Solvang ASA

CUTTING EDGE SUSTAINABLE SHIPPING

ANNUAL REPORT 2022

Contents

Letter from CEO Edvin Endresen

Dear reader

« We have successfully navigated through challenging times and have maintained a strong financial position.

I am pleased to present to you our annual report for 2022, with an integrated comprehensive ESG report.

Despite unprecedented challenges globally in terms of political unrest, inflation, and the aftermath of the global pandemic, I am proud to say that we have reached important milestones and deliver strong operational and financial results.

First and foremost, I would like to express my gratitude towards our employees, who have persevered through difficult times and remained committed to our company's success. Their dedication and hard work have allowed us to continue to deliver outstanding performance towards our vision to be the leading provider of LPG and petrochemical tonnage. As always, our principal concern is that our 1,000 colleagues remain safe in a secure and stable working environment.

Our financial performance has been strong over the past year. We have successfully navigated through challenging times and have maintained a strong financial position. Despite cost increases across most aspects of our business, as well as significant increase in interest levels, we show a record net profit for the group in the 2022 statement. The outstanding results comes from a continued strong LPG market, with a positive contribution from a healthy ethylene and ethane market. Furthermore, we have sold three vessels during 2022, giving an accounting profit of about USD 8.4 million.

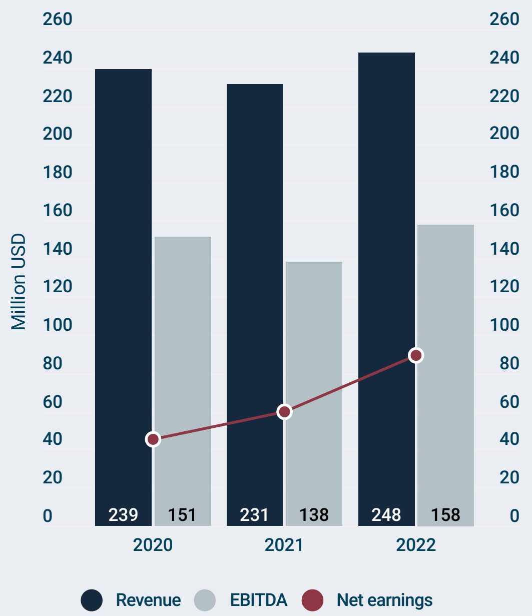
During 2022, we have made significant progress towards our sustainability goals. One of the key projects is the pilot for the carbon capture onboard. The pilot is fully operational onshore at the Wärtsilä plant in Moss, showing very promising results, and if proper funding is received, a full-scale system will be installed on the Clipper Eos during Q1 2024. This is a potential game changer for our type of deep-sea vessels, and we are excited to see how this will play out.

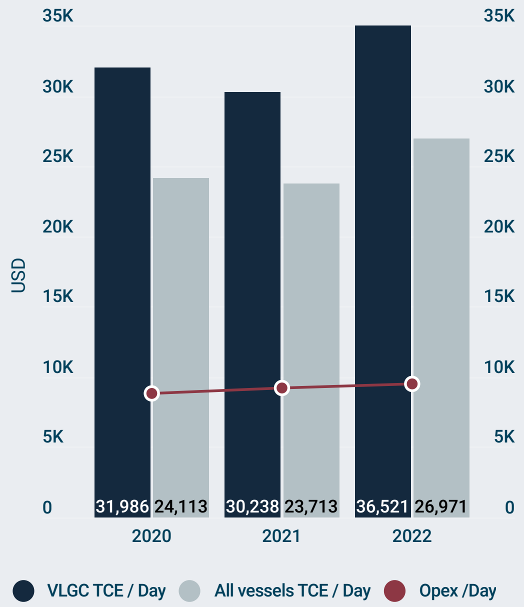
Looking ahead, we are excited about the opportunities that lie ahead of us. We will as always continue to invest in our people, and in new projects when the time is right. We are confident that our company's operational model will drive us towards continued success in the years to come, and we stay committed to creating long-term value for all our stakeholders.

Financial key figures

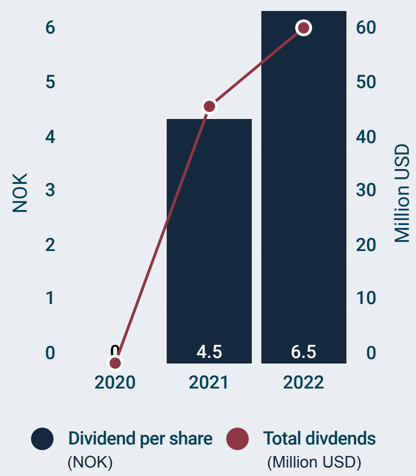
Revenue	248 million USD
EBITDA	158 million USD
Net earnings	89 million USD

VLGC TCE / Day	36 521 USD
All vessels TCE / Day	26 971 USD
Opex / Day	9 456 USD





Dividends

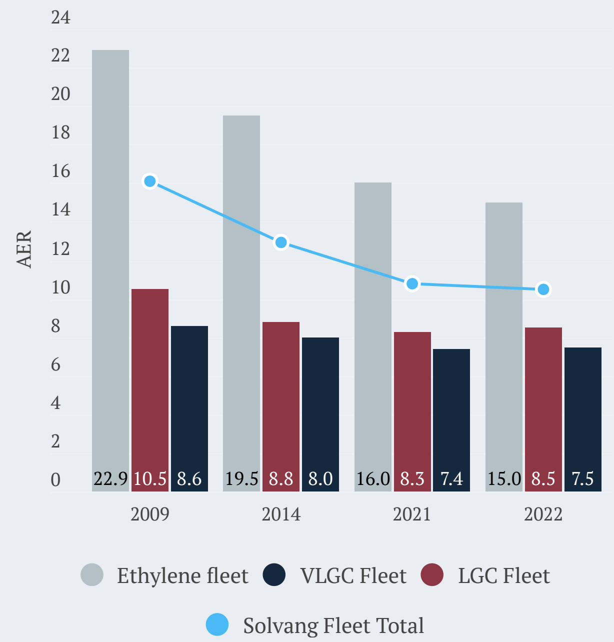


EBITDA Margin%

2022	2021
63.61%	59.50%

ESG key figures

Environment



Fuel consumed

Bunker fuel	241,600 tonnes
Lube oil	1.6 million liters

Emissions

CO_2	700,123 tonnes
SO_X	1,050 tonnes
NO_X	14,472 tonnes

REDUCED **87%** since 2019

AER: The annual efficiency ratio

$$AER = \frac{\text{Total } CO_2 \text{ emissions}}{\text{Deadweight * Distance sailed}}$$

Governance

Operation hours

Main engines	140,279 hours
Auxilary engines	317,803 hours
Boilers	26,819 hours

1 oilspill since 2009

128,073 maintenance tasks

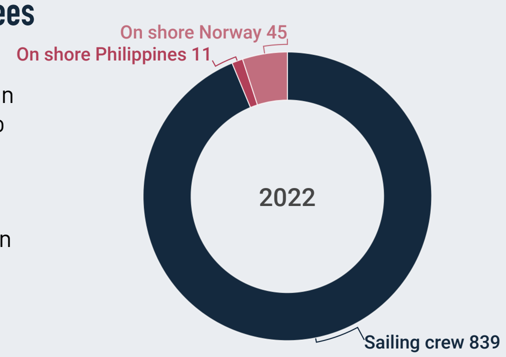
0.353% of which was overdue. The best score in TMSA is less than 1%

339 days of operation Particularly Sensitive Sea Areas (PSSA) in 2022

Social

Employees

Norwegian
Philippino
Latvian
Russian
Ukrainian
Belarusian
Spanish
Polish



Lost Time Incidents	2
Total Recordable Case Frequency	0.683

Onshore

55% Male

45% Female

THIS IS SOLVANG

Solvang aims to be an industry-leading provider of LPG and petrochemical tonnage to our clients in the safest, cleanest and most cost-efficient manner.

From very modest beginnings, Solvang ASA has evolved into one of the world's leading transporters of LPG and petrochemicals. The company has its headquarters in Stavanger, with offices in Oslo and the Philippines.

Solvang has a fleet of modern and efficient vessels, all built in accordance with the most up-to-date specifications and fitted with new and efficient technology. Perhaps of greater importance than the modern technology is the way in which the vessels are operated and the people on board. Good seamanship represents the very core of our business, and we place a firm focus on this area in the form of education, attitudes and training.

On every single sailing, we are required to demonstrate our experience and expertise. Our strength lies in reliable, high-quality deliveries. It is our commitment to maintain a steady course towards the future, and at the same time make good use of the experience we have gained.

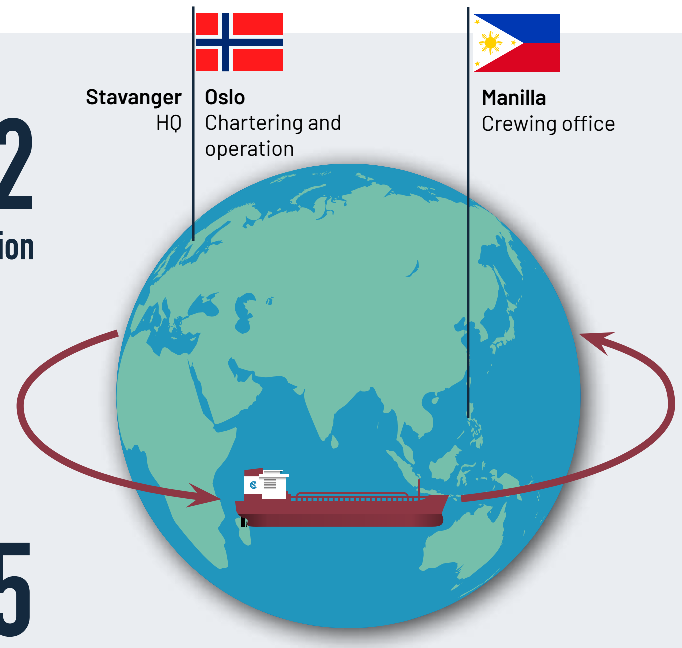
SOLVANG ASA

Long-term shipping partner with all core elements in-house

- Solvang's family control ensures focus on lifetime of assets and long-term investment perspective.
- Competitive finance and insurance, and close relationship with quality yards.
- No third party managers only competing on cost.
- Core competence in construction, technical and maritime operation in-house.
- Strong focus on safety and quality of operations – beneficial freight without off-hire.

5.5
million tonnes cargo worth

USD 3.2
billion



23
vessels

1.89
million nautical miles

=

91.5
times around the world

Board of Directors

Michael Steensland-Brun
Chairman

Ellen Solstad
Independent Director

Jostein Devold
Independent Director

Mission statement

Solvang aims to be an industry leading provider of LPG and petrochemical tonnage to our clients in the safest, cleanest and most cost-effective manner.

Our main goals:

For our customers:
Be the preferred carrier of LPG and petrochemicals worldwide

For our employees:
Happy, motivated and proactive employees

For our owners:
Be profitable in a long perspective

For the society:
Be a CSR-leading company

Our core values

Mutual respect, team spirit and quality

Our history

1936 - 1989

Independent shipping and investment company.

1989 - 2004

Inge Steensland buys 64% of the company's share capital. From 1992 the transformation from a shipping investment platform, towards a fully integrated shipping company starts.

Continuing fleet growth by buying second-hand vessels and taking delivery of 5 newbuildings from 1998-2004.

2006

A large-scale newbuild order placed in South Korea and Germany for 4 ethylene carriers 17,000 cbm, 3 LGCs and 2 Panamax VLGCs for delivery in 2007/2008. In total 9 vessels.

2007/2008

Received delivery of 10 newbuilds, 9 constructed and 1 VLGC resale ex-yard.

2006-2011

Starting to transform the land organization from a small to a medium-size shipping company.

Establishing our vision, values and main goals. Establishing KPI and development of Solvang vessel performance monitoring system.

2011

The program "Make our Blue Logo Green" was initiated, entailing Solvang ECO LPG Carriers:

- Fuel-efficient design
- Compliance with emission regulations.
- Energy efficiency from well-to-wake.
- The question is not which fuel you use, but how you use it
- Operational excellence by continuous improvement.

2011

Ordering Clipper Quito and Clipper Posh, 84,000 cbm VLGCs with full scale exhaust cleaning system for delivery in 2013.

2013

Delivery of the world's first ECO VLGC LPG Carrier, awarded as the first ECO LPG carriers by The Royal Institute of Naval Architects.

From the past

To the future

2015

Delivery of 3 new ECO LGC (60,000) Gas carriers, Bosporus-Max.

Retrofit of EGC on Clipper Harald - combination of scrubber and LP EGR for emission control (SOx and NOx).

2017

Delivery of 2 Panamax ECO LPG carriers.

2019

5 newbuilds, 4 ECO Ethylene, and 1 ECO Panamax VLGC. The greenest and most efficient oil fuelled gas carrier in the world.

Retrofit 4 vessels with scrubbers.

2020

First ESG report, pulling together the last 15 years of continuous improvement.

2021

Solvang launched a vessel-scale carbon capture project in collaboration with Wärtsilä. The system captures CO_2 from main engine combustion before it passes through the exhaust outlets.

2022

War in the Ukraine affects operations.
Planning for implementation of EEXI and CII

2025

Continue to be an industry-leading provider of LPG and petrochemical tonnage to our clients in the safest, cleanest and most cost-efficient manner.

A modern fleet and highly trained and motivated employees, combined with financial, operational and technical ability, will allow Solvang to pursue this vision and create long-term growth and profitability.

2030

Continued focus on reducing emissions.

The carbon intensity factor is closely monitored to secure full compliance with the IMO carbon reduction target of 40 % by 2030.

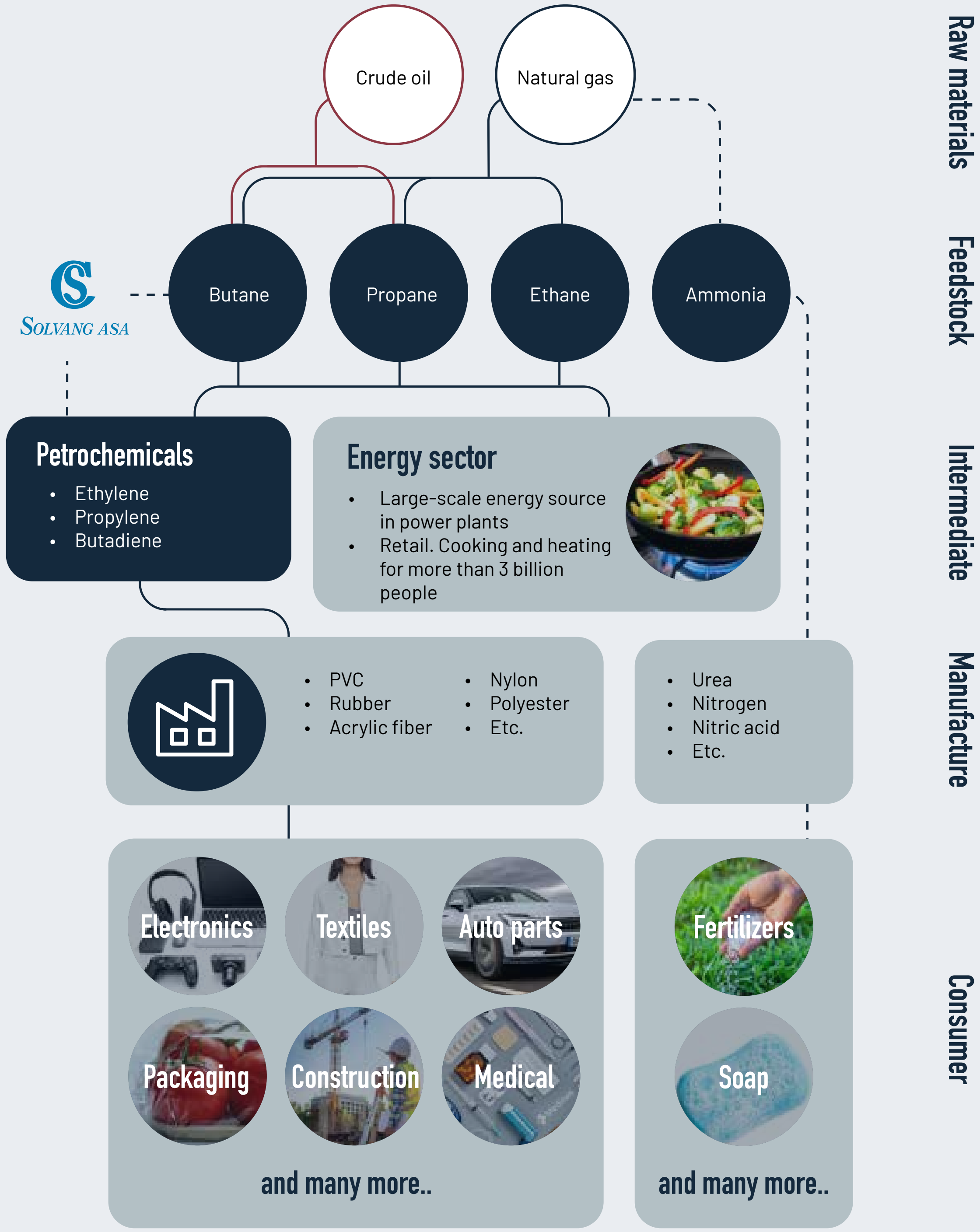
2050 – Clipper Future

We assume that energy efficiency "from well-to-wake" will become even more crucial, and that all GHG emissions will have to be accounted for.

We will continue to be among the best in our business. All our newbuilds will be as fuel-efficient and green as possible. The vessels will run on GHG-neutral fuels and zero-carbon fuels.

Our cargo

We transport vital materials for manufacturing products people depend on every day.



Fleet list

VERY LARGE GAS CARRIER

This segment consists of six VLGCs, four of them Panamax size 75,000-80,000 cbm and two 84,000 cbm.

Name	Built	DWT	CBM
Clipper Wilma	2019	51,144	80,000
Clipper Freeport	2017	50,891	78,800
Clipper Vanguard	2017	50,891	78,800
Clipper Posh	2013	55,047	84,000
Clipper Quito	2013	55,047	84,000
Clipper Victory	2009	54,084	75,000
Clipper Sirius (SOLD)	2008	54,084	75,000

LARGE GAS CARRIER

This segment is defined as fully refrigerated LPG ships of 60,000 cbm. We have a total of nine ships in this segment.

Name	Built	DWT	CBM
Clipper Venus	2015	42,543	60,000
Clipper Saturn	2015	42,543	60,000
Clipper Jupiter	2015	42,543	60,000
Clipper Mars	2008	43,544	60,200
Clipper Neptun	2008	43,508	60,200
Clipper Orion	2008	43,475	60,200
Clipper Sky	2004	44,617	59,300
Clipper Moon	2003	44,822	59,300
Clipper Star	2003	44,822	59,300

MID-SIZE GAS CARRIER

Name	Built	DWT	CBM
Clipper Odin (SOLD)	2005	29,217	38,400

ETHYLENE/SEMI-REF CARRIER

This segment includes semi-refrigerated, ethylene capable ships from 17,100 to 21,289 cbm. We have eight ships in this segment, four of them delivered in 2019.

Name	Built	DWT	CBM
Clipper Eris	2019	18,056	21,289
Clipper Eirene	2019	18,056	21,289
Clipper Enyo	2019	18,056	21,289
Clipper Eos	2019	18,056	21,289
Clipper Hermes	2008	18,884	17,100
Clipper Hermod	2008	18,967	17,100
Clipper Hebe	2007	18,800	17,100
Clipper Helen	2007	18,884	17,100
Clipper Harald (SOLD)	1999	13,780	12,600

Visit solvangship.no/fleet or scan the QR code for details about the vessels.

SUSTAINABILITY

Our priorities

Our priorities affect our decisions, both when it comes to investments, whom we cooperate with and how we plan and execute our work. It is important to show our stakeholders how we are influenced by these factors, how we think and how our actions impact our surroundings. We are proud of our work and aim to continue this process as a responsible business operator in the global market of shipping.

Our approach

Our sustainability report refers to the Global Reporting Initiative (GRI) reporting standards. As an operator in the global deep-sea shipping market, Solvang ASA acknowledges the importance of endorsing The United Nations' 17 Sustainable Development Goals (UN SDGs).

In this report we use these "big goals" UN SDGs to contextualize our role in improving sustainable business.

Internal stakeholders

Shore staff
Crew
Owners
Board of Directors

External stakeholders

Customers
Banks
Suppliers and contractors
Government
Regulatory bodies
The general public

Our common goals

The United Nations Sustainable Development Goals make an urgent call to action for countries and businesses, defined by a global partnership.

The goals recognize that ending poverty and other challenges must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. Read more on sdgs.un.org/goals.

The UN SDGs cover a wide spectrum of issues. In this report we aim to show how our operations relate to the goals, starting with a broad overview in tables and gradually going into details in the articles sections.

Especially relevant goals are covered in articles for detailed insight.

Solvang ASA

The table below shows the most important sustainability topics for Solvang. The topics are compared to the UN Sustainability Development Goals (UN SDGs). All SDGs are examined in-depth in this report.

	TOPIC	EXPLAINED	UN SDG
ENVIRONMENT	**Emissions to air**	Innovative technology for monitoring and reducing emissions. Contributing to a more sustainable future for the maritime industry.	9 Industry, Innovation and Infrastructure; 15 Life on Land; 13 Climate Action
	Energy consumption	Developing fuel-efficent vessels and low-energy operations. Providing affordable LPG and petrochemicals to customers.	9 Industry, Innovation and Infrastructure; 7 Affordable and Clean Energy; 13 Climate Action
	Spills to sea	Avoiding oil spills and managing waste.	14 Life Below Water; 13 Climate Action
	Recycling	Maximizing vessel lifespan and treating the vessels in compliance with regulations and conventions when recycling.	12 Responsible Consumption and Production; 13 Climate Action
SOCIAL	**Community engagement**	Providing access to LPG as a clean source of energy and ammonia as a potent fertilizer. Supporting the communities where we operate.	2 Zero Hunger; 4 Quality Education; 7 Affordable and Clean Energy
	Health and safety	Working systematically to ensure the health, fitness and safety for all crew and employees, both at work and at home.	3 Good Health and Well-Being
	Employee relations	Providing good working conditions and fair salaries that reflect individual qualifications, regardless of gender. Recruiting, educating and retaining a skilled workforce.	4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth
	Diversity and inclusion	Managing "happy ships" with happy, motivated and proactive employees. Encouraging diversity and inclusion at work and at home.	3 Good Health and Well-Being; 8 Decent Work and Economic Growth
GOVERNANCE	**Governance and compliance**	Complying with all relevant laws and regulations.	16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
	Anti-bribery and anti-corruption	Mitigating corruption and bribery in all forms. Upholding business integrity in the maritime industry.	16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
	Economic performance and benefits	Generating sustainable economic value for our stakeholders.	8 Decent Work and Economic Growth

Reaching the Sustainability Development Goals

We enable efficient food production

2 ZERO HUNGER

About 90 % of ammonia produced is used in fertilizers, to help sustain food production for billions of people around the world. Several Solvang vessels transported ammonia worldwide in 2022.

Our ethylene fleet transports raw material for essential industrial processes, like the manufacturing of food packaging, which makes it possible to minimize food losses.

LEARN MORE ABOUT OUR CARGO ON PAGE 10

We learn every day

4 QUALITY EDUCATION

The quality of our service is totally dependent on education and training of our seafarers. Solvang is actively supporting the NSA cadet programme in Manila and arranges in-house officer and crew conferences where courses and training are important parts of the programme.

Solvang's "Living the Vision" programme is an on-the-job HSEQ training programme which comes in addition to the flag state's mandatory training.

READ MORE ON PAGE 42

We care for our people

3 GOOD HEALTH AND WELL-BEING

This statement is supported by our health policy and is one of the main focus areas in Solvang's "Living the Vision" programme.

Our officers and crew members must have the physical and mental strength to meet challenges that confront them every day. We know a healthy lifestyle contributes to well-being, and therefore it has a high priority at Solvang.

We want all employees aboard our vessels to take care of their bodies and minds. Appropriate ergonomics, sufficient exercise and healthy meals are important for the body's machinery. For us, health is an important component in ensuring satisfactory performance.

READ MORE ON PAGES 40-43

We choose competence

5 GENDER EQUALITY

International shipping is male dominated, but Solvang employs people according to knowledge, skills and attitude, not gender.

Women and men have equal opportunities to qualify for all types of jobs and positions, and they have equal opportunities for promotion. Working conditions are deemed to be good. Salaries reflect the individual qualifications, regardless of gender.

A trustworthy provider

Solvang aims to be an industry-leading provider of LPG and petrochemical tonnage to our clients in the safest, cleanest and most cost-efficient manner.

LPG used in industry and households is one of the cheapest and most basic energy sources available. Propane can be used as cooking fuel or fuel for engines with the same after treatment as ordinary gasoline or diesel.

As part of our industry, Solvang makes a valuable contribution in transporting this energy source around the world.

READ MORE ABOUT OUR CARGO ON PAGE 10

Focus on «happy ships»

One of Solvang's main goals is to have happy, motivated and proactive employees, and this is not possible without good working conditions.

One of our main goals is to provide profits for our owners. Our employees receive decent salaries. This provides further growth in the country of residence, through spending and taxation.

MLC is an integral part of our quality system, and all our vessels sail under the Norwegian flag (NIS) where the laws and regulations secure compliance with all legal standards.

Developing eco-friendly vessels

Solvang has a long story for cooperation with both industrial, academic and research organizations and started a programme for green shipping for the future back in 2010. We are an active partner in Smart Maritime, a Norwegian Centre for Research Based Innovation for improving energy efficiency and reducing harmful emissions.

READ MORE ON PAGES 28-31

Life Cycle Analysis (LCA)

Solvang follows a well-to-wake philosophy, which means we avoid exchanging fuel oil for a distillate bunker fuel when possible. Life cycle efficiency is our pledge. Such a transfer would lead SOx and other substances in fuel oil to be emitted into the atmosphere from other sectors, like coal and oil power plants burning the residuals for power generation.

If a Solvang owned vessel is to be recycled, the vessel will be recycled in compliance with:

- The Hong Kong Convention.
- The guidelines to the Hong Kong Convention to be issued by the International Maritime Organization; and
- The EU Ship Recycling regulation (1257/2013)

READ MORE ON PAGES 24

Our climate actions

Solvang´s full-scale shipboard carbon capture storage and utilization programme holds the potential to capture 70 % of the carbon emissions from fuel oil operation.

Performance monitoring is a critical tool when assessing the efficiency of Solvang´s innovations. In 2008, Solvang initiated the in-house programme for vessel performance monitoring. We have collected and reported environmental performance, systematically deploying our findings into continuous improvement of operations into environmental operations, and into newbuildings. Competence, knowledge and Life Cycle Analysis (LCA) are key elements in Solvang's climate actions.

READ MORE ON PAGES 28-31

No harm to water life

As part of our sustainability work Solvang has identified and assessed all effluents to the sea. The effluents are rated as significant or non-significant, and programs for monitoring and controlling are in place. This is an important part of our ISO 14001 certificate and compliance.

Our obvious goals are to reduce operational discharges as much as possible and achieve zero spill caused by accidents.

All vessels have an approved ballast treatment plant and biofouling plan, all discharges from the EGC are measured 24/7, and the EGC has water treatment in open loop.

READ MORE ON PAGE 32-33

No harm to life on land

Exhaust emissions from our engines is the main source of influence on life on land. Our assessments have shown the following significant aspects:

- CO_2 (global warming)
- SO_X (cloud formation and acid rain)
- NO_X (cloud formation and acid rain, ground level ozone)
- Particles (visible smoke, health risk)
- THC (global warming, ground level ozone, health risk)
- CO (health risk)

Solvang has established programs for monitoring/controlling and reducing emissions related to all these aspects.

READ MORE ON PAGES 22-31

Peace, justice and strong institutions

Substantially reduce corruption and bribery in all their forms.

Solvang has introduced "Ethical Guidelines" comprising our core values, responsibility for an ethical and conscientious relationship with stakeholders, and a "Supplier code of conduct" embracing the UN Global Compact.

Solvang is also a member of the Maritime Anti-Corruption Network (MACN) and will comply with the good corporate practices in the maritime industry described in their operating charter.

READ MORE ON PAGES 48-55

International shipping

International shipping brings people together from all parts of the world. Solvang is a good example of this.

International shipping has a lot of positive effects that rarely make it to the media headlines. Solvang's goal is not only to be in compliance with rules and regulations, but to contribute to a high standard for quality shipping around the world. The world trade depends on shipping – and we strive to increase our positive impact on our surroundings.

