Annual Report 2022

Klaveness Combination Carriers

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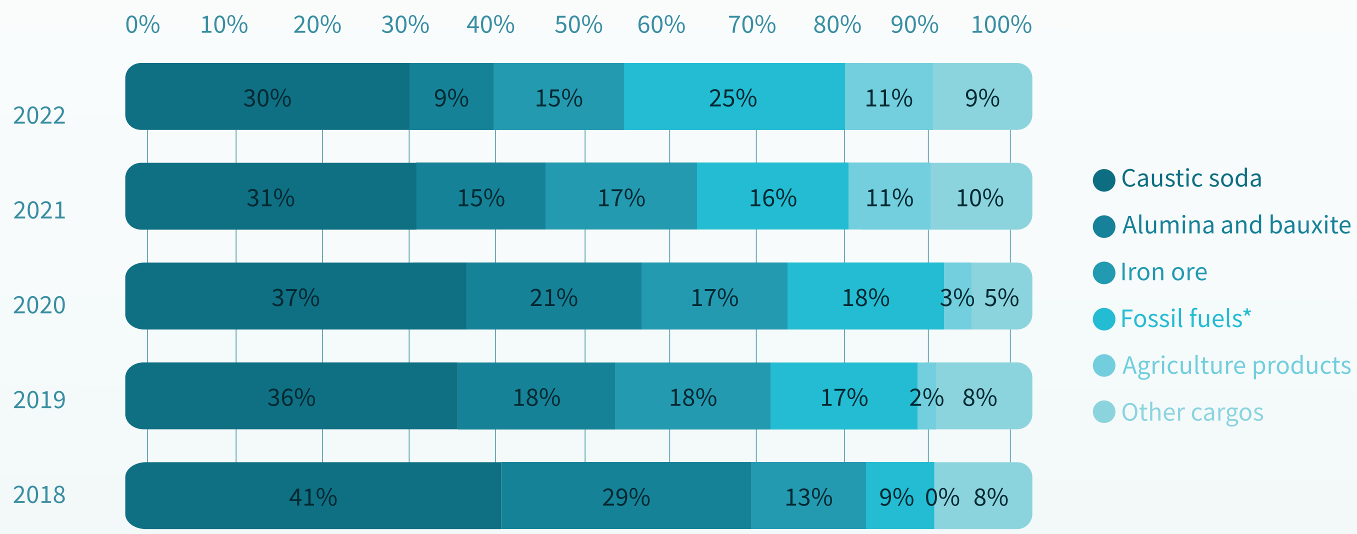
What we do and how we create value

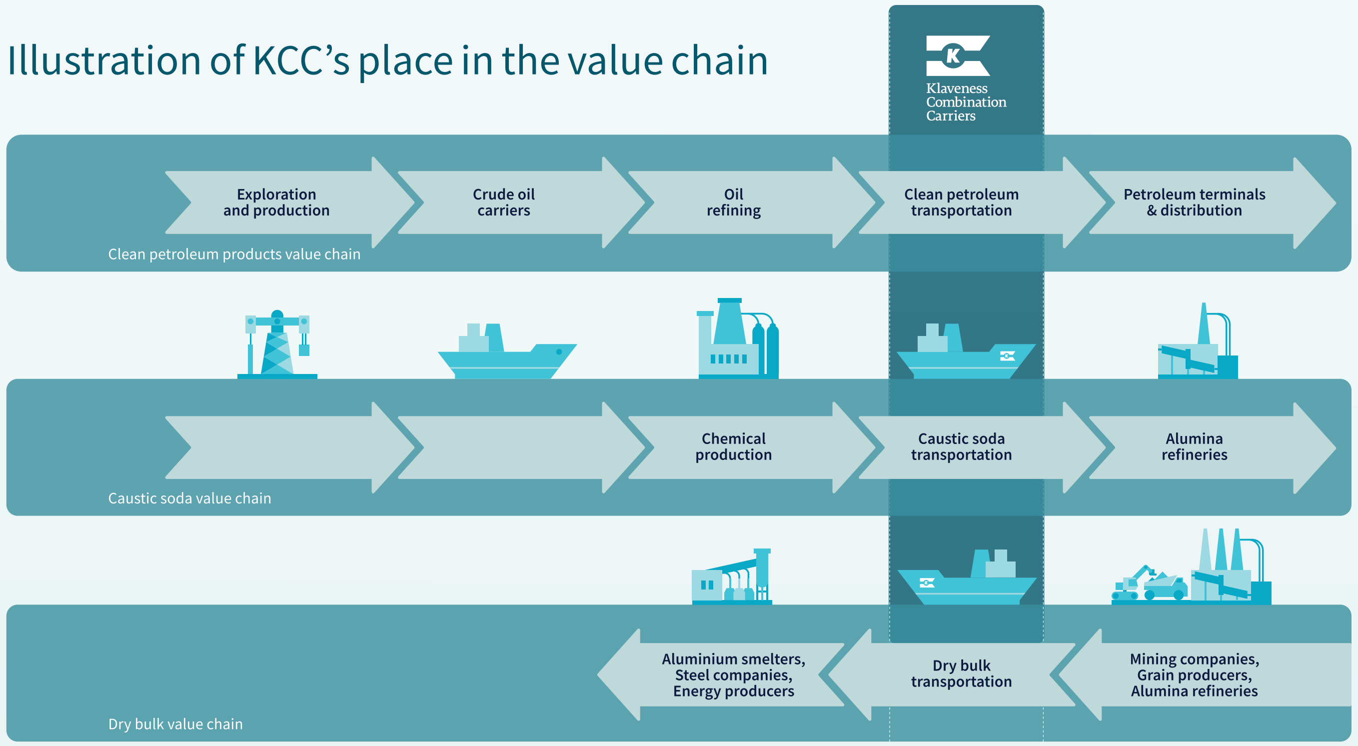
Split of Cargo transported



**Fossil fuels include gasoil, coal, gasoline and jet fuel and other CPP. Naphta and condensate to the petrochemical industry included in other cargo*

Klaveness Combination Carriers ASA (KCC, Company) is the world leader in combination carriers. The fleet consists of 16 vessels, eight CABU vessels and eight CLEANBU vessels.

Illustration of KCC's place in the value chain



The CABU (Caustic Soda-Bulk) and CLEANBU (Clean Petroleum Product-Bulk) vessels mainly transport Clean Petroleum Products (CPP) or Caustic Soda Solution (CSS) from refineries and production plants located in Middle East/India, Far East or US Gulf to end users or distributors in Australia and South America, the world's main export hubs of dry bulk commodities. On the return voyage the combination carriers transport dry bulk commodities including alumina, bauxite, grains, salt, iron ore and coal.

The aluminum/alumina industry through the transportation of CSS, bauxite and alumina accounted for 39% of KCC's transported volumes in metric tons (MT) in 2022. KCC had six coal shipments in 2022 (6%), and total fossil fuel shipments including clean petroleum products and coal accounted in total for 25%*. Iron ore shipments for mining companies or steel plants accounted for 15% in 2022.

KCC strives to solve inefficiencies by maximizing the utilization of its fleet and by minimizing ballast between the laden voyages through consecutively switching between dry and wet cargo shipments.

1. Lower carbon emissions: Fuel consumption and hence emissions are 30-40% lower than standard tanker and bulk vessels per ton-mile transported cargo
2. Lower earnings volatility: Diversified market exposure as the vessels transport both dry bulk and tanker products and a positive correlation to bunker prices
3. Premium earnings: Higher asset utilization compared to standard vessels due to two laden legs, giving a higher number of revenue days

2022 ESG performance in brief

Environmental performance

Carbon intensity (EEOI)	CO_2/ vessel year	
6.9	17,900 tons	• Trialed **carbon pricing** in a cargo contract
Ambition 2022 <5.8	Ambition 2022 <17,700	• Started more than **15 energy efficiency initiatives** on the existing fleet

CDP DISCLOSER 2022

Score: B

Social performance

LTIF 0.3	0	Average high-risk
Ambition <0.5	Major or medium injuries	SIRE observations 0.7
		Ambition <2

Governance performance

100%	0	**The Transparency Act**
of employees attended dilemma training	confirmed incidents of corruption	implemented in policies and procedures

EEOI = EEOI (Energy Efficiency Operational Index) is defined by IMO and represents CO_2 emitted per transported cargo per nautical mile for a period of time (both fuel consumption at sea and in port included).
CO^2/vessel year = Average CO_2 emissions per vessel year = total emissions/vessel year. 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.
LTIF = Lost Time Injuries (LTIs) are the sum of fatalities, permanent total disabilities, permanent partial disabilities and lost workday cases. In line with OCIMF (Oil Companies Reporting Guidelines for Oil Companies International Marine Forum).
SIRE = Ship Inspection Report Programme

Business progress in volatile markets

Letter from CEO

2022 was an exciting year for KCC with solid progress across KCC's two business segments supported by historically strong, but extremely volatile product tanker, dry bulk and energy markets.

The lifting of the strict Chinese COVID-19 restrictions in January 2023 hopefully marks the end of a close to three-year period disrupting the shipping industry and seaborne supply chains. Strict COVID-19 restrictions for vessels and their crew were maintained in a large part of the world well into the second half of 2022, negatively impacting the daily life of our seafarers. Step by step, restrictions on crew change and shore leave were lifted during the autumn and repatriation of seafarers after end of service period were back to pre-COVID normal at the end of 2022. We are immensely grateful for the sacrifices and the dedication of our crew during this difficult three-year period.

The year has also been marked by the brutal and incomprehensive war in Ukraine impacting pricing, trade flows and activity level in the product, dry bulk and energy markets. The war has, however, had limited negative direct effect on KCC's business.

2022 was the first year with the full CLEANBU fleet in service after taking delivery of the last of eight CLEANBU newbuilds in May 2021. The year has in many ways represented a breakthrough for our CLEANBU business. Determined efforts to further improve technical and operational performance have born fruits with the CLEANBU fleet outperforming average standard product tanker Ship Inspection Report Programme (SIRE) and port state inspection performance in 2022. The number of customers having chartered the vessels doubled from 2021 to 2022 with the CLEANBUs becoming a favorite mode of transport in LR1 product tanker trades to South America with total seven customers having used the vessels in these trade lanes. The trading efficiency of the CLEANBU fleet also improved substantially with time in combination trade increasing from 66% in 2021 to 88% and ballast decreasing from 18% to 13% from 2021 to 2022.

We have also made progress in our CABU business which, after completing relocation of two vessels from South America in second quarter 2022, is now fully dedicated to servicing customers in trades to and from Australia. The number of caustic soda shipments to Australia and hence KCC's market share grew in 2022 and has been further increased for 2023. On-time performance of our CABU fleet in caustic soda loading ports has been maintained at high levels despite negative effects of widespread port congestion and tight caustic soda logistics.

Furthermore, we have advanced well with our decarbonization efforts which are focused on our quest for efficiency improvements. Closer co-operation with our customers is essential to further improve the trading efficiency of our fleet. After a successful trialing in 2022, we are pleased to have implemented the first carbon pricing mechanism into one of our freight contracts with effect from 2023. Multiple energy and voyage efficiency measures have also been installed on all vessels with larger installations being made during regular drydocking of three vessels during the year. Contracts were concluded for an innovative air lubrication system combined with a new shaft generator to be installed on two vessels during 2023. Average CO_2 emission per vessel year improved by 5% from 2021 to 2022, while average carbon intensity (EEOI) improved by 7% from 2021.

KCC has had a solid start to 2023 and the outlook for the year is strong based on high fixed-rate and index linked tanker market contract coverage for fleet. While the outlook in our markets is reasonably positive, macro-economic and geopolitical risks remain high. KCC's business model has over time shown resilience to market shocks and the company is positioned to weather any storm and take benefits of market opportunities which may arise during the year.

Engebret Dahm | CEO, Klaveness Combination Carriers ASA

Board of Director's Report

Ernst Meyer
Chair of the Board

Magne Øvreås
Board member

Brita Eilertsen
Board member

Winifred Patricia Johansen
Board member

Gøran Andreassen
Board member

Key development 2022 and future priorities

Klaveness Combination Carriers ASA ("KCC", the "Company", the "Group") delivered a record strong financial result for 2022 and yet again demonstrated the value of flexibility and diversification through its combination carrier concept.

The CABU fleet delivered the highest time charter earnings since 2011 on the back of high caustic soda solution (CSS) volumes, a strong dry bulk market in the first half of the year and strengthening fuel prices through the year.

The CLEANBU fleet continued to expand the number of customers and trades in its first year with a full fleet in operation. As a result, the CLEANBU fleet's trading efficiency improved substantially increasing the share of days in combination trades and reducing time in ballast. Furthermore, the strong recovery in the tanker market and historically high fuel prices supported time charter earnings for the fleet, the highest since the introduction of the vessels.

The KCC fleet experienced no major or medium injuries or accidents in 2022. The impact on crew and vessel operations from COVID-19 related restrictions eased compared to the prior two years.

KCC continued to make good headway on its decarbonization targets during 2022. The carbon intensity (EEOI) for the fleet was down from 7.4 in 2021 to 6.9 in 2022, while average CO2 emissions per vessel-year was down from 18,800 mt in 2021 to 17,900 mt in 2022.

KCC's positive trend has continued into 2023 with conclusion of several tanker contracts during Q4 2022 and early 2023 securing a strong base for 2023. The concluded caustic soda shipping contracts for 2023, including expected additional caustic soda shipments, cover the full CABU fleet's capacity in tanker mode in 2023. Approximately 75% of booked caustic soda shipments for 2023 are fixed-rate contracts with average TCE earnings around 2.5 times the average TCE earnings for the caustic soda solution shipments in 2022. One CLEANBU vessel has been employed on a two-year time charter with a global energy company from mid-February 2023 and a three-years index-linked contract of affreightment for the transportation of clean petroleum and dry bulk products was secured in January 2023.

People, health and safety[1]

KCC's main priority is to keep the crew safe, and any injury or loss of lives is unacceptable. 2022 was a strong safety year for the KCC fleet, with zero major or medium injures or vessel accident. The Loss Time Incident Frequency (LTIF) on the combination carriers, measured by every 1 million working hours, was reduced from 0.6 in 2021 to 0.3 in 2022, being within the target. A comprehensive safety culture program referred to as 'Klaveness Always Safe and Secure' (KLASS)[2] was introduced in 2020 and has been further developed and strengthened since the introduction.

In relation to the Transparency Act which came into force 1 July 2022, KCC evaluated and made some minor adjustments to its Code of Conduct and Counterparty Code of Conduct. KYC Procedures and contract clauses with counterparties and suppliers were as well amended to ensure compliance with the legislation. The KYC Procedures, procedures for further due diligence and measures to stop, mitigate or prevent were updated based on a risk assessment. The Transparency Act report is published as part of the ESG Performance Report for 2022.

Through the COVID-19 pandemic priority number one has been to avoid crew from being infected and KCC has through 2022 continued to test and quarantine crew prior to embarking. Three vessels experienced infection on board in 2022, without serious symptoms. By year-end 2022, 100% of crew on board KCC's vessels were fully vaccinated. Focus continued during 2022 to repatriate crew at the end of their service period without delays. No crew had per year-end 2022 been onboard for more than 12 months, and the share of the crew being on extended contract had fallen to 4.5% at the end of the year compared to 13% at the end of 2021.

In 2022, 41 vetting inspections were performed onboard KCC vessels. Average number of high-risk observations[3] per inspection for the Ship Inspection Report Programme (SIRE) vettings was 0.9, down from 1.9 in 2021 and better than the target of 2. The fleet went through 45 Port State Controls in 2022 with one detention due to insufficient procedures to secure the freefall lifeboat release hook system. Following this inspection, tests and checks were added to improve the Company's procedures. Average number of deficiencies per inspection was 0.7, the same as in 2021, slightly above the target of 0.5.

The piracy risk in the Persian Gulf/Gulf of Oman eased further in 2022. The threat for merchant vessels is considered moderate by Den Norske Krigsforsikring for Skib (DNK). No approaches or boarding attempts were reported for KCC vessels in 2022.

By the end of 2022, KCC had 11 employees located in Oslo and Singapore. The work environment is good. Women represented 27% of the workforce (2021: 33%) and absence due to sick leave was satisfactory, averaging 0.25 % in 2022 (0.29% in 2021)[4] . The office in Oslo was fully opened in 2022 after several years with long periods working from home. The employees in Singapore continued to work partly from home also during 2022, but from 26 April 2022 the Singapore office was in full operation again and open for all employees.

KCC is dedicated to ensuring equal opportunities for all, irrespective of gender, gender identification, ethnicity, religion, sexual orientation, disability or social status (read more in the Code of Conduct available on www.combinationcarriers.com).

[1] The vessels are on ship management to Klaveness Ship Management AS
[2] Please find more information on Safety Performance in the ESG Performance Report for 2022
[3] High risk observation is an internal definition of a significant legislative, safety or pollution risk
[4] More employee information in note 7 to the Financial Statements for 2022.

Sustainability

KCC aims at delivering the most cost effective decarbonization path in deep-sea shipping through being at the forefront of implementing energy efficiency solutions, perfecting voyage efficiency, optimizing trading efficiency and by working in close cooperation with customers, suppliers, regulators, and other stakeholders.

While there is movement in the regulatory environment, the pace is slower than what is needed for the industry to reduce its emissions in line with the Paris Agreement. However, the first carbon price for shipping was agreed in 2022. As of 1 January 2024, emissions from voyages to, from, and within the EU will be included in the EU Emission Trading Scheme (EU ETS). Such regulations will strengthen KCC's competitive advantage, but the impact on KCC is initially expected to be limited as KCC's vessels only trade occasionally to/from Europe. However, this might change going forward. KCC is following the development closely and has a strong voice in favour of introducing global emission trading systems for shipping.

On the global level, the IMO continues to discuss a revision of its climate strategy and the possible introduction of an economic measure in the form of a global carbon tax. Some progress has been achieved during 2022, but the decisions on new emission targets and economic incentives will at the earliest be made by summer 2023. In 2022, the IMO came under a lot of criticism from the industry over the Carbon Intensity Indicator (CII), which will come into effect from 2023. KCC has long criticized the design of the CII, as it rewards ballasting.

Due to its efficient combination trading, KCC is experiencing a greater interest from its customers related to scope three emissions including emissions from ocean freight. The Sea Cargo Charter, to which KCC was a founding signatory, grew with seven new members in 2022 and counts 34 signatories by year-end 2022, including some of the world's largest charterers. KCC signed its first sustainability linked contract of affreightment in 2022 with one of its most important customers. One of the included measures is the linking of the freight paid under the contract to KCC's emission performance compared to a baseline. The mechanism has been trialled in close co-operation with the customer during 2022 and will be put into force from 2023.

KCC was not able to deliver in full on its ambitious emission reduction targets for 2022, but as a result of a broad range of initiatives made across KCC's business over the recent years, KCC continued to make good headway on its environmental performance during 2022. The carbon intensity (EEOI) for the fleet was down from 7.4 in 2021 to 6.9 in 2022, a reduction of 7% from 2018, and average CO2 emissions per vessel-year were down from 18,800 mt in 2021 to 17,900 mt in 2022, a reduction of 14% from 2018 – close to the target of 15% reduction from 2018. KCC will in March 2023 publish its updated environmental strategy.

KCC has 15 ongoing energy efficiency initiatives funded partly by USD 25 million of equity raised in November 2021. The expected full roll-out of committed initiatives are expected to result in a further approximately 9 % reduction in emissions for the overall fleet assuming 2022 transport work. KCC was allocated a grant of approximately USD 1.4 million from ENOVA[5] to part fund air lubrication of the hull and retrofit of shaft generator for two vessels, to be implemented in 2023.

KCC is committed to full transparency related to its environmental strategy, targets, and performance. The Sustainability Report for 2022 is aligned with the Global Reporting Initiative Standards (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD)[6]. The environmental KPIs and the GHG accounts are audited (limited assurance) by EY. KCC achieved a B score in the category "climate change" from CDP[7] in 2022 as in 2021.

KCC adheres to the Hong Kong Convention and follows the Norwegian Shipowners Association's recommendation with respect to ship recycling. No ships were sold for recycling in 2022.

Financial results

Financial results

Profit for the year 2022 ended at USD 60.9 million, up from USD 22.6 million in 2021, driven mainly by stronger tanker rates and more on-hire days from a full CLEANBU fleet in operation after delivery of three vessels during 2021. The 2021 profit includes gain from sale of MV Banasol and repayment of equity from Den Norske Krigsforsikring, in total USD 7.8 million.

Net revenues from operation of vessels increased by 42% from USD 115.9 million in 2021 to USD 164.6 million in 2022. Average TCE earnings[8] of $29,764/day for the fleet in 2022 is up 42 % from $20,961/day in 2021. The underlying markets have been extremely volatile during 2022. KCC's TCE earnings for 2022 were driven by a strong dry bulk market in first half of 2022, weakening considerably in second half of 2022, and a substantial strengthening of the product tanker market since the spring of 2022. KCC's market share for caustic soda shipments to Australia increased in 2022 compared to 2021 with all eight CABUs trading to and from Australia from second half of the year.

