



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 996 745 848
Organisasjonsform: Aksjeselskap
Foretaksnavn: KLAVENESS SHIP MANAGEMENT AS
Forretningsadresse: Drammensveien 260
0283 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Lene 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, 10.07.2024



Resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Management fee	2	7 257 889	7 258 445
Other operating revenue	3	2 416 515	3 188 363
Sum inntekter		9 674 404	10 446 808
Kostnader			
Salaries and social expenses	4,5	3 967 697	5 995 700
Other operating and administrative expenses	6,7	6 014 843	5 827 075
Sum kostnader		9 982 540	11 822 775
Driftsresultat		-308 136	-1 375 967
Finansinntekter og finanskostnader			
Income from investments in JV	8	0	300 000
Renteinntekt fra foretak i samme konsern		22 879	2 517
Annen renteinntekt		508	
Other financial income		19 571	
Sum finansinntekter		42 958	302 517
Other financial expenses		5 556	2 608
Gain/loss on FX		29 116	115 466
Sum finanskostnader		34 672	118 074
Netto finans		8 286	184 443
Ordinært resultat før skattekostnad		-299 850	-1 191 524
Skattekostnad på ordinært resultat		11 058	-313 920
Ordinært resultat etter skattekostnad		-310 908	-877 604
Årsresultat		-310 908	-877 604
Overføringer og disponeringer			
Net paid/(received) group contribution without tax effect		-334 549	-23 257
Net paid/(received) group contribution		24 742	
Transferred to/from equity		-1 102	-854 347



Resultatregnskap

Beløp i: USD	Note	2022	2021
Sum overføringer og disponeringer		-310 909	-877 604



Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9	331 645	334 756
Sum immaterielle eiendeler		331 645	334 756
Finansielle anleggsmidler			
Investments in associated companies	8	15 949	15 949
Investments in joint ventures	8	150 000	150 000
Sum finansielle anleggsmidler		165 949	165 949
Sum anleggsmidler		497 594	500 705
Omløpsmidler			
Varer			
Inventory		46 104	46 104
Sum varer		46 104	46 104
Fordringer			
Accounts receivable		22 254	111 956
Other receivables	10	1 393 627	1 921 917
Konsernfordringer	9	2 254 184	4 977 320
Sum fordringer		3 670 065	7 011 193
Bankinnskudd, kontanter og lignende			
Cash and bank deposits	11	320 053	555 368
Sum bankinnskudd, kontanter og lignende		320 053	555 368
Sum omløpsmidler		4 036 222	7 612 665
SUM EIENDELER		4 533 816	8 113 370

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: USD	Note	2022	2021
Innskutt egenkapital			
Share capital (100 shares a NOK 2000)	12,13	360 562	360 562
Sum innskutt egenkapital		360 562	360 562
Opptjent egenkapital			
Other equity	13	1 949 947	1 951 049
Sum opptjent egenkapital		1 949 947	1 951 049
Sum egenkapital		2 310 509	2 311 611
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		95 688	439 781
Kortsiktig konserngjeld	14	185 286	1 968 711
Public duties payable		349 903	284 473
Incurred expenses		1 447 132	2 936 001
Other current liabilities		145 298	172 792
Sum kortsiktig gjeld		2 223 307	5 801 758
Sum gjeld		2 223 307	5 801 758
SUM EGENKAPITAL OG GJELD		4 533 816	8 113 369



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Klaveness Ship Management AS

Opinion

We have audited the financial statements of Klaveness Ship Management AS (the Company), which 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 as at 31 December 2022 and its 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 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 general manager) 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.

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



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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 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 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 Ship Management AS 2022

A member firm of Ernst & Young Global Limited

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Johan Nordby

Statsautorisert revisor

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Torvald
Klaveness

Klaveness Ship Management AS

Financial
statement

31st December 2022



KLAVENESS SHIP MANAGEMENT AS

BOARD OF DIRECTOR'S REPORT 2022

Klaveness Ship Management AS (KSM) was established March 17th, 2011 and acquired the ship management activity from Klaveness Maritime Logistics AS on April 15th, 2011. The company is 100% owned by Klaveness AS, a wholly owned subsidiary of Rederiaksjeselskapet Torvald Klaveness. The company has its office in Oslo. The share capital is NOK 2 000 000 based on 1 000 shares of NOK 2 000 each.

KSM provides technical and commercial ship management services and consultancy, as well as services related to newbuilding and vessel modification projects. The vessels under technical and commercial management are primarily owned by other group companies, fully or partly, and are managed according to standard management agreements. The company also offers technical and commercial management to external ship owners, and have in the period from 2021 to 2022 had contract with one external owner with up to 8 vessels. This contract has been ended during second half of 2022.