READ MORE ON PAGES 38

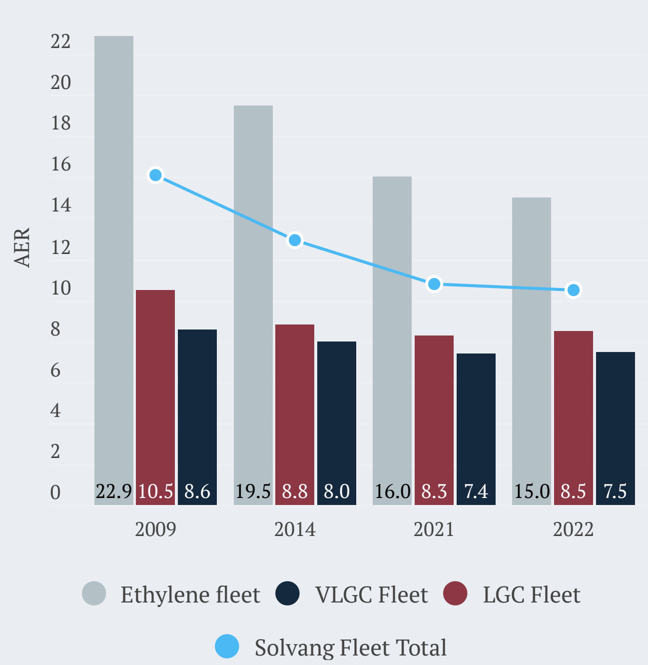
ENVIRONMENT

All human activity has an impact on life on land and in the sea. Our goal is to minimize operational and indirect emissions, and we strive for zero spills to the environment.

See page 112 for targets and progress.

Annual Efficiency Ratio development (AER)

35% reduction since 2009



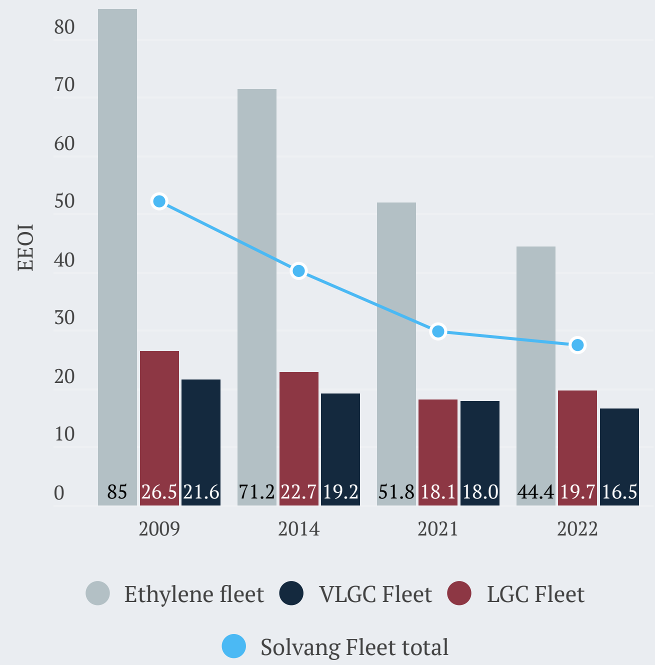
The average AER decreased from 10.8 to 10.5 in 2022 due to sale of the oldest ethylene vessel. We expect a big AER improvement in 2023 with full effect in 2024. This is due to EEXI certifications and upgrades on the H-Class fleet, LGC fleet and two VLGC vessels.

The LGC fleet increased due to port inefficiencies for some vessels. Six of the LGC vessels are in the last year before dry docking which decreases their performance.

The VLGC fleet is almost flat, with two dry dockings in 2022 and two more to come in 2023.

Energy Efficiency Operational Indicator (EEOI)

47% reduction since 2009



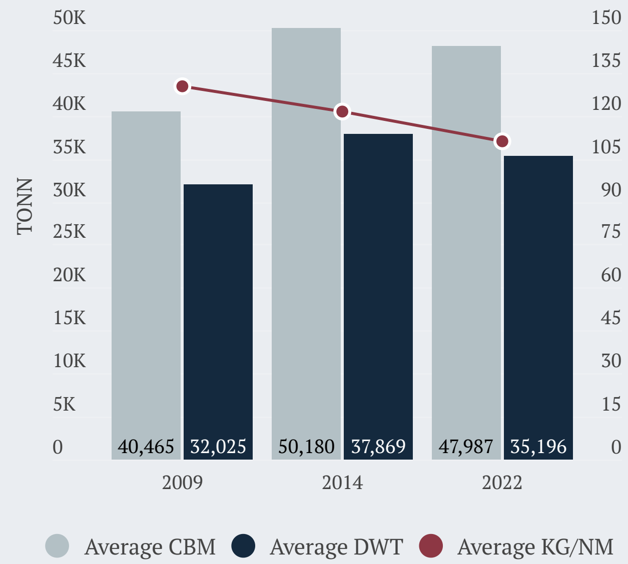
Selling of the oldest ethylene vessel improved the EEOI for the Ethylene fleet significantly. Changing of cargo from ammonia to LPG for several of the LGC vessels increased EEOI. Also higher consumption on some of the vessels due increased marine growth from waiting time in ports and canal inefficiencies.

Six of the LGC will dry dock in 2023. Sale of two older VLGCs during 2021 and 2022 with a relatively high dead weigth/cargo capacity ratio in CBM also contribute to the improvement from 21/22 (18,1/16,5).

Solvang energy consumption and GHG emissions

The total fleet emissions have increased due to the fleet expansion and more operations per vessel. In 2009 we operated 16 vessels and in December 2022 we had 23.

The average emissions per vessel have decreased by 14.6% (kg fuel/NM). This is in spite of a 18.6% increase in cargo capacity. The 18.6% average cargo capacity increase is relevant for the EEOI performance. The 10% increase in DWT % average size is relevant for AER performance above.

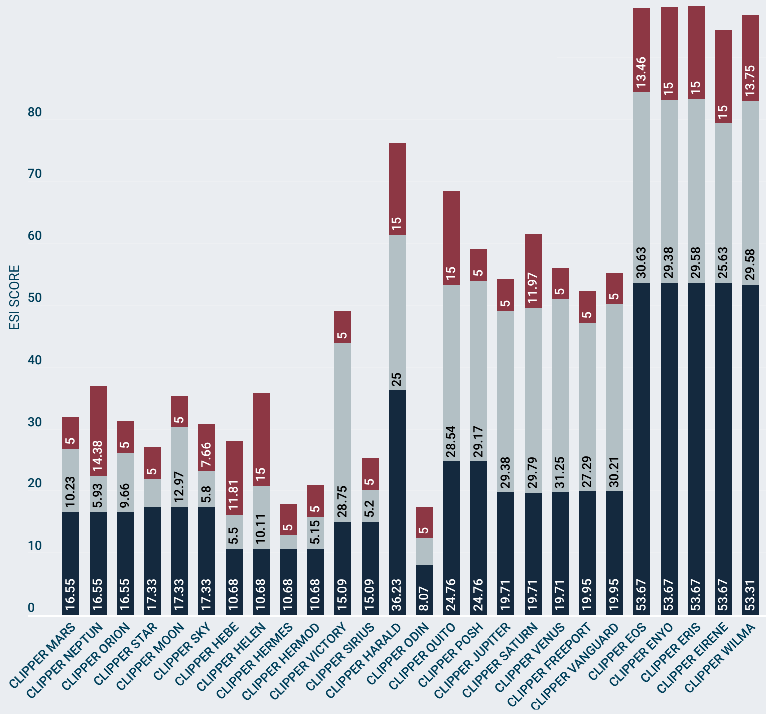


Sludge garbage

Cbm	Fleet total 2022
Sludge produced	3,139
Sludge incinerated	1,130
Sludge water evaporated	1,234
Sludge disposed	686

Cbm	
Plastics	310
Food wastes	15
Domestic waste	250
Cooking oil	14
Incenerator ashes	40
Operational wastes	53
E-waste	15

Environmental Ship Index (ESI) score 2022



Rating of environmental performance. Best possible score is 100 points. This shows that the five newbuilds on the right side perform very good, around 90 points. All vessels with scrubber technology perform well.

ESI identifies seagoing ships that perform better in reducing air emissions than required by the current emission standards of the International Maritime Organization (IMO)

Our vessel's energy consumption 2022

Fuel type	Tonne fuel	Sulphur content	Energy per tonne fuel [MJ/kg]	Energy [MJ]
MGO	16,428	0.07%	42.70	701,488,410
VLSFO	84,083	0.43%	41.00	3,447,382,500
Fuel oil unscrubbed/ scrubbed	122,511	2.77 / 0.08 %	40.20	4,924,958,280
Total:	223,022	0.21%	Total energy consumption:	9,073,829,190

Sulfur

The table shows how efficiently the scrubbers remove S02 from exhaust.

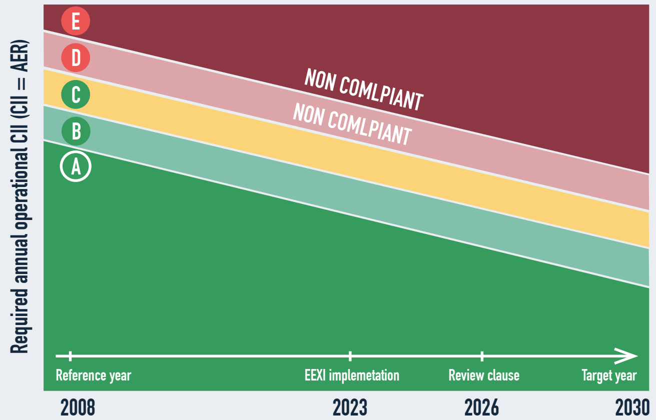
	Scrubber	No scrubber
Total SOx Emissions (tonne)	245.40	804.80
Avg SOx Emissions (tonn per vessel)	17.50	67.10
Total SOx Emissions per distance (g/nm*)	208.30	1005.50
Average S content in fuel	0.08%	0.43%

Rules and regulations outlook

IMO environmental legislation

The SEEMP (Ship Energy Efficiency Management Plan) and AER (Annual Efficiency Ratio) make the main regulatory changes to international shipping also in 2022.

- **April 1, 2022:** Procedures for sampling and verification of the sulphur content of fuel oil and the Energy Efficiency Design Index (EEDI)
- **Nov 1, 2022:** Annual efficiency ratio (AIR) deployed to ships over 50 tonnes, requiring a SEEMP (ship energy efficiency management plan) for each vessel.
- **As from Jan 1, 2023**, it will be mandatory for all ships to calculate EEXI and start collecting data for the annual carbon intensity indicator (CII), resulting in an AER (Annual Efficiency Ratio) from A (the best) to E.



EU environmental legislation

The EU's continues its path toward cutting emissions by 55 % by 2030.

- The European Trading System (ETS) Directive includes all intra-EU emissions from shipping in the EU MRV (monitoring, reporting and verification of CO2) regulation. Requires CO2 emission credits to cover minimum 50% of voyages arriving in or departing from the EU. Starts with 20% in 2023.
- As from 2025, the FuelEU Maritime Regulation will include all energy used on board ships in a new well-to-wake GHG footprint regulation. Covers methane and NOx in addition to CO2, granting emission credits for energy generated on board. The GHG footprint should improve by 2% in 2025 relative to 2020, and by 75% in 2050.
- The Energy taxation directive (ETD) is set to excise appr. €37 per tonne of conventional fuels used between EU ports, exempting international bunker for extra-EU voyages. The LNG tax will hit €0.6/GJ. Alternative fuels will be tax exempt for a ten-year period.

CO_2: Global warming
SO_X : Cloud formation and acid rain
NO_X : Ground level ozone
PM/HC/CO: Health risk/visible smoke

Garbage/waste

- Ballast water
- Biofouling
- Anti-fouling release
- Scrubber washwater

- Bilge water
- Sewage
- Organic waste

Noise
Lights
Waves

The cross-sectoral tradeoff

Given the precarious need for climate change mitigation and a scarce supply of renewable energy sources in the foreseeable future, renewable energy sources should be deployed where the climate effect is highest, which sometimes implies a tradeoff between sectors.

According to researchers at Norwegian School of Economics (NHH), Sintef Ocean in Trondheim and KEDGE Business School in France, the best overall climate effect cannot be obtained from the transport sector. Even if this sector uses 95 % fossil fuel and makes up 15% of the world's CO2 emissions, and even if the International Energy Agency (IEA) advocates a fast decarbonization in their Net Zero by 2050 scenario. The scientists sanction a quite different strategy, based on a matrix of CO2 emissions per energy unit spent in a well-to-wake based life cycle assessment framework. It resembles Shell's Sky scenario from 2021, envisaging a net zero carbon society in 2070, keeping global temperatures within a 1.5 degree increase.

Lowest-hanging fruits

According to the scientific conclusion, renewable energy should not be spent without limits in the big transportation sector. In stead we should start by replacing electricity produced from burning coal with renewable energy. Such a step could almost completely decarbonize the global electricity grid. The second place to spend renewable energy would be for passenger cars, where it would replace diesel and gasoline. Finally, the recommendation is to keep renewable energy away from shipping and aviation, where it would make little difference. The two renewable fuel options often mentioned in connection with shipping, would be e-fuel and biofuel. The problem with e-fuel is that it takes electricity to produce, and the electricity from renewable sources is too scarce in supply. The problem with biofuel is that it causes deforestation and over-use of otherwise productive farmland. According to the scientists, these environmental arguments are against using renewable energy both in shipping and in aviation.

Where will we get the highest gain from switching to renewable energy sources?

High gain
Coal fueled power plants
Switching to renewable power sources would nearly decarbonize the global electricity grid.

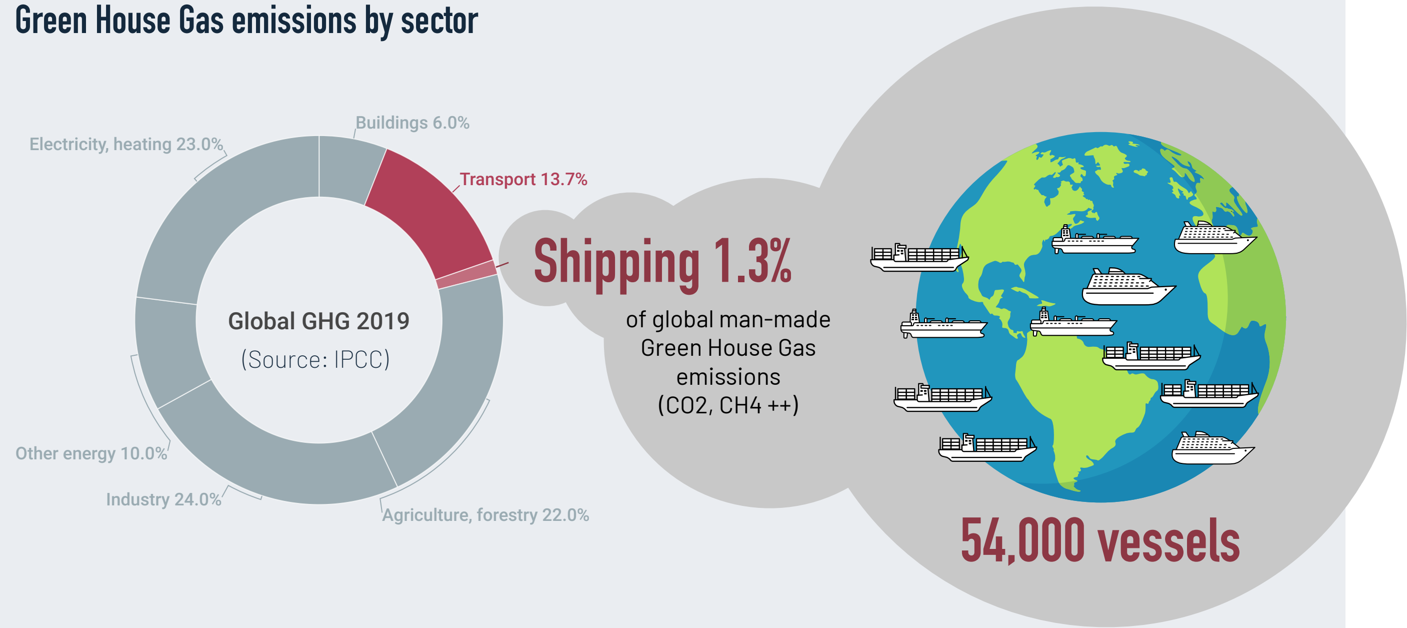
Medium gain
Road passenger transport
Gradually electrify transport when coal power plants are redundant.

Low gain
Transport and aviation
Fossil fuel generate less emissions in a well-to-wake perspective than e-fuel, which take an unavailable amount of green electricity to produce.

A smart energy system

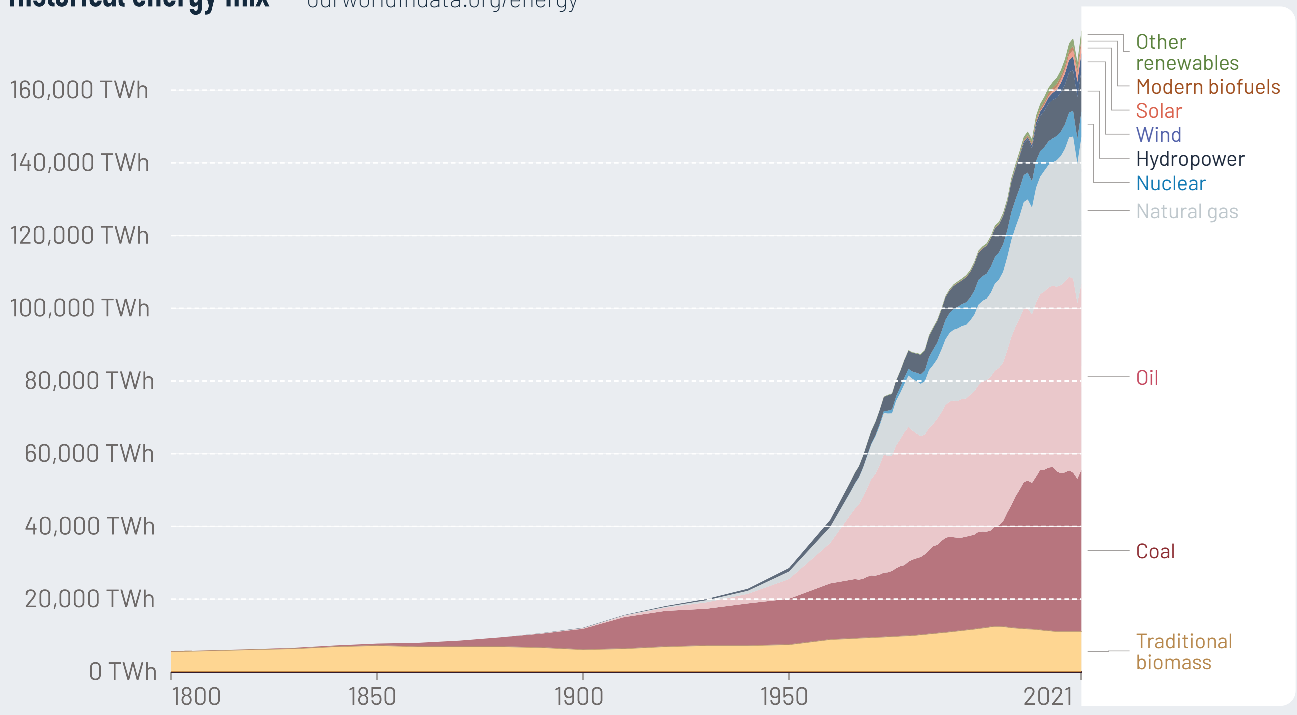
Solvang has adopted a climate mitigation strategy applying optimization of hull, rudders and propellers providing reduced fuel consumption per mile sailed, in combination with hyper efficient exhaust cleaning systems and carbon capture on-deck. In this way we stay reconciled to the fact that global shipping's energy source is Fuel oil. Over 90% of the global oceanic goods transportation runs on fuel oil, making up an enormous potential for climate mitigation through operational measures, exhaust gas cleaning, and carbon sequestration. A residual propellant, free from emissions during processing - or residual fuels mixed with refined products. For now, fuel oil upholds the world's transport system and global economic order, giving the UN, IMO and other mitigators a chance to design a smart energy system in which to deploy our costly renewables.

Green House Gas emissions by sector



Historical energy mix

ourworldindata.org/energy



The well-to-wake reality

7 AFFORDABLE AND CLEAN ENERGY · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION

Wishful plans to replace large proportions of fossil fuel with renewable energy should be replaced with a holistic approach enabling us to attain the best possible energy mix for the environment.

In the 30 years since climate change first received global attention with the adoption of the UN Framework Convention on Climate Change (UNFCCC) in 1992, the case of replacing fossil fuels with alternatives has not changed the map. In 1990, the global energy mix consisted of 81% coal, oil and natural gas combined. In 2018, after total energy consumption increased by 60 % compared to 1990, fossil sources still made up 81% of the total. Realistically, the world has no conception of sustenance, not to mention economic growth, without abundant application of fossil energy into transport, industry, food production, commodities, fuel production and other sectors.

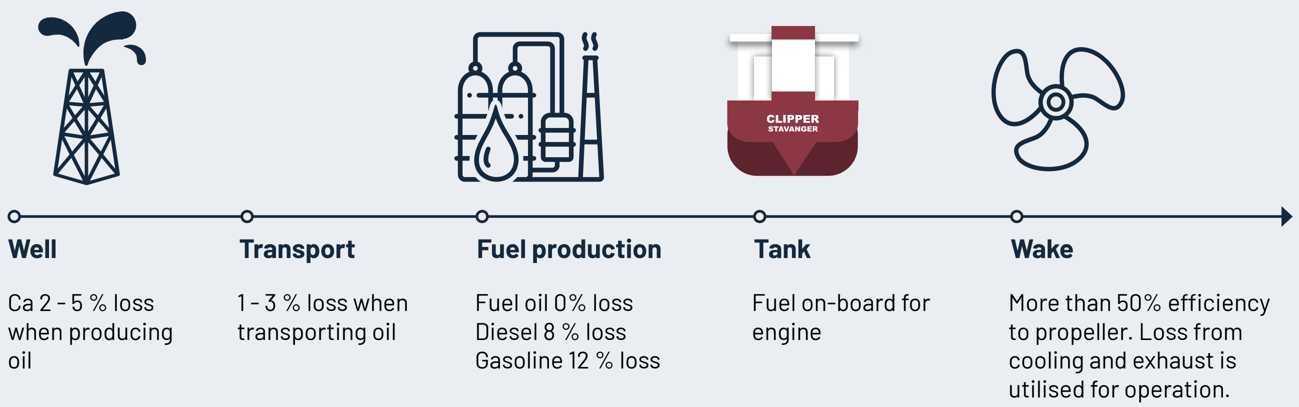
Tank-to-wake regime

In three decades of Greenhouse Gas (GHG) politics, the emission reduction strategy has been to remove harmful substances from exhaust gases and spills. First by filtering, catalysing and scrubbing, secondly by distilling and cleaning the fuel before it reaches the combustion chamber. In cars, the pyramid of green technologies ends with batteries, while in shipping there is no battery option for global deep sea transport. Still, regulations insist on measuring emissions in a tank-to-wake (TTW) perspective. Meaning the indicators for NOx, SOx, heavy metals and now CO2, start counting from the moment fuel is incinerated until transport has been made. The main problem with this approach is that deep sea transport mainly uses residual, non-distilled fuel oil or residual fuel mixed with refined products in order to meet the sulpher requirements. This exploits energy at an excellent rate, leaving no residual behind for others to expend in the emission budget.

Comparing residual fuel oil with highly processed eco-alternatives such as hydrogen, synthetic e-fuels or electricity, leaves half the emissions out of the equation, making those fuels conveniently compliant to GHG regulations. Electricity is an example of clean energy when its dirty sources are disregarded. The world's biggest source of electricity is coal, which loses more than half of its energy in the process of electric power generation. When the electric power is being used in maritime transport, the shipowner is entitled to claim emission-free operation.

Energy loss from well-to-wake

Our goal is to minimize total energy loss from well-to-wake.



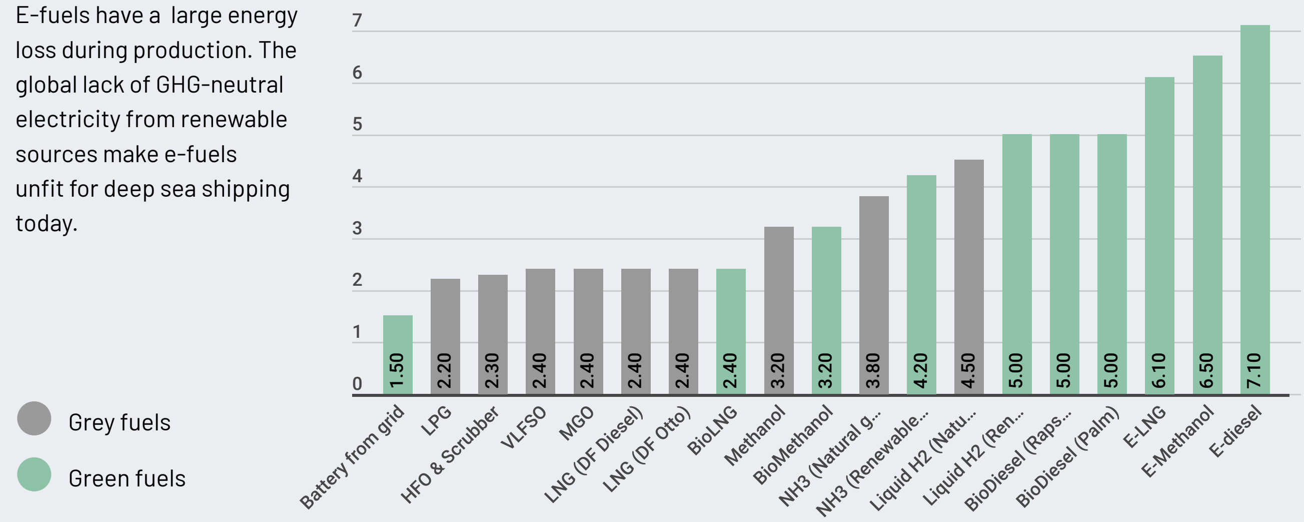
In a more realistic well-to-wake (WTW) equation, the life cycle of energy from input at the WTW chain, through to output at propeller in the form of cargo transport, is being accounted for.

Dwindling GHG footprint

When comparing different fuel options in well-to-wake matrix, the trustworthiness of fuel oil comes directly into sight. By optimising operations, hull and machinery within a framework of fuel oil, scrubber and exhaust gas recirculation, Solvang's vessels match the strictest IMO and EU regulations. If the funding for the ongoing CCSU pilot for carbon capture, storage and utilisation is successful, it will be implemented on our ships. Solvang's deep-sea fleet will then have a minimal GHG footprint comparable to any green fuel vessel. This proves one of our long-standing positions: Engine technology, transmission, hull, rudder and propellers make a bigger contribution to emission reduction than fuel itself.

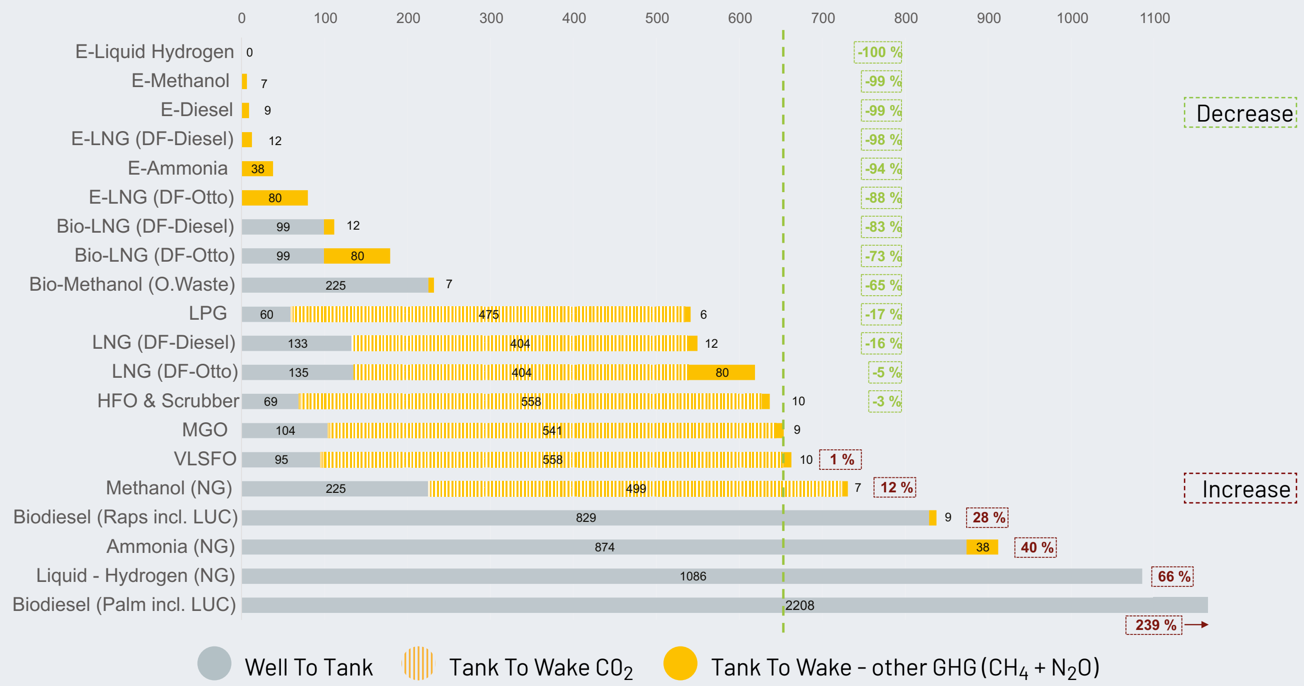
Total energy input Well-To-Wake / Delivered propultion energy

E-fuels have a large energy loss during production. The global lack of GHG-neutral electricity from renewable sources make e-fuels unfit for deep sea shipping today.