CABU TCE earnings increased by more than $5,200/day from 2021 to 2022 and ended at $26,796/day in 2022 in line with average standard spot earnings for MR tankers in 2022 as reported by brokers[9]. With most of the caustic soda contracts concluded before the tanker market recovery in Q1 2022, the CABU fleet had relatively limited positive impact of the strong tanker market during the three last quarters of 2023.

The CABU fleet had one less vessel in operation in 2022 versus 2021 after the sale of a 20-years old CABU vessel in December 2021.

Average TCE earnings for the CLEANBU fleet for 2022 ended at $32,614/day for the year, up more than $12,400/day from 2021 mainly due to a strong product tanker market from the spring of 2022 and a high share of capacity employed in wet trades and more combination trading. TCE earnings for the CLEANBU fleet were in line with average standard spot earnings for LR1 tankers in 2022 as reported by brokers[10]. The CLEANBU fleet had in total approximately 1.0 more vessel year on-hire in 2022 compared to last year due to delivery of the three last newbuilds in 2021.

Operating expenses decreased from USD 49.2 million in 2021 to USD 48.6 million in 2022 mainly due to approximately 0.3 less vessel years.

Administrative costs for 2022 of USD 8.9 million was up by 24% compared to 2021 (USD 7.2 million) mainly due to increased costs for service fees and salaries due to higher activity /more man-hours and bonus provisions for 2022.

Based on solid earnings for the fleet, EBITDA for 2022 increased from USD 67.1 million in 2021 to USD 107.0 million in 2022.

Depreciation increased from USD 28.7 million in 2021 to USD 31.3 million in 2022 mainly due to dry docking cost being depreciated over a shorter period compared to previous years and more CLEANBU vessels in fleet. Net finance cost ended at USD 14.7 million, down by USD 1.1 million partly due to gain related to modification of debt of USD 1.2 million in 2022.

Financial position

Total equity ended at USD 297.5 million at year-end 2022, an increase of USD 43.1 million during the year. The change is driven by strong results and positive unrealised non-cash effects on interest rate derivatives, partly offset by dividends paid to shareholders during the year. The equity ratio ended at 46.4% per year-end, up from 40.4% per year-end 2021.

Total interest-bearing debt ended at USD 319.5 million at the end of 2022, down from USD 354.5 million at year-end 2021, reflecting ordinary debt repayments and lower bond debt due to exchange rate changes[11].

Cash and cash equivalents ended at USD 64.9 million against USD 53.9 million as of 31 December 2021 driven by strong EBITDA, partly offset by cost of dry docking, debt service and dividend payments and limited changes in working capital. Total assets were up from USD 629.9 million to USD 642.9 million.

KCC, through a subsidiary, had per year-end 2022 USD 30.1 million available and undrawn under a long-term revolving credit facility and USD 14.8 million available and undrawn under a 364-days overdraft facility.

Cash flow

Net cash flow from operating activities was USD 105.9 million in 2022 (2021: USD 45.9 million) quite in line with EBITDA of USD 107.0 million as net changes in working capital were limited. Net cash flow from investments was negative USD 10.2 million (2021: negative 105.5 million) and relates to dry dock costs for three CABU vessels and one CLEANBU vessel and investments in technical upgrades and energy efficiency initiatives for the fleet. The cash flow from financing activities was negative USD 82.5 million (2021: positive USD 46.3 million) whereof more than half relates to paid dividends and remaining relates to debt repayment and interest.

Dividends

KCC paid USD 42.4 million (2021: USD 7.2 million) in dividends to shareholders in 2022, equal to USD 0.81 per share (2021: USD 0.15 per share).

Financing and going concern

KCC's capital commitments are fully funded, and the refinancing risk is limited over the next year. Discussions regarding the refinancing of the DNB/SEB mortgage debt facility maturing in December 2023 has been initiated with positive initial feedback from the banks.

A secured bank facility falling due in March 2026 was during 2022 extended by one year to March 2027 and the margin was renegotiated with a reduction of approximately 75 bps from existing margin. The 364 days overdraft facility was renewed in December 2022 for a 364-days period and the total amount was reduced from USD 20 million to USD 15 million.

The accounts are reported under the assumption of a going concern. The Board considers the financial position of the Group at year-end 2022 to be solid and the liquidity to be satisfactory. Current cash flow, existing and committed debt and liquidity position for the Group are considered sufficient to cover all commitments.

There have been no major transactions or events following the closing date that would have a negative impact on the evaluation of the financial position of Klaveness Combination Carriers ASA.

Related parties' transactions

KCC purchases services related to business administration, ship management, project management and commercial operations from related parties in the Torvald Klaveness Group. All services are priced on arm's length basis and

[5] ENOVA SF, a Norwegian government enterprise responsible for promotion of environmentally friendly production and consumption of energy
[6] Read more in the Sustainability Report for 2022 published on www.combinationcarriers.com.
[7] Carbon Disclosure Project (CDP)
[8] Average TCE earnings is an alternative Performance Measure (APM); see reconciliation in published Q4 2022 report appendix 1 (page 26).
[9] Average MR TCE earnings as reported by Clarksons. One month lag due to normal time of fixing.

[10] Average LR1 TCE earnings as reported by Clarksons. One month lag due to normal time of fixing.
[11] 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.

related party transactions and services have during 2022 been included as a recurring item in most of the Audit Committee meetings. The services are benchmarked on an annual basis and the benchmark is presented to the Board of Directors. See note 19 to the Financial Statements for 2022 for more information on related party transactions.

The parent company

The result for the parent company, Klaveness Combination Carriers ASA, was a profit after tax of USD 21.5 million for 2022 (2021: loss USD 7.9 million). The profit is proposed transferred to other equity. The Board of Directors has proposed dividends of USD 15.7 million for Q4 2022 which has been booked as a provision in the accounts as per 31 December 2022.

Events after the balance sheet date

In January 2023 KCC Shipowning AS, a subsidiary of KCC, repaid USD 15 million in debt under a revolving credit facility agreement. The amount is available to be redrawn under this revolving credit facility agreement.

On 15 February 2023, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of in total USD 15.7 million for fourth quarter 2022 (USD 0.30 per share).

On 22 February 2023, the CEO of Klaveness Combination Carriers ASA, Engebret Dahm, exercised all his 38,580 options in the Company against cash settlement by the Company. The share options were granted in December 2019 and were fully vested in December 2022 (Group note 7). The amount payable per share from the Company is equal to NOK 81.0 per share (close on 22 February 2023) less exercise price of NOK 32.8 per share (exercise price at grant date less dividends paid since grant date). The option settlement in cash of USD 0.2 million will be recognized as payroll expenses in Q1 2023.

The business

The overall strategic target for Klaveness Combination Carriers ASA is to provide the lowest carbon emission shipping service at the lowest cost to our dry bulk, chemical and product tanker clients. The company has an ambition to grow its business by developing new investment and acquisition opportunities that fit with the Group's existing business platform. The Group had a fleet of 16 vessels in operation at year-end 2022. KCC's registered business address is Drammensveien 260, 0283 Oslo, Norway.

The shares are listed on Oslo Stock Exchange with ticker KCC. The 20 largest shareholders accounted for 90.9% of total shares by year-end 2022, of which the largest shareholder is Rederiaksjeselskapet Torvald Klaveness with an ownership of 53.8%.

CABU

By year-end 2022, the CABU combination carrier fleet consisted of eight vessels. The CABU service to/from Brazil was terminated from the end of 2021 mainly because of decreasing north bound dry bulk volumes over the last years and all eight vessels where from May 2022 employed in trades to/from Australia, where the CABU fleet over time has generated the highest earnings.

Despite continued scheduling challenges through the year with port congestion in the Far East and negative effects of continued COVID-19 restrictions and a tight CSS market, the share of days in main combination trades ended at 80% for 2022, up from 69% in 2021, mainly due to a record high number of caustic soda (CSS) cargoes transported in 2022. Three vessels were dry-docked in 2022 with in total 114 scheduled off-hire days. Unscheduled off-hire ended at 104 days, up from 46 days in 2021, driven by COVID-19 infection onboard one vessel, an operational incident, crew changes and somel minor technical incidents and operational down time.

The CABU wet capacity is to a high degree allocated to freight contracts with long-term COA customers. The caustic soda solution volume exposure for 2023 has been secured, with close to 75% fixed rate at approximately 2.5 times higher rates than wet TCE earnings for the CABU fleet for 2022.

CLEANBU

2022 was the first full year with the entire CLEANBU fleet in operation after the three last vessels in the newbuild program were delivered during 2021.

The primary focus in 2022 was to expand the customer base and employ the vessels in efficient combination trades. The number of trades, terminals, cargoes, and customers increased throughout 2022. The contract of affreightment (COA) secured in 2021 was renewed in 2022 with an additional COA secured in January 2023, both contracts with large and reputed customers in the industry.

KCC continued to make good headway in its CLEANBU concept illustrated through the share of days in combination trade increasing from 66% in 2021 to 87% in 2022 and ballast in percent of total on-hire days improving from 18% in 2021 to 13% in 2022.

One vessel completed guarantee repairs in 2022 with 87 off-hire days, partly covered by loss of hire insurance. The fleet had 18 unscheduled off-hire days in 2022 mainly related to repair of a pump on one vessel and crew changes.

Market developments and outlook

Earnings of KCC's combination carriers are driven by the Panamax dry bulk market, MR and LR1 product tanker markets and fuel markets.

Freight rates for global seaborne transportation are highly volatile and cyclical. The demand for global seaborne transportation depends on global economic growth, and in particular the development in the energy and commodities markets.

In 2022 the dry bulk earnings fell compared to 2021 as fleet inefficiencies subsided and demand cooled off. Product tankers on the other hand delivered the strongest year on record driven by strong demand growth, strong refining margins and disruptions from the war in Ukraine.

Although the 2023 outlook remains uncertain in the face of a slowdown in global economic activity, there are several potential positive catalysts for freight markets. Amongst others very low orderbooks limiting supply growth, China reopening after the pandemic and EU ban on Russian petroleum products imports.

Dry bulk market[12]

Panamax spot dry bulk market had a strong start of the year with earnings (P5TC[13]) of $24,798/day during first half 2022, weakening substantially to $16,590/day in second half of the year. Average spot Panamax earnings averaged $20,663/day in 2022, down from 2021 but still at very healthy levels. The global dry bulk demand growth decelerated from 3.4% in 2021 to minus 1.9% in 2022 according to Clarksons Research, while the nominal growth in the dry bulk fleet was 2.8% in 2022, down from 3.6% in 2021.

Going into 2023 the dry bulk markets were at the weakest levels since 2020, normally a seasonally slow part of the year. According to Clarksons, the dry bulk market is expected to improve through 2023, but to remain at more moderate levels than seen in 2021 and 2022. Both vessel demand (tonne-miles) and supply are expected to grow about 2% while the fleet inefficiencies of 2021 and 2022 have largely been unwounded.

The demand side is expected to face pressure from deceleration in global economic activity, continued challenges in the Chinese economy and negative impacts from the war in Ukraine. The COVID-19 reopening of the Chinese economy in early 2023, however give glimmer of hope both for the global economy and the dry bulk markets.

The global iron ore trade is expected to remain flat over 2023 compared to a contraction of 2% in 2022 as high energy prices and weak demand put pressure on steel producers.

The global coal trade is expected to grow by 2% in 2023. Europe is a potential driver of the coal trade as it substitutes Russian imports. While the Chinese seaborne demand is expected to only grow marginally as imports competes against domestic production and overland imports.

Global seaborne grains trade contracted sharply in 2022 (down 4%) due to amongst others lost Ukrainian volumes and declining Chinese soybean imports due to weak crush margins and weather disruption to US exports. While the grains trade is expected to rebound in 2023 uncertainty remains, in particular with regards to Ukrainian volumes.
Minor bulks are projected to see a small improvement in 2023 compared to a fall of 4% in 2022.
On the demand side the fleet to orderbook stood at 7.4% at start of 2023 implying moderate fleet growth for the years to come.

Product tanker market[14]

The product tanker market delivered its best year on record according to Clarksons Research Average Tanker Earnings Index. The 2022 average LR1 tanker earnings[15] ended at around $32,000/day, compared to $10,600/day in 2021. Product tanker demand increased by 3.4% from 2021 to 2022 and demand has grown beyond pre-pandemic levels. Several factors have contributed to the strong rate environment. Firstly, the demand for refined petroleum products has improved as COVID-19 restrictions continued 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 Russia's invasion of Ukraine have likely contributed to increased tonne-mile demand and ballasting for the product tanker fleet.

Oil consumption in 2022 is estimated at around 99.4mn bbl/day, 2.3% higher than in 2021. The growth in oil consumption is estimated to grow by around 1% in 2023.

The outlook for the product tanker market remains strong with low fleet growth and solid demand growth.

According to Clarksons, the Product tanker demand is expected to continue to grow in 2023 driven by longer sailing distances due to recent refinery closures in Australia and Europe while refinery start-ups are expected to increase exports from Middle East Gulf and India, and Chinese products exports are expected to increase due to higher export quotas. The EU ban on Russian products imports is expected to further increase sailing distances as EU will need to replace short-sea imports from Russia with longer distance imports.

Clarksons expects product tanker demand to grow 9% in 2023. On the supply side the product tanker orderbook is limited with book-to-fleet ratio at around 5% and supply is expected to grow only marginally.

Fuel market[16]

Oil prices increased by 20% in 2022 from around USD 72/bbl to around USD 86/bbl after a volatile year where oil traded as high as around USD 107/bbl in periods. Price strength and volatility were driven by improved demand as well as supply disruptions in connection to the war in

[12] Source: Clarksons Dry bulk trade outlook market fundamental data and forecasts
[13] Kamsarmax Soure: Baltic Exchange
[14] Source: Clarksons SIN Oil and Tanker Trades outlook market January 2023 and U.S. Energy Information Administration Short-Term Energy Outlook January 2023 for fundamental data and forecasts
[15] Source: Clarksons Shipping Intelligence Network
[16] Source: Bloomberg and Clarksons SIN

Ukraine. Average VLSFO prices ended at around USD 750/mt in 2022 compared to USD520/mt 2021.

Risk review and risk management

It is important for the Board of Directors that the right risk reward assessment is made and that internal control routines are good. Main risks related to KCC are discussed with the Audit Committee and the Board of Directors generally on a quarterly basis. Risks are identified and assessed based on a probability and impact matrix and mitigating actions are outlined for the main risks. Risks related to vessel technical operation and crew safety are assessed, monitored and handled by the ship manager, Klaveness Ship Management AS.

Below is a list of some of the principal risks identified that may affect business operations, reputation, financial condition, results of operations and, ultimately share price. A description of the risks can be found in note 16 to the Financial Statements for 2022. Please be reminded that the risk picture will change over time.

- Volatile freight rates and unfavourable changes in trade flows and volumes, either structurally or due to events such as impact on market of the Russian invasion of Ukraine
- Introduction of new vessel concepts such as the CLEANBUs entails commercial and technical risks, including but not limited to building performance of the yard, trades and brand in the clean petroleum market and obtaining acceptance and/or exemptions from clients and terminals to operate in combination trades where the vessels trade consecutively with dry bulk and clean petroleum product (CPP) cargoes
- Increased risk to vintage tonnage due to stricter emissions regulations (e.g. CII and EEXI) and customer requirements
- The Group will retrofit two vessels with shaft generator and air lubrication systems. Success depends on the ability to deliver on retrofit/energy saving device projects at the budgeted cost and time, and that the projects deliver the estimated fuel/energy savings

In a longer-term perspective, the current assessment includes the following risks. A description of the risks can be found in note 16 to the Financial Statements for 2022 and in the climate-related risk chapter in the ESG Performance Report for 2022:

- Global economic growth and the impact on energy and commodity markets
- Impact of a low-carbon future with introduction of emission regulations, zero-emission vessels and lower demand for transportation of fossil fuels

Board development

The Board of Directors held nine meetings in 2022, whereof four related to quarterly reports only, with an attendance of 98% percent and the Audit Committee held six meetings. The Board of Directors consists of five members, whereof two women. Brita Eilertsen, Gøran Andreassen and Ernst Meyer joined the Board of Directors, while Rebekka Glasser Herlofsen, Lasse Kristoffersen and Morten Skedsmo stepped down during 2022. The Company's Officers and Directors are covered by Rederiaksjeselskapet Torvald Klaveness' Commercial Management Liability Insurance with AXA covering e.g. the Company's Officers' and Directors' acts, errors and omissions on specified terms and conditions, and with limitations.

The Board of Directors has an annual plan. It includes recurring topics such as strategy review, business planning, risk and compliance oversight, financial reporting as well as reporting on Health, Safety and Environment. High on the Board's agenda in 2022 was optimizing both the CABU and the CLEANBU business, evaluating and substantiate the long-term strategic direction of the Company and pursuing investments in energy efficiency measures.

This report contains certain forward-looking statements that involve risks and uncertainties. The forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of risks, uncertainties and other factors that may cause actual results, events and developments to differ materially from those expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. We, our subsidiary undertakings, and any such person's officers, directors, or employees are unable to provide any assurance that the assumptions underlying such forward-looking statements are free from errors, nor do any of the aforementioned persons accept any responsibility for the future accuracy of the opinions expressed in this report or the actual occurrence of the forecasted developments described herein. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this report, either to make them conform to actual results or changes in our expectations. You should therefore not place undue reliance on forward-looking statements.

Oslo, 31 December 2022

Oslo, 6 March 2023

Ernst Meyer Chair of the Board	**Magne Øvreås** Board member	**Brita Eilertsen** Board member
Winifred Patricia Johansen Board member	**Gøran Andreassen** Board member	**Engebret Dahm** CEO

Corporate Governance Report

Corporate Governance

Klaveness Combination Carriers ASA ("KCC" or the "Company") strives to protect and enhance shareholder values through openness, integrity and equal shareholder treatment, and sound corporate governance is a key element in KCC.

The corporate governance principles of the Company are adopted by the Board of Directors of Klaveness Combination Carriers ASA (the "Board"). The principles are based on the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 (the «Code of Practice»). The below description follows the same structure as the Code of Practice and covers all sections thereof.

The corporate governance report follows the "comply and explain" principles. Where KCC does not fully comply with the Code of Practice, an explanation of the reason for the deviation and what solution the Company has selected have been included.

Deviations from the Norwegian code of practice for corporate governance

In the Board of Directors' assessment, KCC has one minor deviations from the Code of Practice:

Section 6, General meetings
KCC has one deviation from this section:

"Ensure that the members of the Board of Directors … attend at the General Meeting": All Board members have historically not been present at the General Meetings. Matters under consideration at the General Meetings of Shareholders have not up until now required this. The Chair of the Board of Directors is always present at the General Meetings. Other board members participate when needed. The Board of Directors considers this to be adequate.

1. Implementation and reporting on Corporate Governance

The Board of Directors ensures that appropriate goals and strategies are adopted, that the adopted strategies are implemented in practice, and that the results achieved are subject to measurement and follow-up. The principles also contribute to ensure that the activities of the Company are subject to adequate controls. An appropriate distribution of roles and adequate controls contribute to the largest possible value creation over time, for the benefit of the shareholders and other stakeholders.

The Company maintains a high ethical standard in its business concept and relations with customers, suppliers, employees, and other stakeholders. Klaveness Code of Conduct (published on www.combinationcarriers.com) applies to the Company and all services provided to the Company under service or management agreements between the Company or any of its subsidiaries and Torvald Klaveness companies.

No deviations from the Code of Practice.

2. Business

According to the Company's articles of association, its purpose is to invest in and operate -wet and dry bulk combination carriers and everything associated with such, including by participating in other companies that own or operate wet- and dry bulk combination carriers.

The principal objectives and strategies of the Company are presented in the annual report, and on the Company's web site and are subject to annual assessments. ESG in general and more specifically decarbonization of KCC's activities are highly integrated in the Company's strategy and is a focus area in everything from daily operations to Board decisions.

No deviations from the Code of Practice.

3. Equity and dividends

Given the cyclical nature of the shipping industry and to accommodate the business strategy, the Company needs to maintain a solid capital structure at levels which will give sufficient assurance to the debt and equity providers. The Board regularly reviews and monitors the Company's capital structure to ensure it is in line with the Company's objectives, strategies, and risk profile. The Company has prepared a statement of its Finance Policy, providing information about the Company's capital allocation priorities, funding policy and risk management activities. A summary of the Finance Policy can be found on www.combinationcarriers.com.

The book equity of the Klaveness Combination Carriers Group as per 31 December 2022 was USD 297.5 million, which represents an equity ratio of 46%. Cash and cash equivalents were USD 64.9 million per year-end 2022 and the Group has in addition USD 30.1 million in available long-term undrawn bank debt and USD 14.8 million available capacity under a 364-days overdraft facility. The debt sources are diversified (mortgage bank debt and bond issue) and have a distributed maturity profile. The Board believes the capital structure is appropriate based on its objectives, strategies, and risk profile.

