



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 919 100 737  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: KGJ CEMENT II AS  
Forretningsadresse: Zander Kaaes gate 7  
5015 BERGEN

### 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: Forenklet IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Nils Per Hellesund  
Dato for fastsettelse av årsregnskapet: 21.03.2023

### 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, 14.06.2024



## Resultatregnskap

Beløp i: USD	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	4	1 932 000	12 723 000
Profit from sale of non-current assets	8	110 000	
<b>Sum inntekter</b>		<b>2 042 000</b>	<b>12 723 000</b>
<b>Kostnader</b>			
Varekostnad	3,5	1 781 000	9 477 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	8	151 000	3 495 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	8	256 000	4 700 000
Annen driftskostnad	3,6,7	213 000	868 000
Sales gain	8		101 000
<b>Sum kostnader</b>		<b>2 401 000</b>	<b>18 641 000</b>
<b>Driftsresultat</b>		<b>-359 000</b>	<b>-5 918 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		685 000	
<b>Sum finansinntekter</b>		<b>685 000</b>	
Annen rentekostnad	3	172 000	939 000
Annen finanskostnad	3,9	49 000	233 000
<b>Sum finanskostnader</b>		<b>221 000</b>	<b>1 172 000</b>
<b>Netto finans</b>		<b>464 000</b>	<b>-1 172 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>105 000</b>	<b>-7 090 000</b>
Skattekostnad på ordinært resultat	10	744 000	
<b>Ordinært resultat etter skattekostnad</b>		<b>-639 000</b>	<b>-7 090 000</b>
<b>Årsresultat</b>		<b>-639 000</b>	<b>-7 090 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-639 000	-7 090 000
<b>Sum overføringer og disponeringer</b>		<b>-639 000</b>	<b>-7 090 000</b>



## Balanse

Beløp i: USD	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Skip, rigger, fly og lignende	8		16 723 000
<b>Sum varige driftsmidler</b>			<b>16 723 000</b>
<b>Finansielle anleggsmidler</b>			
Lån til foretak i samme konsern	3	1 443 000	2 683 000
<b>Sum finansielle anleggsmidler</b>		<b>1 443 000</b>	<b>2 683 000</b>
<b>Sum anleggsmidler</b>		<b>1 443 000</b>	<b>19 406 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	11		114 000
<b>Sum varer</b>			<b>114 000</b>
<b>Fordringer</b>			
Kundefordringer	12	46 000	23 000
Other current assets	13	359 000	919 000
Asset held for sale	8		25 026 000
Konsernfordringer	3	1 900 000	
<b>Sum fordringer</b>		<b>2 305 000</b>	<b>25 968 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	14	129 000	5 348 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>129 000</b>	<b>5 348 000</b>
<b>Sum omløpsmidler</b>		<b>2 434 000</b>	<b>31 430 000</b>
<b>SUM EIENDELER</b>		<b>3 877 000</b>	<b>50 836 000</b>

## BALANSE - EGENKAPITAL OG GJELD



## Balanse

Beløp i: USD	Note	2022	2021
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	15	1 232 000	1 232 000
Overkurs		-988 000	19 388 000
Annen innskutt egenkapital			11 000 000
<b>Sum innskutt egenkapital</b>		<b>244 000</b>	<b>31 620 000</b>
<b>Sum egenkapital</b>		<b>244 000</b>	<b>31 620 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	16		6 801 000
<b>Sum annen langsiktig gjeld</b>			<b>6 801 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>6 801 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	16		8 730 000
Leverandørgjeld		15 000	558 000
Betalbar skatt	10		10 000
Kortsiktig konserngjeld	3	3 381 000	
Other current liabilities	17	237 000	3 109 000
Financial derivatives	18		8 000
<b>Sum kortsiktig gjeld</b>		<b>3 633 000</b>	<b>12 415 000</b>
<b>Sum gjeld</b>		<b>3 633 000</b>	<b>19 216 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>3 877 000</b>	<b>50 836 000</b>



To the General Meeting of KGJ Cement II AS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of KGJ Cement II AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity 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 statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

### 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 as required by 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

### Responsibilities of Management for the Financial Statements

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen  
T: 02316, org. no.: 987 009 713 MVA, [www.pwc.no](http://www.pwc.no)  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Bergen, 8 March 2023  
**PricewaterhouseCoopers AS**

Fredrik Gabrielsen  
State Authorised Public Accountant  
(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Gabrielsen, Fredrik	BANKID_MOBILE	2023-03-08 16:54