Well-To-Wake emissions

in gram CO2 per kWh - GWP100



CO_2 equivalents change compared to MGO

Reducing our environmental impact

All human activity has an impact on life on land and in the sea. Our goal is to minimize operational and indirect emissions, and strive for zero spills to the environment.

As part of our environmental certification ISO 14001, Solvang has established an overview of our environmental footprint to sea and land, and rated our impact as "significant" or "non-significant". All classified as "significant" have programs for controlling/monitoring and reducing our impact.

To reduce our environmental footprint, we need to deal with all important aspects – preferably at the same time. In fact, reduction of one parameter very often implies an increase in other aspects – which makes this quite challenging. Therefore, the vessels' design will be a compromise between different aspects. Most of the environmental aspect are also covered by rules and regulations.

Taking care of the vessel

Our environmental footprint depends on operation and maintenance of the equipment on-board. Wrong operation or poor maintenance can increase emissions far above the expected levels.

Variables

- Continuous improvements, increased knowledge
- Maintenance
- Retrofits and technical improvements
- Optimal speed and route
- Cooperation between ship master, customers and organization

Ship recycling

With Solvang maintenance level, the technical lifetime of a Solvang vessel is more than 30 years. This is ensured by the continuous maintenance and CAP program (Condition Assessment Program), for all Solvang vessels from 15 years and older.

The majority of Solvang customers prefer newer vessels, therefore the commercial lifetime in our trade very often is limited to around 20-25 years. This means that the vessel still has long technical lifetime left in other markets.

It is therefore unlikely that our older vessels will be sold for recycling but will continue to trade for many years.

If a Solvang owned vessel is to be recycled, the vessel will be recycled in compliance with:

- the Hong Kong Convention.
- the guidelines to the Hong Kong Convention to be issued by the International Maritime Organization; and
- the EU Ship Recycling regulation (1257/2013)

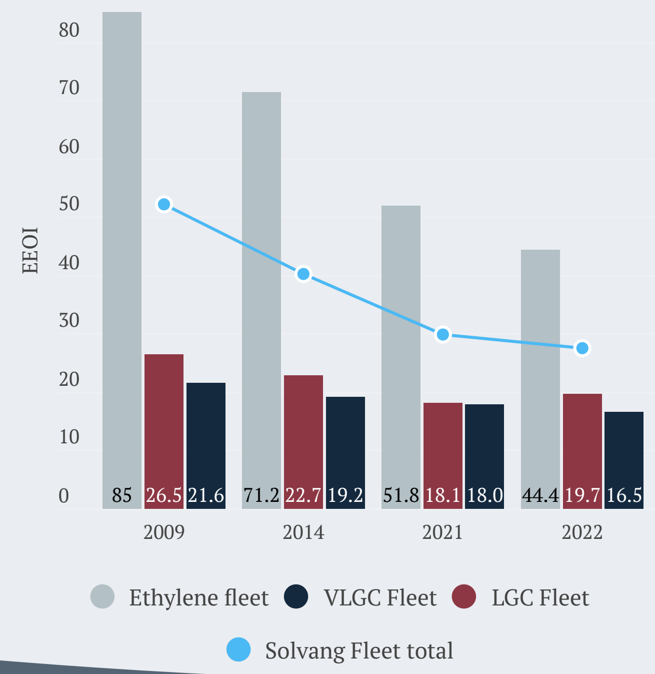
Any vessel owned by Solvang which is taken out of service for dismantling while in its ownership or which is sold to an intermediary with the intention of being dismantled, is recycled at a recycling yard which conducts its recycling business in a socially and environmentally responsible manner in accordance with the rules and regulations listed above.

No vessel may be scrapped or dismantled by Solvang unless an Inventory of Hazardous Material or equivalent documentation for hazardous materials on board, has been established for such vessel.

Our environmental footprint depends on operation and maintenance of the equipment on board.

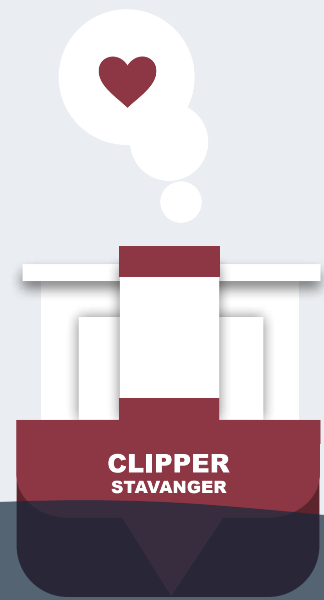
Energy Efficiency Operational Indicator (EEOI)

Co2 emissions per ton cargo when the vessel is sailing.



47% emission reduction since 2009

The average emissions per vessel have decreased in spite of increased cargo capacity.



CCS is something we can do within a few years. When the world has sufficiently green energy, the captured CO2 can be transformed into electro fuel

Tor Øyvind Ask

A long voyage towards discovery

After 12 years of experimentation, research and development, Solvang and our partners present a game changer technology: The shipboard carbon capture system.

Since 2021 Wärtsilä have run a full-scale CCS pilot on a 1.2 MW system in Wärtsilä's facility in Moss, Norway. Upon planned deployment on the vessel in 2024, we expect the system to reach 75+ % carbon capture rate - making it unique in deep sea shipping. The last obstacle before realization is to attain public research funding for the applied science work, which alle parties hope will arrive in 2023.

ECO LPG programme

Since 2008, Solvang has collected extensive data from all operations and vessels, sharing knowledge with a range of scientific institutions and professionals. In 2011, we initiated a holistic programme to make our vessels more energy efficient and to remove harmful emissions from the exhaust. In 2015, the programme was expanded with exhaust gas recirculation modules, open-loop scrubber and several mechanical improvements. Even later, our transmission, propeller and rudder - as well as hull surface - have undergone systematic improvements in connection with planned dockings.

Smart Maritime

Since 2015, Solvang has been a formal participant in SFI Smart Maritime, one of 17 nationally funded centers for research based innovation. Through several projects with internationally renowned scientists, Solvang has optimized energy efficiency and reduced harmful emissions from our ships. Ethylene carriere Clipper Harald has functioned as a live testing lab, providing operational data on emission, power generation, propulsion, energy losses and other empirical data applied in the SFI Smart Maritime.

CCS ready for the seas

Onboard ethylene carrier Clipper Eos, the developed CCS system will serve a 7 MW main engine, where it will capture CO2 before it passes through the exhaust outlets. Inside the smokestack, the complex carbon separation process takes place, resulting in CO2 which is refrigerated until liquefaction and then stored on-deck. According to the plan, the CCS setup will operate alongside existing scrubber and exhaust gas cleaning systems onboard Clipper Eos for two years, providing a steady stream of live data.

Scan to read the article Wise use of renewable energy in transport

"CCS is something we can do within a few years. When the world has sufficiently green energy, the captured CO2 can be transformed into electro fuel," states Mr. Tor-Øyvind Ask, fleet director at Solvang.
If not reused, CO2 storage will be the main solution. Other appliances for CO2 from CCS are for carbonated soft drinks and beer, or in the food processing industry.

Sustainable tech across the fleet

Solvang's mission with the CCS pilot is to install sustainable technology across the fleet and contribute to reduce global shipping's environmental footprint. This is according to IMOs GHG-reduction framework and other international initiatives.

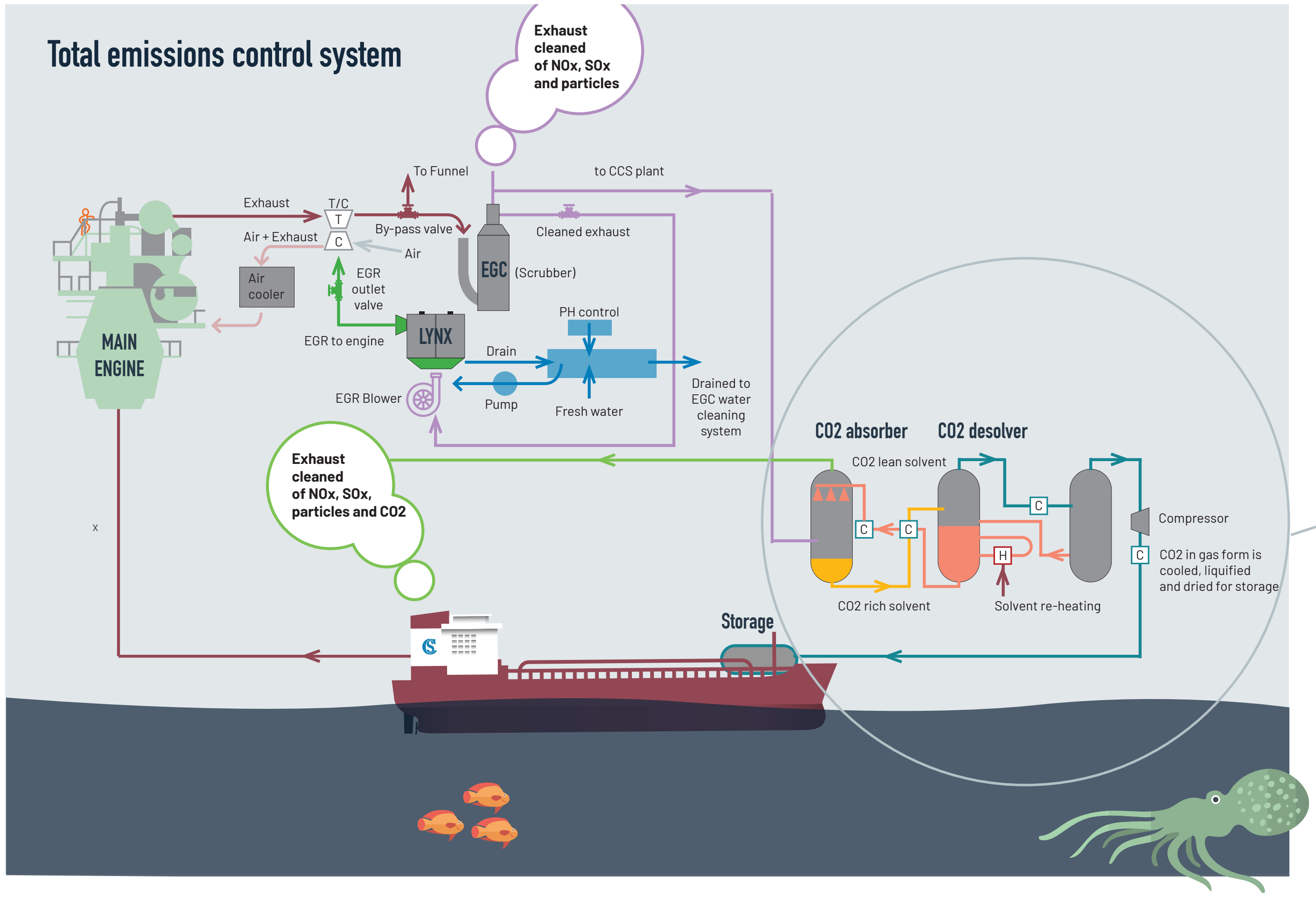
The project goes alongside a series of substantial measures in the fields of optimizing machine operations, transmission technology, propeller and rudder improvements, hull optimization, as well as advanced open-loop scrubber technology.

Peer-reviewed publishing

In 2023, Solvang aims to take part in the development of new knowledge. In the paper Transportation Research Part D: Transport and Environment, Solvang acted as co-author of the article "Wise use of renewable energy in transport". In the article, scientists from renowned Sintef Ocean, Kedge Business School France, Norwegian School of Economics and Solvang in Stavanger, argue that renewable energy sources are too scarce in availability to be deployed indiscriminately for large transport needs like global shipping. Instead, the researchers conclude, deep sea shipping must use other strategies to limit emissions. Essential to such alternatives would be CCS, exhaust cleaning and more efficient transportation.

A continuous race for better scores

The EEXI (Energy Efficiency Existing Ship Index) amendment to the IMO's MARPOL Annex VI, implemented Jan 1 2023, requires shipowners to calculate their vessels'



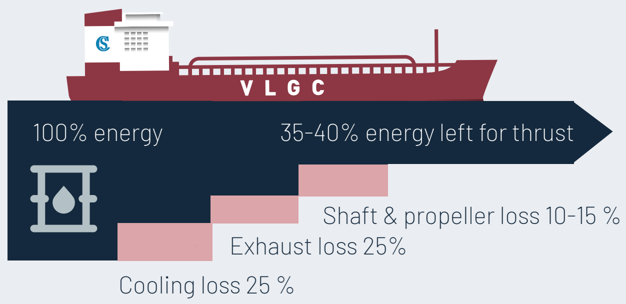
EEXI, based on a ship's energy efficiency design index (EEDI). Shipowners must follow a survey and certification process, resulting in an International Energy Efficiency Certificate (IEEC).

Additionally, shipowners must match each ship against the Carbon Intensity Indicator CII, yielding the annual efficiency ratio AER of the ship. The score is then compared to an annual decarbonization trajectory, with the goal of reducing carbon intensity by at least 40% by 2030 compared to 2008 levels. The CII score ranges from A (best) to E (worst), where D and E rated vessels must submit improvement plans.

Fuel and Mewis ducts

In 2022, Solvang made new investments in the Mewis duct program, which started when Clipper Posh and Clipper Quito in 2013 became the first VLGCs in the world to feature Mewis Ducts. A calculation of savings compared to investments in Mewis ducts for Solvang's fleet, shows a payback time within a few years. When the potential is taken out for all Solvang's vessels, annual savings will reach 10,000 tonnes of fuel, equivalent to 30,000 tonnes of CO2. Solvang is currently in the process of outfitting the entire fleet with Mewis ducts.

Energy loss from fuel to forward movement



A good way to reduce CO2 and other GHG emissions from deep-sea shipping in a well-to-wake perspective, is to continue optimisation of operation on fuel oil with scrubber or low-sulfur VLSFO. This will yield a trajectory of lower emission figures per cargo and tonne every year, fulfilling the objective of EEXI and securing a high AER of Solvang's vessels.

Solvang and Wärtsilä run carbon capture on a 1.2 MW test engine, which will be the basis for the Clipper Eos installation (7MW). (Photo by Solvang)

Advantages of Mewis ducts

- Reduction of rotational losses
- Improved propulsion efficiency
- Minimized drag
- Power savings
- Reduced vibration

Discharges to sea and land

Under normal operation, discharges to the sea are small and we have chosen to consider the following categories:

Ballast water

Ballast water is regarded as a high-risk emission source, as the ballast water contains marine sediments and organisms. When ships sail across the world with ballast water, species are transferred into waters where they do not belong, and they become a threat to the original marine life. This may damage the local ecosystem and could give severe consequences.

Solvang have installed ballast water treatment systems on board our vessels since 2013. In 2020, the last vessel in our fleet was fitted with ballast water treatment system. This means that all ballast water has been treated on all vessels since 2020.

Biofouling

The introduction of invasive aquatic species to new environments by ships has been identified as a major threat to the world's oceans and to the conservation of biodiversity. A multitude of marine species, carried either in ships' ballast water or on ships' hulls, may survive to establish a reproductive population in the host environment, becoming invasive, out-competing native species and multiplying into pest proportions.

Solvang's approach is to use high quality anti-foulings which prevent marine growth , as well as constantly monitoring hull resistance. In case of marine growth, this is removed by hull cleaning at the first opportunity.

Anti-fouling

Toxic discharges from the vessels' anti-fouling systems harming the environment, have led to a worldwide prohibition of coatings containing TBT. All old vessels are now coated with TBT-free anti-fouling systems, and of course all newbuildings are fitted with TBT-free coatings.

Solvang works closely with suppliers, in order to find and use anti-fouling solutions which will ensure the hull's environmental efficiency throughout the docking period.

Bilge water

All bilge water is run through the bilge water separator and each run shall be registered in the oil register. These discharges are covered by MARPOL 73/78 Annex 1. All waste oil and sludge is burned in the incinerator or delivered to an approved processing plant onshore.

Sewage

Sewage is defined as discharges from toilets, urinals and holding tanks. MARPOL 73/78 covers these discharges, and our vessels have holding tanks that are in accordance with international regulations. Sewage dumping is only allowed when the distance from the shoreline is at least 12 nautical miles. For disinfected or finely dispersed sewage, the minimum distance is 4 nautical miles. In both circumstances the vessel shall be moving. The Company will abide by all directives in this area, but with a crew of about 25 persons, we do not consider our discharges to be a major burden to the environment.

Oil

Under normal circumstances there will be no operational discharges of oil, but oil discharges may occur from thrusters and propeller shaft casings. The key to minimize these discharges is good maintenance. The oil consumption on these systems is monitored precisely. All vessels are also using bio-oil for systems where oil leakage to sea is possible, i.e. tail shaft thrusters etc.

Scrubber washwater

The SOx removed from the exhaust is converted into sea salt by the alkalinity (mainly calsium carbonate) in seawater.

To secure no harm to sea IMO sets limits to discharges to the sea from exhaust gas cleaning systems (scrubbers). Discharge values are monitored 24/7 and records are kept available for inspection at any time, in addition to chemical washwater analyses.

The rules apply to vessels at berth, requiring PH> 6,5 measured 4 meters from the ship´s side. Verified compliance is part of the vessel´s certification. PAH, turbidity and PH are measured 24/7 upon scrubber operation, and logs must be available for inspection at any time.

Third party water analyses have been carried out as part of Solvang´s operation of vessels with scrubber. There are good reasons to believe that the uncertainty created in the press recently, arises from cases with poor water sampling and analytical procedures.

Life in water

Our goal is to minimize operational and indirect discharges to sea, and strive for zero spills to the sea.
Contributors for possible interactions for life in sea:

- Ballast water
- Biofouling
- Anti-fouling release
- Scrubber washwater
- Bilge water
- Sewage
- Organic waste

Garbage/waste handling

MARPOL Annex V covers garbage and waste management. Within "special areas" such as the North Sea, it is prohibited to dispose of anything apart from food waste to the sea. Many types of garbage are produced on-board. A garbage management plan is stated for all vessels. Posters for garbage disposal are also displayed on all vessels.

The waste is segregated into different categories and the amount of garbage produced is reported through our vessel reporting system.

Waste management plan

Waste to shore

Plastics
Incinerator ashes
E-waste
Scrubber sludge/waste

Waste to sea

Food waste
Operational waste

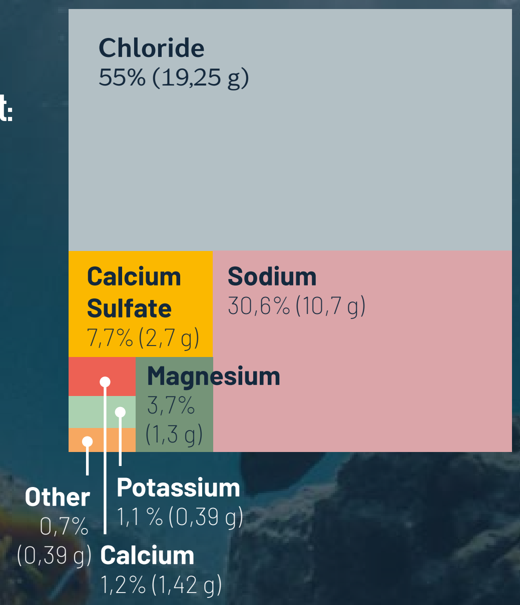
Waste incinerated on board

Domestic waste
Cooking oil
Oil sludge

Seawater – scrubber washwater

The current natural concentration of calcium sulfate in seawater is **2.7 g/l**. If all vessels in the world use fuel oil with scrubber for another 150 years, the concentration of calcium sulfate will rise to approximately **2.701 g/l**. This means a seawater scrubber can be regarded as a reactor converting sulfur into sea salt.

Sea salt:



Racing for the golden performance

Solvang's annual Energy Efficiency Award lines up our vessels for the big match: Who can outperform the others in seamanship and vessel operation?

Who said deep-sea shipping is tedious stuff? Every year Solvang kicks off a special competition between the crews on our vessels: Who can outperform the others in terms of tactical and strategic seamanship, smart operation and technical proficiency?

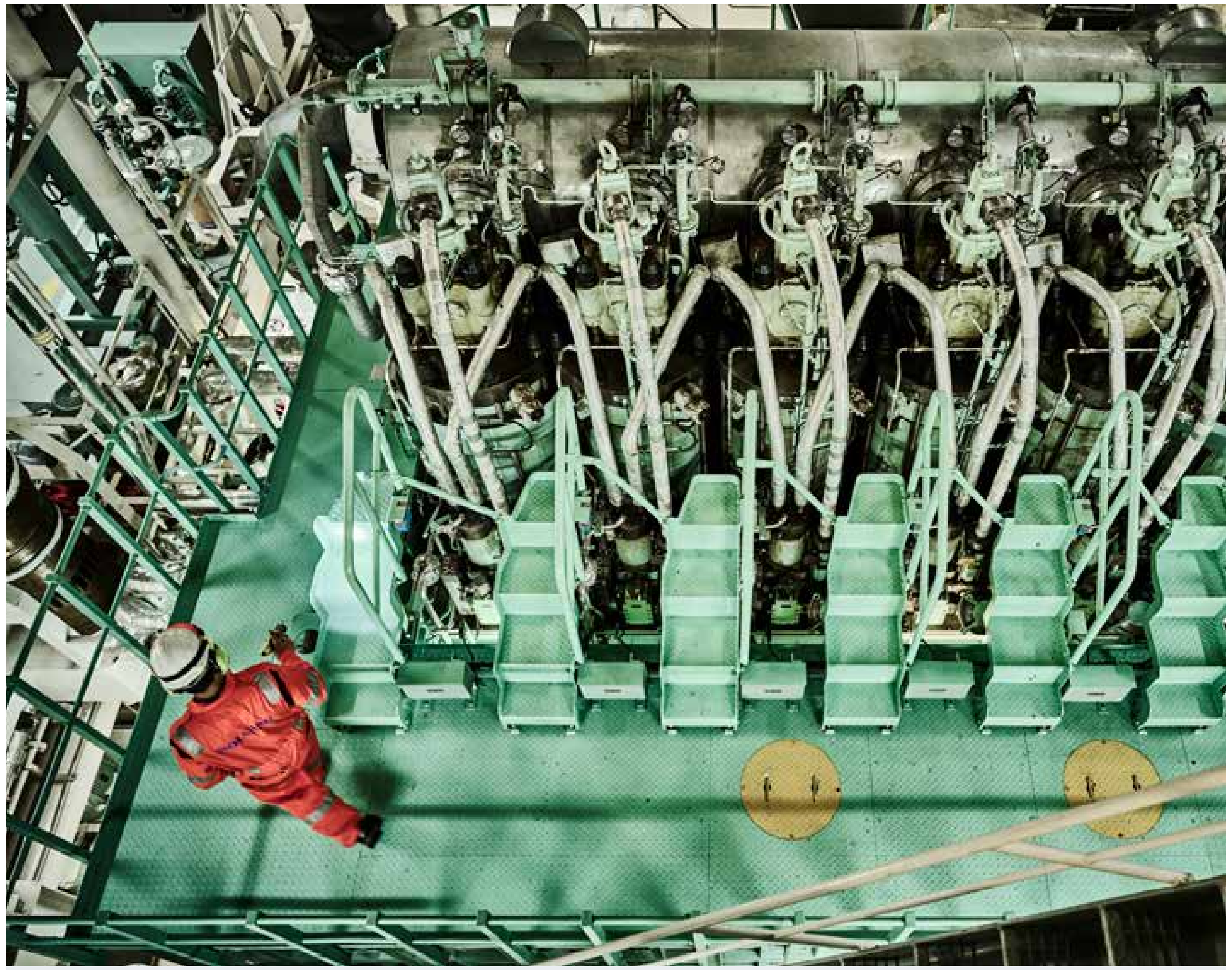
The rules of the competition are adjusted for each vessel's SEEMP, the Ship Energy Efficiency Management Plan. From there on, it's all about skills and tactics:

- Who picks the best routes?
- Who navigates the weather better?
- Who hits the optimal trim of vessel?
- Who operates the engines best?
- Who has best engine maintenance/performance?
- Who thinks out the best power-saving plan?

The point scores

SEEMP:
A score between 1 and 3, where 3 marks strong effort and highly relevant plans on bridge/deck, engine and galley, whereas 1 is lack in effort on those plans.
Self-assessment: A score from 1 to 3 on each crew's evaluation of what has been done, how it was monitored, and what plans they have for next year.

AER performance:
The AER value for 2022 compared to 2021, as to whether an IMO rating has changed. Add vessel speed, time at sea, time in ballast condition, as well as time since last docking, and the result will be a point score from 1 to maximum 5.



Motivation behind fleet performances

In 2022, the Energy Efficiency Award was marked by very strong performances in the previous year, as well as the phasing in of EEXI reporting to IMO. All together, the room for pure operational improvements was present, but smaller than in previous years.

The main purpose of the Solvang Energy Efficiency Awards is to create motivation for SEEMP work, and to make the personnel focus on AER performance.

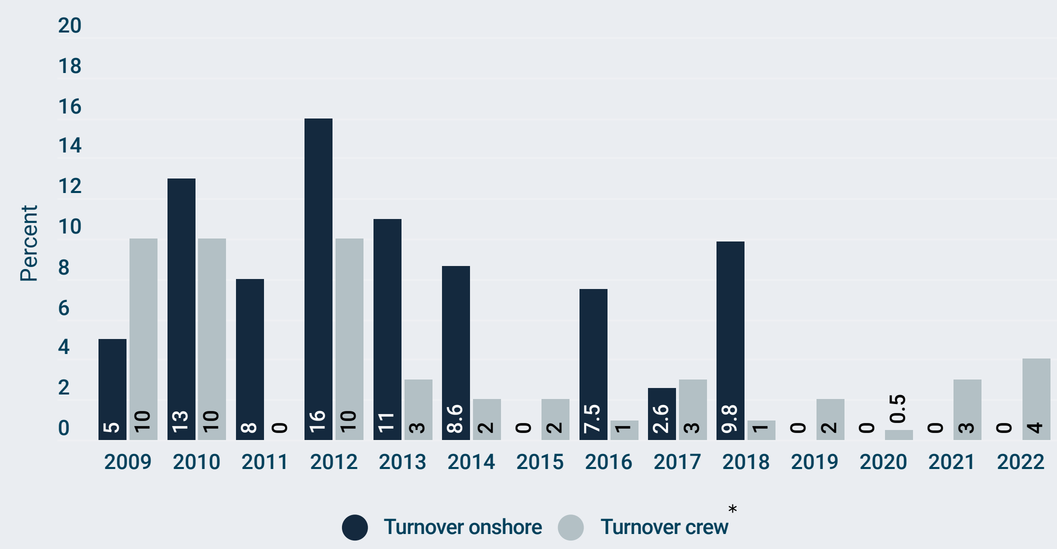
Efficiency is good for the environment and good for business. Requirements from IMO are on the raise, and we must improve to stay in business. Our AER performance depends on our CO2 emissions and distance sailed. These are factors which we can control and affect if we do things right, utilize our equipment and implement actions for best practice.

SOCIAL

Solvang's worldwide operations lends us a unique opportunity to spread and promote our core values; mutual respect, team spirit and quality as fundamentals to secure social responsibility across workplaces and nations.

