000
Other current liabilities	13	2 666 000	1 498 000
Sum kortsiktig gjeld		53 686 000	40 665 000
Sum gjeld		67 748 000	69 202 000
SUM EGENKAPITAL OG GJELD		115 502 000	126 089 000



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 20.03.2014	Vår dato 20.03.2014
Telefon 22078139	Deres referanse Ingrid Nygaard	Vår referanse 2009/275763

AS KLAVENESS CHARTERING
Postboks 182 Skøyen
0212 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 20. mars 2014 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Klaveness Container Holding AS org. nr. 912 189 716
Klaveness Container AS org. nr. 912 189 775
Klaveness Bulk Holding AS org. nr. 912 478 017
Klaveness Bulk AS org. nr. 912 477 983

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på 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 2013 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. Det søkes derfor om dispensasjon for disse nye selskapene. Øvrige forhold som ble lagt til grunn i det tidligere vedtaket er fortsatt gjeldende.

Skattedirektoratets 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 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

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Sentralbord
800 80 000
Telefaks
22 17 08 60



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.

Det er etter Skattedirektoratets 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 Skattedirektoratet 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 henvendelser i saken.

Med hilsen

Rune Tystad

seniorrådgiver

Rettsavdelingen, foretaksskatt

Skattedirektoratet

Torstein Kinden Helleland



Statsautoriserte revisorer
Ernst & Young AS

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www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Klaveness Container AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Klaveness Container AS, which comprise the balance sheet as at 31 December 2020, income statement, statement of other comprehensive income, 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 as at 31 December 2020 and its 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 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.

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.

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 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

Independent auditor's report - Klaveness Container AS

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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

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KLAVENESS CONTAINER AS

Board of Directors' report 2020

Klaveness Container AS was established 2 July 2013 and is owned by Klaveness Ship Holding AS (96.53%) and THK Equity AS (3.47%). The company has its offices in Oslo, Norway. The company's main activity is the owning and operation of container vessels. The company is subject to the Norwegian tonnage tax system.

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. 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.

All vessels are under technical management with Klaveness Ship Management AS and commercial management with Klaveness AS. All vessels are managed under the principles for quality control in accordance with the ISM code. The technical manager is taking technical and operational precautions to protect the environment as embodied in the ISM code and MARPOL. Environmental laws and regulations often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject the Company to liability without regard to whether the Company was negligent or at fault. Additionally, the Company 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.

There are no employees in the company, hence no actions were planned or implemented to promote equality or prevent discrimination.

Net result and financial position

Gross revenues from operation of vessels ended at USD 23.1 million (USD 27.0 million). The revenues were impacted by lower charter rates and more idle days between charters.



The company had an EBITDA of USD 1.7 million (USD 5.0 million) and a loss after tax of USD 9.1 million (loss USD 5.6 million). The financial result of negative USD 3.4 million (negative USD 5.3 million) consists mainly of interest expenses related to the financing of the vessels.

At year-end 2020, the equity was USD 47.7 million (USD 56.9 million), corresponding to a book equity ratio of 41.3 per cent (45.1 per cent). The loan from the parent company was per year-end 2020 USD 13.5 million and the company had in addition drawn USD 50 million of the external Revolving Credit Facility as per year-end.

During 2020, the company had a positive cash flow from operating activities of USD 2.3 million (USD 5.0 million). Cash flow from investing activities was negative USD 0.01 million (USD 5.9 million) and cash flow from financing activities was negative USD 5.7 million (USD 3.7 million) mainly related to repayment of internal debt partly off-set by net proceeds from external borrowing.

Financial risks

The company is exposed to financial risk in different areas, especially interest. However as the substantial part of debt is intercompany the risk is considered low. The goal is to reduce the financial risk as much as possible. The company's current strategy does not include the use of financial instruments. This is however, continuously being assessed by the Board of Directors. The liquidity risk of the Company is considered acceptable. Current cash and projected operating cash flow are considered sufficient to cover the Company's commitments.

Credit risk

The risk for losses on receivables is considered to be low, as the vessels are on long term contracts with established customers. The Company has not yet experienced significant losses on receivables, but will continue to assess the risk going forward. The revolving credit facility for Klaveness Container AS falls due in November 2021, with current outstanding amount of USD 50 million. Dialogues with banks about potential renewal has been initiated, with banks responding positive to renewal. However, due to the potential sale of several container vessels during Q1 2021, the need for renewal of this facility may be reduced. Hence the liquidity situation is considered to be satisfactory for the next 12 months period.

Going concern

The accounts are prepared under the assumption of going concern. The liquidity situation is considered to be satisfactory for the next 12 months period.

Events after balance sheet date

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.

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 Container AS

Oslo, 31 December 2020
22 March 2021

Lasse Kristoffersen
Chairman of the Board

Martin Prokosch
Board Member

Morten Skedsmo
Managing Director



**Torvald
Klaveness**

Klaveness Container AS

FINANCIAL STATEMENT 31. DECEMBER 2020



Klaveness Container AS

Income Statement

Year ended 31
December

USD '000	Note	2020	2019
Operating revenue, vessels		23 146	27 066
Total operating revenue		23 146	27 066
Operating expenses, vessels	Note 2	(19 086)	(19 633)
Ordinary depreciation	Note 6	(6 426)	(5 305)
Impairment loss (-) / reversal	Note 6	(975)	-
Tonnage tax		(69)	(66)
Group administrative services		(2 297)	(2 316)
Other operating and administrative expenses	Note 3	(15)	(22)
Total operating expenses		(28 868)	(27 342)
Operating profit		(5 722)	(277)
Finance income	Note 4	96	86
Finance costs	Note 4	(3 507)	(5 424)
Profit before tax		(9 134)	(5 615)
Income tax expenses	Note 5	-	-
Profit after tax		(9 134)	(5 615)