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## Skattedirektoratet

Saksbehandler  
Rune Tystad

Deres dato  
19.09.2017

Vår dato  
22.09.2017

Telefon  
977 59 464

Deres referanse  
Nicholas Nunn

Vår referanse  
2011/1133256

KRISTIAN GERHARD JEBSEN SKIPSREDERI AS  
Postboks 423, Marken  
5832 BERGEN

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for KGJ Cement II AS, org.nr. 919 100 737

Vi viser til deres brev av 19. september 2017 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for KGJ Cement II AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering KGJ Cement II AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge 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

KGJ Cement II AS er et 100 % eid selskap av KGJ Cement Holding AS som igjen er 100 % eid av Kristian Gerhard Jebsen Skipsrederi AS. Kristian Gerhard Jebsen Skipsrederi AS med datter- og datterdatterselskaper er tidligere gitt dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Det er opplyst at konsernets arbeidsspråk er engelsk. Konsernet er av internasjonal karakter innenfor skipsfart og dette innbefatter at selskapet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. De norske versjonene utarbeides kun for å tilfredsstille regnskapsloven.

### 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*

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post:  
[skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



*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, 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 konsernet er av internasjonal karakter innenfor skipsfart og at dette innebærer at selskapet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. Det er videre lagt vekt på at konsernets arbeidsspråk er engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland  
*seniorrådgiver*  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Rune Tystad

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*

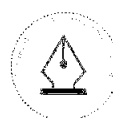


## KGJ CEMENT II AS

### STATEMENT OF CASH FLOWS

		<b>31 December 2022</b>	<b>31 December 2020</b>
	<b>Notes</b>	<b>USD 000</b>	<b>USD 000</b>
<b>Cash flows from operating activities:</b>			
Net income/(loss) before tax.....		105	-7 090
Payable tax.....		- 10	- 12
Depreciation and amortisation.....	8	151	3 495
Impairment losses/(Reversal impairment losses).....	8	256	4 700
Changes in inventories.....	11	114	57
Changes in trade debtors.....		- 23	142
Changes in trade creditors.....		- 543	- 657
Changes in intercompany receivables/payables.....	3	1 481	0
Changes in other current assets/liabilities.....	13, 17	-2 319	2 857
Net cash provided by operating activities.....		<u>- 788</u>	<u>3 491</u>
<b>Cash flows from investing activities:</b>			
Investments in tangible assets.....	8	41 342	2 265
Net cash provided by/(used in) investing activities.....		<u>41 342</u>	<u>2 265</u>
<b>Cash flows from financing activities:</b>			
Loans from group companies.....	3	- 242	3 011
Dividend to owners.....		-30 000	0
Repayments on interest bearing debt.....	16	-15 531	-4 700
Net cash provided by/(used in) financing activities.....		<u>-45 773</u>	<u>-1 688</u>
Net increase/(decrease) in cash and cash equivalents.....		-5 218	4 067
Cash and cash equivalents at beginning of year.....		5 348	1 281
Cash and cash equivalents at end of year.....	14	<u>129</u>	<u>5 348</u>

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## DIRECTORS' REPORT 2022

### KGJ CEMENT II AS (the Company)

#### Business summary

KGJ Cement II AS (the "Company") is fully owned by KGJ Cement Holding AS ("KGJCH"), a subsidiary of Kristian Gerhard Jebsen Skipsrederi AS ("KGJS"). KGJS presents consolidated financial statements, which include the financial statements of the Company. The Company is located in Bergen, Norway.

The Company sold its three pneumatic cement vessels in February and March 2022. The vessels were operating within KGJS' cement segment ("KGJ Cement"), a fleet comprising five pneumatic cement vessels ranging in size from 10 000 dwt. to 20 000 dwt. trading worldwide.

Commercial and administrative services are provided by KGJS. Technical management of the Company's vessels was provided by MF Shipping Group and OSM Bergen Cement AS.

#### Result

The net loss for 2022 was USD 0.6 mill., including impairment of vessels of USD 0.3 mill., compared to a net loss of USD 7.1 mill. in 2021, including impairment of vessels of USD 4.7 mill.

The board recommends that the Company's net loss of USD 0.6 mill. is covered by Share premium.

During 2022, Dividend to owners has been distributed in the amount of USD 30.0 mill.

#### Investments

As at the end of 2022, the Company's total investments in non-current assets amounted to USD 1.4 mill. compared to USD 19.4 mill at the end of 2021. The reduction in total investments in non-current assets is due to sale of vessels during 2022.