The company owns 50% of the shares in Barklav (Hong Kong) Ltd and 24.96% of Klaveness Maritime Agency, Inc. in the Philippines. These companies provide mainly crew management services.

During the year, the company has continued to deliver project consultancy services to the KCC group, with high attention to the greener focus.

At the end of 2022, KSM had technical and crew management of 16 vessels owned by other group companies, and no external vessels.

As a ship manager, the company has established principles for quality operations and control of vessels according to the ISM-code. KSM is certified to ISO 9001, ISO 14001, ISO 37001 and OHSAS 18001. The operations during 2022 have overall been acceptable.

Health and Safety

2022 delivered with zero injuries, zero spills, zero navigational incidents and zero security incidents.

Safety being a priority at all times, numerous safety initiatives and campaigns have been rolled out to the entire fleet and the shore-based organization to improve the overall safety culture. After 2 years of a successful roll out of the KLASS (Klaveness Always Safe & Secure) program, a substantial improvement is evident in the safety performance with a reduced Lost Time Injury Frequency (LTIF) and Total Recordable Case Frequency (TRCF) in 2022. The LTIF on the combination carriers was 0.3 in 2022 (0.61 in 2021), TRCF was 1.69 in 2022 (1.22 in 2021). Notable is a spread in performance with CLEANBU having 0 LTIF and 0 TRCF and CABU having 0.54 LTIF and 3.25 TRCF. To address this gap in safety performance, continued focus will be put on developing KLASS culture across the fleet, during conferences and during visits to and meetings with vessels.

Extensive precautionary measures have been taken on KSM managed vessels to protect crew against COVID-19. Vessels became more vulnerable to infection cases onboard after most countries have removed COVID restrictions and more visitors and officials board the vessels and three vessels have had COVID-19 infection onboard without severe consequences. Klaveness committed to supporting the Neptune Declaration on Seafarer Wellbeing and Crew Change initiative. During 2022 crew changes have fortunately become easier although some challenges persist.

Operation

The performance of vessels during external inspections is key to success both for KSM and KCC and the performance during 2022 indicates a stark improvement as compared to 2020 & 2021. In 2022 SIRE vetting average observations was 3.9 (4.9 in 2021) and high-risk was 0.7 (1.9 in 2021). 2022 was the first year with all CLEANBUs in operation throughout the year and a good performance from all new vessels has been imperative in the vessels being accepted for business by various customers including some of the oil majors.



Various initiatives were rolled out in 2022 to optimize the daily running costs of the vessels with a strong focus on planning and condition-based maintenance have yielded some savings which will be continuously monitored and improved through 2023 to ensure maximum benefits.

Following the sale of the container vessels managed by KSM in 2021, a third-party Ship Management Agreement was entered into with one of the buyers. The agreement was terminated in August 2022 and vessels were handed over in October 2022.

Sustainability

KSM have during 2022 had several initiatives in order to onboard the full organization into our ambitious decarbonization targets. We have for 2022 continued to roll out tested and verified technologies such as Becker Mewis Ducts, Silicon hull systems and doubled the investment in in-transit hull cleaning robots, to mention some of the technical solutions being moved from pilot to fleet roll out. In addition, we have had over the year monthly video conferences with seafarers regarding decarbonization, as well as dedicated sessions on the two officer conferences held in 2022. We have also made and rolled out decarbonization training in our Computer Based Training (CBT) systems, as well as Greener Voyage Procedures that the vessels follow. We have also started up a new position in KSM named Operational Energy Efficiency manager. This position is responsible for following up the initiatives being rolled out, safeguard the use and establish best practice as well as working proactively on reducing the risk of hull fouling, being understood as the single largest negative factor on a vessel's performance.

Employees

KSM employed 19 people as per 31 December 2022. The working environment is good and the sick leave is low among the employees. Average sick leave in 2022 was 2.03%. The company endeavors to offer all employees, regardless of gender, religion, beliefs or nationality, equal and attractive career opportunities. At the end of 2022 the company employed one woman.

The company has taken out insurance to cover potential litigations against the board members and general manager.

Transparency Act

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.

Result and finance

Total operating revenues were USD 9.7 million. The company's opinion is that the pricing is according to the arms-length principle. Total revenue decreased with USD 0.8 million in 2022 mainly due to discontinuing of management for the external owned vessels, and reduced activity towards new building projects.

Total operating expenses were USD 10.0 million. The decrease in operating expenses is largely due to high employee bonuses based on the Torvald Klaveness group's net result in 2021, and less external consultancy cost. The net loss for the year was USD 0.3 million vs a net loss for 2021 of USD 0.9 million.