Klaveness Container AS

Statement of Other Comprehensive Income

USD '000	Note	2020	2019
Profit of the period		(9 134)	(5 615)
<i>Other comprehensive income to be reclassified to profit or loss</i>			
Net movement fair value on interest rate swaps		-	-
Income tax effect		-	-
Net other comprehensive income to be reclassified to profit or loss		-	-
<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		-	-
<hr/>			
Other comprehensive income/(loss) for the period, net of tax		-	-
<hr/>			
Total comprehensive income/(loss) for the period, net of tax		(9 134)	(5 615)



Klaveness Container AS

Balance Sheet Statement

As of 31 December

USD '000	Note	2020	2019
ASSETS			
Non-current assets			
Vessels	Note 6	108 177	115 343
Right of use asset	Note 6	903	1 204
Total non-current assets		109 080	116 547
Current assets			
Inventories		495	862
Accounts receivable		(0)	0
Receivables from related parties	Note 7	39	50
Other short-term receivables	Note 7	1 675	962
Cash and cash equivalents	Note 8	4 213	7 665
Total current assets		6 421	9 540
TOTAL ASSETS		115 501	126 087



Klaveness Container AS

Balance Sheet Statement

As of 31 December

USD '000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital	Note 14	46 501	46 501
Share premium		133 366	133 366
Other paid-in capital		3 350	3 350
Retained earnings		(135 463)	(126 330)
Total equity		47 753	56 886
Non-current liabilities			
Deferred tax		-	-
Mortgage debt	Note 11	-	27 684
Long-term debt to related parties	Note 13	13 510	(0)
Long-term lease obligation	Note 6	552	853
Total non-current liabilities		14 062	28 537
Current liabilities			
Short-term mortgage debt	Note 11	49 856	-
Accounts payable	Note 13	719	454
Interest bearing debt to related parties	Note 13	-	38 197
Current debt to related parties	Note 13	24	97
Short-term lease obligation		351	351
Tonnage tax payable	Note 5	70	68
Other current liabilities	Note 13	2 666	1 498
Total current liabilities		53 687	40 664
TOTAL EQUITY AND LIABILITIES		115 501	126 087

Oslo, 31 December 2020

Oslo, 22 March 2021

Lasse Kristoffersen
Chairman of the Board

Martin Prokosch
Board member

Morten Skedsmo
Managing Director



Klaveness Container AS

Statement of Changes in Equity

Attributable to equity holders of the parent

USD '000	Share capital	Share premium	Other paid in capital	Other reserves	Retained earnings	Total
Equity at 1 January 2019	10 749	119 132	33 336	0	(120 715)	42 502
Profit (loss) for the year				-	(5 615)	(5 615)
Other comprehensive income for the year				-	-	0
Total comprehensive income for the year	-	-	-	-	(5 615)	(5 615)
Capital increase December 2018, registered January 2019	21 312	8 674	(29 986)			0
Capital increase 11 December 2019	14 440	5 560				20 000
Equity at 31 December 2019	46 501	133 366	3 350	0	(126 330)	56 886
Profit (loss) for the year				-	(9 134)	(9 134)
Other comprehensive income for the year				-	-	0
Total comprehensive income for the year	-	-	-	-	(9 134)	(9 134)
Equity at 31 December 2020	46 501	133 366	3 350	0	(135 463)	47 753



Klaveness Container AS

Statement of Cash Flows

USD '000		2020	2019
Profit before tax		(9 134)	(5 615)
Tonnage tax expensed		69	66
Ordinary depreciation	Note 6	6 426	5 305
Impairment loss (-) / reversal	Note 6	975	-
Interest income		(37)	(81)
Interest expenses		2 748	4 484
Tax paid for the period		-	(69)
Amortization of upfront fees bank loans		185	197
Financial derivatives unrealised loss/gain		-	4
Change in current assets		(703)	1 360
Change in current liabilities		1 361	(1 073)
Change in other accruals		368	292
Interest received		37	81
A: Net cash flow from operating activities		2 296	4 952
Acquisition of tangible assets	Note 6	(72)	(5 853)
B: Net cash flow from investment activities		(72)	(5 853)
Proceeds from borrowings		22 000	10 000
Transaction costs on issuance of loans		(185)	(197)
Repayment of internal borrowing		(25 500)	(5 000)
Interest paid	Note 11	(2 008)	(1 068)
C: Net cash flow from financing activities		(5 693)	3 735
Net change in liquidity in the period (A + B + C)		(3 469)	2 835
Net foreign exchange difference		17	12
		(3 452)	2 847
Cash and cash equivalents at beginning of period		7 665	4 818
Cash and cash equivalents at end of period		4 213	7 665
Net change in cash and cash equivalents in the period		(3 452)	2 846



NOTE 1 ACCOUNTING POLICIES | KLAVENESS CONTAINER AS

CORPORATE INFORMATION

Klaveness Container AS ("the company") is a private limited company domiciled and incorporated in Norway. The company has headquarter and is registered in Drammensveien 260, 0212 Oslo.

The company owns eight medium sized container vessels.

The ultimate parent of the company is Rederiaksjeselskapet Torvald Klaveness. The consolidated financial statements for the ultimate parent are available at www.klaveness.com.

The financial statements for Klaveness Container AS for the fiscal year 2020 are approved in the board meeting at 22 March 2021.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union.

The financial statements are based on historical cost, except for derivative financial instruments which are measured at fair value.

