



Klaveness  
Combination Carriers

Third  
Quarter  
2022



# KEY DEVELOPMENT

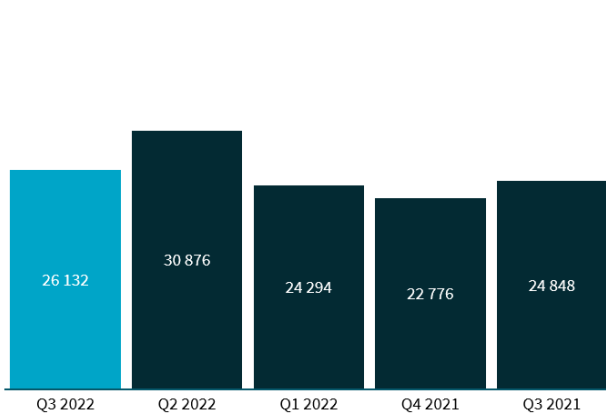
- Q3 average fleet TCE earnings<sup>1</sup> of 35,915 \$/day driven by very strong CLEANBU rates
- Above 70% of days in tanker trades for the CLEANBU vessels in a very strong tanker market
- Another record quarter with EBT of USD 22.0 million (+36% Q-o-Q) and EBITDA of USD 34.5 million (+30% Q-o-Q)
- Four-year contract of affreightment with Alba for transportation on Alumina announced
- Started renewal of 2023 caustic soda COAs at more than double TCE rates compared to 2022. Expect higher cargo volume
- Dividend of USD 0.30 per share (USD 15.7 million in total), 30% increase from Q2 2022

*“Q3 was another record quarter for KCC with the CLEANBU fleet proving its high earnings capacity in the strong product tanker market. We as well see a positive outlook for both Q4 2022 and 2023 despite macroeconomic headwinds.”*

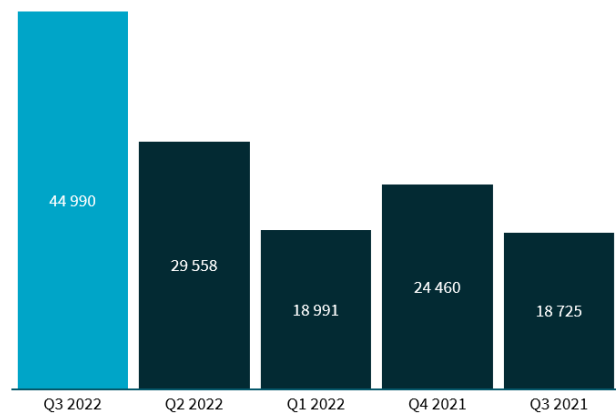


Engebret Dahm, CEO

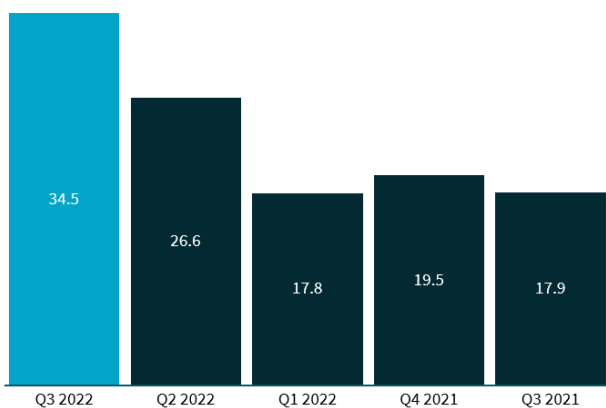
Average CABU TCE earnings (\$/day)



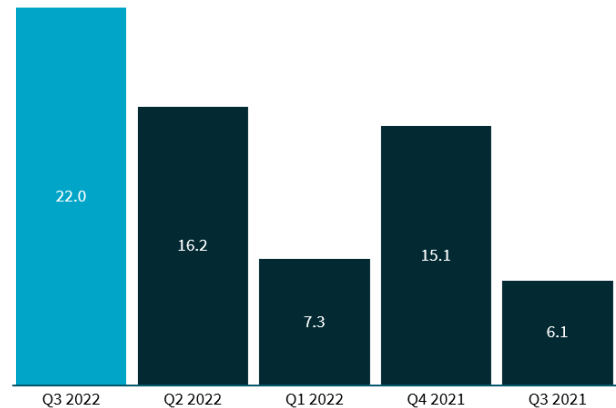
Average CLEANBU TCE earnings (\$/day)



Adjusted EBITDA (MUSD)



Profit/(loss) after tax (MUSD)



<sup>1</sup>TCE Earnings and adjusted EBITDA are alternative performance measures (APMs) defined and reconciled in Appendix 1.

## FINANCIAL PERFORMANCE

### KEY FIGURES

(USD '000)	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Net revenues from vessel operations	48 787	41 312	31 850	120 237	81 312
EBITDA (appendix 1)	34 451	26 573	17 640	78 818	40 066
EBITDA adjusted (appendix 1)	34 451	26 573	17 859	78 818	42 316
Profit/(loss) for the period	21 989	16 196	6 074	45 526	7 485
Earnings per share (USD)	0.42	0.31	0.13	0.87	0.16
Total assets	644 460	643 463	630 459	644 460	630 459
Equity	297 222	280 297	207 531	297 222	207 531
Equity ratio	46 %	44 %	33 %	46 %	33 %
ROCE adjusted (appendix 1)	17 %	13 %	7 %	12 %	5 %

	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Average TCE earnings \$/day (appendix 1)	35 915	30 235	21 947	29 153	20 021
Opex \$/day (appendix 1)	8 144	8 711	7 800	8 019	7 744
On-hire days	1 349	1 355	1 469	4 101	4 080
Off-hire days, scheduled	85	59	60	146	157
Off-hire days, unscheduled	38	43	28	121	39
% of days in combination trades <sup>1</sup>	89 %	85 %	69 %	82 %	67 %
Utilisation <sup>2</sup>	89 %	90 %	92 %	91 %	92 %

### CONSOLIDATED RESULTS

Net profit after tax for the third quarter ended at USD 22.0 million compared to USD 16.2 million in Q2 2022 and USD 6.1 million in Q3 2021. Adjusted EBITDA for the period ended at USD 34.5 million up from USD 26.6 million in Q2 2022 and up from USD 17.9 million in Q3 2021. The increase Q-o-Q is mainly due to higher TCE earnings for the CLEANBU fleet, somewhat more on-hire days for the CLEANBUs and lower operating expenses for the CABUs, partly offset by less on-hire days and lower TCE earnings for the CABUs. Administrative expenses were up 7% Q-o-Q mainly due to adjusted provisions for 2022, while depreciation increased by USD 0.9 million Q-o-Q due to dry docking cost being depreciated over a shorter period. Net finance cost increased by USD 1.2 million Q-o-Q mainly due to a modification gain from refinancing a loan facility booked in Q2 2022 and higher interest rates.

There have been no direct effects on KCC of the war in Ukraine as the KCC vessels do not operate in the conflict area, the KCC vessels do not have Russian or Ukrainian crew and KCC does not have Russian or Ukrainian customers.

### CAPITAL AND FINANCING

Cash and cash equivalents ended at USD 63.3 million by the end of Q3 2022, a reduction of USD 3.9 million from end of Q2 2022. The Q-o-Q change is driven by strong EBITDA, more than offset by negative change in working capital, cost of docking, debt service and dividend payments.

Total equity ended at USD 297.2 million, an increase of USD 16.9 million from end of Q2 2022. The change consists of EBT of USD 22.0 million, other comprehensive income of USD 7.0 million, partly offset by dividends of USD 12.0 million. The equity ratio ended at 46.1% per end of September 2022, up from 43.6% at end of Q2 2022.

Interest-bearing debt ended at USD 319.1 million by end of September 2022 and is down USD 12.6 million in Q3, mainly a result of regular debt repayment of USD 6.0 million and currency effect on bond loan issued in NOK of USD 6.1 million. The NOK currency exposure and NIBOR floating interest rate exposure associated with the bond loan are hedged with cross currency interest rate swaps ("CCY IRS swaps"). The mark-to-market values of the CCY IRS swaps are presented as financial assets and/or liabilities. KCC, through a subsidiary, had per end of September 2022 USD 30.0 million available and undrawn under a long-term revolving credit facility and USD 20.0 million available and undrawn under a 364-days overdraft facility, the latter falling due in December 2022.