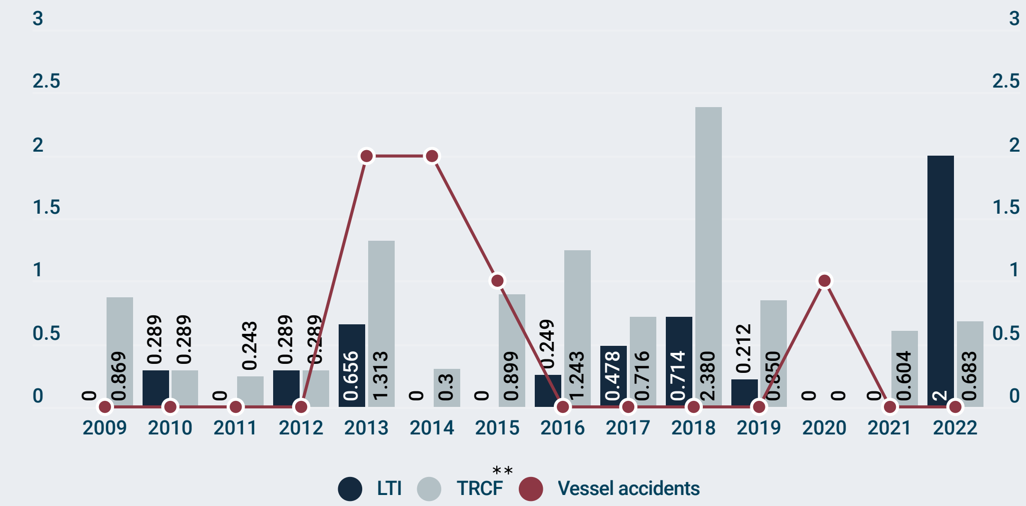
See page 114 for targets and progress.

Employee turnover

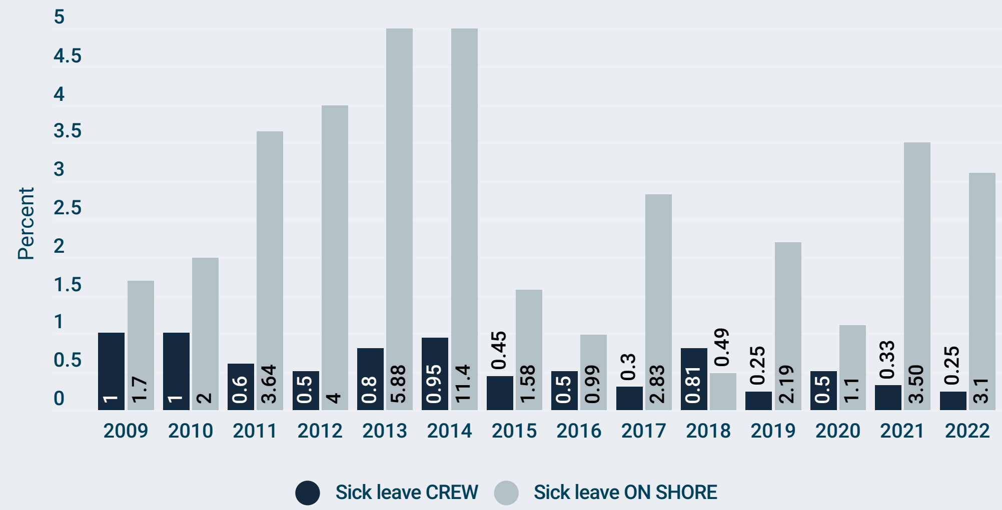


Safety

Continuous HSEQ programme since 2009



Sick leave



* Turnover for CREW is retention rate - 100
** Total Recordable Case Frequency

Positive effects from international shipping

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

International shipping brings people together from all parts of the world. Solvang is a good example of this.

Our vessels are built in South Korea, Germany and Japan with equipment and technology from Norway and other European countries. Employees from South Korea, Poland, Norway, Lithuania, the Philippines and numerous other nations contribute to the construction of the newbuildings; our vessels load and unload worldwide, and we are currently employing seafarers and office staff from more than 10 different nations.

In order to work, this complex structure depends on cooperation between different cultures and professions. We acknowledge that decisions made in Solvang's board room in Norway may have great impact on our employees, their families and the local societies around the world. We take this perspective and responsibility very seriously.

Shipping as an industry is often criticized, but international shipping has a lot of positive effects that rarely make it to the media headlines. Solvang's goal is not only to be in compliance with rules and regulations but to contribute to a high standard for quality shipping around the world. The world trade depends on shipping – and we strive to increase our positive impact on our surroundings.

This ambition is not achieved over night but is an ongoing process. Our most important instruments are our core values mutual respect, team spirit and quality. These should shine through everything we do and on everyone we meet on our path – colleagues, customers, owners, competitors, public sector, society and the local and global environment. Done right, we hope our efforts contribute to a positive spiral with positive dialogue and improved standards in an international perspective.

As a supporter of the principles in the UN Global Compact, member of Maritime Anti-Corruption Network (MACN) and ISO 14001-2015 certified, Solvang ASA adheres to high ethical and environmental standards in the way we conduct business.

Caring for human resources

Human rights and workers' conditions are put at center stage in Solvang, which deploys extended tools in order to ensure due diligence at suppliers.

Throughout the organization at sea and onshore, Solvang's firm stance is continuity in the personnel. This means upholding responsibility in our human resources policy. Creating an attractive workplace extends farther than hiring competent people and securing compliance with HSEQ regulations. It also means appreciating the well-being and professional development of our people through employee surveys and a wide range of measures.
We will not only make sure all our own operations and workplaces perform well in the area of fair treatment of employees and compliance with human rights. We will also influence our environment to all practical ends, to commit to the same global standards.

Equality and diversity

Of the company's office staff in Norway, 38% are women and 62% men. Women and men have equal opportunities to qualify for all types of jobs and positions, and they have equal opportunities for promotion. We actively encourage women at all levels to take part in our organization and enjoy a richly rewarding culture of diversity, opportunity and equality in rights.

Growing human capital takes decent working conditions, remuneration schemes adjusting for individual qualifications, as well as broad incentive measures including health and mental support for each and every employee. Solvang is a profoundly international organization giving space for a global range of backgrounds.

Recruitment

In addition to obvious cultural advantages, the rich composition of personal profiles attracts more highly qualified candidates to all our professions. The company strives to attract competent employees, regardless of religion, gender, race or sexual orientation. In this regard, we expect all our employees to display an extraordinary degree of tolerance, acceptance and understanding of their fellows at Solvang and throughout the supply chain, also due to our newly defined value «mutual respect». From the employer's side, Solvang is committed to keep sick absence on a low level, and lost time incidents at zero. On the way there, Solvang recorded a level of 0.25% sick leave on board the fleet in 2022. We had two incidents that resulted in lost time in 2022. Sick leave among the onshore employees was 3.1%.

Strengthening regulations

Even though transparency regulation mainly applies to Solvang's business operations, the new Transparency Act serves an important purpose of strengthening conditions for human rights and workers' conditions in our supply chain. Extending the rights to ensure due diligence in supplier operations is a welcome opportunity for Solvang to promote our core values of mutual respect, team spirit and quality in a wider setting.

Other regulations supporting Solvang's human rights efforts, would be the NIS and Maritime Labour Convention, and the UN Global Compact's guidelines for human rights, working life, anti-corruption and the environment, treated in other chapters.

Practical work

For many years, Solvang crew have been employed directly into Solvang-controlled companies, instead of working for third parties. The foremost example is maritime workers from the Philippines given employment contracts with Manila Solvang Philippines Inc. Solvang encourages all our partners to adhere to human rights and workers' rights in their dealings with us and with others. Solvang cooperates closely with local and regional contractors and suppliers.

We are certified according to the Maritime Labour Convention. This includes auditing and detailed reporting to the flag state authorities. The initiative promotes human rights throughout our industry, and ensures that our employees get the best of terms.

Placing our people first

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

Solvang optimizes our operations by empowering our employees: Physically, mentally and in terms of qualifications.

To every individual, good health both physically and mentally is a precondition for other aspects of an active lifestyle. Health is also a must-have for an employee to be able to contribute at work according to his or her qualifications and ambitions.

The fact that our people are our most valuable resource, has inspired Solvang to craft a health management plan called "Living the vision", covering all our employees. In this way, the company commits itself to each and every individual's inherent value and right to decent working conditions and dignity as a person.

Sick leave in Solvang 2022

Year	Sea	Office
2022	0.25%	3.10%
2021	0.33%	3.50%
2020	0.44%	1.15%
2019	0.25%	2.19%
2018	0.81%	0.49%

Turnover + retention rate 2022

Year	Sea retention rate*	Office turnover
2022	96.00%	0.00%
2021	97.00%	0.00%
2020	99.50%	0.00%
2019	98.00%	0.00%
2018	99.00%	7.30%

Fitness status of Solvang seafarers' pre-departure health examination

Condition	2022	2021	2020	2019	2018
FIT	98.00%	99.30%	96.39%	96.70%	98.70%
UNFIT	1.00%	0.60%	2.86%	2.60%	1.00%
EXPIRED	1.00%	0.10%	0.75%	0.70%	0.30%

*Retention rate according to BIMCO

Visit solvangship.no or scan the QR code for details about the "Living the Vision" programme.

Mental health

For several years including 2022, Solvang made mental health one of the main topics in our health management policy. Regular programs are being carried out. Since the ripple effects of the pandemic decreased throughout the year, Solvang directed more energy into colloquial activities like our resilience programme "Let's Talk", modeled by Shell. Both online and offline mental training is regular for our seafarers.

Nutrition and exercise

The old Norwegian saying "a healthy soul in a healthy body" applies to Solvang in the form of a conscientious catering programme covering our vessels and main onshore workplaces. The programme has been designed in collaboration with the Thome Group, and it includes training all our cooks to do menu planning with nutritional elements. The programme is part of Solvang's health and nutrition policy, which provides guidance to our seafarers on how to choose healthy food.

In 2022, Solvang kept up the Re:Start concept "eat-move-sleep-social relations". Our dedicated human resources department continues to deploy the programme as a foundation for Solvang's wellness process and policy.

Halcyon Healthcare

Solvang cooperates with Halcyon Healthcare Clinic in Manila Philippines for premedical (PEME) screening of our Filipino seafarers. For more than a decade, everyone signing on a Solvang vessel from the Philippines has been undergoing a NIS (Norwegian) medical check-up. We also cooperate with GARD (our P&I club) for extensive PEMEs for all Filipino seafarers. This is a thorough health examination made in addition to individual conversation with medical personnel about diet, nutrition and regular exercise. In recent years, some employees reported challenges to continue their healthy on-board lifestyle when staying home on leave. Solvang's response "healthy on board, healthy at home" includes following up seafarers on vacation via Halcyon Healthcare Clinic. Through Living the vision we also encourage all personnel to retain their healthy routines at all times, for their own benefit.

Health insurance and pension

Solvang covers our employees with a comprehensive health insurance scheme. Norwegian seafarers are covered by Norwegian social security. Employees of all other nationalities are insured through Marine Benefits, covering the employee and his family, including doctor visits, sickness, and hospitalization. The system is cashless, so the employee books an appointment via the insurance company without paying in advance. Solvang also has pension plans for all nationalities not covered by a national defined-contribution pension system, saving a proportion of their yearly wage. Our focus is to create a package that secures good health, stability and security for our colleagues and their families in the long term.

Social support

Since more than 95% of Solvang's maritime employees are from the Philippines, it is natural for us to support activities in that country in particular.

Through the Norwegian Shipowners' Association, Solvang has (as one of 12 members) been supporting the SOS Children's Village in Cebu with annual funding for their operations since 2008.

In Norway we also give financial support to various activities like The Norwegian Sea Rescue Society, The Salvation Army and Varmestuens Venner to mention some.

GOVERNANCE

Dependable control mechanisms anchored at top-level management and the Board of Directors is at the the core our governance structure.

See page 115 for targets and progress.

Inspections 2022

Flag & Port State control 2022

47 DNV inspections (50 including vessels sold in 2022)
0 observations on average

54 port state controls
0.52 observations on average

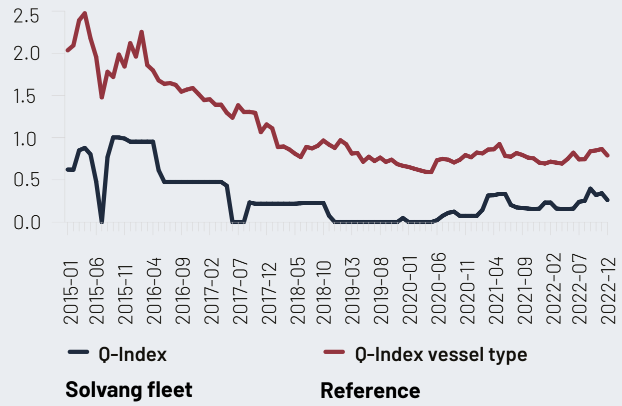
Internal inspections follow the fleet size. External inspections by DNV and flag states are done in 5 year intervals.

DNV Ship Quality Index 2015-2022

The DNV Ship Quality sums up Solvangs performance. The reference is the total LPG carrier fleet in the DNV system.

DNV scores Solvang considerably better compared to the world average LPG-tanker fleet.

Low number, few issues = high quality.



Solvang procedure revisions 2022

In order to comply with all rules and regulations we make frequent audits of our operating procedures. Below is an overview of how the audits have initiated and how many procedures have been updated in 2022.

REASON	PROCEDURES
Periodical	63
Internal observations	0
External observations	1
New regulations	42
Comments from the crew	39
Comments from shore staff	65
Risk assessments	1
TOTAL	**211**

Rules and regulations outlook:

The Norwegian Transparency Act enforces routines to ensure human rights and decent working conditions are provided - throughout the supply chain. The act sets out detailed provisions for:

- Due diligence
- Publication of due diligence assessments
- Information duty

Read more about The Norwegian Transparency Act on page 52.

Corporate Governance in Solvang

Reliable control mechanisms sustained at company top-level constitute Solvang's principal governance structure, and warrant of our values.

Board of Directors

Michael Steensland-Brun
Chairman

Ellen Solstad
Independent Director

Jostein Devold
Independent Director

Solvang ASA Executive Leadership

Edvin Endresen
Chief Executive Officer

Kim Larsen
Commercial Director

Egil Fjogstad
Chief Financial Officer

Tor Øyvind Ask
Fleet Director

Kjetil Meling
HR Director

Since its founding Solvang has kept answerability a focus for governing corporate assets and operations, including our human capital. By upholding the values of mutual respect, team spirit, and quality in everything we do, Solvang has created a culture of ethical business conduct which permeates our activities around the globe.

As anyone who worked with Solvang may have noticed, a certain set of attitudes characterizes how we solve our tasks and relate to each other, our customers, suppliers and the society in general. We think enthusiasm and friendliness best describe this set of attitudes - from the top-level management and the Board of Directors, down to each and every one of the employees.

Attitudes and actions

The company strives to continually earn the trust endowed upon us by our stakeholders. To achieve this, we safeguard a consistent relationship between values, attitudes and the work we actually do by bringing the world raw materials for sustenance and development.

The governance control structure which we apply to secure this, includes mandatory approval of all significant operational and financial dispositions, internal control procedures, external audits, and control of the supply chain. By conscientiously adhering to our principles, we believe that gradual improvement will take place for all stakeholders.

No discrimination

We do not accept any discrimination!

The mission is to perform our activities based on respect for all employees. We will conduct our business with social consciousness and show respect for colleagues, business partners and competitors. Solvang will be marked by a high standard in matters relating to health, environment and safety, in accordance with present legislation.

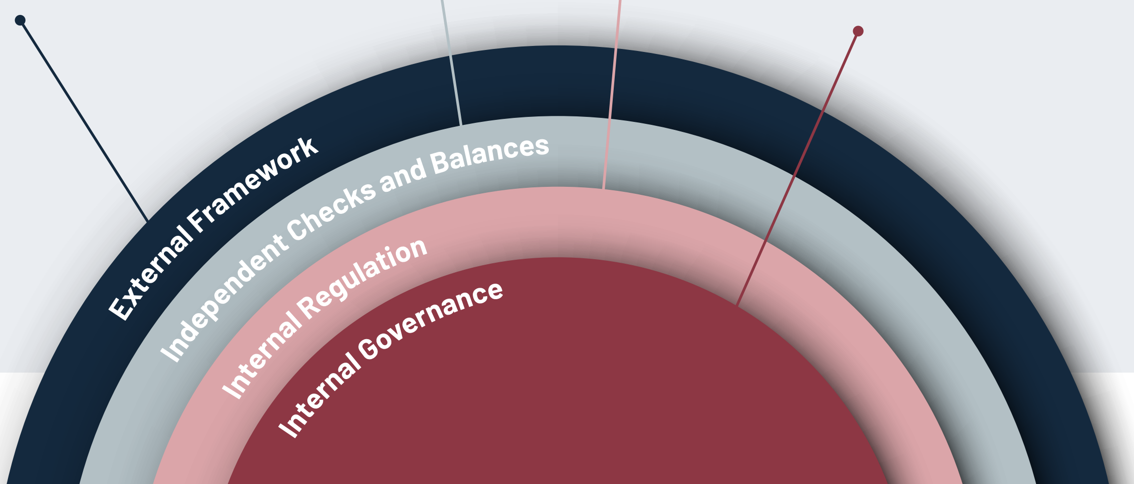
Corporate Governance Structure

Independent Checks and Balances
- External Audits - professional examination of accounts
- Annual General Assembly - shareholders participation

Internal Regulation
- Bye-laws of Solvang ASA
- Quality managment system
- Ethical guidelines
- Authorisation matrix
- Supplier code of conduct
- HSEQ framework «Living the Vision»

External Framework
- The Norwegian Code of Practice for Corporate Governance
- Norwegian Companies Act
- The Norwegian Transparency Act
- Corporation Code of the Philippines
- IMO and flagstate regulations
- Laws and regulations in countries which we operate

Internal Governance
- Board of Directors
- Executive Management
- Internal Audit



Solvang's values and commitment to ethics

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Mutual respect, team spirit, and quality comprise the fundamentals of Solvang, which we convey in all our business operations.

Solvang has developed as a company within a Norwegian tradition of honest labor and people having to trust each other at sea in often harsh weather. We made an effort to define and integrate some of the best values from our surroundings with our own identity and organization.

Solvang's ethical fundamentals consist of mutual respect, team spirit, and quality. These values underpin and qualify the ethical guidelines which govern the company's relationships with employees, customers, suppliers, owners, competitors, the public sector, and society at large.

Inclusion and respect

Solvang promotes an inclusive work environment, prohibiting any form of discrimination based on sex, religion, cultural heritage, race, or other factors. The company is committed to conducting business with social consciousness and showing respect to all employees, business partners, and even competitors. Our uncompromising standards in health, environment, and safety serve as the physical respect for our people. At Solvang we treat every employee with the respect and dignity of being a human individual. In addition to the rights that follow, this respect also entails the responsibility of every employee to stick to their ethics.

Management is overseeing ethical compliance across the company, warning that violations of guidelines may trigger consequences.

Business ethics

Solvang expects honesty and integrity in all business relations, including transparent documentation of transactions and avoiding any activities that conflict with domestic law. We encourage seeking advice and supervision in cases of doubt about competencies and interests that could harm the company's reputation. Incidents are to be reported, and Solvang guarantees the protection of whistleblowers in cases of suspected irregularities.

To ensure conduct in harmony with our core values and ethical guidelines, Solvang offers an ethical conduct test to assist our people in their everyday roles and functions:

When making decisions that affect business ethics and personal conduct, employees should consider the legality, fairness, consequences, and justifiability of their actions.

SOLVANG ASA ANNUAL REPORT 2022 GOVERNANCE

Saying no to corruption in all relationships

Solvang works systematically against corruption and says no to bribery in all our activities globally.

Maritime Anti-Corruption Network (MACN) is a leading global anti-corruption initiative, and Solvang's arena to discuss and improve shipowners' opportunities to fight the proliferation of criminal activities in our sector. Through the network's organization Solvang works together with local governments in countries such as Nigeria, with the aim to raise awareness and incentivize adoption of new procedures against corruption. We strongly believe in applying tools to standardize the answer "no" to criminal undermining of legal trade and transportation world-wide.

Actual improvements

Solvang encourages and supports all our employees in the effort to report corrupt demands, thereby facilitating formal investigations locally. In the long term, a consistent practice of reporting all incidents can lead to a cultural change.

Among other concrete areas of risk and need of special awareness, the Suez Canal is a recurrent topic. For several years, Solvang has worked through relevant channels and organizations (MACN) to strengthen the integrity and international cooperation to put in place an action plan with local authorities. After the plan was put into force, we are proud to conclude that anti-corruption efforts actually can contribute to a better world and working environment for our hard-working staff.

Supplier's conduct

Throughout our extensive network of suppliers, Solvang executes zero tolerance for bribery and corruption. We expect the highest standard of moral and ethical conduct from our suppliers. It is a prerequisite for Solvang's collaboration with suppliers for them to respect local laws and not engage in any form of corrupt practices, including extortion, fraud, or bribery. If any employee or professional under contract with Solvang may have an interest of any kind in the supplier's business or any kind of economic ties with the supplier, Solvang requires this information to be shared with us in order to maintain the integrity of all our transactions.

Solvang's dedication

There should never be any doubt that Solvang assumes full responsibility for the integrity of its relationships with others. We will not accept nor offer any benefits in order to smoothen business with the company. To stay fully transparent and accountable Solvang will reject invitations to sporting or cultural events, holidays and recreational trips or activities paid by interested parties. Any exceptions connected with Christmas or other occasions will include only small gratuities which don't raise doubt about Solvang's dedication to fight corruption in all its forms, everywhere we go.

Reinforcing supply chain management

Due diligence sails up as a major field of priority in Solvang's corporate governance, to ensure the impact of our values in a new regulatory regime.

In addition to Solvang's consistent efforts to minimize the effects of corruption, human rights breaches and other negative trends in global trade and production, we have made concrete initiatives to ensure compliance as a minimum, throughout our global supply chain, starting in 2022.

"The Transparency Act has very timely pointed out third party vendors and affiliated companies as important targets of our diligence", states Mrs. Tanja Øvrebø Hunshamar, supply chain manager at Solvang.

Mandatory prequalification

The pretext of our enhanced supply chain management vis á vis human rights, workers' conditions and transparency, is new international regulation. Solvang has choosen to sail under the Norwegian Flag (NIS) , ensuring the highest possible quality of operation. At the current stage, our supply chain department is being strengthened with extra capacity to perform due diligence reporting towards our network for suppliers.
"We will carry out a prequalification of all third-party vendors entering into our supplier register", states Mrs. Hunshamar. She underlines the importance of a fact-based, fair and consistent practice of evaluations at all times. As a member of the Norwegian procurement organization Incentra, Solvang's risk of weak supplier standards or conflicting practices by a third party organization has been reduced substantially.

Framework of governance

As a global supplier of LPG and petrochemical tonnage, Solvang maintains a working relationship with a diversity of stakeholders in various jurisdictions. Hence, clearly defined routines for performing due diligence assessments, as well as rules for communication with suppliers, as well as reporting issues, are being arranged for.

In 2023, Solvang will conclude an analysis pointing out potential measures to include in governing documents. As a means to attain best practice, we will refer to renown human rights standards as well as due diligence assessments.

Risk management

The characteristics of global transport accentuate the need of overall risk assessment procedures. At Solvang, we are currently (2023) gathering information about negative impacts and the risk for such impacts, towards human and workers' right in our value chain. The concrete risks which we discover in the assessment,

will be compared to general information about risks in those countries and businesses. Together, we will use the knowledge base to manage risk in the best possible way.

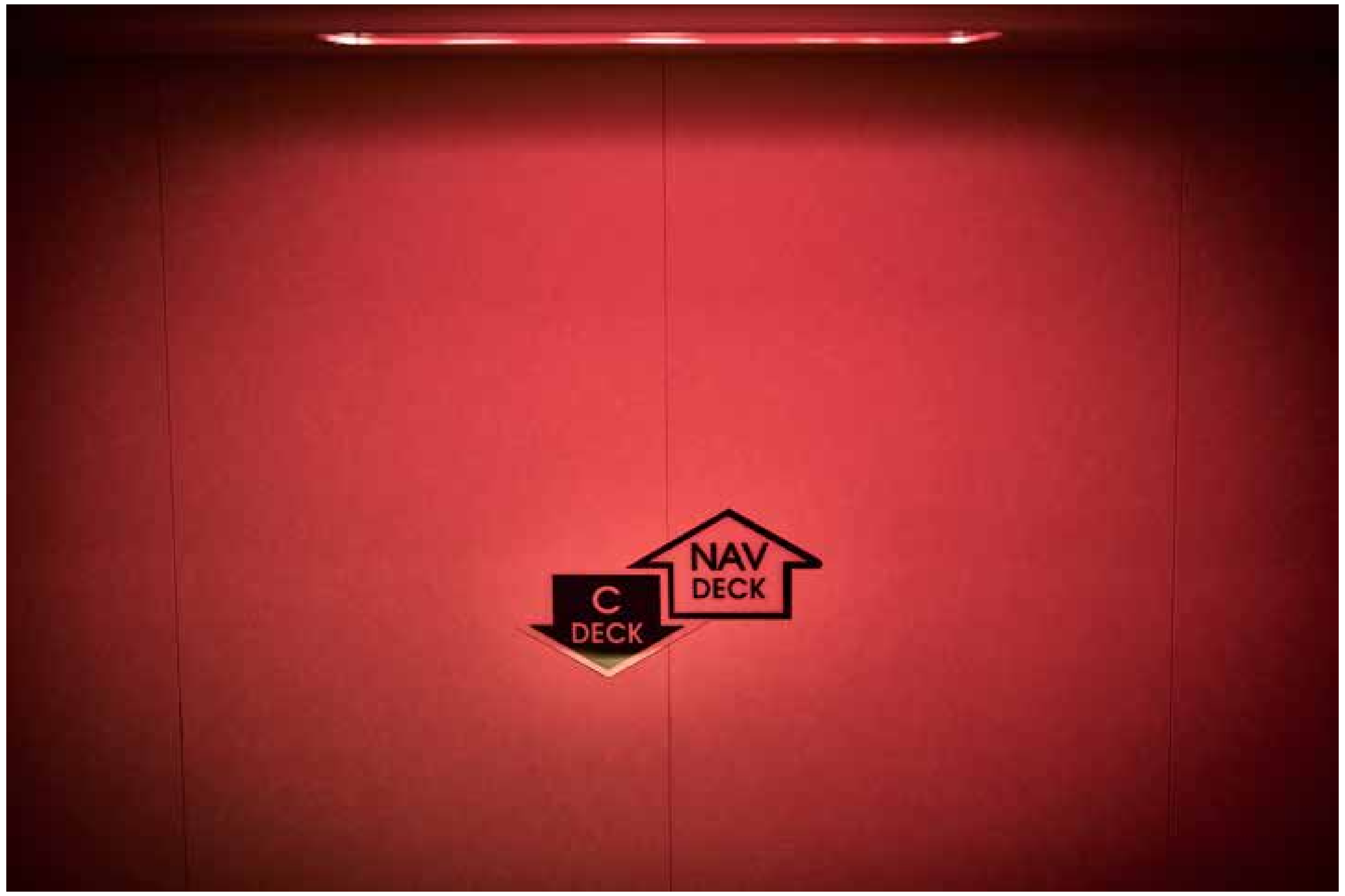
Plan of action

The combined knowledge base which we assemble about specific and general threats towards our value chain, will be deployed for operational purposes within a plan of action. This plan will guide Solvang in the process of screening third party vendors for follow-up audits. The plan will be executive to the extent that it offers methodology for qualifying our supply chain, and identifies an anticipated value of implementing measures.

Among these measures, which will be presented in detail starting 2023, the stakeholder dialogue will stand central. As a major value-driven organization proposing mutual respect, team spirit, and quality as principles to enhance our common good, Solvang stands ready to assist all suppliers who share our objective of continuous improvement.

The Transparency Act has very timely pointed out third party vendors and affiliated companies as important targets of our diligence

Tanja Øvrebø Hunshamar
Supply chain manager



Solvang's sanctions policy

As an advocate of international law and order, Solvang adheres to and supports sanctions and restrictions against blocked nations, entities and persons.

Solvang adheres to economic or trade sanctions laws, regulations, embargoes or restrictive measures carried out by:

- The United Nations;
- The United States of America;
- The European Union, or member states;
- The United Kingdom;
- Norway,

or any countries to which any of these are bound, as well as their institutions and agencies, and special sanctions authorities.

As a rule, Solvang follows the blocked nationals and persons list issued by OFAC, and the targets and investment ban list issued by HMT.

Solvang enforces our sanctions policy by the following means:

- Due diligence audits, particularly towards vessel buyers and new clients;
- Sanctions clauses in all contracts, encompassing time and voyage charter parties, covering all major transactions;
- Routine sanctions compliance checks among suppliers;
- Use of legal counseling in contractual negotiations.

Continuous improvement

We believe that if all work tasks and jobs are done according to our core values, ***mutual respect, team spirit, and quality,*** the outcome will automatically be continuous improvement. For us, this is the single most important parameter in order to reach our mission statement and vision.

The vessel operations have to comply with all rules and regulations. To ensure this, we have internal inspections where office staff spend several days on board for controlling and making sure that all systems and processes are according to our procedures.

Our customers have their own inspections three times a year, and the Class inspects our vessels yearly on behalf of the flag state and port state to ensure that the vessels are safe in their respective ports.

