

Annual Report 2022 |
Clarksons Securities Group



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Directors Report

General information about the business

Clarksons Securities AS («the Company») is engaged in investment banking, sales and trading in financial instruments and research services within the Clarkson's' Group core sectors shipping, offshore, metals & minerals, renewables and exploration & production. The Company has its office in Oslo and has a wholly owned subsidiary in New York; Clarkson's Securities, Inc along with a wholly owned subsidiary in Calgary; Clarkson's Securities (Canada), Inc. The Company and its subsidiaries are together called the Group. The Company changed its name from Clarkson's Platou Securities AS during the year.

The Company is regulated by the Financial Supervisory Authority of Norway (FSA). Clarkson's Securities, Inc. is regulated by the Financial Industry Regulatory Authority (FINRA) and Securities Exchange Commission (SEC) in the USA.

The year 2022

2022 was a challenging year for global capital markets with war in Ukraine, high inflation, increasing interest rates and fear of recession. Despite this the Group performed well and completed a number of transactions across all products and industries. In total the Group participated in over 40 transactions and raised more than USD 1,6 billion for clients.

Result for 2022

Result

Consolidated revenues for the Group for 2022 totalled NOK 311,7 million, a reduction of 16% compared to NOK 371,2 million in 2021. Consolidated operating costs totalled NOK 306,6 million compared to NOK 310,1 million in 2021. Operating result for the year 2022 totalled NOK 5,1 million compared to NOK 61,1 million in 2021. Changes to revenues and result are primarily related to changes to activity within investment banking.

Total revenues for the Company for 2022 totalled NOK 276,0 million, a reduction of 17% compared to NOK 330,7 million in 2021. Operating costs totalled NOK 265,1 million compared to NOK 257,7 million in 2021. Operating result for the year 2022 totalled NOK 10,9 million compared to NOK 73,0 million in 2021.

Balance sheet

Consolidated equity was NOK 194,9 million as of 31. December 2022, compared to NOK 170,6 million at the end of 2021. Company equity was NOK 190,3 million 31 December 2022, compared to NOK 178,7 million at the end of 2022. The Company invested NOK 146 million into its subsidiary Clarkson's Securities, Inc to support capital markets transaction in the US market. Capital adequacy is robust with 24,8% at Group level and 20,5% at Company level, compared to the minimum requirement of 8%.

Cash flow

Consolidated net cashflow from operations for 2022 was NOK 116,5 million, compared to NOK 159,5 million for 2021. Company net cash flow from operations was NOK 107,3 for 2022 compared to NOK 163,7 for 2021.

Consolidated net cash flow from investment activities totalled NOK (4,5) million in 2022, compared to NOK (1,6) million in 2021. Company net cash flow from investment activities totalled NOK (145,7) million in 2022, compared to NOK (0,9) million in 2021. Investments relate to purchase of fixed assets and investment in subsidiary at Company level.



Consolidated net cash flow from financing activities totalled NOK (45,6) million in 2022, compared to NOK (21,5) million in 2021. Company net cash flow from financing activities totalled NOK (46,0) million in 2022, compared to NOK (21,0) million in 2021. Cash flow from financing activities relates primarily to dividends paid.

The Groups net cash flow for 2022 totalled NOK 66,4 million, compared to NOK 136,4 million in 2021. The Group held cash and cash equivalents of NOK 349,1 million as of 31 December 2022, compared to NOK 282,7 million per 1 January 2022.

The Company net cash flow for 2022 totalled NOK (88,5) million, compared to NOK 141,8 million in 2021. The Company held cash and cash equivalents of NOK 127,1 million as of 31 December 2022, compared to NOK 215,6 million per 1 January 2022. Cash and cash equivalents are all held in bank deposits and the Group does not hold any long term interest bearing papers.

The Company has a credit facility with DNB Bank ASA of NOK 175 million. The Company view the liquidity situation as solid as of the date of the signing of the Annual Report.

Risks

The Company is exposed to counterparty risk, market risk and operational risk in its normal operations.

Counterparty risk

The Company does not have permission to extend credit to clients and does not offer equity forwards or swaps, or other products with credit elements. Counterparty risk is therefore primarily related to payment for ordinary trading in financial instruments and payment for corporate assignments, in addition to counterparty risk on the Company's bank deposits. The Company seeks to reduce the counterparty risk through daily reporting on clients in default and clear routines for recovering outstanding balances and potential forced sale. The majority of the Company's clients are institutions with delivery vs payment (DVP) settlement structure where the risk of default has historically been low. Bank deposits are placed with larger Nordic financial institutions. The Company has not experienced material losses in relation to counterparty risk over the last few years.

Market risk

Market risk relates to potential losses in positions in financial instruments, currency or movements in interest rates.

