



Klaveness
Combination Carriers

First
Quarter
2022



KEY DEVELOPMENTS

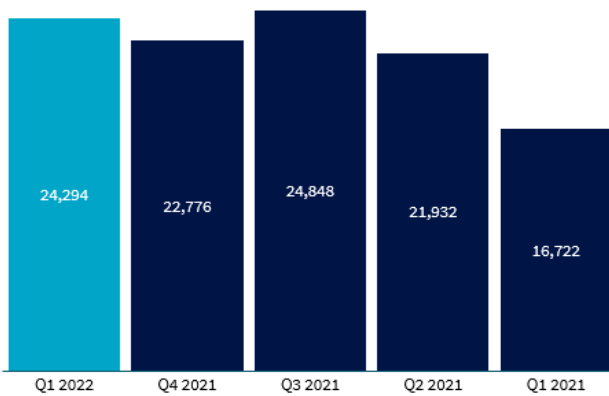
- Q1 average fleet TCE earnings¹ 21,577 \$/day, 1.8-2.8 times higher than standard tanker vessel earnings
- Q1 EBT USD 7.3 million and Adjusted EBITDA¹ USD 17.8 million
- Three new CLEANBU Clean Petroleum Product customers secured YTD
- Concluded contracts for major energy efficiency retrofit installations on two vessels
- Continued improvement in absolute CO₂ emissions per vessel in Q1
- Dividends for Q1 USD 0.18 per share, in total USD 9.4 million

“KCC reports satisfactory profitability in Q1 2022 despite a relatively weak start of the year for both the product tanker and dry bulk markets. Both markets improved considerably during the quarter and with both markets at historically strong levels, the outlook for KCC’s TCE earnings for Q2 is the highest for over ten years. This is further supported by high fuel prices due to KCC’s market leading energy and trading efficiency.”

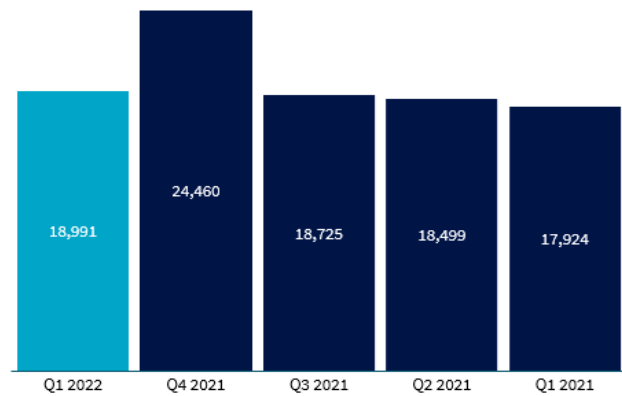


Engebret Dahm, CEO
Klaveness Combination Carriers ASA

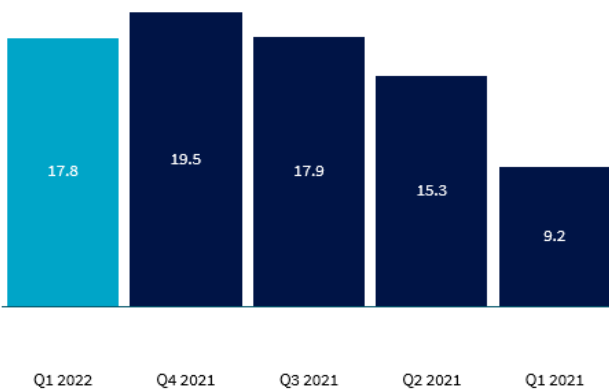
Average CABU TCE earnings (\$/d)