FOREIGN CURRENCY TRANSACTIONS

The presentation currency for the company is US Dollar (USD). Transactions in foreign currencies are recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the functional currency rate prevailing at 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.

Income and expenses in NOK are converted at the rate of exchange on the transaction date. The average exchange rate was USD/NOK 9.4264 in 2020 (2019: 8.8087). At year-end 2020 an exchange rate of USD/NOK 8.5375 (2019: 8.7803) was used for the valuation of balance sheet items.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Preparing financial statements in conformity with IFRS requires the management to make judgements, use of estimates and assumptions which affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses.

The estimates are based on the actual underlying business, its present and forecast profitability over time, and expectations about external factors such as freight rates, interest rates, foreign exchange rates, oil prices and more which are outside the company's control. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. Changes in accounting estimates are recognized in the period the changes occur. When changes to estimates also affect future periods the effect is distributed between of the current and future periods.

Significant estimates and assumptions

Management has made estimates and assumptions which have significant effect on the amounts recognized in the financial statements. In general, accounting estimates are considered significant if:

- the estimates require assumptions about matters that are highly



NOTE 1 ACCOUNTING POLICIES | KLAVENESS CONTAINER AS

- uncertain at the time the estimates are made
- different estimates could have been used
- changes in the estimates have a material impact on Klaveness Container's financial position

Carrying amount of vessels, residual value, depreciation and impairment

In addition to the purchase price, the carrying amount of vessels is based on management's assumptions of useful life and residual value of the vessels. Useful life may change due to change in technological developments, competition, environmental and legal requirements, freight rates and steel prices.

The residual value of the vessel is calculated as the light displacement of the vessel multiplied with the estimated steel prices minus the estimated cost in connection with the scrapping. Residual values are challenging to estimate given the long lives of the vessels, the uncertainty as to future economic conditions and the future price of steel, which is considered as the main determinant of the residual price.

When value in use calculations are performed, management estimates the expected future cash flows from the assets or cash-generating unit (defined in the section of "judgments") and determine a suitable discount rate in order to calculate the present value of those cash flows. This will be based on management's evaluations, including estimating future performance, revenue generating capacity, and assumptions of future market conditions and appropriate discount rates. Changes in circumstances and management's evaluation and assumptions may give rise to impairment losses. While management believes that the estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect the evaluations.

On a quarterly basis, management assesses indicators of impairment for non-financial

assets and whether the assumptions in the value in use calculations are reasonable. Recoverable amount is set as the highest of broker values and value in use. If carrying value exceeds the estimated recoverable amount, impairment is recognized. Impairments are reversed in a later period if recoverable amount exceeds carrying amount.

Judgements

In the process of applying Klaveness Container's accounting policies, management has made the following judgements which have significant effect on the amounts recognized in the financial statements.

Impairment

The company has defined each vessel as a separate CGU as the cash flows from the vessels can be separated on an individual level.

SEGMENT REPORTING

The operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management who makes the strategic decisions.

The vessels are structured into segments based on type of freight the vessels transport. The internal financial reports are structured into one reporting segment; Container vessels. The shipping market in general offers a global service covering major trade routes with worldwide activities. Due to this, financial position is not allocated to geographical segments.



NOTE 1 ACCOUNTING POLICIES | KLAVENESS CONTAINER AS

REVENUE RECOGNITION

The company's revenue derives from chartering (hiring) out its vessels to operating companies based on time charter contracts (TC).

IFRS 15 requires the company 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. TC contracts qualify for recognition over time. The nature of the 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.

Expenses between discharge and load are deferred and amortized over the voyage to the extent it qualifies as cost to fulfil under IFRS 15.

The time charter revenue is generated from fixed rate time charter contracts. Revenue from time charters are accounted for as lease in accordance with IFRS 16 and is classified as charter hire revenue in the income statement. The time charter contracts have a duration of 3-24 months and a significant portion of the risks and rewards of ownership are retained by the lessor, hence the lease is classified as operating lease. Payments received under operating leases are recognised as revenue on a straight line basis over the lease term.

OPERATING EXPENSES

Vessel operating expenses include crewing, repairs and maintenance, insurance, stores, lubricant oils and management fees. When vessels are on hire, the majority of vessel operating expenses are reimbursed from the charterer. When the vessel is off hire, vessel operating expenses are mainly for owners account.

INCOME TAX

The company is organized in compliance with the Norwegian tonnage tax regime ("NTT"). The NTT entails no tax on operating profits or tax on dividends from companies within the scheme. Net financials, allowed for some special regulations, are taxed on an ongoing basis, currently at a rate of 22 % (2019: 22 %). A tonnage fee is charged per vessel depending on the size of the vessel taxed under the NTT. This tonnage tax is classified as an operating cost.

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of temporary differences between tax and accounting values of assets and liabilities that exist at the balance sheet date. Deferred taxes are recognized using the liability method in accordance with IAS 12. Deferred tax assets are recognized for all deductible temporary differences, unused tax credits carried forward and unused tax losses carried forward to the extent it is probable that future taxable profits may be used against deductible temporary differences and unused tax losses carried forward.

Temporary differences, both positive and negative, are balanced out within the same period. Deferred tax liabilities/deferred tax assets within the same tax system are recorded on a net basis. Income tax relating to items recognized directly in equity is included directly in equity and not in the statement of income.

VESSELS, NEWBUILDINGS AND DOCKING

Non-current assets such as vessels, the cost of dry-docking and newbuildings are carried at cost less accumulated depreciation and impairment charges. Cost is defined as directly attributable cost plus borrowing cost during the construction period.