The Board has established a dividend policy based on a targeted quarterly dividend distribution. Although there can be no assurance of any such distribution being made, the Company currently intends to distribute a minimum 80% of free cash flow generation to equity after debt service and maintenance cost as dividends to its shareholders, provided that all known, future capital and debt commitments are accounted for, and the Company's financial standing remains acceptable. The Company further intends for any new material investments to be subject to separate funding through equity and debt.

At the Annual General Meeting (AGM) in April 2022, the Board was granted an authorization to resolve distribution of dividends. The authorization is valid until the Annual General Meeting in 2023, however no longer than 30 June 2023. Dividends of USD 81 cents per share, in total USD 42.4 million, were approved and distributed to shareholders in 2022.

The Board's authorisations to increase the share capital and to buy own shares shall normally not be granted for periods longer than until the next Annual General Meeting of the Company.

At the AGM in 2022, the Board was granted an authorisation to acquire own shares, with a total nominal value of up to NOK 5,237,200, which equalled 10% of the share capital. The authorisation can be used for investment purposes, to realise the shares, use the shares as consideration in connection with acquisitions, mergers, demergers or other transactions or in connection with incentive programs, or to cancel the shares and consequently decrease the Company's share capital. The authorisation is valid until the AGM in 2023 but will last no longer than 30 June 2023. No shares were repurchased in 2022.

Furthermore, at the AGM in 2022, the Board of Directors was granted an authorisation to increase the share capital by up to NOK 10,474,400. The authorisation may only be used to raise additional capital for future investments or for general corporate purposes, or to issue shares in connection with acquisitions, mergers, demergers or other transactions. The authorisation is valid until the AGM in 2023, but no longer than 30 June 2023. No shares were issued in 2022.

No deviations from the Code of Practice.

4. Equal treatment of shareholders

The shares of KCC are listed on Oslo Børs. All issued shares carry equal shareholder rights in all respects, including the right to participate and vote in General Meetings, and there are no restrictions on transfer of shares. The articles of association place no restrictions on voting rights.

Transactions involving own shares have been executed on the stock exchange. Buybacks of own shares have been executed at the current market rate.

In an Extraordinary General Meeting held on 24 September 2018, the Company issued 229,088 non-transferable warrants, each of which entitle the holder to subscribe one new share of the Company at a subscription price of NOK 44.38 per share. More information about the warrants is provided in note 18 in the Annual Report 2022.

No deviations from the Code of Practice.

5. Shares and negotiability

KCC's shares are freely tradable and there are no restrictions on the sale and purchase of the Company's shares beyond those pursuant to Norwegian law.

Each share carries one vote.

No deviations from the Code of Practice.

6. General meetings

The Annual General Meeting will normally be held before 30 April every year. Notice of the meeting shall be sent to the shareholders no later than 21 days prior to the meeting. The notices for such meetings shall include documents providing the shareholders with sufficient detail for the shareholders to assess all the cases to be considered as well as all relevant information regarding procedures of attendance and voting, including: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the General Meeting.

The cut-off for confirmation of attendance shall be set as short as practically possible and the Board will arrange matters so that shareholders who are unable to attend in person, will be able to vote by proxy.

The Chair of the Board and the CEO are present at the Annual General Meeting, and the Chair of the Nomination Committee and the auditor are normally present as well. An independent person has historically been elected to chair the Annual General Meeting.

Deviations from the Code of Practice: See "Deviations from the Norwegian code of practice for corporate governance" section on the first page of this report.

7. Nomination Committee

According to the articles of association, the Company shall have a Nomination Committee which is elected by the Annual General Meeting. The Nomination Committee has the responsibility of proposing members to the Board of Directors and members of the Nomination Committee. The Nomination Committee also proposes fee payable to the members of the Board and the members of the Nomination Committee.

The members of the Nomination Committee are selected to consider the interests of shareholders in general. The current three members of the Nomination Committee are considered independent of the Board of Directors and the executive management team. Members of the Board of Directors and the executive management team are not members of the Nomination Committee. Instructions for the Nomination Committee are approved by the Company's Annual General Meeting.

The service period is two years unless the Annual General Meeting decides otherwise. The Nomination Committee is to maintain contact with shareholder groups, members of the Board of Directors and the Company's executive management team in its work with proposing members to the Board of Directors.

The current members of the Nomination Committee are:

- Trond Harald Klaveness (Chair) – until 2024
- Espen Galtung Døsvig – until 2023
- Anne Lise Gryte – until 2023

No deviations from the Code of Practice.

8. Board of Directors: Composition and independence

In appointing members to the Board of Directors, it is emphasised that the Board shall have the requisite competency to independently evaluate the cases presented by the executive management team as well as the Company's operation. It is also considered important that the Board can function well as a body of colleagues and that they meet the Company's need for expertise and diversity.

The Directors are elected for a period of two years, with the possibility of re-election. Board Members are encouraged to own shares in the Company.

The Board currently consists of five board members. The Board Members work together to exercise proper supervision of the Company's business, compliance, performance, and work done by the Company's management. The Chair of the Board is elected by the shareholders.

Two out of five of the Board Members are independent of the Company's main shareholders and the majority of the Board Members are independent of the Company's material business contacts and executive management. The Company's executive management is not represented on the Board of Directors.

The Board of Directors currently consists of the following five members:

- Ernst Andre Meyer (Chair) – until 2024
- Magne Øvreås – until 2023
- Winifred Patricia Johansen (independent) – until 2023
- Brita Eilertsen (independent) – until 2024
- Gøran Andreassen – until 2024

An introduction to the members of the Board of Directors and their experience can be found on www.combinationcarriers.com.

No deviations from the Code of Practice.

9. The work of the Board of Directors

Instructions have been issued for the Board of Directors, the Audit Committee, and the CEO.

The Board prepares an annual plan for its work with special emphasis on goals, strategy and implementation. The Board's primary responsibility is to (i) participate in the development and approval of the Company's strategy, (ii) perform necessary monitoring functions and (iii) act as an advisory body for the executive management team. Its duties are not static, and the focus will depend on the Company's ongoing needs. The Board is also responsible for ensuring that the operation of the Company is compliant with the Company's values and ethical guidelines in addition to the relevant legislative frameworks. The Board shall ensure that the Company has a competent management with clear internal distribution of responsibilities and duties. The Board is regularly briefed on the Company's financial situation. The Board performs evaluation of its work after most Board meetings. For information on how related party transactions are handled, see the Board of Directors Report and note 19 in Annual report 2022.

The Board of Directors has established an Audit Committee consisting of Brita Eilertsen (Chair) and Magne Øvreås. The function of the Audit Committee is to prepare matters to be considered by the Board and to support the Board in the exercise of its management and supervisory responsibilities relating to financial reporting, statutory audit and internal control. The Audit Committee has prepared an annual plan of topics to be covered including internal audit procedures. The Company's CFO is the secretary of the Audit Committee. The auditor participates in discussions of relevant agenda items in meetings of the Audit Committee and the Audit Committee holds separate meetings with the auditor several times every year.

No deviations from the Code of Practice.

10. Risk management and internal control

The Board shall ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The internal control and systems shall also encompass the Company's corporate values and ethical guidelines. The objective of the risk management and internal control is to manage exposure to risks to ensure successful conduct of the Company's business and to support the quality of its financial reporting.

Governing documents, code of conduct, policies, guidelines, processes, and procedures are documented and available to the Company's employees and to employees of the main service providers, and shall ensure:

- that the Company facilitates targeted and effective operational arrangements and makes it possible to manage commercial risk, operational risk, climate related risks, the risk of breaching applicable legislation and regulations as well as all other forms of risk that may be material for achieving the Company's commercial objectives
- the quality of internal and external reporting
- that the Company operates in accordance with the relevant legislation and regulations as well as in line with its internal guidelines for its activities, including the Company's ethical guidelines and corporate values

The Board of Directors several times every year reviews the Company's most important areas of exposure to risk. Internal control and risk exposure are regularly tested and evaluated by the Audit Committee. Some of the main risks are presented in the Board of Directors report and note 16 in Annual Report 2022.

KCC encourages whistleblowing regarding blameworthy activities or circumstances within its business. The whistleblower shall be protected against retaliation because of such whistleblowing. The Chief Compliance Officer in Torvald Klaveness is the contact person for whistleblowing for KCC and whistleblowing may be done anonymously. The Chief Compliance Officer notifies the Audit Committee about notifications related to KCC.

No deviations from the Code of Practice.

11. Remuneration of the Board of Directors

Remuneration of Directors is determined by the Annual General Meeting. The remuneration reflects the responsibilities of the Board, its expertise, the amount of time devoted to board-related work, and the complexity of the Company's businesses. To maintain the Board's independence, the Board's remuneration is not linked to the Company's performance, nor does the Company grant share options, similar instruments or retirement benefits to Board Members as consideration for their work.

None of the current Directors have performed assignments for the Company in addition to their appointment as member of the Board of Directors in 2022.

More information about the remuneration of the individual Directors is provided in note 7 in Annual report 2022.

No deviations from the Code of Practice.

12. Salary and other remuneration for executive personnel

The Board determines the salary and other compensation to the CEO. The CEO's salary, long-term incentive program and bonus shall be determined on the basis of an evaluation with emphasis on the following factors: Progress towards and achievement of strategic business goals; overall profitability of the Company; growth in shareholder value; and adherence to the Company's values and ethical standards. Any fringe benefits shall be in line with market practice, be simple and transparent, competitive while well-balanced, and reflect the performance of the individual. The CEO determines the remuneration of executive employees. The remuneration is based on a base salary, bonus and a long-term incentive program.

For information about remuneration of executive personnel see note 7 in the Annual report 2022. The "Guidelines regarding stipulation of salary and other remuneration to the executive management" and the "Report on salary and other remuneration to the executive management" approved by the Annual General Meeting in 2022 are available one the Company's website.

No deviations from the Code of Practice.

13. Information and communications

The Company has established Investor Relations Guidelines and the Company aims to keep analysts, investors and other stakeholders continuously updated on the Company's operations and performance. The Company provides information to the market through quarterly and annual reports; investor- and analyst presentations open to the media and by making operational and financial information available on the Company's website. Information of importance is made available to the stock market through notification to the Oslo Stock Exchange in accordance with the Stock Exchange regulations. Information is provided in English. All stock exchange announcements and press releases, including the financial calendar, are made available on the Company's website.

No deviations from the Code of Practice.

14. Take-overs

In the event of a take-over process, the Board has a duty to ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board will also ensure that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Norwegian Code of Practice for Corporate Governance.

No deviations from the Code of Practice.

15. Auditor

The auditor participates in most Audit Committee meetings. Annually, the auditor submits an audit workplan to the Audit Committee.

The auditor is present at Board meetings where the annual accounts are on the agenda. The auditor will assess any important accounting estimates and matters of importance on which there have been disagreement between the auditor and the Company's executive management and/or the Audit Committee. The auditor shall present to the Board or the Audit Committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement. Further, the Board normally holds a meeting with the auditor at least once a year at which no representative of the executive management is present.

The auditor is required to annually confirm his or her independence in writing to the Audit Committee.

There were no disagreements between management or the Audit Committee and the auditor, EY, during 2022. For the financial year 2022, Johan Lid Nordby was the Company's engagement partner from EY.

The auditor's fees are approved by the Annual General Meeting. Auditor's fees are disclosed in note 6 in the Annual report 2022.

No deviations from the Code of Practice.

Consolidated Financial Statements

Consolidated Financial Statements

Klaveness Combination Carriers ASA – Consolidated Group

Income Statement

Year ended 31 December

(USD '000)	Notes	2022	2021
Freight revenue	3	205 769	155 564
Charter hire revenue	3	54 509	41 909
Other revenue	3	396	482
Total revenue, vessels	3	**260 674**	**197 955**
Voyage expenses	4	(96 054)	(82 087)
Net revenue from operations of vessels		**164 620**	**115 868**
Gain on sale of vessels	3, 9	-	6 360
Other income	3	-	1 422
Operating expenses, vessels	5	(48 575)	(49 212)
Group commercial and administrative services	19	(4 203)	(3 709)
Salaries and social expense	7	(3 458)	(2 374)
Tonnage tax	21	(188)	(221)
Other operating and administrative expenses	6, 7	(1 242)	(1 069)
Operating profit before depreciation (EBITDA)		**106 955**	**67 064**
Depreciation	9	(31 344)	(28 666)
Operating profit after depreciation (EBIT)		**75 611**	**38 398**
Finance income	8	3 516	74
Finance costs	8	(18 257)	(15 866)
Profit before tax (EBT)		**60 869**	**22 606**
Income tax expenses	21	-	(7)
Profit after tax		**60 869**	**22 600**
Attributable to:			
Equity holders of the parent company		60 869	22 600
Total		**60 869**	**22 600**
Earnings per Share (EPS):			
Basic earnings per share		1.16	0.46
Diluted earnings per share		1.16	0.46

Statement of Comprehensive Income

Year ended 31 December

(USD '000)	Notes	2022	2021
Profit/ (loss) of the period		**60 869**	**22 600**
Other comprehensive income to be reclassified to profit or loss			
Net movement fair value on cross-currency interest rate swaps (CCIRS)	13	(3 707)	(404)
Reclassification to profit and loss (CCIRS)		8 559	2 773
Net movement fair value on interest rate swaps	13	11 663	4 500
Net movement fair value bunker hedge	13	(231)	(69)
Net movement fair value FFA futures	13	8 240	(7 730)
Net change on cost of hedging FFA option	13	-	(714)
Net change on intial value of FFA option	13	123	-
Net other comprehensive income to be reclassified to profit or loss		**24 647**	**(1 644)**
Total comprehensive income/(loss) for the period, net of tax		**85 515**	**20 955**
Attributable to:			
Equity holders of the parent company		85 515	20 955
Total		**85 515**	**20 955**

Klaveness Combination Carriers ASA – Consolidated Group

Statement of Financial Position

Assets (USD '000)	Notes	31 Dec 2022	31 Dec 2021
Non-current assets			
Vessels	9	516 072	536 864
Right-of-use assets	11	-	1 553
Long-term receivables	7	70	70
Long-term financial assets	13	7 762	4 048
Total non-current assets		**523 905**	**542 535**
Current assets			
Short-term financial assets	13	4 923	678
Inventories	12	18 898	12 279
Trade receivables and other current assets	14	30 061	18 484
Short-term receivables from related parties	19	202	2 018
Cash and cash equivalents	15	64 918	53 937
Total current assets		**119 002**	**87 396**
Total assets		**642 906**	**629 931**

Equity and liabilities (USD '000)	Notes	31 Dec 2022	31 Dec 2021
Equity			
Share capital	18	6 235	6 235
Share premium		153 732	153 732
Other reserves		16 490	(8 154)
Retained earnings	17	121 087	102 605
Total equity		**297 545**	**254 417**
Non-current liabilities			
Mortgage debt	13	156 534	249 993
Long-term financial liabilities	13	2 466	2 017
Long-term lease liabilities		-	1 008
Bond loan	13	69 975	78 205
Total non-current liabilities		**228 975**	**331 223**
Current liabilities			
Short-term mortgage debt	13	92 769	23 936
Other interest bearing liabilities	13	233	2 409
Short-term financial liabilities	13	249	-
Short-term lease liabilities		-	618
Trade and other payables		22 250	16 199
Short-term debt to related parties	19	693	895
Tax liabilities	21	193	233
Total current liabilities		**116 387**	**44 291**
Total equity and liabilities		**642 906**	**629 931**

Oslo, 31 December 2022
Oslo, 6 March 2023

Ernst Meyer Chair of the Board	**Magne Øvreås** Board member	**Brita Eilertsen** Board member
Winifred Patricia Johansen Board member	**Gøran Andreassen** Board member	**Engebret Dahm** CEO

Klaveness Combination Carriers ASA – Consolidated Group

Statement of Changes in Equity

2022 (USD '000)	Share capital	Other paid in capital	Treasury shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
	Attributable to equity holders of the parent						
Equity 1 January 2022	**6 235**	**153 732**	**(147)**	**(7 294)**	**(714)**	**102 605**	**254 417**
Profit (loss) for the period	-	-	-	-	-	60 869	60 869
Other comprehensive income for the period	-	-	-	24 647	-	-	24 647
Share option program	-	-	-	-	-	35	35
Dividends	-	-	-	-	-	(42 421)	(42 421)
Equity at 31 December 2022	**6 235**	**153 732**	**(147)**	**17 351**	**(714)**	**121 087**	**297 545**

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

Cash Flow Statement

Year ended 31 December

(USD '000)	Notes	2022	2021
Profit before tax		60 869	22 606
Tonnage tax expensed		188	221
Depreciation	9	31 344	28 666
Amortization of upfront fees bank loans		1 352	882
Financial derivatives unrealised loss / gain (-)	8	(232)	82
Gain related to modification of debt	8	(1 175)	-
Gain on sale of vessel	9	-	(6 360)
Gain /loss on foreign exchange	8	207	726
Interest income	8	(3 284)	(74)
Interest expenses	8	16 698	14 175
Change in current assets		(16 504)	(8 797)
Change in current liabilities		4 488	2 038
Collateral paid/refunded on FFA (variation margin)		8 901	(8 390)
Interest received		3 030	74
A: Net cash flow from operating activities		**105 883**	**45 850**
Acquisition of other tangible assets	9	(10 238)	(13 783)
Installments and other cost on newbuilding contracts	10	-	(105 322)
Cash proceeds from sale of vessels	6	-	13 800
Transaction costs related to sale of vessels		-	(212)
B: Net cash flow from investment activities		**(10 238)**	**(105 517)**
Proceeds from mortgage debt	13	-	169 000
Transaction costs on issuance of loans	13	(193)	(1 944)
Repayment of mortgage debt	13	(24 049)	(123 041)
Interest paid	13	(15 378)	(13 970)
Repayment of lease liabilities	13	(382)	(582)
Interest paid leasing	13	(66)	(103)
Paid in registered capital increase	18	-	24 977
Transaction costs on capital increase		-	(878)
Dividends	18	(42 421)	(7 204)
C: Net cash flow from financing activities		**(82 489)**	**46 254**
Net change in liquidity in the period (A+B+C)		**13 156**	**(13 414)**
Effect of exchange rate changes on cash		-	(742)
Cash and cash equivalents at beginning of period		51 529	65 685
Cash and cash equivalents at end of period		64 685	51 529
Net change in cash and cash equivalents in the period		**13 156**	**(13 414)**
Cash and cash equivalents		64 918	53 937
Other interest bearing liabilities (overdraft facility)*		233	2 409
Cash and cash equivalents (as presented in cash flow statement)		**64 685**	**51 529**

** Cash and cash equivalents include overdraft facility of USD 0.2 million presented as other interest bearing liabilities in the balance sheet as per 31 December 2022.*

Notes

01 Accounting policies

Corporate information

These consolidated financial statements of Klaveness Combination Carriers ASA and its subsidiaries (collectively referred to as “The Group”) for the period ended 31 December 2022 were authorized by the Board of Directors on 6 March 2023. Klaveness Combination Carriers ASA (“The Company”/”The Parent Company”) is a private limited company domiciled and incorporated in Norway.

The Parent Company has headquarters and is registered in Drammensveien 260, 0283 Oslo. The share is listed on Oslo Stock Exchange with ticker KCC. The Parent Company was established on 23 March, 2018.

The objectives of the Group are to provide transportation for dry bulk, chemical and petroleum tanker clients, as well as to develop new investment and acquisition opportunities that fit the Group’s existing business platform (see note 2 for more information).

The ultimate parent of the Company is Rederiaksjeselskapet Torvald Klaveness. The consolidated financial statement for the ultimate parent is available at www.klaveness.com.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

The Group’s consolidated financial statements comprise Klaveness Combination Carriers ASA (KCC) and all subsidiaries over which the Group has control.

ESEF/iXBRL reporting

The Company is required to prepare and file the annual report in the European Single Electronic Format (ESEF), and the Annual Report for 2022 is therefore prepared in the XHTML format that can be displayed in a standard browser. The primary statements in the consolidated financial statements and notes to the consolidated financial statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals.

The Annual Report submitted to the Norwegian Financial Supervisory Authority consists of the XHTML document together with certain technical files.

Significant accounting judgements, estimates and assumptions

Preparing financial statements in conformity with IFRS requires the management to make judgments, use of estimates and assumptions which affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses.