The accounts are prepared under the assumption of going concern. No other major issues have occurred after the balance sheet date, which may significantly influence the result or the balance sheet.

During the year, the conflict between Russia and Ukraine resulted in ongoing was in Ukraine. The company is monitoring the situation and has implemented necessary procedures to ensure the safety and security of personnel, minimize business risks and aligning with the intentions of the sanctions. As of date, the direct effects on the business are limited. KSM and Barklav are not employing any seafarers of Russian or Ukrainian nationalities.



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 of Klaveness Ship Management AS

Oslo, 31 December 2022

24 March 2023

Ernst André Meyer
Chairman

Morten Skedsmo
Board member

Trine Hellum
Board member

Gøran Andreassen
Board member

Geir Frode Abelsen
General Manager



KLAVENESS SHIP MANAGEMENT AS

PROFIT AND LOSS ACCOUNT

		<u>2022</u>	<u>2021</u>
		<u>USD</u>	<u>USD</u>
<u>OPERATING REVENUES AND EXPENSES</u>			
Management fee	Note 2	7 257 889	7 258 445
Other operating revenues	Note 3	2 416 515	3 188 363
Total operating revenues		<u>9 674 404</u>	<u>10 446 808</u>
Salaries and other personnel expenses	Note 4,5	(3 967 697)	(5 995 700)
Other administration expenses	Note 6,7	(6 014 843)	(5 827 075)
Total operating expenses		<u>(9 982 540)</u>	<u>(11 822 775)</u>
Operating result		<u>(308 136)</u>	<u>(1 375 967)</u>
<u>FINANCIAL INCOME AND EXPENSES</u>			
Income from investments in joint ventures	Note 8	0	300 000
Interest received from group companies		22 879	2 517
Other interest income		508	0
Other financial income		19 571	0
Other financial expenses		(5 556)	(2 608)
Gain / (loss) on foreign exchange		(29 116)	(115 466)
Result of financial items		<u>8 285</u>	<u>184 443</u>
Ordinary result before tax		<u>(299 851)</u>	<u>(1 191 524)</u>
Tax on ordinary result	Note 9	(11 058)	313 920
Net profit / (loss) for the year		<u>(310 909)</u>	<u>(877 604)</u>
<u>Details on transfers and allocations:</u>			
Net paid / (received) group contribution without tax effect		(334 549)	(23 257)
Net paid / (received) group contribution with tax effect		24 742	0
Transferred to / (from) other equity		(1 102)	(854 347)
		<u>(310 909)</u>	<u>(877 604)</u>



KLAVENESS SHIP MANAGEMENT AS

BALANCE SHEET

		At December 31, 2022 USD	At December 31, 2021 USD
ASSETS			
<u>FIXED ASSETS</u>			
Intangible assets			
Deferred tax asset	Note 9	331 645	334 756
Total intangible assets		331 645	334 756
Financial fixed assets			
Investments in joint ventures	Note 8	150 000	150 000
Investments in associated companies	Note 8	15 949	15 949
Total financial fixed assets		165 949	165 949
Total fixed assets		497 595	500 705
<u>CURRENT ASSETS</u>			
Inventories			
Inventory		46 104	46 104
Total inventories		46 104	46 104
Receivables			
Accounts receivable		22 254	111 956
Receivables from group companies	Note 9	2 254 184	4 977 320
Other short-term receivables	Note 10	1 393 627	1 921 917
Total receivables		3 670 064	7 011 193
Cash and bank deposits	Note 11	320 053	555 368
Total current assets		4 036 222	7 612 665
TOTAL ASSETS		4 533 816	8 113 370



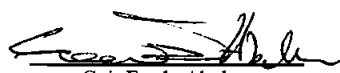
KLAVENESS SHIP MANAGEMENT AS

BALANCE SHEET

		At December 31, 2022 USD	At December 31, 2021 USD
EQUITY AND LIABILITIES			
<u>EQUITY</u>			
Paid-in capital			
Share capital (1000 shares at NOK 2 000)	Note 12, 13	360 562	360 562
Total paid-in capital		360 562	360 562
Retained earnings			
Other equity	Note 13	1 949 947	1 951 049
Total retained earnings		1 949 947	1 951 049
Total equity		2 310 509	2 311 612
Current liabilities			
Accounts payable		95 688	439 781
Debt to group companies	Note 14	185 286	1 968 711
Public duties payable		349 903	284 473
Incurred expenses		1 447 132	2 936 001
Other current liabilities		145 298	172 792
Total current liabilities		2 223 307	5 801 758
Total liabilities		2 223 307	5 801 758
TOTAL EQUITY AND LIABILITIES		4 533 816	8 113 370