Depreciation of vessels



NOTE 1 ACCOUNTING POLICIES | KLAVENESS CONTAINER AS

Depreciation is calculated on a straight-line basis over the estimated useful life of a vessel taking its residual value into consideration. Useful life is estimated to be 25 years for the container vessels. Certain capitalized elements like costs related to periodic maintenance/dry-docking have shorter estimated useful lives and are depreciated until the next planned dry-docking, typically over a three to five years period. When newbuildings are delivered a portion of the cost is classified as dry docking.

Costs of day-to-day servicing, maintenance and repairs are expensed.

The useful life and residual values are reviewed at each balance sheet date. Residual value is further described under "Significant estimates and assumptions".

Newbuildings

Vessels under construction are classified as non-current assets and recognized at the cost incurred in relation to the non-current asset when paid. Newbuildings are not depreciated until delivery. Borrowing costs directly attributable to the construction of vessels are added to the cost of the vessels, until such time as the vessels are ready for their intended use.

Impairment of vessels and newbuildings

On a quarterly basis the balances are assessed whether there is an indication that vessels and newbuilding contracts may be impaired. For further information regarding impairment considerations, refer to critical accounting estimates and judgments.

LEASING

The company adopted IFRS 16, Leases, with effect 1 January 2019. The new standard was applied using the modified retrospective method. On initial application of IFRS 16, the Company elected to use the following practical expedients:

- Lease contracts with a duration of less than 12 months will continue to be expensed to the income statement.

- Lease contracts for underlying assets of a low value will continue to be expensed to the income statement.

The company has elected to use the exemptions proposed by the standard on lease contracts with a term of less than 12 months, and lease contracts for which the underlying asset is of low value. Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Lease contracts which is not part of the exemptions are measured at the present value of remaining lease payments, discounted using the incremental borrowing rate. The right-of-use assets are measured at an amount equal to the lease liability at the date of implementation. The right-of-use asset is depreciated on a straight line basis over the lease term.

The company has leasing agreements related to the container vessels. Lease payments received are recognized in profit or loss on a straight-line basis over the term of the lease, typically 3-24 months.

FAIR VALUE MEASUREMENT

Financial instruments, such as, derivatives, are measured at fair value. The fair value of financial instruments traded in active markets is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. The fair value of financial instruments not traded in active markets is determined using appropriate evaluation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



NOTE 1 ACCOUNTING POLICIES | KLAVENESS CONTAINER AS

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets and liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient

are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the company. The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortised cost includes trade receivables, and loan to related parties.

Financial assets at fair value through profit or loss



NOTE 1 ACCOUNTING POLICIES | KLAVENESS CONTAINER AS

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Hedge accounting – cash flow hedges

The company uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks that are within the scope of IFRS 9.

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit and loss.

Amounts recognized as other comprehensive income are transferred to profit and loss when the hedged transaction affects profit and loss, such as when the hedged financial income or expense is recognized or when a forecast transaction occurs.

Derivative financial instruments that are designated as, and are effective hedging instruments are separated into a current and non-current portion consistent with the classification of the underlying item.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

This is the category most relevant. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.



NOTE 1 ACCOUNTING POLICIES | KLAVENESS CONTAINER AS

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

INVENTORIES

Inventories consist mainly of lubricant oil and are recognized at cost in accordance with the first in – first out method (FIFO). Inventories are valued at the lower of cost and net realizable value. Impairment losses are recognized if the net realizable value is lower than the cost price.

CASH AND CASH EQUIVALENTS

Cash includes cash in hand, bank deposits and other highly liquid investments with original maturities of three months or less.

EQUITY

Transaction costs related to an equity transaction are recognized directly in equity, net of tax.

DIVIDEND/GROUP CONTRIBUTION

Dividend payments are recognized as a liability in the company's financial statements from the date when the dividend is approved by the general meeting.

PROVISIONS

A provision is recognized when the company has a present obligation (legal and constructive) as a result of a past event, it is probable that the company will be required to settle the obligation and a reliable estimate can be made of the amount.

Provisions usually relate to legal claims.

Provisions for loss-making contracts are recognized when the company's estimated revenues from a contract are lower than unavoidable costs which were incurred to meet the obligations pursuant to the contract (ref description of onerous contracts in section "Significant estimates and assumptions").

RELATED PARTIES

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. Related parties transactions are recorded to estimated fair value.

EVENTS AFTER BALANCE SHEET DATE

New information on the company's financial position at the balance sheet date is taken into account in the annual financial statements. Subsequent events that do not affect the company's position at the balance sheet date, but which will affect the company's position in the future, are disclosed if significant.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

Current assets and short-term liabilities include items due less than one year from the balance sheet date, as well as items due more



NOTE 1 ACCOUNTING POLICIES | KLAVENESS CONTAINER AS

than one year from the balance sheet date, that are related to the operating cycle.

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.

CASH FLOW STATEMENTS

The cash flow statements are based on the indirect method.

STANDARDS, AMENDMENTS AND INTERPRETATIONS

The financial statements have been prepared based on standards, amendments and interpretations effective for the year ending 31 December 2020.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted the mandatory amendments and interpretations to existing standards that have been published, and are relevant to the Group's annual accounting periods beginning on 1 January 2021 or later periods.