Passing the external inspections with good results is basically our «ticket to trade», and detention or high-risk observations may have severe consequences commercially.

In total, we have approximately 70 KPIs in the following areas: safety, human resources/health, environment, training, fleet operation and vetting & inspections (quality).

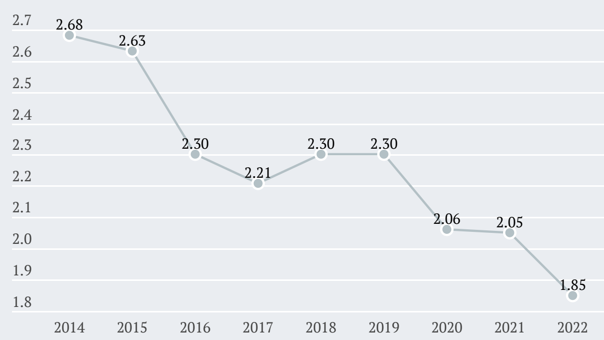
Targets are set annualy and followed up monthly and quarterly on different levels in the organization. This has been an ongoing process which started back in 2008. Sharing best practice and benchmarking between our vessels are among our tools for fuelling the process of continuous improvement. On a top level we started to measure our quality with a quality score, which is a weighted number of observations based on external inspections.

Solvang Quality Awards

We are proud of our good results and continuous improvement on HSEQ in Solvang. That is why we have invested a lot of time, effort and money in the "Living the Vision" programme.

Visit solvangship.no or scan the QR code for details about the "Living the Vision" programme.

Number of observations during inspections



* Based on the overall number of observations on the following inspections: OCIMF inspections, CDI inspections, DNV-GL Annual Class/ISM/ISPS/ISO 14001/MLC audits and Port State Controls (PSC).

Quality Awards results

Year	Top	Score
2022	Clipper Venus/Eos	0.45
	Clipper Freeport	0,50
	Clipper Eirene	0.88
2021	Clipper Venus	0.45
	Clipper Freeport	0.70
	Clipper Eirene	0.73
2020	Clipper Venus	0.68
	Clipper Jupiter	1.03
	Clipper Eos & Saturn	1.10

SOLVANG 2025/2030

The Solvang ECO gas carriers demonstrate how systematic design efforts and continued improvement of operations together yield reductions in energy consumption and emissions to air.

70%
cut by 2030
Total annual GHG emissions compared to 2008 on Solvang vessels with CCS installed

Clipper EOS – CCS project

If all goes well, Clipper Eos will send live operating performance data from the carbon absorber and stripper units, as well as the modified liquefaction systems to cater for deck tanks. The CCS setup will operate alongside existing scrubber and EGC systems on-board Eos. The scheduled combination of CCS, scrubber and Solvang´s low-pressure EGR system will handle CO2, NOx, SOx, particles, CO and unburnt fuel from the fuel oil combustion.

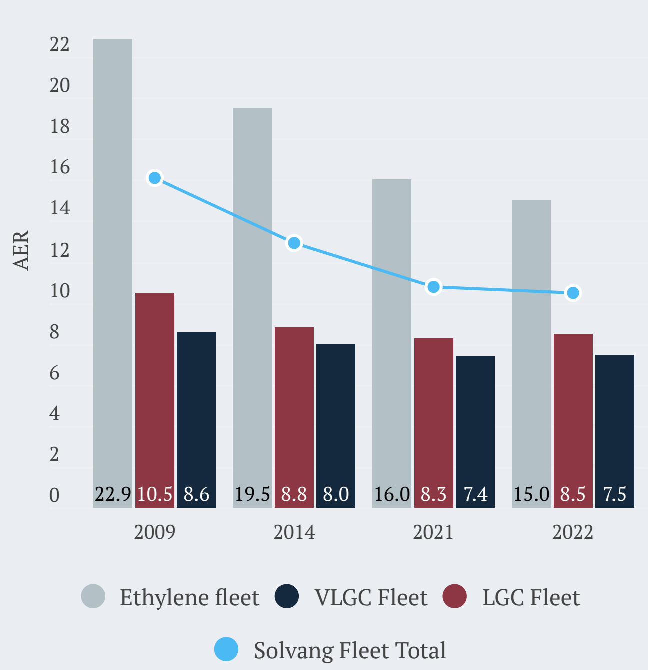
Challenges to AER indicators

The results below clearly demonstrate how the AER indicators (see page 21) disfavor vessels during idling, bad weather and port operation. While not sailing, vessels still consume fuel for heating, cooling, electricity etc, as an example one of our E-class (21 K ethylene vessel) change trading pattern Q4 2022 and the AER value increase for those three months increase from around 13 to 32.

IMO is working to adjust the indicators to adjust for abnormal idling, special operations, bad weather and abnormal heating/cooling needs.

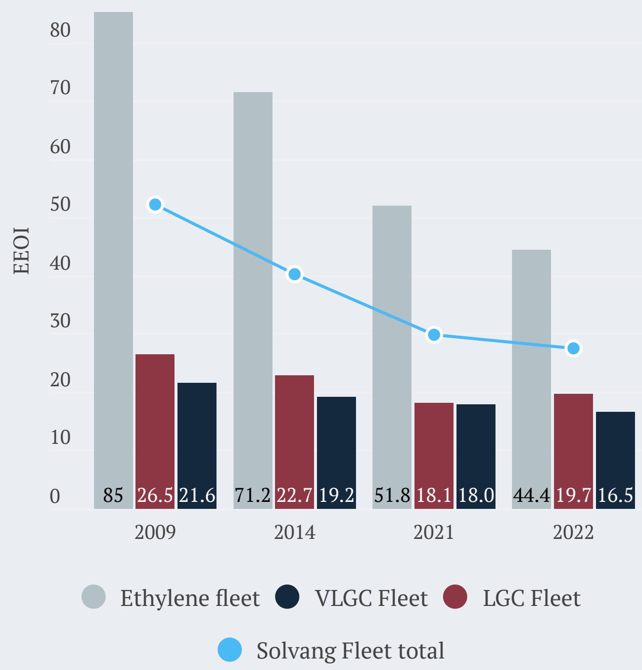
Annual Efficiency Ratio development (AER)

35% reduction since 2009



Energy Efficiency Operational Indicator (EEOI)

47% reduction since 2009



Year 2025/2030

Ethylene (E and H-class) vessels AER rating

The average AER has changed from 16 (2021) to 15 (2022). Following the IMO 2019-2026 reduction target, 15 corresponds to a "C-rating" in 2023 and an "E-rating" (non compliance) for 2024 and beyond.

In general, our E-class vessels performed well in 2022. The H-class performed as in 2021, but after dry docking and engine/propeller modification, the performance of the first H-class vessels is close to the E-class. (AER between 12 and 13 with a normal operation pattern). The rest of the H-class will undergo the same upgrade in 2023.

Anticipating continuous 2% reduction in target AER, and simulating E-class and modified H-Class up to 2020, the fleet average will have "B-rating" up to 2026 and "C-rating" up to 2030.

As a result, our ethylene fleet will score far better than the required AER in 2025 and would also be in compliance in 2030.

LGC vessel AER rating

According to Solvang's AER scores, our LGC fleet has increased from 8.3 in 2021 to 8.5 in 2022. Compared to the IMO 2019- 2026 reduction target, the 8.4 value corresponds to a "C-rating" yielding compliance in 2025 without further measures.

Six of the LGC vessels will dry dock in 2023. The vessels have relatively high fuel consumption due to the end of anti-fouling lifetime. Continued wating time and port inefficiencies for some vessels result in increased marine growth on the hull, causing increased energy consumption during sailing. Even with these unfavorable conditions the average for the LGC fleet is in compliance.

Assuming continued 2% reduction in target AER from 2026-2030 (see figure under rules and regulations), the LGC fleet average will require 7.38 in 2030.

Based on the EEXI certification and installation of Mewis ducts on the rest of the LGC fleet, our LGC vessels operate in the same pattern with continued improvement of operations, best practice and maintenance. As a result, our LGC fleet will be in IMO compliance also in 2030.

VLGC fleet AER rating

Solvang's AER scores show the VLGC fleet is almost identical in 2021 and 2022 (7.5 and 7.4). One vessel is sold. Compared to the IMO 2019-2026 reduction target, the 7.44 value corresponds to a "C-rating" yielding compliance in 2025 without any further measures.

Three of our VLGC vessels are in their final year before drydocking and renewal of anti-fouling. This causes a considerable increase in fuel consumption during sailing. For the remaining VLGC fleet, the AER score is good. Assuming continued 2% reduction in target AER from 2026-2030, the VLGC fleet average required in 2030 should be < 6,56.

Between 2025-2030 the VLGC speed would be slightly limited by the CII requirement and not the upcoming EXII certification. The speed for some of the vessels will in 2030 be limited to about 15 knots. Actual speed in 2021 was about 16 knots.

Summary 2030

With the assumption given above and planned upgrades for some of the vessels, the current Solvang fleet will be fully AER/CII compliant in 2030. However, the speed will be slightly lower than before the new regulations. Maintaining high performance in compliance with the reulations will require constant and close cooperation between charterer, vessel and office.

Solvang 2050: Clipper Future

In 2010/2011, Solvang launched Clipper Future, the project through which we created the Solvang ECO-LPG carrier concept.

Clipper Future aims to design vessels as fuel-efficient and green as possible. Given a reasonable write-off schedule, the investment would yield lower OPEX and reduced emissions. The vessels should comply with current and future regulations. The scope of Clipper Future has been to identify the most cost-efficient and smart solutions for the technical systems on board. The shipowner assumes a well-to-wake framework implying that all GHG emissions must be accounted for. Clipper Future proves that the question isn´t which fuel we use, but how we use the fuel.

GHG neutral fuels

In order to comply with IMO GHG emission targets, we need a zero-carbon fuel. Except from a small amount of biofuel, such fuel is not available in any amount needed today. As for zero-carbon fuel, the challenge is to avoid energy and cost intensive processing which today leads to substantial losses. The price factor is 4 to 10, compared to standard fossil fuels (IMO 4th GHG study 2020). Pertaining to standard fuels, a well-to-wake approach is crucial to avoid GHG emissions shifting from shipping to oil power plants or coal-burning facilities.

GHG-neutral fuel: Shipboard CCS

If Solvang´s shipboard CCS project succeeds, we expect a large proportion of the world fleet to make use of the technology. If the technology is combined with biofuel and/or electro-fuel with CO2 from air as well as CO2 permanently stored beneath the sea floor, the GHG emissions figures would become negative. Read more about Solvang´s CCS project on pages 28 - 31

GHG-neutral fuel: Electro-fuel

Artificial fuel processed from air, water, and renewable electricity. See pages 22 - 25. According to lates investigation it is good reason to anticipate that renewable electricity would be a limited resource the next decades. The fundamental challenge are that even if the world allocate all renewable electricity in the word to produce e-fuel it would not be enough to fuel deep sea shipping with green ammonia. This is a challenger shipping cannot solve alone. For this reason, it is difficult to see that e-fuel would be available in more than small amounts in the next decades. The challenge would be the availability of the e-fuel not the actual use of it.

GHG-neutral fuel: Carbon offset

In a carbon offset scenario, the global cost of new fuels increases to a level which legitimates buying carbon emission quotas from sectors that have lower emission reduction costs. Carbon offsetting is designed to stimulate climate protection by supporting emission reduction projects which would otherwise be unfeasible. When all GHG emissions cannot be avoided, highquality emission reduction projects can be used for compensation. A market for carbon quotas is currently open, trading CO2 cuts to a fraction of the price for using alternative fuels.

Future regulations

The conditions for future ship design and fuels will manifest itself through rules and regulations not yet defined. The industry expects tighter regulations on emissions to air other than CO2, particularly SOx, NOx, CO, THC, and particles. This poses technological challenges, as reduced NOx outlets normally correspond with increased GHG outlets. As an example, TIR III requires an 80% NOx reduction compared to TIR I. This is not achievable on a diesel engine by means of engine design and adjustments. Even costly modifications to bring down NOx emissions would result in higher GHG outlets, possibly ruling out compliance with other parts of the regulatory

95%
cut by 2050

Total annual GHG emissions compared to 2008 on Solvang vessels with CCS installed

framework. The conditions for future ship design and fuels will manifest itself through rules and regulations not yet defined. At the same time, charters will go to the lowest bidder, whether transporting LPG, petchem, ammonia or other gases. In this perspective we assume that transport expenses in the future will rise.

Design criteria for Clipper Future

All vessels ordered today need the possibility to operate on GHG-neutral fuel when it becomes available. At the moment, there is no alternative to our two-stroke directly driven main engines for propulsion. It has documented reliability, its fuel efficiency exceeds 50%, and it can be modified to operate on all fuels. The following examples illustrate that all foreseeable solutions today would be GHG-neutral when using biofuel or e-fuel, without modifications.

Technical fuel specifications.

The specific choice of fuel for Clipper Future would be made after careful evaluations of the alternatives above, which are currently projectable in terms of commercial operation, environment, technology, and operational expenses and revenues. More alternatives may arrive, some more or less radical, like wind assistance or air lubrication of the hull. They should all be considered in due time. As for now, Solvang believes that a combination of fuel combined with our CCS options would grant us optimal flexibility. In the future, given sufficient supply of GHG-free electricity, we will deliver CO2 to the bunker barge, and in return receive e-fuel produced by our captured CO2. In line with technical specifications for vessels, we stick to the Solvang ECO vessel design, including the Optimization of Hull lines, cargo intake, cruising range, propeller/rudder design, heat recovery and others.

Example 1

Today:	Tomorrow:
Conventional fuels	Conventional fuels + CCS

Example 2

Today:	Tomorrow:
Fuel oil/LSFO (SCR/EGR)	Biofuel (fuel oil/MGO) or e-diesel

Example 3

Today:	Tomorrow:
Dual fuel LPG/MGO (SCR/EGR)	Biofuel (LPG/MGO) or E-LPG

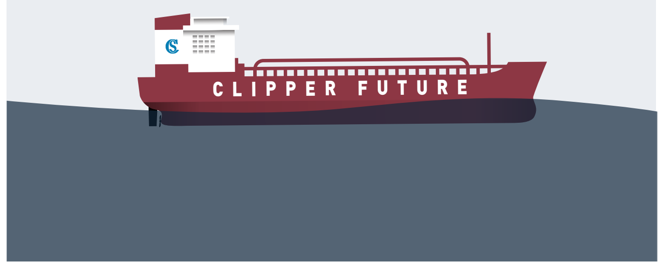
Example 4

Today:	Tomorrow:
Dual fuel LNG/MGO (catalyst + exhaust gas recirculation + LP-dual fuel)	Bio-LNG/MGO or E-LNG

Example 5

Today:	Tomorrow:
Dual fuel methanol / MGO (SCR/EGR/water in methanol)	Bio-methanol/MGO or e-methanol

Prerequisites for all examples:
No change in engine tank or system, the amount E-fuel/biofuel can be adjusted to reach the GHG target.



BOARD OF DIRECTOR´S REPORT

1. INTRODUCTION

The results presented for 2022 represents a record net earnings level for the Solvang group. In term of revenue, the group show an increase from 2021, coming from improved market for both the LPG and ethylene / ethane segment. Further gain comes from selling three vessels during 2022, as well as gain from selling interest rate swaps.

The Group recorded a profit before tax of USD 88.7 million against a profit of USD 60.3 million in 2021. Net Cash flow was negative USD 25.8 million compared to positive USD 20.6 million in 2021. Tax expense was negative USD 0.2 million, and the Group had a profit after tax of USD 88.9 million against a profit of USD 60.0 million in 2021.

The board of directors proposes to pay dividends of NOK 2,- for 2022 on the basis of strong results and liquidity, as well as good market outlook in the LPG segment, and improvements in ethylene.

2. OPERATIONS

The company's headquarters are located in Stavanger, Norway, with an additional commercial office in Oslo, and a crewing office in Manila, Philippines. The operation of all the ships, both commercial and technical, are managed from the company's fully integrated shipping organisation.

The company operates and has ownership in 23 ships by year end.

The group's activities are divided into three segments for the transportation of Liquefied Petroleum Gas (LPG), ammonia (NH3) and petrochemical gases:

2.1 Semi-refrigerated / ethylene carriers

This segment includes semi-refrigerated ethylene carriers from 17,100 cbm – 21,000 cbm. The group had eight ships in this segment where the ships operate in the spot market, and on short to medium term TC contracts.

2.2 LGC

This segment is defined as fully refrigerated LPG ships from 59,000 – 60,000 cbm. The fleet consist of 9 LGC ships. All ships operate on TC with varying length.

2.3 VLGC

This segment is defined as fully refrigerated LPG ships of 75,000 – 84,000 cbm. Solvang has a total of 6 ships in this segment. The group has four Panamax VLGC ships with size between 75,000-80.000 cbm, and two VLGC ships of 84.000 cbm.

The Panamax VLGC's are purpose built for transporting LPG from the Atlantic Ocean and Gulf of Mexico to the west coast of Central America as well as Far East. All vessels are currently on contracts, three of the vessels on long term contract, while the other four are medium to short term.

3. PROFIT

(Figures in parentheses refer to 2021)

Total income increased from USD 231.1 million to USD 248 million. The increase is mainly due to an improved Ethylene/Ethan market and gain from sale of three vessels.

The group's result after tax was USD 88.9 million (USD 60.0 million). The result for the parent company was NOK 620.3 million whereof NOK 641.1 million was dividend received from subsidiary (NOK 319.6 million).

3.1 Financial items
The group reported net financial items of USD -10.3 million (USD -12.3 million). The corresponding figure for the parent company was a result of NOK 647.3 million (NOK 324.3 million).

3.2 Liquidity and financial strength
At year-end, the group had liquidity consisting of cash totalling USD 35.7 million (USD 61.5 million). The corresponding figure for the parent company was NOK 273.4 million (NOK 438.1 million). For the group, total current assets at year-end was USD 69.9 million (USD 85.0 million), while current liabilities totalled USD 53.8 million (USD 197.9 million). Long-term liabilities and obligations totalled USD 485.3 million (USD 473.8 million). For the parent company, total current assets at year-end amounted to NOK 330.6 million (NOK 460.2 million), while short-term liabilities totalled NOK 480.4 million (NOK 620.2 million). The parent company's long-term liabilities and obligations totalled NOK 2,715.4 million (NOK 3,278.6 million).

Net cash flow from operating activities was USD 132 million, compared to an operating profit of USD 157.7 million. The main difference comes from changes in working capital items and amortisation of contracts.

The group's book equity totalled USD 535 million (USD 541.6 million) at the year-end.

3.3 Taxes
The group is part of the tonnage-tax regime through its subsidiary Clipper Shipping AS. Other companies within the group are taxed ordinary.

All the group's ships and shipping partnership interest by year end are owned under the tonnage-tax regime.

3.4 Financial risk
The group's activities are primarily USD-based, where most of the revenues and the majority of expenses are in USD. Furthermore, the market value of the ships, and thus the greatest share of the assets, is priced in USD. The same applies to the financing of the ships. This entails that the real foreign currency exposure is limited in financial terms.

The group's entire fleet is financed by long-term financing at favourable terms. The financial derivative contracts entered into by the group is considered to have low counterparty credit risk.

Most of the group's liabilities consist of secured debt on ships. This is denominated in USD and priced at a floating LIBOR interest rate or compounded reference rate (SOFR). In addition, part of the mortgage debt has in periods been hedged through fixed interest rate contracts. The group has a satisfactory debt-equity ratio, and this, together with active management of the interest rate exposure, ensures that the risk associated with any change in interest rate levels is acceptable.

The group's fleet is employed in a mix of long & short TC contracts as well as in the spot market. This is a result of a conscious strategy aimed at ensuring earnings and cash flow, while at the same time benefiting from upturns in the market. The development of the world economy makes future market prospects uncertain.

The group has 10 ships on TC contracts in excess of one year. The charterers are oil majors and major operators within the Ammonia market. Credit risk is considered to be limited. The company sees the settlement risk for the business carried out in the spot market as satisfactory.

3.5 General
The year-end accounts are based on the assumption of a going concern. In the opinion of the Board of Directors, the accounts provide a true picture of the results for the year and the company's position at the year-end.

4. ORGANISATION, HEALTH SAFETY AND THE ENVIRONMENT

4.1 Organisation
Both at sea and onshore, the company's primary focus is to ensure continuity on the personnel side. The company strives to establish an interesting and attractive workplace that attracts competent employees, where appraisals and employee surveys are key measures. We believe that we have succeeded in this context and that we have a stable and highly qualified workforce.

Of the company's office staff, 38% are women and 62% are men. Women and men have equal opportunities to qualify for all types of jobs and positions, and they have equal opportunities for promotion. Working conditions are deemed to be good. Salaries reflect the individual's qualifications, regardless of gender.

Solvang is an international company with employees

from a number of countries and cultures in addition to Norway. This recruitment policy is important for the future development of the company. The company wants to attract competent employees, regardless of religion, gender, race or sexual orientation.

The company engages in research and development work to optimise the ships' operations and to reduce emissions.

4.2 Health
The group has 45 onshore employees and around 1,000 sailing personnel. Working conditions on shore and on the ships are considered to be good. Sick leave on board the ships 0.25%. The group had two incidents that resulted in lost time in 2022. The target is always zero accidents, and the very low injury frequency can be attributes to a conscious attention on this area across the entire group.

Sick leave among the onshore employees was 3.1% in 2022. There were no incidents resulting in personal injury at the office in 2022.

4.3 Board of Directors
The Board of Directors consists of one woman and two men. There is a healthy and positive working relationship between the management and Board of Directors.

The Group is covered by Solvang ASA's insurance policies which are in place for the Board Members and Management regarding their potential liability towards the business and to third parties. Such policies are purchased on an annual basis and have policy limits, terms and conditions in line with what is common practice in the industry.

4.4 Compensation policy
By offering a complete range of jobs, salaries and other benefits, Solvang aims to be an attractive employer for skilled individuals in all relevant disciplines.

All of Solvang's employees, including the Managing Director, have in 2022 been employed at a fixed salary with no share based compensation. Salaries are adjusted once a year. The Managing Director's salary is evaluated correspondingly by the Board once a year. A named group of employees with management responsibilities have an incentive plan based on achievements in HSE, economic results and quality. The Incentive plan is set up with maximum achievement 25% of basis salary.

The company has a hybrid pension scheme which covers all employees. In addition, the company has an ordinary insurance scheme covering disability, accidents and death.

The Board is remunerated by fixed directors' fees that are determined annually by the General Meeting. Board members have no bonus or share based compensation agreements with the company.

4.5 External environment
The transport of LPG and petrochemical gases by sea entails little risk of emissions or leakage into the sea. Loading and unloading operations are conducted in closed systems, and strict quality and safety requirements reduce the risk of emissions to a minimum.

All transport at sea entails emissions to the air from the combustion of oil by the ships' main and auxiliary engines. Our policy in this area is thus to reduce such emissions as much as practically possible. The group focuses primarily on reducing the consumption of bunkers and lubricants, and has through active measures been able to continue the positive trend achieved in recent years. We strive for being ahead of regulator's implementation of new legislation for reducing all kind of emissions, among them CO2 and other threats to the environment. Our CCS project is an example of the latter. Please read more about this in the Sustainability section included in the annual report.

4.6 Safety
The company has strict quality and safety requirements, both on board the ships and within the onshore organisation. This is reflected in very good statistics for Lost Time Incident (LTI) injuries, with two incidents in 2022 and only thirteen incidents in the entire period from 2009-2022, with around 4.2 million working hours per year the later years. This is further demonstrated in our good insurance statistics. In order to ensure that this positive development continues, the company invests significant resources in programmes for the continuous improvement of quality and safety on board and on land. Please read more about this in our "Sustainability in Solvang" section included in the annual report.

4.7 Corporate Social Responsibility
The group's main contribution to society is to conduct long-term, sustainable and value-added business for our shareholders, employees, customers, suppliers and other relations. Our goal is to ensure that our business practices and investments are sustainable and contribute to long-term economic, environmental and social development. The group's material sustainability areas are within Environment, Finance, Human Resources and Community, including ethics and anti-corruption. Please read more

about this in our "Sustainability in Solvang" section included in the annual report.

A statement regarding the Transparency Act will be published on the company's website by 30th June 2023. Please read more about the Transparency Act in the article "Reinforcing supply chain management" in our "Sustainability in Solvang" section included in the annual report.

5. FUTURE OUTLOOK

From 2021 and throughout 2022, there was a clear improvement in the ethylene product market, with more available contracts, as well as improved spot market. Solvang's ethylene fleet has gone from mainly spot to securing significant timecharter coverage at healthy levels. The strong market continues into 2023, and the fleet now only has one vessel remaining in the spot market. The outlook seems positive, but in petchem, the visibility of future levels is always difficult to predict.

For the fully refrigerated vessels (VLGC and LGC), 2022 was another strong year, a further step up from 2020 and 2021. Into 2023 the underlying strength of the LPG market is still there, with some weakening late in first quarter, but the market quickly recovered. There is a considerable amount of newbuild delivery in the VLGC segment in 2023-2024, and it is still unclear what effect this will have.

The group had at year-end contract coverage of 82% for 2023 for the fully refrigerated fleet, with one vessel operating in the spot market, and three vessels coming open mid/late in 2023.

6. ALLOCATION OF THE PARENT COMPANY'S PROFIT

Solvang ASA posted a result of KNOK 620,252

The Board of Directors proposes the following allocation:

Dividend:	KNOK	-186,291
To other equity:	KNOK	-433,961

At the year-end, the parent company's equity amounted to KNOK 2,712,084 (KNOK 2,697,302).

7. SUBSEQUENT EVENTS

Effective 01.01.2023 the joint venture partners in PR Clipper Mars DA sold their 50,5% share of the company to Clipper Shipping AS, meaning Clipper Shipping AS ownership then increased to 100%. There are no plans for bringing in a new partner, and the company will be dissolved, and the assets transferred to Clipper Shipping AS in accordance with current regulations.

There are no other events after the balance sheet date that impacts the reported numbers.

8. CONCLUSION

The Board of Directors and the management would like to thank all the employees, both at sea and on shore, for their fine efforts during a challenging period, where the group delivers strong results in terms of safety, operation and quality. We would also like to thank our customers and suppliers for their good support and cooperation in 2022 and look forward to the same good cooperation in 2023.

Stavanger, 10th May 2023

This document has been signed electronically.

Michael Steensland Brun
Chairman

Ellen Solstad

Jostein Devold

Edvin Endresen
CEO

Consolidated income statement | Solvang Group

Amounts in USD 1 000

	Note	2022	2021
Operating revenue	5	302 157	279 451
Voyage expenses		-62 778	-49 229
Net gain from sale of fixed assets	15	8 416	0
Other income		168	833
Total income	5	**247 963**	**231 055**
Crewing expenses		46 158	48 577
Ship related operating expenses		32 238	32 856
Salaries and other personnel expenses onshore	10	7 639	8 169
Other operating expenses	10	4 186	3 940
Total operating expenses		**90 222**	**93 543**
Operating result (EBITDA)		**157 741**	**137 513**
Depreciation vessels	15	46 968	50 405
Depreciation other fixed assets	15	36	42
Depreciation Right-of-use assets	16	371	1 120
Depreciation capitalized dry-docking	14	11 237	11 396
Amortization of contracts	3	153	1 918
Total depreciation and amortization		**58 765**	**64 881**
EBIT		**98 976**	**72 631**
Financial income and cost			
Affiliated companies equity method	6	13	14
Financial income	7,12	16 929	11 472
Financial expenses	8,12	-27 210	-23 799
Net financial items		**-10 268**	**-12 313**
Ordinary result before tax		**88 708**	**60 318**
Income tax expense	9	-178	279
Net profit / (loss) for the year		**88 885**	**60 040**
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)			
Profit / (loss) is attributable to:			
Controlling Owners		74 383	50 346
Minority interest		14 503	9 694
Earnings of the period		88 885	60 040
Items that will not be reclassified to profit or loss			
Remeasurements pension liability		-4	-16
Tax effects of remeasurements pension liability		1	4
Items that may be reclassified to profit or loss			
Translation differences to presentation currency		-2 006	-358
Comprehensive income		**86 876**	**59 669**
Comprehensive income is attributable to:			
Controlling Owners		72 373	49 975
Minority Interest		14 503	9 694
Total Comprehensive Income		86 876	59 669

Consolidated Balance Sheet | Solvang Group

Amounts in USD 1 000	Note	31.12.2022	31.12.2021
ASSETS			
Fixed Assets			
Intangible fixed assets			
Customer Contracts	3	0	153
Total intangible fixed assets			**153**
Tangible fixed assets			
Right-of-use assets	16	1 431	1 802
Vessels	15	983 368	1 099 459
Capitalized dry-docking	14	20 822	22 147
Office equipment, furniture etc.	15	319	58
Total tangible fixed assets		**1 005 940**	**1 123 466**
Financial fixed assets			
Investments in affiliated companies	6	39	34
Other long term receivables	4, 19	0	6 873
Other shares		2	2
Total financial fixed assets		**41**	**6 908**
Total fixed assets		**1 005 982**	**1 130 527**
Current Assets			
Bunkers / lubricant oil etc.		4 359	6 991
Receivables			
Accounts receivable	19	10 978	5 339
Other short term receivables	12,13,19	18 803	11 158
Total receivables		**29 781**	**16 497**
Cash and bank deposits	13	35 728	61 547
Total current assets		**69 868**	**85 035**
TOTAL ASSETS		**1 075 850**	**1 215 562**

Consolidated Balance Sheet | Solvang Group

Amounts in USD 1 000	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	20	47 533	52 807
Share premium reserve		211 910	235 424
Total paid-in capital		**259 443**	**288 231**
Retained earnings			
Other reserves		39 381	12 603
Retained earnings		185 011	172 421
Minority interest		51 175	68 337
Total retained earnings		**275 567**	**253 361**
Total equity		**535 010**	**541 592**
Liabilities			
Provisions			
Pension liabilities	11	593	727
Deferred tax	9	1 121	1 570
Total provisions		**1 714**	**2 297**
Long term liabilities			
Long term debt to financial institution	18	460 215	436 270
Lease liabilities	16	1 191	1 570
Other liabilities	4	0	6 821
Interest Swap	17	0	2 313
Other long term liabilities	18	23 922	26 823
Total long term liabilities		**485 328**	**473 798**
Current liabilities			
Accounts payable		10 608	7 262
Tax payable	9	259	89
Public duties paytable		1 149	1 214
Current portion of long term debt incl accrued interest	18	19 196	168 130
Current portion of lease liabilities	16	379	361
Other short term liabilities	5	22 206	20 818
Total current liabilities		**53 797**	**197 874**
Total liabilities		**540 840**	**673 970**
TOTAL EQUITY AND LIABILITIES		**1 075 850**	**1 215 562**

Stavanger, 10th May 2023

This document has been signed electronically.