The merger of KCC and the 100% owned subsidiary, KCC KBA AS, was registered and finalized on 4 August 2022. The subsidiary had no activities, and the merger has no effect on the consolidated figures.

### EVENTS AFTER THE BALANCE SHEET DATE

On 2 November 2022, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 0.30 per share for third quarter 2022, in total USD 15.7 million.

<sup>1</sup> % of days in combination trades = number of days in combination trades as a percentage of total on-hire days. A combination trade starts with wet cargo (usually caustic soda or clean petroleum products), followed by a dry bulk cargo. A combination trade is one which a standard tanker or dry bulk vessel cannot perform. The KPI is a measure of KCC's ability to operate our combination carriers in trades with efficient and consecutive combination of wet and dry cargos versus trading as a standard tanker or dry bulk vessel. There are two exceptions to the main rule where the trade is considered to be a combination trade: Firstly, in some rare instances a tanker cargo is fixed instead of a dry bulk cargo out of the dry bulk exporting region where KCC usually transports dry bulk commodities. E.g. the vessel transports clean petroleum products to Argentina followed by a veg oil cargo instead of a grain cargo on the return leg. Secondly, triangulation trading which combines two tanker voyages followed by a dry bulk voyage with minimum ballast in between the three voyages (e.g. CPP Middle East-Far East+CPP Far East Australia+Dry bulk Australia-Middle East) are also considered combination trade.

<sup>2</sup> Utilization = (Operating days less waiting time less off-hire days)/operating days.

## THE CABU BUSINESS

KEY FIGURES	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Average TCE earnings \$/day (note 2)	26 132	30 876	24 848	27 143	21 201
Opex \$/day (note 2)	7 227	8 297	7 393	7 455	7 447
On-hire days	649	696	773	2 027	2 350
Off-hire days, scheduled	49	8	45	59	89
Off-hire days, unscheduled	38	25	8	99	17
% of days in combination trades <sup>1</sup>	91 %	83 %	75 %	78 %	75 %
Ballast days in % of total on-hire days <sup>3</sup>	9 %	9 %	13 %	10 %	14 %
Utilisation <sup>2</sup>	87 %	91 %	92 %	90 %	93 %

Average TCE earnings per on-hire day for the CABU vessels for Q3 2022 ended at \$26,132/day, a decrease of approximately \$4,700/day from Q2 2022 and approximately \$1,300/day up from Q3 2021 mainly impacted by weaker dry bulk markets and less optimal dry bulk trading in part of the quarter. The CABU fleet was somewhat outperformed by the MR tanker vessel spot earnings in third quarter (multiple of 0.7). Despite continued challenges related to congestion and port delays, CABU combination-trading efficiency improved compared to Q2 2022. Share of days in combination trades increased from 83% in Q2 2022 to 91% in Q3 2022 and days in ballast remained stable at 9%. Capacity was evenly spread between wet and dry cargoes during the quarter.

Opex per day of \$7,227/day for the third quarter were \$1,070/day lower than the previous quarter and down approximately \$170/day compared to Q3 2021 mainly due to timing of procurement and positive currency effects on crew wages. The CABU fleet had 38 unscheduled off-hire days in Q3 2022 of which 33 days related to an operational incident on one CABU vessel in July and remaining days related to crew changes. MV Bakkedal completed drydocking in China in September 2022.

## THE CLEANBU BUSINESS

KEY FIGURES	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Average TCE earnings \$/day (note 2)	44 990	29 558	18 725	31 117	18 419
Opex \$/day (note 2)	9 061	9 126	8 257	8 583	8 117
On-hire days	700	659	696	2 075	1 730
Off-hire days, scheduled	36	51	15	87	68
Off-hire days, unscheduled	1	18	20	22	22
% of days in combination trades <sup>1</sup>	88 %	87 %	63 %	86 %	55 %
Ballast days in % of total on-hire days <sup>3</sup>	16 %	17 %	12 %	13 %	20 %
Utilisation <sup>2</sup>	92 %	90 %	91 %	92 %	90 %

CLEANBU TCE earnings per on-hire day ended at \$44,990/day, an increase of approximately \$15,400/day from last quarter and approximately \$26,300/day from Q3 2021 driven by a high share of capacity employed in a strong product tanker market during Q3 2022. The CLEANBU fleet maintained a high share of days in combination trading during the quarter with close to six of eight CLEANBU vessels trading in long haul combi-trades from Middle East and India to South America and US East Coast during the quarter. TCE earnings for the CLEANBU fleet were 1.1 times higher than the spot market for standard LR1 tanker vessels in third quarter.

Opex per day for the CLEANBU vessels ended at \$9,061/day, quite in line with previous quarter and up approximately \$800/day compared to the same quarter last year mainly due to timing of procurement to the vessels. Barracuda completed guarantee repairs with 36 days off-hire in Q3 2022, partly covered by loss of hire insurance.

<sup>1</sup> % of days in combination trades = see definition on page 3.

<sup>2</sup> Utilisation = Operating days less waiting time less off-hire days / operating days.

<sup>3</sup> Ballast in % of on-hire days = Number of days in ballast / number of on-hire days. Ballast days when the vessel is off-hire are not included.

## MARKET DEVELOPMENT

AVERAGE MARKET RATES <sup>1</sup>	Q3 2022	Q2 2022	Q3 2021	YTD 2022	2021
Dry Bulk rates - P5TC (\$/day)	19 700	27 600	32 300	23 200	26 000
Average MR Clean tanker rates - TC7 (\$/day)	38 900	26 000	5 600	24 500	6 400
Average LR1 tanker rates - TC5 (\$/day)	40 700	31 200	8 900	27 600	10 600
Fuel price - VLSFO (\$/mt)	960	880	530	750	520

The average earnings for the Panamax **dry bulk** vessels declined from \$27,600/day in Q2 to \$19,700/day in Q3 (one month lagged average earnings). The slowdown in industrial activity in China and lower Black Sea volumes negatively impacted the demand for tonnage, but seaborne dry bulk volumes are still holding up well compared to last year. On the supply side, the main negative driver was easing congestion causing a large release of additional tonnage into the market. The Atlantic basin was the weakest performer in Q3. Strong demand for energy in Europe led to high backhaul activity. Large volumes of coal imports to the European continent increased the tonnage in the basin. The Pacific delivered Y-o-Y growth in exports. However, it was not sufficient to offset negative impact from increased tonnage availability.

Total demand for shipping of dry bulk commodities decreased by 2.8% in Q3, while total Panamax demand across all commodities was up 2% year-over-year (Y-o-Y). Y-o-Y demand for bauxite and coal increased 25% and 9%, respectively. Grain demand was down 3% Y-o-Y. Iron Ore and Minor bulks demand were the weakest among the dry bulk commodities, both decreasing 9% Y-o-Y.

The nominal fleet growth was 3.1% for the dry bulk fleet and 3.3% for Panamax in Q3. However, the effective fleet growth in the Panamax segment was higher due to lower congestion partially offset by slower sailing speed.

The **product tanker** market continued to strengthen in the third quarter, and average LR1 and MR product tanker earnings ended at \$40,700/day and \$38,900/day (one month lagged averages), respectively. Several factors have contributed to the strong rate environment. Firstly, the demand for refined oil products has improved as COVID-19 restrictions continue to ease throughout the globe combined with low inventory levels, leading to strong refinery margins and utilization rates. Secondly, the disruptions of sourcing and trading caused by the Russia's invasion of Ukraine have likely contributed to increased ton-mile demand and ballasting for the product tanker fleet.

According to Clarksons the tanker demand is expected grow by 5.6% in 2022 and a further 6.2% in 2023, while product tanker supply will remain muted at 1.9% for 2022 and 0.3% for 2023<sup>2</sup>.

The caustic soda market remains quite steady. There are signs of lower operating rates in the chlor-alkali industry due to expected lower chlorine demand following cool down of demand for PVC. US caustic soda spot pricing continues to be substantially higher than Pacific prices, restricting caustic soda shipments from US Gulf to Australia, while Chinese suppliers continue to be active in the spot market increasing caustic soda sales to Australia.