Klaveness Container AS

Note 2 - Operating expenses

USD '000	2020	2019
Technical expenses	7 558	8 289
Crew costs	8 293	8 005
Insurance	1 554	1 502
Crewing agency fee to Klaveness Ship Management AS (note 17)	557	577
Other operating expenses	1 112	1 127
Initial and upstoring costs	13	134
Total operating expenses	19 087	19 633

Technical expenses are costs related to spare parts, consumables, power supply, navigation and communication. Crew costs include sea personnel expenses such as wages, social costs, travel expenses and training. Crew cost was affected negatively by the ongoing COVID-19 outbreak. Costs related to technical management, maintenance and crewing services are recognised as operating expenses, see note 16 for



Klaveness Container AS

Note 3 - Other operating and administrative expenses

The company has no employees and has thus no wage expenses or pension liabilities. Management services including management, technical, commercial and crewing are acquired from other companies within Rederiaksjeselskapet Torvald Klaveness (RASTK), see note 17. 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 members of the Board of Directors, because such positions of office are a part of their regular employment.

Remuneration to the auditor

USD '000	2020	2019
Statutory audit	15	17
Total expensed audit fee	15	17

Auditor's fees are stated excluding VAT.



Klaveness Container AS

Note 4 - Finance income and finance costs

USD '000	2020	2019
Interest income	37	81
Other interest income	59	5
Total finance income	96	86

USD '000	2020	2019
Interest expenses paid to related parties	740	3 416
Interest expenses interest bearing debt	2 008	1 068
Financial leasing interest	-	23
Guarantee fee to related parties	401	176
Other financial expenses	357	742
Total finance costs	3 507	5 424



Klaveness Container AS

Note 5 - Taxes

USD '000	2020	2019
A. TAX EXPENSE		
Tax payable	-	-
Adjustment of provision for tax	-	-
Change deferred tax/deferred tax asset	-	-
Total tax expense/(income) reported in the income statement	-	-
Net (gain)/loss on revaluation of cash flow hedges	-	-
Deferred tax charged to OCI	-	-

B. CALCULATION OF TAX BASIS - TAX PAYABLE	2020	2019
Pre-tax profit/(loss)	(9 134)	(5 615)
(Profit)/loss from shipping operations	8 328	5 229
Net financial items according to calculation in section B.1.2	(805)	(385)
Tax loss carried forward	805	-
Exchange rate adjustment temporary differences	-	237
Tax basis for the year	-	(149)
Tax payable	-	-

B.1 CALCULATION OF NET FINANCIAL ITEMS	2020	2019
Net financial items, own items in Klaveness Container AS according to calculations in section B.1.2	(805)	(385)
Net financial items	(805)	(385)

B.1.1 CALCULATION OF PROPORTIONAL DEDUCTION OF INTEREST EXPENSE / FOREIGN CURRENCY LOSSES

- figures calculated from NOK to year end currency rate

Calculation of share of total financial assets	01.01.2020	31.12.2020	Average
Financial assets Klaveness Container AS	9 586	5 792	7 689
Total capital in Klaveness Container AS	123 600	112 330	117 965
Share of financial assets in %	7,76 %	5,16 %	6,52 %

Calculation of proportional deduction for interest expenses/foreign currency losses

	2020
Actual interest expenses recorded in the profit and loss account	(3 408)
Interest expense on tax payable	0
Interest expense subject to proportional distribution	(3 408)
Calculated proportion of interest expenses for deduction in tax income 0%	(222)
Foreign currency loss recorded in the profit and loss account	2 241
Reversed unrealised currency gain/loss long term debt 01.01.20	(2 794)
Unrealised currency gain/loss long term debt 31.12.20	(5 432)
Calculated proportion of currency loss for increase/decrease in tax income 6.52%	(390)

B.1.2 CALCULATION OF NET FINANCIAL ITEMS	2020	2019
Financial income and expenses recorded in the profit and loss account		
Other interest income	44	86
Other financial income	0	-
Interest expense according to proportional calculation	(222)	(292)
Other financial expenses	(439)	(32)
Foreign currency gain/(loss) according to proportional calculation	(390)	(1)
Unrealized currency gain/loss long term debt	202	(150)
Interest rate swaps/provisions	-	4
Net financial items	(805)	(385)



Klaveness Container AS

Note 5 - Taxes (cont.)

USD '000			
B.2 CALCULATION OF INCREASE IN INCOME DUE TO HIGH EQUITY			
	01.01.2020	31.12.2020	Average 2020
- figures calculated from NOK to year end currency rate			
Total capital Klaveness Container AS	123 600	112 330	117 965
A) Total, adjusted assets	123 600	112 330	117 965
Liabilities Klaveness Container AS	70 421	66 679	68 550
B) Total, adjusted liabilities	70 421	66 679	68 550
C) 30% of average assets (A*30%)			35 390
Average equity above 70% C - B			(33 161)
Increase in income due to high equity - Prescribed interest rate on positive amount		1,70 %	-
C. RECONCILIATION OF NOMINAL AND ACTUAL TAX RATES:		2020	2019
Profit/(loss) before tax		(9 134)	(5 615)
Nominal tax rate		22 %	22 %
Calculated tax payable on pre-tax profit using the nominal taxation rate		(2 009)	(1 235)
Tax effect, profit from shipping operations		1 832	1 150
Tax effect, permanent differences		-	(10)
Tax effect, change of taxation rate from 23% (24%) to 22% (23%)			64
Tax effect, exchange rate adjustment			52
Tax effect, change in temporary differences, long-term		78	-
Tax effect, deferred tax asset not recorded		99	(21)
Tax expense		-	-
Effective tax rate		0,00 %	0,00 %



Klavness Container AS

Note 5 - Taxes (cont.)