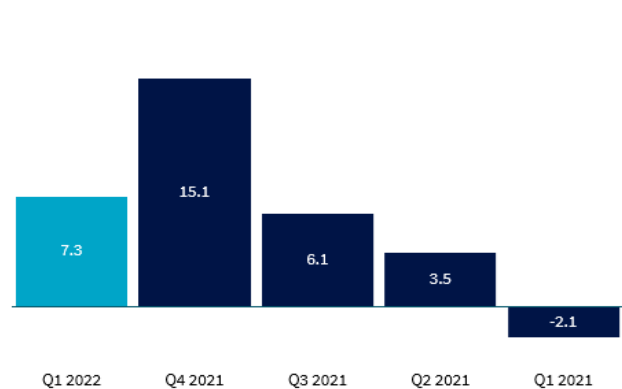
Average CLEANBU TCE earnings (\$/d)



Adjusted EBITDA (MUSD)



Profit/(loss) after tax (MUSD)



¹ TCE earnings and adjusted EBITDA are alternative performance measures (APMs) defined and reconciled in appendix 1.

FINANCIAL PERFORMANCE

KEY FIGURES

(USD '000)	Q1 2022	Q4 2021	Q1 2021	2021
Net revenues from vessel operations	30 143	34 556	21 128	115 868
EBITDA (appendix 1)	17 793	26 998	8 273	67 064
EBITDA adjusted (appendix 1)	17 793	19 466	9 186	61 782
Profit/(loss) for the period	7 340	15 115	(2 045)	22 600
Earnings per share (USD)	0.14	0.30	(0.04)	0.46
Total assets	633 191	629 931	596 776	629 931
Equity	266 228	254 417	211 622	254 417
Equity ratio	42 %	40 %	35 %	40 %
ROCE adjusted (appendix 1)	7 %	8 %	2 %	5 %

	Q1 2022	Q4 2021	Q1 2021	2021
Average TCE earnings (appendix 1)	21 577 \$/d	23 617 \$/d	17 185 \$/d	20 961 \$/d
Opex per day (appendix 1)	7 392 \$/d	8 577 \$/d	7 693 \$/d	7 960 \$/d
Onhire days	1 397	1 443	1 244	5 523
Off-hire days, scheduled	2	53	47	210
Off-hire days, unscheduled	40	44	5	83
% of days in combination trades ¹	72 %	75 %	68 %	68 %
Utilisation ²	95 %	91 %	91 %	92 %

CONSOLIDATED RESULTS

Net profit after tax for the first quarter ended at USD 7.3 million compared to USD 15.1 million in Q4 2021 and negative USD 2.0 million in Q1 2021. Adjusted EBITDA for the period ended at USD 17.8 million down from USD 19.5 million in Q4 2021 and up from USD 9.2 million in Q1 2021. The decrease Q-o-Q is mainly due to lower TCE earnings for the CLEANBU vessels and less CABU on-hire days, partly offset by higher CABU TCE earnings and lower operating expenses. Q4 2021 as well had USD 7.8 million positive one-offs mainly related to sale of one vessel. Q1 2022 TCE earnings were negatively impacted by both weaker product tanker and dry bulk markets in January and first part of February. Main effects of the strong recovery in both markets from mid/end February, partly because of the sad Russian invasion of Ukraine, will have effect in Q2 2022. Administrative expenses and depreciation were quite stable in first quarter 2022 compared to fourth quarter 2021, while net finance cost decreased by USD 1.3 million Q-o-Q due to negative foreign exchange effects in fourth quarter 2021 and positive effects from interest rate derivatives in first quarter 2022.

COVID-19 related off-hire was 40 days in first quarter 2022 due to infection onboard MV Ballard (32 days) and deviations for crew changes (8 days). The total negative COVID-19 impact is estimated to be approximately USD 1 million for Q1 2022 (whereof 80% lost earnings), up from USD 0.7 million in Q4 2021.

CAPITAL AND FINANCING

Cash and cash equivalents ended at USD 56.6 million by the end of March 2022, an increase of USD 2.6 million from year-end 2021, driven by a positive operating cash flow of USD 21.1 million in the quarter, to a large extent offset by debt service and dividend payments.

Total equity increased by USD 11.8 million during the quarter and ended the quarter at USD 266.2 million mainly due to a total comprehensive income of USD 17.0 million, partly offset by dividends of USD 5.2 million. The equity ratio ended at 42.0% per end of first quarter, up from 40.4% at the year-end 2021.