Michael Steensland Brun
Chairman

Ellen Solstad

Jostein Devold

Edvin Endresen
CEO

Consolidated statement of shareholders' equity

Amounts in USD 1 000	Share capital	Share premium reserve	Other reserves	Retained earnings	Minority interest	Total equity
2021						
Equity as of 31.12.2020	**54 582**	**243 337**	**3 285**	**172 943**	**66 007**	**540 155**
Profit/(loss) of the year				50 346	9 694	60 040
Remeasurements pension liabilities			-13			-13
Translation differences presentation currency	-1 775	-7 913	9 330			-358
Total comprehensive income	**-1 775**	**-7 913**	**9 317**	**50 346**	**9 694**	**59 669**
Paid dividend				-47 527		-47 527
Minority interest decrease of ownership				-3 341	9 501	6 159
Minority share of capital decrease in subsidiary					-16 865	-16 865
Total changes in equity for the year	**-1 775**	**-7 913**	**9 317**	**-522**	**2 330**	**1 437**
Equity as of 31.12.2021	**52 807**	**235 424**	**12 603**	**172 421**	**68 337**	**541 592**

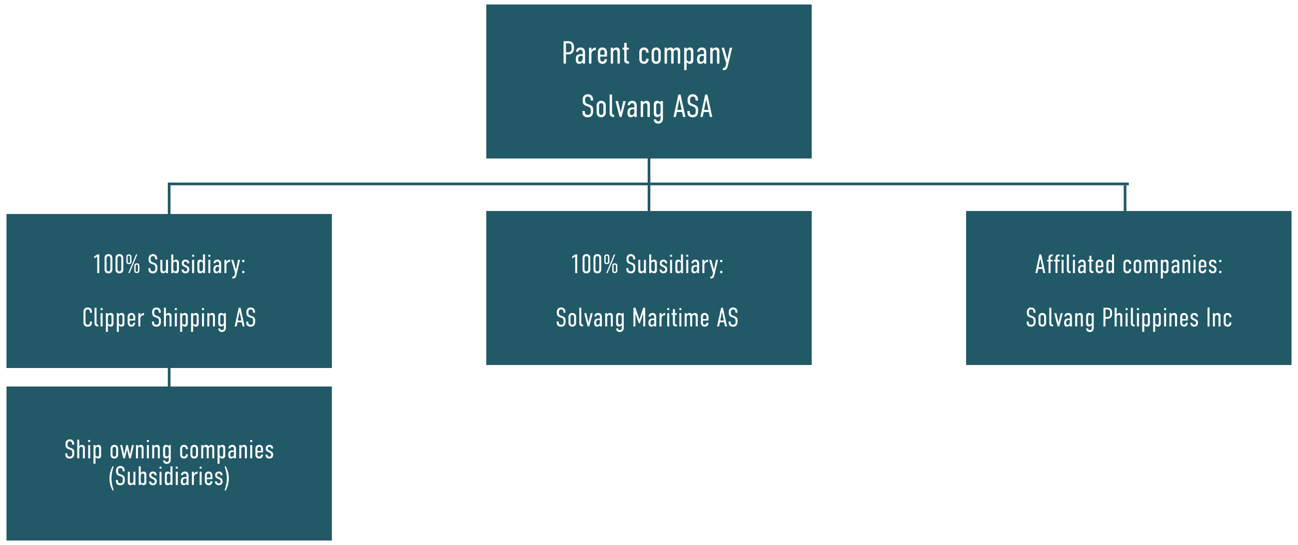
	Share capital	Share premium reserve	Other reserves	Retained earnings	Minority interest	Total equity
2022						
Equity as of 31.12.2021	**52 807**	**235 424**	**12 603**	**172 421**	**68 337**	**541 592**
Profit/(loss) of the year				74 383	14 503	88 885
Remeasurements pension liabilities			-3			-3
Translation differences presentation currency	-5 274	-23 514	26 782			-2 006
Total comprehensive income	**-5 274**	**-23 514**	**26 779**	**74 383**	**14 503**	**86 876**
Paid dividend				-61 793		-61 793
Minority interest decrease of ownership					-13 566	-13 566
Minority share of capital decrease in subsidiary					-18 099	-18 099
Total changes in equity for the year	**-5 274**	**-23 514**	**26 779**	**12 590**	**-17 162**	**-6 582**
Equity as of 31.12.2022	**47 533**	**211 910**	**39 381**	**185 011**	**51 175**	**535 010**

Consolidated statement of cash flows

Amounts in USD 1 000	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before tax		88 708	60 318
Tax paid for the period	9	-641	-994
Loss/gain on sale of tangible fixed assets		-8 416	-1 244
Depreciation and amortisation	14,15,16,3	58 765	64 881
Difference between expensed pension and paid in/out	11	-139	-95
Result in affiliated companies	6	-13	-14
Changes in inventories, trade receivables and trade payables		338	5 681
Changes in other current balance sheet items		-3 754	3 707
Financial income	7	-6 231	-6 878
Financial expenses	8	3 416	3 940
Net cash flow from operating activities		**132 033**	**129 303**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets	15,16	-1 659	361
Proceeds from sale of tangible fixed assets	15	81 722	45 994
Payments for capitalized periodic maintenance	14	-12 738	-2 727
Dividend from Investment affiliated companies	6	5	4
Proceeds from part sale of subsidiary		0	6 159
Payments for increased ownership in subsidiary		-13 566	0
Payments received other receivables		7 367	3 023
Net cash flow from investing activities		**61 131**	**52 814**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from other debt (long term)	18	0	446 020
Repayment of debt (long term)	18	-131 763	-530 100
Payments of lease liabilities	16	-449	-10 643
Payments other commitments		-7 138	-2 601
Minority interest share of capital changes in subsiduary		-18 099	-16 865
Dividend payment		-61 793	-47 527
Net cash flow from financing activities		**-219 242**	**-161 715**
Effect of exchange rate changes on cash and cash equivalents		258	197
Net change in cash and cash equivalents		-25 819	20 600
Cash and cash equivalents 01.01		61 547	40 947
Cash and cash equivalents 31.12		**35 728**	**61 547**

Notes 2022 | Solvang Group

NOTE 1 – CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES



CORPORATE INFORMATION

Solvang ASA is a public limited company incorporated and domiciled in Norway. The company was incorporated in 1936, and the address of the registered office is: Solvang ASA, Strandkaien 36, 4005 Stavanger, Norway.

Solvang ASA and its subsidiaries' ("Solvang" or "the Group") business is fully concentrated on shipping and ship owning activities.

As of 31.12.22, Solvang's fleet consists of 23 ships that carry liquid petrochemical gases, liquefied petroleum gases and ammonia.

BASIS OF PRESENTATION

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in US Dollars (USD).

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the EU-adopted and appurtenant interpretations and additional country-specific disclosure requirements according to the Norwegian Accounting Act in effect as of 31st of December 2022.

The consolidated financial statement were approved by the board of directors and the managing director on the date which appears on the dated and signed balance sheet. The consolidated financial statements will be presented to the annual general meeting on 30th May 2023 for final approval. Until final approval, the board is authorised to amend the consolidated financial statement.

Basis of consolidation
The consolidated financial statements of Solvang ASA comprise the financial statements of Solvang ASA and its subsidiaries. Subsidiaries are all entities in which the Group has control. Whether control exist is based on an assessment of the partnership agreement for each investment together with the legislation that regulates the companies. The parent company's role as the managing director and other circumstances means that the group might also have control in ownership less than 50%. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. As of 31 December 2022, Solvang ASA controls following subsidiaries:

- Solvang Maritime AS (100%)
- Clipper Shipping AS (100%)
  - PR Clipper Mars DA (49,5% / 100% as of 01.01.23)
  - PR Clipper Sirius DA (61,875%)
  - PR VLGC DA (58,3%)

Consistent accounting policies are applied throughout the group.

All intercompany balances, transactions, income and expenses together with unrealized profits and losses resulting from intercompany transactions that are recognized in assets, have been eliminated.

Minority interests

Minority interests are included in the group's income statement and are specified as minority interests. Correspondingly, minority interests are included as part of the group's shareholders' equity and are specified in the consolidated balance sheet.

Functional Currency
The functional currency of an entity is the currency of the primary economic environment in which the entity operates. Normally, that is the currency of the environment in which an entity primarily generates and expends cash. The parent company, Solvang ASA, has Norwegian kroner (NOK) as the functional and reporting currency, and all the subsidiaries have US dollar (USD) as the functional currency, hence the reporting currency for the Group is US dollar (USD). Exchange differences arising from the translation from the functional currency to the presentation currency are recognized in the comprehensive income, net of any deferred tax. Share capital and similar equity items in the parent company are translated at the exchange rate on the balance sheet date.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Estimation uncertainty
The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting periods. The most significant estimates and assumptions relate to fixed asset impairment tests. We evaluate these estimates on an ongoing basis, utilizing past experience, consultations with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates.

The key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date and which have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of tangible fixed assets
The Group invests in ships directly or through shipping partnerships. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount, which is the higher of fair value less costs to sell or value in use.

All tangible fixed assets are evaluated for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. This requires an estimation of the asset's value, which, if available, is based on market appraisals or value in use.

The value in use is determined on the basis of the total estimated discounted future cash flows, excluding taxes. In determining impairment of fixed assets, management must make judgments and estimates to determine the cash flows generated by those assets. Discount rates must also be estimated. Assumptions used in these estimates are consistent with internal forecasts. To support management's estimates, market outlook and considerations provided by shipping analysts have been used.

If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group considers whether there is a basis for reversing previous asset impairment write-downs, using the same evaluation criteria as for impairment. If the review suggests that there is a basis for reversal, the carrying amount is reversed to the estimated fair value, limited to the carrying value the asset would have had if no impairment had been recognized.

SIGNIFICANT ACCOUNTING POLICIES

Revenue and expense recognition
The Group's revenues derive mainly from TC contracts. Revenue from such contracts is recognized on a straight-line basis over the contract period as the service is performed. Ongoing operating expenses related to vessels on a TC contract are expensed as they accrue.

To a lesser extent, the Group has income related to spot contracts. Such income is recognized on the basis of the "load-to-discharge" principle. Under this method, freight revenues are recognized on a straight-line basis over the period from loading ("load") for the journey to unloading the same journey ("discharge"). The management uses judgment when estimating the number of days per journey based on historical information, technical specifications on the ship and distance. Variable elements in the remuneration, including demurrage, are recognized with the amount most likely to be, based on historical experience. Contract costs incurred before loading are capitalized and recognized in the income statement on a straight-line basis over the contract period.

Foreign currency transactions
Transactions in foreign currencies are recorded using the exchange rate at the transaction date. Balances denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign currency gains and losses are recorded as financial items when incurred.

Vessels
In the ship owning companies, the ships are booked at cost less accumulated depreciation and impairment write-downs. Cost includes the expense of adding/replacing part of a ship, machinery or equipment when that expense is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognized.

Depreciation of ships is computed using the straight line method over estimated useful life. The depreciable amount is determined after deducting the residual value of the asset. The cost of ships has been categorized separately by its main components, and useful life has been determined for each component. The average useful life for gas ships is 30 years.

A part of the original cost of ships is allocated to periodical maintenance. Periodical maintenance for ships is recognized in the balance sheet and expensed over the period up to the next periodical maintenance. Current maintenance is expensed as incurred.

When assets are sold or retired, their costs and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in net income.

Estimates of useful life, residual values and methods of depreciation are reviewed at each financial year end and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimate. The estimated useful life of the ships could change, resulting in different depreciation amounts in the future.

Periodic maintenance

Periodic maintenance of ships is recognized in the balance sheet and expensed over the period up to the next periodic maintenance. When a ship is purchased a share of the purchase price is recognized as periodic maintenance. Current maintenance is expensed as incurred. In connection with incidents that are covered by insurance, the deductible is expensed at the time of the incident. Claim on the insurances underwriters is recognized in the balance sheet.

Other fixed assets

Other fixed assets are stated at cost, less accumulated depreciation and impairment write-downs. Depreciation is straight-line over the estimated useful life of the asset. When assets are sold or retired, their costs and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in net income. Estimates of useful life, residual value and method of depreciation are reviewed at each financial year end and adjusted if appropriate. Any changes are accounted for prospectively as a change in accounting estimate.

Leases

The liability arising from leasing agreements is recognized at net present value of remaining lease payments, discounted using the interest rate implicit in the lease. Interests are charged to the statement of income over the lease period. The associated right-of-use asset equals the initial lease liability adjusted for payments made before the lease commencement date and initial direct costs. After the commencement date, the right-of-use asset is depreciated in accordance with the requirements in IAS 16 Property, Plant and Equipment. At the end of each reporting period, every right of use asset is assessed for impairment indicators as described under "Impairment of tangible fixed assets" above.

The Group has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).
Time charter agreements where the Group acts as lessee are accounted in accordance with principles described under "Revenue and expense recognition" above. (Ref also note 5).

Sale lease-back transaction

When a sale and leaseback transaction does not qualify for sale accounting, the transaction is accounted for as a financing transaction by the seller-lessee and a lending transaction by the buyer-lessor. To account for a failed sale and leaseback transaction as a financing arrangement, the seller-lessee does not derecognize the underlying asset; the seller-lessee continues depreciating the asset as if it was the legal owner. The sales proceeds received from the buyer-lessor are recognized as a financial liability. A seller-lessee will make rental payments under the leaseback. These payments are allocated between interest expense and principal repayment of the financial liability. The amount allocated to interest expense is determined by the incremental borrowing rate or imputed interest rate. The sale and lease back transaction that the Group had entered into as of December 31, 2021, involved a purchase obligation and is therefore treated as a financing arrangement. Please refer to note 18.

Hedging

The Group has decided not to apply hedge accounting. Derivatives held for hedging purposes are measured at fair value through profit and loss in the financial statements

Financial instruments

Financial assets are recognized on the contract date, when the group becomes party to the contractual provisions of the instrument. Initially, all financial assets which are not recognized at fair value through profit or loss are recognized in the balance sheet at fair value including transaction costs. Financial assets which are recognized at fair value through profit or loss are recognized at the time of acquisition at fair value and the transactions costs are recognized.

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The group derecognizes a financial asset when the contractual right to the cash flow from the asset expires or when the group transfers the contractual right in a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred. All rights and obligations that are created or retained in this type of transfer are recognized separately as assets or liabilities.

The Group classifies its financial assets in the categories fair value through profit and loss and amortized cost. Measurement category is determined by initial recognition of the asset. The classification depends on the business model for managing financial instruments, as well as the characteristics of the cash flows of the individual financial instrument. The Group's receivables are held in a business model where the purpose is to collect contractual cash flows and are therefore normally accounted for at amortized cost.

Financial assets at fair value through profit or loss

Financial assets at fair value include financial assets held for trading and financial assets that are classified as assets at fair value through profit or loss at the time of accounting (primarily interest swaps). Financial assets are classified as held for trading if they are acquired for the purpose of selling them shortly. Financial assets are designated at fair value through profit or loss if management and acquisition and sales decisions are based on the instrument's fair value in accordance with the group's documented risk management or investment strategy. Instruments are measured at fair value, and changes in value are recognized in profit or loss.

Financial assets at amortized cost

Financial assets at amortized cost include financial assets held to collect contractual cash flows that are solely the payment of principal and outstanding interest on principal. After initial recognition, the assets are measured at amortized cost using the effective interest method, less any impairment loss.

Financial assets are recognized on the contract date, when the group becomes party to the contractual provisions of the instrument. Initially, all financial assets which are not recognized at fair value through profit or loss are recognized in the balance sheet at fair value including transaction costs. After initial recognition, such liabilities are measured at amortized cost using the effective interest rate method.

Financial assets and obligations are presented net if the group has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Pensions

All employees are members of a defined contribution hybrid pension scheme with investment choices. The non-funded schemes will continue as before and consist of defined benefit plans and defined contribution plans.

Defined benefit pension plan

The Group has non-funded pension obligations for three pensioners, which are not covered by the general pension plan. The present value of benefit obligations is calculated based on actuarial methods, and compared with the value of pension assets. The net amount of the present value of benefit obligations and pension assets, adjusted for unrecognized changes in estimates, is included under long-term liabilities or non-current assets. Net pension costs (benefits earned during the period including interest on the projected benefit obligation, less estimated return on pension assets and amortization of accumulated changes in estimates) are included in salaries and other personnel expenses.

Gains and losses resulting from the remeasurements of the pension liability based on experience variances and changes in actuarial assumptions are recognized in equity through other comprehensive income in the period they occur.

Contribution based pension plan

For contribution based pension plans, the Group pays contributions to a public or private managed pension plan. The Group has no further payment obligations after the contribution have been paid. Contributions are recognized as personnel expenses in line with the obligation to pay contributions accrue.

Taxes

The companies in the Group, with the exception of Solvang ASA and Solvang Maritime AS, are covered by the Norwegian tonnage tax regime. Consequently, these companies pay tonnage tax and otherwise only income tax on net financial items as well as recognition of the gain / loss account within the scheme. Deferred tax assets in tonnage taxed companies are generally not recognized, as it is not considered likely that the group will be able to utilize this benefit.

Income tax expense consists of taxes payable and the net change in deferred taxes arising as a result of temporary differences. Tonnage tax is recognized in the profit and loss account as a ship-related operating cost.

Current tax for the current and prior periods is measured at the amount expected to be paid to the tax authorities for present and earlier years. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

Change deferred taxes reflect the future tax effects resulting from the activities for the period. Deferred taxes in the balance sheet are calculated on the basis of temporary differences between financial and taxable values, with consideration for taxable losses carried forward. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Dividends

Dividends proposed by the Board of Directors are not recorded as liability in the financial statements until they have been approved by the shareholders at the annual general meeting.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. The Group believes that all transactions between related parties are based on the principle of arm's length (estimated market value).

Business areas/segments

Ship management and ship ownership are the business areas for Solvang. Ship ownership is further divided based on type and size of ship. Solvang has ownership interests in gas ships. These ships are divided into three types based on size, semi-ref ships from 12,000 – 21,000 cbm, MGC/LGC ships from 38,000 - 60,000 cbm and VLGC ships above 75,000 cbm.

Cash flow statement / Cash and cash equivalents

The Group uses the indirect method for calculating cash flow statements. Cash flows generated by investment and financing activities is shown gross, while for operations a reconciliation is shown between profit for the year and cash flows from

operating activities. Interests are considered to be part of operating activities. Cash and cash equivalents include cash and bank deposits.

NEW IFRS AND IFRIC INTERPRETATIONS

There are no new or changed IFRSs or IFRIC interpretations that are effective for the 2022 financial statements, which is considered to have or expected to have a material impact on the Group.

The Group has adopted all other new standards and amendments that are applicable as of January 1, 2022, which had no material impact on the Group's consolidated financial statements.

New standards and interpretations which have not come into force

There are some new standards and interpretations that have been adopted by the EU but not yet made effective for the year ending 31.12.2022. For example:

- Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates

The Group has not used early adoption of any new or amended IFRSs and IFRIC interpretations, and based on the information known to Solvang ASA at the reporting date (when the financial statements are prepared) it has been determined that these will most likely not have a material effect on the consolidated accounts for Solvang ASA in 2022.

NOTE 2 – FINANCIAL MARKET RISK

The group is exposed to credit risk, liquidity risk and market risk by use of financial instruments.

Credit risk
Credit risk is risk for financial loss if a counterpart to a financial instrument does not manage to fulfil its obligations under the contract. The Company's receivables are subject to credit risk. Receivables are mainly towards large oil majors with good credit rating and/or towards customers we have a long relationship with. The credit risk is therefore considered minimal.

Liquidity risk
Liquidity risk is the risk for the group not being able to fulfil its financial obligations as they fall due. Shipping is a cyclical business, and the group has therefore chosen to be well capitalized, and has a significant cash position. As of 31.12.2022 the liquidity reserves amounted to 3.3 % of the total balance sheet. The liquidity reserves inclusiv of short term receivables amounted to 6.1%. Current liabilities together with current portion of long term debt amounted to 5.0 % of the balance sheet. In addition the group has unused committed credit lines of USD 80 million. The liquidity risk is considered acceptable and is monitored continously.

Market risk
Market risk is risk for changes in market prices, such as exchange rates on currency, interest rates and share prices, influence on income or value of financial instruments. There is attached financial market risk to bank deposits (exchange rate) and loans (exchange rate and interest rates). The groups activities are mainly USD based, and deposits are to a large extent held in USD to reduce exchange rate risk. The group is mainly exposed to interest rate risk through long term debt to financial institutions in the ship owning companies. These loans are priced at floating LIBOR rate + margin or at compounded reference rate (SOFR) + margin. Interest rate exposure is actively handled, and parts of the loans has previously been secured by fixed interest rate contracts to reduce interest rate risk. Due to a conservative strategy regarding financial instruments, and active handling of market risk, we are of the opinion that the groups market risk is satisfactory seen in relation to the balance sheet.

Capital management
The board's goal is to keep a sufficient capital base, to maintain confidence from investors, creditors and the market in general, and to develop the business activity. The Board considers any investments in financial instruments continuously. The Group currently has no investments in derivative financial instruments. Capital return is monitored by the board. There has been no changes in how assets are managed during the year.

SENSITIVITY ANALYSIS

Change in exchange rates		**Value change**
Bank deposits	10 % increase of exchange rates	275
	10 % reduction of exchange rates	-275

Change of interest rates		**Effect on profit or loss**
Mortgage loans of vessels	100 basis points increase of interest rates	-4 794
	100 basis points reduction of interest rates	4 794

The impact of change in interest rates on bank deposits is estimated to be insignificant.

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NOTE 3 – INTANGIBLE ASSETS

In connection with the group establishment in October 2018, a review of the underlying balance sheet items was made for the identification of possible excess / lower values, and in connection to this, additional values were identified on two of the TC contracts, which were thus separated and capitalized in the group. The excess value for the capitalized TC contracts is amortized over the remaining contract period.

TC CONTRACTS	**2022**	**2021**
Book value as of 01.01	153	2 071
Current year amortization	-153	-1 918
Book value as of 31.12	0	153
Minority interest share of book value as of 31.12	0	77

NOTE 4 – OTHER RECEIVABLE AND LIABILITIES

The Group had two BareBoat contracts for the same vessel. One in and one out.

The contracts were considered to be cash flow contracts for the administrative handling until the expiry of the contract periods.

The BB charter parties expired in June 2022, and the BB out charterer purchased the vessel according to their obligation.

NOTE 5 – OPERATING REVENUES

The total income of the Group can be divided into following segments based on the different types of vessels:

	2022	2021
Ethylene	59 257	54 871
LGC / MGC	94 433	92 925
VLGC	85 857	83 259
Total income	239 547	231 055

As of 31.12.22 the Group had four vessels in the spot market. The other vessels are on shorter and longer Time Charter.

	2022	2021
Time charter contracts	198 677	195 527
Voyage contracts	103 480	83 924
Total freight income	302 157	279 451

Largest customers
In 2022, Solvang Group had one customer which individually accounted for 10% or more of total revenues. The one customer in 2022 individually contributing 10% or more of total revenues were:

- Geogas Trading SA

Expected future Time Charter revenues - undiscounted

Expected future time charter revenue from firm contracts from 1st January 2022 (undiscounted) has the maturity as follows:

	31.12.2022	31.12.2021
< 1 year	163 200	162 400
2 - 5 year	167 000	184 500
> 5 year	49 700	43 600
	379 900	390 500

The above table is based on the knowledge we had about market and contracts at year end 2022, and might be different from actual revenue as some of the contracts in example follows baltic index or include other variable items and hence will depend on the market development throughout the following periods.

Contract liability
The Group has invoiced USD 13.4 million to customers which is not earned as of year end. The amount is recognized within other current liabilities in balance sheet.

NOTE 6 – OTHER AFFILIATED COMPANIES

SHARE IN AFFILIATED COMPANIES INCLUDED UNDER THE EQUITY METHOD OF ACCOUNTING

Company	Owner-ship	Historical cost	Book equity at acquisition	Incoming balance 31.12.2021	Share profit of the year	Dividend	Other	Translation	Outgoing balance 31.12.2022
Solvang Phillipines Inc	25%	12	12	34	5	-5	7	-3	39
Total		12	12	34	5	-5	7	-3	39

Solvang Philippines Inc. is located in Manila, Philippines.
Voting rights are according to pro rata ownership share.

We have not received final or audited accounts from the affiliated companies for 2022, hence the amounts presented in this note is based on financial statement 2021, adjusted for dividend received in 2022.

NOTE 7 – FINANCIAL INCOME

	2022	2021
Interest income	855	3
Currency gain	3 423	0
Dividend received from DNK	0	4 590
Interest other long term receivable *(ref note 4)*	494	818
Fair value changes interest swap	2 313	6 060
Realized gain interest swap	9 836	0
Other financial income	8	
Total	16 929	11 472

NOTE 8 – FINANCIAL EXPENSES

	2022	2021
Interest and banking expenses	21 751	16 501
SWAP interest realized	1 081	3 356
Interest element of leases	1 256	1 188
Amortized borrowing cost	1 844	1 644
Interest expense other commitments *ref note 4*	317	739
Currency loss	0	369
Other financial expenses	962	3
Total	27 210	23 799

NOTE 9 – INCOME TAX EXPENSE

TAX EXPENSES FOR THE YEAR	2022	2021
Payable tax	117	418
Gross changes in deferred tax / deferred tax assets	-449	-207
Herof changes booked through other comprehensive income	1	4
Translation differences	154	64
Total tax on income for the year	-178	279

SPECIFICATION OF TEMPORARY DIFFERENCES:	31.12.2022	31.12.2021
Long term temporary differences		
Tangible fixed asset	-4	-94
Pension liabilities	-593	-727
Gain-/loss account of entry into tonnage tax system	2 123	2 949
Other temporary differences	4 509	5 009
Tax loss carry-forward	-16 537	-13 099
Total basis for deferred tax	-10 502	-5 962

ANALYSIS OF RECOGNISED DEFERRED TAX IN RESPECT OF EACH TYPE OF TEMPORARY DIFFERENCES AND UNUSED TAX LOSSES

			Changes	
	31.12.2022	31.12.2021	2022	2021
Temporary differences				
Tangible fixed asset	-1	-21	20	2
Pension liabilities	-130	-160	30	17
Gain-/loss account of entry into tonnage tax system	467	649	-182	-189
Other temporary differences	992	1 102	-110	-37
Tax loss carry-forward	-3 638	-2 882	-757	97
Total deferred tax / tax asset (22%)	-2 310	-1 312	-999	-110
Deferred tax asset not recognised (22%)	-3 431	-2 882	-550	97
Total recognised deferred tax (22%%)	1 121	1 570	-449	-207
Change deferred tax recognized through profit and loss account			-448	-204
Other changes deferred tax (recognized through OCI)			-1	-4
Total			-449	-207

Changes in deferred tax recognized through other comprehensive income consist of tax effect related to remeasurements of pension liabilities.