D. DEFERRED TAX / (DEFERRED TAX ASSET)

Specification of the tax effect of temporary differences:

USD '000	Status at 01.01.2020	Change	Status at 31.12.2020	Tax effect at 31.12.2020 22 %	Status at 31.12.2019	Tax effect at 31.12.2019 22 %
Foreign currency loans		354	354	78	-	-
Total temporary differences - before financial losses carried forward		354	354	78	-	-
Unrealised market value financial instruments	-	-	-	-	4	1
Financial losses carried forward	(5 986)	(805)	(6 791)	(1 494)	(6 364)	(1 400)
Total	(6 085)	(451)	(6 437)	(1 416)	(6 359)	(1 399)
Deferred tax/(deferred tax asset)*				-		-
Change in deferred tax/(deferred tax asset)				-		-

*At year-end 2020 the company has chosen not to record deferred tax asset of USD 2.0 million due to uncertain possibility to net against future gain. Temporary differences mainly relate to financial losses carried forward.

Reconciliation of deferred tax asset in the balance sheet:

USD '000	2020	2019
As of 1 January	-	-
Tax income/ (expense) during the period recognised in profit or loss	-	-
Tax income/ (expense) during the period recognised in OCI	-	-
As at 31 December	-	-

USD '000			2020	2019
Tonnage tax	Vessel	Ownership %		
Klavness Containers AS	M/V Baro	100 %	7	7
Klavness Containers AS	M/V Barry	100 %	9	9
Klavness Containers AS	M/V Balao	100 %	9	8
Klavness Containers AS	M/V Ballenita	100 %	9	8
Klavness Containers AS	M/V Balsa	100 %	9	8
Klavness Containers AS	M/V Baleares	100 %	9	8
Klavness Containers AS	M/V Bardu	100 %	9	8
Klavness Containers AS	M/V Banak	100 %	9	8
Tonnage tax on owned tonnage			69	68



Klavness Container AS

Note 6 - Vessels

USD '000	2020	2019
Cost price 1.1	222 869	217 016
Additions (mainly upgrading and docking of vessels)	72	5 853
Disposals	(149)	-
Costprice 31.12	222 792	222 869
Acc. depreciation 1.1	(40 069)	(35 064)
Depreciation for the year	(6 125)	(5 005)
Disposals	-	-
Acc. depreciation 31.12	(46 183)	(40 069)
Acc. impairment losses 1.1	(67 457)	(67 457)
Impairment for the year	(975)	-
Disposals	-	-
Acc. impairment losses 31.12	(68 432)	(67 457)
Carrying amounts at balance sheet date*	108 177	115 343
No. of vessels	8	8
Useful life	25	25
Depreciation schedule	Straight-line	Straight-line

*) Carrying amount of vessels include dry-docking

Pledged vessels

All owned vessels are pledged to secure the various loan facilities.

Change in residual value

The residual value of the Container fleet was updated in 2020, resulting in a lower residual value and hence the increased depreciation cost for the year.

Impairment assessment

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 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

Right-of use of assets	2020	2019
Container vessel equipment (USD '000)		
Cost price 1.1	1 504	1 354
Addition of right-of-use	-	220
Disposals	-	(71)
Costprice end of period	1 504	1 504
Acc. Depreciation 1.1	300	-
Depreciation	301	300
Acc. Depreciation end of period	601	300
Carrying amounts end of period	903	1 204

The Group has leasing agreements related to satellite communication and IT equipment onboard the vessels. A lease liability and right-of-use assets has been presented for these contracts which previously were reported as operating expenses.



Klaveness Container AS

Note 7 - Receivables

USD '000	2020	2019
Klaveness Ship Management AS	39	50
Total short-term receivables to related parties	39	50

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

USD '000	2020	2019
Prepaid expenses	-	-
Other short-term receivables	1 675	962
Total other short-term receivables	1 675	962

Klaveness Maritime Agency Inc is owned 25 % by Klaveness Ship Management AS (affiliated company).
USD 213k of other short-term receivables is from Klaveness Maritime Agency Inc.



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Note 8 - Cash and cash equivalents

The company has bank deposits in the following currencies:

USD '000	2020	2019
Cash	106	166
Bank deposits, NOK	248	17
Bank deposits, USD	3 859	7 482
Total cash and cash equivalents	4 213	7 665

The company has no restricted cash per year end 2020.



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Note 9 - Financial risk management

Capital management

The capital structure of the company is intended to ensure financial stability for the purpose of limiting its cost of capital and maintain sufficient financial stability to reach its strategic goals.

The company is exposed to operational risk, market risk (including, but not limited to currency risk, freight rate and vessel values), credit/counterparty risk and liquidity risk.

Operational risk

Operational risks are mainly related to the operation of vessels under the management of Klaveness Ship Management AS (affiliated company). The company's vessels are on technical management to Klaveness Ship Management AS 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. 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). Insurance covers are aligned with vessel values and limits in loan agreements. The financial impact of a total loss of a vessel will not be material for the company.

The COVID-19 pandemic had impact on vessel operations in 2020. The vessels are particularly vulnerable to any infection cases onboard. To ensure health & safety of our crew and reduce risk of off-hire, we have implemented COVID-19 management plan with strict testing, quarantine procedures and routines for crew and visitors onboard the vessels.

Market risk

Ownership of vessels involves risks related to vessel values, future vessel employment, revenues and costs. These risks are partly managed through time charter contracts, regular maintenance and the use of budgets related to operational costs.

Foreign currency risk and interest rate risk

The company has long term interest bearing debt that is exposed to floating interest rate (LIBOR plus a fixed margin). At year end 2020, the company does not hold any interest rate swaps, however the company evaluates on an ongoing basis the need to adjust interest rate exposure.

The company's revenue and costs are primarily in US Dollar (USD) which is the functional currency of the company. No direct currency hedge has been made towards the small portion of costs incurred in foreign currencies, but if there are significant transactions in other currencies, hedging is evaluated. Fluctuations in USD against NOK may affect the company's tax payable, which is calculated and paid in NOK. This effect is considered to be limited.