Interest-bearing debt decreased by USD 6.4 million during first quarter 2022 and ended at USD 348.1 million mainly a result of regular debt repayment. KCC, through a subsidiary, had per end of March 2022 USD 30.0 million available and undrawn under a long-term revolving credit facility and USD 20.0 million available and undrawn under a 364-days overdraft facility falling due in December 2022 (in total USD 50 million available).

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

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

EVENTS AFTER THE BALANCE SHEET DATE

On 10 May 2022, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 0.18 per share for first quarter 2022, in total USD 9.4 million.

In April 2022, KCC concluded agreements for energy efficiency retrofit installations for two vessels with a total project cost including design and shipyard installation of around USD 7.0 million. The two installations include an air lubrication system and a shaft generator and KCC has received approximately USD 1 million in grant from ENOVA, the Norwegian government enterprise promoting the transition to a low emission society, for the project. The installations have an estimated +10% reduction in fuel consumption and CO₂ emissions, with an estimated cash-on-cash pay-back of 8 years.

Ernst Meyer was elected as a new Chair of the Board in the General Meeting 29 April 2022 and Brita Eilertsen and Gøran Andreassen were elected new Board members. Magne Øvreås and Winifred Johansen will continue as Board members.

THE CABU BUSINESS

KEY FIGURES	Q1 2022	Q4 2021	Q1 2021	2021
Average TCE earnings (note 2)	24 294 \$/d	22 776 \$/d	16 722 \$/d	21 571 \$/d
Opex per day (note 2)	7 039 \$/d	8 317 \$/d	7 457 \$/d	7 662 \$/d
Onhire days	681	723	766	3 073
Off-hire days, scheduled	2	53	39	143
Off-hire days, unscheduled	36	28	4	46
% of days in combination trades ¹	60 %	50 %	65 %	69 %
Ballast days in % of total on-hire days ³	13 %	20 %	16 %	16 %
Utilisation ²	93 %	88 %	93 %	92 %

Average TCE earnings per on-hire day for the CABU vessels for Q1 2022 ended at \$24,294/day, an increase of approximately \$1,500/day from Q4 2021 and approximately \$7,600/day up from Q1 2021. TCE-earnings for the CABU fleet were 2.8 times higher than the spot market for standard MR tankers, driven by a continued strong dry bulk market and a strengthening product tanker market. Share of days in combination trades was limited to 60% in Q1 2022 due to positioning of two vessels from the Atlantic to the Pacific, deviations due to the Russian invasion in Ukraine, as well as trading of one vessel in dry bulk trades in the Pacific due to seasonally low caustic shipment volumes during the quarter.

Operating costs for the first quarter were approximately \$600/day lower than the average for 2021, and down approximately \$1,300/day from previous quarter and down \$400/day compared to Q1 2021 mainly due to timing of maintenance and crew changes. Operating costs for the CABU fleet are expected to increase over the coming quarters. The CABU fleet had 36 unscheduled off-hire days in Q1 2022 of which 32 days related to COVID-19 infection onboard MV Ballard and four days due to crew change. MV Ballard completed drydocking in China in April (in total 10 off-hire days of which 2 days in Q1 2022).

THE CLEANBU BUSINESS

KEY FIGURES	Q1 2022	Q4 2021	Q1 2021	2021
Average TCE earnings (note 2)	18 991 \$/d	24 460 \$/d	17 924 \$/d	20 195 \$/d
Opex per day (note 2)	7 746 \$/d	8 862 \$/d	8 053 \$/d	8 321 \$/d
Onhire days	716	720	478	2 450
Off-hire days, scheduled	-	-	8	68
Off-hire days, unscheduled	4	16	-	38
% of days in combination trades ¹	84 %	94 %	73 %	66 %
Ballast days in % of total on-hire days ³	7 %	13 %	24 %	18 %
Utilisation ²	98 %	94 %	88 %	91 %

CLEANBU TCE earnings per on-hire day ended at \$18,991/day, a decrease of approximately \$5,500/day from last quarter and an increase of \$1,100/day from Q1 2021. The CLEANBU TCE-earnings were particularly hit by a weak LR1 market in the start of 2022. The CLEANBU fleet still outperformed the LR1 tanker vessel spot earnings by a multiple of 1.8 in first quarter. A continued strong dry bulk market and efficient trading with low ballast (7%) and high percentage of combination trading (84%) had positive impact on TCE earnings in first quarter.