Brent crude oil prices ended at around USD 88 per barrel, down 23% Q-o-Q. Average fuel oil price (VLSFO) ended at USD 960/mt (one month lagged), an increase of around 9% Q-o-Q.

## HEALTH, SAFETY AND ENVIRONMENT

HEALTH AND SAFETY KPIS	Q3 2022	Q2 2022	Q3 2021	YTD 2022	2021
# of medium injuries <sup>3</sup>	0	0	0	0	0
# of major injuries <sup>4</sup>	0	0	1	0	1
# of navigational incidents	0	0	0	0	0
# of spills to the environment	0	0	0	0	0

Safety performance has the highest priority and to the Board of Director's satisfaction there were no "major" or "medium" rated injuries, no navigational incidents, and no spills to the environment in third quarter 2022.

99% of all crew onboard KCC vessels are fully vaccinated. COVID-19 testing of crew members made before going into isolation prior to embarking showed fewer crew members with positive test result in Q3 2022 compared to Q2 2022. KCC had 4% of the crew on extended contracts at the end of Q3 2022 compared to 2.5% at the end of Q2 2022. This is largely due to trade pattern, inconvenient ports and prolonged overlap periods onboard for newly recruited/promoted officers. No crew had per end of Q3 2022 been onboard for more than 12 months.

<sup>1</sup> Source: Shipping Intelligence Network and Clarksons Securities; Average LR1 tankers earnings are MEG-Cont and MED-Japan triangulation; All series lagged by one month to reflect advance cargo fixing.

<sup>2</sup> Source: Clarksons Research Oil & Tanker Trades Outlook September 2022

<sup>3</sup> Medium = medical treatment and repatriation, will return to work.

<sup>4</sup> Major = severe injury/death.

ENVIRONMENTAL KPIs	Q3 2022	Q2 2022	BENCH-MARK Q3	LAST 12 MONTHS	2021	TARGET 2022
CO <sub>2</sub> emission per ton transported cargo per nautical mile (EEOI)(grams CO <sub>2</sub> /(tons cargo x nautical miles)) <sup>1,5</sup>	6.9	7.1	9.5	7.1	7.4	5.8
Average CO <sub>2</sub> emission per vessel (metric tons CO <sub>2</sub> /vessel-year) <sup>2</sup>	17,600	17,400	n.a.	17,200	18,800	17,700
% of days in combination trades <sup>3</sup>	89 %	85 %	n.a.	82 %	68 %	90 %
Ballast days in % of total on-hire days <sup>4,5</sup>	13 %	13 %	33 %	13 %	17 %	13.5 %

EEOI for KCC's fleet was down from 7.1 in Q2 2022 to 6.9 in Q3 2022, and down from 7.4 in average for 2021. The CLEANBU fleet EEOI of 6.5 was positively impacted by the efficient transport work performed in the quarter, both in relation to laden distance and weight of cargo on board, while ballast percentage and speed was quite stable compared to Q2 2022. The CABU fleet also had quite stable speed and ballast percentage compared to Q2, but EEOI ended higher than in Q2 2022 due to a lower transport work compared to previous quarter.

The average CO<sub>2</sub> emissions per ship year ended at 17,600 mt in Q3, somewhat up compared to the historically low Q2 (17,400 mt), mainly driven by the higher transport work performed by the CLEANBUs and slightly higher average speed, as well as a slightly lower ballast percentage compared to Q2 2022.

For 2022 KCC continues to see reductions in both carbon intensity (EEOI) and absolute CO<sub>2</sub> emissions (Average CO<sub>2</sub> emissions per vessel year), and these improvements can be attributed to a more energy efficient fleet, to small adjustments down in sailing speed, lower ballast percentage, higher share of combination trading and to a higher drydocking frequency.

## OUTLOOK

Despite weaker macro-economic backdrop, the market fundamentals in the tanker, dry bulk and energy markets remain reasonably solid. While product tanker rates have softened going into the fourth quarter, rates remain at very strong levels. Increased ton-mile, high product prices and low inventory levels support tanker demand and the tanker fleet growth is expected to be negligible next year. Dry bulk rates have decreased from the peak but continue to be at healthy levels supported by increasing sailing distances for grains and coal due to the ongoing Ukraine conflict. Uncertain Chinese economic development, weigh particularly on the dry bulk market, but low dry bulk supply growth reduces overall downside risk.

Earnings outlook for the CABU fleet remains strong. Fourth quarter 2022 capacity is close to fully booked and ongoing discussions on caustic soda contract renewals for 2023 and beyond progress well. KCC's caustic soda shipment volume is expected to increase further in 2023 compared to 2022 based on expectations of continued high utilisation in the Australian alumina refinery industry. 2023 fixed-rate contracts concluded to date or under negotiations give more than double TCE-earnings compared to current 2022-contracts. The expected CSS volumes for 2023 are as well higher than in 2022.

Solid progress in customer acceptance, operational performance and trading efficiency to date in 2022 bode well for the outlook for the CLEANBU business for the balance of 2022 and for 2023. A large part of the CLEANBU fleet has in the start of Q4 2022 continued to trade in efficient long haul combination trades from Middle East and India to East Coast USA and South America resulting in strong earnings in both the CLEANBU vessels' tanker and dry bulk trading. As many CPP voyages completed in dry bulk loading areas at the end of Q3 2022, the CLEANBU vessels will trade more in dry bulk in Q4 compared to Q3, which will result in lower CLEANBU TCE earnings in Q4 2022 compared to Q3. Expected expansion in CPP freight contract coverage for 2023 will contribute to maintaining the fleet in the most efficient and well-paying combination trades.

Oslo, 2 November 2022

The Board of Directors of

**Klaveness Combination Carriers ASA**

**Ernst Meyer**

**Chair of the Board**

**Gøran Andreassen**

**Board member**

**Magne Øvreås**

**Board member**

**Winifred Patricia Johansen**

**Board member**

**Brita Eilertsen**

**Board member**

**Engebret Dahm**

**CEO**

<sup>1</sup> EEOI (Energy Efficiency Operational Index) is defined by IMO and represents grams CO<sub>2</sub> emitted per transported ton cargo per nautical mile for a period of time (both fuel consumption at sea and in port included).

<sup>2</sup> Average CO<sub>2</sub> emissions per vessel = total CO<sub>2</sub> emissions in metric tons/vessel years. Vessel years = days available - off-hire days at yard. When new vessels are delivered to the fleet, the vessel years are calculated from the date the vessel is delivered.

<sup>3</sup> % of days in combination trades = see definition on page 3.

<sup>4</sup> Ballast in % of on-hire days = Number of days in ballast/number of on-hire days. Ballast days when the vessel is off-hire are not included.

<sup>5</sup> Benchmark: The EEOI and % ballast for "Benchmark standard vessels" are calculated based on standard vessels (Panamax/Kamsarmax dry bulk vessels, MR-tankers and LR1-tankers) making the same transportation work in the same trades as performed by KCC's CABU and CLEANBU vessels. The EEOI for "Benchmark standard vessels" is calculated as the weighted average of EEOI for the individual trades performed. There is a degree of uncertainty related to the bench-