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USD '000	Change in interest rate	2020	2019
USD LIBOR	+ 1,00%	636	664
	+ 0,5%	318	332
	- 0,5%	(318)	(332)
	- 1,00%	(636)	(664)

Counterparty/ credit risk

Counterparty risk is risk related to charterers not meeting their obligations under the charter party contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables). The permitted exposure for each contractual partner is defined through a rating process. The company recognizes claims to the extent the company has legal right to insurance coverage or it is virtually certain that the claim will result in cash inflows from the insurance company, a counterparty or a bankruptcy estate. The credit risk is limited as all charter party hires are paid in advance. Counterparty risk against insurance institutions exists.

The company recognises claims to the extent it is reasonable certain that the claim will result in cash inflows from the insurance company. Counterparty risk against insurance institutions exists.

Total credit risk at year-end 2020 amounts USD 2.2million (2019: USD 1.9 million) (book value of receivables).

Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its liabilities when they fall due. Liquidity risk is managed by the group's treasury department. The company keeps its liquidity reserves mainly in cash and bank deposits. The liquidity risk is considered to be limited as the deposits are considered sufficient for all needs in the foreseeable future. The company's bank financing are subject to financial and non-financial covenant clauses, see note 11.

The company's liquidity was negatively affected by the weak container market during Q2 and Q3 2020, however at year end the company had USD 6.65 million in in undrawn and available capacity under the revolving credit facility and USD 4.2 million in cash. The revolving credit facility for Klaveness Container AS falls due in November 2021, with current outstanding amount of USD 50 million. Dialogues with banks about potential renewal has been initiated, with banks responding positive to renewal. However, due to the likely sale of several container vessels during Q1 2021, the need for renewal of this facility may be reduced. Hence the liquidity situation is considered to be satisfactory for the next 12 months period.

Maturity profile of financial liabilities at 31 December 2020	< 1 year	1-5 years	> 5 years	Total
Interest bearing debt (incl. interests)	-	-	-	-
Intercompany Interest bearing debt (incl. interests)	-	1 205	-	1 205
Accounts payable	29	-	-	29
Short-term interest bearing debt to related parties	-	-	-	-
Total maturity profile	29	1 205	-	1 234

Maturity profile of financial liabilities at 31 December 2019	< 1 year	1-5 years	> 5 years	Total
Interest bearing debt (incl. interests)	-	27 684	-	27 684
Intercompany Interest bearing debt (incl. interests)	38 197	-	-	38 197
Accounts payable	454	-	-	454
Short-term interest bearing debt to related parties	97	-	-	97
Total maturity profile	38 748	27 684	-	66 432



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Note 10 - 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 assets and liabilities included in the financial statements.

	Carrying amount		Fair value	
	2020	2019	2020	2019
Loans and receivables at amortised cost				
Accounts receivable	-	0	-	0
Short-term receivables from related parties	39	50	39	50
Other short-term receivables	1 675	962	1 675	962
Total loans and receivables	1 714	1 013	1 714	1 013
Cash and cash equivalents	4 213	7 665	4 213	7 665
Total loans and receivables at amortised cost	5 927	8 677	5 927	8 677
Total current	5 927	8 677	5 927	8 677
Total non-current	-	-	-	-

	Carrying amount		Fair value	
	2020	2019	2020	2019
Financial liabilities at amortised cost				
Interest bearing debt	49 856	27 684	50 000	28 000
Accounts payable	719	454	719	454
Current interest bearing debt to related parties	13 510	38 197	13 510	38 197
Other current liabilities	3 111	40 210	3 111	40 210
Total financial liabilities at amortised cost	80 706	106 544	80 850	106 860
Total current	67 196	78 861	67 340	79 177
Total non-current	13 510	27 684	13 510	27 684

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 deemed to have equal fair value and book value due to the short term maturities of these financial 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.
- 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 hierarchy

The company use financial 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. The company has no assets measured at fair value as of 31 December 2020.



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Note 10 - Fair value measurement (cont.)

31.12.2020

Assets	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss</i>				
Derivatives in effective cash flow hedges		-		-
Liabilities				
<i>Financial liabilities not measured at fair value, but for which fair value is disclosed</i>				
Derivatives in effective cash flow hedges		-		-
Other derivatives		-		-
Interest bearing debt (mortgage debt)			50 000	50 000
Short-term debt to related parties			-	-
Intercompany Debt			13 510	13 510

The fair value of financial instruments traded in 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 fair value an instrument are observable, the instruments are included in level 2.

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



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Note 11 - Interest bearing debt

The below table presents the company's carrying amount of interest bearing debt by non-current and current portions for the year ended 31 December 2020 and 31 December 2019. All debt is denominated in USD and are subject to an interest rate of LIBOR plus a margin.

The company's container vessel fleet is financed by a revolving credit facility (RCF) secured by all eight vessels and a maximum limit of USD 56.65 million per 31.12.2020. The facility has a tenor of 4.25 years and is guaranteed by Klaveness Ship Holding AS.

Capitalized transaction cost consist of up-front fee, commitment fee, legal costs etc. The fees are capitalized and depreciated

Interest bearing debt	Description	Maturity	Carrying amount	Fair value*
RCF	DNB/SEB USD 50.0 mill	November 2021	49 856	50 000
Total interest bearing debt 31 December 2020			49 856	50 000

*Fair value is estimated to carrying amount less transaction cost as the difference between market margin and carrying margin is considered to be immaterial. Fair value is not based on observable market date (financial hierarchy level 3).