The Company has permit to engage in own account trading, and the Company will from time to time hold financial instruments in relation to investment banking transactions and as part of normal secondary trading.

The Company generally hold modest balances in other currencies than Norwegian Kroner (NOK). The Company's main exposure to other currencies than NOK is through its investment in the wholly owned subsidiary Clarksons Securities, Inc. in the USA. The Company has modest exposure to movements in interest rates.

Most of the Company's costs are in NOK while a material share of revenues are in USD, and in particular linked to larger investment banking transactions. The Company assesses the need for hedging of currency risk on a case-by-case basis. Part of the Company's investments in its subsidiary during the year is viewed as temporary and the currency risk is hedged.



Operational risk

Operational risk represents the Company's risk for financial losses or reputational damage as a result of non-compliance or incomplete routines, system- or human errors, economic crime and fraud, and external events linked to network security. Operational risk also includes financial and liquidity risk, along with regulatory risk. Operational risk represents the Company's primary risk and can in extreme instances result in the loss of regulatory permits and/or negatively impact the Company's ability to continue its operations.

Operational risks are reduced through clearly defined responsibilities and tasks between management and employees, established routines and automated tasks and controls, along with manual controls by someone else than the person initiating a task. The Company's risk- and internal control function also perform periodic controls of critical processes and report directly to the Board.

The Company's revenues varies through the year and the Company seek to maintain solid liquidity and capital buffers for periods with reduced revenues. Financial risk is further reduced through focus on low fixed costs and adjustments to the organization depending on market conditions. The liquidity position is reported daily. The Company has through the year had a solid liquidity position.

Internal controls have not uncovered material deficiencies or non-compliance with rules and regulations, and there has not been any material events in relation to operational risk. The Company's IT infrastructure and systems have functioned as expected through the period and the Company work continuously with the Groups main office in London to develop and improve IT security and third-party surveillance of systems and information to protect these from cyber-attacks. The Company was part of the FSA audit around KYC and AML and the subsidiary Clarksons Securities Inc was audited by FINRA during the last year. Both audits was completed with no material findings and comments from the audits have been incorporated into the operations.

The Company changed its internal auditor from Deloitte to KPMG during the year after Deloitte had performed a full review of the business. During 2022 KPMG reviewed the Company's risk management, regulated compensation to identified employees and ICAAP. The Company incorporates recommendations from the internal auditor on a continuous basis.

Organization

As of 31 December 2022 the Group had 68 employees, with 61 in the Company, 5 in New York and 2 in Calgary, compared to 57 employees at 31 December 2021, with 48 in the Company, 7 in New York and 2 in Calgary.

Equal rights and non-discrimination

Of the 61 full time employees in the Company, 9 are women, representing 15% of total employees. The Company has 2 voluntary part time employees, both men. There were no temporary employees. During the last year 3 employees (all men) took out paternity leave. The Company has one woman in its management team. There are no women in the management of Clarksons Securities, Inc and Clarksons Securities (Canada), Inc. There are no women in the Silent Partnership.

The Company acknowledges that the employee group consists predominantly of male employees with Norwegian background, but seek to promote equal rights and diversity, and to increase the share of women and employees with minority background. This is done by encouraging women and minorities to apply to positions with the Company, and to prioritize



these applicants if several candidates are viewed as equally qualified. The Company is focused on ensuring equal pay for equal work among all employees, and that the opportunities for promotion and development are the same for all, and the Company review this as part of an annual review process, and there are no material difference between remuneration to women and men in equal positions. The Company pay the difference between statutory benefits and actual salary during maternity/paternity and sick leave. The Company operate within an international market with though competition and demanding clients, and acknowledge that at times the pressure on employees can be high, but at the same time the Company encourage employees to utilize flexible working hours and the Company providing employees with home office solutions, to help facilitate a better work-life balance. The Company has a non-tolerance policy towards harassment, sexual harassment and violence in the work place.

Health, environment and security (HES)

The working environment in the Group is viewed as good and the Board does not view that special initiatives are required. The Company and the other Clarksons companies in Oslo have a common work environment committee (AMU) with representatives from staff and management. The working environment committee address issues related to the work environment, security and general welfare, in addition to participate in the planning of the HES work.

Total sick leave among employees in 2022 was 2,5% compared to 2% in 2021. There were no personal injuries or harm to the Company's assets. The Group's activities have limited direct impact on the external environment.

Directors and Officers Insurance

The Group is part of Clarksons group wide Directors and Officers insurance which cover against claims made against individuals and the legal entity. The insurance cover board members, the CEO and the executive management team, along with others in managerial positions within the Group. The insurance covers costs of defence and potential financial loss.