## Income Statement

USD '000	Notes	Unaudited		Unaudited		Audited
		Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Freight revenue	3	66 665	45 697	146 642	114 631	155 564
Charter hire revenue	3	9 569	12 044	40 534	25 990	41 909
Other revenue	3	332	-	672	482	482
<b>Total revenue, vessels</b>		<b>76 566</b>	<b>57 740</b>	<b>187 847</b>	<b>141 103</b>	<b>197 955</b>
Voyage expenses		(27 778)	(25 890)	(67 611)	(59 791)	(82 087)
<b>Net revenues from operation of vessels</b>		<b>48 787</b>	<b>31 850</b>	<b>120 237</b>	<b>81 312</b>	<b>115 868</b>
Gain on sale of vessels	3	-	-	-	-	6 360
Other income	3	-	-	-	-	1 422
Operating expenses, vessels		(11 988)	(12 265)	(35 026)	(35 894)	(49 212)
Group commercial and administrative services	8	(1 165)	(937)	(2 966)	(2 770)	(3 709)
Salaries and social expense		(937)	(693)	(2 526)	(1 624)	(2 374)
Tonnage tax		(34)	(55)	(126)	(164)	(221)
Other operating and administrative expenses		(212)	(260)	(775)	(794)	(1 069)
<b>Operating profit before depreciation (EBITDA)</b>		<b>34 451</b>	<b>17 640</b>	<b>78 818</b>	<b>40 066</b>	<b>67 064</b>
Depreciation	4	(8 007)	(7 434)	(22 238)	(21 460)	(28 666)
<b>Operating profit after depreciation (EBIT)</b>		<b>26 444</b>	<b>10 206</b>	<b>56 579</b>	<b>18 606</b>	<b>38 398</b>
Finance income	6	612	6	2 077	52	74
Finance costs	6	(5 067)	(4 135)	(13 130)	(11 170)	(15 866)
<b>Profit before tax (EBT)</b>		<b>21 989</b>	<b>6 076</b>	<b>45 526</b>	<b>7 488</b>	<b>22 606</b>
Income tax expenses		-	(2)	-	(3)	(7)
<b>Profit after tax</b>		<b>21 989</b>	<b>6 074</b>	<b>45 526</b>	<b>7 485</b>	<b>22 600</b>
Attributable to:						
Equity holders of the Parent Company		21 989	6 074	45 526	7 485	22 600
<b>Total</b>		<b>21 989</b>	<b>6 074</b>	<b>45 526</b>	<b>7 485</b>	<b>22 600</b>
<b>Earnings per Share (EPS):</b>						
Basic earnings per share		0.42	0.13	0.87	0.16	0.46
Diluted earnings per share		0.42	0.13	0.86	0.16	0.46

## Statement of Comprehensive Income

USD '000	Unaudited		Unaudited		Audited
	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
<b>Profit/ (loss) of the period</b>	<b>21 989</b>	<b>6 074</b>	<b>45 526</b>	<b>7 485</b>	<b>22 600</b>
<i>Other comprehensive income to be reclassified to profit or loss</i>					
Net movement fair value on cross-currency interest rate swaps (CCIRS)	(5 114)	(1 794)	(10 796)	(498)	(404)
Reclassification to profit and loss (CCIRS)	6 096	1 158	14 476	1 197	2 773
Net movement fair value on interest rate swaps	3 679	529	11 907	3 069	4 500
Net movement fair value bunker hedge	(413)	8	(10)	(55)	(69)
Net movement fair value FFA futures	2 511	2 867	7 900	(14 931)	(7 730)
Net change on cost of hedging FFA option	59	(264)	313	(264)	(714)
Net change on initial value of FFA option	153	-	168	-	-
<b>Net other comprehensive income to be reclassified to profit or loss</b>	<b>6 971</b>	<b>2 504</b>	<b>23 958</b>	<b>(11 482)</b>	<b>(1 644)</b>
<b>Total comprehensive income/(loss) for the period, net of tax</b>	<b>28 960</b>	<b>8 578</b>	<b>69 484</b>	<b>(3 997)</b>	<b>20 955</b>
Attributable to:					
Equity holders of the Parent Company	28 960	8 578	69 484	(3 997)	20 955
<b>Total</b>	<b>28 960</b>	<b>8 578</b>	<b>69 484</b>	<b>(3 997)</b>	<b>20 955</b>



## Statement of Financial Position

<b>ASSETS</b>		<b>Unaudited</b>	<b>Audited</b>
<b>USD '000</b>	<b>Notes</b>	<b>30 Sep 2022</b>	<b>31 Dec 2021</b>
<b>Non-current assets</b>			
Vessels	4	522 696	536 864
Right-of-use assets		-	1 553
Long-term financial assets	5	11 627	4 048
Long-term receivables		70	70
<b>Total non-current assets</b>		<b>534 393</b>	<b>542 535</b>
<b>Current assets</b>			
Short-term financial assets	5	284	678
Inventories		19 155	12 279
Trade receivables and other current assets		26 714	18 484
Short-term receivables from related parties		608	2 018
Cash and cash equivalents		63 307	53 937
<b>Total current assets</b>		<b>110 067</b>	<b>87 396</b>
<b>TOTAL ASSETS</b>		<b>644 460</b>	<b>629 931</b>
<b>EQUITY AND LIABILITIES</b>			
<b>USD '000</b>		<b>Unaudited</b>	<b>Audited</b>
		<b>30 Sep 2022</b>	<b>31 Dec 2021</b>
<b>Equity</b>			
Share capital		6 235	6 235
Share premium		153 732	153 732
Other reserves		15 803	(8 154)
Retained earnings	7	121 452	102 605
<b>Total equity</b>		<b>297 222</b>	<b>254 417</b>
<b>Non-current liabilities</b>			
Mortgage debt	5	231 236	249 993
Long-term financial liabilities	5	8 282	2 017
Long-term lease liabilities		-	1 008
Long-term bond loan	5	63 975	78 205
<b>Total non-current liabilities</b>		<b>303 493</b>	<b>331 223</b>
<b>Current liabilities</b>			
Short-term mortgage debt	5	23 936	23 936
Other interest bearing liabilities	5	-	2 409
Short-term lease liabilities		-	618
Trade and other payables		18 624	16 199
Short-term debt to related parties		1 006	895
Tax liabilities		180	233
<b>Total current liabilities</b>		<b>43 745</b>	<b>44 291</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>644 460</b>	<b>629 931</b>

The Board of Directors of  
Klaveness Combination Carriers ASA

Oslo, 2 November 2022

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**Ernst Meyer**  
Chair of the Board

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**Gøran Andreassen**  
Board member

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**Magne Øvreås**  
Board member

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**Winifred Patricia Johansen**  
Board member

---

**Brita Eilertsen**  
Board member

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**Engebret Dahm**  
CEO

## Statement of Changes in Equity

### Attributable to equity holders of the parent

Unaudited							
USD '000	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
<b>Equity 1 January 2022</b>	<b>6 235</b>	<b>153 732</b>	<b>(147)</b>	<b>(7 294)</b>	<b>(714)</b>	<b>102 605</b>	<b>254 417</b>
Profit (loss) for the period	-	-	-	-	-	45 526	45 526
Other comprehensive income for the period	-	-	-	23 645	313	-	23 958
Share option program	-	-	-	-	-	29	29
Dividends	-	-	-	-	-	(26 709)	(26 709)
<b>Equity at 30 September 2022</b>	<b>6 235</b>	<b>153 732</b>	<b>(147)</b>	<b>16 351</b>	<b>(401)</b>	<b>121 452</b>	<b>297 222</b>

Unaudited							
USD '000	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
<b>Equity 1 January 2021</b>	<b>5 725</b>	<b>130 155</b>	<b>(147)</b>	<b>(6 363)</b>	<b>-</b>	<b>87 162</b>	<b>216 532</b>
Profit (loss) for the period	-	-	-	-	-	7 485	7 485
Other comprehensive income for the period	-	-	-	(11 218)	(264)	-	(11 482)
Share option program	-	-	-	-	-	38	38
Dividends	-	-	-	-	-	(5 043)	(5 043)
<b>Equity at 30 September 2021</b>	<b>5 725</b>	<b>130 155</b>	<b>(147)</b>	<b>(17 581)</b>	<b>(264)</b>	<b>89 642</b>	<b>207 531</b>

Audited							
USD '000	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
<b>Equity 1 January 2021</b>	<b>5 725</b>	<b>130 155</b>	<b>(147)</b>	<b>(6 363)</b>	<b>-</b>	<b>87 162</b>	<b>216 532</b>
Profit (loss) for the period	-	-	-	-	-	22 600	22 600
Other comprehensive income for the period	-	-	-	(931)	(714)	-	(1 644)
Dividends	-	-	-	-	-	(7 204)	(7 204)
Share option program	-	-	-	-	-	47	47
Capital increase (November 4, 2021)	510	23 576	-	-	-	-	24 086
<b>Equity at 31 December 2021</b>	<b>6 235</b>	<b>153 732</b>	<b>(147)</b>	<b>(7 294)</b>	<b>(714)</b>	<b>102 605</b>	<b>254 417</b>

