Annual Report 2023

IMPROVING THE NATURE OF SHIPPING

Torvald Klaveness

Key Figures

Equity

EBT (earnings before tax - MUSD)

Number of vessels

USD million	2023	2022*	2021
Profit and loss			
Gross operating revenues [1]	434	477	520
EBITDA	123	116	109
Profit/(loss) after tax (excl. minority interests)	48	37	88
Profit/(loss) after tax (incl. minority interests)	88	65	100
Balance sheet			
Total assets	873	883	876
Total equity (incl. minority interests)	512	448	412
Total equity (excl. minority interests)	358	324	287
Interest-bearing debt	248	326	356
Cash and cash equivalents	146	188	204
Cash flow from investing activities			
Investments in vessels and newbuilding contracts	-36	-16	60
Equity ratios			
Equity ratios (excl. minority interests)	41%	37%	33%
Equity ratios (incl. minority interests)	59%	51%	47%
Employees			
Number of employees onshore [2]	221	184	187
Vessels [3]			
Pool vessels	28	30	30
Klaveness Chartering - chartered vessels	41	27	40
Combination carriers	16	16	16
Container vessels	0	0	0
Vessels under construction	3	0	0

[1] *Income/loss from physical and financial freight.*
[2] *Number of employees at year end for Oslo, Singapore and Manila.*
[3] *Per year-end. Vessels hired in on spot voyages are not included.*
* *The financials for 2022 have been revised (note 36).*

CEO's Letter

Delivering food, energy, and metals to the world

Ernst Meyer
President and Chief Executive Officer

While this has been another good year for Klaveness, we are sobered by the unprecedented global challenges that continue to stress-test the world and our industry.

The ongoing geopolitical conflicts continue to impact global trade and at Klaveness, we hold firm on our decision to cease all trade in Russia following their brutal attack on Ukraine. We now also see the war in Gaza is forcing navigational restrictions in the Red Sea as a result of the Houthi attacks, this is also an area where we will also not ask our people to sail. We are following the situations closely and are deeply moved by the plight of the people affected by wars. In 2023, we have therefore donated USD 1.5 million to organizations providing humanitarian aid to Ukraine and other parts of the world plighted by poverty.

In addition to the impacts of war, a cost-of-living crisis marked by soaring inflation continues to impact everyday life for many and the impact of climate change is becoming increasingly evident. Extreme weather events are becoming more frequent and the Panama Canal drought demonstrates the real impact this is having on shipping.

Amidst these difficulties, shipping remains the lifeblood of global trade and responsible for transporting 90% of the world's commerce. Guided by our values, Klaveness will continue to play our part in delivering essential food, energy, and metals to the world. And while doing so, we will find ways to make seaborne supply chains more resilient, more cost-effective, and more decarbonized.

Another record-breaking year

2023 has been another record-breaking financial year paired with a solid operational performance. I am proud to report that the year was marked by our unwavering commitment to safety and security with no accidents or security breaches reported.

Klaveness Combination Carriers (KCC) has delivered remarkable results spurred by a 35% increase in customer acceptance from 2022, new markets opened with deliveries to lithium refineries in Australia, and just 15% of days spent in ballast. The fleet is under technical management by Klaveness Ship Management, who delivered another year with zero accidents, zero spills to the environment, and zero cargo contaminations along with reduced carbon emissions.

Klaveness Dry Bulk again performed well with data-driven solutions enabling smart decision-making. Market Manager, our freight decision making platform has been at the helm, and has been commercialized with a good number of pioneer customers in 2023. The Baumarine by MaruKlav pool continues to deliver strong earnings for shipowners combining spot earning with the opportunity to lock-in rate at market peaks, while our collaboration with Marubeni Corporation is moving into the next phase with Marubeni investing a 25% stake in Klaveness Dry Bulk effective January 1, 2024. In 2024, Klaveness will open its first office in Japan to further develop our interests in that market.

CargoValue is Klaveness Digital's software platform for raw material supply chain decision-making. It offers real-time actionable visibility, and promotes collaboration among stakeholders involved in the planning, scheduling, and production processes of supply chains. CargoValue, is now being used by 25 Klaveness customers and continued to secure new customer acceptance in the energy, food, and metal sectors.

At Holding level, our financial portfolio currently provides us with ample capacity for new strategic investments in the future.

Decarbonizing through trading efficiency

In the face of climate change, our commitment to environmental sustainability is more robust than ever. Our combination carriers achieved a carbon intensity (EEOI) of 6.5 – a 6% improvement compared to 2022 and 14.5% since our 2018 baseline. Our energy efficiency initiatives have also started to yield impressive results, with MV Ballard now seeing carbon reductions of around 15% after completing a major retrofit in 2023. Three more vessels are lined up for a similar operation in 2024.

In another meaningful stride, we have ordered our first zero-emission prepared vessels, with delivery of three CABU newbuilds expected in 2026. The newbuilds will strengthen our commercial interests to Australia to meet growing caustic soda import volumes, and will be a key step in our goal to achieve a 30% reduction in carbon intensity by 2026 relative to 2018.

Improving the nature of shipping – with values

At Klaveness, we believe the route to more sustainable shipping extends beyond just fuel, energy efficiency, and voyage optimization. We see the vast potential of improving trading efficiency in our industry with smart, data-driven decisions guiding us. We believe this will be key to meeting our goals while continuing to serve global economies in a safe, efficient, and reliable manner.

At Klaveness, we are ready for the challenge and will continue to live by our values in demonstrating to the industry how we can play our part in improving the nature of shipping. We are committed to continue exploring how we can reduce carbon emissions through trading efficiency in addition to energy efficiency, voyage optimization and preparations for new fuel. We shall strive to achieve the following – not only for the Klaveness fleet, but through our sharing models in CargoValue and Market Manager to assist the shipping industry in:

- Choosing the right sized vessel for the for right voyage, at the right time
- Seeking to eliminate outdated principles that result in ships 'racing to wait'
- Make the best use of vessels to maximize lot sizes
- Optimize trade routes and vessel performance to minimize ballast legs

Through 2024 and beyond, Klaveness employees will continue making seaborne supply chains resilient, decarbonized, and cost-effective.

Board of Directors

Trond Harald Klaveness
Chair of the Board

Christian Rynning-Tønnesen
Board Member

Elisabeth Tørstad
Board Member

Jan Tellef Thorleifsson
Board Member

Rebekka Glasser Herlofsen
Board Member

Director's Report 2023

Highlights

"Always Safe and Secure" is Klaveness' top priority. In 2023, the company continued to deliver sound safety, security, and environmental performance records with no serious injuries, no vessel accidents, and no marine spills.

2023 was an exceptional year for Torvald Klaveness, delivering both a record strong financial result combined with strong operational excellence. The financial performance in 2023 was driven by favourable market conditions in the tanker market and good returns on financial investments. The Panamax Dry Bulk markets was 37% down from 2022 but still at levels adding to our positive results. After a record year in 2022, the tanker market strengthened by a further 22% in 2023. Klaveness' strategic ambition is to "Make Seaborne Supply Chains Resilient, Decarbonized, and Cost-effective" towards its vision of "Improving the Nature of Shipping". Klaveness comprises four portfolio companies that work both individually and collaboratively to realize this vision.

Klaveness Combination Carriers (KCC) controls the world's most carbon-efficient deep-sea shipping solution within the tanker and dry bulk segment, combining wet and dry capacity to minimize ballasting. The fleet size in KCC will be upheld by three new vessels that were ordered in 2023 with delivery 2026. The fleet of 16 vessels in operations and 3 vessels under construction is managed by **Klaveness Ship Management** (KSM), driving initiatives to improve energy efficiency, safety, and operational excellence. **Klaveness Dry Bulk** (KDB) is an operator and pool manager in the dry bulk segment operating a fleet of around 65 vessels in the Panamax, Kamsarmax and Post-Panamax segments. KDB has also launched the Software-as-a-Service (SaaS) platform Market Manager to optimize the freight decisions of cargo owners and operators. After three successful years as joint partners of the Baumarine by Maruklav pool, the Japanese Marubeni Corporation has acquired a 25% stake in KDB with effect from January 1 2024, underscoring both parties' commitment to transforming the shipping industry through innovation. **Klaveness Digital** (KD) provides the SaaS solution CargoValue for seaborne supply chain management to industrial customers. Klaveness continued to invest in KD in 2023 with the goal to grow the annual recurring revenue (ARR) by around 30% year-on year. In addition to the strategic portfolio, Klaveness acquired a 15% take in Stainless Tankers ASA in 2023 - a Euronext Growth listed chemical tanker company that owns and operates nine 19 chemical tankers.

Klaveness has implemented a holding structure (**Klaveness Holding**) with a corporate management team executing active ownership of the existing portfolio of companies, driving new strategic and opportunistic investments, and actively managing a portfolio of liquid financial investments. All portfolio companies are governed through dedicated boards, comprising both internal and external board members to drive strategic and commercial development.

The wars in Ukraine and Gaza are impacting how we operate. Klaveness has suspended all commercial activities with Russian or Belarusian-owned companies and excluded all Russian ports from our permitted trading areas. Klaveness follows the situations closely and is deeply moved by the plight of the people affected by wars. Klaveness has therefore donated USD 1.5 million from its 2023 revenue to organizations providing humanitarian aid to Ukraine and other parts of the world.

Health and Safety

Klaveness prioritizes safety with a clear and robust safety policy focused on the working environment and well-being of the seafarers to support mental and physical health. There were no serious injuries in 2023. The safety culture program KLASS (Klaveness Always Safe and Secure) has led to improvements on all KPIs, from Lost Time Incidents to vetting and inspection results. The program has been mandatory for all seafarers since 2020.

In 2023 there was a moderate risk of hybrid attacks in the Persian Gulf/ Gulf of Oman. The Israel-Palestine conflict triggered Yemen insurgents' activities in the Red Sea and Gulf of Aden towards the end of the year, resulting in a series of attacks and moderate to high risk for trading in these waters. A low-level threat of kidnap-and-ransom for merchant vessels in the Gulf of Guinea remained throughout the year. Klaveness' vessels have suspended transits in the Red Sea until satisfactory security can be achieved.

Security in the Indian Ocean has become a concern with Somali pirates' activities emerging again by the end of the year. The high risk of armed robbery in the Singapore Strait continued, with multiple incidents mainly targeting smaller vessels. No serious security incidents, suspicious approaches or boarding attempts were reported on Klaveness-managed vessels in 2023. Security threats are continuously monitored and intelligence reports from Den Norske Krigsforsikring for Skib (DNK) are shared across the fleet to create awareness.

No Klaveness vessels have traded in the Black Sea under a corporate policy due to war risk.

Sustainability

Sustainability is a central pillar in the Klaveness strategy of making seaborne supply chains resilient, decarbonized, and cost-effective. Klaveness aims to reduce carbon emissions through trading efficiency in addition to energy efficiency, voyage optimization and preparing for future fuel technologies.

In July 2023, The International Maritime Organization (IMO) updated its Strategy on Reduction of GHG Emissions from Ships (2023 IMO GHG Strategy). The new strategy sets forth a reduction in carbon intensity of international shipping by at least 40% by 2030 compared to 2008 and introduced an ambition to reach net-zero GHG emissions from international shipping by or around 2050 to the extent national circumstances allow.

Shipping was included in the EU Emission Trading System (EU ETS) from 1 January 2024. This regulation incentivizes shipowners to invest in and operate vessels at a reduced fuel consumption.

Regulatory changes have raised interest among charterers in cutting emissions. The Sea Cargo Charter, of which both Torvald Klaveness and KCC are founding signatories, represents 17% of total seaborne bulk cargo (2022) and its membership increased by two to 36 signatories in 2023. Among these are major charterers obliged to report shipping emissions, including Klaveness' subsidiaries KDB and KCC. Klaveness continues to support the initiative and believes transparency is key to incentivizing decarbonization.

"Always Safe and Secure" is Klaveness' top priority.

The KCC Environmental Strategy was updated in 2023 increasing its emission reduction ambitions. The ambition is to reduce the carbon intensity measured by Energy Efficiency Operational Indicator (EEOI) by 45% by 2030 year-end compared to 2018. In 2023, the carbon intensity (EEOI) for the fleet of combination carriers was down from 6.9 in 2022 to 6.5 in 2023, an improvement of close to 6% Y-o-Y and well below KCC's trajectory introduced in the updated Environmental Strategy. The Y-o-Y change was driven by more transport work mainly due to higher cargo weight, more time spent sailing at sea, as well as lower average speed, and continued improved technical performance of the fleet. This was partly offset by a higher proportion of time sailing in ballast.

IMO's short-term measures were implemented from January 2023, setting requirements related to the vessels' EEXI and carbon intensity indicator (CII). In 2023, all KCC combination carriers had EEXI scores and CII-ratings better than the current requirements.

Klaveness adheres to the Hong Kong Convention and EU Ship Recycling Regulation. However, no ships were sold for recycling in 2023.

Klaveness is a member of the Maritime Anti-Corruption Network (MACN), a global business network seeking to eradicate corruption in shipping to facilitate free trade.

Shipyards have been a focus area for due diligence procedures related to human and labor rights in 2023. Prior to ordering the three CABU newbuilds in 2023, Klaveness conducted due diligence to identify and assess actual or potential adverse impacts on fundamental human rights and decent working conditions that Klaveness would either be causing or contributing towards through the shipbuilding contract. The due diligence study did not reveal any findings preventing the ordering of the three new vessels. A separate Transparency Act report can be found on the website www.klaveness.com.

People and Organization

Talented and dedicated people form the backbone of Klaveness, with a total of almost 200 employees representing 18 nationalities spread across regional offices in Oslo, Singapore, Dubai, and Manila as of end 2023.

Klaveness stands for equal rights for all, irrespective of gender, gender identification, ethnicity, religion, sexual orientation, disability, or social status. All employment-related decisions are based on job-related factors such as relevant qualifications, merit, and performance. Salary and working conditions are linked to experience, seniority, and position regardless of gender, while jobs are mainly full-time. Klaveness believes in an open and transparent work environment and offered all onshore employees feedback training in 2023 to equip individuals with the required skill set to succeed in creating a trusting, open and honest work culture.

Klaveness is seeking to increase the proportion of women employed company-wide, including in leadership, and aims to have both genders represented in final interviews for new positions.

Women currently represent 43% of Klaveness' total workforce and 28% of Oslo personnel, while 30% of its managers are female on a global basis and 40% of the Board are women. There are six female seafarers, or 0.9% of total crew, and three female cadets in training.