In 2022, the Company sold the three remaining cement vessels.

#### Liquidity and financing

The Company's strategy is to have adequate liquidity in the form of cash and/or available credit facilities. As at the end of 2022 the cash reserve was USD 0.1 mill.

#### Going concern

The annual financial statements are prepared and presented based on a going concern assumption as described in clause 3.3 in the Norwegian Accounting Act and give a true and fair picture of the Company's assets and liabilities, financial position and results. Based on available cash and projected cash flow, it is the Board's opinion that the Company is in a good financial standing.





## Risks

The Company applies an active approach to manage market risks, operational risks and financial risks. Risks are recognised and managed within areas like credit risk, liquidity risk, currency risk, interest rate risk, bunker price risk and other general market risk as further described in notes to the financial statements. Hedging instruments are used in order to reduce the exposure to fluctuations in several of the above risk areas.

## Insurance

The Company has a Directors and Officers insurance in place. The insurance covers liability for financial loss of third parties due to neglect, error or omissions from any directors or officers Company in their capacity of such position. The insurance does not cover damage to persons or property.

Annual renewal of the Directors and Officers insurance is in January each year and next renewal is in January 2024.

## Quality, health, safety and environment

The Company outsourced technical management to third party ship managers. Structured monitoring and audit processes were in place to ensure that suppliers met specific quality requirements. The Company expected that contracted ship management suppliers maintained strong focus on vessel management following a policy based on high quality requirements. Extensive regulations, locally and internationally had become the standard requiring high quality in areas such as vessel manning, vessel operation and technical maintenance. Vessel maintenance was carried out continuously based on a long-term preventive maintenance program.

The vessel consumed heavy fuel oil and diesel oil. Fuel consumption was carefully monitored and measures to reduce consumption had been implemented. The Company maintained full compliance with the global 0.5% Sulphur cap since on or before the date of implementation, and monitored fuel compliance closely as part of the continuous vessel operation.

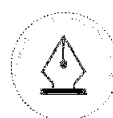
Vessel operation in general can potentially cause pollution or other incidents. Vessels owned by the Company were equipped in accordance with international rules and regulations. Vessel operation focused on reducing risks with the use of qualified personnel and well-developed routines.

The Company has no employees.

## Outlook

The global economy outlook is impacted by geopolitical risks, inflation, risk of recession, and the impact of China's termination of its zero-Covid policy. Russia's invasion of Ukraine has rapidly inflated energy and food prices, leading to cost pressures for businesses and increase in living costs for consumers in 2022. With de-escalation of the military conflict unlikely in the short term, uncertainty is expected to remain in global commodity markets throughout 2023. Furthermore, escalating tensions between the US and China could have a negative impact on international trade and global supply chains.

During 2022, the Company sold of all its vessels and the activity will be low going forward until development new activity.



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Bergen, 8 March 2023  
The board of directors of  
KGJ Cement II AS

Hans Petter Høegh  
**Board Member**

Geir Bruvik Mjelde  
**Chairman/CEO**

Ørjan Lunde  
**Board Member**

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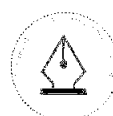
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**KGJ CEMENT II AS**

**STATEMENT OF CHANGES IN EQUITY**

	<b>Share capital</b> <b>USD 000</b>	<b>Share premium</b> <b>USD 000</b>	<b>Other equity</b> <b>USD 000</b>	<b>Total equity</b> <b>USD 000</b>
Equity at 31.12.2021.....	1 232	19 389	11 000	31 620
Net income/(loss) 2022.....	0	- 639	0	- 639
Dividend to owners.....	0	-19 000	-11 000	-30 000
Group contribution.....	0	- 737	0	- 737
Equity at 31.12.2022.....	1 232	- 988	0	244



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KGJ CEMENT II AS

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

KGJ Cement II AS (the "Company") is fully owned by KGJ Cement Holding AS ("KGJCH"), a subsidiary of Kristian Gerhard Jebsen Skipsrederi AS ("KGJS"). KGJS presents consolidated financial statements, which include the financial statements of the Company. The Company is located in Bergen, Norway.

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### 2. Accounting principles

#### a. Basis of preparation

The Company prepares its financial statements according to "Simplified International Financial Reporting Standards" (IFRS) as dealt with in The Norwegian Accounting Act and Regulations dated 7 February 2022. This principally implies that all calculations and measurement methods are carried out in accordance with IFRS, while presentation and notes follows the Norwegian Accounting Act and Norwegian GAAP. The Company employs the simplifying rules relating to dividends and group contributions as regulated in the Norwegian Accounting Act.