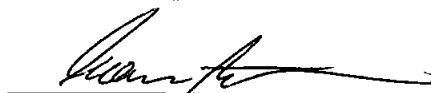
Oslo, December 31, 2022


March 24, 2023


Geir Frode Abelsen
General Manager


Ernst André Meyer
Chairman


Morten Skedsmo
Board Member


Gøran Andreassen
Board Member


Tine Hellum
Board Member



KLAVENESS SHIP MANAGEMENT AS

CASH FLOW STATEMENT

	2022	2021
	USD	USD
Ordinary result before tax	(299 851)	(1 191 524)
Share of profit from joint ventures	-	(300 000)
Change in inventories	-	-
Change in receivables	3 643 957	(1 631 367)
Change in current liabilities	(3 578 453)	3 092 493
Effect of exchange rate changes	(969)	-
A: Net cash flow from operating activities	<u>(235 315)</u>	<u>(30 399)</u>
Payments received from joint ventures	-	300 000
B: Net cash flow from investment activities	<u>-</u>	<u>300 000</u>
C: Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net change in liquidity in the period (A+B+C)	<u><u>(235 315)</u></u>	<u><u>269 602</u></u>
Cash and cash equivalents at beginning of period	555 368	285 765
Cash and cash equivalents at close of period	<u>320 053</u>	<u>555 368</u>
Net change in cash and cash equivalents in the period	<u><u>(235 315)</u></u>	<u><u>269 602</u></u>



KLAVENESS SHIP MANAGEMENT AS

NOTES

Note 1

ACCOUNTING PRINCIPLES

The financial statements have been prepared and presented according to Norwegian Accounting Act and generally accepted accounting principles in Norway. The most important accounting principles applied by the company are described below.

CHANGE IN ACCOUNTING PRINCIPLES

No changes have been made in accounting principles in the current year.

CLASSIFICATION OF ITEMS IN THE ACCOUNTS

Assets designed for permanent ownership or use and receivables with maturities exceeding one year from the balance sheet date are presented as non-current assets. Other assets are classified as current assets. Debt with maturity within one year from the balance sheet date, is classified as current debt. All other debt is classified as long-term debt.

VALUATION OF ASSETS AND LIABILITIES

Fixed assets are stated at historical cost, less subsequent depreciation and impairment. Fixed assets with a limited useful life are depreciated according to a depreciation schedule which has been determined based on best estimates taking into account each operating asset's wear and tear and age, and expected useful life. Fixed assets are written down to the recoverable amount if it is expected that the decline in value is not temporary. The recoverable amount is defined as the higher of the net sales value and value in use.

Current assets are valued at the lower of cost and net realizable value.

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

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 generally will differ from such estimates. Conditional losses which are likely to occur and which are quantifiable are expensed on a current basis.

REVENUE RECOGNITION

The company provides ship management services, ship operation services, consultancy and project management related to construction of new vessels and other technical projects, as well as advisory services related to sale and purchase of vessels. The services are mainly provided to companies within the Torvald Klaveness group, but supervision, technical management and crewing services may also be provided to external customers. Revenue is recognized when the services has been provided.

INVESTMENTS IN ASSOCIATED COMPANIES

Associated companies are defined as entities in which the company has significant influence, but that are not subsidiaries or joint ventures. Significant influence usually means a shareholding or ownership interest that constitutes at least 20 percent of the voting rights in the entity. Investments treated as associated companies are recorded according to the purchase method. Investments that are defined as temporary are valued at the lower of acquisition cost or fair market value, and are reported as current assets under the items shares and ownership interests. Investments are defined as temporary when the main motivation for the investment is to achieve a return on equity, and where the transaction frequency historically support that the intention is not of a long-term nature.

In recognizing investments using the purchase method of accounting, repayments of paid-in capital and distribution of retained earnings that are attributable to periods prior to the period of the company's ownership are treated as reductions in the acquisition cost of the investment. Distributions of profits earned during the period when the company owns the investment are recognized in the profit and loss account.

If the recoverable amount of an investment is lower than the carrying amount, and the decline in value is not expected to be temporary, the investment is written down to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. Write-downs are reversed to the extent the basis for the write-downs no longer exists.