NOTE 9 – INCOME TAX EXPENSE

Reconciliation tax expenses for the year	2022	%	2021	%
22% of ordinary income/loss before tax	19 516	22%	13 270	22%
22% effect of permanent differences related to shares	1	0%	1	0%
22% effect of other permanent differences	-19 707	-22%	-12 995	-22%
Translation differences	13	0%	3	0%
Tax cost according to Profit & Loss account	-178	0%	279	0%

The Group's subsidiary, Clipper Shipping AS is taxed within the tonnage tax scheme, and is therefore only assigned tax on financial records in accordance with the tonnage tax regulations. Clipper Shipping AS is the owner of the investments in ship owning companies which result will then also be taxed under the tonnage tax regime.

There is no tax payable for 2022 under the tonnage tax regime, except for the tonnage tax itself which is reported as other operating expences, and this years income of gain/loss account related to entry into tonnage tax system.

No deferred tax assets are recognized on finance deficits related to the tonnage tax regime.

Tax payable in Balance sheet consist of:	2022	2021
Payable tax related to current year	117	418
Tonnage tax of current year	142	168
Disputed tax claim (receivable) (*)		-496
Total payable tax	259	89

(*) Disputed tax claim has been moved to other receivable as of 2022. Ref note 19.

NOTE 10 – PAYROLL EXPENSES

PERSONNEL EXPENSES	2022	2021
Salary	5 753	6 250
Employers tax	924	969
Pension cost	563	589
Other benefits	399	361
Total personnel expenses	7 639	8 169
Number of employees	45	44

REMUNERATION (IN USD 1000)	2022	2021
Managing Director (CEO)		
Salary	328	339
Bonuses	121	116
Pension cost	40	44
Other remuneration	6	6
Director Marine Operations (CTO)		
Salary	220	238
Bonuses	34	44
Pension cost	25	28
Other remuneration	4	3
Total remuneration to key management personnel	778	816
Number of individuals included in key management personnel	2	2
Board of Directors		
Remuneration	68	76
Total remuneration to key management personnel and Board of Directors	846	892

CEO has an additional contribution based pension of 15% of salary above 12G. In addition to this, CEO has an agreement of one year pay after termination of employment.

The company's senior executives are employed on a fixed salary. The Company has not granted loans or guarantees to any of its employees.

The company has an incentive scheme for senior executives based on achievement in HSE, finance and quality. The incentive scheme is set up as a cash consideration with a maximum of 25% of the basic salary. Settlement for the current year will be made during the first quarter of the following year.

In addition to the incentive scheme above, it was deceided that all other employees should receive a bonus equal to one months salary. This bonus was paid out in December 2022.

Auditor

Remuneration to auditor consist of the following	2022	2021
Audit mandatory by law	102	128
Other certification services	0	0
Other non-audit services	0	3
Total	**102**	**131**

NOTE 11 – PENSION COST AND LIABILITIES

The company is obligated to have a pension plan according to the Act on Mandatory company pension, and has a pension plan which follows the requirement as set in the Act on Mandatory company pension. All employees are members of the defined contribution hybrid pension scheme with investment choices. Deposits in the scheme for 2022 are MNOK 4.0.

Non-funded plans

The group has non-funded pension obligations for 2 pensioners, and for the Managing Directors and former Director of Commercial operations, which are not covered by the general pension plan. The pension obligations for the Managing Director and former Director of Commercial Operations include early retirement pension and pension for salary exceeding 12G.

Assumptions

Pension liabilities and pension costs are calculated by a third party independent actuary, and are valued according to Revised IAS 19. Changes in pension liabilities due to actuarial assumptions and differences between actual and expected return on plan a assets are recognized in other comprehensive income.

The following Assumptions were used for non-funded plans:

	2022	2021
Discount rate	3.00%	1.90%
Expected salary increases	3.50%	2.75%
Rate of pension increases	2.00%	1.75%
Increase of National Insurance Basic amount (G)	3.25%	2.25%
Expected return on plan assets	3.00%	1.90%
Social Security Tax	14.10%	14.10%
Disability tariff	KU	KU
Mortality tariff	K2013	K2013

Net periodic pension cost:	*Non-funded plans*	
	2022	2021
Net interest expense /(income)	8	9
Social Security Tax	1	1
Net pension cost	10	11

Present value of benefit obligation	*Non-funded plans*	
	2022	2021
Present value of benefit obligation at January 1	523	603
Remeasurements	-48	-5
Net interest cost on benefit obligation	8	9
Pensions paid during the year	-79	-84
Present value of benefit obligation at December 31	403	523

Status of pension plans reconciled to the balance sheet	*Non-funded plans*	
	2022	2021
Present value of pension obligations	-403	-523
Fair value of plan assets		
Funded status of plans at December 31.	-403	-523
Social Security Tax	-190	-205
Net pension obligations as at December 31	-593	-727

	2022	2021
Total net pension liability non-funded and funded plans recognised at Dec. 31	-593	-727

Expected payments related to the pension plans in 2023

The Group has no secured pension scheme. However, a payment of NOK 4 million is expected for the Defined-contribution Hybrid pension arrangement in 2023, which includes employees onshore, as well as a payment of USD 1 million to the defined contribution plan for seafarers.

The Company's estimated payments for non-funded pension plans are NOK 1.3 million for the fiscal year 2023.

NOTE 12 – RELATED PARTIES

Related parties are the companies in which the group has an ownership share higher than 20%. In addition, companies controlled by the Steensland-Brun family are considered related parties. All transactions with related parties, follows market principles.

	Profit & Loss Account		Balance Sheet	
	2022	2021	31.12.2022	31.12.2021
Interest expenses other related parties	0	-28		
Crewing expenses other related parties	-27 593	-29 046		
Receivables other related parties			67	63
Short term liabilities other related parties			-21	-346
Total	-27 593	-29 074	45	-283

NOTE 13 – BANK DEPOSIT

The group has the following restricted bank deposits

	2022	2021
Restricted bank deposit payroll withholding tax	892	480
Restricted bank deposit pension liability (*)	460	596

(*) The items are classified together with other receivables in the balance sheet.

The groups bank deposits at 31.12 are divided on different currencies as follows:

	2022	2021
NOK	2 159	2 727
EUR	492	1 092
GBP	7	15
SGD	30	24
USD	32 980	57 675
Other	59	13
Total	35 728	61 547

Guarantees
A bank guarantee of NOK 1.7 million has been provided for the rent of office space in Oslo.

NOTE 14 – PERIODIC MAINTENANCE

	Periodic Maintenance	
	2022	2021
Book value as of 01.01.	**22 147**	31 734
Additions during the year	**12 738**	2 727
Depreciation during the year	**-11 237**	-11 396
Book value sold/disposed asset	**-2 826**	-918
Book value as of 31.12	**20 822**	22 147

Depreciation plan	Linear

The company recognizes the periodic maintenance and cost over a period of 5 years until the next periodic maintenance is expected to take place. Upcoming periodic maintenance is expected to complete in 2023 for 11 vessels. 4 vessels completed their periodic maintenance in 2022.

NOTE 15 – TANGIBLE FIXED ASSETS

	Vessels	Other fixed assets	2022	2021
Acquisition costs 01.01	1 247 264	1 267	**1 248 531**	1 288 798
Translation differences		-127	**-127**	-43
Additions during the year	1 357	302	**1 659**	10 390
Disposals during the year	-123 891		**-123 891**	-50 614
Acquisition costs 31.12	1 124 731	1 443	**1 126 173**	1 248 531
Accumulated ordinary depreciation 01.01	147 805	1 209	**149 014**	104 472
Depreciation during the year	46 968	36	**47 004**	50 447
Accumulated depreciation sold/disposed a	-53 411		**-53 411**	-5 864
Translation differences		-121	**-121**	-40
Accumulated depreciation and write-off 31.	141 362	1 123	**142 486**	149 014
Book value as of 31.12	983 368	319	**983 688**	1 099 517
Useful life	30 years	3 - 6 years		3 - 30 years
Depreciation plan	Linear	Linear		Linear
Depreciation percentage		0 - 30%		0 - 30%

The vessels have been tested for impairment by comparing the carrying values against valuations obtained from brokers. Estimated value in use are calculated for the vessels that have an indication of impairment. The recoverable amount is estimated at the calculated value in use for each vessel when the broker value is lower than carrying values. Estimated value in use is calculated as a net present value based on the rest of life and risk.

The net present value is calculated based on each vessel's remaining economic life, and the first year's cash-flow based on approved budgets. Any impairement charge of the vessels are then measured between book value and estimated value in use. Discount rate 9.1% (5 year) and 8.9% (10 year) is based on the companies weighted cost of capital (WACC). When estimating income, market outlook and average historical rates for own as well as comparable ships have been considered. Operating expenses is based on budget and is index regulated going forward.

Based on broker value only there was an indications of impairment for 1 out of 23 vessels as of 31.12. An estimated value in use was calculated for this vessel which resulted in no impairment as of 31.12. The estimated value in use is sensitive to changes in discount rate (WACC) and income but still there is no significant need of impairment.

Sale of vessels:
The group sold three vessels during 2022, one with a loss and two with a gain. Net gain of all three vessels amounted to MUSD 8.4.

NOTE 16 – RIGHT OF USE ASSETS / LEASES

By end of year the Group had two lease arrangements accounted for using IFRS 16.

PRACTICAL EXPEDIENTS APPLIED

The Group leases smaller office equipment, such as coffee machines and copyer with contract terms of 1-3 years. The Group has elected to apply the practical expedient of low-value assets for these leases. Leases that have a present value as new lower than USD 5 000, are considered low value leases. The Group has also applied the practical expedient for short-term leases. Short term is defined as a lease term of 12 month or less at the commencement date. For low-value leases and short-term leases, the Group does not recognize lease liabilities or right-of-use assets. The leases are instead expensed when they incur. Expenses relating to short-term and low value leases for 2022 amounts to KUSD 7.

SPECIFICATION OF RIGHT-OF-USE ASSETS

	Office facilities	2022	2021
Acquisition costs 01.01	2 914	**2 914**	16 833
Sold/Disposed during the year			-13 918
Acquisition costs 31.12	2 914	**2 914**	2 914
Accumulated ordinary depreciation 01.01	1 113	**1 113**	3 162
Depreciations during the year	371	**371**	1 120
Accumulated depreciation sold/disposed assets			-3 170
Accumulated depreciation and write-off 31.12	1 483	**1 483**	1 113
Book value as of 31.12	1 431	**1 431**	1 802

SPECIFICATION OF LEASE LIABILITY

	Office facilities	2022	2021
Book value as of 01.01.	-1 931	**-1 931**	-11 386
Interest element of the lease liability	-88	**-88**	-1 188
Payments for the principal portion of the lease l	449	**449**	10 643
Book value as of 31.12	-1 570	**-1 570**	-1 931

Maturity of lease commitment as per 31.12

	Office facilities		2022	
	Minimum payment	Book value/ Net present value	Minimum payment	Book value/ Net present value
< 1 year	-466	-379	-466	-379
2 - 5 year	-1 331	-1 191	-1 331	-1 191
> 5 year				
	-1 797	-1 570	-1 797	-1 570

NOTE 17 – DERIVATIVE FINANCIAL INSTRUMENTS

The Group employ interest rate swap agreements to establish greater stability for the Group's variable-rate loan interest expenses. The Group has decided that some of its variable interest-bearing liabilities might be secured using interest rate swap agreements. A given proportion will always be at a floating rate, while the remainder will be subject to potential hedging even though hedge accounting is not applied. This situation is constantly reviewed in light of the market situation. The interest rate swap agreements normally have a duration of three to five years. As of year-end the Group had no interest rate swap agreements.

Interest swap agreements

The Group has entered into the folowing interest rate swap agreement where 3 months LIBOR is replaced by a fixed rate + margin throughout the term of the agreements.

SWAP agreements	Fixed rate	Contract date	Periode from	Periode till	Fair value per 31.12.22 (KUSD)	Fair value per 31.12.21 (KUSD)	
5-year interest swap of MUSD 100	1.5150 %	17/06/2021	15/06/2021	11/05/2026	0	-869	(*)
5-year interest swap of MUSD 50	1.2550 %	24/06/2016	30/05/2017	31/05/2022	0	-207	
5-year interest swap of MUSD 50	1.4925 %	06/08/2019	23/09/2019	22/03/2024	0	-588	(*)
5-year interest swap of MUSD 25	1.6825 %	02/08/2019	31/10/2019	31/10/2024	0	-392	(*)
2,5-year interest swap of MUSD 25	0.9380 %	03/03/2020	05/03/2020	30/08/2022	0	-95	
4-year interest swap of MUSD 15	1.2100 %	24/02/2020	23/03/2020	22/03/2024	0	-73	(*)
4-year interest swap of MUSD 15	1.2120 %	24/02/2020	26/02/2020	22/03/2024	0	-88	(*)
					0	-2 313	
				Fair value changes interest swap recognized to P&L	**2 313**		

(*) In June 2022 and October 2022, the Group realized a total of five interest swaps. The gain on realization amounts to KUSD 9 836.

Classifications of financial instruments

Except for the interest swap agreements that is accounted for using fair value through profit and loss account, all financial assets and liabilities are classified at amortized cost.

NOTE 18 – LONG TERM DEBT

The Group's interest-bearing debt is in its entirety related to the financing of vessels. The loan agreements are signed between the respective shipowning company and the lender. The loans are in USD and are priced at floating LIBOR + margin or at compounded reference rate (SOFR) + margin.

Solvang has together with the subsidiary Clipper Shipping AS a 5-year fleet loan agreement financing the major part of the vessels owned by Clipper Shipping AS. The loan is in the name of Solvang ASA as the Borrower and Clipper Shipping AS as the Guarantor.
As the loan is related to financing of vessels owned by Clipper Shipping AS, the loan is further distributed from Solvang ASA to Clipper Shipping AS on Back-to-back terms including capitalized borrowing cost.
The loan is set up as a revolving credit facility. Available credit line 31.12 is USD 351.89 million. Draw loan is USD 281.62 million. The company has no debt that falls due more than five years after the balance sheet date.

The loan agreements have covenants requirements related to the market value of vessels in relation to outstanding debts, as well as working capital and / or minimum cash deposits. The group was in compliance with covenants in the loan agreements during the year and at 31.12.

SECURED DEBT	**2022**	**2021**
Long term debt to financial institution	466 869	443 624
Long term debt issuance cost	-6 654	-7 353
Long-term debt	460 215	436 270
Next year installment long term debt	12 167	163 247
Accrued interest long term debt	4 128	2 100
Current portion of long-term debt	16 295	165 347
Total net debt as of 31.12	**476 510**	**601 618**
Minority interest of book value as of 31.12.	50 647	63 609

COLLATERAL FOR DEBT	**2022**	**2021**
Vessel	983 368	1 099 459
Bank deposits	32 091	59 522
Bunkers, lubricant oil etc.	4 359	6 991
Accounts receivables	10 978	5 339
Book value as of 31.12.	**1 030 797**	**1 171 311**

Change in interest-bearing debt is specified in the table below.

	Long term debt	Other long term debt	Total
Interest bearing debt as of 01.01.21	702 736	10 000	712 736
Proceeds from borrowings	420 000	30 000	450 000
Paid Long term debt issuance cost	-3 749	-231	-3 980
Repayment of borrowings	-519 937	-10 163	-530 100
<u>Non-cash changes</u>			
Changes in accrued interests	923		923
Amortized debt issuance cost	1 644		1 644
Interest bearing debt as of 31.12.21	601 618	29 606	631 224
Paid Long term debt issuance cost	-1 144		-1 144
Repayment of borrowings	-127 835	-2 783	-130 618
<u>Non-cash changes</u>			
Changes in accrued interests	2 028		2 028
Amortized debt issuance cost	1 844		1 844
Interest bearing debt as of 31.12.22	476 510	26 823	503 333

NOTE 18 – LONG TERM DEBT

Maturity overview of financial debt as of 31.12.

	Long term debt	Other long term debt	Total 2022	Total 2021
< 1 year	16 295	2 901	19 196	168 130
2 - 5 year	460 215	23 922	484 137	463 094
> 5 year				
	476 510	26 823	503 333	631 224

The figures in the above table does not include future interest prognosis.

NOTE 19 – RECEIVABLES

Recivables consist mainly of trade debtors, prepaid voyage costs and accruals. None of the receivables is falling due more than one year after the end of the fiscal year. None of the receivables of significant amount is due on the balance sheet date.

Receivables at 31.12 can be divided as follows:

	2022		2021		
	Non-current	Current	Non-current	Current	
Financial assets at amortized cost					
Receivable BB in			6 873		*(ref note 4)*
Financial assets at FVPL					
Deposit and guarantees		460		596	*(ref note 13)*
Prepayments and other assets					
Accounts receivable		10 978		5 339	
VAT receivable		277		326	
Accruals and prepayments		7 077		3 065	
Insurance claim		3 534		1 221	
Disputed tax claim		539			
Other receivables		6 917		5 949	
Total receivables		29 781	6 873	16 497	

All significant trade debtors at 31.12 are nominated in USD and are less than 30 days old.

There has been no material loss on accounts receivable in 2022, nor is it deemed necessary with provision for possible losses on the receivables.

The above book values are considered a reasonable approximation of fair value.

NOTE 20 – EQUITY

The company's main shareholders as of 31.12.2022

	31.12.2022		31.12.2021	
Name of owner	# of shares	Ownership	# of shares	Ownership
Clipper AS	29 330 654	31.49%	29 330 654	31.49%
Straen AS	18 117 245	19.45%	18 117 245	19.45%
Audley AS	16 126 163	17.31%	16 126 163	17.31%
Barque AS	8 812 908	9.46%	8 812 908	9.46%
Leif Hübert AS	2 882 741	3.09%	2 882 741	3.09%
Jaco Invest AS	2 150 000	2.31%	2 150 000	2.31%
Tyin AS	0	0.00%	1 880 389	2.02%
Hans Herman Horns Stiftelse	1 880 389	2.02%	0	0.00%
Motor-Trade Eiendom og Finans AS	1 578 373	1.69%	1 578 373	1.69%
Torkap AS	1 456 218	1.56%	1 456 218	1.56%
Mertoun Capital AS	1 359 782	1.46%	1 359 782	1.46%
Moredun Invest AS	1 310 877	1.41%	1 310 877	1.41%
Taif AS	1 308 608	1.40%	1 308 608	1.40%
Skagenkaien Eiendom Holding AS	1 276 318	1.37%	1 276 318	1.37%
Menne Invest AS	1 206 148	1.29%	1 206 148	1.29%
Other < 1%	4 349 184	4.67%	4 349 184	4.67%
Totalt	93 145 608	100.00%	93 145 608	100.00%

Exept from the Chairman, the board of directors has no direct ownership in the company, nor control any shares in the company as of 31.12.2022.
The Chairman, Michael Steensland Brun, controls 1 310 877 shares in the company as of 31.12.2022.
The CEO, Edvin Endresen, owns 10 720 shares in the company as of 31.12.2022.

Proposed dividend
The Board of Directors has proposed a dividend of NOK 2.00 per share for 2022. A total dividend of NOK 6.50 per share was paid in 2022 based on 2021 statutory accounts.
Allocated dividend is based on the number of shares outstanding on the grant date.
The company has no other dividend limitations than those imposed by Norwegian law.

Treasury shares
As of 31.12.2022 Solvang ASA holds no treasury shares.

NOTE 21 – SUBSEQUENT EVENTS

Effective 01.01.2023 the joint venture partners in PR Clipper Mars DA sold their 50,5% share of the company to Clipper Shipping AS, meaning Clipper Shipping AS ownership then increase to 100%. There are no plans for bringing in a new partner, and the company will be dissolved, and the assets transferred to Clipper Shipping AS in accordance with current regulations.

There are no other events after the balance sheet date that impacts the reported numbers.

FINANCIAL STATEMENTS SOLVANG ASA

Income Statement | Solvang ASA

Amounts in NOK 1 000	Note	2022	2021
Management fee	2	89 697	92 455
Other Income		0	0
Total Operating income		**89 697**	**92 455**
Salaries and other personnel expenses	3	73 525	70 250
Depreciation	4	343	357
Other operating expenses	3	44 557	16 312
Total operating expenses		**118 425**	**86 920**
Operating result		**-28 727**	**5 535**
Recieved group contributions		1 274	0
Affiliated companies equity method	5	124	119
Financial income	6,2	762 556	408 576
Financial expenses	7,2	-116 684	-84 437
Net financial items		**647 270**	**324 258**
Ordinary result before tax		**618 543**	**329 793**
Tax on ordinary result	8	-1 709	2 234
Net profit or loss for the year		**620 252**	**327 559**
Net profit or loss for the year is distributed as follows			
Dividend		-186 291	-186 291
To/from other equity		-433 961	-141 268
Total distributed		**-620 252**	**-327 559**

Balance Sheet | Solvang ASA

Amounts in NOK 1 000	Note	31.12.2022	31.12.2021
ASSETS			
Fixed Assets			
Intangible fixed assets			
Deferred tax asset	8	3 312	1 594
Total intangible fixed assets		**3 312**	**1 594**
Tangible fixed assets			
Office equipment, furniture etc	4	3 127	511
Total tangible fixed assets		**3 127**	**511**
Financial fixed assets			
Investments in subsidiaries	9	2 860 869	2 860 869
Loans to group companies (Back-to-back)	2,10	2 715 387	3 218 404
Investments in affiliated companies	5	384	296
Other long term receivables	11	0	60 612
Total financial fixed assets		**5 576 640**	**6 140 181**
Total fixed assets		**5 583 079**	**6 142 286**
Current Assets			
Receivables			
Accounts receivables	2	653	3 195
Short term receivables group companies	2,12	19 768	2 901
Other short term receivables	13,12	36 795	15 922
Total receivables		**57 217**	**22 019**
Cash and bank deposits	13	273 429	438 131
Total current assets		**330 646**	**460 150**
TOTAL ASSETS		**5 913 725**	**6 602 436**

Balance Sheet | Solvang ASA

Amounts in NOK 1 000	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	14	465 728	465 728
Share premium reserve		2 076 295	2 076 295
Total paid-in capital		**2 542 023**	**2 542 023**
Retained earnings			
Other equity		170 061	155 279
Total retained earnings		**170 061**	**155 279**
Total equity	14	**2 712 084**	**2 697 302**
Liabilities			
Provisions			
Pension liabilities	15	5 810	6 416
Total provisions		**5 810**	**6 416**
Long term liabilities			
Loan (back-to-back)	10	2 715 387	3 218 404
Other liabilities	11	0	60 156
Total long term liabilities		**2 715 387**	**3 278 560**
Current liabilities			
Trade creditors		6 311	4 343
Current liabilities Group companies	2,13	266 000	406 021
Tax payable	8	0	2 089
Public duties payable		9 801	7 223
Dividend	14	186 291	186 291
Other short term liabilities		12 041	14 192
Total current liabilities		**480 443**	**620 158**
Total liabilities		**3 201 640**	**3 905 134**
TOTAL EQUITY AND LIABILITIES		**5 913 725**	**6 602 436**

Stavanger, 10th May 2023

This document has been signed electronically.

Michael Steensland Brun
Chairman

Ellen Solstad

Jostein Devold

Edvin Endresen
CEO

Cash Flow Statement | Solvang ASA

Amounts in NOK 1 000	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before tax		618 543	329 793
Taxes paid	8	-2 089	-422
Depreciation	4	343	357
Difference between expensed pension and paid in/out	15	-647	-606
Result in other affiliated companies	5	-124	-119
Changes in inventories, trade receivables and trade payables		4 509	643
Changes in other current balance sheet items		-20 446	7 169
Financial items		-1 709	-682
Net cash flow from operating activities		**598 380**	**336 132**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale / purchase of tangible fixed assets	4	-2 959	0
Investment affiliated companies	5	46	32
Received payments other receivable	11	65 369	23 880
Net cash flow from investing activities		**62 457**	**23 912**
CASH FLOW FROM FINANCING ACTIVITIES			
Payment other commitments	11	-63 204	-20 287
Change in outstanding accounts group companies		-156 888	409 142
Dividends paid	14	-605 446	-419 155
Net cash flow from financing activities		**-825 539**	**-30 300**
Net change in cash and cash equivalents		**-164 702**	**329 745**
Cash and cash equivalents 01.01		438 131	108 387
Cash and cash equivalents 31.12		**273 429**	**438 131**

Notes 2022 | Solvang ASA

NOTE 1 – ACCOUNTING PRINCIPLES

The annual accounts consist of the profit and loss account, balance sheet, cash flow statement and notes to the accounts, and have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of 31st of December 2022.

The annual accounts have been prepared based on the fundamental accounting principles and the classification of assets and liabilities are according to the Norwegian Accounting Act. The application of the accounting principles and the presentation of transactions and other issues attach importance to economic realities, not only legal form. Contingent losses, which are likely to happen and are quantifiable, will be expensed.

General principles

Assets that are meant for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables are classified as current assets if they are to be re-paid within one year after payment. The same criteria apply for liabilities.

The annual accounts have been prepared based on the fundamental accounting principles historical cost, comparability, going concern, congruence and prudence. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time of delivery of goods or service sold and matches costs expensed in the same period as the income to which they relate is recognized.

Valuation of fixed assets is entered in the accounts at original cost. If the fair value of a fixed asset is lower than book value, and the decline in value is not temporary, the fixed asset will be written down to fair value. Fixed assets with a limited expected useful life are depreciated according to plan.

Current assets are valued at the lower of acquisition cost and fair value. Short-term liability is booked nominally at the point of establishment.

Solvang ASA has Norwegian kroner (NOK) as both the functional and reporting currency.

According to the accounting principles there are some exceptions from the general principles. These exceptions are commented below.

Fixed assets

Fixed assets are entered in the accounts at original cost, with deductions for accumulated depreciation and write-down. If the fair value of a fixed asset is lower than book value, and the decline in value is not temporary, the fixed asset will be written down to fair value. Depreciation is calculated and distributed linearly over the estimated useful life. Maintenance of fixed assets is continuously booked to operating cost. Major replacement and improvements witch significantly improve the fixed assets useful life, are added to the purchase price of the assets.

Investment in subsidiaries

By subsidiaries means investments where the company directly or indirectly owns more than 50% of the voting shares, where the investment has a long-term and strategic dimension, and investments where the company have a controlling interest. Investments in subsidiaries are accounted for using the purchase method. Cost price increases when means are contributed by a capital increase, or when group contribution is received by the subsidiary. Received dividends are normally booked as income. Dividends which exceeds retained earnings after the initial investment, is booked as reduction of historical acquisition cost. Year-end allocation related to dividend from subsidiaries is entered as financial income the same fiscal year.

Investment in affiliated companies

By affiliated companies means investments where the company directly or indirectly owns 20-50% of the voting shares, where the investment has a long-term and strategic dimension, and investments where the company can exercise a considerable influence. Investments in affiliated companies are accounted for using the equity method.

Solvang's share of the profit in an affiliated company is based on profit after tax in the affiliated company less any depreciation on excess value due to the acquisition cost of the owner interest being higher than the acquired share of book equity. In the profit and loss account, the share of the profit in affiliated companies is presented as financial items. In the balance sheet, owner interests in affiliated companies are presented together with fixed assets.

For affiliated participant taxed companies are Solvang's share of the profit based on the pre-tax profit in the affiliated company. Tax on profit share is recognized through the general tax cost of the Group.

Receivables

Receivables are valuated at face value after deduction of accrual for anticipated loss. Accruals for anticipated loss are made on basis of assessment of the individual outstanding claims.

Foreign currency

Transactions in foreign currencies are recorded at transaction date.
All cash and bank balances in foreign currency are accounted for at the exchange rate at year-end.

Financial expenses

When a new debt financing is established any up-front fees and other cost related to the financing are capitalized at the date of drawdown of the loan and amortized over the loan period.

Financial Lease

Financial leasing is included as a liability under interest-bearing debt to the present value of the minimum lease, and amortized over the lease term.

Long term loan (Back-to-back)

The interest and loan are presented gross in both P&L and Balance sheet as this relates to a flow-through loan. The loan is set up with Back-to-back terms, hence it has no actual effect to the accounts.

Pension liability and pension cost

All employees are members of the defined contribution hybrid pension scheme with investment choices. The company has no remaining obligations to the old schemes that have been settled. However, the non-funded schemes will continue as before and consist of defined benefit plans and defined contribution plans.

Defined benefit pension plan

Net pension cost includes the period calculated pension benefits, including expected salary increases, estimated interest expenses, less the expected return on plan assets and any effects of changes in estimates and plans. The surplus is capitalized to the extent it can be applied to future pension obligations. The company applies Revised IAS 19 Employee Benefits as a basis for accounting for pension.

Gains and losses arising from recalculation of the obligation due to experience variances and changes in actuarial assumptions are recorded against equity and deferred tax in the period when they occur.

Contribution based pension plan

For defined contribution plans the company pays contributions to publicly or privately administered pension insurance plans. The company has no further payment obligations once the contributions have been paid. Contributions are recognized as compensation expense in line with the obligation to pay contributions accrue.

Treasury shares

Own shares are posted at face value on a separate line of the balance sheet under equity. The difference between the face value of the share and the original cost is deducted from other equity. As of 31.12.2022 Solvang ASA holds no treasury shares.

Taxes

Taxes in the Profit and Loss statement contain both payable tax of the year and changes in deferred tax / deferred tax asset.

Deferred tax /deferred tax assets are calculated on basis of temporary differences between accounting standards and tax legislation by the end of the fiscal year. The calculation is based on nominal tax rate. Tax-augmenting and tax-reducing temporary differences that can be reversed in the same period are balanced in the accounts. Deferred tax assets arise if there are net tax-reducing temporary differences which can be justified by the assumption of future profits. This year tax on ordinary result consist of net changes in deferred tax and deferred tax assets together with payable tax of the year and adjusted for any differences in provision previous years.

Cash flow statement

The Cash Flow statement is prepared in accordance with the indirect method. Cash flow generated by investing and financing activities is shown gross, while for operations reconciliation is shown between book profit and cash flow from operating activities. Cash and cash-equivalents include petty cash and bank payments.

NOTE 2 – RELATED PARTIES

Related parties are the companies that are part of the Solvang ASA group as well as companies in which the group has an ownership share higher than 20%. In addition, companies controlled by the Steensland-Brun family are considered related parties. All transactions with related parties, are at arm's length and market terms. In connection with Solvang's position as manager for the shipping partnerships, there are ongoing transactions between Solvang and the individual shipping partnerships. Solvang receives a yearly fee as managers. The size of the fee is regulated by the management agreement, and is approved each year by the annual general meeting of the shipping partnerships.

	Profit & Loss Account		Balance Sheet	
	2022	**2021**	**31.12.2022**	**31.12.2021**
Management fee (income)	89 697	92 455		
Interest subsidiaries (back-to-back)	112 890	77 396		
Dividend received from subsidiaries	641 114	319 582		
Receivables group companies			19 768	2 901
Liabilities group companies			-266 000	-406 021
Loan subsidiaries (back-to-back)			2 715 387	3 218 404
Net receivables other related parties			681	554
Liabilities other related parties			-24	-462
Total	**843 701**	**489 432**	**2 469 813**	**2 815 376**

NOTE 3 – PAYROLL EXPENSES

	2022	2021
Personnel expenses		
Salary	55 369	53 747
Employers tax	8 896	8 329
Pension cost	5 415	5 067
Other benefits	3 844	3 108
Total personnel expenses	73 525	70 250
Number of employees	45	44

Remuneration (in NOK) 2022

	Director's fees	Salary	Bonuses	Pension costs	Other remuneration	Total remuneration
MANAGERS						
Edvin Endresen, CEO		3 154 347	1 162 000	385 646	62 381	4 764 374
Tor Øyvind Ask, Dir. Marine Operations		2 118 106	325 378	241 418	40 243	2 725 145
BOARD OF DIRECTORS						
Michael Steensland Brun, Chairman	150 000	0	0	0	0	150 000
Jostein Devold, Board member	125 000	0	0	0	0	125 000
Ellen Solstad, Board member	125 000	0	0	0	0	125 000
Alf Andersen, Observer	125 000	0	0	0	0	125 000
S.Botolf Sundby, Observer	125 000	0	0	0	0	125 000
Total remuneration	**650 000**	**5 272 453**	**1 487 378**	**627 064**	**102 624**	**8 139 519**

CEO has an additional contribution based pension of 15% of salary above 12G. In addition to this, CEO has an agreement of one year pay after termination of employment.
The company's senior executives are employed on a fixed salary. The Company has not granted loans or guarantees to any of its employees. The company has an incentive scheme for senior executives based on achievement in HSE, finance and quality. The incentive scheme is set up as a cash consideration with a maximum of 25% of the basic salary. Settlement for the current year will be made during the first quarter of the following year.

In addition to the incentive scheme above, it was deceided that all other employees should receive a bonus equal to one months salary. This bonus was paid out in December 2022.

AUDITOR
The fee to the auditors for 2022 amounts to NOK 395 527,- whereof NOK 395 527,- relates to audit required by law and NOK 0,- for other non-audit services. The amounts are reported exclusive of VAT.

NOTE 4 – TANGIBLE FIXED ASSETS

	Software and office equipment	Furniture and fixtures	Non depreciable assets	2022	2021
Acquisition costs 01.01	6 628	4 382	165	**11 175**	11 175
Additions during the year	2 456	503	0	**2 959**	
Acquisition costs 31.12	9 084	4 885	165	**14 134**	11 175
Accumulated ordinary depreciation 01.01	6 387	4 277	0	**10 664**	10 307
Depreciation during the year	107	236	0	**343**	357
Accumulated depreciation and write-off 31.12	6 494	4 513	0	**11 007**	10 664
Book value as of 31.12	2 590	372	165	**3 127**	511
Useful life	3-4 years	6 years	-		3 - 6 years
Depreciation plan	Linear	Linear	Linear		Linear
Depreciation percentage	25 - 30%	15%	0%		15 - 30%

NOTE 5 – AFFILIATED COMPANIES

AFFILIATED COMPANIES INCLUDED UNDER THE EQUITY METHOD OF ACCOUNTING

Company	Owner-ship	Acquisition cost	Equity at acquisition	Opening balance 01.01.2022	Share of net profit	Dividend received	Other	Translation differences	Closing balance 31.12.2022
Solvang Phillipines Inc	25%	102	102	296	52	-46	72	9	384
Total		102	102	296	52	-46	72	9	384

Solvang Phillipines Inc is located in Manila, Phillipines.
The voting rights are according to pro rata ownership share.

We have not received final or audited accounts from the affiliated companies for 2022, hence the amounts presented in this note is based on financial statement 2021, adjusted for dividend received in 2022.

NOTE 6 – FINANCIAL INCOME

	2022	2021
Interest income	736	16
Interest income back-to-back loan (*ref note 10)*	112 890	77 396
Interest other long term receivable (*ref note 11)*	4 757	7 037
Dividend Norwegian shares (Subsidiary)	641 114	319 582
Currency gain	3 020	4 545
Other financial income	39	
Total	**762 556**	**408 576**

NOTE 7 – FINANCIAL EXPENSES

	2022	2021
Interest and banking expenses	110	82
Interest loan (back-to-back) *ref note 10*	112 890	77 396
Interest expense other commitments *ref note 11*	3 048	6 354
Currency loss	0	0
Other financial expenses	636	605
Total	**116 684**	**84 437**

NOTE 8 – TAX

		2022	2021
Ordinary income/loss before tax		618 543	329 793
Permanent differences related to shares		-641 068	-319 550
Permanent differences		14 881	29
Differences related to equity method		-124	-119
Changes in temporary differences		-1 442	-660
Net taxable income/loss		**-9 210**	**9 494**
Tax Payable	**22%**	**0**	**2 089**
Tax expenses for the year			
Tax Payable		0	2 089
Gross changes in deferred tax / deferred tax assets		-1 718	113
Deferred tax of remeasurement pensions recognized in equ		9	32
Total tax on income for the year		**-1 709**	**2 234**
Specification of temporary differences:			
Long term temporary differences			
Tangible fixed asset		-36	-831
Pension liabilities		-5 810	-6 416
Tax loss carry-forward		-9 210	
Total		**-15 056**	**-7 247**
Deferred tax / deferred tax assets	**22%**	**-3 312**	**-1 594**
Reconciliation tax expenses for the year			
22% of ordinary income/loss before tax		136 079	72 554
Changes related to equity method		-27	-26
22% effect of permanent differences related to shares		-141 035	-70 301
22% effect of other permanent differences		3 274	6
Tax cost according to Profit & Loss account		**-1 709**	**2 234**

NOTE 9 – SHARES IN SUBSIDIARIES

Company name	Ownership/ voting rights	Share capital	Nominal value	Number of shares owned	Total nominal value	Carrying value 31.12
Clipper Shipping AS	100%	700 000 000	100	7 000 000	700 000 000	2 858 984 079
Solvang Maritime AS	100%	100 000	1 000	100	100 000	1 884 927
Total Subsidiaries						**2 860 869 006**

Clipper Shipping AS and Solvang Maritime AS are located in Stavanger.

NOTE 10 – INTEREST BEARING DEBT

Solvang ASA has given a guarantee for the share of debt that its subsidiary Clipper Shipping AS is committed to through its ownership in shipowning companies. This is limited to ownership of the individual shipping partnerships. Clipper Shippings share of the mortgage debt 31.12.2022 is MUSD 72.9. Solvang ASA has guaranteed for all of this amount.

Solvang ASA has provided a bank guarantee of NOK 1.7 million regarding the lease of office space in Oslo.

Solvang has together with the subsidiary Clipper Shipping AS a 5-year fleet loan agreement financing the major part of the vessels owned by Clipper Shipping AS. The loan is in the name of Solvang ASA as the Borrower and Clipper Shipping AS as the Guarantor.
As the loan is related to financing of vessels owned by Clipper Shipping AS, the loan is further distributed from Solvang ASA to Clipper Shipping AS on Back-to-back terms.
The loan is set up as a revolving credit facility. Available credit line 31.12 is USD 351.89 million. Draw loan is USD 281.62 million. The company has no debt that falls due more than five years after the balance sheet date.

The loan agreements have covenants requirements related to the market value of vessels in relation to outstanding debts, as well as working capital and / or minimum cash deposits. The company was in compliance with covenants in the loan agreements during the year and at 31.12.

Summary of Long term loan as of 31.12.

Amounts in KNOK	**Receivables (back-to-back terms)**	**Long term loan**
Long term loan	2 759 313	-2 759 313
Capitalized borrowing costs	-43 926	43 926
Total	2 715 387	-2 715 387

NOTE 11 – OTHER RECEIVABLE AND LIABILITIES

In October 2018 the company took over two BB charter parties for the same vessel, one in and one out. Based on the fact that the counterparty has a purchase obligation of the vessel at the end of the contract period, the contract is considered to be a cash flow contract for the administrative handling until the expiry of the contract period.

The BB charter parties expired in June 2022, and the BB out charterer purchased the vessel according to their obligation.

NOTE 12 – RECEIVABLES

Debtors consist mainly of receivables from shipping partnerships. None of these receivables is falling due more than one year after the end of the fiscal year.

NOTE 13 – BANK DEPOSIT

In connection with payment of payroll withholding tax, the company has a restricted bank deposit of NOK 8,440,625,-.

Total bank deposit also includes provision on a restricted account related to pension for former managing director of the merged subsidiary. Restricted bank deposit as of 31.12 amounts to NOK 4,505,063,-
The account is included in other short term receivables.

Cash pool
Solvang ASA is the main account holder in a multi-currency corporate cash pool system in Nordea, in which the two subsidiaries Solvang Maritime AS and Clipper Shipping AS are included. The cash pool has been established to optimize liquidity management of Solvang Group. There are no overdraft facility linked to the cash pool. At year-end 2022, Solvang ASA had an overdraft in the cash pool. Ref below.

Cash and bank deposits can be divided as follows:

	2022	2021
Companys own deposit in Cash pool	-9 877	18 868
Subsidiaries deposit in cash pool (*)	266 000	405 280
Net deposits outside the cash pool	17 306	13 983
Total Cash and bank deposits	**273 429**	**438 131**

* *Subsidiaries deposits in cash pool are also recognised as current liabilities group companies in Solvang ASA's balance sheet.*

NOTE 14 – EQUITY

Solvang ASA	Share capital	Share premium reserve	Other Equity	Total equity
Equity as of 31.12.2021	**465 728**	**2 076 295**	**155 279**	**2 697 302**
Profit / loss of the year			620 252	620 252
Translation differences *(note 5)*			9	9
Remeasurement pension liability (net after tax)			-33	-33
Additional dividend paid out current year			-419 155	-419 155
Dividend			-186 291	-186 291
Equity as of 31.12.2022	**465 728**	**2 076 295**	**170 061**	**2 712 084**

Treasury Shares

As of 31.12.2022 Solvang ASA holds no treasury shares.

Shareholders

The share capital of Solvang ASA consist of 93,145,608 ordinary shares, each with a par value of NOK 5,-.
All shares have equal rights.

The company's main shareholders as of 31.12.2022

Name of owner	# of shares	Ownership
Clipper AS	29 330 654	31.49%
Straen AS	18 117 245	19.45%
Audley AS	16 126 163	17.31%
Barque AS	8 812 908	9.46%
Leif Hübert AS	2 882 741	3.09%
Jaco Invest AS	2 150 000	2.31%
Hans Herman Horns Stiftelse	1 880 389	2.02%
Motor-Trade Eiendom og Finans AS	1 578 373	1.69%
Torkap AS	1 456 218	1.56%
Mertoun Capital AS	1 359 782	1.46%
Moredun Invest AS	1 310 877	1.41%
Taif AS	1 308 608	1.40%
Skagenkaien Eiendom Holding AS	1 276 318	1.37%
Menne Invest AS	1 206 148	1.29%
Others < 1%	4 349 184	4.67%
Totalt	**93 145 608**	**100.00%**

Exept from the Chairman, the board of directors has no direct ownership in the company, nor control any shares in the company as of 31.12.2022.
The Chairman, Michael Steensland Brun, controls 1 310 877 shares in the company as of 31.12.2022.
The CEO, Edvin Endresen, owns 10 720 shares in the company as of 31.12.2022.

Proposed dividend
The Board of Directors has proposed a dividend of NOK 2.00 per share for 2022. A total dividend of NOK 6.50 per share was paid in 2022 based on 2021 statutory accounts.
Allocated dividend is based on the number of shares outstanding on the grant date.
The company has no other dividend limitations than those imposed by Norwegian law.

NOTE 15 – PENSION COST AND PENSION LIABILITIES

The company is obligated to have a pension plan according to the Act on Mandatory company pension, and has a pension plan which follows the requirement as set in the Act on Mandatory company pension. All employees are members of the defined contribution hybrid pension scheme with investment choices. Deposits in the scheme for 2022 are 3,982,216, -.

Non-funded plans

The company also has non-funded pension obligations for 1 pensioner and an additional defined contribution plan for CEO, which are not covered by the general pension plan.

Assumptions

Pension liabilities and pension costs are calculated by a third party independent actuary, and has been evaluated according to revised IAS 19. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited through Equity. The following assumptions were used for non-funded plans:

	2022	2021
Discount rate	3.00%	1.90%
Expected salary increases	3.50%	2.75%
Rate of pension increases	2.00%	1.75%
Increase of National Insurance Basic amount (G)	3.25%	2.25%
Expected return on plan assets	3.00%	1.90%
Social Security Tax	14.10%	14.10%

Net periodic pension cost:	**Non-funded plans**	
	2022	**2021**
Benefits earned during the year		
Interest cost	80	81
Social Security Tax	11	11
Net periodic pension cost	**91**	**93**

Overview of actuarial gains and losses recognized directly through other equity:

	2022	**2021**
Net actuarial gains/losses 01.01	-5 262	-5 149
Current year actuarial gains/losses	-42	-144
Tax	9	32
Net actuarial gains/losses 31.12	**-5 294**	**-5 262**

Status of pension plans reconciled to the balance sheet

	Non-funded plans	
	2022	**2021**
Present value of pension obligations	-3 948	-4 609
Fair value of plan assets	0	0
Funded status of plans at December 31.	-3 948	-4 609
Social Security Tax	-1 862	-1 807
Net pension liability recognised at December 31.	**-5 810**	**-6 416**

NOTE 16 – AREAS OF OPERATION

Solvang ASA has one area of operation, ship management.

NOTE 17 – FINANCIAL MARKET RISK

The company's operations expose the company for low currency risk because income and the majority of cost are normally in the same currency (NOK). However, there is some exposure to currency related to foreign currency bank accounts as well as interim accounts with group companies and other shipping companies that Solvang is the managing director of, but the risk is considered low. The company only have a very limited exposure to credit risk and market risk.

CURRENCY RISK AND INTEREST RISK

Investment in ship owning companies (owned through subsiduary Clipper Shipping AS)

The operations of the company's investments in ship owning companies are mainly USD based. Most of the revenues are in USD. The majority of the income is in USD. Furthermore, the market value of the ships, and thus most of the assets, are priced in USD. Most of the debts are also in USD. This leads to foreign exchange exposure being limited. The Ship Owning companies are part of the Group and are fully consolidated.

Most of the company's debt is loan on back-to-back terms with Clipper Shipping AS. In addition Solvang has provided guarantee for the debt Clipper Shipping is committed to through its ownership in shipowning companies. (Ref note 10). All loans are denominated in USD and are priced at floating LIBOR interest. The company has an acceptable equity ratio. This together with an active handling of interest rate exposure, leads to the risk of any changes in the interest rate level being limited for the company.

NOTE 18 – SUBSEQUENT EVENTS

There are no events after the balance sheet date that impacts the reported numbers.

AUDITOR'S REPORT

pwc

To the General Meeting of Solvang ASA

Independent Auditor's Report

Opinion

We have audited the financial statements of Solvang ASA, which comprise:

- the financial statements of the parent company Solvang ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Solvang ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with 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 as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SOLVANG ASA ANNUAL REPORT 2022

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Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

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

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

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

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of 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 the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Stavanger, 10 May 2023
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant
(This document is signed electronically)

ESG PERFORMANCE

ENVIRONMENTAL PERFORMANCE DASHBOARD

EMISSIONS TO AIR

2023 target	2022 progress	2022 targets
Continue detailed planning for the Solvang full scale CCS project.	Continued planning and application for funding.	Continue detailed planning for the Solvang full scale CCS project.
100 % Compliance with IMO 2020	Done	100 % Compliance with IMO 2020
Scrubber operation > 99.8 %	>99 %	Scrubber operation > 99.8 %
Average Sulfur in fuel < 0.2 %	0.21%	Average Sulfur in fuel < 0.2 %
	Done	Complete Revision of Solvang Environmental booklet
Environment and Seemp 2 month in LTV programme	Done	Environment and Seemp 2 month in LTV programme
Maintenance according to plan better than 0,4 % Overdue non-critical jobs	0.35%	Maintenance according to plan better than 0,4 % Overdue non-critical jobs
Engine health 9/10	Engine healt 9/10	Engine health 9/10
Fuel optimisation potential better than 0.8 %	Fuel optimisation potetial 0,9 %	Fuel optimisation potential better than 0.8 %
Continued Partisipation in the research project Smart Maritime and CLIMMS	Done	Continued Partisipation in the research project Smart Maritime and CLIMMS
Continue Solvang Energy savings competition	Done, winner puplished in this report	Continue Solvang Energy savings competition

ENERGY CONSUMPTION		
2023 target	**2022 progress**	**2022 targets**
Present historical fuel efficiency for the fleet	Done, this report.	Present historical fuel efficiency for the fleet
Continuous evaluation of vessel energy consumption against base line	Done	Continuous evaluation of vessel energy consumption against base line
12 vessels in project Energy Optimisation Cargo Handling (Operim++)	In progress,	16 vessels in project Energy Optimisation Cargo Handling (Operim++)
	Done	Complete Revision of Solvang Environmental booklet
Environment and Seemp as focus aerea 2 months in LTV program	Done	Environment and Seemp as focus aerea 2 months in LTV program
Dry docking and renewal of high quality anti-fouling on 10 vessels	3, vessel.The last posponed to 2023	Dry docking and renewal of high quality anti-fouling on 4 vessels
Maintenance according to plan better than 0,4 % Overdue non-critical jobs	0,35% overdue non critical jobs	Maintenance according to plan better than 0,4 % Overdue non-critical jobs
Engine health 9/10	Engine healt 9/10	Engine health 9/10
Fuel optimisation potential better than 0.8 %	Fuel optimisation potetial 0,9 %	Fuel optimisation potential better than 0.8 %

LIFE IN SEA AND ON LAND		
2023 target	**2022 progress**	**2022 targets**
Zero spills to sea	Zero	Zero spills to sea
100 % compliance with IMO and local scrubber washwater requirement	Done	100 % compliance with IMO and local scrubber washwater requirement
Zero non-compliance with Marpool Annex I and IV	Done	Zero non-compliance with Marpool Annex I and IV
Maintenance according to plan better than 0.4%	0,35 %	Maintenance according to plan better than 0.4%
Engine health 9/10	Engine healt 9/10	Engine health 9/10
Fuel optimisation potential better than 0.8 %	Fuel optimisation potetial 0,9 %	Fuel optimisation potential <1 %
Consider further participation.	Initiated	Participation in research project EMERGE

SOCIAL PERFORMANCE DASHBOARD

COMMUNITY ENGAGEMENT		
2023 target	**2022 progress**	**2022 targets**
Provide access to LPG as a clean source of energy and ammonia as a potent fertilizer	Done	Provide access to LPG as a clean source of energy and ammonia as a potent fertilizer
Support the communities where we operate	Done	Support the communities where we operate
Support NSA cadet programme in Manilla	Done	Support NSA cadet programme in Manilla
Officer and crew conferences in Stavanger and Manilla	1+1	Officer and crew conferences in Stavanger and Manilla
100 % compliance in Living the Vision programme	Done	100 % compliance in Living the Vision programme
Live up to our Mision statement:	Done	Live up to our Mision statement:

HEALTH AND SAFETY		
2023 target	**2022 progress**	**2022 targets**
Work systematically to ensure the health, fitness and safety for all crew and employees, both at work and home	Done	Work systematically to ensure the health, fitness and safety for all crew and employees, both at work and home
Zero LTI	NO-2 LTI in 2022	Zero LTI
Sick leave Solvang (sea/ashore) less than 1 %	0,25/3,1 %	Sick leave Solvang (sea/ashore) less than 1 %
100 % compliance in Living the Vision program	Done	100 % compliance in Living the Vision program
Systematic training of our chefs	Done	Systematic training of our chefs
Pre-medical screening of our Filipino seafarers	Done	Pre-medical screening of our Filipino seafarers
Health insurance and pension for all seafarers	Done	Health insurance and pension for all seafarers
Participate in Shell safety program	Done	Participate in Shell safety program

EMPLOYEE RELATIONS		
2023 target	**2022 progress**	**2022 targets**
High focus on diversity and gender equality	Done	Provide good working conditions and fair salaries that reflect the individual's qualifications, regardless of gender
Recruiting, educating and retaining a skilled workforce	Done	Recruiting, educating and retaining a skilled workforce
Systematic on-the-job training trough Living The Vision Programme	Done	Systematic on-the-job training trough Living The Vision Programme
Implement a good understanding of revised values (Mutual Respect, Quality and Team Spirit.		
Increase focus on job specific training /Comp.Enhancement	Done	Increase focus on job specific training /Comp.Enhancement
Career development, communication/leadership development	done	Career development, communication/leadership development
Secure trainee positions on all vessels /cadets/jr offs/trainees	Done	Cadets on each ship 0.8%

DIVERSITY AND INCLUSION		
2023 target	**2022 progress**	**2022 targets**
Managing "happy ships" with happy, motivated and proactive employees	Done	Managing "happy ships" with happy, motivated and proactive employees
Encouraging diversity and inclusion at work and at home	Done	Encouraging diversity and inclusion at work and at home
Retention rate more than 90%	Done	Retention rate more than 90%

GOVERNANCE PERFORMANCE DASHBOARD

GOVERANCE AND COMPLIANCE		
2022 progress	**2022 targets**	**2021 targets**
52 technical inspections (FM) (2 per vessel)	Done/Remote	54 technical inspections (FM) (2 per vessel)
130 internal audits (MS) [-] (5 per vessel)	Done/Remote	135 internal audits (MS) [-] (5 per vessel)
Average number of observations Class 0	Average number 0.5	Average number of observations Class 0
Zero detention	Zero	Zero detention
Observation Port state < 0.5	Average number 0.4	Observation Port state < 0.5

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TOPIC	SOLVANG DOCUMENTS	EXTERNAL REFERENCES
Emissions to air	Environmental Policy Environmental Management System	IMO GHG Strategy IMO MARPOL ISO 14001 ISM Code NIS Flag State requirements
Energy consumption	Environmental Policy Environmental Management System	IMO GHG Strategy IMO MARPOL ISO 14001 ISM Code NIS Flag State requirements
Spills to Sea	Ballast Water Management Policy and Management System Waste Management Policy and Management System Environmental Policy and Management System	IMO MARPOL IMO Ballast Water Management Convention European Waste Shipment Regulation The Federal Water Pollution Control Act US VGP regulations ISM Code
Recycling	Vessel Recycling Policy	NIS Flag State requirements
Community Engagement	How we contribute to social welfare, jobs and stability.	
Health and Safety	Emergency procedures Occupational Health and Safety Management System Health and nutrition Programmes Contractor Safety Policy Living the Vision programme for employee development and communications.	International Labour Organization Convention (Marine Labour Convention) International Convention for the Safety of Life at Sea (SOLAS) 1974 OCIMF Marine Injury Reporting Guidelines ISM Code NIS Flag State requirements
Employee Relations	Ehical guidelines Internal health and safety policy Non-discrimination Policy Living the Vision programme for employee development and communications.	Norwegian Shipowners Association UN Global Compact International Labour Organization Convention (Marine Labour Convention) NIS Flag State requirements
Goverance and Compliance	Code of Conduct Executive Remuneration Guidelines Authorisation Levels	
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Economic Performance and Benefits	Annual report Code of Conduct Responsible Tax Policy	International Financial Reporting Standards (IFRS) Norwegian Generally Accepted Accounting Principles (NGAAP)

GLOSSARY

Frequently used terms and abbriviations.

OPERATIONAL GLOSSARY

AER

Annual Efficiency Ratio. CO2 emissions divided by fleet/vessel DWT. Total fuel consumption.

$$AER = \frac{\text{total CO2 emissions}}{\text{deadweight * distance sailed}}$$

CSR

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their operations.

CCS

Carbon capture and storage is the process of capturing waste carbon dioxide (CO2), transporting it to a storage site, and depositing it where it will not enter the atmosphere.

Dry docking

Normally related to a vessel´s periodic maintenance according to class requirements. The intervals are normally 5 years for newer vessels.

EEDI

Energy Efficiency Design Index. Co2 emissions divided by vessel DWT.

EEOI

Energy Efficiency Operational Indicator. Co2 emissions per ton cargo when the vessel is sailing.

EEXI

Energy Efficiency Existing Ship Index describes the CO2 emissions per DWT and mile.

ESG

Environmental, Social, and Corporate Governance refers to the three central factors in measuring sustainability and social impact.

GHG

Greenhouse Gas

GRI

The Global Reporting Initiative helps businesses, governments and other organizations understand and communicate their impacts on climate change, human rights and corruption.

HSEQ

Health, safety, environment and quality.

KPI

Key Performance Indicator.

LTI

Lost Time Incident Ratio measuring the level of injuries in a company or an operation.

UN SDG

United Nations Sustainability Development Goals are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.

CARGO GLOSSARY

Ammonia / NH3

Mainly used as raw material for fertilizer production.

Cbm

Cubic meter. The most common capacity nomination for gas vessels.

LPG

Liquefied Petroleum Gas, propane and butane.

Petrochemical Gases

Gases used as input/feedstock in petrochemical industry.

FLEET GLOSSARY

LGC

Large Gas Carrier. LPG vessels between 50,000 cbm and 70,000 cbm. Normal size for newer vessels is 60,000.

MGC

Mid-size Gas Carrier. LPG vessels between 30,000 and 40,000 cbm. Normal size for newer vessels is 38,000 - 40,000 cbm.

Panamax VLGC

Very Large Gas Carrier with a beam of 32,2 meter enabling the vessels to trade through both Panama Canals.

Semiref/Ethylene vessel

A gas carrier capable of transporting cargoes both under high pressure and with full refrigeration.

VLGC

Very Large Gas Carrier. LPG carriers with over 75,000 cbm load capacity. The normal size for modern vessels is 84,000 cbm. As opposed to Panamax VLGC, these vessels can only sail through the new Panama Canal.

MARKET GLOSSARY

CVC

Consecutive Voyage Contract. An agreement between ship owner and customer for the transportation from A to B and then return in ballast to A to repeat the voyage consecutively within a given time frame.

CoA

Contract of Affrightment. A CoA is an agreement between ship owner and customer for the transportation of a min-max volume of cargo at a given rate per ton, normally for one or several years.

Freight rate

The rate paid by customer to owners for the transportation service provided. Calculated either per ton basis or per day basis.

LIBOR

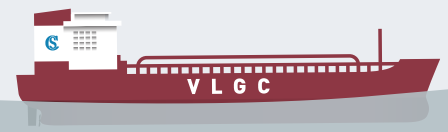
London Interbank Offered Rate.

Spot rate

The rate obtained when chartering out a vessel for a single voyage.

TC

Time charter. A contract between ship owner and customer for anything between 2 months and several years. All voyage costs such as bunkers, canal and harbour fees are payable by the customer. Operating cost is for the owner's account.



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