## Cash Flow Statement

USD '000	Notes	Unaudited		Unaudited		Audited
		Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Profit before tax		21 989	6 076	45 526	7 488	22 606
Tonnage tax expensed		34	55	126	164	221
Depreciation	4	8 007	7 434	22 238	21 460	28 666
Amortization of upfront fees bank loans		364	223	987	625	882
Gain related to modification of debt	6	-	-	(1 175)	-	-
Financial derivatives loss / gain (-)	6	(81)	35	(202)	79	82
Gain on sale of vessels		-	-	-	-	(6 360)
Gain/loss on foreign exchange		414	24	740	(7)	726
Interest income	6	(532)	(6)	(1 875)	(45)	(74)
Interest expenses	6	4 289	3 853	11 404	10 465	14 175
Taxes paid for the period		-	-	-	-	-
Change in current assets		(8 914)	(12 770)	(14 306)	(16 628)	(8 797)
Change in current liabilities		(7 549)	4 592	1 860	6 396	2 038
Collateral paid/refunded on FFA (variation margin)	5	2 238	4 343	8 288	(13 456)	(8 390)
Interest received	6	532	6	1 875	45	74
<b>A: Net cash flow from operating activities</b>		<b>20 792</b>	<b>13 866</b>	<b>75 485</b>	<b>16 587</b>	<b>45 850</b>
Acquisition of tangible assets	4	(1 968)	(4 109)	(7 689)	(10 858)	(13 783)
Cash proceeds from sale of vessels	4	-	-	-	-	13 800
Transaction costs related to sale of vessels		-	-	-	-	(212)
Installments and other cost on newbuilding contracts		-	-	-	(105 322)	(105 322)
<b>B: Net cash flow from investment activities</b>		<b>(1 968)</b>	<b>(4 109)</b>	<b>(7 689)</b>	<b>(116 180)</b>	<b>(105 517)</b>
Proceeds from mortgage debt		-	-	-	89 000	169 000
Transaction costs on issuance of loans	5	-	(15)	(193)	(1 051)	(1 944)
Repayment of mortgage debt	5	(5 984)	(6 112)	(17 952)	(17 457)	(123 041)
Interest paid	6	(3 722)	(3 919)	(10 716)	(10 357)	(13 970)
Repayment of lease liabilities		(96)	(152)	(382)	(433)	(582)
Interest paid leasing		(29)	-	(66)	-	(103)
Paid in registered capital increase		-	-	-	-	24 977
Transaction costs on capital increase		-	-	-	-	(878)
Dividends		(12 046)	(2 161)	(26 709)	(5 043)	(7 204)
<b>C: Net cash flow from financing activities</b>		<b>(21 876)</b>	<b>(12 359)</b>	<b>(56 017)</b>	<b>54 660</b>	<b>46 254</b>
<b>Net change in liquidity in the period</b>		<b>(3 052)</b>	<b>(2 602)</b>	<b>11 779</b>	<b>(44 933)</b>	<b>(13 414)</b>
Effect of exchange rate changes on cash		-	-	-	-	(742)
Cash and cash equivalents at beginning of period		66 359	23 354	51 529	65 685	65 685
Cash and cash equivalents at end of period		63 307	20 752	63 307	20 752	51 529
<b>Net change in cash and cash equivalents in the period</b>		<b>(3 052)</b>	<b>(2 602)</b>	<b>11 779</b>	<b>(44 933)</b>	<b>(13 414)</b>
Cash and cash equivalents		63 307	35 932	63 307	35 932	53 937
Other interest bearing liabilities (overdraft facility)		-	15 180	-	15 180	2 409
<b>Cash and cash equivalents (as presented in cash flow statement)</b>		<b>63 307</b>	<b>20 752</b>	<b>63 307</b>	<b>20 752</b>	<b>51 529</b>

# Notes

- 01** Accounting policies

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- 02** Segment reporting

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- 03** Revenue from contracts with customers

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- 04** Vessels

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- 05** Financial assets and financial liabilities

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- 06** Financial items

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- 07** Share capital, shareholders, dividends and reserves

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- 08** Transactions with related parties

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- 09** Events after the balance sheet date



# 01 Accounting policies

## Corporate information

Klaveness Combination Carriers ASA ("Parent Company"/"The Company"/"KCC") is a public limited liability company domiciled and incorporated in Norway. The share is listed on Oslo Stock Exchange with ticker KCC. The consolidated interim accounts include the Parent Company and its subsidiaries (referred to collectively as "the Group").

The merger of KCC ASA and KCC KBA AS (a 100% owned subsidiary) was registered 3 August 2022. The merger has no effect on consolidated figures and was made as KCC KBA AS has no business activities.

The objectives of the Group are to provide transportation for dry bulk, chemical and product tanker clients, as well as to develop new investment and acquisition opportunities that fit the Group's existing business platform. The Group has eight CABU vessels (see note 4), vessels with capacity to transport caustic soda solution (CSS), floating fertilizer (UAN) and molasses as well as all dry bulk commodities. Further, the Group has eight CLEANBU vessels. The CLEANBUs are both full-fledged LR1 product tankers and Kamsarmax dry bulk vessels.

## Accounting policies

The interim condensed financial statements of the Group have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed financial statements of the Group should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS, as adopted by the European Union.

### Tax

The Group includes subsidiaries in various tax jurisdictions, including ordinary and tonnage tax regimes in Norway and ordinary taxation in Singapore. Income from international shipping operations are tax exempt under the Norwegian tax regime, while financing costs are partly deductible. As such, the Group does not incur material tax expenses.

### Government grant

The government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. Government grant is recognized according to percentage of completion method in the proportion in which depreciation expense of the asset is recognized. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

## Change in estimates for useful life of dry docking

Based on the updated dry docking schedule, the vessels are planned for dry docking with a limited scope during each intermediated survey, first time approximately 2.5 years after delivery. Docking depreciation has previously been based on docking every five years during the first ten years of operation. Depreciation is hence estimated to increase by approximately USD 2.6 million in second half of 2022 and approximately USD 2 million for 2023 and onwards.

## New accounting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the year ended 31 December 2021 except for the adoption of any new accounting standards or amendments with effective date after 1 January 2022. There was no material impact of new accounting standards or amendments adopted in the period.

## 02 Segment reporting

Operating income and operating expenses per segment			Q3 2022			Q3 2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	29 202	47 032	76 234	35 114	22 627	57 740
Voyage expenses	(12 236)	(15 542)	(27 778)	(15 694)	(10 196)	(25 890)
Other revenue	-	332	332	-	-	-
<b>Net operating revenues from operations of vessels</b>	<b>16 965</b>	<b>31 822</b>	<b>48 787</b>	<b>19 420</b>	<b>12 431</b>	<b>31 850</b>
Operating expenses, vessels	(5 319)	(6 669)	(11 988)	(6 050)	(6 215)	(12 265)
Group administrative services	(517)	(648)	(1 165)	(462)	(475)	(937)
Salaries and social expense	(416)	(521)	(937)	(342)	(351)	(693)
Tonnage tax	(17)	(17)	(34)	(29)	(26)	(55)
Other operating and adm expenses	(94)	(118)	(212)	(128)	(132)	(260)
<b>Operating profit before depreciation (EBITDA)</b>	<b>10 603</b>	<b>23 849</b>	<b>34 451</b>	<b>12 409</b>	<b>5 231</b>	<b>17 640</b>
Depreciation	(3 025)	(4 983)	(8 007)	(3 224)	(4 210)	(7 434)
<b>Operating profit after depreciation (EBIT)</b>	<b>7 578</b>	<b>18 865</b>	<b>26 444</b>	<b>9 185</b>	<b>1 021</b>	<b>10 206</b>

Reconciliation of average revenue per on-hire day (TCE earnings \$/day)			Q3 2022			Q3 2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenues from operations of vessels	16 965	31 822	48 787	19 420	12 431	31 850
Adjustment*	-	-	-	(218)	598	381
Other revenue (note 3)	-	(332)	(332)	-	-	-
<b>Net revenue ex adjustment</b>	<b>16 965</b>	<b>31 490</b>	<b>48 455</b>	<b>19 202</b>	<b>13 028</b>	<b>32 231</b>
On-hire days	649	700	1 349	773	696	1 469
<b>Average TCE earnings (\$/day)</b>	<b>26 132</b>	<b>44 990</b>	<b>35 915</b>	<b>24 848</b>	<b>18 725</b>	<b>21 947</b>