TAX

Tax expense in the profit and loss account includes both tax payable for the period, adjustment of previous years' tax expense, and changes in deferred tax liability and deferred tax asset. The year's payable tax is the tax expense that falls due for payment as a result of the period's taxable profit. Deferred tax represents the tax that on the balance sheet date is associated with profit for the year and previous years and that will fall due for payment in subsequent periods. The deferred tax asset comprises tax already paid but not yet expensed in the accounts and future tax savings associated with loss carry forwards. Deferred tax and deferred tax asset are calculated using 22 percent of the value of the temporary differences between accounting and tax values and the tax loss to be carried forward at the close of the accounting year. Tax-increasing and tax-reducing temporary differences that are reversed or can be reversed in the same period and under the same tax regime are offset. Net deferred tax benefit is entered in the balance sheet to the extent it is likely that it will be used.



KLAVENESS SHIP MANAGEMENT AS

NOTES

Note 1

ACCOUNTING PRINCIPLES

PRESENTATION CURRENCY AND FUNCTIONAL CURRENCY

The company presents its accounts in USD. The company's functional currency is USD.

RECEIVABLES

Receivables are recorded at their nominal value, less expected losses. Provisions for losses are made following assessment of each receivable.

INVENTORY

Inventory is valued at the lower of acquisition cost or fair market value based on the FIFO (First In - First Out) principle. Acquisition cost includes cargo expenses.

INTANGIBLE ASSETS

Intangible assets are recorded in the balance sheet if future economic benefits are likely to be associated with the assets, if the assets are controlled by the company, and if the cost of the asset can be reliably estimated.

Intangible assets are recognized at acquisition cost. Intangible assets with unlimited useful life are not depreciated; they are written down upon identification of impairment that is not expected to be temporary. Intangible assets with a limited lifetime are amortized based on expected economic life, and written down to fair value upon value impairment that is not expected to be temporary. Write-downs are reversed to the extent the basis for the write-downs is no longer present.

PENSIONS

All employees on-shore have a defined contribution plan. All the pension plans in the Company are in compliance with local laws and regulations.

A defined contribution plan is one under which the Company pays fixed contributions to a separate legal entity. The Company 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. The responsibility for managing the individual pension account, within the insurance company's prevailing selection of funds, lies with the employee.

For defined contribution plans, the group and the parent company pay contributions till publicly or privately administered pension insurance plans on an obligatory, contractual basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognized as a payroll expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Individual agreements between the Company and the employee, resulting in an early retirement scheme, is treated in the financial statements as a contribution based pension scheme in which the total premium payments for the period up till the age of 67 are recognized as a pensions cost at the time of signing the contract.

RELATED PARTIES

Transactions with related parties are conducted at arm's length on market terms.

Interest on long-term loans and debt among companies in the Torvald Klaveness Group, is calculated at arm's length. Loans between affiliated companies are priced using a floating reference rate (LIBOR/NIBOR) plus a margin. The margin is set based on a rating of the borrower and on the loan terms.

CASH FLOW STATEMENT

The cash flow statement is prepared and presented according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term liquid investments with settlement within three months.



KLAVENESS SHIP MANAGEMENT AS

NOTES

Note 2	2022	2021
<u>MANAGEMENT FEE</u>	<u>USD</u>	<u>USD</u>
Management fees - intragroup		
Technical management fee	3 818 880	5 100 343
Crewing fee	1 565 008	1 913 959
Insurance fee	12 815	25 304
Sum	5 396 703	7 039 605
Management fees - external		
Management fee - external, incl crewing	1 681 340	201 174
Commercial Management fee	179 847	17 666
Sum	1 861 187	218 840
Total management fee	7 257 889	7 258 445
Note 3	2022	2021
<u>OTHER OPERATING REVENUES</u>	<u>USD</u>	<u>USD</u>
Other operating revenues - intragroup		
Ship operation services	1 085 151	1 126 626
IT fee	0	106 443
Project services	1 264 336	1 867 199
Other income	67 028	67 576
Sum	2 416 515	3 167 845
Other operating revenues - external		
Other income - external	0	20 518
Sum	0	20 518
Other operating revenues	2 416 515	3 188 363
Note 4	2022	2021
<u>SALARIES AND OTHER PERSONNEL EXPENSES</u>	<u>USD</u>	<u>USD</u>
Salaries	3 145 137	5 322 892
Employer's social security contribution	661 748	398 390
Net pension costs	234 684	247 872
Other remuneration	50 761	43 836
Reimbursed wages	(124 633)	(17 291)
Total	3 967 697	5 995 700

Reimbursed wages recorded with TUSD 125, where TUSD 43 is related to tax incentive scheme for 2021 and 2022.

Defined contribution plan

All employees on-shore 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, 19 members were covered by the plans.

The contributions recognised as expenses were TUSD 235 and TUSD 248 in 2022 and 2021 respectively.