Shareholder matters

As of 31 December 2022 the Company had 8 215 000 shares outstanding, each with a nominal value of NOK 7,50. The Company is wholly owned by Clarksons Norway AS, which again is wholly owned by Clarkson PLC. Clarkson PLC is listed on London Stock Exchange.

Outlook for 2023

The Group is positive to the outlook for all its core sectors and has a strong pipeline going into 2023.

Going concern

The board is of the opinion that the annual report gives a fair and representative description of the financial position of the Company and the Group. After year end there has been no material events impacting this. The financial statements are prepared on a going concern basis.

The Board propose the following allocation of the Company's result:

	2022	2021
Declared dividend	-	50 000
Additional dividend paid during the year	-	30 000
Transferred to/(from) Other equity	11 291	(18 828)
Total allocation	11 291	61 172



Oslo, 28. March 2023

Jørgen Lund
Chairman
[signed electronically]

Birger Nergaard
[signed electronically]

Ragnar Horn
[signed electronically]

Erik Helberg
Chief Executive Officer
[signed electronically]



Financial Statements for 2022

All numbers in NOK 1 000.

Profit and loss

	Note	Company		Group	
		2022	2021	2022	2021
Operating income	2	276 045	330 674	311 665	371 251
Personnel expenses	3	184 388	182 540	213 541	206 869
Other operating expenses	4	79 449	73 817	90 061	100 365
Loss on bad debt	6	1	107	33	107
Depreciation	5	1 264	1 208	2 948	2 763
Total operating expenses		265 102	257 672	306 582	310 105
Operating result		10 943	73 002	5 083	61 146
Financial income and expenses					
Financial income		9 681	12 025	10 333	12 036
Financial expenses		5 641	3 002	5 958	3 554
Net financial income		4 041	9 023	4 375	8 481
Profit before tax		14 984	82 026	9 458	69 627
Tax expense	7	3 692	20 854	(4 607)	20 878
Net profit for the year		11 291	61 172	14 065	48 749
Allocation of the net profit for the year:					
Declared dividend		-	50 000		
Additional dividend paid during the year		-	30 000		
Transferred to/(from) Other Equity	8	11 291	(18 828)		
Total allocations:		11 291	61 172		



Balance sheet

Assets

	Note	Company		Group	
		31.12.22	31.12.21	31.12.22	31.12.21
Non-current assets					
<i>Intangible assets</i>					
Deferred tax	7	8 263	-	8 263	-
<i>Tangible fixed assets</i>					
Property, plant and equipment	5	5 112	2 191	5 429	3 708
<i>Investments and long term receivables</i>					
Long term receivable from Group companies	9	2 581	1 898	2 581	1 898
Investments in subsidiaries	17	214 592	68 893	-	-
Investments and long term receivables		217 173	70 791	2 581	1 898
Total non-current assets		230 548	72 983	16 272	5 606
Current assets					
<i>Receivables</i>					
Receivables from customers	6	148 657	241 716	148 943	242 070
Receivables from securities firms		134 430	15 169	134 430	15 169
Receivables from group companies	9	1 242	10 726	745	1 708
Other receivables		14 163	27 021	23 365	41 789
Total receivables		298 492	294 633	307 483	300 736
Market based financial instruments	10, 15	3 290	58 498	3 290	58 498
Bank deposits	11, 12	127 103	215 606	349 135	282 747
Total current assets		428 884	568 737	659 908	641 981
Total assets		659 432	641 720	676 180	647 588



Equity and Liabilities

	Note	Company		Group	
		31.12.22	31.12.21	31.12.22	31.12.21
Equity					
<i>Paid in capital</i>					
Share capital		61 613	61 613	61 613	61 613
Share premium		169 735	169 735	169 735	169 735
Other paid-in capital		18 783	18 783	18 783	18 783
Total paid-in capital		250 130	250 130	250 130	250 130
Other equity		(59 823)	(71 427)	(55 227)	(79 506)
Total equity	8	190 307	178 703	194 903	170 624
Liabilities					
<i>Long term liabilities</i>					
Deferred tax		-	833	-	833
Other long-term debt		16 364	11 656	16 895	12 074
Total long-term liabilities		16 364	12 490	16 895	12 907
<i>Short term liabilities</i>					
Debt to securities firms		293 393	4 725	293 393	4 725
Debt to customers		28 784	246 191	28 784	246 191
Debt to group companies	9	24 252	33 155	23 314	13 983
Accounts payable		9 797	6 077	15 981	9 865
Tax payable	7	9 799	10 906	9 842	10 930
Unpaid public duties and other taxes		10 913	5 528	10 677	5 567
Dividend		-	50 000	-	50 000
Other short-term debt		75 822	93 945	82 391	122 795
Total current liabilities		452 761	450 527	464 382	464 057
Total liabilities		469 125	463 016	481 277	476 963
Total equity and liabilities		659 432	641 720	676 180	647 588

Oslo, 28. March 2023

 Jørgen Lund
 Chairman
 [signed electronically]

 Birger Nergaard
 [signed electronically]

 Ragnar Horn
 [signed electronically]

 Erik Helberg
 Chief Executive Officer
 [signed electronically]



Cash flow statement

	Note	Company		Group	
		2022	2021	2022	2021
Cash flow from operating activities					
Profit before tax		14 984	82 026	9 458	69 627
Tax paid		(14 039)	-	(14 057)	-
Depreciation	5	1 264	1 208	2 948	2 763
Changes to receivables and payables		49 361	48 381	61 537	35 887
Changes to financial investments	10, 15	55 209	4 791	55 209	4 791
Net financial income		(4 041)	(9 023)	(4 375)	(8 481)
Other changes		4 602	36 319	5 815	54 896
Net cash flow from operating activities		107 340	163 701	116 533	159 482
Cash flow from investing activities					
Purchase of fixed assets	5	(4 185)	(884)	(4 520)	(1 576)
Investment in subsidiaries		(145 699)	-	-	-
Net cash flow from investing activities		(149 884)	(884)	(4 520)	(1 576)
Cash flow from financing activities					
Dividend paid		(50 000)	(30 000)	(50 000)	(30 000)
Issuance of share capital	8	-	-	-	-
Net financial income		4 041	9 023	4 375	8 481
Net cash flow from financing activities		(45 959)	(20 977)	(45 625)	(21 519)
Net change in cash and cash equivalents		(88 503)	141 841	66 389	136 388
Cash and cash equivalents at 01.01		215 606	73 765	282 747	146 359
Cash and cash equivalents at 31.12	11, 12	127 103	215 606	349 135	282 747



Notes to the accounts

Note 1 – Applied accounting policies and principles

The financial statements are prepared in accordance with the Norwegian Accounting Act, the regulation on the annual accounts of investment firms, and generally accepted accounting principles in Norway.

Foreign currency

Transactions in foreign currency are translated into Norwegian Kroner (NOK) at the transaction date. Assets and liabilities denominated in foreign currency are translated to NOK using the rate at the balance sheet date.

Consolidated accounts

Shares in subsidiaries are valued based on cost method in the Company accounts. Transactions between group companies are eliminated in the consolidated accounts. The consolidated accounts are prepared based on the same principles as the Company accounts. Assets and liabilities are converted at rate at the balance sheet date. Revenues and costs are converted at average currency rate for the year. Translation differences are included in equity.

Subsidiaries

Shares in subsidiaries are valued in accordance with the cost method in the Company's accounts. Subsidiaries are valued at cost unless there has been write downs. Write down to actual value is required when value reduction is viewed as permanent. Write downs are reversed when the justification for the write down no longer exists.

Silent Partnership

The Company is the main partner in Clarksons Securities Indre Selskap ("the Silent Partnership"). Selected employees are silent partners in the Silent Partnership. The Silent Partnership does not appear externally as a company and the Silent Partnership is consolidated into the Company accounts. Fixed and variable remuneration to Silent Partners are classified as personnel costs in the profit and loss account. Silent partners capital contribution is classified as long term debt in the Company account. The FSA has instructed the Company to terminate the Silent Partnership but the Company (along with other Norwegian investment banks) has appealed the decision to the Norwegian Treasury Department. At date of the financial statements the Company had not received a response to the appeal. As such, there is uncertainty related to the continued operations of the Silent Partnership. The Company can terminate the Silent Partnership on short notice without material liabilities or costs.

Classification and assessment of balance sheet items

Current assets and short term debt includes items with less than one year to maturity. Other balance sheet items are classified as fixed assets and long term debt. Current assets are valued at the lowest of cost and fair value. Short term and long term debt is valued at nominal value.

Use of estimates

Management has used estimates and assumptions which have impacted the result and the valuation of assets and liabilities in accordance with generally accepted accounting principles.



Fixed assets

Fixed assets are recorded at acquisition cost less accumulated depreciation. Depreciation is calculated on a straight-line basis according to the expected economic life.

Revenue and costs recognition

Revenues primarily relate to various types of commissions and are recorded when the performance obligations are met. Performance obligations are typically met on the trade date for secondary trading, and at set criteria or at the point when there is no material uncertainty related to the completion of a transaction, for corporate finance revenues. Costs are recorded in the period they relate to.

Deferred tax and tax expense

Deferred tax is calculated based on temporary differences between accounting and taxable values at the end of the year. Deferred tax asset appear when there are temporary differences which result in future tax benefit. Deferred tax liability appear when there are temporary differences which result in future tax liability. Tax expense/income for the period is the sum of current and deferred tax, along with tax payable and corrections from prior periods. Deferred tax is recognized to the extent it is probable it will be utilized in the future.

Accounts Receivable

Accounts receivable and other receivables are recognized at nominal value, net of deduction for accrual for expected losses. Accrual for losses is prepared based on an individual assessment of the receivables. In addition a general accrual for losses is included to capture historical losses.

Financial instruments

Financial instruments are valued at fair value. Financial instruments traded on active markets are valued at observable market prices at 31 December. Other financial instruments are valued based on alternative valuation principles. Short positions are presented as debt in the balance sheet, to the extent there is no legal right to net against other positions. Other financial assets are recognized at the lowest of fair value and cost.

Bank deposits

The Company controls its own bank accounts with the exception of restricted cash in accordance with note 11. Client deposits are in accordance with NGAAP recorded net and not included in the balance sheet in accordance with note 12.

Pension costs

The Company has a defined contribution pension plan where the Company pay fixed contributions with no additional liability. The contribution is based on a fixed percentage of monthly salary and the contributions are expensed as they are incurred. Contributions are recognized as an employee benefit at the time of payment. Any prepaid contributions are treated as an asset until it can be refunded or netted against future payment obligations.

Cash flow statement

The cash flow statement is prepared on the indirect method. Cash and cash equivalent includes cash and bank deposits.



Note 2 – Revenues per investment type

Revenues per investment type (according to the Securities Trading Act §2-1)	Company		Group	
	2022	2021	2022	2021
Investment type 1 and 2 (secondary trading in financial instruments)	62 075	48 581	74 029	66 313
Investment type 6 and 7 (issuance of debt and equity)	164 609	204 632	183 150	226 453
Other related services (advisory, etc)	47 052	75 335	51 240	76 040
Other revenues	2 309	2 126	3 246	2 445
Total revenues	276 045	330 674	311 665	371 251

Note 3 – Personnel costs, employees, pension and regulated compensation

Personnel costs comprise of the following:

	Company		Group	
	2022	2021	2022	2021
Salary, fixed and variable compensation, including accrual for variable compensation	164 175	165 485	191 062	188 157
Payroll taxes	11 164	11 140	11 902	11 966
Pension costs	3 412	2 946	3 952	3 465
Other benefits and costs	5 638	2 969	6 625	3 281
Total personnel costs	184 388	182 540	213 541	206 869
Number of employees per year end	61	48	68	57

Certain employees are silent partners in the Silent Partnership. Compensation to the silent partners are reported as part of fixed and variable compensation

Defined contribution pension scheme

The Company has a defined contribution pension scheme where the Company contributes 5% of salary up to 7,1G and 8% of salary between 7,1 and 12G. In the case of permanent disability employees have coverage up to approximately 68% of salary, capped at 12G. The scheme satisfy the requirements in the Company Pension Schemes Act.

Compensation to CEO

The CEO received the following compensation during 2022:

Fixed and variable compensation	15 575
Pension	87
Other compensation	54
Total	15 716

Variable compensation is subject to the Regulated Remuneration Scheme.



Board remuneration and other remuneration

During 2022 the Board was paid the following compensation:

	Board remuneration	Other benefits	Shares owned in the Company
Jørgen Lund, chairman	200	-	-
Birger Nergaard	-	-	-
Ragnar Horn	100	-	-
Total	300	-	-

The Company has not given loans or guarantees to board members.

Regulated remuneration

In accordance with Norwegian Regulation of 9 December 2016 number 1502 for Financial Companies and Financial Groups (Norw: *Forskrift om finansforetak og finanskonsern*) chapter 15 ("Remuneration Regulation"), the Company has a remuneration policy approved by the Board ("Remuneration Policy").

The composition of fixed and variable compensation to management and risk takers in the Company follow the Remuneration Regulation. Remuneration to employees in control functions shall not compromise their independence. The remuneration committee has identified nine employees as management, risk takers and employees in control functions ("Identified Staff").

Fixed remuneration is set based on individual position, competence and the general salary level for comparable positions. Variable compensation is based on performance and is linked to the performance and compliance of the individual, the department and the Group.

The general meeting of the Company has approved that variable compensation to Identified Staff can be up to two times fixed remuneration. For 2022 Identified Staff has been awarded variable compensation of NOK 31,6 million.

The remuneration committee view that the practice of the regulated remuneration is in line with the Remuneration Policy and satisfy the requirements of the Remuneration Regulation.

Note 4 – Other operating costs

Auditor's fees

	Company		Group	
	2022	2021	2022	2021
Compensation for statutory audit	402	670	1 121	1 224
Compensation for attestation services	133	89	133	89
Compensation for tax advise	-	-	-	-
Compensation for other services	-	-	-	-
Total compensation to the auditor	535	759	1 253	1 313

Leases

The Company leases offices at Munkedamsveien 62C in Oslo. The current lease agreement extends to March 2027. Remaining non-capitalized rental obligations in accordance with the lease agreement are approximately NOK 26 million



Clarksons Securities, Inc. leases offices at 1230 Avenue of the Americas in New York. The lease agreement is short term.

Note 5 – Fixed assets

Company

	Art	Software	Inventory	IT and IT equipment	Total 2022	Total 2021
Cost 01.01.	38	8 885	4 189	1 344	14 456	16 464
Additions	-	1 483	2 485	217	4 185	884
Sale or departure	-	-	-	-	-	(2 892)
Cost 31.12.	38	10 368	6 674	1 561	18 641	14 456
Acc. depreciation 01.01.	-	7 300	3 704	1 260	12 264	13 948
Ordinary depreciation	-	734	435	94	1 263	1 208
Depreciation on sale or other	-	-	-	-	-	(2 892)
Acc. depreciation 31.12.	-	8 034	4 139	1 354	13 527	12 264
Book value	38	2 334	2 535	207	5 112	2 191
Useful lives	-	3 – 5 yr	3 – 5 yr	3 yr		

Group

	Art	Software	Inventory	IT and IT equipment	Total 2022	Total 2021
Cost 01.01.	38	9 723	8 809	4 869	23 438	25 565
Additions	-	1 483	2 485	552	4 520	1 576
Sale or departure	-	-	(3 040)	-	(3 040)	(3 949)
Revaluation	-	103	194	443	740	247
Cost 31.12.	38	11 309	8 448	5 863	25 658	23 438
Acc. depreciation 01.01.	-	8 065	6 881	4 785	19 731	20 031
Ordinary depreciation	-	771	790	173	1 734	3 454
Depreciation on sale or other	-	-	(1 930)	-	(1 930)	(3 949)
Revaluation	-	95	163	436	694	194
Acc. depreciation 31.12.	-	8 931	5 905	5 393	20 229	19 731
Book value	38	2 378	2 543	470	5 429	3 708
Useful lives	-	3 – 5 yr	3 – 5 yr	3 yr		



Note 6 – Losses on receivables

Specification of receivables considered as at risk and more than 30 days overdue:

	2022	2021
Receivables at risk and more than 30 days overdue	3 264	581
The following bad debt accruals have been made:		
Specified bad debt accruals at 1 January	300	500
- Losses in the period	(1)	-107
+ New accruals	301	+107
- Reversal of bad debt accruals	-	-200
Total bad debt accruals at 31 December	600	300
Losses on receivables		
New losses	1	107
Reversal of prior losses	-	-
Losses on receivables	1	107



Note 7 – Taxes

Tax expense comprise of the following:

	Company		Group	
	2022	2021	2022	2021
Tax payable for this year	12 711	10 906	12 753	10 930
Prepaid tax for this year	-	-	-	-
Change to deferred tax	(9 096)	9 948	(9 096)	9 948
Correction from prior years	78	-	(8 264)	-
Tax expense	3 692	20 854	(4 607)	20 878

Basis for calculation of deferred tax:

	Company		Group	
	2022	2021	2022	2021
Fixed assets	(240)	(1 070)	(45)	(1 064)
Receivables	(300)	101	(300)	101
Other temporary differences	(32 511)	4 303	(34 838)	(3 256)
Tax loss carry forward	-	-	(147 165)	(124 083)
Total temporary differences	(33 052)	3 334	(182 348)	(128 303)
Deferred tax (benefit)	(8 263)	833	(54 558)	(39 278)
Deferred tax benefit not recognized	-	-	46 295	41 111
Deferred tax on the balance sheet	(8 263)	833	(8 263)	833

Reconciliation between result before tax and taxable result:

	Company		Group	
	2022	2021	2022	2021
Result before tax per income statement	14 984	82 026	9 458	69 627
Non-deductible entertainment costs	1 885	348	2 193	610
Non-deductible gifts and other	12	35	12	35
Other non-deductible costs and non-taxable revenues	(2 480)	975	(2 480)	975
Change in temporary differences	36 385	(37 012)	34 140	(44 233)
Taxable result before utilization of tax losses	50 787	46 371	43 323	27 017
Utilization of tax losses	-	(2 779)	-	-
Taxable result	50 787	43 593	43 323	27 017
Tax payable				
Tax rate	25%	25%		
Tax payable	12 711	10 906		



Specification of deviating tax rate

	Company		Group	
	2022	2021	2022	2021
25 % tax on profit before tax	3 746	20 506	2 364	17 407
Foreign subsidiary with tax rate other than 25%			1 980	(963)
Permanent differences	(146)	339	(69)	405
Correction from prior years	92	8	(8 883)	8
Items not recognized	-	-	-	4 021
Tax expense	3 692	20 854	(4 607)	20 878
Effective tax rate	24,6%	25,4 %		

Note 8 – Equity

Company

	Share capital	Share premium	Other share premium	Other equity	Total equity
Equity per 01.01.	61 613	169 735	18 783	(71 427)	178 703
Profit for the year				11 291	11 291
Other changes				313	313
Equity per 31.12.	61 613	169 735	18 783	(59 823)	190 307

Group

	Share capital	Share premium	Other share premium	Other equity	Total equity
Equity per 01.01.	61 613	169 735	18 783	(79 507)	170 624
Profit for the year				14 065	14 065
Translation differences				10 214	10 214
Equity per 31.12.	61 613	169 735	18 783	(55 227)	194 903

As of 31. December 2022 the Company had 8 215 000 shares outstanding, each with a nominal value of NOK 7,50. The Company is 100 % owned by Clarkson Norway AS. Clarkson PLC is the ultimate parent company and the Company with its subsidiaries are consolidated in the accounts of Clarkson PLC.

	Company		Group	
	2022	2021	2022	2021
Net income as % of the balance sheet	2%	10 %	2%	8 %



Note 9 – Balances with group companies

	Company		Group	
	2022	2021	2022	2021
Receivables				
Clarksons Securities, Inc	1 160	9 693	-	-
Clarksons Norway AS	2 663	2 606	2 663	2 606
H Clarkson & Company Ltd	-	324	131	581
Clarksons Business Management AS	-	1	-	1
Clarksons Shipping Services USA LLC	-	-	532	417
Total intercompany receivables	3 823	12 624	3 326	3 606
Liabilities				
Clarksons Securities, Inc	1 209	19 744	-	-
Clarksons Securities (Canada), Inc	165	394	-	-
Clarksons Norway AS	22 269	11 555	22 269	11 555
Clarksons Project Finance AS	-	556	-	556
H Clarkson & Company Ltd	62	400	132	400
Clarksons Deutschland GmbH	547	505	547	505
Clarksons Shipping Services USA LLC	-	-	366	794
Clarksons Research Services Ltd	-	-	-	172
Total intercompany liabilities	24 252	33 155	23 314	13 982

Note 10 – Financial instruments

	Fair value		Cost	
	2022	2021	2022	2021
Market based shares	647	6 074	1 133	1 133
Market based fixed income instruments	2 642	52 425	2 622	52 313
Total market based financial instruments	3 289	58 498	3 755	53 446

	2022	2021
Realized and unrealized value changes	2 640	12 352

Positions in currency (in NOK)	in NOK	in USD	Total
Market based shares	647	-	647
Market based fixed income instruments	20	2 622	2642
Total	667	2 622	3 289

The Company has entered into a USD/NOK swap for USD 13 million with maturity during 2023 relating to hedging of investment in its US subsidiary. The swap had an unrealized gain of NOK 417 (thousands) at 31 December 2022.



Note 11 – Bank deposits

The Group has the following restricted bank deposits at 31 December:

	2022	2021
Tax withholding	6 547	3 510
Margin accounts	49 024	24 463
Total restricted bank deposits in the Company	55 571	27 973
Restricted bank deposits in subsidiaries	986	878
Total restricted bank deposits in the Group	56 556	28 851

The Company has a credit facility for daily operations of NOK 175 million with DNB Bank ASA which was unused at 31 December 2022 (see also note 14 below). Equity cannot be lower than NOK 90 million. Restricted cash with subsidiaries are related to security deposits with the settlement agent.

Note 12 – Client funds

	2022	2021
Deposits on clients' accounts	58 845	29 108
Liabilities to clients	(57 612)	(28 922)
Surplus (reported as bank deposits of the Company)	1 232	187

Deposits on clients' accounts and liabilities to clients are netted and not included in the Company's balance sheet. Cash balances in excess of liabilities to clients are reported as cash in the balance sheet. The subsidiaries have no client funds.



Note 13 – Capital adequacy

	Company		Group	
	2022	2021	2022	2021
Regulatory capital				
Reported equity	190 307	178 703	194 903	170 624
Deductions to equity	(4)	(56)	(4)	(56)
Core capital	190 303	178 648	194 899	170 569
Supplementary capital	-	-	-	-
Total regulatory capital	190 303	178 648	194 899	170 569

	Company		Group	
	2022	2021	2022	2021
Basis for capital requirement				
Credit and counterparty risk	291 807	244 078	131 987	205 696
Settlement risk	-	-	-	-
Position risk	3 913	9 771	3 913	9 771
Currency risk	143 554	48 792	96 941	133 269
Operational risk	490 523	448 829	554 596	511 148
CVA risks	-	-	-	-
Basis for capital requirement	929 797	751 470	787 437	859 883
Capital adequacy in %	20,5%	23,8 %	24,8%	19,8 %

	Company		Group	
	2022	2021	2022	2021
Basis for operational risk (basic method)				
Revenues 2022	276 045		311 665	
Revenues 2021	330 674	330 674	371 251	371 251
Revenues 2020	178 117	178 117	204 437	204 437
Revenues 2019		209 335		242 148
Average last 3 years	261 612	239 375	295 784	272 612

Minimum capital adequacy is 8%. Operational risk is calculated on the basic method. The Company performs an internal assessment of the Company's and the Group's capital requirement (Pillar II) considering various risk factors. The assessment concludes that the basic method for calculating the operational risk is satisfactory for capturing the Company's and Group's operational risk.

Note 14 – Pledged assets and guarantees

DNB Bank ASA provide the following guarantee and credit facility:

	Currency	Sum
Credit facility for daily operations	NOK	175 000
Liquidity guarantee for securities settlement Bank of Norway	NOK	40 000

Accounts receivable, bank deposits, VPS accounts and fixed assets are pledged as security for the above guarantee and credit facility. The liquidity guarantee can be terminated with 4 days' notice and changed with zero day notice. The Company is a member of the Norwegian Investor Compensation Scheme (Norw: Verdipapirforetakenes Sikringsfond)



Note 15 – Financial market risk and financial derivatives

The Company has license to trade on own account and will from time to time hold financial instruments in connection with primary and secondary trading activities, which may result in a financial loss.

Note 16 – Liquidity risk

Remaining maturity of the Company's current assets and liabilities:

	Current assets		Liabilities	
	2022	2021	2022	2021
Maturity within 1 month	286 565	286 996	362 484	293 559
1 to 3 months	10 676	7 636	76 284	93 303
3 months until 1 year	1 250	-	13 994	64 498
1 to 5 years	2 581	1 898	1 125	2 038
More than 5 Years	-	-	15 239	9 619
Total	301 073	296 531	469 125	463 016

Remaining maturity of the Group's current assets and liabilities:

	Current assets		Liabilities	
	2022	2021	2022	2021
Maturity within 1 month	286 357	290 489	368 143	296 066
1 to 3 months	19 679	7 405	82 202	108 764
3 months until 1 year	1 447	2 842	14 037	60 477
1 to 5 years	2 581	1 898	1 657	2 038
More than 5 Years	-	-	15 239	9 619
Total	310 064	302 634	481 277	476 963

Note 17 – Holdings in subsidiaries and country-by-country reporting

Shares in subsidiaries are valued at cost in the Company accounts.

Company name	Invested capital	Recorded value	Equity in company	Result 2022	Ownership
Clarksons Securities, Inc.	312 018	213 959	218 153	(1 352)	100 %
Clarksons Securities (Canada), Inc.	632	632	1 045	114	100 %

Shares in subsidiaries are valued at cost in the Company accounts unless write downs have been required. Clarksons Securities, Inc. has its offices at 1230 Avenue of the Americas, Suite 1603, New York, NY 10020.



Country by country reporting

Company	Clarksons Securities AS	Clarksons Securities, Inc	Clarksons Securities (Canada), Inc
Operations	Investment banking	Investment banking	Sales/introductions
Geographic reach	Global	North America	Canada
Revenues 2022	276 045	48 544	4 177
Full time employees	61	5	2
Result before tax	14 984	-5 670	154
Tax expense	3 692	-4 318	40
Government grants	-	-	-

Note 18 – Related party transactions

Revenues

The Company and its wholly owned subsidiary Clarksons Securities, Inc have during the year split revenues on secondary trading and investment banking transactions. The Company will also from time-to-time cooperate with other companies within the Clarksons Group and will in such instances share revenues with other group companies.

Shared services

Companies within the Group and the larger Clarksons group share various services (including but not limited to IT, administration, insurance, etc.) and the costs are shared between the parties.

Cost coverage

Companies within the Group have entered into agreement whereby subsidiaries of the Company provide services and are compensated through a cost coverage agreement with a fixed margin.

Short-term loan

At 31 December 2022 the Company had received a short-term loan from its parent Clarksons Norway of NOK 20 million.

Note 19 – Subsequent events

There are no material subsequent events.



Auditor's report for 2022



To the General Meeting of Clarksons Securities AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Clarksons Securities AS, which comprise:

- the financial statements of the parent company Clarksons Securities AS (the Company), which comprise the balance sheet as at 31 December 2022, the profit and loss 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 Clarksons Securities AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the profit and loss statement and cash flow statement 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 Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

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

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

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

Responsibilities of Management for the Financial Statements

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 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 use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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>

Oslo, 28 March 2023
PricewaterhouseCoopers AS

Lars Kristian M. Jørgensen
State Authorised Public Accountant
(This document is signed electronically)