Sick leave averaged a satisfactory 2.8% for the Group in 2022 and working conditions are considered good. The company holds Directors & Officers (D&O) liability insurance.

A total of 656 seafarers are employed through manning offices in The Philippines (80%), Romania (15%) and South Africa (5%). A stable retention rate of 95% for 2023 indicates Klaveness can attract and retain qualified seafarers.

The Businesses

Klaveness Combination Carriers (KCC) (listed on the Oslo Stock Exchange and owned 53.8 % by Klaveness) owns and operates a fleet of eight CABU and eight CLEANBU vessels. The CABU combination carriers mainly transport caustic soda solution (CSS) and all types of dry cargo. The CLEANBU vessels have wider trading potential as they can also transport clean petroleum products.

2023 was an exceptional year for KCC, delivering both a record strong financial result and a record low carbon intensity factor for the year. Both vessel types demonstrated yet again the value of efficiency, flexibility, and diversification of the combination carrier concept. To protect and strengthen KCC's leading position in caustic soda solution (CSS) shipments to Australia and to deliver on KCC's carbon emission reduction targets, KCC concluded in June 2023 a shipbuilding contract for three third generation CABU vessels with delivery in 2026.

The CABU fleet delivered the highest time charter earnings since 2011 due to high freight rates on the fixed-rate CSS contracts, record high CSS contract bookings and high trading efficiency with 92% of on-hire days trading in combination trades throughout the year.

The CLEANBU fleet continued to expand the number of customers and trades in 2023 and demonstrated during the year its flexibility to employ the vessels in the most favourable trade regions depending on the market situation. Time-charter earnings for the CLEANBU fleet were also record high in 2023 and the fleet benefited from a healthy product tanker market.

KCC issued new equity of USD 48.7 million in May 2023, of which Klaveness participated with USD 27.1 million.

At year-end, KCC had 11 employees located in Oslo, Dubai, and Singapore.

Klaveness Ship Management (KSM) provides technical ship management, crewing, and vessel and cargo operations, to KDB and KCC as its main customer. Crewing is provided through the South African Maritime Training Academy (SAMTRA) as well as from partly owned Klaveness Maritime Agency, Inc. in Manila, which serves solely Klaveness vessels, and Barklav in Romania, a joint venture with Wilhelmsen Ship Management serving several principals.

There were no medium or serious injuries, no spills, and no security incidents in 2023. Safety culture continues to be at the core of operations, and the Lost Time Injury Frequency (LTIF) for the combination carriers was 0 in 2023 (0.30 in 2022). There were two medium and two high risk incidents without injury recorded in 2023. The incidents were investigated, and corrective and preventive actions were implemented. The “WE KLASS” safety culture program was initiated in 2024 building on and improving the KLASS program launched in 2020. The goal is to strengthen the safety and team culture further.

Vessel performance in external inspections continued improving with SIRE vetting average observations and high-risk ratio in 2023 of 3.8 and 0.5 respectively (2022: 3.9 and 0.7). However, there were negative results on two PSC inspections, resulting in two cases of detentions in the 2nd half of the year. A comprehensive corrective action plan was launched in December 2023.

KSM implemented numerous initiatives in 2023 across the fleet to meet Klaveness’ decarbonization goals. Most initiatives are low hanging fruits such as hull cleaning, silicon paint, improved propeller designs and use of data-streams to make optimal operational decisions. A larger investment has been the installation of an air lubrication system and shaft generator on one vessel that was completed in 2023 and now operating with around 10 % fuel saving. Decision gates have been passed for further roll-out to four more vessels planned for 2024. Starlink, a high-speed internet service available at sea, has been successfully tested onboard and will be rolled out to the entire KCC fleet during 2024. This will improve collaboration from ship to shore and improve crew welfare.

At year-end, KSM had 28 employees located in Oslo, Singapore, and Manila.

Klaveness Dry Bulk is an operator and pool manager of around 65 dry bulk vessels in the Panamax, Kamsarmax and Post-Panamax segments. Its business portfolio comprises cargo contracts of affreightment, time-chartered vessels, and freight and fuel derivatives. Reliable, flexible, and competitive transportation optimizes the value chain for cargo owners. With revenues of USD 190.8 million and profits after tax of USD 4.7 million, 2023 was a solid financial year for KDB.

The pool business, through Baumarine by MaruKlav, aims to deliver services to give ship owners control of earnings optimization and greater flexibility. As well as spot earnings based on pool performance, pool participants have the option to convert freely between spot and fixed rates anytime, according to forward market levels. Owners can thereby control their market exposure by utilizing peaks to lock-in fixed earnings at preset target levels.

Effective January 1, 2024, Klaveness’ joint venture partner in Maruklav, Japanese Marubeni Corporation, has acquired a minority stake of 25% in KDB.

In addition to being an operator and pool manager, KDB has built a Software-as-a-Service (SaaS) platform incorporating extensive commercial expertise. The platform offers three core modules (Pre-Vetting, Port Predictor and Freight Optimizer), enabling its customers to create value through making better informed decisions when navigating the shipping markets. The platform was commercialized into product offerings in 2023, both gaining traction in the external market and contributing to internal decision-making.

At year-end, KDB had 48 employees located in Oslo, Singapore, Dubai, and Manila.

Klaveness Digital develops and markets 'CargoValue', a logistics platform for industrial companies sourcing and shipping raw materials by sea. CargoValue is a Software-as-a-Service (SaaS) solution that provides its customers with a 'digital twin' of their maritime supply chains. This innovative solution revolutionizes supply chain management by offering real-time visibility, enhancing transparency, and facilitating seamless collaboration among stakeholders engaged in the planning, scheduling, and production processes of supply chains. Annual Recurring Revenue (ARR) for the CargoValue product grew by 36 % to USD 2.4 million in 2023 compared to year-end 2022, while platform services have been discontinued. KD also achieved a Net Retention Revenue (NRR) of 122% with all subscribing customers renewing and several existing customers expanding their scope. During 2023, KD implemented measures to reduce costs and reorganize both the technical and commercial teams. The focus for the coming period is to increase the commercial capacity and to grow the business.

At year-end, Klaveness Digital had 20 employees located in Oslo and Singapore.

Klaveness Holding

Klaveness Holding provides parent value by facilitating business synergies, supporting innovation, and providing a unified framework for ESG, risk management and compliance, as well as exercising active ownership of strategic and financial investments. Klaveness Holding also delivers shared services to the industrial portfolio including Legal, Compliance, Communications, HR, Finance, and IT. Klaveness' Manila-based subsidiary Klaveness Shore Services, with 51 people, provides most corporate services, with HQ functions located in Oslo.

The Executive Committee (EC) consists of the Investment Committee (detailed below), Global Head of HR and the Managing Directors for each portfolio company. The EC is tasked with implementing Klaveness' strategy, values, governance, and brand across the business areas, and exploring co-creation opportunities. The Investment Committee (IC) consists of the CEO, Chief Strategic Investments Officer, Chief Financial Investments Officer, and SVP Finance. The IC manages the financial portfolio as mandated by the Board.

The financial markets showed strong development in 2023 despite higher interest rates, persistent inflationary pressures and continued geopolitical uncertainty. Artificial Intelligence (AI) had a great impact on the technology sector and particularly on selected companies focusing on semiconductors/chips. The markets were very volatile with a significant share of returns achieved during the past months of the year. The MSCI World increased by 25% in 2023, while Nasdaq increased by 45% and S&P 500 by 26%.

The financial investments in Klaveness Holding delivered solid returns in 2023. The various portfolios are actively managed according to the strategy and mandates approved by the Board. The financial portfolio consisting of equity funds and fixed income instruments delivered in line with the benchmark (MSCI). Other positions in certain financial instruments delivered even stronger financial returns. The overall financial returns from the various investments were above expectations and Klaveness had a solid cash position per year end.

Financial Results

Gross revenue from vessel operations was USD 434.0 million (2022 restated: USD 476.9 million), with net revenue of USD 196.3 million (2022: USD 169.7 million) driven by stronger tanker earnings, higher capacity in tanker trades and more on-hire days. KCC achieved average TCE-earnings of $34,983/day in 2023, up 18% from $29,764/day in 2022. Net revenue from KDB's portfolio of physical and financial freight agreements ended at USD 15.2 million versus USD 30.4 million in 2022, due to a weaker dry market and strategic positioning. KD achieved revenues of USD 2.4 million, versus USD 2.0 million in 2022. In total, operating revenues were USD 220.1 million (2022: 207.8 million).

EBITDA ended at USD 122.9 million (2022: USD 116.2 million). Vessel operating expenses increased by USD 1.2 million on 2022. Operating expenses for the CLEANBU vessels increased slightly from the previous year due to general inflation, high forwarding costs and condition-based maintenance. For the CABU vessels, operating expenses ended slightly below 2022 due to some minor claim settlements with positive effects in 2023.

2023 EBIT was USD 85.7 million versus USD 80.8 million in 2022. Ordinary depreciation 2023 of USD 37.1 million was in line with last year (USD 35.8 million).

The net result from financial items was USD 2.1 million (2022: USD -15.3 million), including interest expenses of USD 17.3 million (2022: USD 18.0 million) and interest income of USD 5.3 million (2022: USD 4.1 million).

The business earned profit before tax (EBT) of USD 87.9 million (2022: USD 65.5 million) with net income after tax of USD 87.7 million (2022: USD 65.4 million).

Financial Position

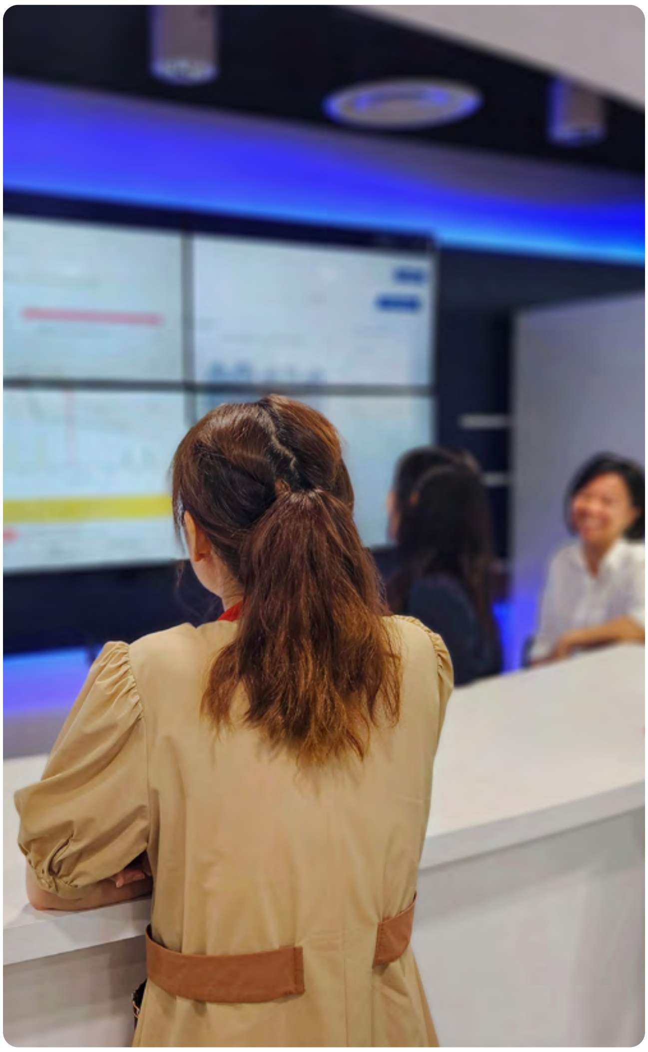
At the end of 2023, consolidated equity including minority interests was USD 511.9 million (2022 restated: USD 448.2 million), corresponding to a book equity ratio of 59% (2022: 52%). Book equity excluding minority interests was USD 358.4 million (2022: USD 324.4 million). Interest-bearing debt decreased from USD 326.4 million at end-2022 to USD 247.7 million at end-2023 due to refinancing of debt in Klaveness Combination Carriers ASA. Klaveness held cash and bank deposits of USD 145.8 million at end-2023 (2022: USD 188.1 million) with other liquid financial investments of USD 81.9 million (2022: 39.7 million). Klaveness also had available revolving credit and overdraft facilities of USD 151 million (2022: USD 57.3 million).

Cash Flow

Klaveness had operating cash flow of USD 120.6 million (2022: USD 69.6 million) in 2023, in line with EBITDA of USD 122.9 million.

Net cash flow from investing activities amounted to USD –35,8 million (2022: USD -15.9 million), mainly from costs associated with scheduled docking of vessels and instalments on newbuilding contracts.

Cash flow from financing activities amounted to USD –127.0 million (2022: USD 69.3 million) whereof the main items were dividends to owners and minority interests of USD 51.7 million and a negative cash flow of USD 71.3 million in ordinary debt service. Additionally, there was a positive contribution of USD 22.9 million from capital injections from minority interest.



Financing

The combination carrier fleet was partly funded through interest-bearing debt of USD 246.9 million at the end of 2023 (2022: USD 319.5 million). KCC's capital commitments are fully funded, and the equity portion of the newbuild commitment has been secured. Debt to fund around 60% of the newbuild investment will be secured closer to deliveries, which is estimated to be Q1-Q3 2026. The refinancing risk is limited as no debt facilities fall due in 2024.

KCC's overdraft facility was renewed in December 2023 for another 364-day period and reduced from USD 15 million to USD 8 million. At year-end 2023, KCC also had USD 113 million available and undrawn under a long-term revolving credit facility. In KDB, two overdraft facilities each of USD 15 million covering working capital and general corporate purposes are renewed annually.

Going Concern

Accounts are reported based on the premise of a going concern. The Board of Directors considers Klaveness' financial position at year-end 2023 as solid and liquidity as satisfactory. Klaveness' current cash flow, existing and committed debt, and liquidity position are considered sufficient to cover all approved commitments.

Risk and Risk Management

Klaveness' businesses are exposed to various risks. Risk assessment, monitoring and implementation of mitigating actions are performed daily and as part of periodic reviews in each business area. The Board's priorities are correct risk/reward assessments, acceptable risk levels and robust internal control routines.