The accounting year equals the calendar year and the items of the income statement are classified by their nature.

#### b. Changes in accounting principles and errors

The impact of changes in accounting principles and correction of significant errors in previous annual accounts are reported directly to equity. Comparative figures are revised accordingly.

#### c. Currency

The financial statements are presented in US Dollars (USD) as the Company operates in an international market where the functional currency is USD. Transactions in non-USD currencies are recorded at the exchange rate on the date of the transaction. Monetary items and debt in non-USD currencies are converted to USD at the rate of exchange prevailing at the reporting date. Currency gains and losses are recognised in the income statement classified as financial items.

#### d. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable. Accounting estimates are employed in the financial statements to determine reported amounts, including the useful life and disposal value of vessels. Actual results could differ from those estimates.

#### e. Classification of assets and liabilities

Assets are classified as current assets when:

- the asset is expected to be disposed of or consumed within 12 months of the reporting date
- the asset is held for trading
- the asset is cash or cash equivalents, except for items having restrictions to be exchanged within 12 months of the reporting date.

All other assets are classified as non-current assets.

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KGJ CEMENT II AS

## NOTES TO THE FINANCIAL STATEMENTS

Liabilities are classified as current liabilities when:

- the liability is expected to be settled within 12 months of the reporting date
- the liability is held for trading
- the Company does not have an unconditional right to postpone settlement of the liability until at least 12 months after the reporting date.

All other liabilities are classified as non-current liabilities.

### f. Segments

A business segment provides services that are subject to risks and returns that are different from those of other business segments.

The Company's primary reporting format is based on the Company's internal reporting which has one segment.

The Company's management does not evaluate performance by geographical region as the ships sail on a worldwide basis.

### g. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Operating income consist of freight, charter hire and other operating related income. Freight is recognised based on the "load to discharge" method. Freight and related voyage expenses not completed at the reporting date are recognised based on the basis of the proportion of the voyage completed at the end of the reporting date. Voyage related expenses from discharge to load is considered as cost to fulfil a contract and recognised in the balance sheet if a related contract is signed before the reporting date. If no contract is signed before the reporting date the voyage related expenses are recognised in the income statement. Charter hire is recognised over the term of the contract as the service is provided.

Interest income is recorded in the income statement during the period in which it is earned.

Group contributions are recorded as appropriations in the same year as it is proposed.

### h. Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or principally enacted at the reporting date. Management periodically evaluates the tax positions with respect to situations in which applicable tax regulations are subject to interpretation and on this basis establishes provisions for payable tax amounts.

Deferred income tax is provided for all temporary variances arising between the tax bases of assets and liabilities compared to the carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary variances can be utilised.

Both payable tax and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity. In cases where the equity transaction is considered a distribution and the source of the distribution is earlier years' net profit, the tax effect of the distribution should be recognised as tax expense in the year in which the distribution is recognised.

The Company was registered under the Norwegian tax legislation for shipping companies until 01.01.2022. The shipping tax-regulations include a tonnage tax and taxation of a company's net financial

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## NOTES TO THE FINANCIAL STATEMENTS

income and certain parts of the equity. Other ordinary net income is not taxable. Taxation under the shipping tax rules requires compliance to certain requirements.

### i. Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes purchase price, capitalised interest and other expenses directly related to the investment.

Vessels residual value, which generally arises at the end of their useful life, is estimated based on the current estimated demolition value. Vessels residual value and useful life are assessed on an annual basis and changes will affect future depreciation cost.

Depreciation of assets is calculated using the straight-line method based on their estimated useful lives and residual values. Any component of a tangible asset that is significant to the total cost of the assets is depreciated separately over their estimated useful lives. Components with similar useful lives are included as a single component. Vessels book values are divided into two components; vessels and periodic maintenance.

Vessels are considered to have a total useful life of 35 years. Periodic maintenance costs are amortised over the period until the next periodic maintenance. The periodic maintenance occur with intervals of either 30 months or 60 months dependant on survey and vessels condition. Day-to-day repairs and maintenance cost are charged to the income statement during the period incurred. The costs of major renovations and periodic maintenance are included in the asset's carrying amount when it is probable the Company will derive future economic benefits in excess of the originally assessed standard performance of the assets. At the time of investment in a new vessel, a portion of the purchase price is defined as periodic maintenance and depreciated as other periodic maintenance.