2020 - Interest bearing debt	Non-current	Current	Total
Interest bearing debt	-	50 000	50 000
Transaction costs	-	(144)	(144)
Total interest bearing debt	-	49 856	49 856

2019 - Interest bearing debt	Non-current	Current	Total
Interest bearing debt	28 000	-	28 000
Transaction costs	(316)	-	(316)
Total interest bearing debt	27 684	-	27 684

Covenants

The credit facility imposes restrictions which may limit or prohibit the ability for the company to change the nature of the business, engage in mergers and de-mergers, purchase and sell vessels and give financial assistance without the consent of lenders (non-financial covenants). In addition, lenders may accelerate the maturity of the indebtedness under financing agreements and foreclose upon the collateral securing the indebtedness upon the occurrence of certain events of defaults.

The credit facility also contains financial covenants related to equity and cash based on the consolidated accounts of Klaveness Ship Holding AS (KSH). In addition the loan contain a minimum value clause related to the value of the vessels compared to outstanding loan. Certain cross-defaults exists.

The company is in compliance for all of its covenants at 31 December 2020.

Securities

All the company's vessels are mortgaged and in addition the banks have assignment in earnings and insurances of the vessel and pledge over earnings accounts.

Book value of collateral, mortgaged and leased assets	2020	2019
Vessels	108 177	115 343
Total book value of collateral, mortgaged and leased assets	108 177	115 343



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	
Balance at 1 January 2020	-	38 197	27 684	183 217	-126 330	122 768
Repayment of mortgage debt		(25 500)	(2 008)			(27 508)
Proceeds from mortgage debt			21 815			21 815
Total changes from financing cash flow	-	(25 500)	19 807	-	-	(5 693)
Liability-related						
Non-cash movement		813	2 365			3 178
Total liability-related changes		813	2 365			3 178
Total equity-related other changes		-	-		(9 134)	(9 134)
Balance at 31 December 2020		13 510	49 856	183 217	- 135 463	111 120

USD '000	Liabilities			Equity		Total
	Interest payable	Interest-bearing short-term debt	Interest-bearing long-term debt	Share capital/premium/reserve	Other equity	
Balance at 1 January 2019	-		77 007	163 217	-120 715	119 509
Repayment of mortgage debt			(6 068)			(6 068)
Proceeds from mortgage debt			9 803			9 803
Total changes from financing cash flow	-	-	3 735	-	-	3 736
Liability-related						
Expensed capitalised borrowing costs						-
Reclassification from LT to ST		38 197	(38 197)			-
Non-cash movement			(14 861)			14 861
Total liability-related changes		38 197	(53 058)			14 861
Total equity-related other changes		-	-	20 000	(5 615)	14 385
Balance at 31 December 2019	-	38 197	27 684	183 217	- 126 330	122 768



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Note 12 - Commitments and guarantees

Capital commitments

The company has capital commitments related to borrowings, see note 9 for maturity profile for interest bearing debt.

Guarantees

The company has not provided any guarantees.

Commitments TC contracts (company as lessor)

The company has its container vessels on short-term time charter parties (3-24 months) accounted for as operational leases.



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Note 13 - Current Liabilities

USD '000	2020	2019
Klaveness Ship Management AS (affiliated company)	24	97
Klaveness AS (affiliated company)	95	118
Klaveness Ship Holding AS (affiliated company)	-	38 197
Total current debt to related parties	119	38 411

USD '000	2020	2019
Accrued salary	620	413
Unearned income	830	38
Insurance claims	-	41
Other current liabilities	1 216	1 004
Total other current liabilities	2 666	1 498

The company recognise claims to the extent the company has legal right to insurance coverage and it is virtually certain that the claim will result in cash inflows from the insurance company. Insurance claims relates fully to deductibles for incidents of vessels under operation. The company expect the majority of the claims to be settled within 12 months.



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Note 14 - Share capital, shareholders, dividends and reserves

Share capital		2020		2019	
		Number	NOK	Number	NOK
Ordinary shares of NOK	33 197	11 466	380 633 809	11 466	380 633 809

All shares are issued and fully paid.

The ownership is as follows:	2020	2019
	Number of shares	
Klaveness Ship Holding AS	11 068	11 068
THK Equity AS	398	398
Total number of shares	11 466	11 466

The ultimate parent of the company is Rederiaksjeselskapet Torvald Klaveness. The consolidated financial statements for the ultimate parent is available at www.klaveness.com.



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Note 15 - Transactions with related parties

The ultimate owner is Rederiaksjeselskapet Torvald Klaveness (RASTK), which owns 100 % of the shares in Klaveness Ship Holding AS, which owns 96,5 % of the shares in Klaveness Container AS.

The company 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.

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. Commercial management services (Commercial management fee) covering chartering and operation are also purchased from Klaveness AS.

Technical management services for all vessels such as crewing, maintenance, repair, drydock supervision, supplies and provisioning, insurance, procurement of spares, IT and administration are purchased from Klaveness Ship Management AS

USD '000	Type of agreement	2020	2019
Klaveness AS (affiliated company)	Accounting fee and other adm fee	773	305
Klaveness AS (affiliated company)	Commercial management fee	0	-11
Klaveness Ship Management AS (affiliated company)	Ship management fee	1 483	1 469
Total group administrative services		2 256	1 762
Klaveness Ship Management AS (affiliated company)	Crewing agency fee (Note 2)	557	577
Klaveness Ship Management AS (affiliated company)	IT fee	40	70
Klaveness Ship Holding AS (parent)	Guarantee interest	401	132
Total other fees		998	779
Total transactions with related parties		3 255	2 542



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Note 16 - Events after the balance sheet date

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.