The main **market risks** are changes in freight rates, fuel prices and vessel values, and counterparty credit risk. These risks are overseen according to procedures and mandates decided by the Board. Mandates for chartering and trading activity at KDB are regularly tested against extreme market scenarios to ensure capital and liquidity are sufficient to cover potential losses. Fuel price risk is mostly hedged through bunker adjustment factor clauses and fuel derivatives. Dry bulk market exposure is managed by combining Contracts of Affreightment with Time Charter contracts and Freight Forward Agreements, maintaining total financial exposure within risk limits approved by the Board.

> The Board's priorities are correct risk/reward assessments, acceptable risk levels and robust internal control routines.

Klaveness faces **commercial risks**, particularly on customer acceptance of combination carriers. Efforts are made to secure acceptance of existing vessels and the company works closely with customers to verify that new vessel concepts meet their requirements, including those of ports and terminals on relevant trade routes.

Financial risks are related to market fluctuations in equity and bond markets, exchange rates and interest rates, and market liquidity. The liquid financial portfolio is exposed primarily to global equities, but also to fixed-income markets. Most financial investments are highly liquid and diversified across sectors, geographies, and investment funds.

Investments in other currencies than USD are also exposed to FX risk. Furthermore, Klaveness has administrative costs in NOK, SGD an PHP, part of crew costs in EUR and port costs in several other currencies, while principally all income is USD-denominated.

The FX risk is considered acceptable given Klaveness' solid liquidity; hence no hedging is carried out. KCC is exposed to both interest and FX risk through debt financing and uses IRS and CCIRS instruments to hedge this exposure. Klaveness' liquidity risk is considered low. Current cash, available undrawn credit and projected operating cash flows are considered sufficient to cover commitments.

Operational risks are managed through formal and certified safety and quality management (KSM certified to ISO 9001, ISO 14001, & ISO 45001), control processes as well as training of seafarers and onshore employees. All employees attend in-house training to ensure compliance with applicable legislation and the Klaveness Code of Conduct. The organization is continuously learning from incidents and accidents through an improvement reporting system to develop procedures and training.

Environmental risks: Klaveness can be held liable for discharges of oil and hazardous substances under strict environmental regulations, regardless of culpability. Future environmental laws can also result in unpredictable costs for compliance.

Information security risks to business operations are on the rise, mainly due to more complex digital value chains with increased vulnerabilities. While digitalization has brought many benefits, it has also made companies more vulnerable. Protecting operational stability is vital for both Klaveness, the customers and other stakeholders. Therefore, Klaveness takes data and cyber security seriously, investing in best practices and technologies to safeguard data assets and business operations. The company works closely with renowned partners in this space.

Based on a risk assessment, the largest threat is considered cyber criminals searching for financial benefits from attacks. Monitoring shows that attack attempts mostly comes through phishing efforts and technical weaknesses. Information security efforts focus on these main attack vectors and are conducted in accordance with ISO27001 and relevant maritime standards, including IMO´s Cyber Security Regulations. They address prevention, detection, response, and recovery from attacks.

In 2023, an Information Security Management System was established, regular phishing campaigns were conducted, and a cyber security game was developed and made mandatory for all employees. These campaigns will continue in 2024. In addition, multiple tabletop exercises to further drive awareness and improvement of business continuity readiness are continuously performed.

Klaveness Digital manages data for multiple customers through the CargoValue application under contractual frameworks including Data Processing Agreements, Terms and Conditions and Service Level Agreements. Operational cyber security risk is managed through the Klaveness Digital Security & Risk Governance program encompassing a Disaster Recovery Plan and Cyber Incident Response Plan. Risk control measures are constantly refined and updated.

Klaveness Digital's solutions are protected by highly advanced security infrastructure powered by the Microsoft Azure Platform, with cyber security policy governed by the Centre for Internet Security (CIS) and National Institute of Standards and Technology (NIST) framework. Open Web Application Security Project (OWASP) guidelines are followed for best practice.

Klaveness adheres to core values, internal policies, and applicable legislation to manage exposure to **compliance risks** through complex global operations across different jurisdictions. A Board-approved Compliance Program, implemented by the Chief Legal and Compliance Officer, outlines policy guidelines covering Code of Conduct, Anti-Corruption and Business Ethics, Competition Law, and Personal Data Protection. Company-wide training is held continuously, including compliance seminars and online courses.

A dedicated KYC (Know Your Counterparty) team performs risk rating and due diligence checks on counterparties. Klaveness' definitive Counterparty Code of Conduct applies to all our contractual relationships.

Outlook

Going into 2024, the dry bulk markets have been stronger than what is normally expected. The market is increasingly positively affected by inefficiencies related to restrictions in canal passages both through Panama and Aden/Suez resulting in longer sailing durations. While the Panama drought is expected to improve after first quarter 2024, the Suez situation is harder to predict, but may continue for longer. A nominal dry bulk fleet growth of around 2 % is expected for 2024, while demand growth from iron ore, grains, bauxite, and minor bulks is expected to exceed nominal fleet growth. The coal demand side seems most uncertain given the very strong Chinese import levels in 2023. Overall, the supply-demand balance for the dry bulk market looks positive.

The product tanker market strengthened significantly going into 2024 due to the Red Sea disruptions. It is difficult to predict the exact effects on the product tanker market going forward as the vessel rerouting and the spike in freight rates could negatively impact trade flows and volumes. However, irrespective of the short or medium-term effects of the situation in the Red Sea, the underlying ton-mile growth is expected to outpace the supply growth throughout the year, resulting in a strong product tanker market for 2024.

Events After the Balance Sheet Date

On January 1, 2024, Lilac Investment Co. Ltd purchased and took ownership of 25% of the shares in Klaveness Dry Bulk AS. Lilac Investment Co. Ltd is fully owned by Marubeni (Japan).

In January 2024, Klaveness Dry Bulk AS established a new fully owned entity in Japan (Klaveness Japan KK).

Based on the escalating situation in the Red Sea area, Klaveness has decided to not trade any of its vessels through the Red Sea until the situation improves. The CABUs do not trade in the area, while the CLEANBUs from time-to-time transit through the Red Sea. The decision is expected to have limited impact on Klaveness' business activities and financial performance.

There are no other events after the balance sheet date that have material effect on the financial statement as of 31 December 2023.

The Parent Company

Rederiaksjeselskapet Torvald Klaveness' registered business address is Drammensveien 260, 0283 Oslo, Norway. The parent company earned a profit after tax of USD 30.2 million for 2023 (2022 restated: USD 52.2 million). The proposed transfer of the profit for the parent company is shown below:

Transfer to other equity:	USD 27.7 million
Dividend:	USD 2.5 million

The Board expresses its appreciation for the good work of all employees during 2023.

Rederiaksjeselskapet Torvald Klaveness

Oslo, 15 March 2024

Trond Harald Klaveness
Chair

Christian Rynning-Tønnesen
Board Member

Elisabeth Heggelund Tørstad
Board Member

Jan Tellef Thorleifsson
Board Member

Rebekka Glasser Herlofsen
Board Member

Ernst André Meyer
Chief Executive Officer

Rederiaksjeselskapet Torvald Klaveness
Consolidated Group

Consolidated Income Statement

For the year ended 31 December (USD '000)	Notes	2023	2022*
Gross revenues from operation of vessels	Note 5	433 962	476 877
Voyage related expenses and distribution of pool result	Note 6	(237 671)	(307 140)
Net revenue from operation of vessels		**196 292**	**169 737**
Net income/(loss) from physical and financial freight agreements	Note 7	15 155	30 388
Subscription revenue	Note 8	2 351	2 005
Other operating revenue	Note 9	6 306	5 716
Total operating revenues and other income		**220 104**	**207 846**
Operation of vessels	Note 6	(44 577)	(43 400)
Salaries and social expenses	Note 10, 11	(36 115)	(33 261)
Other operating and administrative expenses	Note 12	(16 530)	(14 947)
Operating expenses		**(97 222)**	**(91 607)**
Operating profit/(loss) before depreciation and impairment		**122 882**	**116 239**
Depreciation fixed assets	Note 13	(37 148)	(35 753)
Impairment/reversal of impairment fixed assets	Note 13	-	333
Depreciation and impairment of fixed assets		**(37 148)**	**(35 419)**
Operating profit/(loss)		**85 734**	**80 820**
Net interest income/(expenses)	Note 14	(11 980)	(13 940)
Other financial income/(loss)	Note 15, 16	19 279	(8 880)
Net currency gain/(loss)		(5 165)	7 474
Financial income and expenses		**2 133**	**(15 345)**
Profit/(loss) before taxes		**87 867**	**65 475**
Taxes	Note 17	(164)	(116)
Profit/(loss) for the year		**87 703**	**65 359**
Attributable to:			
Majority interest		48 179	36 970
Minority interest		39 524	28 388
Profit/(loss) for the year		**87 703**	**65 359**

** The financials for 2022 have been revised according to a new principle for elimination within the Klaveness Dry Bulk group (note 36).*

Consolidated Balance Sheet

As at 31 December (USD '000)	Notes	2023	2022**
Assets			
Fixed assets			
Deferred tax asset	Note 17	6 897	6 897
Other intangible assets	Note 13	5 140	5 909
Total intangible fixed assets		**12 037**	**12 806**
Vessels	Note 13	496 071	515 071
Newbuilding contracts	Note 18	17 591	0
Other tangible assets	Note 13	4 761	4 501
Total tangible fixed assets		**518 424**	**519 572**
Investments in associated companies	Note 16	81	100
Other long-term receivables		490	270
Total financial fixed assets		**570**	**370**
Total fixed assets		**531 031**	**532 748**
Current assets			
Bunkers on board vessels	Note 19	36 386	52 255
Accounts receivable	Note 20	28 497	24 777
Prepaid expenses	Note 21	24 688	22 213
Other short-term receivables	Note 22	24 509	23 473
Derivatives		526	211
Other short-term investments	Note 23	81 926	39 678
Cash and bank deposits	Note 24	145 829	188 066
Total current assets		**342 360**	**350 674**
Total assets		**873 391**	**883 422**

*** 2022 is restated due to changes in the classification of the provision for dividend to minority interests (note 36).*

Consolidated Balance Sheet

As at 31 December (USD '000)	Notes	2023	2022**
Equity and liabilities			
Equity			
Share capital (10 000 shares of NOK 5 099,82)		8 154	8 154
Other paid-in equity		49 052	49 052
Total paid-in capital		**57 206**	**57 206**
Other equity		301 198	267 168
Total equity before minority interests	Note 25	**358 404**	**324 373**
Minority interests		153 504	123 827
Total equity including minority interests	Note 25	**511 908**	**448 199**
Long-term liabilities			
Pension liabilities	Note 10	461	523
Other long-term provisions	Note 26	2 997	0
Total provisions		**3 458**	**523**
Mortgage debt	Note 27	154 564	156 534
Long-term bond loan	Note 28	66 986	75 836
Other long-term interest-bearing liabilities		71	330
Total long-term interest-bearing liabilities		**221 621**	**232 701**
Total long-term liabilities		**225 079**	**233 223**
Current liabilities			
Accounts payable	Note 29	15 169	21 122
Accrued expenses	Note 30	29 759	25 752
Taxes payable	Note 17	292	309
Provision dividends	Note 25	2 500	0
Short-term interest-bearing debt	Note 31	26 041	93 658
Derivatives		219	153
Other short-term liabilities	Note 32	62 424	61 006
Total current liabilities		**136 403**	**202 000**
Total liabilities		**361 483**	**453 224**
Total equity and liabilities		**873 391**	**883 422**

*** 2022 is restated due to changes in the classification of the provision for dividend to minority interests (note 36).*

Rederiaksjeselskapet Torvald Klaveness

Oslo, 15 March 2024

Trond Harald Klaveness
Chair

Christian Rynning-Tønnesen
Board Member

Elisabeth Heggelund Tørstad
Board Member

Jan Tellef Thorleifsson
Board Member

Rebekka Glasser Herlofsen
Board Member

Ernst André Meyer
Chief Executive Officer

Consolidated Cash Flow Statement

As at 31 December (USD '000)	2023	2022
Cash flow from operating activities		
Net profit / loss (-) before tax	87 867	65 475
Taxes paid	309	184
Depreciation, impairment and reversal of impairment	37 148	35 419
Loss / gain (-) related to modification of debt	-	(1 175)
Loss / gain (-) from associated companies	20	(14)
Unrealized loss / gain (-) on financial instruments	(1 049)	348
Interest expense	21 694	16 674
Interest income	(8 176)	(4 078)
Amortization of upfront fees bank and bond loans	1 517	1 352
Other non-cash items	(249)	(66)
Decrease / increase(+) provision for loss	(2 742)	2 177
Decrease / increase (-) in prepayment to clearing of derivatives	691	10 277
Decrease / increase (-) in current assets	8 060	(11 081)
Decrease / increase (-) in financial liquid assets	(42 248)	(39 678)
Increase / decrease (-) in current liabilities	9 572	(8 765)
Increase / decrease (-) in provision for loss on contracts	2 734	-
Change in pension liabilities	(62)	(284)
Interest recieved	5 524	2 884
Net cash flow from operating activities (1)	**120 610**	**69 649**
Cash flow from investing activities		
Installments and other costs on newbuilding contracts	(17 591)	-
Docking and other investments in vessels	(12 842)	(10 237)
Investments in other assets	(5145)	(5 728)
Decrease / increase (-) in other long-term receivables	(220)	53
Net cash flow from investing activities (2)	**(35 798)**	**(15 912)**
Cash flow from financing activities		
Repurchase bond incl premium (KCC04)	(55 478)	-
Proceeds from new bond issue (KCC05)	47 112	-
Repayment of mortgage debt	(163 988)	(25 598)
Interest paid	(21 694)	(16 674)
Drawdown of mortgage debt	95 000	-
Terminated financial instruments	4 001	-
Transaction costs on issuance of loans	(2 303)	(193)
Transactions costs capital injections in subsidiaries	(1 050)	-
Increased ownership in subsidary	-	(2 720)
Capital injection from minority interest	22 915	-
Dividends to owners	(11 000)	(4 527)
Dividend to minority interests	(40 659)	(19 616)
Paid in from exercise of warrents	152	-
Currency effects	(59)	47
Net cash flow from financing activities (3)	**(127 050)**	**(69 280)**
Net increase / decrease (-) in cash (1+2+3)	**(42 237)**	**(15 543)**
Cash and cash equivalents at January 1*	188 066	203 609
Cash and cash equivalents at December 31*	145 829	188 066
Net increase / decrease (-) in cash	**(42 237)**	**(15 543)**

** Included cash and bank deposits related to subsidiaries with ownership interest less than 90% (note 24).*

Notes

01 Accounting Principles

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

Basis of consolidation

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

Minority interests equal the share of profit/loss and net assets in the subsidiaries held by owners external to the Group. Minority interests are presented in the income statement and in equity in the consolidated balance sheet, separately from the parent shareholders' equity.