Number of employees

The average number of employees in the company was 20,3 in 2022 and 20,9 in 2021.



KLAVENESS SHIP MANAGEMENT AS

NOTES

Note 5

REMUNERATION TO KEY PERSONNEL

	<u>2022</u> USD	<u>2021</u> USD
<i>General Manager</i>		
Salary (2022: only from 1.1-31.3)	427 208	355 588
Pension cost (2022: only from 1.1-31.3)	5 021	16 261
Salary 1.4-31.12.2022	153 365	-
Pension cost 1.4-31.12.2022	3 809	-
Total	<u>589 404</u>	<u>371 849</u>

The salary expenses for the General Manager includes all salary and bonus paid during 2022. Accrued bonus to be paid in 2023 is not included.

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 6

REMUNERATION TO THE AUDITOR

	<u>2022</u> USD	<u>2021</u> USD
Fee for statutory audit, excluding VAT	5 005	10 906
Fee for other assurance services, excluding VAT	113	273
Total	<u>5 119</u>	<u>11 179</u>

Note 7

OTHER ADMINISTRATION EXPENSES

	<u>2022</u> USD	<u>2021</u> USD
Services from group companies and other related companies	1 968 787	2 471 854
Other services from external parties (incl premises outside Norway)	1 446 480	1 468 780
IT-cost	1 040 675	821 288
Office rent	151 782	193 462
Various expenses (incl. Remuneration to the Auditor)	1 407 120	871 690
Total	<u>6 014 843</u>	<u>5 827 075</u>

Various expenses includes accrual of loss of receivables of 0,4 million USD.



KLAVENESS SHIP MANAGEMENT AS

NOTES

Note 8

INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES, AND JOINT VENTURES

Company	Date of acquisition	Location	Company's share capital	Par value	Number of shares	Direct ownership (in %)	Direct + indirect ownership (in %)	Voting rights (in %)
Investments in associated companies								
Klaveness Maritime Agency, Inc	08.11.2011	Manila	Php 2 000 000	Php 100	20 000	24,97 %	24,97 %	24,97 %
Investments in joint ventures								
Barklav (Hong Kong) Ltd.	21.12.2011	Hong Kong	HKD 5 000	HKD 1	5000	50,0 %	50,0 %	50,0 %

INVESTMENT IN ASSOCIATED COMPANIES

	2022 Klaveness Maritime Agency, Inc	2021 Klaveness Maritime Agency, Inc
USD		
<i>Book value</i>		
Direct ownership interests	24,97 %	24,97 %
Acquisition cost as of 1 January	39 686	39 686
(Write-downs) / reversal of write-downs	-23 737	-23 737
Book value as of 1 January	15 949	15 949
Write-down of shares / ownership interests	0	0
Total profit items	0	0
Increases / (reductions) of ownership interests incl. change of	0	0
Transfers to/ from the company upon dividend payments/capital changes	0	0
Total other changes	0	0
Book value as of 31 December	15 949	15 949
Share of equity in the company:		
Share of equity as of 1 January	82 941	53 542
Share of profit for the year	20 462	32 484
Other changes (incl. currency gain /loss adjustments)	-6 544	-3 085
Share of equity as of 31 December, direct ownership interests	96 860	82 941

INVESTMENTS IN JOINT VENTURES

	2022 Barklav (Hong Kong) Ltd	2021 Barklav (Hong Kong) Ltd
USD		
<i>Book value</i>		
Direct ownership interests	50,0 %	50,0 %
Acquisition cost as of 1 January	150 000	150 000
(Write-downs) / reversal of write-downs	0	0
Book value as of 1 January	150 000	150 000
Total profit items	0	0
Increases / (reductions) of ownership interests incl. changes in paid-in capital	0	0
Transfers to / from the company upon dividends/capital changes	0	0
Total other changes	0	0
Book value as of 31 December	150 000	150 000
Share of equity in the company:		
Share of equity as of 1 January	429 336	611 624
Share transferred to / (from) the company upon payments received/(payments)/ (dividends)	0	-300 000
Share of profit for the year	110 136	117 712
Share of equity as of 31 December, direct ownership interest	539 472	429 336



KLAVENESS SHIP MANAGEMENT AS

NOTES

Note 9

A. TAX EXPENSE

Tax expense in the profit and loss account consists of:

	2022 USD	2021 USD
Change in deferred tax / deferred tax asset	3 111	(313 920)
Effect of group contribution	6 979	0
Subtotal	10 089	(313 920)
Adjustment of previous year's provision	969	0
Total tax expense	11 058	(313 920)