A vessel's useful life is reviewed annually and where new estimate vary from previous estimate depreciation is adjusted accordingly.

When vessels are sold or disposed of, any gain or loss from the disposal is reported in the income statement. Profit or loss equals the variance between sales price and book value less any sales expenses.

### j. Impairment of assets

Assets that are subject to depreciation are reviewed for impairment at each reporting date, or when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

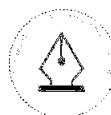
Fair value reduced by estimated sale costs is made up of an attainable sale price less expenses to an independent third party. The recoverable amount is calculated for each cash-generating unit (CGU).

The Company's fleet of three cement vessels is categorised into several separate CGUs based on the following assumptions:

- All vessels within each category can usually be operated on a portfolio basis.
- All vessels within each category having similar specifications.
- Each vessel within each category is inter-changeable within their particular markets.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses which are reported in previous year's income statement are reversed when succeeding events indicates that the cause of the write down is no longer valid. The reversal is classified in income statement as an impairment reversal. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

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## NOTES TO THE FINANCIAL STATEMENTS

### k. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

The Company's financial assets are: derivatives, trade receivables and cash and cash equivalents. 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 transaction costs.

The Company classifies its financial assets in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Equity instruments at fair value through other comprehensive income
- Derivatives at fair value through income statement

#### Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to collect contractual cash flows and,
- The contractual terms of the financial asset give rise to cash flows as 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 income statement when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables and other current deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price, ref note 2 m.

#### Financial assets at fair value through other comprehensive income

The Company measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held with the objective of both collecting contractual cash flows and selling, and,
- The contractual terms of the financial asset give rise to cash flows as payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses/reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified to income statement.

The Company currently holds no investments in quoted instruments which would classify under this category.

#### Equity instruments at fair value through other comprehensive income

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never reclassified to income statement. Dividends are recognised as other financial income in the income statement when the right to

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receive payment arise. Dividends representing a recovery of part of the cost of the financial asset are instead recorded as other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

The Company currently holds no non-listed equity investments which would classify under this category.

### Derivatives at fair value through income statement

Derivatives are recognised in the balance sheet at their fair value. Changes in the fair value are currently recorded in the income statement in the period in which the change in fair value occurs. Classification depends on the nature of the derivative.

The category includes foreign exchange contracts, ref note 18.

### **Derecognition of financial assets**

A financial asset or a part of a financial asset/group of similar financial assets is derecognised when:

- The right to receive cash flows from the asset have expired, or
- The Company has transferred its rights or has assumed an obligation to pay the received cash flows in full to a third party; and either
  - I. the Company has transferred substantially all the risks and rewards of the asset, or
  - II. the Company has transferred control of the asset

### **Financial liabilities**

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables or as derivatives. Derivatives are recognised initially at fair value. Loans, borrowings and payables are recognised at fair value net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method if this is considered to be significant. Gains and losses are recognised in income statement when the liabilities are derecognised. 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 effective interest rate method. The effective interest rate amortisation is included as finance costs in the income statement.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

### **Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECL) for all instruments not held at fair value. If there is no substantial increase in credit risk since initial recognition, the ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures facing a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure. Credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. A provision for impairment of trade receivables is established when a loss is expected and indications that the Company will not be able to collect all amounts due in accordance with the original terms of the receivables are identified.

The Company considers a financial asset in default when contractual payments are considerably past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Measurement of fair value

Fair value of financial instruments actively traded are valued based on quoted prices for identical instruments. Fair value of financial instruments not actively traded are valued based on models or other valuations methodologies observable for similar instruments.

### l. Inventories

Inventories include the vessels' stock of bunker remaining on board at the end of the reporting period and are stated at the lower of cost or net realisable value. Cost is calculated on a first in first out (FIFO) basis. Net realisable value is based on observable market prices. For vessels on time charter out bunkers are, in most cases, sold and settled with charterers at delivery of the vessels, and repurchased at redelivery.

### m. Accounts receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. The interest factor is ignored if insignificant. A provision for impairment of trade receivables is established when a loss is expected and indications that the Company will not be able to collect all amounts due in accordance with the original terms of the receivables are identified, ref note 2 k.

### n. Cash and cash equivalents

Cash and cash equivalents include cash and cash deposits held at banks.

### o. Equity

Ordinary shares are classified as equity. Transaction costs related to equity transactions, including any tax effect of the transaction costs, are charged directly to equity.

### p. Contingent assets, liabilities and provisions

Contingent liabilities are defined as:

- Possible liabilities resulting from past events, but where its existence relies on future events
- Liabilities which are not accounted for as it is not likely that such liabilities will result in a cash outflow
- Liabilities which cannot be measured reliably.

Any major contingent liabilities are disclosed in notes to the accounts. Contingent assets will not be recorded in the accounts, but included as a note if it is likely that the Company will benefit from such assets.

Contingent liabilities and provisions are recognised in the accounts when it is deemed the Company has a lawful obligation that can be measured reliably and it is likely with a more than 50% probability that settlement will take place. Contingent liabilities and provisions are reviewed at each reporting date and adjusted to best estimate. When timing is insignificant, the liability is reported at the estimated cost of release from the liability. Otherwise, when timing is significant for the amount of the liability, the liability is recognised at fair value. Any increase over time in the amount of the liability is reported as interest costs.

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## NOTES TO THE FINANCIAL STATEMENTS

### q. Events after the reporting date

New information about the Company's financial standing at the reporting date is included in the financial statements. Events occurring after the reporting date that have no impact on the Company's financial position at the reporting date, but which have a significant impact on future periods, are presented in notes to the accounts.

### r. Statement of cash flows

The statement of cash flows presents the total cash flow divided into operational activities, investment activities and financing activities. The statement is prepared using the indirect model and reflects the individual activities' impact on the cash reserve.

## 3. Related parties

In the normal course of its business, the Company has carried out a number of transactions with related parties. Related parties comprise principal owners of the Company and companies controlled by those owners, management of the Company and companies in which the Company can exercise significant influence over their management or operating policies.

### a. Transactions relating to management services:

KGJS provides the Company with commercial and administrative services and charges management fees. These costs amounted to USD 0.2 mill. in 2022, compared to USD 0.8 mill. in 2021, recorded in the income statement as general and administrative expenses.

### b. Transactions relating to financial items:

KGJCH provides the Company with a guarantee under the mortgaged debt and charges guarantee fees amounted to USD 0.0 mill. in 2022, compared to USD 0.2 in 2021, recorded in the income statement as other financial items.

### c. Receivables/payables with related parties:

For the years ended 31 December (in US Dollar thousands)	2022	2021
Receivables - non-current assets - shareholder.....	1 443	2 682
Receivables - current assets - shareholder.....	1 900	0
Payables - current liabilities - shareholder.....	- 3 381	0
Total	- 39	2 682

Settlement of inter-company balances takes place regularly. Interest is charged based on Nibor/Libor interest rates plus a margin.

## 4. Vessel operating income

For the years ended 31 December (in US Dollar thousands)	2022	2021
Voyage income and time charter hire.....	1 918	12 658
Other income.....	14	65
Total	1 932	12 723

A geographical split of operating income is not presented as the ships sail on a worldwide basis.

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### 5. Vessel related expenses

Vessel related expenses include both vessel voyage expenses and vessel operating expenses. Vessel voyage expenses include bunker consumption, port cost and other voyage related expenses. Vessel operating expenses include crewing cost, provisions, maintenance, insurance and management service cost.

### 6. General and administrative expenses

General and administrative expenses consists of expenses for administrative services delivered by KGJS, lawyers, auditors and others.

For the years ended 31 December (in US Dollar thousands)	2022	2021
Administrative services .....	204	831
Statutory audit fees .....	10	25
Legal fees .....	0	9
Miscellaneous .....	1	3
<b>Total</b>	<b>214</b>	<b>869</b>

### 7. Salaries, benefits and number of employees

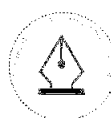
The Company purchases all of its services from KGJS and other vessel managers and agents. Such services are covering both seagoing personnel and all administrative services. As a consequence, the Company has no employees. There is no remuneration to the Company's board members.

### 8. Tangible assets

Book value of vessels recognised in the balance sheet:

For the year ended 31 December 2022 (in US Dollar thousands)	Vessels
Acquisition cost 01.01.2022 .....	58 789
Additions .....	0
Disposals .....	- 58 789
Acquisition cost 31.12.2022 .....	0
Accumulated depreciation at 01.01.2022 .....	- 12 340
Depreciation for the year .....	- 151
Depreciation disposals .....	12 491
Accumulated depreciation at 31.12.2022 .....	0
Accumulated impairment losses at 01.01.2022 .....	- 4 700
(Impairment losses)/Reversal impairment losses for the year .....	- 256
Impairment losses disposals .....	4 956
Accumulated depreciation at 31.12.2022 .....	0
<b>Net book value 31.12.2022 .....</b>	<b>0</b>

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	Vessels
Useful life.....	35 years
Depreciation method.....	Straight line

Periodic maintenance cost is included under vessels, depreciated straight line over a period varying from 30 to 60 months.

The Company reviewed all its cash-generating units for impairment, ref. note 2 j. An impairment loss should be recognised for the cash-generating unit if the carrying value is higher than the highest of market value and value-in-use calculation. Value-in-use calculations are made in accordance with IAS 36 and are based on the Company's best assumptions of future income and cost as well as discounting rate. Assumptions are associated with uncertainty and other parameters could generate a different value-in-use and a different outcome of the impairment assessment.

Based on the review, the Company made an impairment loss of USD 0.3 mill. on its vessels in 2022.

During 2022 the Company sold its three remaining vessels.

### 9. Other financial items

For the years ended 31 December (in US Dollar thousands)	2022	2021
Realised gains on financial derivatives.....	29	55
Currency gains.....	12	203
<b>Total financial income</b>	<b>41</b>	<b>258</b>
Unrealised losses on financial derivatives.....	8	- 147
Realised losses on financial derivatives.....	- 34	0
Currency losses.....	- 43	- 165
Other financial expenses.....	- 20	- 179
<b>Total financial expenses</b>	<b>- 90</b>	<b>- 491</b>
<b>Net other financial items</b>	<b>- 49</b>	<b>- 233</b>

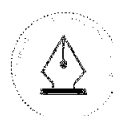
### 10. Taxes

For the years ended 31 December (in US Dollar thousands)	2022	2021
Tax effect of group contribution.....	744	0
Changes in deferred tax.....	875	- 93
Deferred tax assets expensed.....	- 875	93
<b>Total tax expense/(income)</b>	<b>744</b>	<b>0</b>

Reconciliation of nominal and effective tax rate:

For the years ended 31 December (in US Dollar thousands)	2022	2021
Net income/(loss) before tax.....	105	- 7 090
Estimated tax expense (22%).....	23	- 1 560
Difference between estimated and actual tax expense.....	721	1 560
<b>Total tax expense/(income)</b>	<b>744</b>	<b>0</b>

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Specification of differences between estimated and actual tax expense:

For the years ended 31 December (in US Dollar thousands)	2022	2021
Non-taxable operating result in accordance with shipping taxation.....	0	1 302
Effect of shipping taxation – financial items.....	0	279
Unrealised gains/losses on hedges.....	0	- 2
Deferred tax assets expensed.....	- 875	93
Currency transaction and other permanent differences.....	1 596	- 112
<b>Total difference between estimated and actual tax expense</b>	<b>721</b>	<b>1 560</b>

Tax calculations are based on financial statements in US Dollars converted to Norwegian Kroner using varying rates of exchange for both balance sheet and income statement. The currency transaction differences arise when converting the Norwegian kroner tax calculation to US Dollar in the specification.

The Company was registered under the Norwegian tax legislation for shipping companies until 01.01.2022.

Summary of temporary differences:

For the years ended 31 December (in US Dollar thousands)	2022	2021
Profit & loss account.....	- 656	0
Net temporary differences.....	- 656	0
Taxable deficit.....	- 0	- 1 852
<b>Total basis for deferred tax(+)/tax assets(-)</b>	<b>- 656</b>	<b>- 1 852</b>

For the years ended 31 December (in US Dollar thousands)	2022	2021
Changes in deferred tax(+)/ tax assets (-).....	875	- 93
Non-recorded deferred tax(+)/ tax assets (-) - ordinary taxation.....	- 144	0
Non-recorded deferred tax(+)/ tax assets (-) - shipping taxation.....	0	- 407

Payable tax:

For the years ended 31 December (in US Dollar thousands)	2022	2021
Payable tax - ordinary taxation.....	744	0
Group contribution - tax effect.....	- 744	0
Payable tax - shipping taxation.....	0	10
<b>Total</b>	<b>- 0</b>	<b>10</b>

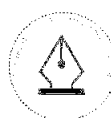
### 11. Inventories

Inventories comprise mainly of vessels' stock of bunkers. See note 2 l.

### 12. Trade receivables

Trade receivable represents a wide range of customers within the various segments. Credits are granted to customers in the normal course of business. The Company regularly reviews its accounts receivable and makes allowances for un-collectable receivables, ref note 2 m. The allowances are based on the age of the unpaid balance, information about customers financial condition, any disputed items and other relevant information.

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## NOTES TO THE FINANCIAL STATEMENTS

### 13. Other current assets

For the years ended 31 December (in US Dollar thousands)	2022	2021
Due from agents.....	152	768
Accrued revenues.....	0	1
Prepaid expenses.....	207	151
<b>Total</b>	<b>359</b>	<b>920</b>

### 14. Cash and cash equivalents

For the years ended 31 December (in US Dollar thousands)	2022	2021
Cash in bank.....	129	5 348
<b>Total</b>	<b>129</b>	<b>5 348</b>

### 15. Share capital and shareholder information

At 31 December 2022 the share capital of the Company consists of one class of 1 000 ordinary shares at NOK 10 000 each.

Ownership structure	Number of shares	Share of ownership	Voting rights
KGJ Cement Holding AS .....	1 000	100.0%	100.0%

### 16. Interest bearing debt

For the years ended 31 December (in US Dollar thousands)	2022	2021
Non-current interest bearing mortgage debt.....	0	6 890
Debt issue costs.....	0	- 89
Current portion interest bearing mortgage debt.....	0	8 730
<b>Total</b>	<b>0</b>	<b>15 531</b>

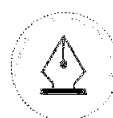
Book value of mortgaged vessels:

For the years ended 31 December (in US Dollar thousands)	2022	2021
<b>Total fleet</b>	<b>0</b>	<b>41 749</b>

### 17. Other current liabilities

For the years ended 31 December (in US Dollar thousands)	2022	2021
Accrued vessels related expenses.....	237	1 459
Other accruals.....	0	1 650
<b>Total</b>	<b>237</b>	<b>3 109</b>

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## NOTES TO THE FINANCIAL STATEMENTS

### 18. Risk management and other hedging activities

#### Risk management

##### a. Credit risk

The Company is exposed to credit risk in the event of failure of counter-parties to meet their obligations under a trading transaction. The Company's theoretical risk is the cost of replacement at current market prices of such transactions in the event of default by counter-parties. However, counter-parties are established with high credit ratings, and management believes that the possibility of non-performance by the counter-parties is remote. The Company therefore regards its maximum exposure to credit risk as being the carrying amount of receivables and other current assets. No collateral is held as security against receivables, none of which are considered to be impaired. The Company does not believe it is exposed to any material concentrations of credit-risk.

##### b. Liquidity risk

The Company's strategy is to have adequate liquid assets either in form of cash and/or available credit facilities at all times.

##### c. Market risk

Market risk comprises interest rate- and currency risk, and other price risks. The Company has no financial derivatives of which the fair value would fluctuate because of changes in other prices.

##### d. Interest rate risk

The Company is exposed to interest rate risk for debt with floating interest rates.

##### e. Currency risk

The Company incurs immaterial operating expenses in non-USD currencies. At the reporting date the Company has no non-current monetary assets or liabilities in non-USD currencies.

#### Financial derivatives and hedging

The Company effectively monitors its use of financial derivatives and the risks associated with them. To mitigate credit risk the Company contracts only with high quality counterparties. In addition, the Company's hedging policy establishes the use of defined market risk limits and timely reporting.

##### a. Hedge accounting:

The Company does not apply hedge accounting as per 31 December 2022.

##### b. Fair value financial derivatives:

The fair value of financial derivatives are based upon quotations obtained from banks or brokers that the Company would receive or would have to pay if the financial derivatives had been terminated/sold at the reporting date.

The full fair value of a financial derivative is classified as a non-current asset or liability if the remaining maturity of the item is more than 12 months and, as a current asset or liability if the maturity of the item is less than 12 months.

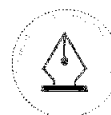
#### Fair value

The fair value of derivative financial instruments in the Company are currency contracts recognised as current liability of USD 0 at 31 December 2022 compared to USD 8 000 at 31 December 2021.

### 19. Contingencies

The Company maintains insurance coverage for its activities consistent with industry practice. In the course of 2022 the Company has not been involved in any incidents which have resulted in material loss or liability to the Company.

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KGJ CEMENT II AS

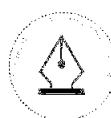
NOTES TO THE FINANCIAL STATEMENTS

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**20. Subsequent events**

There have not been any events that would materially impact the financial statements for 2022 after 31 December 2022.

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