The financial statements of all subsidiaries are prepared for the same reporting period as the parent company. Where accounting principles of subsidiaries are different from the principles of the Group, figures are restated in order to be in line with Group accounting principles. All intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transferred assets are impaired. In order to eliminate the internal pool revenue included in the net trading portfolio, an allocation key is used to determine the intercompany share of pool revenue, voyage expenses and pool hire to shipowners. As the allocation key was set in 2023, the 2022 numbers are revised. This does not effect the net result, merely eliminating revenue and cost equally.

Business combinations and goodwill

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

Goodwill is initially measured at cost, being the excess of the consideration transferred over the net of identifiable assets acquired and liabilities assumed. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset. Goodwill arising from the acquisition of an interest in an associated company is included under the investment in associated companies. For valuation, refer to the principle concerning the valuation of intangible assets.

For business combinations that occur in stages by successive share purchases, the fair value of the acquired entity's assets and liabilities, including goodwill, are measured on the date that control is obtained. If the value of previously held shares has increased at the control date, the increase constitutes an added value or goodwill that is booked directly in equity. If the value of previously held shares has decreased, this is accounted for as impairment. Only goodwill for the majority is recognized in the financial statements.

Classification of assets and liabilities

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

Valuation of tangible assets and liabilities

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

Tangible assets with a limited useful life are depreciated according to a depreciation schedule based on best estimates of expected useful life and taking into account each asset's wear, tear and age. The useful life of a vessel is normally set to 25 years. Tangible assets are impaired when the carrying value of the asset exceeds the recoverable amount, and it is expected that the decline in value is not temporary. The recoverable amount is defined as the higher of net sales value and value in use. The value in use is determined by reference to the discounted future net cash flows expected to be generated by the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels at which there are separately identifiable cash flows. Each vessel/newbuilding contract is considered as one identifiable cash flow, except from the CABU and CLEANBU vessels, where the whole fleet is considered one cash generating unit.

Newbuilding contracts (vessels under construction) are capitalized in line with the payments to the yard. In addition to contractual payments, inspection costs, interest expenses and other expenses during the construction period are capitalized. To the extent vessels under construction are financed through equity until delivery, interest on such funding is neither computed nor capitalized.

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

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

Accounts payable are liabilities related to operations (trade creditors, unpaid public taxes and charges, vacation pay etc.) and other short-term payables. All these items represent interest free liabilities.

In accordance with the Norwegian Accounting Act, some items are valued according to special valuation rules. A more detailed presentation of these is provided under each principle below.

Valuation of intangible assets and liabilities

Intangible assets with a limited useful life are depreciated according to a depreciation schedule which has been determined based on best estimates of expected useful life. Intangible 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 net sales value and value in use. The value in use is determined by reference to the discounted future net cash flows expected to be generated by the asset given that the asset is to be held by current owner under current conditions.

Estimates and assumptions

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

Revenue recognition

The Group generates most of its revenues from shipping activities.

Gross revenues from operation of vessels comprise both gross voyage revenues from the pools operated by the Group, income from vessels owned by the Group and earnings from vessels on time charter-in contracts. Vessels owned by the Group are either operated under time charter contracts or performing contracts of affreightment. The time charter contracts are both with third parties and with pools.

Income from vessels

The Group recognizes voyage revenues and expenses on a pro rata basis over the estimated length of each voyage, discharge-to-discharge. At the time of discharge, management normally knows the next load port and expected discharge port, so that the discharge-to-discharge calculation of voyage revenues and expenses can be estimated with a reasonable degree of accuracy. For vessels without contracts in place at discharge, no revenue is recognized until a new contract is entered into. Voyage related expenses incurred for vessels in idle time are expensed. Revenues from time charters and bareboat charters accounted for as operating leases are recognized over the time when the services are performed. Demurrage and dispatch are taken into account if it is probable that a claim will occur.

Pool income

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

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

Other income

Gains and losses arising from sales of tangible assets are presented as part of the operating profit or loss.

Other income is recognized when it is earned (the earned income principle).

Cost recognition

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

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

Financial investments

Subsidiaries as defined above are consolidated in the Group accounts on a 100 per cent basis. Joint ventures are companies whose activities represent an integrated part of the Group's core activities, and for which the activities are regulated by contractual agreements between two or more participants that have joint control of the activities, and in which the Group's ownership share is between 20 per cent and 50 per cent. These investments are accounted for in the Group accounts according to the proportionate consolidation method. Associated companies are defined as entities in which the Group has significant influence, but that are not subsidiaries or joint ventures. Significant influence usually means a shareholding or ownership interest of at least 20 per cent of the voting rights in the entity. Investments in associated companies are recognized in the Group accounts according to the equity method. Other long-term investments are stated according to the cost method. Short-term investments are valued at the lower of cost or fair market value.

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

Investments in financial current assets

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

Periodic maintenance

The cost of periodic maintenance and docking of vessels is capitalized and depreciated over the period until the next docking, normally 30 months. Correspondingly, a part of the cost price of vessels acquired is separated for depreciation purposes and capitalized as docking. Expenses for current maintenance are charged to operating profit or loss whenever such maintenance takes place. Depreciations of docking are included in ordinary depreciations; and docking is classified along with the relevant vessel in the balance sheet.

Leasing agreements

Leasing agreements are classified as operating leases or financial leases according to the terms of the agreement.

A leasing agreement is classified as an operating lease when the lessor has most of the economic benefits and risks associated with the underlying asset. Operating leases are expensed on a straight-line basis over the leasing period.

Leasing agreements are classified as financial leases when the main share of the economic benefits and risks associated with the underlying asset is with the lessee. The Group does not have any financial leasing agreements.

Derivatives

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

Hedging

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

Non-hedging

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

Physical and financial freight contracts

Physical and financial freight contracts entered into for the purpose of achieving gains through short-term fluctuations in market rates are managed and valued as a single portfolio. The portfolio is valued at the lower of acquisition cost and fair market value. Both physical and financial freight contracts are valued against the forward curves as of 31 December. The fair market value of these contracts also includes estimated future losses due to counterparty risk. Loss provisions are made to the extent that the fair market value of the portfolio is negative. Any positive value exceeding acquisition cost is not recognized. Fuel swaps in the trading portfolio are recognized separately at fair value.

Income tax (for companies within the Norwegian tonnage tax system)

Operating profits related to shipping activities accepted within the Norwegian tonnage tax system are subject to tax exemption. Income tax is paid on net financial income. In addition, the Group pays tonnage tax based on net tonnage of vessels. This tax is classified as a vessel operating expense in the profit and loss account.

Income tax (for companies under ordinary taxation rules)

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

Foreign currency

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

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

Where the functional currency of consolidated entities differs from the functional currency of the Group, income statements are translated into USD using the average exchange rate for the year. Exchange differences arising on the translation are recognized directly in equity. On disposal of foreign operations, the accumulated exchange gain/loss recognized in equity relating to that particular foreign operation is recognized in the income statement.

Income and expenses in NOK are converted at the rate of exchange on the transaction date. The average exchange rate was 10.5658 in 2023 (2022: 9.6197). At year-end 2023, an exchange rate of 10.2025 (2022: 9.9066) was used for the valuation of balance sheet items.

Receivables

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

Provisions for losses on receivables more than 90 days past due are recorded at 50 percent of their nominal value. The 50 percent rate has been arrived at based on experience. Further, provisions are recorded for major unpaid receivables (defined as receivables in excess of USD 100,000) based on individual assessments.

Bunker inventories

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

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

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

Related parties

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

Provisions for contingent liabilities

A contingent liability is recognized once the Group has a legal or actual financial liability that is likely to be paid at a future date and the amount of the liability can be reliably estimated. Restructuring costs are recognized once the decision to implement such measures has been made and announced. The amount of the provision is the estimated expense of the restructuring. Estimated expense is valued at discounted expected future cash flows. Expected future cash flows are discounted by a pre-tax risk-free interest rate, with the addition of a risk premium to reflect any uncertainty associated with the allocation.

Provisions for dividends

Distribution of dividends is approved by the Board of Directors based on authorization from the Annual General Meeting. Dividend distribution to the Company's shareholders is recognized as a liability at the reporting date of the financial year that the proposal of dividend relates to.

Pensions

All current employees in the Group have a defined contribution plan. In addition, one person holds a defined benefit plan. All the pension plans in the Group are in compliance with local laws and regulations.

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

Individual agreements between the Group 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 to the age of 67 are recognized as a pensions cost at the time of signing the contract.

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

Cash flow statement

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

Events after the balance sheet date

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

02 Subsidiaries, Joint Ventures and Associated Companies

Torvald Klaveness comprises several subsidiaries, joint ventures and associated companies.

Subsidiaries are all entities in which a parent company directly or indirectly has a controlling interest. Subsidiaries are fully consolidated from the date of acquisition. Where accounting principles of subsidiaries are different from the principles of the Group, figures are restated in line with Group accounting principles.

Joint ventures are companies whose activities represent an integrated part of the Group's core activities, and whose activities are regulated by contractual agreements between two or more participants that have joint control of the activities, and in which the Group's ownership share is between 20 % and 50 %. Joint ventures are recognized according to the proportionate consolidation method.

Associated companies are entities in which Torvald Klaveness has significant influence, but that are not subsidiaries or joint ventures. Significant influence usually means a shareholding or ownership interest of at least 20 % of the voting rights in the entity. Investments in associated companies are recognized according to the equity method.

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

Subsidiaries:

Company name	Ownership interest per 31 Dec. 2023	Ownership interest per 31 Dec. 2022
Klaveness Asia Ptd. Ltd. (Singapore)	100%	100%
Baumarine AS	100%	100%
Klaveness Cement Logistics AB (Sverige) [1)]	0%	100%
Klaveness Container AS	100%	100%
Klaveness Combination Carriers ASA	53.8 %	53.8 %
KCC Chartering AS	53.8 %	53.8 %
KCC Shipowning AS	53.8 %	53.8 %
KCC Bass AS [2)]	53.8 %	0%
Klaveness Combination Carriers Asia Ptd. Ltd.	53.8 %	53.8 %
Cargo Intelligence AS [3)]	0%	95.3 %
AS Klaveness Chartering	100%	100%
Klaveness Shipping (Shanghai) Co. Ltd. (Shanghai)	100%	100%
Klaveness Shore Services Inc. (Manila, Philippines)	100%	100%
Klaveness Ship Management AS	100%	100%
Klaveness Finans AS	100%	100%
Klaveness Digital AS [4)]	100%	95.3 %
Klaveness Dry Bulk AS [5)]	100%	100%
Klaveness AS	100%	100%
Klaveness Brasil Representacao de Servicos Maritimos LTDA (Rio de Janeiro, Brazil) [6)]	0%	100%
Klaveness Maritime Services AS	100%	100%

Joint Ventures:

Company name	Ownership interest per 31 Dec. 2023	Ownership interest per 31 Dec. 2022
Barklav (Hong Kong) Ltd.	50%	50%
Maruklav Management Inc.	50%	50%

Associated company:

Company name	Ownership interest per 31 Dec. 2023	Ownership interest per 31 Dec. 2022
Klaveness Maritime Agency Inc.	24.96%	24.96%

[1)] Sold for liquidation in December 2023.
[2)] Established in 2023 as a fully owned subsidiary of Klaveness Combination Carriers ASA.
[3)] Merged with Klaveness Digital AS in 2023.
[4)] Acquired the remaining shares in 2023.
[5)] Ownership was reduced to 75% as of 01.01.2024, refer to note 3.
[6)] Liquidated in December 2023.

03 Major and Subsequent Events

2024: Subsequent Events

Sale of shares in Klaveness Dry Bulk AS

On January 1, 2024, Lilac Investment Co. Ltd purchased and took ownership of 25 % of the shares in Klaveness Dry Bulk AS. Lilac Investment Co. Ltd is fully owned by Marubeni (Japan).

New office established in Japan

In January 2024, Klaveness Dry Bulk AS established a new entity in Japan (Klaveness Japan KK).

Red Sea

Based on the escalating situation in the Red Sea area, Torvald Klaveness has decided to not trade any of its vessels through the Red Sea until the situation improves. The CABUs do not trade in the area, while the CLEANBUs from time to time transit through the Red Sea. The decision is expected to have limited impact on the group's business activities and financial performance.

There are no other events after the balance sheet date that have material effect on the financial statement as of 31 December 2023.

2023: Major events

Charity contribution

Rederiaksjeselskapet Torvald Klaveness has donated USD 1.5 million during 2023. The donation is distributed to various organizations aiding in the situation in Ukraine and other areas affected by war and poverty. This is booked as other operating expenses in the income statement.

Bond issue

In September 2023, Klaveness Combination Carriers ASA, completed a new senior unsecured sustainability-linked bond issue (KCC05) of NOK 500 million with maturity date September 5, 2028.

Newbuildings

The Group has per 31 December 2023 three CABU combination carrier newbuildings on order at Jiangsu New Yangzi Shipbuilding Co., Ltd in China. The contract price is USD 56.5 million per vessel and estimated delivery costs are approximately USD 60.5 million per vessel. The expected delivery of the vessels is Q1 to Q3 2026.

Capital increase

On May 30, 2023, Klaveness Combination Carriers ASA completed a capital increase of USD 49.8 million through a private placement to partly fund three CABU newbuildings. Rederiaksjeselskapet Torvald Klaveness contributed with USD 27.1 million.

Mortage debt

In June 2023 a subsidiary of KCC completed the refinancing of two mortage debt facilities due in December 2023 and Octorber 2025. The two facilities were merged into one facility of USD 190 million, divided into a termloan tranche and a revolving credit tranche (50/50).

The loan bears interest of term SOFR + 2.1%, has a tenor of 5 years, and is repaid on a close to 18-years average age adjusted profile.

2022: Major events

Charity provision

Rederiaksjeselskapet Torvald Klaveness has committed to donate USD 1.6 million to the Norwegian Red Cross and the Norwegian Refugee Council for humanitarian aid in Ukraine and its neighboring countries, as well as in Somalia where a desperate situation has been aggravated by the war. In addition, USD 0.35 million has been donated to Kirkens Bymisjon to support mainly young people in need in Norway. This is booked as other operating expenses in the P&L and as a provision in the balance sheet.

Change in estimates for useful life of dry docking

Based on an updated dry docking schedule, the vessels are scheduled for dry docking with a limited scope during each intermediate survey, first time approximately 2.5 years after delivery. Docking depreciation has previously been based on docking every five years during the first ten years of operation. The change was effective from 1 August 2022 and impacted 2022 depreciation with approximately USD 2.6 million. This is estimated to increase depreciation by approximately USD 2.0 million from 2023 and onwards.

Investment portfolio

The Group has established an investment portfolio during the year. The portfolio consists of approximately USD 100 million, whereof USD 40 million is invested in stocks and bonds (note 23). The portfolio is available for strategic investments.

04 Operational and Financial Risks

Torvald Klaveness operates globally and in a capital intensive industry subject to strong business cycles and volatility in underlying markets. The Group is exposed to both operational and financial risks.

Operational risks

Operational risks are related to the operation of vessels under the management of Klaveness Ship Management AS (KSM), to the execution of cargo contracts and time charter contracts in AS Klaveness Chartering, and to the management of a spot pool. Vessel management undertaken by KSM is governed by quality procedures that reflect the requirements of IMO, flag states and port states. Quality and safety audits are performed at regular intervals and significant effort is put into the training of seafarers to comply with the standards.

Operational risk is managed through insurances, procedures and systematic training of seafarers and land based employees to manage risks such as piracy, health and safety, environmental risks, off-hire and accidents. All vessels sailing through piracy exposed areas take necessary steps to mitigate the threat. The vessels are insured for loss of hire, protection and indemnity (P&I), and complete loss (hull and machinery).

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

Financial risks may be divided into market-, counterparty-, interest rate-, currency-and liquidity risks.

Financial risks

Financial risks may be divided into market-, counterparty-, interest rate-, currency-and liquidity risks.

Market risk

Shipping market risks are generated by several activities in Torvald Klaveness. Ownership of vessels involves risks related to vessel values, vessel employment, freight rates and costs.

The Group is exposed to the volatile nature of the dry bulk and product tanker shipping markets. Fluctuations in freight rates, vessel values, profitability, and cash flow, along with the risk of impairment of book values and breaches of financial covenants, are inherent in cyclical shipping markets. These fluctuations are influenced by imbalances in supply of vessel capacity and demand for global seaborn transportation of commodities. Since these dynamics are beyond the Group's control and unpredictable, their impact on business conditions is uncertain. A downturn in the relevant markets could significantly impact the Group's operations, financials, and cash flow. To manage these risks, the Group uses contracts of affreightment (COA), time charter contracts (TCs) and forward freight agreements (FFA) to cover part of its future exposure.

The contract portfolio covers a part of the vessel capacity for the nearest 12 months for the business areas. The trading of physical and financial freight contracts, which includes COAs, TCs and FFAs, conducted by AS Klaveness Chartering (KC), a Klaveness Dry Bulk company, involves risks related to movements in the overall market price levels and market movements between sub-markets, e.g. geographical areas. These risks are monitored continuously and managed according to scenario-based mandates and kept within market- and liquidity risk limits decided by the board. Stop-loss limits also applies. Market exposure within KC is to a large extent short-term, with a limited numbers of fixed price contracts extending beyond 12 months.

The Group faces exposure to fluctuating bunker fuel prices, which are unpredictable and influenced by factors beyond the Group's control, including geopolitical events, oil and gas supply and demand, OPEC actions, regional unrest, production patterns, and environmental considerations. To manage this risk, the Group may hedge bunker fuel exposure or incorporate bunker adjustment factors (BAF) into contracts. However, quantifying future bunker fuel needs for specific voyages and obtaining hedges for non-standard volumes pose challenges, introducing risk. While the Group's size and diversification mitigate this risk overall, it may impact the Group's financials.

From 1 January 2024, shipping is part of EU's emission trading system (EU ETS). For its owned vessels, the Group must submit allowances for 100 % of emissions for voyages within EU, and 50% of voyages in and out of EU (including ballast leg). The share of emissions that must be covered by allowances gradually increases each year from 40% of emissions reported for 2024, 70% of emissions reported for 2025 and from 2026 100 % of reported emissions. The Group has a limited exposure as KCC's vessels have a limited part of their trading in and out of EU (2 voyages in 2023, estimated to be approximately USD 110k exposure if these two voyages were performed in 2024). The cost will in most cases be covered by the customer. There will also be emission allowance price risk associated with third-party owned vessel the group operates within Dry Bulk, which will be largely covered on an ongoing basis. It is the vessel owners that are ultimately responsible for submitting the allowances to the respective EU authorities. The Group had no allowances per year-end 2023.

Credit and counterparty risk

Counterparty risk is generated by service deliveries to customers and through freight and charter agreements, as well as by investments in vessels employed on time charter contracts to other ship owners. All counterparties are credit rated and corresponding exposure limits are defined and monitored per counterparty. Provisions against expected future losses are made. Full provisions are made against counterparties that default on their payment obligations. A provision for losses on other outstanding amounts is made based on age and individual evaluations of each item.

FFAs and bunker oil hedges are entered into with clearing providers and investment grade OTC counterparts. Further, Torvald Klaveness is exposed to credit risk through its deposits. Deposits are made with financial institutions/banks that have an official public rating of A or higher

Foreign exchange risk

Torvald Klaveness' functional currency is USD. Some of the cash, bank deposits, bond debt and debt to related parties are denominated in NOK. Currency risk and interest rate risk exposure related to the bond issued in NOK is offset by two cross currency interest rate swaps (note 27). Torvald Klaveness' income is mainly in USD, while some costs also are in NOK, EUR, CNY, AUD, PHP and SGD. At year-end 2023, the Group had a currency forward portfolio of NOK 68 million. All contracts mature in 2024.

All interest-bearing debt is denominated in USD, except for bonds issued in NOK. Loans have various amortization profiles, but the majority are floating rate with CME Term SOFR as a benchmark. The Group's bond loans denominated in NOK are also swapped to USD with fixed interest rate or floating interest rate with CME Term SOFR as benchmark. The Group uses financial interest rate derivatives, mainly interest rate swaps, to reduce the unwanted variability of interest expenses due to changes in the benchmark. As of 31 December 2023, 29 % of the floating interest mortage debt loans are hedged including undrawn RCF commitments and 42% on drawn amount per year-end 2023. The Group evaluates on an ongoing basis the need to adjust interest rate exposure and coverage rate.

The financial assets and liabilities have the following currency distribution:

Financial liquid assets nominated in USD:	USD 129 million
Financial liquid assets nominated in other currencies:	USD 16 million
Interest-bearing debt in USD:	USD 180 million
Interest-bearing debt in other currencies:	USD 0 million
Bond loan (denominated in NOK):	USD 68 million

Interest rate risk

Interest rate risk is related to interest-bearing investments and borrowings. Torvald Klaveness to some extent manages these positions on a net basis and positions have been taken in KCC Shipowning AS and Klaveness Combination Carriers ASA to reduce the exposure. To mitigate interest rate exposure, the Group has interest rate swaps (IRS) to hedge the risk of variability of changes in cash flows of the interest bearing bank debt as a result of changes in floating interest rates. As from 1 January 2020, the Group changed its treatment of its IRS instruments, which are now defined as a portfolio aiming to hedge the underlying portfolio of interest-bearing debt in line with the Group's finance policy. At year-end 2023, approximately 42 % of the floating interest bearing debt was fixed through interest rate swap agreements.

The total mark-to-market value of interest rate swaps and cross-currency interest rate swaps was USD 6.67 million per 31 December 2023, largely due to USD/NOK effects.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to fulfil its liabilities when they fall due. Torvald Klaveness holds its excess liquidity reserves mainly in bank deposits, time deposits and from time to time in liquid money market funds. A portion of liquid funds are also invested in equity funds with high liquidity. The time horizon of deposits depends on the underlying forecasted need for liquidity in the Group. The liquidity risk is considered to be limited. Deposits are executed with banks with public rating of A or higher. Torvald Klaveness has a diversified external funding base consisting of Nordic banks, bond financing and access to capital markets for the listed company Klaveness Combination Carriers ASA.

Climate-related risks

Climate-related risks include both transition risks and physical risks with focus on transition risks, as this is considered to have a larger impact and probability for the Group. The risk mainly relates to effect of reduced demand for the Group's services and the risk of stranded assets and new regulations as the fleet moves to low-carbon fuel.

Compliance risk

The legal and regulatory requirements of the Group are increasingly challenging and complex. The Group has established systems and processes to ensure that all relevant laws and regulations are met, such as tax-laws, anti-corruption laws, securities laws, anti-trust laws, laws related to human rights and working conditions and international sanctions.

Financial liquid portfolio

The financial liquid portfolio is exposed primarily to global equities, but also to fixed income markets. The majority of investments are highly liquid and diversified across sectors, geographies and investment funds.

05 Revenue from Vessels

Torvald Klaveness operates in an international market where the various geographical areas are connected. The fleet has the flexibility to operate in all markets and are employed in a comprehensive pattern both within and between the regions in order to optimise income. Consequently, Torvald Klaveness' operating shipping activities are not attributed to specific geographical markets.

Gross revenue from vessels (USD '000)	2023	2022
Pools		
Panamax*	147 689	214 439
Total	**147 689**	**214 439**
Own vessels		
Combination carriers	286 206	262 540
Other	67	(101)
Total	**286 273**	**262 439**
Total gross revenue from vessels	**433 962**	**476 877**

** In order to eliminate the internal pool revenue included in the net trading portfolio, an allocation key is used to determine the intercompany share of pool revenue, voyage expenses and pool hire to shipowners. This is a change in presentation from prior years and as a result, the 2022 numbers have been revised (note 36).*

06 Voyage Related Expenses and Operation of Vessels

(USD '000)	2023	2022
Pools		
Panamax*	(147 564)	(210 569)
Total expenses pools	**(147 564)**	**(210 569)**
Own vessels		
Combination carriers	(134 736)	(139 602)
Other	52	(369)
Total expenses own vessels	**(134 684)**	**(139 971)**
Total voyage related expenses and operation of vessels	**(282 248)**	**(350 540)**
Voyage related expenses (including distribution of pool result)	(237 671)	(302 904)
Operation of vessels	(44 577)	(43 400)
Total voyage related expenses and operation of vessels	**(282 248)**	**(346 304)**

All operating expenses of pool vessels are voyage related. Expenses include distribution of net result to the pool participants, but exclude pool management fee paid to the Klaveness pool managing company. Combination carriers are operated in a chartering company owned by Klaveness Combination Carriers ASA. Expenses include voyage related expenses and non-voyage related vessel operating expenses.

** In order to eliminate the internal pool revenue included in the net trading portfolio, an allocation key is used to determine the intercompany share of pool revenue, voyage expenses and pool hire to shipowners. This is a change in presentation from prior years and as a result, the 2022 numbers have been revised (note 36).*

07 Physical and Financial Freight Agreements

The Group through its subsidiary AS Klaveness Chartering takes positions in physical and financial freight contracts including time charter agreements, forward freight agreements, contracts of affreightment and options. The positions in physical and financial freight agreements are managed as one portfolio. The portfolio is managed within a given trading mandate regulating market- and liquidity risks with maximum exposure limits. Limits and exposures are supervised on a daily basis. The derivative portfolio mainly consists of cleared forward freight agreements, some over-the-counter agreements with investment grade institutions and negligible positions with non-investment grade counterparts. All physical and financial contract counterparties are rated in-house and given a designated credit exposure limit.

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

The mark-to-market value of the portfolio of contracts related to the Panamax and Financial Trading segments per end of December 2023 and forward was, assuming no credit risk, USD 1.6 million (2022: USD 9.1 million). This is based on a valuation of each separate contract's cash flow relative to the forward market in the relevant contract period, which is aggregated and discounted using the USD swap interest curve. The net mark-to-market value of the portfolio, after deducting the statistically estimated counterparty losses, was positive by USD 1.3 million (2022: USD 8.3 million).

(USD '000) Result from physical and financial freight agreements	2023	2022
Result from physical and financial freight agreements	15 155	30 388
Net result from physical and financial freight agreements	**15 155**	**30 388**

AS Klaveness Chartering has an average of 11 ship-years of TC in contracts with maturity below 1 year, and 0 ship-years of TC-in contracts with maturity between 1 and 2 years. The average daily lease rate is USD 14 832. In addition the Company has 1 ship years with index based lease rate.

The initial margin equals the guarantee obligation the company has to the clearing houses for the trade of cleared Forward Freight Agreements (FFA's). The deposits vary daily according to the forward market. ADM Investor Services International Limited is the company's Clearing Agent.

08 Subscription Revenue

Subscription revenue	2023	2022
CargoValue revenue and other digital subscription services	2 351	2 005
Total subscription revenue	**2 351**	**2 005**

09 Other Operating Revenue

Other operating revenue	2023	2022
Management fee (Maruklav)	4 683	5 716
Other operating revenue	1 623	-
Total other operating revenue	**6 306**	**5 716**

The group sells administration services to Maruklav Management Inc with a mark-up depending on the type of services which is provided. This includes finance, tax, legal serives, commercial operations, chartering, HR and management. Maruklav in turn sells pool management services back to Baumarine AS. This is not eliminated on group level, refer to note 1 for information concering elimination on group level.

10 Pension Cost, Pension Plan Assets and Pension Liabilities

All employees in Torvald Klaveness have a defined contribution plan. This plan currently consists of annual savings of 5% of salaries between 0 and 12G plus 15 % of salaries between 7.1G and 12G. 1G is currently defined to NOK 118.620. The annual pension payable depends on the size of the contributions, the number of contributions paid and the return during the savings and pension-payment period. The employee may start taking his/her pension from the age of 62, given that it is paid out over a minimum of 10 years and at least until the age of 77. The responsibility for managing the individual pension account, within the insurance company's prevailing selection of funds, lies with the employee. As of December 31, 2023 the defined pension plan included 92 (2022: 128) employees. All payments to the defined contribution plan are expensed as they are paid-in.

In addition to the defined contribution plan, the Group also has one defined benefit plan. This plan relate to one employee who hold the plan in addition to the defined contribution plan. The recognized pension liability to this amount to USD 0.5 million.

The contract gives the holder the option to leave the Group at the age of 64; and the Group the option to give the holder a leave at the age of 62.

11 Salaries, Social Expenses and Remuneration

Salaries and social expenses	2023	2022
Wages*	(29 978)	(27 916)
Benefits and insurance	(403)	(441)
Employer's social security contributions	(2 679)	(2 621)
Net pension cost	(1 354)	(1 162)
Welfare expenses	(1 701)	(1 122)
Total salaries and social expenses	**(36 115)**	**(33 261)**

** In 2023, Klaveness Digital AS underwent a restructuring in workforce, during which severance pay expenses were fully accounted for within the fiscal year. Severence pay not fully settled in 2023 is presented as a liability.*

	2023	2022
Average number of man-years (on-shore Oslo)	116	97
Average number of man-years (on-shore abroad)	105	87

Crew for the Torvald Klaveness fleet is hired through manning offices in Manila, Constanta and Cape Town. The Group has on hire approximately 700-800 seafarers (variations through the year). Salaries to crew on the vessels are presented as part of operation of vessels and voyage related expenses.

Remuneration to management	2023	2022
Remuneration to the Board of Directors	(200)	(227)
Remuneration to the former Chief Executive Officer (2022: only from 1.1-31.3)	-	(261)
Remuneration to the Chief Executive Officer	(765)	(277)

In 2023, Trond Harald Klaveness received a remuneration of USD 57.34 thousand for carrying the position as Chair of the Board. The employment of the Chair of the Board has no time limit.

12 Other Operating and Administrative Expenses

USD '000	2023	2022
Administrative expenses	(9 374)	(8 053)
Outsourcing, consultancy and legal fees	(4 750)	(4 532)
Audit fee [1)]	(305)	(303)
Other services from auditor [1)]	(134)	(91)
Charity donations	(1 549)	(1 968)
Net result from fixed contracts	(418)	-
Total other operating expenses	**(16 530)**	**(14 947)**

[1)] *Excluding VAT.*

13 Tangible and Intangible Fixed Assets

(USD '000) 2023	Combination Carriers	Other Assets	Total fixed assets
Cost 1 January 2023 - vessels/other assets	717 437	22 687	740 124
Cost 1 January 2023 - docking	49 344	-	49 344
Additions	12 842	1 888	14 730
Disposals	-	(15)	(15)
Cost 31 December 2023 - vessels/other assets	717 437	24 560	741 997
Cost 31 December 2023 - docking	62 186	-	62 186
Accumulated depreciation 31 December 2023	(283 552)	(19 039)	(302 591)
Accumulated impairment 31 December 2023	-	(761)	(761)
Net book value 31 December 2023 - vessels/other assets	442 436	4 760	447 196
Net book value 31 December 2023 - docking	53 635	-	53 635
Net book value 31 December 2023 - total	**496 071**	**4 759**	**500 831**
Depreciation for the year, 2023 - vessels/other assets	(23 291)	(1 281)	(24 572)
Depreciation for the year, 2023 - docking	(8 551)	-	(8 551)
Total depreciation 2023	**(31 842)**	**(1 281)**	**(33 123)**
Impairment/impairment reversal for the year, 2023	**-**	**-**	**-**
Number of vessels by the end of 2023	**16**	**-**	**16**
Average useful life vessel	25		
Average useful life dry-docking	2-3		

13 Tangible and Intangible Fixed Assets

(USD '000) 2022	Combination Carriers	Other Assets	Total fixed assets
Cost 1 January 2022 - vessels/other assets	717 933	21 619	739 552
Cost 1 January 2022 - docking	39 107	-	39 107
Adjustment of capitalised cost	(496)	-	(496)
Additions	10 237	1 068	11 305
Disposals	(2 472)	-	(2 472)
Cost 31 December 2022 - vessels/other assets	714 965	22 687	737 652
Cost 31 December 2022 - docking	49 344	-	49 344
Accumulated depreciation 31 December 2022	(251 710)	(17 758)	(269 468)
Dispoal of vessel	(2 472)	-	-
Accumulated impairment 31 December 2022	-	(761)	(761)
Net book value 31 December 2022 - vessels/other assets	473 960	4 168	478 128
Net book value 31 December 2022 - docking	41 111	-	41 111
Net book value 31 December 2022 - total	**515 071**	**4 501**	**519 571**
Depreciation for the year, 2022 - vessels/other assets	(22 796)	(1 540)	(24 336)
Depreciation for the year, 2022 - docking	(8 233)	-	(8 233)
Total depreciation 2022	**(31 029)**	**(1540)**	**(32 596)**
Impairment/impairment reversal for the year, 2022	**-**	**333**	**333**
Number of vessels by the end of 2022	**16**	**-**	**16**
Average useful life vessel	25		
Average useful life dry-docking	2-3		

Torvald Klaveness' insurance arrangements are organised through external insurance companies. The financial impact of a total loss of a vessel will not be material to Torvald Klaveness.

Depreciation of vessels is recorded on a straight-line basis over the estimated economic lifetime of each individual asset. The depreciation period for vessels is normally 25 years.

Pledged vessels

All owned vessels except MV Bangor and MV Barcarena are pledged to secure the various debt facilities.

Additions

Three CABU vessels and one CLEANBU vessel have completed scheduled dry- docking in 2023 with total cost of USD 5.0 million. Technical and energy efficiency upgrades of USD 7.9 million are related to general improvement of the technical performance of the vessels and energy efficiency initiatives, deducted by grants from ENOVA of in total USD 1.1 million recognized as per year end 2023. KCC has secured in total approximately USD 1.4 million in grants from ENOVA to finance investments in energy saving solutions for one CABU vessel and one CLEANBU vessel. The dry-dock of the CABU vessel was completed in 2023 and USD 0.8 million in funding was collected from ENOVA. The CLEANBU vessel will complete dry-dock in March 2024.

Impairment assessment

The Group has evaluated whether there are any indicators of impairment present for the Group's vessels.

Identification of impairment indicators is based on an assessment of development in market rates (dry bulk, MR tanker, LR1 tanker and fuel), TCE earnings for the fleet, vessel opex, operating profit, technological development, change in regulations, interest rates and discount rate. The rise in interest rates increases the discount rate used in calculation of recoverable amount. As previous sensitivity analysis of recoverable amount shows that the decrease in recoverable amount is unlikely to result in a material impairment loss, this has not been considered an impairment indicator. Expected future TCE earnings for both fleets of CABUs and CLEANBUs, diversified market exposure, development in secondhand prices and the combination carriers' trading flexibility support the conclusion of no impairment indicators identified as per 31 December 2023.

The below summarizes the total impairment cost/reversal:

Impairment loss (-)/ reversal	2023	2022
Impairment (-)/reversal of impairment of vessels	-	333
Total impairment (-) / reversal of impairment	**-**	**333**

(USD '000) Intangible assets relate to CargoValue	Intangible assets at 31.12.2023	Intangible assets at 31.12.2022
Acquisition cost as of 1 January	12 646	7 985
Accumulated depreciation as of 1 January	(6 737)	(3 553)
Book value as of 1 January	**5 909**	**4 432**
Additions	3 257	4 660
Amortisation/depreciation for the year	(4 026)	(3 183)
Book value as of 31 December	**5 140**	**5 909**
Accumulated aquisition cost as of December 31	15 903	12 646
Accumulated amortisation/depreciation as of December 31	(10 763)	(6 737)
Depreciation plan	Straight line	Straight line
Economic life	3 years	3 years

14 Interest Income and Expenses

USD '000	2023	2022
Interest income	5 276	4 078
Mortgage interest expenses	(8 828)	(11 907)
Interest expenses bond loan	(5 756)	(4 767)
Other interest income/(expenses)	(2 672)	(1 344)
Net interest income/(expenses)	**(11 980)**	**(13 940)**

15 Other Financial Income and Loss

(USD '000)	2023	2022
Realized gain / (loss) financial instruments	8 993	(9 692)
Unrealized gain / (loss) financial instruments	9 252	(348)
Other financial income	3 401	1 369
Other financial expenses	(2 348)	(222)
Income/(loss) from associated companies (note 16)	(20)	14
Net other financial income/(loss)	**19 279**	**(8 880)**

16 Associated Companies and Joint Ventures

Associated companies (USD '000) Company	Acquisition	Ownership (direct + indirect)	Acquisition cost	Share of result 2023	Book value per 31 Dec. 2023	Share of result 2022	Book value per 31 Dec. 2022
Klaveness Maritime Agency Inc.	1997	24.96%	25	(20)	81	14	100
Total associated companies			**25**	**(20)**	**81**	**14**	**100**

Associated companies

Investments in associated companies are recognized according to the equity method. Acquisition cost refers to the cost of the investment adjusted for accumulated payments to/from the company. Book value equals the Group's share of book equity in the company.

Klaveness Maritime Agency Inc. is located in the Philippines.

Joint ventures (USD '000) Company	Acquisition	Ownership (direct + indirect)	Share of result 2023	Book value per 31 Dec. 2023	Share of result 2022	Share of equity per 31 Dec. 2022
Barklav (Hong Kong) Limited	2000	50%	96	754	100	650
Maruklav Management Inc*	2019	50%	447	198	1 500	2 350
Total joint ventures			**543**	**952**	**1 600**	**3 000**

* *The main activity in Maruklav Management Inc is discontinued in 2023, as activity is moved to Klaveness Dry Bulk AS.*

Joint ventures

Joint ventures are accounted for according to the proportional consolidation method.

17 Taxes

(USD '000) Income taxes in the income statement consist of:	2023	2022
Income taxes payable	(164)	(116)
Total tax (expense) / income	**(164)**	**(116)**

Temporary differences - ordinary taxation:	2023		2022	
	Position	Tax effect	Position	Tax effect
Temporary differences on fixed assets	9 438	2 076	10 986	2 417
Temporary differences on current assets	8 496	1 869	6 928	1 524
Tax losses carried forward	117 035	25 748	104 265	22 938
Net temporary differences	**134 968**	**29 693**	**122 178**	**26 879**
Deferred tax asset (-) not recognised in balance sheet		(22 796)		(19 983)
Deferred tax asset in balance sheet 22 %		**6 897**		**6 897**
Deferred tax liability in the balance sheet 22 %		-		-

Deferred tax asset is recognised to the extent that temporary differences are expected to be reversed in the foreseeable future. Tax assets from companies under the tonnage tax regime are not recognised in the balance sheet, as these cannot be utilised through group contributions, and future utilisation has not been justified. The deferred tax asset is at the same level as in 2022, based on an evaluation of the probability of future use of the tax position at group level.

Tax payable:	2023		2022	
	Income	Tax effect	Income	Tax effect
Profit / (loss) before taxes	87 867	19 331	65 475	14 404
Permanent differences	(100 657)	(22 144)	(31 429)	(6 914)
Change in temporary differences	20	4	(8 148)	(1 792)
Change in tax losses carried forward	12 770	2 809	(25 897)	(5 697)
Taxable income / tax payable		**(0)**	**0**	**0**
Tax payable - foreign subsidiaries		164		116
Tonnage tax (included in operation expenses)		183		193
Total tax payable in the balance sheet		**347**		**309**

18 Newbuildings

The Group has per 31 December 2023 three CABU combination carrier newbuildings on order at Jiangsu New Yangzi Shipbuilding Co., Ltd in China. The contract price is USD 56.5 million per vessel and estimated delivery costs are approximately USD 60.5 million per vessel. The expected delivery of the vessels is Q1-Q3 2026.

Installments of USD 17.2 million are paid as of year end 2023. The newbuildings are partly financed through an equity increase and there are no borrowings related to the newbuildings as of 31 December 2023. Project fees of USD 0.4 have been capitalized during 2023.

(USD '000)	31.12.2023	31.12.2022
Cost 1.1	-	-
Yard installments paid	17 205	-
Other capitalized cost	386	-
Net carrying amount	**17 591**	**-**

Accounting policy

Newbuildings

Vessels under construction are classified as non-current assets and recognised at the cost incurred in relation to the non-current asset when paid. Newbuildings are not depreciated until delivery.

Borrowing costs directly attributable to the construction of vessels are added to the cost of the vessels, until such time as the vessels are ready for their intended use.

19 Inventories

(USD '000)	31.12.2023	31.12.2022
Bunkers	35 001	50 566
Spareparts	99	145
Luboil	1 286	1 545
Inventories	**36 386**	**52 255**

20 Accounts Receivable

(USD '000)	31.12.2023	31.12.2022
Accounts receivable from charterers	26 020	25 150
Accounts receivable from owners	2 543	3 219
Other accounts receivable	879	940
Provision for unsettled income	(945)	(2 372)
Provision loss on accounts receivable	-	(2 160)
Accounts receivable	**28 497**	**24 777**

21 Prepaid Expenses

(USD '000)	31.12.2023	31.12.2022
Prepaid mark-to-market margin	6 525	7 310
Prepaid time charter hire	13 703	9 371
Other prepaid expenses	4 460	5 532
Prepaid expenses	**24 688**	**22 213**

22 Other Short-Term Receivables

(USD '000)	31.12.2023	31.12.2022
Accrued voyage income	21 131	19 766
Accrued interest income	206	1 208
Claims (insurance and other)	70	526
Other short-term receivables	3 101	1 974
Other short-term receivables	**24 509**	**23 473**

23 Financial Investments

(USD '000) 2023	Purchase value	Market value	Change in price	Agio/ Disagio
Equities	25 395	28 171	2 402	374
Equity funds/ETFs	26 527	31 206	4 454	225
Bonds	11 149	11 699	544	6
Bond Funds	10 507	10 850	136	207
Sum	**73 578**	**81 926**	**7 536**	**812**

The market value of the investments equals the book value, except for one equity investment which is recorded at the lower of cost or fair market value due to its listing on Euronext Growth.

(USD '000) 2022	Purchase value	Market value	Change in price	Agio/ Disagio
Equity funds	25 510	25 422	-402	314
Bonds	3 136	3 155	19	28
Equities	3 987	4 093	138	-32
ETFs	7 512	7 008	-505	-
Sum	**40 146**	**39 678**	**-751**	**310**

The market value of the investments equals booked value.

24 Cash and Bank Deposits

(USD '000)	31.12.2023	31.12.2022
Bank deposits in USD	129 063	156 846
Bank deposits in NOK	10 833	24 207
Bank deposits in other currencies	4 596	5 755
Withholding tax accounts, restricted	917	823
Cash	421	435
Total cash and bank deposits	**145 829**	**188 066**
Hereof cash and bank deposits related to subsidiaries with ownership interest less than 90 %	68 071	64 918

The Group has USD 151 million available for drawing on a revolving credit and overdraft facilities per year-end 2023.