Reconciliation of opex \$/day			Q3 2022			Q3 2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	5 319	6 669	11 988	6 050	6 215	12 265
Leasing cost (presented as depreciation)	-	-	-	72	81	152
Start up costs CLEANBU vessels	-	-	-	-	(219)	(219)
<b>Operating expenses, vessels adjusted</b>	<b>5 319</b>	<b>6 669</b>	<b>11 988</b>	<b>6 122</b>	<b>6 077</b>	<b>12 198</b>
Operating days	736	736	1 472	828	736	1 564
<b>Opex \$/day</b>	<b>7 227</b>	<b>9 061</b>	<b>8 144</b>	<b>7 393</b>	<b>8 257</b>	<b>7 800</b>

\* Adjustment: Net revenue in Income Statement for 2022 and 2021 is recognized from load-to-discharge in line with IFRS. Revenue basis for average TCE-earnings per day is based on load-to-discharge for 2022 and discharge-to-discharge for 2021. The difference/adjustment relates to days in ballast from discharge to loading on next voyage. The effect on TCE-earnings for 2021 is immaterial (approximately 70 \$/d for both segments), hence the Company has concluded not to adjust comparative figures for 2021.

Operating income and operating expenses per segment			YTD 2022			YTD 2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	90 681	96 494	187 175	89 664	51 440	141 103
Other revenue	-	672	672	-	-	-
Voyage expenses	(35 671)	(31 940)	(67 611)	(39 978)	(19 814)	(59 791)
<b>Net revenues</b>	<b>55 012</b>	<b>65 226</b>	<b>120 237</b>	<b>49 686</b>	<b>31 626</b>	<b>81 312</b>
Operating expenses, vessels	(16 283)	(18 743)	(35 026)	(18 058)	(17 836)	(35 894)
Group administrative services	(1 379)	(1 587)	(2 966)	(1 394)	(1 376)	(2 770)
Salaries and social expense	(1 174)	(1 352)	(2 526)	(817)	(807)	(1 624)
Tonnage tax	(74)	(52)	(126)	(96)	(68)	(163)
Other operating and adm expenses	(360)	(415)	(775)	(400)	(395)	(794)
<b>Operating profit before depreciation (EBITDA)</b>	<b>35 741</b>	<b>43 077</b>	<b>78 818</b>	<b>28 923</b>	<b>11 143</b>	<b>40 066</b>
Depreciation	(8 880)	(13 359)	(22 238)	(10 346)	(11 114)	(21 459)
<b>Operating profit after depreciation (EBIT)</b>	<b>26 861</b>	<b>29 719</b>	<b>56 579</b>	<b>18 577</b>	<b>30</b>	<b>18 606</b>

Reconciliation of average revenue per on-hire day (TCE earnings \$/day)			YTD 2022			YTD 2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenues from operations of vessels	55 012	65 226	120 237	49 686	31 626	81 312
Adjustment	-	-	-	144	724	869
Other revenue	-	(672)	(672)	-	(482)	(482)
<b>Net revenue ex adjustment</b>	<b>55 012</b>	<b>64 554</b>	<b>119 565</b>	<b>49 830</b>	<b>31 868</b>	<b>81 698</b>
On-hire days	2 027	2 075	4 101	2 350	1 730	4 080
<b>Average TCE earnings per on-hire day (\$/day)</b>	<b>27 143</b>	<b>31 117</b>	<b>29 153</b>	<b>21 201</b>	<b>18 419</b>	<b>20 021</b>

Reconciliation of opex \$/day			YTD 2022			YTD 2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	16 282	18 745	35 026	18 058	17 836	35 894
Leasing cost (presented as depreciation)	-	-	-	240	193	433
Start up costs CLEANBU vessels	-	-	-	-	(2 250)	(2 250)
<b>Operating expenses, vessels adjusted</b>	<b>16 282</b>	<b>18 745</b>	<b>35 026</b>	<b>18 298</b>	<b>15 779</b>	<b>34 078</b>
Operating days	2 184	2 184	4 368	2 457	1 944	4 401
<b>Opex \$/day</b>	<b>7 455</b>	<b>8 583</b>	<b>8 019</b>	<b>7 447</b>	<b>8 117</b>	<b>7 744</b>

\* Adjustment: See footnote page 15.



Operating income and operating expenses per segment			2021
USD '000	CABU	CLEANBU	Total
Operating revenue, vessels	116 218	81 255	197 473
Other revenue	-	482	482
Voyage expenses	(50 099)	(31 989)	(82 087)
<b>Total operating revenue</b>	<b>66 119</b>	<b>49 749</b>	<b>115 868</b>
Gain on sale of vessels (note 3)	6 360	-	6 360
Other income (note 3)	1 422	-	1 422
Operating expenses, vessels	(24 684)	(24 537)	(49 221)
Group administrative services	(1 860)	(1 849)	(3 709)
Salaries and social expense	(1 191)	(1 184)	(2 374)
Tonnage tax	(126)	(88)	(214)
Other operating and adm expenses	(536)	(533)	(1 069)
<b>Operating profit before depreciation (EBITDA)</b>	<b>45 505</b>	<b>21 559</b>	<b>67 064</b>
Depreciation	(13 362)	(15 303)	(28 665)
<b>Operating profit after depreciation (EBIT)</b>	<b>32 142</b>	<b>6 256</b>	<b>38 398</b>

Reconciliation of average revenue per on-hire day (TCE earnings \$/day)			2021
USD '000	CABU	CLEANBU	Total
Net revenues from operations of vessels	66 119	49 749	115 868
Adjustment	177	213	390
Other revenue	-	(482)	(482)
<b>Net revenue ex adjustment</b>	<b>66 297</b>	<b>49 479</b>	<b>115 776</b>
On-hire days	3 073	2 450	5 523
<b>Average TCE earnings per on-hire day (\$/day)</b>	<b>21 571</b>	<b>20 195</b>	<b>20 961</b>

Reconciliation of opex \$/day			2021
USD '000	CABU	CLEANBU	Total
Operating expenses, vessels	24 685	24 537	49 222
Leasing cost previously presented as opex	318	265	583
Start up costs CLEANBU vessels	-	(2 500)	(2 500)
<b>Operating expenses, vessels adjusted</b>	<b>25 002</b>	<b>22 301</b>	<b>47 304</b>
Operating days	3 263	2 680	5 943
<b>Opex \$/day</b>	<b>7 662</b>	<b>8 321</b>	<b>7 960</b>

\* Adjustment: See footnote page 15.

## 03 Revenue from contracts with customers

Revenue types		Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
USD '000	Classification					
Revenue from COA contracts	Freight revenue	28 011	25 466	66 924	64 337	83 626
Revenue from spot voyages	Freight revenue	38 655	20 231	79 717	50 294	71 938
Revenue from TC contracts	Charter hire revenue	9 569	12 044	40 534	25 990	41 909
Other revenue	Other revenue	332	-	672	482	482
<b>Total revenue, vessels</b>		<b>76 566</b>	<b>57 740</b>	<b>187 847</b>	<b>141 103</b>	<b>197 955</b>
Other income		Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
	Classification					
Gain on sale of vessels (note 4)	Other revenue	-	-	-	-	6 360
Other income	Other income	-	-	-	-	1 422
<b>Total other income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 782</b>

Other revenue of USD 0.7 million YTD 2022 is related to off-hire compensation for guarantee work on the CLEANBU vessel MV Barracuda.

## 04 Vessels

<b>Vessels</b>		
<b>USD '000</b>	<b>30 Sep 2022</b>	<b>31 Dec 2021</b>
Cost price 1.1	734 955	599 826
Delivery of newbuildings	-	153 763
Adjustments acquisition value newbuildings delivered	-	1 408
Dry Docking	3 799	8 342
Technical upgrade	3 890	4 032
Disposal of vessel	(1 000)	(32 416)
<b>Costprice end of period</b>	<b>741 644</b>	<b>734 955</b>
Acc. Depreciation 1.1	198 092	195 568
Disposal of vessel	(1 000)	(25 560)
Depreciation vessels	21 856	28 083
<b>Acc. Depreciation end of period</b>	<b>218 948</b>	<b>198 092</b>
<b>Carrying amounts end of period*</b>	<b>522 696</b>	<b>536 864</b>

\*) carrying value of vessels includes dry-docking

No. of vessels	16	16
Useful life (vessels)	25	25
Useful life (dry docking)	2-3	3-5
Depreciation schedule	Straight-line	Straight-line

<b>Reconciliation of depreciations</b>					
<b>USD '000</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>31 Dec 2021</b>
Depreciation vessels	7 911	7 282	21 856	21 027	28 083
Depreciation right of use assets	96	152	382	433	582
<b>Depreciations for the period</b>	<b>8 007</b>	<b>7 434</b>	<b>22 238</b>	<b>21 460</b>	<b>28 666</b>

### ADDITIONS

Two CABU vessels and one CLEANBU vessel have completed scheduled dry docking so far in 2022 with total cost of USD 3.8 million. Technical upgrade of USD 3.9 million is related to general improvement of the technical performance of the vessels and energy efficiency initiatives, deducted by grants from ENOVA of in total USD 0.2 million recognized as per Q3 2022YTD. KCC has secured in total approximately USD 1.4 million in grants from ENOVA to finance investment in energy saving solutions for one CABU vessel and one CLEANBU vessel.

As per 1 September 2022, KCC has purchased previously leased satellite equipment on board the vessels of a value of USD 0.6 million. The equipment has been capitalized as vessel depreciated over the same period as each vessel's dry dock component. The derecognition of right of use assets with corresponding lease liability had an insignificant impact on the results for the quarter.

### IMPAIRMENT

Identification of impairment indicators is based on an assessment of development in market rates (dry bulk, MR tanker, LR1 tanker and fuel), TCE earnings for the fleet, vessel opex, operating profit, technological development, change in regulations, interest rates and discount rate. Expected future TCE earnings for both fleets of CABUs and CLEANBUs, diversified market exposure, development in secondhand prices and the combination carriers' trading flexibility support the conclusion of no impairment indicators identified as per 30 September 2022.

## 05 Financial assets and liabilities

Below tables sets out the financing arrangements of the Group. The Group has hedged part of the interest rate exposure with LIBOR fixed rate swaps and caps corresponding to around 40% of mortgage debt (including undrawn available RCF commitments) in 2022. Furthermore, the currency and floating interest rate exposure related to the bond loan is hedged with cross currency swaps.

USD '000				
Mortgage debt	Description	Interest rate	Maturity	Carrying amount
DNB/SEB Facility	Term loan, USD 105 mill	LIBOR + 2.3 %	December 2023	78 569
SEB/SR-Bank/SPV Facility	Term loan/RCF, USD 90.675 mill	LIBOR + 2.3 %	October 2025	81 785
Nordea/Credit Agricole Facility*	Term Loan/RCF, USD 60 mill	Term SOFR + 2.25 %	March 2027	24 706
Nordea/ Danske Facility**	Term loan, USD 80 mill	LIBOR + 2.1 %	December 2026	73 470
Capitalized loan fees				(3 359)
<b>Mortgage debt 30 September 2022</b>				<b>255 172</b>

\* Potential margin adjustments up to +/- 10 bps once every year based on sustainability KPIs.

\*\* Potential margin adjustments up to +/- 5 bps once every year based on sustainability KPIs.

The Group has available undrawn revolving credit facility capacity of USD 30 million and USD 20 million available capacity under a 364-days overdraft facility.

The Group is subject to certain financial covenants and other undertakings in financing arrangements. As per 30 September 2022 the Group is in compliance with all financial covenants. For further details on covenants please see the 2021 Annual Report.

Bond loan	Face value	Maturity	Carrying Amount
	NOK'000		30 Sep 2022 USD'000
KCC04	700 000	11.02.2025	79 219
Exchange rate adjustment			(14 476)
Capitalized expenses			(590)
Bond discount			(177)
<b>Total bond loan</b>	<b>700 000</b>		<b>63 975</b>

USD '000	Fair value	Carrying amount	
	30 Sep 2022	30 Sep 2022	31 Dec 2021
<b>Interest bearing liabilities</b>			
Mortgage debt	234 595	234 595	252 547
Overdraft facility (Secured)	-	-	-
Capitalized loan fees	-	(3 359)	(2 554)
Bond loan	64 053	64 742	79 219
Bond discount	-	(177)	(234)
Capitalized expenses bond loan	-	(590)	(779)
<b>Total non-current interest bearing liabilities</b>	<b>298 649</b>	<b>295 211</b>	<b>328 198</b>
Mortgage debt, current	23 936	23 936	23 936
Overdraft facility (Secured)	-	-	2 409
<b>Total interest bearing liabilities</b>	<b>322 585</b>	<b>319 147</b>	<b>354 543</b>

USD '000		
Financial assets	30 Sep 2022	31 Dec 2021
<b>Financial instruments at fair value through OCI</b>		
Cross-currency interest rate swap	-	2 556
Interest rate swaps	11 354	1 421
Forward freight agreements	276	18
Fuel Hedge	8	660
<b>Financial instruments at fair value through P&amp;L</b>		
Forward freight agreements	-	-
Interest rate swaps	274	71
<b>Financial assets</b>	<b>11 911</b>	<b>4 727</b>
Current	284	678
Non-current	11 627	4 048
USD '000		
Financial liabilities	30 Sep 2022	31 Dec 2021
<b>Financial instruments at fair value through OCI</b>		
Interest rate swaps	-	1 973
Cross-currency interest rate swap	8 282	43
Forward freight agreements	-	-
<b>Financial liabilities</b>	<b>8 282</b>	<b>2 017</b>
Current	-	-
Non-current	8 282	2 017

## 06 Financial items

USD' 000					
	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
<b>Finance income</b>					
Other interest income	532	6	700	45	74
Gain related to modification of debt	-	-	1 175	-	-
Fair value changes interest rate swaps	81	-	202	-	-
Gain on foreign exchange	-	-	-	7	-
<b>Finance income</b>	<b>612</b>	<b>6</b>	<b>2 077</b>	<b>52</b>	<b>74</b>

USD' 000					
	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
<b>Finance cost</b>					
Interest expenses mortgage debt	3 081	2 557	7 869	8 046	9 477
Interest expenses bond loan	1 165	1 022	3 373	2 223	4 371
Interest expenses lease liabilities	29	50	66	77	103
Amortization capitalized fees on loans	364	223	987	625	882
Other financial expenses	15	224	96	120	224
Fair value changes interest rate swaps	-	35	-	79	82
Loss on foreign exchange	414	24	740	-	726
<b>Finance cost</b>	<b>5 067</b>	<b>4 135</b>	<b>13 130</b>	<b>11 170</b>	<b>15 866</b>

## 07 Share capital, shareholders, dividends and reserves

Dividends of USD 12.0 million were paid to the shareholders in September 2022 (USD 0.23 per share).

## 08 Transactions with related parties

USD' 000							
Type of services/transactions	Provider <sup>1</sup>	Price method	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Pool participation <sup>2</sup>	BAU	Standard pool agreement	-	1 343	49	1 343	3 735
Dry bulk chartering	KDB	value <sup>3</sup>	(135)	(31)	(540)	(91)	(255)
<b>Total net revenue from related parties</b>			<b>(135)</b>	<b>1 312</b>	<b>(491)</b>	<b>1 252</b>	<b>3 480</b>

Relets of dry bulk cargoes between KCCC and KC (related party in the Torvald Klaveness Group) are made at spot pricing without any compensation either way.

2) Pool hire from BAU to KCC less pool management fee. MV Bangor entered the pool in August 2021 and exited the pool agreement on 3 January 2022.

3) From 1 July 2022 the service fee is based on time spent plus a mark-up of 7.5% and included in "Total group commercial and administrative services". Fixture fee applicable for fixtures started prior to Q3 2022.