B. CALCULATION OF TAX BASIS - TAX PAYABLE

	2022 Basis	2022 Tax 22 %	2021 Basis	2021 Tax 22 %
Profit before tax	(299 851)	(65 967)	(1 191 524)	(262 135)
Non-deductible expenses	8 824	1 941	3 244	714
Non-taxable interest income	(35)	(8)	0	0
Dividends from investments in associated companies covered by the tax exemption model	0	0	(355 986)	(78 317)
Tax-free dividends from shares covered by the tax exemption model	0	0	10 680	2 350
3 %	0	0	0	0
Tax incentive scheme	(16 112)	(3 545)	0	0
Exchange differences	353 032	77 667	106 677	23 469
Subtotal - permanent differences	345 709	76 056	(235 385)	(51 785)
Change in temporary differences	1 435 534	315 818	(22 763)	(5 008)
Group contribution to KLAVENESS SHIP MANAGEMENT AS from: Rederiaksjeselskapet Torvald Klaveness	(31 721)	(6 979)	0	0
Subtotal - group contribution	(31 721)	(6 979)	0	0
Use of/transfer to tax losses carried forward	(1 449 672)	(318 928)	1 449 672	318 928
Total tax basis and tax payable	0	0	0	0

C. RECONCILIATION OF NOMINAL AND ACTUAL TAX RATES:

	2022	2021
Profit before tax	(299 851)	(1 191 524)
Nominal tax rate	22 %	22 %
Expected income tax according to the nominal taxation rate	(65 967)	(262 135)
Exchange differences	77 667	23 469
Tax effect, shares and units	0	(75 967)
Tax effect, non-deductible costs	1 941	714
Tax effect, non-taxable interest	(8)	0
Tax adjustment previous year	969	0
Tax effect, non taxable income	(3 545)	0
Tax expense for the year	11 058	(313 920)
Effective tax rate	-3,69 %	26,35 %



KLAVENESS SHIP MANAGEMENT AS

NOTES

Note 9, cont.

D. DEFERRED TAX / (DEFERRED TAX ASSET)

Specification of the tax effect of temporary differences:

USD	Status 01.01.2022	Change	Status 31.12.2022	Tax effect 31.12.2022 22 %	Status 31.12.2021	Tax effect 31.12.2021 22 %
Fixed assets	(8 816)	3 311	(5 505)	(1 211)	(8 816)	(1 940)
Short term receivables	0	(400 568)	(400 568)	(88 125)	0	0
Goodwill	(63 129)	18 082	(45 047)	(9 910)	(63 129)	(13 888)
Accrued revenue	0	(26 502)	(26 502)	(5 830)	0	0
Accruals	0	(1 029 858)	(1 029 858)	(226 569)	0	0
Total temporary differences that have not been specially adjusted	(71 945)	(1 435 534)	(1 507 479)	(331 645)	(71 945)	(15 828)
Investments in limited partnerships/NOKUS	0	0	0	0	0	0
Total temporary differences - adjusted / not adjusted	(71 945)	(1 435 534)	(1 507 479)	(331 645)	(71 945)	(15 828)
Tax losses carried forward	(1 449 672)	1 449 672	0	0	(1 449 672)	(318 928)
Total temp. differences - basis for calc. deferred tax/(deferred tax assets)	(1 521 617)	14 138	(1 507 479)	(331 645)	(1 521 617)	(334 756)

Deferred tax / (deferred tax assets) recorded in the balance sheet	(331 645)	(334 756)
Change in deferred tax / (deferred tax assets)	3 111	(313 920)



KLAVENESS SHIP MANAGEMENT AS

NOTES

Note 9	At December 31, 2022	At December 31, 2021
<u>RECEIVABLES FROM GROUP COMPANIES</u>	<u>USD</u>	<u>USD</u>
Klaveness Finans AS	1 607 982	4 936 620
KCC Chartering AS	66 849	35 700
Klaveness Combination Carriers ASA	97 998	5 000
KCC Shipowning AS	147 492	0
Klaveness Digital AS	9 280	0
Klaveness Dry Bulk AS	21 754	0
Rederiaksjeselskapet Torvald Klaveness - group contribution with tax effect	(31 721)	0
Rederiaksjeselskapet Torvald Klaveness - group contribution without tax effect	334 549	0
Total	<u>2 254 184</u>	<u>4 977 320</u>

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

Several companies in the Torvald Klaveness Group participate in a multi-currency group account system operated by DNB Bank ASA. Klaveness Finans AS is the account holder of the group account system. Group companies' deposits and withdrawals in the accounts system are regulated by the group account agreements and treated as receivables / liabilities in the account of Klaveness Finans AS, and classified accordingly in the annual accounts. All companies that participate in the group account system are jointly and severally liable for any deficit in the group account structure.