Management has made estimates and assumptions which have significant effect on the amounts recognised in the financial statements. In general, accounting estimates are considered significant if:

- the estimates require assumptions about matters that are highly uncertain at the time the estimates are made
- different estimates could have been used
- changes in the estimates have a material impact on Klaveness Combination Carriers ASA’s financial position

The areas in which The Company is particularly exposed to material uncertainty over the carrying amounts as at the end of 2022 are included within the individual note outlined below: Note 9 – Useful life, residual value, cash-generating units and impairment testing

Functional and presentation currency

The presentation currency for the Group is US Dollar (USD). The Group companies, including the Parent Company, have USD as their functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Income and expenses in NOK are converted at the rate of exchange on the transaction date. The average exchange rate was 9.6197 USD/NOK in 2022 (2021: 8.5973). At 31 December 2022 an exchange rate of USD/NOK 9.9066 (2021: 8.8363) was used for the valuation of balance sheet items.

Cash flow statements

The cash flow statements are based on the indirect method.

Standards, amendments and interpretations

The financial statements have been prepared based on standards, amendments and interpretations effective for 2022.

The Group has early adopted amendments to IAS 1 and IFRS Practice Statement 2 regarding disclosure of material accounting policy information instead of significant accounting policies.

There was no material impact of new accounting standards or amendments adopted in the period.

The Group has not early adopted other than above mentioned mandatory amendments and interpretations to existing standards that have been published and are relevant to the Group’s annual accounting periods beginning on 1 January 2023 or later periods.

02 Segment reporting

The Group is an owner and operator of combination carriers and operates mainly within the dry bulk shipping industry and the product tanker industry. The Group owns eight CABU vessels and eight CLEANBU vessels.

The CABUs are from 72,456 dwt to 80,344 dwt and have the capacity to transport caustic soda solution (CSS), floating fertilizer (UAN) and molasses as well as all types of dry bulk commodities.

The CLEANBUs have approximately 82,500 dwt carrying capacity. The CLEANBUs are both full-fledged LR1 product tankers and Kamsarmax bulk carriers transporting clean petroleum products (CPP), heavy liquid cargoes such as CSS, UAN and molasses as well as all types of dry bulk products.

Operating income and operating expenses per segment (USD '000)	2022 CABU	2022 CLEANBU	2022 Total	2021 CABU	2021 CLEANBU	2021 Total
Operating revenue, vessels	127 455	132 823	260 278	116 218	81 255	197 473
Other revenue	-	396	396	-	482	482
Voyage expenses	(55 018)	(41 036)	(96 054)	(50 099)	(31 989)	(82 087)
Net revenue from operations of vessels	**72 436**	**92 183**	**164 620**	**66 119**	**49 749**	**115 868**
Gain on sale of vessels (note 9)	-	-	-	6 360	-	6 360
Other income (note 3)	-	-	-	1 422	-	1 422
Operating expenses, vessels	(22 917)	(25 657)	(48 575)	(24 684)	(24 537)	(49 221)
Group commercial and administrative services	(1 983)	(2 220)	(4 203)	(1 860)	(1 849)	(3 709)
Salaries and social expense	(1 631)	(1 826)	(3 458)	(1 191)	(1 184)	(2 374)
Tonnage tax	(105)	(83)	(188)	(126)	(88)	(214)
Other operating and administrative expenses	(586)	(656)	(1 242)	(536)	(533)	(1 069)
Operating profit before depreciation (EBITDA)	**45 214**	**61 740**	**106 955**	**45 505**	**21 559**	**67 064**
Depreciation	(12 465)	(18 880)	(31 344)	(13 362)	(15 303)	(28 665)
Operating profit after depreciation (EBIT)	**32 749**	**42 860**	**75 611**	**32 142**	**6 256**	**38 398**

Alternative performance measures (APMs)
Average TCE earnings per onhire day is an alternative performance measure. Description and definition can be found on the Company's homepage: https://www.combinationcarriers.com/alternative-performance-measures.

Reconciliation of average TCE earnings per onhire day

(USD '000)	2022 CABU	2022 CLEANBU	2022 Total	2021 CABU	2021 CLEANBU	2021 Total
Net revenue from operations of vessels	72 436	92 183	164 620	66 119	49 749	115 868
Adjustment *	-	-	-	177	213	390
Other revenue	-	(396)	(396)	-	(482)	(482)
Net revenue ex adjustment	72 436	91 787	164 223	66 297	49 479	115 776
Onhiredays	2 703	2 814	5 518	3 073	2 450	5 523
Average TCE earnings per onhire day ($/d)	**26 796**	**32 614**	**29 764**	**21 571**	**20 195**	**20 961**

** 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.*

Accounting policy

The operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker, who is responsible for allocating resources, making strategic decisions and assessing performance. The chief operating decision-maker has been identified as the Board of Directors.

The reporting of the financial results separates the CABUs and CLEANBUs as two segments, to better evaluate and follow up on the performance of the different vessel concepts. The Group identifies and reports its segments based on information provided to the Management and the Board of Directors. Resources are allocated and decisions are made based on this information.

03 Revenue from contracts with customers

Disaggregated revenue information
The Group has income from Contract of Affreightment (COA) contracts, spot voyages and Time Charter (TC) contracts (mainly one voyage only). Set out below is the disaggregation of the Group's revenue from different contracts with customers.

Revenue types (USD '000)	Classification	2022	2021
Revenue from COA contracts	Freight revenue	92 852	83 626
Revenue from spot voyages	Freight revenue	112 917	71 938
Revenue from TC contracts	Charter hire revenue	54 509	41 909
Other revenue	Other revenue	396	482
Total revenue, vessels		**260 674**	**197 955**

Other income (USD '000)	Classification	2022	2021
Gain on sale of vessels (note 9)	Gain on sale of vessels	-	6 360
Other income	Other income	-	1 422
Total other income		**-**	**7 782**

Other revenue of USD 0.4 million in 2022 (2021: USD 0.5 million) is related to off-hire compensation for guarantee work on the CLEANBU vessels.

Other income of USD 1.4 million in 2021 relates to equity distribution from the Norwegian Shipowners' Mutual War Risks Insurance Association (Den Norske Krigsforsikring for Skib, DNK).

The Group had four (four) customers in 2022 (2021) that each represented more than five percent of operating revenue in the Group (USD 38.0 million (USD 44.4 million), USD 27.6 million (USD 18.4 million), USD 23.4 million (USD 11.6 million) and USD 19.5 million (USD 11.6 million), respectively).

Geographical information
Revenue for the shipping activities is distributed based on the port of discharge for all vessels operated by the Group, including leased vessels on time charter agreements. The table below presents revenue based on the port of discharge.

Region (USD '000)	2022	2021
Middle East	76 237	51 669
Australia / Oceania	67 618	41 160
North East Asia	47 386	69 992
South America	41 667	23 025
North America	18 303	6 036
Europe	9 200	10 472
Africa	4 091	2 466
South East Asia	2 239	7 341
South Asia	-	5 344
Total revenue, regions	**266 741**	**217 504**
Gain/(loss) on FFAs	(4 324)	(19 642)
Adjustments	(2 139)	(390)
Other revenue	396	482
Total revenue, vessels	**260 674**	**197 955**

03 Revenue from contracts with customers

Contract balances

(USD '000)	31 Dec 2022	31 Dec 2021
Trade receivables from charterers (note 14)	13 629	7 421
Contract assets (note 14)	9 663	3 437
Contract liabilities	4 485	3 477

Contract assets are accrued income related to ongoing voyages (revenue recognised from load-to-discharge). Total income related to ongoing voyages as per 31 December 2022 to be recognized in 2023 is USD 27.3 million. Contract liabilities are prepaid revenue from customers.

For dry bulk cargo lifted, payment is generally due within 10 days after the cargo is loaded, while payment for wet cargo is generally due immediately upon discharge.

Accounting policy

The Group is in the business of transporting cargo at sea.

Contracts of affreightment
The combination carriers are employed on both long and short term contracts of affreightment (COAs) as well as in the spot market. The ambition is to have a large part of the wet exposure covered by contracts of affreightment (COA) and to a larger extent employ the vessels in the spot market when trading dry. The mix of COA and spot business creates ability to optimize the trading of the fleet and provide the CoA customers with the flexibility they need in their logistics. The COA contracts have duration between 1-6 years. Revenue from the Group's COA commitments are classified as freight revenue in the Income Statement.

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has concluded that the performance obligation under a voyage charter is satisfied over time, and begins from the point at which cargo is loaded until the point at which a cargo is discharged at the destination port.

Other revenue from services, such as demurrage, is recognised when earned and is included in freight revenue.

Performance obligations
IFRS 15 requires the Group to identify the performance obligations, determine the transaction price, allocate the transaction price to performance obligations for each contract with a customer to the extent that the contract covers more than one performance obligation, determine whether revenue should be recognised over time or at a point in time and recognise revenue when or as performance obligations are recognised. The Group's voyage charters and time charter (TC) contracts qualify for recognition over time. The nature of the Group's revenue from TC contracts with its customers is categorised in two groups, the leasing element of the vessel and the service element related to the leased vessel.

Expenses between discharge and load are deferred and amortised over the voyage to the extent they qualify as cost to fulfil under IFRS 15.

Time charter (TC) agreements
The time charter revenue is generated from fixed rate time charter contracts. Revenue from time charters is accounted for as lease in accordance with IFRS 16 and is classified as charter hire revenue in the Income Statement. The Group's time charter contracts have normally a duration of 1-3 months and a significant portion of the risks and rewards of ownership are retained by the lessor (KCC), hence the lease is classified as operating lease. In 2021 and 2022, the Group had no TC agreements with longer than 3 months duration. Payments received under operating leases are recognised as revenue on a straight line basis over the lease term.

04 Voyage expenses

(USD '000)	2022	2021
Freight expenses	21 538	20 210
TC-hire	1 449	1 952
Voyage expenses	72 486	59 009
Fuel hedge settlement	(456)	(224)
Various expenses	1 036	1 140
Total voyage costs, vessels	**96 054**	**82 087**

Voyage expenses include bunkers cost, port costs and other voyage related expenses. TC-hire is payment for vessels hired in on short-term TCs (1-3 months).

05 Operating expenses

(USD '000)	2022	2021
Technical expenses	14 387	14 040
Crewing expenses	23 418	24 760
Insurance	3 366	3 004
Crewing agency fee to Klaveness Ship Management AS	1 565	1 469
Ship management fee to Klaveness Ship Management AS	3 819	3 979
IT fee to Klaveness Ship Managment AS	-	81
Other operating expenses	2 019	1 886
Total operating expenses	**48 575**	**49 219**

Technical expenses are costs related to spare parts, consumables, cargo handling, power supply, navigation and communication. Crew costs include sea personnel expenses such as wages, social costs, travel expenses and training. Costs related to technical management, maintenance and crewing services are recognised as operating expenses, see note 19 for transactions with related parties.

"COVID-19 has impacted operating costs in 2022 and 2021 with higher crew costs, forwarding costs for spare parts and bunkers costs during off-hire due to deviations or time in quarantine for crew change. Higher than normal costs due to COVID-19 are estimated to be approximately USD 1.7 million in 2022 (2021: USD 3.7 million). COVID-19 costs in 2021 was higher mainly due to challenges related to delivery of three newbuildings during the pandemic."

06 Other operating and administrative expenses

Remuneration to the auditor

(USD '000)	2022	2021
Statutory audit	135	179
Other assurance services	34	29
Total	**169**	**208**

Auditor's fee are stated excluding VAT.

07 Salary

(USD '000)	2022	2021
Salaries and other remuneration	3 141	2 006
Social security tax	200	185
Pension benefit	79	83
Other social costs	15	85
Other personel related expenses	22	16
Salaries and social expense	**3 458**	**2 374**

07 Salary

The Group has eleven employees as per year-end 2022. Two new employees started during 2022. As from 1 June 2021, the commercial and operational team of four employees were transferred to the newly established subsidiary Klaveness Combination Carriers Asia Pte Ltd (Singapore).

Diversity of employees	2022		2021	
	Number	Percentage	Number	Percentage
Women	3	27%	3	33%
Men	8	73%	6	67%
Total employees in KCC at year end	**11**	**100%**	**9**	**100%**
Average number of employees	**10.3**		**7.6**	
KCC ASA in Norway	6	55%	6	67%
KCC Asia in Singapore	5	45%	3	33%
Nationalities	5		3	
Sick leave	-	0.25%	-	0.29%

Remuneration to the management

(USD '000)	Base Salary	Bonus	Pension benefit	Total
Engebret Dahm (CEO)	370	149	15	534
Liv Hege Dyrnes (CFO)	260	79	15	354
Total	**630**	**227**	**31**	**888**

Bonus shown in the above table is earned in 2021 and paid in 2022. The Company has provided a loan to CEO Engebret Dahm of USD 50k. Interest on the loan is set to the Norwegian tax administration is normal interest rate for the taxation of low-cost loans. The loan falls due in 2028.

The Board has established guidelines for determining remuneration to executive personnel. The remuneration is based on a base salary, bonus and share option scheme. The CEO has an agreement of 12-month severance payment including a 6-month period of notice in case of involuntary resignation or by redundancy.

Bonus scheme

The bonus scheme applicable for 2022 is based on annual distribution and is divided into two: i) Formula bonus based on return on equity for the relevant year, and ii) Discretionary element. The cap payment is set at 12 months fixed salary for the CEO and nine months for the CFO. Total bonus, included any discretionary element and holiday allowance, can in no circumstances exceed the individual cap. If not employed for a full year, the cap will be pro-rated according to number of months employed. The bonus cap is reached at 20 % return on equity. The discretionary bonus is based on goal achievements and individual performance. Any discretionary bonus to the CEO to be set by the Board, however, total bonus to CEO should never be above the bonus cap. The CFO is part of the overall discretionary bonus pool that is distributed among all employees included in the bonus scheme. The return on equity was above 20% for 2022, hence the bonus cap of respectively 12 months and 9 months payment for the CEO and the CFO was reached under the formula bonus on a standalone basis and no discretionary bonus was awarded. A limited discretionary bonus element was distributed to other employees other than the CEO and the CFO. Bonus provision for 2022 has been made in the 2022 accounts and will be paid in 2023. The existing bonus scheme is as well applicable for 2023 and 2024 and the cap and other terms of the bonus scheme remain unchanged for the CEO and the CFO. The bonus cap for other employees will be evaluated and potentially increased for the other employees.

Long-term incentive program

The CFO and the CEO were in total granted 65,280 share options in December 2019, each giving the right to subscribe one share per option. Total granted options are equal to 0.1 % of the share capital. The options are vested over a period of three years from the grant date, 1/3 per year with first vesting one year after the grant date. The program was fully vested in December 2022. Vested options may be exercised at any time as long as the option holder acts within all applicable securities legislation and internal guidelines and is still employed by the Company. KCC is entitled to, rather than issuing shares, to settle in cash. Unvested options immediately lapse and expire when an employee becomes a former employee, while the vested options will lapse on the date four months after the employee becomes a former employee as long as this complies with applicable securities legislation. The exercise price was set in NOK based on the average close trading price of the KCC share the last ten days before the grant date. The option scheme includes provisions related to public offers and mergers, adjustments related to changes in share capital among others. The share option program has been accounted for based on equity settlement. See note 17 for more information.

A new long-term incentive program for management and employees will be presented for approval by the Annual General Meeting in April 2023.

Pension scheme for all employees

The Group has defined contributions plan for all employees in Norway. The contribution plan includes full-time and part- time employees and comprises 5 % of salary up until 7.1G and 20 % of salary between 7.1G and 12G. As of 31 December 2022 there were six members of the defined contribution plan. The expense recognised in the current financial period in relation to the contribution plan was USD 79k (2021: USD 83k). KCC does not make any pension contributions to employees in Singapore in line with national legal requirements.

Remuneration to the Board of Directors

(USD '000)	2022	2021
Ernst Meyer (Chair of the Board from 29 April 2022)*	36	-
Lasse Kristoffersen (Chair of the Board until 29 April 2022)*	18	57
Magne Øvreås (Board member and member of Audit Committee)	37	38
Morten Skedsmo (Board member until 29 April 2022)*	11	34
Gøran Andreassen (Board member from 29 April 2022)*	21	-
Rebekka G. Herlofsen (Board member and Chair of Audit Committee until 29 April 2022)	13	39
Winifred Patricia Johansen (Board member from 26 April 2021)	32	23
Brita Eilertsen (Board member and Chair of Audit Committee from 29 April 2022)	26	-
Lori W. Næss (Board member until 26 April 2021)	-	11
Total	**195**	**203**

**Remuneration paid to Klaveness AS, a wholly owned subsidiary of the main shareholder Rederiaksjeselskapet Torvald Klaveness. The persons are employed by Klaveness AS. Compensation for Board work is thus included in the regular salary since such positions are a part of their regular employment.*

Board remuneration is proposed by the Nomination Committee and approved by the Annual General Meeting. The Directors receive a fixed remuneration for the year based on the Board position, i.e. the Chair receives higher remuneration than the Board Members, which have an equal remuneration. The Directors do not receive profit-related remuneration, share options or retirement benefits. Board Members participating in committees such as the Audit Committee have received extra remuneration for these tasks. In connection with the sales process of MV Banasol in 2021, prior board member Morten Skedsmo contributed in the sales process. Compensation for the work, USD 31k, was paid to Klaveness AS in 2021 (see note 19).

Diversity of Board of Directors	2022		2021	
	Number	Percentage	Number	Percentage
Women	2	40%	2	40%
Men	3	60%	3	60%

In appointing members to the Board of Directors, it is emphasised that the Board shall have the requisite competency to independently evaluate the cases presented by the executive management team as well as the Company's operation. It is also considered important that the Board can function well as a body of colleagues and that they meet the Company's need for expertise and diversity. An introduction to the members of the Board of Directors and their expertise can be found on www.combinationcarriers.com.

08 Financial items

Finance income (USD '000)	2022	2021
Other interest income	2 109	74
Fair value changes interest rate swaps	232	-
Gain related to modification of debt (note 13)	1 175	-
Finance income	**3 516**	**74**

Finance cost (USD '000)	2022	2021
Interest expenses mortgage debt	11 769	9 477
Interest expenses bond loan	4 767	4 371
Interest expenses lease liabilities	66	103
Amortization capitalized fees on loans	1 352	882
Other financial expenses	97	224
Fair value changes and realization effects of interest rate swaps	-	82
Loss on foreign exchange	207	726
Finance cost	**18 257**	**15 866**

09 Vessels

Vessels (USD '000)	**31 Dec 2022**	**31 Dec 2021**
Cost price 1.1	734 955	599 826
Delivery of newbuildings	-	153 763
Adjustment acquisition value newbuildings delivered	-	1 408
Dry docking	5 620	8 342
Technical upgrade	4 617	4 032
Disposal of vessel	(2 472)	(32 416)
Cost price end of period	**742 721**	**734 955**
Acc. Depreciation 1.1	198 092	195 568
Disposal of vessel	(2 472)	(25 560)
Depreciation vessels	31 029	28 083
Acc. Depreciation end of period	**226 649**	**198 092**
Carrying amounts end of period*	**516 072**	**536 864**
**) carrying value of vessels includes dry-docking*		
No. of vessels	16	16
Useful life vessel	25	25
Useful life Dry Docking	2-3	3-5
Depreciation schedule	Straight-line	Straight-line

Reconciliation of depreciations (USD '000)	**2022**	**2021**
Depreciation vessels	31 029	28 083
Depreciation right of use assets	315	582
Depreciations for the period	**31 344**	**28 666**

Additions
Three CABU vessels and one CLEANBU vessel have completed scheduled dry- docking in 2022 with total cost of USD 5.6 million. Technical upgrade of USD 4.0 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 0.3 million recognised as per year end 2022. KCC has secured in total approximately USD 1.4 million in grants from ENOVA to finance investments in energy saving solutions for one CABU vessel and one CLEANBU vessel.

During 2022, KCC has purchased previously leased satellite equipment on board the vessels of a total value of USD 0.6 million. The equipment has from 2022 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 year.

Pledged vessels
All owned vessels except MV Bangor and MV Barcarena are pledged to secure the various debt facilities (refer to note 13 for further information).

Disposals
MV Banasol was sold and delivered to new owners in December 2021, a gain of USD 6.4 million was recognised in 2021. Gain is calculated as sales price less book value of the vessel at time of sale less any direct costs of sale.

Impairment assessment
Identification of impairment indicators is based on an assessment of development in market rates (dry bulk, MR tanker, LR1 tanker and fuel), TCE earnings for the fleet, vessel opex, operating profit, technological development, change in regulations, interest rates and discount rate. The rise in interest rates increases the discount rate used in calculation of recoverable amount. As previous sensitivity analysis of recoverable amount shows that the decrease in recoverable amount is unlikely to result in a material impairment loss, as per IAS 36.16, this has not been considered an impairment indicator. Expected future TCE earnings for both fleets of CABUs and CLEANBUs, diversified market exposure, development in secondhand prices and the combination carriers' trading flexibility support the conclusion of no impairment indicators identified as per 31 December 2022.

Accounting policy

Significant accounting estimates
Non-current assets such as vessels, the cost of dry-docking and newbuildings are carried at cost less accumulated depreciation and impairment charges. Cost is defined as directly attributable cost plus borrowing cost during the construction period.

Useful life and residual values
The carrying amount of vessels is based on management's assumptions of useful life. Useful life for the combination carrier vessels is reassessed on an annual basis. Useful life may change due to change in technological developments, competition, environmental and legal requirements, freight rates and steel prices. Management has also considered the impact of decarbonisation and climate related risks on the existing assets' useful lives. Such risks include new climate related legislation restricting the use of certain assets, new technology demanded by climate related legislation and customer requirements (see note 16).

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. The change was effective from 1 August 2022 and impacted 2022 depreciation with approximately USD 2.6 million and estimated to impact with approximately USD 2 million for 2023 and onwards.

KCC commits to perform recycling of its vessels in compliance with the Hong Kong convention, the Norwegian Shipowner's Association's guidelines and when relevant the EU Ship Recycling Regulation. Annual assessment of residual value is based on observable market prices and available scrapping alternatives as of today. Residual value estimates for the KCC vessels have been calculated based on average price for Turkey and India, deducted by best estimate of direct costs for scrapping. There is a high degree of uncertainty in net green pricing for recycling. KCC has concluded to retain a scrap value of USD 3.8/5.3/5.9 million for CABUI/CABUII/ CLEANBU for 2023.

Impairment testing
At the end of each reporting period the Group will assess whether there is any indication of impairment. If any indication exists, the Group will estimate the recoverable amount of the asset. Recoverable amount is set as the highest of fair value less cost to sell and value in use. If carrying value exceeds the estimated recoverable amount, impairment is recognised. Impairments are reversed in a later period if recoverable amount exceeds carrying amount. 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. As per year end 2021 and 2022 no indicators for impairment were identified.

Cash-generating units
The Group operates combination carrier vessels that can switch between dry and wet cargo. The CABUs have the same characteristics in respect of what cargo to transport, number of cargo holds and size of the vessel. All the CLEANBUs are identical vessels with same characteristics. CLEANBU vessels have higher cargo carrying capacity than the CABUs, and can in addition transport other types of wet commodities. All the CABU vessels are interchangeable, same for all the CLEANBU vessels. Investment, continuance and disposal decisions are made by class of vessels. The CABU and CLEANBU vessels are operated by KCC Chartering AS (KCCC). Contracts (COAs) are normally not negotiated based on a specific vessel. It is the sum of vessel capacity at any time that determines the optimization of voyages. A portion of the voyages are also executed in the spot market, and KCCC is dependent on operating the vessels as a portfolio according to free vessel capacity and available cargos.

The Group has defined the fleet of CABUs and the fleet of CLEANBUs as two separate cash generating units.

10 Newbuildings

The Group has no newbuilding commitments as per year end 2022. The Group took delivery of three CLEANBU vessels during 2021 (note 9), which completed the newbuilding programme at Jiangsu New Yangzi Shipbuilding Co., Ltd in China.

Newbuildings, net carrying amount (USD '000)	**31 Dec 2022**	**31 Dec 2021**
Cost 1.1	-	48 441
Borrowing cost	-	84
Yard installments paid	-	97 650
Other capitalized cost	-	7 586
Delivery of newbuildings	-	(153 763)
Net carrying amount	**-**	**-**

ENOVA = A Norwegian government enterprise responsible for promotion of environmentally friendly production and consumption of energy.

11 Leasing

The Group as a lessee
During 2022, KCC has purchased previously leased satellite equipment on board the vessels of a total value of USD 0.6 million. The equipment has been capitalized as vessel in 2022, depreciated over the same period as each vessel's dry dock component. Derecognition of right of use assets with corresponding lease liability had an insignificant impact on the results for the year.

Right-of-use assets (USD '000)	31 Dec 2022	31 Dec 2021
Cost price 1.1	2 973	2 510
Addition of right-of-use assets	-	538
Disposals	(2 973)	(75)
Costprice end of period	**-**	**2 973**
Acc. Depreciation 1.1	1 420	838
Depreciation right of use assets	382	582
Disposals	(1 802)	-
Acc. Depreciation end of period	**-**	**1 420**
Carrying amounts end of period	**-**	**1 553**

Undiscounted lease liabilities and maturity of cash outflows (USD '000)	31 Dec 2022	31 Dec 2021
Less than 1 year	-	662
1-5 years	-	1 107
More than 5 years	-	-
Total undiscounted lease liabilities at 31 December	**-**	**1 769**

The leases do not contain any restrictions on the Group's dividend policy or financing. The Group does not have significant residual value guarantees related to its leases to disclose.

Accounting policy

Right of use assets
The Group applies the recognising exemptions proposed by the standard on lease contracts with a term of less than 12 months, and lease contracts for which are the underlying asset is of low value. Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Lease contracts which is not part of the exemptions are measured at the present value of remaining lease payments, discounted using the incremental borrowing rate. The right-of-use assets are measured at an amount equal to the lease liability at the date of implementation. The right-of-use asset is depreciated on a straight line basis over the lease term.

12 Inventories

Inventories (USD '000)	31 Dec 2022	31 Dec 2021
Bunkers	17 254	10 810
Spare parts	99	116
Luboil	1 545	1 302
Inventories	**18 898**	**12 279**

Inventories relate to bunkers, spare parts and luboil on board vessels.

Accounting policy

Bunkers and lubricant oil on board vessels are recorded in the balance sheet at acquisition cost. Acquisition cost is based on FIFO (first in, first out principle).

13 Financial assets and financial liabilities

The below tables present the Group's financing arrangements as per 31 December 2022.

In June 2022 the Group agreed to amend certain terms in the Nordea / Crédit Agricole USD 60 million facility. The reference rate and margin were adjusted to Term SOFR + 2.25%, implying a LIBOR equivalent margin reduction of approximate 75 bps, while the repayment date was extended by one year, until March 2027. Refinanced debt has been accounted for as modification of existing agreement. A modification gain of USD 1.2 million has been recognized in profit and loss in 2022, based on the difference of the net present value of the related cash flows using the original effective interest and the carrying amount of the debt prior to modification.

In December 2022 the 364-days overdraft facility was extended by additional 364 days (December 2023). The commitment under the overdraft facility was reduced from USD 20 million to USD 15 million based on the Group's reevaluated need.

Discussions regarding the refinancing of the DNB/SEB facility maturing in December 2023 has been initiated and the Group targets completing a refinancing within first half of 2023.

Mortgage debt (USD '000)	Description	Interest rate	Maturity	Carrying amount
DNB/SEB facility	Term loan, USD 105 mill	LIBOR + 2.3 %	December 2023	76 978
SEB/SR-Bank/SPV facility	Term loan/RCF, 90.675 mill	LIBOR + 2.3 %	October 2025	53 338
Nordea/Crédit Agricole facility*	Term loan/RCF, 60 mill	Term SOFR + 2.25 %	March 2027	50 824
Nordea/ Danske facility**	Term loan, USD 80 mill	LIBOR + 2.1 %	December 2026	71 294
Capitalized loan fees				(3 131)
Mortgage debt 31 December 2022				**249 303**

** 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 revolving credit facility capacity of USD 30.1 million related to the SEB/SR-Bank/SPV facility and USD 14.8 million available capacity under a 364-days overdraft facility.

Bond loan	Face value (NOK '000)	Maturity date	Carrying amount (USD '000)
KCC04	700 000	11.02.2025	76 390
Exchange rate adjustment			(5 730)
Capitalized expenses			(527)
Bond discount			(158)
Total bond loan	**700 000**		**69 975**

Interest bearing liabilities (USD '000)	Fair value 31 Dec 2022	Carrying amount 31 Dec 2022	Carrying amount 31 Dec 2021
Mortgage debt	159 664	159 664	252 547
Capitalized loan fees	-	(3 131)	(2 554)
Bond loan	71 160	70 660	79 219
Bond premium	-	(158)	(234)
Capitalized expenses bond loan	-	(527)	(779)
Total non-current interest bearing liabilities	**230 825**	**226 509**	**328 198**
Mortgage debt, current	92 769	92 769	23 936
Overdraft facility (Secured)	233	233	2 409
Total interest bearing liabilities	**323 827**	**319 511**	**354 543**

Maturity profile of financial liabilities at 31 December 2022 is presented in note 16.

Covenants
As per 31 December 2022, the Group is in compliance with all financial covenants. On Group level financial covenants relate to minimum equity (USD 125 million), equity ratio (30%), and cash (USD 15 million). Financial covenants on KCC Shipowning AS level relate to minimum cash (the higher of USD 10 million and 5 % of net interest-bearing debt) and net interest-bearing debt to EBITDA (NIBD/EBITDA) of max 7x. The NIBD/EBITDA ratio can be higher than 7x for one reporting period (measured semi-annually) provided that the NIBD/EBITDA was below 7x in the prior reporting period. The loan agreements also include a dividend restriction of 50% of net profit (based on audited annual consolidated accounts) if the equity ratio is below 35%. In addition, all secured loans contain minimum value clauses related to the value of the vessel compared to outstanding loan and a change of control clause. In case of KCC Shipowning AS, a change of control event occurs if it ceases to be owned, directly or indirectly, 100% (in issued shares and voting rights) by KCC and in case of KCC, if it ceases to be owned, directly or indirectly, 33.1/3% (in issued shares and voting rights) by Trond Harald Klaveness and/or his direct lineal descendants or if any other person or group of persons acting in concert, other than Trond Harald Klaveness and/or his direct lineal descendants, directly or indirectly, gain control of 33.1/3% or more of the shares and/or voting rights in KCC.

Securities
As security for the mortgage debt, the Group has included a first priority security in all except two vessels, in earnings accounts, and assignment of the earnings and insurances of the vessels in favour of the creditors.

Book value of collateral and mortgaged assets (USD '000)	2022	2021
Vessels	500 009	520 063
Bunkers	17 254	10 810
Accounts receivables	30 061	18 484
Total book value of collateral and mortgaged assets	**547 324**	**549 357**

Risk management activities
To reduce interest rate risk, the Group has entered into various interest rate swaps derivatives, such as interest rate swaps, caps and cross-currency interest rate swap (CCIRS). Interest rate swaps and CCIRS qualify for hedge accounting. These instruments have combined notional value of USD 213 million and duration until 2023-2028. Interest rate swaps qualifying for hedge accounting are recognised at fair value with changes through other comprehensive income. The Group also holds interest rate options recognised at fair value through profit and loss.

The Group has entered into bunker fuel swaps and forward freight agreements (FFA) that qualify for hedge accounting. The Group uses bunker fuel swaps to hedge a portion of its floating bunkers cost to a fixed cost for bunkers to reduce the Group's exposure to changes in bunker prices. Similarly, the Group can use FFAs to fix freight rates in a future period to reduce its exposure to the dry bulk or tanker freight market (via open capacity and index linked COA commitments).

Financial assets (USD '000)	31 Dec 2022	31 Dec 2021
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	1 272	2 556
Interest rate swaps	11 110	1 421
Fuel hedge	-	18
Forward freight agreements (FFA)	-	660
Financial instruments at fair value through P&L		
Interest rate swaps	303	71
Financial assets	**12 685**	**4 727**
Current	4 923	678
Non-current	7 762	4 048

Financial liabilities (USD '000)	31 Dec 2022	31 Dec 2021
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	2 466	43
Interest rate swaps	-	1 973
Fuel Hedge	-	-
Forward freight agreements (FFA)	249	-
Financial liabilities	**2 715**	**2 017**
Current	249	-
Non-current	2 466	2 017

13 Financial assets and financial liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial assets included in the financial statements.

(USD '000)	Carrying amount 31 Dec 2022	Carrying amount 31 Dec 2021	Fair value 31 Dec 2022	Fair value 31 Dec 2021
Financial assets at fair value through OCI				
Interest rate swaps	11 110	1 421	11 110	1 421
Forward freight agreements	-	660	-	660
Fuel hedge	-	18	-	18
Cross-currency interest rate swap	1 272	2 556	1 272	2 556
Financial assets at fair value through profit or loss				
Forward freight agreements	-	-	-	-
Interest rate swaps	303	71	303	71
Total financial assets at fair value	**12 685**	**4 727**	**12 685**	**4 727**
Financial assets measured at amortised costs				
Accounts receivable	13 629	7 667	13 629	7 667
Receivables from related parties	202	2 018	202	2 018
Total financial assets measured at amortised costs	**13 831**	**9 685**	**13 831**	**9 685**
Cash and cash equivalents	**64 918**	**53 937**	**64 918**	**53 937**
Total financial assets	**91 434**	**68 349**	**91 434**	**68 349**
Total current	83 602	64 301	83 602	64 301
Total non-current	7 832	4 048	7 832	4 048

(USD '000)	Carrying amount 31 Dec 2022	Carrying amount 31 Dec 2021	Fair value 31 Dec 2022	Fair value 31 Dec 2021
Financial liabilities at fair value through OCI				
Interest rate swaps	-	1 973	-	1 973
Cross-currency interest rate swap	2 466	43	-	-
Forward freight agreements	249	-	249	-
Total financial liabilities at fair value	**2 715**	**2 017**	**249**	**1 973**
Other financial liabilities at amortised cost				
Accounts payable	3 940	4 361	3 940	4 361
Interest bearing debt, non-current	156 534	249 993	159 664	252 547
Interest bearing debt, current	92 769	23 936	92 769	23 936
Bond loan	69 975	78 205	71 160	75 456
Overdraft facility	233	2 409	233	2 409
Current debt to related parties	693	895	693	895
Total financial liabilities at amortised cost	**324 144**	**359 799**	**328 460**	**359 603**
Total financial liabilities	**326 858**	**361 815**	**328 709**	**361 577**
Total current	97 884	31 601	97 884	31 601
Total non-current	228 975	330 215	230 825	329 976

The fair value of the financial assets and liabilities is recognised as the value at which they could be exchanged in a transaction between willing parties other than in forced or liquidation transactions. The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash and restricted cash, trade receivables, trade payables and other current liabilities are recognised at their carrying amounts largely due to the short term maturities of these instruments.
- Fair value of loans from banks and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of derivatives is based on mark to market reports received from banks.
- Fair value of the bond loan is based on transaction price on Oslo Stock Exchange (bond loan listed)

Accounting policy

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments, such as forward currency contracts, fuel contracts and interest rate swaps to hedge its foreign currency risks, interest rate risks and to reduce exposure to volatile and potentially rising fuel costs. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

As per 31 December 2022 all the Group hedges are classified as cash flow hedges.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit and loss. Amounts recognised as other comprehensive income are transferred to profit and loss when the hedged transaction affects profit and loss, such as when the hedged financial income or expense is recognised or when a forecast transaction occurs.

Derivative financial instruments that are designated as, and are effective hedging instruments are separated into a current and non-current portion consistent with the classification of the underlying item.

Fair value hierarchy
The Group uses financial hierarchy under IFRS 13 for determining and disclosing the fair value of financial instruments by valuation techniques. Below table presents fair value measurements to the Group's assets and liabilities at 31 December 2022.

31 December 2022 Assets (USD '000)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Interest rate swaps	-	303	-	**303**
Financial assets at fair value through OCI				
Fuel hedge	-	-	-	**-**
Cross-currency interest rate swap	-	1 272	-	**1 272**
Forward freight agreements	-	-	-	**-**
Interest rate swaps	-	11 110	-	**11 110**

31 December 2022 Liabilities (USD '000)	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Interest rate swaps	-	-	-	**-**
Financial liabilities not measured at fair value, but for which fair value is disclosed				
Mortgage debt, non-current	-	-	159 664	**159 664**
Mortgage debt, current	-	-	92 769	**92 769**
Overdraft facility	-	-	233	**233**
Bond loan	-	71 160	-	**71 160**
Financial liabilities at fair value through OCI				
Forward freight agreements	-	249	-	**249**
Interest rate swaps	-	-	-	**-**

13 Financial assets and financial liabilities

31 Dec 2021 Assets (USD '000)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Interest rate swaps	-	71	-	**71**
Financial assets at fair value through OCI				
Fuel hedge	-	18	-	**18**
Cross-currency interest rate swap	-	2 556	-	**2 556**
Forward freight agreements	-	660	-	**660**
Interest rate swaps	-	1 421	-	**1 421**

31 Dec 2021 Liabilities (USD '000)	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value, but for which fair value is disclosed				
Mortgage debt, non-current	-	-	252 547	**252 547**
Mortgage debt, current	-	-	23 936	**23 936**
Overdraft facility	-	-	2 409	**2 409**
Bond loan	-	75 456	-	**75 456**
Financial liabilities at fair value through OCI				
Forward freight agreements	-	-	-	**-**
Interest rate swaps	-	1 973	-	**1 973**

Accounting policy

Fair value measurement
Derivatives are measured at fair value. The fair value of financial instruments traded in active markets is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. The fair value of financial instruments not traded in active markets is determined using appropriate evaluation techniques.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets and liabilities
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. During the reporting periods there were no transfers between any of the levels.

Reconciliation of movements of liabilities and equity to cash flow arising from financing activities.

	Liabilities				Equity		Total
(USD '000)	Interest payable	Current lease liabilites	Interest bearing short-term debt	Interest bearing long-term debt	Share capital/ premium/ reserve	Other equity	Total
Balance at 1 January 2022	**-**	**618**	**26 345**	**328 198**	**159 819**	**94 597**	**568 104**
Repayment of mortgage debt	-	-	-	(24 049)	-	-	(24 049)
Proceeds from mortgage debt	-	-	-	-	-	-	-
Reclassification as short-term debt	-	-	68 833	(68 833)	-	-	-
Transaction costs on issuance of loans	-	-	-	(193)	-	-	(193)
Interest paid	(15 378)	-	-	-	-	-	(15 378)
Paid in registered capital increase	-	-	-	-	-	-	-
Transaction costs on capital increase	-	-	-	-	-	-	-
Repayment of overdraft facility	-	-	(2 176)	-	-	-	(2 176)
Repayment of lease	-	(382)	-	-	-	-	(382)
Interest paid lease	-	(66)	-	-	-	-	(66)
Dividends	-	-	-	-	-	(42 421)	(42 421)
Total changes from financing cash flow	**(15 378)**	**(448)**	**66 657**	**(93 075)**	**-**	**(42 421)**	**(84 665)**
Liability-related							
Expensed capitalised borrowing costs	-	-	-	(1 352)	-	-	(1 352)
Gain related to modification of debt	-	-	-	1 175	-	-	**1 175**
Non-cash movement	-	(170)	-	(8 437)	-	-	**(8 607)**
Total liability-related changes	**-**	**(170)**	**-**	**(8 614)**	**-**	**-**	**(8 784)**
Total equity-related other changes	**-**	**-**	**-**	**-**	**1**	**85 549**	**85 550**
Balance at 31 December 2022	**-**	**-**	**93 002**	**226 509**	**159 820**	**137 725**	**560 204**

	Liabilities				Equity		Total
(USD '000)	Interest payable	Current lease liabilites	Interest bearing short-term debt	Interest bearing long-term debt	Share capital/ premium/ reserve	Other equity	Total
Balance at 1 January 2021		**493**	**22 473**	**287 462**	**135 734**	**80 799**	**499 456**
Repayment of mortgage debt	-	-	(22 473)	(100 568)	-	-	(123 041)
Proceeds from mortgage debt	-	-	-	169 000	-	-	169 000
Transaction costs on issuance of loans	-	-	-	(1 944)	-	-	(1 944)
Interest paid	(13 970)	-	-	-	-	-	(13 970)
Paid in registered capital increase	-	-	-	-	24 977	-	24 977
Transaction costs on capital increase	-	-	-	-	(878)	-	(878)
Repayment of lease	-	(582)	-	-	-	-	(582)
Interest paid lease	-	(103)	-	-	-	-	(103)
Dividends	-	-	-	-	-	(7 204)	(7 204)
Total changes from financing cash flow	**(13 970)**	**(685)**	**(22 473)**	**66 488**	**24 099**	**(7 204)**	**46 254**
Liability-related							
Expensed capitalised borrowing costs	-	-	-	882	-	-	882
Non-cash movement	-	811	26 345	(26 633)	-	-	522
Total liability-related changes	**-**	**811**	**26 345**	**(25 751)**	**-**	**-**	**1 404**
Total equity-related other changes	**-**	**-**	**-**	**-**	**(13)**	**21 002**	**20 989**
Balance at 31 December 2021	**-**	**618**	**26 345**	**328 198**	**159 819**	**94 597**	**568 104**

14 Trade receivables and other current assets

(USD '000)	31 Dec 2022	31 Dec 2021
Trade receivables from charterers	13 629	7 421
Contract assets	9 663	3 437
Prepaid expenses	3 437	2 467
Claims	165	378
Other short term receivables	3 167	4 780
Trade receivables and other current assets	**30 061**	**18 484**

Accounts receivable comprise all items that fall due for payment within one year after the balance sheet date. For dry bulk cargo lifted, payment is generally due within 10 days after the cargo is loaded, while payment for wet cargo is due immediately upon discharge. Trade receivables are non-interest bearing. The increase in trade receivables from 2021 to 2022 is mainly related to a considerably stronger tanker market.

Claims consist of yard claims for vessels delivered in 2019 and are expected to be settled when all three vessels have completed guarantee repairs.

15 Cash and cash equivalents

The Group has bank deposits in the following currencies:

(USD '000)	31 Dec 2022	31 Dec 2021
Bank deposits, NOK	1 861	9 340
Bank deposits, USD	58 782	44 092
Bank deposits, EUR	3 730	-
Bank deposits, other	65	42
Cash	410	389
Payroll withholding tax account (restricted cash, NOK)	69	74
Total cash and cash equivalents	**64 918**	**53 937**

Cash includes cash in hand, bank deposits and other highly liquid investments with original maturities of three months or less.

16 Financial risk management

Capital management

The Group intends to maintain an efficient capital structure, provide financial ability to execute on the strategy and ensure the Group has sufficient liquidity to meet liabilities and commitments as they fall due. KCC targets to have an equity ratio above 40% and gearing ratio (NIBD/ EBITDA adjusted for delivery/sale of vessels) of below 5x with flexibility to stretch key ratios in growth periods. Furthermore, KCC shall have sufficient funds to withstand twelve months of weak markets/ earnings. The equity ratio as of 31 December 2022 was 46 % (2021: 40 %) and cash was USD 64.9 million (2021: USD 53.9 million). In addition, the Group had USD 44.9 million in undrawn revolving and overdraft credit facilities available as of 31 December 2022. The Group's covenants are described in note 13.

The capital structure and dividend payments are considered in view of debt service ability, capital commitments and expectations of future cash flows. Available cash, loan covenants and the balance sheet composition are monitored to make sure that the Group has the necessary financial strength to continue operating as a going concern.

The Group aims to spend free cash flows as follows:

- Maintain and/or improve financial capacity and flexibility. To accommodate the business strategy, the Group needs to maintain a solid capital structure at all times and an acceptable level of free liquidity, at levels which will give sufficient assurance to the debt and equity providers that the Group's financial position is solid and sustainable.
- Maintain an attractive dividend policy. KCC targets to distribute a substantial part of the free cash flow to the shareholders.

The Group's capital structure consists of mortgage debt (note 13), bond loan (note 13), overdraft facility (note 13), cash and cash equivalents and equity attributable to the shareholders.

Risk Management

The objective for the Company's risk management and internal control is to manage, rather than eliminate exposure to risks to successfully conduct the Group's business and to support the quality of its financial reporting.

The risk assessment is a multi-disciplinary process generally performed on a quarterly basis. The value chain is assessed both upstream and downstream in addition to direct effects on KCC's business activities. All relevant risks are assessed based on defined impact and probability levels and focus on the next 12 months shown in the table below:

Risk	Probability	Impact
Low	< 3%	< USD 3 million
Medium	3 -30%	USD 3 - 15 million
High	> 30%	> USD 15 million

In addition to the specific assessment for the rolling 12 months period, an assessment of the long-term risk is included from time to time and at least on an annual basis. The risk management process includes the following:

* Normally on a quarterly basis the finance team (in close corporation with commercial, technical and management) assesses the overall risk development with focus on main risks and new risks discovered, including assessing impact and probability for each risk and define potential mitigating actions for the main risks

* The main risks are reported and discussed with the Audit Committee and the Board of Directors. A main risk is a risk already identified and well understood that could materially impact the financial results, reputation, business model, or strategy

* When the combination of probability and impact is higher than what is accepted, mitigating actions are implemented either based on management decision or if relevant, after discussions with the Board of Directors

Main risks

The following table presents the risks considered to be the main risks for KCC over the next 12 months and the main longer-term risks.

Risk	Description	Risk type
Main risks next 12 months		
Weak freight rates and changes in trade flows	Freight rates are the main earnings driver for the Group. A fall in freight rates for dry bulk commodities, caustic soda or clean petroleum products can have a material impact on the financials of the Group. The effect of lower freight is somewhat offset by low historical correlation between dry bulk and product tankers freight rates. High fixed rate contract coverage for the CABU fleet for 2023 reduces the freight rates risks next 12 months. KCC is dependent on certain trade flows in order to obtain efficient combination trading. Production issues at plants, mines, and refineries in export regions, difference in regional commodity prices (arbitrage opportunities) as well as regional and global wars and conflicts may impact these trade flows. This is exemplified by Russia's war on Ukraine, having a material impact on the trades flows for both dry bulk commodities and clean petroleum products. As a major exporter of dry bulk commodities (e.g. grains and iron ore) from the Black Sea the direct impact on the demand for dry bulk shipping was negative. While for product tankers the impact was positive as importers reshuffled their sourcing.	**Market**
CLEANBU commercial and technical performance	Introduction of new vessel concepts such as the CLEANBUs entails commercial and technical risks. Acceptance and/or exemptions in relation to the CLEANBU vessels from clients and terminals where policies require clean petroleum products (CPP) as the last one to three cargoes to avoid cargo contamination or where policies exclude the use of combination carriers like the CLEANBU vessels. Introduction of new ship types or concepts will normally require technical adjustments and modifications, which will take time and may lead to off-hire and delayed deliveries. There are outstanding guarantee items relating to one of the CLEANBU vessels, implying additional off-hire related to the repairs in 2023. While the shipyard is obliged to bear the cost of repairs, additional related costs may incur, and off-hire will be borne by KCC unless covered by KCC's loss of hire insurance.	**Operational & technical**
Vessel age	Due to stricter environmental regulations and customer requirements, older tonnage is in danger of both being rerated and losing competitiveness to more modern tonnage. The consequences for older tonnage can be lower capacity due to speed restrictions and lower utilization due to more waiting time. For the Group this can result in less flexibility and lower net revenue for the oldest vessels in the fleet. As per year-end 2022, the Group owns three CABU vessels above 20 year age.	**Operational & technical**
Retrofit project risk	In 2023 KCC will retrofit two vessels with air lubrication system and shaft generator to reduce fuel consumption. One of the main pillars of KCC's strategy is to improve the energy efficiency and consequently the environmental footprint of the fleet. Success depends on the ability to deliver on retrofit/energy saving device projects at the budgeted cost and time, and that the retrofits deliver the estimated fuel/energy savings.	**Operational & technical**

16 Financial risk management

Risk	Description	Risk type
The following table presents the risks considered to be main longer-term risks for KCC		
Global economic growth and the impact on energy and commodity markets	Freight rates for global seaborne transportation is highly volatile and cyclical. The demand for global seaborne transportation depends on global economic growth, and in particular the development in the energy and commodities markets. The Group is exposed to changes in trade flows and in particular changes in flows in the Group's main trades in the alumina value chain. Furthermore, the demand for seaborne transportation is dependent on open economies and low barriers to trade. Trade restrictions such as tariffs and embargos can have a negative impact on the demand for seaborne transportation.	**Market**
Impact of a low-carbon future with introduction of emission regulations, zero-emission vessels and lower demand for transportation of fossil fuels	A move to a low-carbon economy can potentially have material negative impact on the Group through several channels. • Emerging propulsion technologies and fuels might have a material negative impact on the competitiveness of the Group's existing fleet and might result in lower revenue and/or impairment of vessel values • New regulations can lead to material cost related to upgrades and retrofits to comply with regulations and / or material impairment of operational flexibility and / or operational limitations • New regulations, such as the EU taxonomy, can reduce and restrict access to capital • The demand for transportation of fossil fuels might be materially negatively impacted and hence the demand for dry bulk and product tanker vessels • New customer requirements can have a negative impact on the Group's competitive position	**Climate-related**

Risk types
The risks have been divided into the following categories

Financial risk
The Group is exposed to e.g. freight rate risk, bunker fuel price risk, as well as risks relating to foreign currency exchange rates, interest rate, counterparties (including credit), operations, technical, regulations and other risks. The Group's executive management oversees that the management of these risks are governed by appropriate policies and procedures. The Board of Directors reviews and approves policies for managing these risks. Risk management activities to reduce interest rate risk, freight rate risk and bunker fuel risk are further described in note 13.

Operational and technical risk
Operational risks are mainly related to the operation of vessels. The Group's vessels are on technical management to Klaveness Ship Management AS (affiliated company) which ensures compliance with IMO, flag and port state regulations. Quality and safety audits are performed regularly and the crew and officers onboard are trained to ensure that regulatory requirements are met.

Operational risk is managed through quality assurance procedures and systematic training of crew and land-based employees. All vessels sailing through piracy exposed areas take necessary steps to mitigate the threat of such attacks. Operational risk is also covered by insurance where relevant to cover loss of assets, revenues and contract commitments. The vessels are insured for loss of hire, protection and indemnity (P&I), physical damage to vessel and its equipment (Hull and Machinery) and total loss. The latter is aligned with vessel values and loan agreements. The financial impact of a total loss of a vessel will not be material for the Group.

The COVID-19 pandemic continued impacting vessel operations in 2022, however to a lesser extent than in 2021.

Market risk
Ownership of vessels involves risks related to vessel values, future vessel employment, freight rates and costs. Freight rates are volatile and a fall in freight rates may impact financial results of the Group negatively. Over time, vessel values may fluctuate, which may result in an impairment of the book value of the Group's vessels. These risks are to some extent managed through contracts of affreightment and forward freight agreements (FFA) covering part of the Group's future fleet capacity for the nearby year and covering part of the exposure for the next 1-2 years. A significant expense for transport at sea is bunkers. The price of fuel is unpredictable and fluctuates based on events outside the Group's control. To reduce the risk of fluctuations in bunker fuel prices, the Group may decide to hedge the bunker price exposure by the use of bunker fuel swaps or options to hedge the inherent fuel oil exposure in its freight contracts or include bunker adjustment factors (BAF) in the contracts.

Foreign currency risk and interest rate risk
The Group's revenues and costs are denominated primarily in US Dollar (USD) which is the functional currency of all significant entities in the Group. Fluctuations in USD against NOK may affect the Group's tax payable, which will be calculated and paid in NOK. This effect is considered to be limited.

The Group's interest bearing debt is exposed to floating interest rate, and the Group has some of its costs in other currencies than USD. The Group has bond debt denominated in NOK with NIBOR + 475 bps margin, however, the FX-effect is currently fixed to USD and the floating interest rate exposure has been converted to a fixed USD interest rate. Long term mortgage debt bears interest at LIBOR/SOFR plus an applicable margin. In order to hedge the risk, the Group has entered into interest rate swaps. At 31 December 2021, 43% of the floating interest mortgage debt loans are hedged including undrawn RCF commitments. The Group evaluates on an ongoing basis the need to adjust interest rate exposure.

As of December 31, 2021 the publication of the one-week and two-month US Dollar (USD) London Interbank Offered Rate (LIBOR) ceased to be published on a representative basis. The remaining tenors of US Dollar LIBOR will cease to be published on a representative basis on June 30, 2023. The Group is exposed to LIBOR mainly in US dollar denominated debt and interest rate derivatives with interest rates indexed to LIBOR.

As recommended by the Alternative Reference Rates Committee (a committee convened by the Federal Reserve), Secured Overnight Financing Rate (SOFR) will replace LIBOR as a standard interest rate benchmark. The Group has amended one of the debt facility agreements to replace LIBOR with CME Term SOFR/SOFR. The Group expects to initiate negotiations with the remainder of counterparties to transition from LIBOR to an alternative benchmark within first half of 2023 for relevant agreements. The impact on the Group of the transition from LIBOR to SOFR or any other alternative rates is still uncertain but may potentially lead to increased cost of debt.

The table below shows estimated changes in profit before tax for the Group from changes in interest rates in 2022 and 2021, with all other variables held constant. The changes are estimated based on a change in variable interest rate index given capital structure and hedges as of year-end 2022 and year-end 2021. In 2022 for every 100 bps increase in index interest rate, interest costs on debt increases by approx. USD 1.3 million.

Change in bps (effect in USD'000)	2022	2021
+100	- 1 314	- 1 680
+50	- 657	- 840
-50	657	120
-100	1 314	- 70

Counterparty/credit risk
The performance of the Group depends on its counterparties' ability to perform their obligations under agreed contracts, a continued client need for the services performed by the combination carriers and KCC's ability to renew contracts with these clients. Default by a cargo customer counterparty of its obligations under, a contract, may have material adverse consequences on the contract portfolio earnings. The counterparty's financial strength will thus be very important.

The Group is, to a certain degree, dependent on a limited number of key customers and renewal of key/ material contracts with these customers, particularly related to caustic soda transportation. Unfavorable changes in trade flows and volumes may adversely affect the Group's earnings and financial position.

Counterparty risk is managed by mandates approved Board of Directors and know your counterparty (KYC) procedures. The counterparty mandates set out the exposure (amount and duration) permitted for a given counterparty based on that counterparty's credit standing.

If the Group has a legal right to insurance coverage the Group will make provision for the deductible amount. As such, default by an insurance institution may have material financial consequences.

Further, the Group is exposed to credit risk through its deposits. Deposits are currently made with investment grade financial institutions with A rating or higher from public rating agencies. However, there are concentration risk as deposits are held with only a few institutions.

Total unrisked credit exposure at 31 December 2022 amounts to USD 95.0 million, 2021: USD 72.4 million (book value of trade receivables, other current assets and bank deposits).

Liquidity risk
Liquidity risk is the risk that the Group may not be able to fulfil its liabilities when they fall due.

Volatility in freight rates, daily settlement of cleared derivatives and the potential need for posting collateral related to certain OTC derivatives are significant sources to liquidity risk. The Group manages these risks by hedging mandates setting out the permitted position and stress testing.

The Group has capital commitments relating to borrowings and investments.

The liquidity risk is considered to be limited as the deposits, committed bank debt and estimated cash flow are considered sufficient for all needs in the foreseeable future. The Group's bank financing is subject to financial and non-financial covenants. The Group keeps its liquidity reserves mainly in cash and bank deposits

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Interest bearing debt includes interest payments and is net of interest rate and cross currency derivative hedges.

Maturity profile financial liabilities 31 Dec 2022	< 1 year	1-3 years	3-5 years	> 5 years	Total
Mortgage debt (incl interests)	105 989	87 133	88 196	-	281 317
Bond loan (incl interest)	4 757	81 867	-	-	86 624
Other interest bearing liabilities	233	-	-	-	233
Trade and other payables	22 250	-	-	-	22 250
Current debt to related parties	693	-	-	-	693
	133 923	**169 000**	**88 196**	**-**	**391 118**

Loan facilities to be refinanced during the next 12 months are included in <1 year.

Maturity profile financial liabilities 31 Dec 2021	< 1 year	1-3 years	3-5 years	> 5 years	Total
Mortgage debt (incl interests)	33 815	129 950	178 242	-	342 007
Bond loan (incl interest)	4 757	9 515	77 110	-	91 382
Other interest bearing liabilities	2 409	-	-	-	2 409
Trade and other payables	16 199	-	-	-	16 199
Current debt to related parties	895	-	-	-	895
	58 075	**139 465**	**255 352**	**-**	**452 892**

16 Financial risk management

Climate-related risks
Climate-related risks include both transition risks and physical risks with focus on transition risks as this is considered to have a larger impact and probability for KCC. Transition risk mainly relate to effect of reduced demand for the Group's services and the risk of stranded assets and new regulations as the fleet moves to low-carbon fuel. For 2022 (2021), total fossil fuel shipments accounted for xx % (17 %) of the Group's transported volumes in metric tons.

Compliance risk
The legal and regulatory requirements of the Group are increasingly challenging and complex. The Group has established systems and processes to ensure that all relevant laws and regulations are met, such as tax-laws, anti-corruption laws, securities laws, anti-trust laws, laws related to human rights and working conditions and international sanctions. Two of the Group's subsidiaries are subject to the Norwegian tonnage tax regime. Non-compliance with the qualifying rules of this regime will have material negative impact on the Group's financial position.

17 Share option program

In December 2019, the Board approved the adoption of a share option program, and 65,280 share options to senior management (CEO and CFO) were issued at the same date. The share options have an exercise price of NOK 46.14, adjusted for any distribution of dividends made before the relevant options are excercised. The share options have a five year term and vest over a three year period equally at a rate of 1/3 of the number of share options granted on each annual anniversary of the date of grant, subject to the option holder continuing to be employed by the Company from the grant date through the applicable vesting date. The share options have no voting or other shareholder rights. The program was fully vested in December 2022.

The fair value of the share options granted was calculated on the Black-Scholes-Merton method at the time of grant. The significant assumptions used to estimate the fair value of the share options are set out below:

	Model inputs
Dividend yield (%)	-
Expected volatility (%)*	40%
Risk-free interest rate (%)**	1.28%
Expected life of share options (year)	5
Weighted average share price (NOK)	45.9

**The expected volatility reflects the assumption that the historical shipping industry average is indicative of future trends, which may not necessarily be the actual outcome.*

***Average five-year Norwegian Government bond risk-free yield-to-maturity rate of 1,28 % as of 2019 was used as an estimate for the risk-free rate to match the expected five year term of the share options.*

Number of shares	Average exercise price	2022	2021
Outstanding at 1 January	NOK 46.14	65 280	65 280
Granted during the year		-	-
Exercised during the year		-	-
Forfeited during the year		-	-
Expired during the year		-	-
Outstanding at 31 December		**65 280**	**65 280**

The fair value of the share options granted is calculated to USD 100k, i.e. USD 1.542 per share option. The cost incurred in 2022 is USD 35k (2021: USD 42k).

18 Share capital, shareholders, dividends and reserves

Dividends of in total USD 42.4 million were paid to the shareholders in 2022 (in average USD 0.81 per share).

A capital increase of USD 25 million was completed on 4 November 2021 through a private placement to fund energy efficiency initiatives for the existing fleet. The Board approved the allocation of 4 345 000 shares in the private placement at a price of NOK 49.00 per share.

Share capital

Date	Shares	Notional (NOK)	Share capital (NOK)
Shares and sharecapital at 31 December 2020	**48 027 000**		**48 027 000**
Shares issued 4 November 2021	4 345 000	1	48 027 000
Shares and sharecapital at 31 December 2021	**52 372 000**		**52 372 000**
Shares and share capital at 31 December 2022	**52 372 000**		**52 372 000**

All shares have equal voting rights and equal rights to dividends. The ordinary shares are listed on Oslo Stock Exchange. KCC owns a total of 40,078 in treasury shares, corresponding to 0.0765 % of the total number of issued shares.

Basic Earnings Per Share (EPS) in Income Statment are calculated based on the weighted average number of ordinary shares for the period, whereas diluted Earnings Per Share (EPS) is based on all outstanding shares including dilutive shares if all convertible shares were excercised.

	31 Dec 2022	31 Dec 2021
Weighted average number of ordinary shares for basic EPS	**52 372 000**	**48 677 360**
Effects of dilution from:		
Share options	65 280	65 280
Warrants	**229 088**	**229 088**
Weighted average number of ordinary shares for the effect of dilution	**52 666 368**	**48 971 728**

Largest shareholders at 31 December 2022	Ownership Number of shares	Ownership In %
Rederiaksjeselskapet Torvald Klaveness	28 154 231	53.8%
EGD Shipping Invest AS	8 805 128	16.8%
Goldman Sachs & Co. LLC (nominee)	2 579 841	4.9%
Hundred Roses Corporation	2 227 250	4.3%
J.P. Morgan SE (nominee)	1 139 992	2.2%
Verdipapirfondet Nordea Norge Verd	851 873	1.6%
T.D. Veen AS	710 000	1.4%
Jed AS	433 080	0.8%
Verdipapirfondet Nordea Avkastning	400 000	0.8%
Six Sis AG (nominee)	371 836	0.7%
Other	6 698 769	12.8%
Total	**52 372 000**	**100%**

Management and members of the Board which hold shares in the Company are set out below.

Name	Position	Number of shares
Engebret Dahm	Chief Executive Officer	20 532 (held through E Dahm Invest AS)
Liv Hege Dyrnes	Chief Financial Officer	6 500
Magne Øvreås	Board member	Indirectly owns 9.9 % of EGD Shipping Invest AS which holds 8 805 128 shares

In an Extraordinary General Meeting held on 24 September 2018, the Company issued 229,088 non-transferable warrants, each of which entitles the holder to subscribe one new share of the Company at a subscription price of NOK 44.38 per share.

18 Share capital, shareholders, dividends and reserves

The warrants for each subscriber may be exercised with one third from such time as when the Company's shares on a volume-weighted basis have traded at a price equal to minimum NOK 55.48 for ten consecutive trading days with an aggregate trading volume over such ten days of a minimum of USD 1 million. Another third may be exercised when there has been such trading at a price equal to a minimum of NOK 66.57, and the last third when there has been such trading at a price equal to a minimum of NOK 77.67. The warrants must be exercised no later than 24 September 2023. The exercise price and the threshold trading prices which trigger the right to exercise warrants shall be adjusted for paid dividends or other distributions to the shareholders.

Holder	No. Of Warrants	Subscription price (NOK)	Exercise Levels (NOK)*	Expiry
Rederiaksjeselskapet Torvald Klaveness	159.377	44.38	55.48/66.57/77.67	September 2023
EGD Shipholding AS	55.691	44.38	55.48/66.57/77.67	September 2023
Hundred Roses Corporation	14.020	44.38	55.48/66.57/77.67	September 2023
Total	**229.088**			

** Not adjusted for dividends*

19 Transactions with related parties

The ultimate owner of the Group is Rederiaksjeselskapet Torvald Klaveness (RASTK), which owns 53.8 % of the shares in Klaveness Combination Carriers ASA.

Net revenue from operation of vessels

Type of service/transaction (USD '000)	Provider*	Receiver*	Price method	2022	2021
Pool Participation	BAU	KCCC	Standard pool agreement**	49	3 735
Dry bulk chartering	KDB	KCCC	1.25% of transaction value***	(472)	(255)
Total net revenue from related parties				**(423)**	**3 480**

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

*** Hire from BAU to KCCC less pool managememnt fee. MV Bangor entered the pool in August 2021 and exited the pool agreement on 3 January 2022.*

**** Fixture fee applicable for fixtures in 1h 2022. From 1 July 2022 the service fee is based on time spent (cost + 7.5%) and included in "Total group commercial and administrative services".*

Group commercial and administrative services

Type of service/transaction (USD '000)	Provider*	Receiver*	Price method	2022	2021
Business administration services	KAS	KCC ASA, on behalf of KCC companies	Cost + 5%	1 641	1 457
Business administration services	KA Ltd	KCCA Ltd	Cost + 5%	160	119
Commercial services	KSM	KCCC	Cost + 7.5%	825	1 203
Subscription Cargo Value (linked to COA with external party)	CIA	KCC	Fixed fee	60	-
FFA trading/Dry bulk chartering	KDB	KCCC	0.1% of transaction value/Cost + 7.5%	279	49
Project management	KSM	KCCS, KCC	Cost + 7.5%	1 237	881
Total group commercial and administrative services				**4 202**	**3 708**

As of 1 June 2021, employment of four key employees in Singapore were transferred from Klaveness Asia Pte. Ltd to the newly established company, Klaveness Combination Carriers Asia Pte Ltd, 100 % owned by KCC (parent company). Prior to the transfer, commercial services of these employees were purchased through Klaveness AS.

All bunkers purchase is done through AS Klaveness Chartering (KC), a related party in the Torvald Klaveness Group, which holds the bunker contracts with the 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 + 7.5 % basis reflecting the time spent by the bunkering team and charged as part of the Commercial Services from Klaveness Dry Bulk AS.

Other services/transactions

Type of service/transaction (USD '000)	Provider*	Receiver*	Price method	2022	2021
Technical management fee (opex)	KSM	KCCS	Fixed fee per vessel	3 819	3 979
Crewing and IT fee (opex)	KSM	KCCS	Fixed fee per vessel	1 565	1 550
Supervision fee and project management fee (newbuilding)	KSM	KCCS	Partly cost and partly cost + 7.5%	-	1 333
Board member fee (administrative expenses)	KAS	KCC	Fixed fee as per annual general meeting	85	94
Sales support, sale of vessel (gain on sale of vessels) (note 7)	KAS	KCCS	Cost for time used + 7.5%	-	31
Technical management fee for termination of agreement (gain on sale of vessels)	KSM	KCCS	3 months temination period	-	44
Total other services/ transactions				**5 468**	**7 031**

KCCC has a bunkers derivative position of 4 800 tons (Cal-23) towards KC (a related party in the Torvald Klaveness Group) at a cost of USD 12 720 to cover margin requirments etc. Market value of the portfolio with KC was negative USD 250k as per 31 December 2022 and presented as a financial asset in Statement of Financial Position.

Short term assets and debt related parties (USD '000)	31 Dec 2022	31 Dec 2021
Klaveness Ship Management AS	137	1 502
Klaveness AS	-	12
Baumarine AS	-	505
Klaveness Chartering AS	65	
Short-term receivables from related parties	**202**	**2 018**
AS Klaveness Chartering	-	660
Short- term financial assets	**-**	**660**
Klaveness AS	197	212
Klaveness Ship Management AS	273	341
Klaveness Chartering AS	201	312
Klaveness Asia Pte.Ltd	21	30
Short-term debt to related parties	**693**	**895**

Accounting policy

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. Related parties transactions are recorded to estimated fair value.

*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 Dry Bulk AS (KDB), Klaveness Combination Carriers Asia Pte.Ltd (KCCA Ltd), Baumarine AS (BAU), Cargo Intelligence AS (CIA) and Klaveness Digital AS (KD).

20 List of subsidiaries

The merger of Klaveness Combination Carriers ASA 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.

Klaveness Combination Carriers Asia Pte Ltd (Singapore) was incorporated on 22 March 2021 based on capital injection of USD 300 000 from Klaveness Combination Carriers ASA (100% ownership, 300 000 shares). The chartering and commercial and operation team of four employees was transferred from Klaveness Asia Pte Ltd to this company on 1 June 2021.

Klaveness Combination Carriers ASA Group comprises of several subsidiaries. Below is a list of subsidiaries within the Group.

Company name	Location	Ownership interest per 31 Dec 2022	Ownership interest per 31 Dec 2021
KCC Shipowning AS	Oslo, Norway	97% Directly / 100 % Indirectly	100%
KCC KBA AS	Oslo, Norway	-	100%
KCC Chartering AS	Oslo, Norway	100%	100%
Klaveness Combination Carriers Asia Pte. Ltd	Singapore	100%	100%

21 Taxes

Tonnage tax
The vessel owning company (KCC Shipowning AS) and KCC Chartering AS are subject to taxation under the Norwegian tonnage tax regime. For the financial year 2022 KCC Shipowning AS and KCC Chartering AS have payable tonnage taxes of USD 188k.

Ordinary taxation
The Parent Company (Klaveness Combination Carriers ASA) is under ordinary taxation rules in Norway. The ordinary rate of corporation tax in Norway is 22 % for 2022 (2021: 22 %). The subsidiary Klaveness Combination Carriers Asia Pte. Ltd is subject to ordinary taxation in Singapore. The ordinary tax rate in Singapore is 17 % for 2022. For the financial year 2022 Klaveness Combination Carriers Asia Pte Ltd has a payable tax expense of USD 0.3k.

Deferred tax assets
Deferred tax assets are only recognised to the extent that future utilisation within the Group can be justified as per 31 December 2022. As a consequence, a tax position of USD 9.2 million per 31 December 2022 has not been recognised in the balance sheet. The tax position is mainly due to accumulated financial costs deductible under the tonnage tax regime as well as a tax loss on the internal vessel sales which will be deductible at a rate of 20 % annually going forward.

Income taxes for the year (USD '000)	31 Dec 2022	31 Dec 2021
Income taxes payable	-	7
Change in deferred tax	-	-
Total tax expense / income (-) reported in the income statement	**-**	**7**
Tax on net (gain)/loss on revaluation of cash flow hedges	-	-
Deferred tax charged to OCI	**-**	**-**

(USD '000) Tax payable	Income	31 Dec 2022 Tax effect	Income	31 Dec 2021 Tax effect
Profit / loss (-) before taxes, incl OCI	85 515	18 813	20 955	4 610
Income from shipping activity, tonnage tax system	(62 064)	(13 654)	(35 688)	(7 851)
Change in temporary differences	(9 221)	(2 029)	5 137	1 130
Change in tax losses carried forward	6 905	1 519	1 858	409
Exchange rate differences / Other permanent differences	(21 136)	(4 650)	7 737	1 702
Tax payable foreign subsidiaries	-	-	-	7
Tax payable in the balance sheet	**-**	**-**	**-**	**7**
Effective tax rate	-	0%	-	0%
Tonnage tax (included in operating profit)	-	188	-	221
Correction prior year tonnage tax	-	5	-	5
Total tax payable in the balance sheet	**-**	**193**	**-**	**233**

(USD '000) Temporary differences - ordinary taxation	Temporary difference	31 Dec 2022 Tax effect	Temporary difference	31 Dec 2021 Tax effect
Temporary differences	(5 678)	(1 249)	(14 899)	(3 278)
Tax losses carried forward	(35 961)	(7 911)	(29 057)	(6 392)
Deferred tax asset not recognised in the balance sheet	41 639	9 161	43 956	9 670
Net temporary differences - deferred tax liability/asset (-)	**-**	**-**	**-**	**-**
Deferred tax asset in balance sheet	**-**	**-**	**-**	**-**
Deferred tax liability in balance sheet	**-**	**-**	**-**	**-**

Accounting policy

Under the tonnage tax regime, profit from operations are tax exempt. Companies within the tonnage tax system pay a tonnage tax based on the deadweight tonnage of the vessels. The tonnage tax is recognised as an operating expense in the profit & loss. Taxable profit is calculated on the basis of financial income after deduction of a portion of financial expenses (based on financial assets in percent of total assets).

For companies subject to ordinary taxation, tax expense comprises tax payable and changes in deferred tax assets. Tax payable corresponds to the amount expected to be paid to authorities while deferred tax assets/liabilities are calculated based on temporary differences at the reporting date. Deferred tax assets are recognised to the extent that future utilisation is probable. Deferred tax liabilities/deferred tax assets within the same tax system that may be offset are recorded on a net basis. Income tax relating to items recognised directly in equity is included directly in equity and not in the statement of income.

Companies subject to tonnage tax regimes are exempt from ordinary tax on their shipping income. Within the Group, the subsidiaries KCC Shipowning AS and KCC Chartering AS are subject to tonnage taxation. Companies within the tonnage tax system pay a tonnage fee based on the deadweight tonnage of the vessels. The fee is recognized as an operating expense. Financial income is taxed under the Norwegian tonnage tax regime, however only a portion of the interest cost and net currency expenses are deductible.

22 Events after the balance sheet date

In January 2023 KCC Shipowning AS, a subsidiary of KCC, repaid USD 15 million in debt under a revolving credit facility agreement. The amount is, however, available to be redrawn under this revolving credit facility agreement.

On 15 February 2023, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 15.7 million for Q4 2022 (USD 0.30 per share).

On 22 February 2023, the CEO of Klaveness Combination Carriers ASA, Engebret Dahm, exercised all his 38,580 options in the Company against cash settlement by the Company. The share options were granted in December 2019 and were fully vested in December 2022 (Group note 7). The amount payable per share from the Company is equal to NOK 81.0 per share (close on 22 February 2023) less exercise price of NOK 32.8 per share (exercise price at grant date less dividends paid since grant date). The option settlement in cash of USD 0.2 million will be recognized as payroll expenses in Q1 2023.

There are no other events after the balance sheet date that have material effect on the financial statement as of 31 December 2022.

Financial Statements of the Parent Company

Statutory Financial Statements

Klaveness Combination Carriers ASA – Parent Company

Income Statement

(USD '000)	Notes	Year ended 31 December 2022	Restated* 2021
Service and management fee revenue	5	865	828
Other revenue	5	6	-
Total revenues		**871**	**828**
Group commercial and administrative services	5	(1 481)	(1 299)
Salaries and social expenses	6	(1 987)	(1 780)
Other operating and administrative expenses	2	(980)	(650)
Operating profit (EBITDA)		**(3 576)**	**(2 900)**
Operating profit after depreciation (EBIT)		**(3 576)**	**(2 900)**
Finance income	9	30 718	1 204
Finance costs	9	(5 615)	(5 828)
Profit before tax from continued operations		**21 527**	**(7 524)**
Income tax expenses	7	-	1 848
Profit after tax from continued operations		**21 527**	**(5 676)**
Profit/(loss) from discontinued operations	10	-	(2 217)
Profit for the year		**21 527**	**(7 893)**

**2021 is restated due to merger between companies under common control (note 10).*

Statement of Comprehensive Income

(USD '000)	Notes	Year ended 31 December 2022	Restated* 2021
Profit after tax		**21 527**	**(7 893)**
Other comprehensive income to be reclassified to profit or loss			
Net movement fair value on interest rate swaps		(3 707)	(404)
Reclassification to profit and loss (CCIRS)		8 559	2 773
Other comprehensive income/(loss) for the period, net of tax		**4 852**	**2 368**
Total comprehensive income/(loss) for the period, net of tax		**26 378**	**(5 525)**
Attributable to:			
Equity holders of the parent company		26 378	(5 525)

**2021 is restated due to merger between companies under common control (note 10).*

Statement of Financial Position

Assets (USD '000)	Notes	31 Dec 2022	Restated* 31 Dec 2021
Non-current assets			
Investment in subsidiaries	3	247 850	247 850
Long-term loan to related parties	5	11 820	15 000
Long-term financial assets	8	528	2 556
Other long-term receivables	5	70	70
Total non-current assets		**260 268**	**265 476**
Current assets			
Inventories		99	166
Short-term financial assets		744	-
Trade receivables and other current assets		258	78
Cash and cash equivalents	4	10 044	21 221
Short-term loan to related parties	5	-	6 165
Short-term receivables from related parties	5	592	56
Total current assets		**11 737**	**27 686**
Total assets		**272 005**	**293 162**

Equity and liabilities (USD '000)	Notes	31 Dec 2022	Restated* 31 Dec 2021
Equity			
Share capital	Group 18	6 234	6 234
Share premium		243 054	243 054
Other reserves		4 521	(330)
Retained earnings		(72 171)	(40 796)
Equity attributable to equity holders of the parent		**181 637**	**208 162**
Non-current liabilities			
Bond loan	8	69 975	78 205
Financial liabilities	8	2 466	43
Total non-current liabilities		**72 441**	**78 248**
Current liabilities			
Short-term debt to related parties	5	210	215
Trade and other payables	11	17 717	6 536
Total current liabilities		**17 927**	**6 751**
Total equity and liabilities		**272 005**	**293 162**

**2021 is restated due to merger between companies under common control (note 10).*

Oslo, 31 December 2022
Oslo, 6 March 2023

Ernst Meyer Chair of the Board	**Magne Øvreås** Board member	**Brita Eilertsen** Board member
Winifred Patricia Johansen Board member	**Gøran Andreassen** Board member	**Engebret Dahm** CEO

Klaveness Combination Carriers ASA – Parent Company

Statement of Changes in Equity

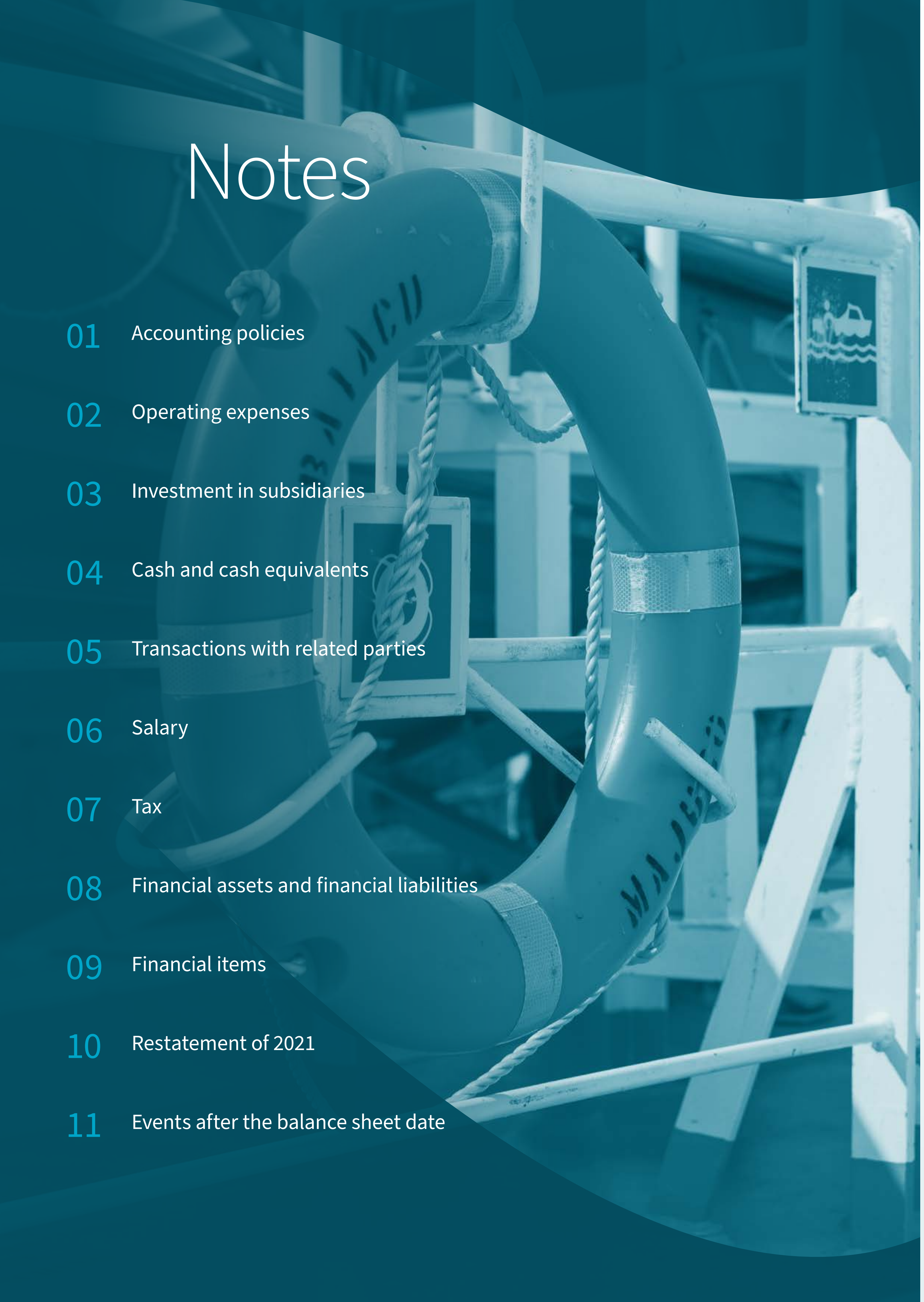
2022 (USD '000)	Share capital	Other paid in capital	Treasury shares	Hedging reserve	Retained earnings	Total equity
	Attributable to equity holders of the Parent Company					
Equity at 1 January 2022	**6 234**	**243 054**	**(147)**	**(184)**	**(40 795)**	**208 162**
Profit (loss) for the period	-	-	-	-	21 527	21 527
Other comprehensive income for the period	-	-	-	4 852	-	4 852
Dividends	-	-	-	-	(52 933)	(52 933)
Share option program (Group note 17)	-	-	-	-	30	30
Equity at 31 December 2022	**6 234**	**243 054**	**(147)**	**4 668**	**(72 171)**	**181 637**

2021 (USD '000)	Share capital	Other paid in capital	Treasury shares	Hedging reserve	Retained earnings	Total equity
Equity at 1 January 2021	**5 724**	**219 478**	**(147)**	**(2 552)**	**(16 100)**	**206 403**
Business combination under common control (note 10)	-	-	-	-	(5 885)	(5 885)
Restated Equity at 1 January 2021	**5 724**	**219 478**	**(147)**	**(2 552)**	**(21 985)**	**200 518**
Profit (loss) for the period	-	-	-	-	(7 893)	(7 893)
Other comprehensive income for the period	-	-	-	2 368	-	2 368
Dividends	-	-	-	-	(10 964)	(10 964)
Capital increase	510	23 576	-	-	-	24 086
Share option program (Group note 17)	-	-	-	-	47	47
Equity at 31 December 2021	**6 234**	**243 054**	**(147)**	**(184)**	**(40 795)**	**208 162**

Cash Flow Statement

(USD '000)	Notes	2022	Restated* 2021
Profit before tax		21 527	(7 524)
Interest income		(1 618)	(1 204)
Interest expenses		5 102	5 050
Dividends from subsidiaries	9	(29 100)	-
Amortization of transaction cost on issuance on loans		253	253
Gain (-) /loss on foreign exchange		211	525
Change in current assets		(113)	102
Change in current liabilities		530	215
Change in other working capital		(549)	1 242
Interest received		1 525	1 089
A: Net cash flow from operating activities		**(2 232)**	**(253)**
Investment in subsidiaries	3	-	(300)
Received dividends from subsidiaries		29 100	-
Long term loan to related parties	5	-	(17 790)
Repayment of loan to related parties	5	9 345	10 500
B: Net cash flow from investment activities		**38 445**	**(7 590)**
Interest paid		(4 968)	(5 041)
Paid in registered capital increase	Group 18	-	24 977
Transaction costs on capital increase	Group 18	-	(878)
Group contribution		-	2 756
Dividends	Group 18	(42 421)	(7 204)
C: Net cash flow from financing activities		**(47 390)**	**14 609**
D: Net cash flow from discontinued operations	10	**-**	**(7 373)**
Net change in liquidity in the period (A + B + C + D)		**(11 177)**	**(607)**
Net foreign exchange difference		-	(742)
Cash and cash equivalents at beginning of period		21 221	22 569
Cash and cash equivalents at end of period	4	10 044	21 221
Net change in cash and cash equivalents in the period		**(11 177)**	**(607)**

**2021 is restated due to merger between companies under common control (note 10).*



Notes

01 Accounting policies

Basis of preparation

Klaveness Combination Carriers ASA (referred to as the Company/the Parent Company/KCC) is a public limited company domiciled and incorporated in Norway. The Parent Company is headquartered and registered in Drammensveien 260, 0283 Oslo. Klaveness Combination Carriers ASA was established March 23, 2018. The share is listed on Oslo Stock Exchange with ticker KCC.

The financial statements as per 31 December 2022 of Klaveness Combination Carriers ASA have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act §3-9 and regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance on 3 November 2014.

Accounting principles for the consolidated statement of Klaveness Combination Carriers ASA (the Group) also apply to the Parent Company except treatment of the dividends – see accounting policies related to dividend income presented as part of the consolidated Group accounts. The main activity of the Company is to be a holding company in the Group, which owns and operates combination carriers.

Dividend income/group contribution

Dividend income and/or Group contribution are recognised in Company's financial statements as financial income and current assets per year- end.

Dividend distribution/group contribution

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

02 Operating expenses

(USD '000)	2022	2021
Statutory audit	97	107
Other assurance services from auditor	33	26
Total	**130**	**133**

Auditor's fee is stated excluding VAT.

03 Investment in subsidiaries

(USD '000)	Location	Voting share/ ownership	2022	2021
KCC Chartering AS	Oslo, Norway	100%	7 456	7 456
KCC Shipowning AS	Oslo, Norway	97%	240 093	240 093
KCC Asia Pte. Ltd	Singapore	100%	300	300
Investment in subsidiaries			**247 850**	**247 850**

Book value of shares - common control merger in 2022 (note 10)	Voting share/ ownership	2022	2021
KCC KBA AS (note 10)	100%	-	6 100

Shares in subsidiaries in Parent Company accounts are recorded at cost.

The Company owns KCC Shipowning AS 100 % indirectly through KCC Chartering AS. Klaveness Combination Carriers Asia Pte. Ltd (Singapore) was incorporated on 22 March 2021 with a capital injection of USD 300 000 from Klaveness Combination Carriers ASA (100% ownership, 300 000 shares).

04 Cash and cash equivalents

The Company has bank deposits in the following currencies:

(USD '000)	31 Dec 2022	31 Dec 2021
Bank deposits, USD	5 867	12 474
Bank deposits, NOK	1 443	8 672
Bank deposits, EUR	2 665	-
Payroll withholding tax account (restricted cash, NOK)	69	74
Total cash and cash equivalents	**10 044**	**21 221**

05 Transactions with related parties

Service agreements

The Parent Company has six employees as per year end 2022. The Parent Company delivers administrative and business management services and commercial management services to subsidiaries. The level of fees is based on cost + a margin in accordance with the arm's length principle and OECD guidelines.

Type of service/transaction	Receiver*	Price method	2022	2021
Business administration services	KCCS	Cost + 5 %	467	325
Business administration services	KCCC	Cost + 5 %	392	364
Commercial management services	KCCC	Cost + 7.5 %	6	139
Board member fee	KD	Fixed fee	6	-
Service and management fee revenue			**871**	**828**

Klaveness AS and Klaveness Ship Management AS deliver administrative, commercial and project management services such as accounting, legal, IT, project and office services to the Parent Company. The level of fees is based on cost + a margin in accordance with the arm's length principle and OECD guidelines.

Type of service/transaction	Receiver*	Price method	2022	2021
Business administration services	KAS	Cost + 5% or overhead per employee	(794)	(780)
Business administration services	KSM	Cost + 5% or overhead per employee	(60)	-
Project management	KSM	Cost + 7.5%	(482)	(424)
Subscription Cargo Value (linked to COA with external party)	CIA	Fixed fee	(60)	-
Board member fee	KAS	Fixed fee as per annual general meeting	(85)	(94)
Group administrative services			**(1 481)**	**(1 299)**

Type of service/transaction	Receiver*	Price method	2022	2021
Interest income loan to related party	KCCS	2.2 %	64	183
Interest income loan to related party	KCCC	3.65 % (3.4 % prior to 29.2.21)	477	394
Guarantee commission	KCCS	0.2 %	536	577
Interest cost loan agreement	KCCS	Libor 3M + 2.2 %	(49)	-
Interest income and expenses to related party (note 9)			**1 028**	**1 154**

Intercompany balances

Type of service/transaction	Counterparty *	31 Dec 2022	31 Dec 2021
Short- term receivables from related parties	KCCS	555	34
Short- term receivables from related parties	KCCC	37	22
Short- term loan to related parties	KCCS	-	6 165
Current assets related parties		**592**	**6 221**

Type of service/transaction	Counterparty *	31 Dec 2022	31 Dec 2021
Long-term loan to related parties	KCCC	11 820	15 000
Other long-term receivables (loan to employees)	Employees	70	70
Long- term assets related parties		**11 890**	**15 070**

* Klaveness AS (KAS), Klaveness Ship Management AS (KSM), KCC Shipowning AS (KCCS), KCC Chartering AS (KCCC), Klaveness Dry Bulk AS (KDB), Cargo Intelligence AS (CIA) and Klaveness Digital AS (KD).

05 Transactions with related parties

KCC, as lender, has provided a loan to KCC Chartering AS (USD 11.8 million). The loan falls due at the end of 2024.

Loans to employees (and affiliates to employees) have been made in connection with employees' purchase of shares in the Company. Interest on the loan is set to the Norwegian tax administration is normal interest rate for the taxation of low-cost loans.

(USD '000)	Counterparty *	31 Dec 2022	31 Dec 2021
Short-term debt to related parties	KAS	83	128
Short-term debt to related parties	KCCC	13	57
Short-term debt to related parties	KCCS	-	25
Short-term debt to related parties	KSM	98	5
Short-term debt to related parties	KDB	16	-
Current debt to related parties		**210**	**215**

06 Salary

(USD '000)	2022	2021
Salaries and other remuneration	(1 892)	(1 679)
Pension benefit	(79)	(83)
Other social costs	(6)	(7)
Other personel related expenses	(9)	(11)
Salaries and social expense	**(1 987)**	**(1 780)**

The Company has six employees as per year end 2022. For more information related to salary expenses - see Group note 7.

07 Tax

The Company is regulated by ordinary taxation rules in Norway. The ordinary rate of corporation tax in Norway is 22 % for 2022 (22 % in 2021). The Company has a positive result before tax, however a dividend of USD 29.7 million is recognised as financial income, but tax exempt under the tax exemption method, and therefore not part of taxable income. Deferred tax assets are only recognised to the extent that future utilization can be justified which is not probable as per 31 December 2022. Tax expense for 2022 is zero.

Income taxes for the year (USD '000)	2022	2021
Tax payable	-	-
Effect of the Group contribution	-	1 848
Total tax expense / income (-) reported in the income statement	**-**	**1 848**
Tax on net (gain)/loss on cash flow hedges	-	-
Deferred tax charged to OCI	**-**	**-**

Tax payable (USD '000)	Income	2022 Tax effect	Income	2021 Tax effect
Profit / loss (-) before taxes, incl OCI	26 378	5 803	939	207
Non-deductible expenses	78	17	2	0
Transaction cost capital increase charged over equity	-	-	(863)	(190)
Dividends/group contribution from investments covered by the tax exemption model	(29 739)	(6 543)	(8 398)	(1 848)
Unrealized gain/loss on financial instruments valued at fair value	-	-	305	67
Change in tax losses carried forward	6 511	1 432	(1 580)	(348)
Total tax basis and tax payable before group contribution	**3 229**	**710**	**(9 595)**	**(2 111)**
Group contribution from KCC KBA AS	-	-	8 398	1 848
Exchange rate differences	(3 229)	(710)	1 196	263
Tax payable in the balance sheet	**-**	**-**	**-**	**-**
Effective tax rate	-	0%	-	0%

Temporary differences - ordinary taxation (USD '000)	Temporary difference	2022 Tax effect	Temporary difference	2021 Tax effect
Temporary differences	-	-	-	-
Intercepted interest carry forward	(1 185)	(261)	(1 329)	(292)
Tax losses carried forward	(19 033)	(4 187)	(14 047)	(3 090)
Gains and losses account	(11 518)	(2 534)		
Unrealised gain/loss financial instruments	(1 194)	(263)	2 513	553
Deferred tax asset not recognised in the balance sheet	32 930	7 245	12 862	2 830
Net temporary differences - deferred tax liability/asset (-)	**-**	**-**	**-**	**-**
Deferred tax asset/liability in balance sheet	**-**	**-**	**-**	**-**

* Klaveness AS (KAS), Klaveness Ship Management AS (KSM), KCC Shipowning AS (KCCS), KCC Chartering AS (KCCC), Klaveness Dry Bulk AS (KDB), Cargo Intelligence AS (CIA) and Klaveness Digital AS (KD).

08 Financial assets and financial liabilities

The Company holds a bond loan of NOK 700 million (KCC04) which is listed on Oslo Stock Exchange. The bond loan has a bullet structure with no repayment until maturity in February 2025. The bond carries a coupon of 3 months NIBOR plus a margin of 4.75% p.a with quarterly interest payments.

The total bond loan was swapped to USD with fixed rate (cross currency interest rate swaps /CCIRS). The cross-currency interest rate swaps qualify for hedge accounting and are recognised at fair value with changes through other comprehensive income.

Bond loan (KCC04)	Face value NOK' 000	Year of maturity	Carrying amount USD' 000
KCC04	700 000	11.02.2025	76 390
Exchange rate adjustment			(5 730)
Capitalized expenses			(527)
Bond discount			(158)
Total bond loan	**700 000**		**69 975**

Maturity profile to financial liabilities at 31 December 2022
The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments including interest payments and interest hedge.

Maturity profile (USD '000)	< 1 year	1-3 years	3-5 years	> 5 years	Total
Bond loan (incl interests)	4 757	81 867	-	-	**86 624**

Covenants
As per 31 December 2022, the Company is in compliance with all financial covenants. Covenants relate to minimum equity (USD 125 million), equity ratio (30%), and cash (USD 15 million) on a consolidated basis.

Financial assets (USD '000)	2022	2021
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	1 272	2 556
Financial assets	**1 272**	**2 556**
Current	744	-
Non-current	528	2 556

Financial liabilities (USD '000)	2022	2021
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	2 466	43
Financial liabilities	**2 466**	**43**
Current	-	-
Non-current	2 466	43

KCC guarantees on behalf of KCC Shipowning AS (part of the KCC Group) to the lending banks for the mortgage debt including unpaid interest, costs and hedging agreements. As of 31.12.2022 sum of loans, accrued interest and net mark-to-mark on hedging contracts amounts to USD 263.0 million.

(USD '000)	2022	2021
Mortgage debt	249 303	273 929
Net MtM hedging agreements	11 110	553
Accrued unpaid interest	2 541	1 355
Book value of guarantees provided	**262 954**	**275 837**

09 Financial items

Finance income (USD '000)	2022	2021
Interest income	541	50
Interest income from related parties (note 5)	541	577
Income from investments in subsidiaries	29 100	-
Other financial income from related parties (note 5)	536	577
Finance income	**30 718**	**1 204**

In 2022, the Company has receieved dividends of USD 29.1 million from it subsidiary KCC Shipowning AS (note 3).

Finance cost (USD '000)	2022	2021
Interest paid to related parties (note 5)	(49)	-
Other interest expenses	(382)	(589)
Interest expenses bond loan	(4 767)	(4 371)
Amortization capitalized fees on loans	(253)	(253)
Other financial expenses	46	(90)
Loss on foreign exchange	(211)	(525)
Finance expenses	**(5 615)**	**(5 828)**

10 Restatement of 2021

The merger of KCC ASA and KCC KBA AS (a 100% owned subsidiary) was registered 3 August 2022. The merger was made as KCC KBA AS had no remaining business activities. The merger has been treated in the accounts based on pooling of interest method due to business combination under common control, continuation as from 1 January 2022 and restatement of prior period (2021) to reflect as if the companies were combined as per beginning of the comparable period.

As KCC KBA AS owned and operated one CLEANBU vessel until it was sold in February 2021, loss for 2021 is classified as discontinued operations.

Income statement (USD '000)	**KCC ASA**	**KCC KBA AS**	**#1**	**#2**	**#3**	**2021 Restated**
Operating revenue, vessels	-	1 300	(1 300)	-	-	-
Service and management fee revenue	842	-	-	-	(14)	828
Total revenues	**842**	**1 300**	**(1 300)**	**-**	**(14)**	**828**
Voyage costs	-	77	(77)	-	-	-
Operating expenses, vessels	-	(452)	452	-	-	-
Loss on sale of assets	-	(777)	777	-	-	-
Group administrative services	(1 299)	(48)	48	-	-	(1 299)
Salaries and social expenses	(1 780)	-	-	-	-	(1 780)
Other operating and administrative expenses	(650)	(18)	18	-	-	(650)
Operating profit (EBITDA)	**(2 886)**	**83**	**(83)**	**-**	**(14)**	**(2 900)**
Depreciation	-	(185)	185	-	-	-
Operating profit after depreciation (EBIT)	**(2 886)**	**(102)**	**102**	**-**	**(14)**	**(2 900)**
Finance income	9 652	2	(2)	(8 398)	(50)	1 204
Finance expenses	(5 828)	(334)	334	-	-	(5 828)
Profit before tax from continued operations	**939**	**(433)**	**433**	**(8 399)**	**(64)**	**(7 524)**
Income tax expenses	1 848	(1 848)	1 848	-	-	1 848
Profit after tax from continued operations	**2 787**	**(2 281)**	**2 281**	**(8 399)**	**(64)**	**(5 676)**
Profit after tax from discontinued operations	-	-	(2 281)	-	64	(2 217)
Profit after tax	**2 787**	**(2 281)**	**-**	**(8 398)**	**-**	**(7 893)**

Comments to adjustments
#1) Elimination of discontinued operations
#2) Elimination of group contribution from KCC KBA recognised as finance income in KCC ASA.
#3) Elimination of intercompany transactions

Assets (USD '000)	**KCC ASA**	**KCC KBA AS**	**#4**	**#5**	**2021 Restated**
Investment in subsidiaries	263 357	-	(15 507)	-	247 850
Long-term loan to related parties	15 000	-	-	-	15 000
Financial assets	2 556	-	-	-	2 556
Other long-term receivables	70	-	-	-	70
Total non-current assets	**280 983**	**-**	**(15 507)**	**-**	**265 476**
Inventories	166	-	-	-	166
Trade receivables and other current assets	77	1	-	-	78
Cash and cash equivalents	21 029	192	-	-	21 221
Short-term loan to related parties	6 465	-	-	(300)	6 165
Short-term receivables from related parties	45	895	-	(884)	56
Total current assets	**27 782**	**1 088**	**-**	**(1 184)**	**27 686**
Total assets	**308 765**	**1 088**	**(15 507)**	**(1 184)**	**293 162**

Liabilities (USD '000)	**KCC ASA**	**KCC KBA AS**	**#4**	**#5**	**2021 Restated**
Share capital	6 234	1 109	(1 109)	-	6 234
Share premium	243 054	6 091	(6 091)	-	243 054
Other reserves	(330)	-	-	-	(330)
Retained earnings	(26 077)	(6 412)	(8 307)	-	(40 796)
Equity attributable to equity holders of the parent	**222 881**	**788**	**(15 507)**	**-**	**208 162**
Bond loan	78 205	-	-	-	78 205
Financial liabilities	43	-	-	-	43
Total non-current liabilities	**78 248**	**-**	**-**	**-**	**78 248**
Current debt to related parties	1 099	300	-	(1 184)	215
Trade and other payables	6 536	-	-	-	6 536
Total current liabilities	**7 636**	**300**	**-**	**(1 184)**	**6 751**
Total equity and liabilities	**308 765**	**1 088**	**(15 507)**	**(1 184)**	**293 162**

Comments to adjustments
#4) Elimination of shares in KCC KBA AS as per 31 December 2021
#5) Intercompany balances between the two merging companies as per 31 December 2021

10 Restatement of 2021

Reconciliation of cash flow from discontinued operations in restated cash flow statement

Cash flow statement (USD '000)	2021 KCC KBA AS
Profit before tax	(435)
Loss/ (gain) on sale of fixed assets	777
Ordinary depreciation	185
Exchange rate	(125)
Interest income	(2)
Interest expenses	272
Change in current assets	195
Change in current liabilities	(2 193)
Interest received	2
A: Net cash flow from operating activities	**(1 324)**
Sale of asset	3 182
B: Net cash flow from investment activities	**3 182**
Proceeds from loan from related parties	300
Repayment of loan from related parties	(6 500)
Interest paid	(272)
Group contribution	(2 756)
Repayment of financial lease liabilities	(3)
C: Net cash flow from financing activities	**(9 231)**
Net change in liquidity in the period (A + B + C)	**(7 373)**
Cash and cash equivalents at beginning of period	7 565
Cash and cash equivalents at end of period	192
Net change in cash and cash equivalents in the period	**(7 373)**
Net cash flow from discontinued operations	**(7 373)**

11 Events after the balance sheet date

On 15 February 2023, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 15.7 million for Q4 2022 (USD 0.30 per share). A provision of USD 15.7 million has been included as trade and other payabels as per 31 December 2022.

On 22 February 2023, the CEO of Klaveness Combination Carriers ASA, Engebret Dahm, exercised all his 38,580 options in the Company against cash settlement by the Company. The share options were granted in December 2019 and were fully vested in December 2022 (Group note 7). The amount payable per share from the Company is equal to NOK 81.0 per share (close on 22 February 2023) less exercise price of NOK 32.8 per share (exercise price at grant date less dividends paid since grant date). The option settlement in cash of USD 0.2 million will be recognized as payroll expenses in Q1 2023.

There are no other events after the balance sheet date that have material effect on the Financial Statement as of 31 December 2022.

Responsibility Statement

The responsibility statement includes the Board of Directors and the CEO's approval of Annual Report 2022.

We confirm that, to the best of our knowledge, the consolidated financial statements for the period 1 January to 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union and give a true and fair view of the Company's assets, liabilities, financial position and profit. We also confirm, to the best of our knowledge, that the Board of Directors' Report includes a fair review of important events that have occurred during the financial year and their impact on the consolidated financial statements of Klaveness Combination Carriers ASA, and a description of the principal risks and uncertainties for 2023.

The CEO and Board of Directors of Klaveness Combination Carriers ASA

Admincontrol

List of Signatures

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Name	Method	Signed at
Johansen, Winifred P Loum	BANKID_MOBILE	2023-03-06 18:02 GMT+01
Andreassen, Gøran	BANKID_MOBILE	2023-03-06 17:09 GMT+01
Øvreås, Magne	BANKID_MOBILE	2023-03-06 17:03 GMT+01
Dahm, Engebret	BANKID	2023-03-06 16:48 GMT+01
MEYER, ERNST ANDRÉ	BANKID_MOBILE	2023-03-06 16:41 GMT+01
Eilertsen, Brita	BANKID	2023-03-06 19:57 GMT+01

Auditor’s report

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Klaveness Combination Carriers ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Klaveness Combination Carriers ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2022 and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2022, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- 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 cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- 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 cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

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

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders in 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate

opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Accounting estimates related to vessels

Basis for the key audit matter

The accounting estimates for vessels have a material impact for the Group due to their cumulative value and long-lived nature. The key estimates requiring judgment include determination of useful lives and residual values, identification of cash generating units (CGU), evaluation of indicators of impairment, and if present, testing carrying values for impairment based on estimated recoverable amounts. As these estimates have material impact for the Group, this was considered a key audit matter.

Management estimated useful lives based on experience as well as industry practice for conventional dry bulk and tanker vessels respectively and considering the risk of assets becoming stranded. The residual value has been based on an average of observable recycling prices, considering the expected impact of the EU Ship Recycling Regulation for safer and greener recycling.

Management considers the fleet of CLEANBU and the fleet of CABU as two separate cash generating units (“CGUs”) in their assessment of impairment indicators. Management did not identify indicators of impairment for any CGU, and therefore no impairment test was performed. The assessment included an evaluation of external and internal factors, including market rates, changes in technological, economic or legal environment, changes to discount rates, market capitalization, physical damage and actual utilization of the vessels.

Our audit response

Based on our understanding of the nature of the Group’s business and the economic environment in which its vessels operate, we assessed the determination of the different CGUs that make up the Group.

We evaluated the management’s estimation of useful lives and residual value, and compared these to industry practice, experience with similar type of vessels and environmental developments, available data for green recycling, experience from prior years and plans for docking and maintenance. We further recalculated depreciations for the year.

We reviewed the potential indicators of impairment that would require impairment testing of CGUs and evaluated management’s assessment of indicators.

Finally, we read the disclosures regarding these judgments, which are included in note 9 of the Group’s consolidated financial statements.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors’ report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal

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

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Klaveness Combination Carriers ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name KCCASA-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial

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information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 6 March 2023
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The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

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Johan Nordby
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