25 Equity

(USD '000)	Share capital	Other paid-in capital	Other equity	Total equity excluding minority	Minority interests	Total equity including minority
Equity 1 January 2022	**8 154**	**49 052**	**230 117**	**287 323**	**125 007**	**412 329**
Profit for the year			36 970	36 970	28 388	65 359
Transactions with minority interests			-	-	(2 720)	(2 720)
Dividends to minority interest			-	-	(19 616)	(19 616)
Other changes			81	81	31	112
Equity 31 December 2022	**8 154**	**49 052**	**267 168**	**324 374**	**131 090**	**455 464**
Restated dividends to minority interest*				-	(7 265)	(7 265)
Restated Equity 31 December 2022	**8 154**	**49 052**	**267 168**	**324 374**	**123 825**	**448 199**
Profit for the year			48 179	48 179	39 524	87 703
Capital contribution from minority interests			-	-	22 840	22 840
Dividends to minority interest			-	-	(40 659)	(40 659)
Proposed dividend			(2 500)	(2 500)	-	(2 500)
Paid dividend			(11 000)	(11 000)	-	(11 000)
Transactions with minority interests			(649)	(649)	649	-
Other changes			-	-	60	60
Equity 31 December 2023	**8 154**	**49 052**	**301 198**	**358 404**	**153 504**	**511 908**

** 2022 is restated due to changes in the classification of the provision for dividend to minority interests (note 36).*

Shareholders	Ownership	Shares
THK Partner AS	26%	2 600
MMK Holding AS	37%	3 700
JWI Holding AS	37%	3 700
Total	**100%**	**10 000**

26 Other Long-term Provisions

(USD '000)	31.12.2023	31.12.2022
Deferred income	2 997	-
Total other long-term provisions	**2 997**	**-**

During the year, the KCC group terminated several of its interest rate swaps and recognized a gain of USD 4 million the cash flow statement. As the hedged cashflows are still expected to occur, the gain will be recognized over the profit and loss statement over the remaining duration of the terminated interest rate swaps.

27 Mortgage Debt

(USD '000)	31.12.2023	31.12.2022
Mortgages, USD denominated	183 400	252 434
Capitalized loan fees	(3 637)	(3 131)
First year installments and loans falling due within one year	(25 199)	(92 769)
Total long-term mortgage debt	**154 564**	**156 534**
Hereof mortgage debt related to subsidiaries with ownership interest 90 % or less	**154 564**	**156 534**
Repayment schedule:		
Falling due within one year	25 199	92 769
Falling due between one and three years	86 868	74 253
Falling due after three years	71 333	85 411
Total mortgage debt	**183 400**	**252 434**
Book value of vessels with mortgage debt	**496 071**	**515 071**

Mortgage debt is related to vessel investments and are denominated in USD. During the first half of 2023 all relevant debt facilities were transferred from LIBOR to SOFR pluss a margin. The margins are subject to market terms and for two of the facilities the margin is based on sustainability KPIs. At year-end the margins were in the range 2.1 to 2.3 per cent.

Interest rate derivative agreements have been entered into to reduce risk related to potential interest rate increases. Refer to note 4 on operational and financial risks and note 33 on hedging for details about interest rate risk reduction.

Covenants

The credit facilities impose restrictions which may limit or prohibit change of control, change of business and so forth without the consent of the lenders (non-financial covenants). The lenders may accelerate the maturity of the indebtedness under financing agreements and foreclose upon the collateral securing the indebtedness upon the occurrence of certain events of defaults.

The credit facilities also contain financial covenants related to equity, cash and debt service ability. In addition, all secured loans for vessels contain minimum value clauses related to the value of the vessel compared to outstanding loan. Certain cross-default exists. The Group is in compliance with all covenants at 31 December 2023.

28 Long-Term Bond Loan

In September 2023 the Group completed a new senior unsecured sustainability-linked bond issue (KCC05) of NOK 500 million with maturity date 5 September 2028. The bond carries a coupon of 3 months NIBOR + 365 bps, and the final repayment amount is linked to the Group's carbon intensity (EEOI) performance in relation to the trajectory in the Sustainability-linked Financing Framework published in June 2023. In conjunction with the KCC05 issue, the Group repurchased NOK 508.5 million of the KCC04 bond issue falling due in February 2025.

Bond loan	Face value NOK'000	Date of maturity	Carrying amount (USD'000) 2023	2022
KCC04	700 000	11.02.2025	76 390	79 219
Realized exchange rate gain at buyback			-7 208	(8 559)
Buyback KCC04 (Q3 2023)	(508 500)		-54 978	-
Exchange rate adjustment			4 837	(527)
Capitalized expenses			-86	-
Bond discount			-82	(158)
Currency adjustment NGAAP hedge			-182	5 862
Total KCC04	**191 500**		**18 691**	**75 836**
KCC05	500 000	05.09.2028	46 971	-
Exchange rate adjustments			2 035	-
Capitalized expenses			-711	-
Total KCC05	**500 000**		**48 295**	**-**
Bond loan as of 31 December			**66 986**	**75 836**

29 Accounts Payable

(USD '000)	31.12.2023	31.12.2022
Accounts payable to charterers	10 777	16 239
Accounts payable to owners	3 778	3 697
Accounts payable to brokers	706	1 037
Other accounts payable	-92	149
Accounts payable	**15 169**	**21 122**

30 Accrued Expenses

(USD '000)	31.12.2023	31.12.2022
Accrued interest expenses	1 144	3 355
Accrued voyage expenses	15 732	22 397
Other accrued expenses	12 883	-
Accrued expenses	**29 759**	**25 752**

31 Short-Term Interest-Bearing Debt

(USD '000)	31.12.2023	31.12.2022
First-year installments of long-term debt (note 27)	25 198	92 769
Short-term debt related parties (note 35)	843	889
Total short-term interest-bearing debt	**26 041**	**93 658**

First-year installments of long-term debt have been reclassified to short-term debt. Refer to note 27 for details on the loans.

Short-term debt to related parties consists of debt to persons affiliated with the shareholders of Rederiaksjeselskapet Torvald Klaveness. Refer to note 35 for information regarding related parties.

32 Other Short-Term Liabilities

(USD '000)	31.12.2023	31.12.2022*
Received mark-to-market margin on cleared FFAs	94	-
Unearned income	18 783	18 744
Public duties payable	433	116
Payables related to wages and crewing	2 015	2 152
Provisions for losses	-	2 742
Pool-hire payable	-	58
Other short-term liabilities	41 099	37 194
Other short-term liabilities	**62 424**	**61 006**

** 2022 is restated due to changes in the classification of the provision for dividend to minority interests (note 36).*

33 Hedging

Torvald Klaveness uses financial instruments to hedge against certain financial risks. In 2023, future freight agreements have been used to hedge against market fluctuations; fuel swaps have been used to hedge against fluctuations in the bunkers market; interest rate swaps have been used to hedge against interest rate fluctuations; and foreign exchange currency contracts have been used to hedge against currency rate fluctuations.

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

Forward freight agreements and fuel swaps are generally entered into on a year-to-year basis.

			2023		2022	
Hedging object	Hedging instrument	Hedge included in P&L line	P&L effect	Market value	P&L effect	Market value
Cash flow hedges:						
Pool income	Forward freight agreements	Gross revenues from operation of vessels	(1 809)	(42)	(5 984)	60
Bunkers cost	Fuel swaps	Operation of vessels and voyage related expenses	(2 340)	94	(5 228)	(479)
Salaries in NOK	Foreign exchange currency contracts	Salary related expenses	1 198	1 198	318	318
SUM hedging			**(2 951)**	**1 250**	**(10 895)**	**(101)**

34 Guarantee Liabilities and Collateral

All guarantees and collaterals described below are provided by subsidiaries of Rederiaksjeselskapet Torvald Klaveness.

In favour of external parties: Guarantee to	Guarantee description	Amount
DNB/SEB/SR-Bank/Sparebanken Vest	Guarantee for a loan agreement of USD 190 million in KCC Shipowning AS	USD 230 million
Nordea/Cred. Agricole	Guarantee for a loan agreement of USD 60 million in KCC Shipowning AS and KCC Bass AS	USD 72.0 million
Nordea/Danske	Guarantee for a loan agreement of USD 80 million in KCC Shipowning AS	USD 96.0 million

35 Related Parties

For some transactions Torvald Klaveness is counterpart to persons and companies affiliated with the shareholders of the parent company, Rederiaksjeselskapet Torvald Klaveness. Services delivered by Torvald Klaveness to these persons and companies include accounting and administration of investments. In addition some affiliated companies and persons have extended loans to companies within the Group.

The level of fees and interests in this respect are based on market terms and are in accordance with the arm's length principle.

Long-Term Liabilities:

USD 000'		31.12.2023		31.12.2022	
Company	Interest Rate	Interest	Liabilities	Interest	Liabilities
MMK Holding AS	NIBOR 6m + margin	-	-	20	-
JWI Holding AS	NIBOR 6m + margin	-	-	20	-
Total		-	-	**40**	-

THK Partner AS, MMK Holding AS and JWI Holding AS together own 100 % of Rederiaksjeselskapet Torvald Klaveness. Trond Harald Klaveness is the ultimate shareholder of THK Partner AS, MMK Holding AS and JWI Holding AS.

Short-Term Liabilities:

USD 000'		31.12.2023		31.12.2022	
Company	Interest Rate	Interest	Liabilities	Interest	Liabilities
Trond Harald Klaveness	Risk-free interest rate	2	65	2	79
Morten Mathias Klaveness	Risk-free interest rate	10	353	7	357
Jan Wilhelm Klaveness	Risk-free interest rate	12	425	8	452
Total		**24**	**843**	**17**	**888**

36 Restatement of 2022

The consolidated financial statement for 2022 has been restated. In 2023 it was decided to change principle for elimination of internal pool revenue within the net trading portfolio. The revised approach incorporates the use of an allocation key to descern the intercompany distribution of pool revenue, voyage expenses and pool hire to shipowners. The decision regarding the allocation key was made in 2023, leading to a revision of the 2022 numbers. The adjustment is carried out in note 5 and note 6.

Consolidated Income Statement 2022

(USD '000)	2022	Adjustment	Restated* 2022
Gross revenues from operation of vessels	511 268	-34 391	476 877
Voyage related expenses and distribution of pool result	-341 530	34 391	-307 140
Net revenue from operation of vessels	**169 737**	**0**	**169 737**
Net income/(loss) from physical and financial freight agreements	30 388	-	30 388
Subscription revenue	2 005	-	2 005
Other operating revenue	5 716	-	5 716
Total operating revenues and other income	**207 846**		**207 846**
Operation of vessels	-43 400	-	-43 400
Salaries and social expenses	-33 261	-	-33 261
Other operating and administrative expenses	-14 947	-	-14 947
Operating expenses	**-91 608**	**-**	**-91 608**
Operating profit/(loss) before depreciation and impairment	**116 238**	**-**	**116 238**
Depreciation fixed assets	-35 753	-	-35 753
Impairment/reversal of impairment fixed assets	333	-	333
Depreciation and impairment of fixed assets	-35 420	-	-35 420
Financial income and expenses	**-15 345**	**-**	**-15 345**
Profit/(loss) before taxes	**65 473**	**-**	**65 473**

The balance sheet for 2022 has been restated due to an error from the previous year. According to Norwegian General Accepted Accounting Principles (NGAAP), the proposed dividend to minority interest for Q4 2022 (USD 7.3 million) in Klavness Combination Carriers ASA should be classified as a short-term liability instead of minorities' part of equity This change affects other short-term liability and minority interest (equity). The adjustment is carried out in note 25 and note 32.

Balance Sheet 2022

(USD '000)	31.12.2022	Adjustment	Restated* 31.12.2022
Equity			
Share capital (10 000 shares of NOK 5 099,82)	8 154		8 154
Other paid-in equity	49 052		49 052
Total paid-in capital	**57 206**		**57 206**
			0
Other equity	267 168	-	267 168
Total equity before minority interests	**324 373**		**324 373**
			0
Minority interests	131 092	(7 265)	123 827
Total equity including minority interests	**455 465**	**(7 265)**	**448 200**
Long-term liabilities			
Pension liabilities	523	-	523
Total provisions	**523**		**523**
Mortgage debt	156 534	-	156 534
Long-term bond loan	75 836	-	75 836
Other long-term interest-bearing liabilities	330	-	330
Total long-term interest-bearing liabilities	**232 701**	-	**232 701**
Total long-term liabilities	**233 223**	-	**233 223**
Current liabilities			
Accounts payable	21 122	-	21 122
Accrued expenses	25 752	-	25 752
Taxes payable	309	-	309
Short-term interest-bearing debt	93 658	-	93 658
Derivatives	153	-	153
Other short-term liabilities	53 741	7 265	61 006
Total current liabilities	**194 735**	**7 265**	**202 000**
Total liabilities	**427 959**	**7 265**	**435 224**
Total equity and liabilities	**883 422**	**(0)**	**883 422**

Parent Company

Rederiaksjeselskapet Torvald Klaveness

Parent Company

Income Statement - Parent Company

(USD '000)	Notes	2023	2022*
Operating expenses	2, 3	(11 510)	(7 293)
Total operating expenses		**(11 510)**	**(7 293)**
Operating profit/(loss)		**(11 510)**	**(7 293)**
Financial income and expenses			
Income from subsidiaries	4	55 593	43 156
Gain/(loss) from sale of subsidiaries	4	(273)	-
Impairment subsidiaries / reversal	4	(16 936)	10 621
Net interest income/(expenses), group companies		1 213	281
Net other financial income/(expenses)		332	246
Net currency gain/(loss)		776	1 346
Net financial income/(expenses)		**40 705**	**55 649**
Profit/(loss) before taxes		**29 195**	**48 356**
Taxes	5	992	3 827
Profit/(loss) for the year		**30 187**	**52 183**

** The 2022 figures are restated due to changed periodization of received dividend from subsidiary (note 13).*

Balance Sheet - Parent Company

(USD '000)	Notes	31.12.2023	31.12.2022*
Assets			
Fixed assets			
Deferred tax asset	5	4 819	3 827
Total intangible fixed assets		4 819	**3 827**
Financial fixed assets			
Investments in subsidiaries	4	322 395	**269 430**
Loans to subsidiary	6	-	16 925
Total fixed assets		**322 395**	**286 355**
Current assets			
Receivables, Group companies	7	22 571	23 789
Other accounts receivables		3	7
Bank deposits	8	7 638	20 832
Total current assets		**30 212**	**44 628**
TOTAL ASSETS		**357 426**	**334 810**
Equity and liabilities			
Equity			
Paid-in-capital			
Share capital (100 shares of NOK 509 982)		8 153	8 153
Other paid in equity		10 855	10 855
Retained earnings			
Other equity		293 323	276 636
Total equity	9	**312 331**	**295 645**
Liabitities			
Long-term liabilities			
Loan, group companies	10	12 293	-
Total long-term liabilities		**12 293**	-
Current liabilities			
Short-term liabilities, group/related companies	11	24 933	35 409
Provision contingent liabilities	12	-	1 968
Provision dividend	9	2 500	-
Debt to related parties	11	306	1 779
Other short-term liabilities		5 063	8
Total current liabilities		**32 802**	**39 165**
Total liabilities		**45 095**	**39 165**
TOTAL EQUITY AND LIABILITIES		**357 426**	**334 810**

** 2022 is restated due to changed periodization of received dividend from subsidiary (note 13).*

Rederiaksjeselskapet Torvald Klaveness

Oslo, 15 March 2024

Trond Harald Klaveness
Chair

Christian Rynning-Tønnesen
Board Member

Elisabeth Heggelund Tørstad
Board Member

Jan Tellef Thorleifsson
Board Member

Rebekka Glasser Herlofsen
Board Member

Ernst André Meyer
Chief Executive Officer

Cash Flow Statement – Parent Company

For the year ended 31 December (USD '000)	2023	2022*
Profit/(loss) before taxes	29 195	48 356
Impairments/reversal of impairments	16 936	(10 621)
Income from subsidiaries	(55 665)	(37 538)
Change in current assets	1 416	(7 793)
Change in current liabilities	(11 599)	19 636
Other non-cash items	74	99
Effect from change in exchange rate	(776)	(1 346)
Net cash from operating activities (1)	**(20 419)**	**10 794**
Income from subsidiaries	41 263	31 921
Investment in subsidiaries	(29 467)	-
Increased share in subsidiary	-	(32 261)
Net cash from investing activities (2)	**11 795**	**(339)**
Increase in long term loans to group companies	(4 000)	(9 761)
Increase in long term liabilities to group companies	2 743	(409)
Paid dividend	(11 000)	(4 575)
Paid Group contribution	(11 522)	(5 459)
Received Group contribution	19 208	-
Net cash from financing activities (3)	**(4 571)**	**(20 205)**
Net increase/decrease (-) in cash (1+2+3)	**(13 194)**	**(9 751)**
Cash at January 1	20 832	30 583
Cash at December 31	7 638	20 832
Net increase/decrease (-) in cash	**(13 194)**	**(9 751)**

** 2022 is restated due to changed periodization of received dividend from subsidiary (note 13).*

Notes

01 Accounting Principles

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

Investments in subsidiaries

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

For other accounting principles refer to group accounting principles.

02 Operating Expenses

(USD '000)	2023	2022
Remuneration to the Board of Directors	(200)	(227)
Audit fee	(39)	(48)
Other expenses	(11 271)	(7 017)
Total operating expenses	**(11 510)**	**(7 293)**

There are no employees in Rederiaksjeselskapet Torvald Klaveness. The Chief Executive Officer (Mr. Ernst Andrè Meyer) was per December 31, 2023 employed in Klaveness AS. Remuneration costs are specified in the group notes.

Rederiaksjeselskapet Torvald Klaveness is charged with owners costs from Klaveness AS. This includes both services provided by Klaveness AS on behalf of Rederiaksjeselskapet Torvald Klaveness as well as allocation of costs generated on behalf of the owners. The cost allocation also includes remuneration of key management.

03 Remuneration

(USD '000) Remuneration to the auditor:	2023	2022
Auditing ex. VAT, statutory	(39)	(48)
Tax and other services ex. VAT	(6)	(15)
Total remuneration to the auditor	**(45)**	**(63)**

04 Investments in Subsidiaries

(USD '000) Subsidiaries (acquisition year)	Share Capital	Book value 2022	Group contr. & dividends in 2023	BV changes in 2023	Book value 2023
Klaveness Finans AS, Oslo (2008)	NOK 383	44 242	16 228	16 228	60 470
Klaveness Container AS (2013)	NOK 71 752	12 418		-	12 418
Klaveness Combination Carriers ASA (2018)*	NOK 52 372	176 526		27 467	203 993
Klaveness Cement Logistics AB**	SEK 575	345		(345)	-
Klaveness AS, Oslo (2011)	NOK 153	5 731		-	5 731
Klaveness Digital AS (2017)***	NOK 182	13 599		7 961	21 560
Klaveness Dry Bulk AS (2021)****	NOK 200	16 069	1 654	1 654	17 723
Klaveness Asia Pte. Ltd., Singapore (2006)	USD 7 000	500		-	500
Total investments in subsidiaries		**269 430**	**17 882**	**52 966**	**322 395**

** Capital increase of USD 27.1 million was completed on 30 May 2023. In addition, RASTK exercised USD 0.35 million in warrants.*
*** Sold for liquidation in December 2023.*
**** A capital increase of USD 24.9 million and impairment of USD 16.9 million was booked in 2023. The investment in Klaveness Digital AS is impaired to the valuation approved by the board in RASTK. The valuation is based on a multiple of sales (next twelve months).*
***** Repayment of capital of USD 5.0 million from Klaveness Dry Bulk AS and a group contribution to AS Klaveness Chartering from RASTK of USD 6.7 million.*

(USD '000) Income from subsidiaries	Dividend	Group contribution	Total income
Klaveness Finans AS, Oslo (2008)	-	2 307	2 307
Klaveness Combination Carriers ASA (2018)	38 882	-	38 882
Klaveness Cement Logistics AB	251	-	251
Klaveness AS, Oslo (2011)*	-	2 315	2 315
Klaveness Dry Bulk AS (2021)**	-	11 839	11 839
Income from subsidiaries	**39 132**	**16 461**	**55 593**

** RASTK has received group contribution from Klaveness Ship Management AS, a fully owned subsidiary of Klaveness AS.*
*** RASTK has received group contribution from AS Klaveness Chartering, a fully owned subsidiary of Klaveness Dry Bulk AS.*

05 Taxes

(USD '000) Income taxes consist of:	2023	2022
Change in deferred tax / deferred tax asset	(992)	(3 827)
Total tax expense / (income)	**(992)**	**(3 827)**

Taxable income:	2023	2022
Profit/(loss) before tax	29 195	42 739
Permanent differences	(34 579)	(44 410)
Change in temporary differences	5 739	(739)
Group contribution with tax effect	10 027	10 210
Tax loss carried forward / (Use of tax loss carried forward)	(10 345)	(7 801)
Taxable income	**-**	**-**

05 Taxes

Reconciliation of the effective tax rate:	2023	2022
Profit/(loss) before tax	**29 195**	**42 739**
Expected income tax (22 %)	7 110	4 493
Tax effect of non deductible expenses	463	433
Tax effect of dividend from subsidiary included as income and impairment of subsidiary	(6 195)	(2 019)
Tax effect of group contribution from subsidiary included as income	(2 460)	(3 275)
Tax effect of group contribution	2 206	2 246
Write down of deferred tax	(2 116)	(5 706)
Total tax expenses / (income)	**(992)**	**(3 827)**

Deferred tax / Deferred tax asset:	2023	2022
Tax loss carried forward (tax effect)	(4 342)	(6 816)
Other temporary differences	(1 121)	146
Limitation of interest rate deduction	(963)	(992)
Deferred tax asset not recognised in balance sheet	1 608	3 835
Net recognised deferred tax / (deferred tax asset)	**(4 819)**	**(3 827)**
Change deferred tax / deferred tax asset	**(992)**	**(3 827)**

06 Loan, Group Companies

(USD '000)	31.12.2023	31.12.2022
Loan to Klaveness Digital AS	-	16 925
Total loans, group companies	**-**	**16 925**

The loan to Klaveness Digital AS was settled through debt conversion at the end of 2023 (USD 22.9 million), as a part of a capital increase. The interest rate before settlement was LIBOR 6m + margin.

07 Receivables, Group Companies

(USD '000)	31.12.2023	31.12.2022
Klaveness Finans AS	2 307	-
Klaveness Digital AS	-	5
Klaveness Dry Bulk AS	-	2 376
Klaveness Ship Management AS	2 315	32
Baumarine AS	-	2
Klaveness Combination Carriers ASA	11 389	8 447
AS Klaveness Chartering	6 561	12 483
Klaveness AS	-	445
Total receivables, group companies	**22 571**	**23 789**

08 Bank Deposits

(USD '000)	31.12.2023	31.12.2022
Bank deposits, NOK	3 023	14 766
Bank deposits, USD	4 615	6 066
Total bank deposits	**7 638**	**20 832**

09 Equity

(USD '000) 2022	Share capital	Other paid-in capital	Other equity	Total equity
Equity at 1 January 2022	**8 153**	**10 855**	**221 623**	**240 631**
Profit/(loss) for the year			46 566	46 566
Equity at 31 December 2022	**8 153**	**10 855**	**268 189**	**287 197**
Adjustment			8 447	8 447
Restated* Equity 31 December 2022	**8 153**	**10 855**	**276 636**	**295 645**

** 2022 is restated due to changed periodization of received dividend from subsidiary (note 13).*

(USD '000) 2023	Share capital	Other paid-in capital	Other equity	Total equity
Equity at 1 January 2023	**8 153**	**10 855**	**276 636**	**295 645**
Profit/(loss) for the year			30 187	30 187
Proposed dividend			(2 500)	(2 500)
Dividends			(11 000)	(11 000)
Equity at 31 December 2023	**8 153**	**10 855**	**293 323**	**312 331**

For information regarding ownership, refer to group notes.

10 Loan, Group Companies

(USD '000)	Interest rate	31.12.2023	31.12.2022
Loan from Klaveness Container AS	LIBOR 3m + margin	12 293	-
Total long-term liabilities, group/related companies		**12 293**	-

The loan from Klaveness Container AS is reclassified from short term to long term loan. Amount includes capitalized interest.

11 Short-Term Liabilities, Group/Related Companies

(USD '000)	31.12.2023	31.12.2022
AS Klaveness Chartering	6 654	-
Klaveness AS	689	1 779
Klaveness Container AS	-	8 876
Baumarine AS	-	2
Klaveness Ship Management AS	-	335
Klaveness Finans AS	17 896	26 197
Total short-term liabilities, group/related companies	**25 239**	**37 188**

12 Provisions

(USD '000)	31.12.2023	31.12.2022
Provision	-	1 968

In 2022 Rederiaksjeselskapet Torvald Klaveness had committed to donate 16 million NOK to the Norwegian Red Cross and the Norwegian Refugee Council for humanitarian aid in Ukraine and its neighboring countries, as well as in Somalia where a desperate situation has been aggravated by the war. In addition, 3.5 million NOK has been donated to Kirkens Bymisjon to support mainly young people in need in Norway. All the provisions are paid during 2023.

In 2023, Rederiaksjeselskapet Torvald Klaveness made a donation to different charitable organizations of around 16 million NOK.

13 Restatement of 2022

The balance sheet, income statement and cash flow for 2022 have been restated due to a change in the periodization of received dividends from subsidiary. The proposed dividend for Q4 2022 (USD 8.4 million) from Klaveness Combination Carriers ASA should be recorded as a "income from subsidiary" in the profit and loss for 2022, and thus the already booked dividend from Q4 2021 should be reversed. The adjustment is carried out in note 7 and note 9.

Income Statement 2022

(USD '000)	2022	Adjustment	Restated 2022
Operating expenses			
Operating expenses	-7 293	-	-7 293
Total operating expenses	-7 293	-	-7 293
Operating profit/(loss)	**-7 293**	**-**	**-7 293**

Income Statement 2022

(USD '000)	2022	Adjustment	Restated 2022
Financial income and expenses			
Income from subsidiaries	37 538	5 617	43 155
Impairment subsidiaries / reversal	10 621	-	10 621
Net interest income/(expenses), group companies	281	-	281
Net other financial income/(expenses)	246	-	246
Net currency gain/(loss)	1 346	-	1 346
Net financial income/(expenses)	**50 032**	**5 617**	**55 649**
Profit/(loss) before taxes	**42 739**	**5 617**	**48 356**
Taxes	3 827	-	3 827
Profit/(loss) for the year	**46 566**	**5 617**	**52 183**

Balance Sheet 2022

(USD '000)	31.12.2022	Adjustment	Restated 31.12.2022
Assets			
Fixed assets			
Deferred tax asset	3 827	-	3 827
Total intangible fixed assets	**3 827**	**-**	**3 827**
Financial fixed assets			
Investments in subsidiaries	269 430	-	269 430
Loans to subsidiary	16 925	-	16 925
Total fixed assets	**286 355**	**-**	**286 355**
Current assets			
Receivables, Group companies	15 342	8 447	23 789
Other accounts receivables	7	-	7
Bank deposits	20 832	-	20 832
Total current assets	**36 181**	**8 447**	**44 628**
TOTAL ASSETS	**326 363**	**8 447**	**334 810**
Equity and liabilities			
Equity			
Paid-in-capital			
Share capital (100 shares of NOK 509 982)	8 153	-	8 153
Other paid in equity	10 855	-	10 855
Retained earnings			
Other equity	268 189	8 447	276 636
Total equity	**287 197**	**8 447**	**295 644**
Current liabilities			
Short-term liabilities, group/related companies	35 409	-	35 409
Provision contingent liabilities	1 968	-	1 968
Debt to related parties	1 779	-	1 779
Other short-term liabilities	8	-	8
Total current liabilities	**39 165**	**-**	**39 165**
Total liabilities	**39 165**	**-**	**39 165**
TOTAL EQUITY AND LIABILITIES	**326 363**	**8 447**	**334 810**

Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 7, 0155 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Rederiaksjeselskapet Torvald Klaveness

Opinion

We have audited the financial statements of Rederiaksjeselskapet Torvald Klaveness (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2023, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

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

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view 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.

Building a better working world

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Oslo, 15 March 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

Johan Lid Nordby
Statsautorisert revisor
På vegne av: Ernst & Young AS
Serienummer: UN:NO-9578-5997-4-729076
IP: 77.16.xxx.xxx
2024-03-15 15:47:42 UTC

bank ID


Torvald
Klaveness