Note 10	At December 31, 2022	At December 31, 2021
<u>OTHER SHORT-TERM RECEIVABLES</u>	<u>USD</u>	<u>USD</u>
Barklav (Romania) SRL (working capital)	714 467	960 228
External Ship Management customer	17 986	390 873
Prepaid	73 808	69 463
Withholding tax credit	446 887	501 016
Receivable Tax incentive scheme	139 483	0
Other	996	337
Total external debtors	<u>1 393 627</u>	<u>1 921 917</u>

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

Note 11	At December 31, 2022	At December 31, 2021
<u>CASH AND BANK DEPOSITS</u>	<u>USD</u>	<u>USD</u>
Cash	11 806	24 456
Bank deposits, NOK	4 428	4 954
Bank deposits, EUR	161 315	224 518
Bank deposits, USD	0	128 912
Tax withholding accounts, restricted	142 504	172 528
Total cash and bank deposits	<u>320 053</u>	<u>555 368</u>

The company participates in a group account system for which Klaveness Finans AS is the account holder. For further information, see the note on group accounts receivable / payable.



KLAVENESS SHIP MANAGEMENT AS

NOTES

Note 12

SHARE CAPITAL AND SHAREHOLDER INFORMATION

The company's share capital comprises the following share classes:

	Number	Par value (NOK)	Book value (NOK)
Class A shares	1 000	2 000	2 000 000
Total	1 000	2 000	2 000 000

The company's articles of association stipulate that only class A shares carry voting rights.

Ownership structure

Shareholders as of 31 December:

	Number of shares	Ownership interest	Votes (in %)
Klaveness AS	1 000	100 %	100 %
Total number of shares	1 000	100 %	100 %

The company is a subsidiary of Rederiaksjeselskapet Torvald Klaveness; as such, it is exempt from the requirement to prepare consolidated accounts, cf. Section 3-7 of the Accounting Act of 1998.

The company is included in the consolidated accounts of Rederiaksjeselskapet Torvald Klaveness, Drammensveien 260, P.O. Box 182 Skøyen, NO-0212 Oslo, Norway. The annual accounts of Rederiaksjeselskapet Torvald Klaveness are available at www.klaveness.com.

Note 13

EQUITY

USD	Share capital	Other equity	Total equity
Equity as of 1 January 2022	360 562	2 805 396	3 165 958
CHANGE IN EQUITY DURING THE YEAR			
Profit for the year		-877 604	-877 604
Net group contribution received/ (paid) without tax effect		23 257	23 257
Equity as of 31 December 2022	360 562	1 951 049	2 311 611
CHANGE IN EQUITY DURING THE YEAR			
Profit for the year		-310 909	-310 909
Net group contribution received/ (paid) without tax effect		334 549	334 549
Net group contribution received/ (paid) with tax effect		-24 742	-24 742
Equity as of 31 December 2022	360 562	1 949 947	2 310 509



KLAVENESS SHIP MANAGEMENT AS

NOTES

Note 14	At December 31,	At December 31,
<u>LIABILITIES TO GROUP COMPANIES</u>	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Klaveness AS	85 194	224 567
Klaveness Shore Services, Inc.	90 141	4 733
Rederiaksjeselskapet Torvald Klaveness	472	141 073
KCC Shipowning AS	0	1 193 575
Klaveness Container AS	9 478	404 763
Total liabilities	<u>185 286</u>	<u>1 968 711</u>

Current liabilities are defined as liabilities that fall due within one year after the close of the accounting year.

Note 15

EVENTS AFTER BALANCE SHEET DATE

There has not been any subsequent events with effect on the statutory accounts of the company as per 31 December 2022.



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	02.11.2011	15.11.2011
Telefon	Deres referanse	Vår referanse
22078139	Theo Thorkildsen	2009/275763

KLAVENESS CORPORATE SERVICES AS
Postboks 182 Skøyen
0212 OSLO

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk for THK Holding AS, org. nr. 988 942 642 og Klaveness Ship Management AS, org. nr. 996 745 848

Det vises til deres brev av 2. november 2011 der det søkes om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk for THK Holding AS og Klaveness Ship Management AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering THK Holding AS og Klaveness Ship Management AS 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.

Bakgrunn

Selskapene som søker om dispensasjon 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. Siden vedtaket ble gitt har det skjedd endringer i selskapsstrukturen. THK Holding AS er nytt morselskap og Klaveness Ship Management AS er et nystiftet selskap i konsernet. 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 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

Postadresse	Besøksadresse	Sentraltbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



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, 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 anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland