

## **1 SUMMARY**

This prospectus summary (the "**Summary**") has been prepared in accordance with Article 7 of the EU Prospectus Regulations, setting out the key information that investors need in order to understand the nature and the risks of the Issuer and the Bonds, and is to be read together with the other parts of this Prospectus to aid investors when considering whether to invest in the Bonds.

### **1.1 Introduction and warnings**

#### *1.1.1 The name and international securities identification number (ISIN) of the Bonds*

This Prospectus relates to the Klaveness Combination Carriers ASA FRN Senior Unsecured Bonds 2020/2025 with ISIN NO 0010874530 and the Additional Bonds with temporary ISIN NO 0010892870 issued pursuant to a Tap Issue Addendum.

#### *1.1.2 The identity and contact details of the Issuer, including its legal entity identifier (LEI)*

Klaveness Combination Carriers ASA with business registration number 920 662 838, registered office at Drammensveien 260, NO-0283 Oslo, Norway and LEI code 549300XAKTM2BMKIPT85.

#### *1.1.3 The identity and contact details of the person asking for admission to trading on a regulated market*

The Issuer is the same person as the person asking for admission to trading on the Oslo Stock Exchange.

#### *1.1.4 The identity and contact details of the competent authority approving the Prospectus*

The competent authority approving the Prospectus is the Financial Supervisory Authority of Norway, business registration number 840 747 972, and registered office at Revierstredet 3, 0107 Oslo, Norway.

#### *1.1.5 The date of approval of the Prospectus*

This Prospectus was approved by the Financial Supervisory Authority of Norway on 20 October 2020.

#### *1.1.6 Applicable warnings*

- (i) This Summary should be read as an introduction to the Prospectus;
- (ii) Any decision to invest in the Bonds should be based on a consideration of the Prospectus as a whole by the investor;
- (iii) An investment in the Bonds involves inherent risk. Before making an investment decision, investors should carefully consider the risk factors and all information contained in the Prospectus, including the Financial Information. An investment in the Bonds is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment, as all the invested capital can be lost;
- (iv) Where a claim relating to the Bonds or the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated;
- (v) Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds;
- (vi) As an investment product the Bonds are not simple and may be difficult to understand.

### **1.2 Key information on the Issuer**

#### *1.2.1 Who is the Issuer of the Bonds?*

The Company is a Norwegian public limited liability company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act with registration number 920 662 838 and LEI code 549300XAKTM2BMKIPT85. The Company was incorporated on 23 March 2018.

The Company is the leading, global owner and operator of combination carriers. The Company's fleet consists of 17 vessels (including newbuilds) that on a consecutive basis switches between transporting tanker and dry bulk cargo. The vessels are employed in trades where standard dry bulk and tanker vessels sail empty (sail in ballast) over long distances due to trade imbalances. Most of the time, the combination carriers combine a tanker cargo in one direction and a dry

bulk cargo on the return voyage with minimum ballast in-between. By replacing the less efficient standard tankers and dry bulk vessels, the combination carriers reduce carbon emissions per transported tonne-mile by 30-40% in KCC's main trade lanes.

#### 1.2.1.1 The Issuer's major shareholders

Set out below is an overview of shareholders owning 5% or more of the shares in the Company:

#	Name of shareholder	Number of Shares	%
1	Klaveness Ship Holding AS	25 845 950	53.82%
2	EGD Shipholding AS	8 805 128	18.33%
	<b>Total top 2 shareholders:</b>	34 651 078	72.15%
	Other:	13 375 922	27.85%
	<b>Total shareholders:</b>		<b>100.00%</b>

#### 1.2.1.2 The identity of the Issuer's key managing directors

As at the date of this Prospectus, the Company's key management team consists of the following two individuals:

Name	Position	Served since
Engebret Dahm	CEO	January 2015
Liv Hege Dynes	CFO	February 2017

#### 1.2.1.3 The identity of the Company's statutory auditors

The Company's independent auditor is Ernst & Young AS (EY), with business registration number 976 389 387, and registered address at Dronning Eufemias gate 6, 0191 Oslo. EY is a member of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants).

#### 1.2.2 What is the key financial information regarding the Issuer

The summary of selected consolidated financial data below present data extracted from the Group's annual financial statements for 2019 and 2018 and the financial statements for first half 2020. The presented data is in accordance with IFRS as endorsed by the European Union.

As the Group was reorganised in March 2018 with the Company as a new holding company (with KCCS and KBA contributed as equity), the financial history of the Company is considered to be complex in accordance with the prospectus rules. The consolidated financial statements for KCC provides a fair view of the historical financial information for the combination carrier business.

The Company further acquired KCC Chartering AS (KCCC) in a business combination in end of March 2018. This business combination under common control has been accounted for using the acquisition method. This entity has been consolidated from the date of control on 23 March 2018, but as a practical approximation, it has been included in the consolidated numbers from 1 April 2018 (no restatement of comparative figures, or period prior to 1 April 2018).

The Group's consolidated financial statements comprise KCC and all subsidiaries over which the Group has control. Control is normally obtained when the Group owns more than 50% of the shares in the company or through agreements, is capable of exercising control over the company. Non-controlling interests are included in the Group's equity.

On April 25, 2018 KCCS bought 50 shares in Cabu V Investment Inc from Babar Shipping I and II AS (non-controlling interests), resulting in 100 % ownership. On April 30, 2018 KCCS bought the shares in Baffin Shipping AS, Ballard Shipping AS, Cabu VI Investment Inc, Banasol Inc and Banastar Inc (non-controlling interests) from an affiliated company of Hundred Roses Company (HRC) and EGD Shipholding AS (EGD), resulting in 100 % ownership in said companies. The transactions were carried out at fair value. The shares were settled by a promissory note (debt to the non-controlling interests). The promissory note was used as an injection of capital from HRC and EGD in KCC, in addition to cash injection of USD 12.0 million.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and consolidation is continued until the date when such control ceases. The financial statements of the subsidiaries are

prepared for the same accounting period as the parent company, using consistent accounting principles for similar transactions and events under otherwise similar circumstances.

The selected historical consolidated financial information for the Group set out below should be read in conjunction with the Financial Information in the Prospectus.

Consolidated income statement:

<i>In USD '000</i>	Half year ended 30 June 2020 <b>(unaudited)</b>	Year ended 31 December 2019 <b>(audited)</b>	Year ended 31 December 2018 <b>(audited)</b>
Operating profit/loss before depreciation	28 545	25763	30 757
Operating profit/loss after deprecation	19 834	11 692	13 917
Profit/loss after tax	12 673	597	8 836

Consolidated balance sheet:

<i>In USD '000</i>	Half year ended 30 June 2020 <b>(unaudited)</b>	Year ended 31 December 2019 <b>(audited)</b>	Year ended 31 December 2018 <b>(audited)</b>
Net interest-bearing debt	171 379	165 253	57 855
Current ratio	2.09	2.14	4.46
Debt to equity ratio	1.25	1.15	0.87
Interest cover ratio	3.32	1.17	2.00

Consolidated cash flow statement

<i>In USD '000</i>	Half year ended 30 June 2020 <b>(unaudited)</b>	Year ended 31 December 2019 <b>(audited)</b>	Year ended 31 December 2018 <b>(audited)</b>
Net cash flow from operating activities	23 105	31873	27 920
Net cash flow from investment activities	(22 019)	(164295)	(24 080)
Net cash flow from financing activities	15 885	101587	30 713

The Prospectus does not contain any profit forecasts or estimates, or any pro forma financial information. The audit reports do not include any qualifications.

*1.2.3 What are the key risks that are specific to the Issuer*

Below is a brief description of the most material risk factors specific to the Issuer contained in the Prospectus:

- The Group relies on its vessels obtaining exemptions from clients and terminals to operate as CLEANBU vessels.
- Dependency on a limited number of customers and renewal of key/material contracts of affreightment.
- The effects of the pandemic outbreak of the COVID-19 virus.
- Risks relating introduction of newbuilds and failed delivery of newbuilds.
- The Group is exposed to the highly cyclical nature of the dry bulk and product tanker shipping industries.

- The Group is exposed to risks in current financing arrangements and risks relating to availability of future financing.
- The Group is subject to complex laws and regulations, including environmental laws and regulations, and such regulation is expected to intensify in the future

### **1.3 Key information on the Bonds**

#### *1.3.1 What are the main features of the Bonds?*

The Bonds are senior unsecured bonds, electronically registered in dematerialized form with the Norwegian central securities depository, Verdipapirsentralen ASA, and with ISIN NO 0010874530. The Bonds are governed by (i) the Norwegian law bond terms entered into on 7 February 2020 (the "**Bond Terms**") and the Tap Issue Addendum (the "**Tap Issue Addendum**"), entered into for the purpose of issuing additional bonds (the "**Additional Bonds**") on 8 September 2020, both between the Issuer as issuer and Nordic Trustee AS as the bond trustee on behalf of the bondholders (the "**Bond Trustee**").

The Bonds are issued in Norwegian Kroner (NOK), each with an initial nominal amount of NOK 500,000. The initial amount of Bonds issued were NOK 500,000,000 within a maximum borrowing limit of NOK 700,000,000 and the amount of Additional Bonds were NOK 200,000,000. The Issuer has therefore issued the maximum amount of Bonds under the Bond Terms. The tenor of the Bonds is five (5) years, with initial issue date on 11 February 2020 and Maturity Date on 11 February 2025.

Each Bond will accrue interest at the rate of 3 months NIBOR plus 4.75 % p.a., and in addition the holders of the Bonds will have the right to require that the Issuer purchases all or some of the Bonds held by that bondholder at a price equal to 101.00 per cent. of the nominal amount in the event of a change of control in the Issuer.

The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank *pari passu* between themselves and will rank at least *pari passu* with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and shall rank ahead of subordinated debt.

Subject to the restrictions set forth in Clause 11.1 and 11.2 of the Bond Terms, the Bonds are freely transferable and may be pledged. Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with local laws and regulations applicable at own cost and expense. Notwithstanding the above, a Bondholder which has purchased the Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under the Bond Terms.

The Bonds are unsecured and there are no guarantees or security attached to the Bonds.

#### *1.3.2 Where will the securities be traded?*

The initial Bonds are listed on Oslo Stock Exchange and the Additional Bonds will be listed under the same ISIN soon as possible after the Prospectus has been approved by the Financial Supervisory Authority of Norway, and admission to trading of the Additional Bonds is expected to commence on or about the approval of the Prospectus on October 2020.

#### *1.3.3 What are the key risks that are specific to the Bonds?*

Below is a brief description of the most material risk factors specific to the Bonds:

- The Bonds are unsecured obligations of the Issuer and rank behind certain lenders.
- Default or insolvency with subsidiaries may affect the Issuer's ability to make payments and or redeem the Bonds at full or at all at the maturity date.
- The Bonds may be subject to optional redemption by the Issuer.
- In the event of a change of control, the Issuer's ability to repurchase the Bonds with cash may be limited.

### **1.4 Key information on the admission to trading on a regulated market**

#### *1.4.1 Under which conditions and timetable can I invest in the Bonds?*

The Bonds and Additional Bonds are freely transferable and have since the Issue Date on 11 February 2020 and 9 September been available for trading on the secondary market through the Norwegian CSD.

The Initial Bonds are listed on Oslo Stock Exchange and the Additional Bonds will be automatically listed on the Oslo Stock Exchange after the conversion from the Temporary ISIN to the Ordinary ISIN and once the Prospectus has been approved by the NFSA. Admission to trading of the Additional Bonds is expected to commence on or about 20 October 2020.

*1.4.2 Who is the offeror and/or the person asking for admission to trading?*

The Issuer is the person asking for admission to trading of the Bonds.

*1.4.3 Why is this prospectus being produced?*

This Prospectus is being produced in connection with the Issuer's application for the admission to trading of the Bonds on Oslo Stock Exchange.

Furthermore, pursuant to Clause 4 of the Bond Terms, the Issuer shall within 6 months of 9 September 2020 apply for the Additional Bonds to be listed on the Oslo Stock Exchange. As such, the application for admission to trading is put forward by the Issuer to satisfy the conditions of the Bond Terms.

(i) The use and estimated net amount of the proceeds

The Issuer will use the net proceeds from the Additional Bonds for general corporate purposes.

(ii) An indication of the most material conflicts of interest pertaining to the admission to trading

There are no material conflicts of interests pertaining to the admission to trading of the Bonds.