USD' 000							
Type of services/transactions	Provider <sup>1</sup>	Price method	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Business adm. services	KAS	Cost + 5%	470	585	1 168	1 267	1 457
Business adm. services	KA Ltd	Cost + 5%	41	50	114	67	119
Commercial services	KSM, KDB	Cost + 7.5%	217	115	641	870	1 203
Subscription Cargo Value (linked to COA with external party)	CIA	Fixed fee 0.1% of transaction	-	-	60	-	-
FFA trading/Dry bulk chartering	KDB	value/Cost + 7.5% <sup>4</sup>	55	-	130	-	49
Project management	KSM	Cost + 7.5%	382	187	853	566	881
<b>Total group commercial and administrative services</b>			<b>1 165</b>	<b>937</b>	<b>2 966</b>	<b>2 770</b>	<b>3 709</b>

All bunkers purchase is done through KC, a related party in the Torvald Klaveness Group, which holds the bunker contracts with suppliers. The bunker purchase process has been centralized to enhance negotiating and purchasing power towards the suppliers. No profit margin is added to the transactions, but a service fee is charged on a cost-plus basis reflecting the time spent by the bunkering team and charged as part of the Commercial Services from KDB.

4) From 1 July 2022 the service fee is based on time spent plus a mark-up of 7.5%. The fee includes Dry bulk chartering on a Cost + 7.5%, see comment 3.

USD' 000							
Type of services/transactions	Provider <sup>1</sup>	Price method	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Technical mngmnt fee (opex)	KSM	Fixed fee per vessel	955	1 032	2 864	3 028	3 979
Crewing and IT fee (opex)	KSM	Fixed fee per vessel	393	376	1 174	1 089	1 550
Supervision fee (newbuilding)	KSM	Partly cost and partly cost + 7.5%	-	105	-	1 333	1 333
Board member fee (administrative expenses)	KAS	Fixed fee as per annual general meeting	19	21	64	68	94
Sales support, sale of vessel (gain on sale of vessels)	KAS	Cost for time used + 7.5%	-	-	-	-	31
Technical management fee for termination of agreement (gain on sale of vessels)	KSM	3 months termination period	-	-	-	-	44
<b>Total other services/ transactions</b>			<b>1 367</b>	<b>1 534</b>	<b>4 102</b>	<b>5 518</b>	<b>7 031</b>

KCCC has a FFA position of 90 days (Q4-22) towards KC, a related party in the Torvald Klaveness Group, at screen market pricing. Credit premium has not been included as the companies have the same rating. Market value of the portfolio with KC was positive USD 270k as per 30 September 2022 presented as a financial asset in Statement of Financial Position.

<sup>1</sup> Klaveness AS (KAS), Klaveness Ship Management AS (KSM), Klaveness Asia Pte.Ltd (KA Ltd), Klaveness Combination Carrier ASA (KCC), KCC Shipowning AS (KCCS), KCC Chartering AS (KCCC), Klaveness Combination Carriers Asia Pte.Ltd (KCCA Ltd), Baumarine AS (BAU), Cargo Intelligence AS (CIA), Klaveness Dry Bulk AS (KDB), AS Klaveness Chartering (KC).

## 09 Events after the balance sheet date

On 2 November 2022, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 15.7 million for Q3 2022 (USD 0.30 per share).

There are no other events after the balance sheet date that have material effect on the Financial Statement as of 30 September 2022.



## Appendix 1 Reconciliation of alternative performance measures

Non-GAAP financial alternative performance measures (APM) that are used are consistent with those used in the previous quarterly reports. Description and definitions of such measures can be found on the Company's homepage: <https://www.combinationcarriers.com/alternative-performance-measures>

Reconciliation of EBITDA adjusted and EBT adjusted					
USD '000	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
<b>EBITDA</b>	<b>34 451</b>	<b>17 640</b>	<b>78 818</b>	<b>40 066</b>	<b>67 064</b>
Gain on sale of vessels (note 3)	-	-	-	-	(6 360)
Other income (note 3)	-	-	-	-	(1 422)
Start up costs CLEANBU vessels	-	219	-	2 250	2 500
<b>EBITDA adjusted</b>	<b>34 451</b>	<b>17 859</b>	<b>78 818</b>	<b>42 316</b>	<b>61 782</b>
<b>EBIT</b>	<b>26 444</b>	<b>10 206</b>	<b>56 579</b>	<b>18 606</b>	<b>38 398</b>
Gain on sale of vessels (note 3)	-	-	-	-	(6 360)
Other income (note 3)	-	-	-	-	(1 422)
Start up costs CLEANBU vessels	-	219	-	2 250	2 500
<b>EBIT adjusted</b>	<b>26 444</b>	<b>10 425</b>	<b>56 579</b>	<b>20 856</b>	<b>33 116</b>
Reconciliation of average revenue per on-hire day (TCE earnings)					
USD '000	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Net revenues from operations of vessels	48 787	31 850	120 237	81 312	115 868
Other revenue (note 3)	(332)	-	(672)	(482)	(482)
Adjustment* (note 2)	-	381	-	869	390
<b>Net revenue ex adjustment</b>	<b>48 455</b>	<b>32 231</b>	<b>119 564</b>	<b>81 698</b>	<b>115 776</b>
On-hire days	1 349	1 469	4 101	4 080	5 523
<b>Average revenue (\$/day)</b>	<b>35 915</b>	<b>21 947</b>	<b>29 153</b>	<b>20 021</b>	<b>20 961</b>
Reconciliation of opex \$/day					
USD '000	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Operating expenses, vessels	11 988	12 265	35 026	35 894	49 212
Leasing cost (presented as opex)	-	152	-	433	582
Start up costs CLEANBU vessels	-	(219)	-	(2 250)	(2 500)
<b>Operating expenses, vessels adjusted</b>	<b>11 988</b>	<b>12 198</b>	<b>35 026</b>	<b>34 078</b>	<b>47 294</b>
Operating days	1 472	1 564	4 368	4 401	5 934
<b>Opex \$/day</b>	<b>8 144</b>	<b>7 800</b>	<b>8 019</b>	<b>7 744</b>	<b>7 960</b>
Reconciliation of total assets to capital employed and return on capital employed (ROCE) calculation.					
USD '000	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Total assets	644 460	630 459	644 460	630 459	629 931
Total liabilities	347 237	422 928	347 237	422 928	375 514
Total equity	297 222	207 531	297 222	207 531	254 417
Total interest-bearing debt	319 147	395 092	319 147	395 092	354 543
<b>Capital employed</b>	<b>616 369</b>	<b>602 623</b>	<b>616 369</b>	<b>602 623</b>	<b>608 961</b>
EBIT adjusted annualised	105 777	41 698	75 439	27 808	33 116
<b>ROCE adjusted</b>	<b>17 %</b>	<b>7 %</b>	<b>12 %</b>	<b>5 %</b>	<b>5 %</b>

\* Adjustment: Net revenue in Income Statement for 2022 and 2021 is recognized from load-to-discharge in line with IFRS. Revenue basis for average TCE-earnings per day is based on load-to-discharge for 2022 and discharge-to-discharge for 2021. The difference/adjustment relates to days in ballast from discharge to loading on next voyage. The effect on TCE-earnings for 2021 is limited (approximately 70 \$/d for both segments), hence the Company has concluded not to adjust comparative figures for 2021.

<b>Reconciliation of equity ratio</b>					
<b>USD '000</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
Total assets	644 460	630 459	644 460	630 459	629 931
Total equity	297 222	207 531	297 222	207 531	254 417
<b>Equity ratio</b>	<b>46 %</b>	<b>33 %</b>	<b>46 %</b>	<b>33 %</b>	<b>40 %</b>
<i>Reconciliation of total interest-bearing debt</i>					
Mortgage debt	231 236	214 770	231 236	214 770	249 993
Long-term bond loan	63 975	79 635	63 975	79 635	78 205
Short-term mortgage debt	23 936	85 507	23 936	85 507	23 936
Other interest bearing liabilities	-	15 180	-	15 180	2 409
<b>Total interest-bearing debt</b>	<b>319 147</b>	<b>395 092</b>	<b>319 147</b>	<b>395 092</b>	<b>354 543</b>