Average operating costs for the CLEANBU vessels ended at \$7,746/day, a decrease of approximately \$1,100/day compared to previous quarter and down \$300/day compared to the same quarter last year. Opex per day in first quarter was lower than the average for 2021 due to timing of maintenance and crew changes. Operating costs for the CLEANBU fleet are expected to increase over the coming quarters. Limited unscheduled off-hire of 4 days in first quarter mainly related to crew changes.

¹ % of days in combination trades = see definition on page 3.

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

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

⁴ Clarksons, MR (CABU) and LR1 (CLEANBU) tanker multiple calculated based on assumption of one month advance cargo fixing/«lag».

MARKET DEVELOPMENT

AVERAGE MARKET RATES ¹	Q1 2022	Q4 2021	Q1 2021	2022 YTD	2021
Dry Bulk rates - P5TC (\$/day)	22 200	32 000	15 000	22 200	26 000
Average MR Clean tanker rates - TC7 (\$/day)	8 800	6 000	6 400	8 800	6 400
Average LR1 tanker rates - TC5 (\$/day)	10 500	11 000	11 000	10 500	10 600
Fuel price - VLSFO (\$/mt)	670	590	440	670	520

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

The **dry bulk** freight market had a weak start to the year affected by normal seasonality and Indonesia banning exports of coal in January. The market recovered strongly into February bringing the average earnings in first quarter 2022 to a healthy \$22,200/day, around \$10,000/day lower than fourth quarter 2021. The Panamax market was driven by strong demand across most commodities and various disruptions causing high congestion and high fuel prices slowing down the speed of the fleet. On the negative side, demand from China was relatively weak in first quarter due to lower steel production and higher coal prices leading to a ramp up in domestic supply of coal.

Total demand² measured by total ton duration for shipping of dry bulk commodities increased by 3.7%, respectively, Y-o-Y in Q1, while total Panamax demand across all commodities was up 8.9% Y-o-Y. Demand for minor bulks and bauxite continued to grow strongly Y-o-Y (11% and 28% respectively), while iron ore demand only grew slightly Y-o-Y (3%) as supply was hit by heavy rain and demand from China was impacted by the recent surge in COVID-19 cases slowing down steel production. Coal demand increased by 6% Y-o-Y as Europe started to replace Russian coal with volumes from other more distant exporters. Demand for grain was flat Y-o-Y affected negatively by weaker exports from Russia and Ukraine.

The nominal fleet growth² for the dry bulk fleet in total and the Panamax segment was 3.7% and 3.6% Y-o-Y in Q1. However, the effective fleet growth in the Panamax segment was -4.7% due to both higher congestion and slower sailing speed on the back of higher fuel prices.

Product tanker earnings fell back substantially in early January and remained at very weak levels during January and most of February. The markets improved substantially towards the end of the first quarter driven by improved demand combined with low inventories, improved refining margins and arbitrage opportunities caused by the Russian invasion of Ukraine. Average LR1 and MR product tanker earnings ended at \$10,500/day and \$8,800/day, respectively. Although oil demand has seen a recovery, renewed lockdowns in China represents a demand headwind. Furthermore, the Russian invasion of Ukraine has led to significant disruption to the oil trade and sailing distances are likely to increase as buyers find alternative product sources to Russia. However, it is uncertain how the second order effects, such as potential lower economic growth and further supply chain disruptions, will impact the demand for seaborne transportation going forward.

Caustic soda availability remains a challenge in most markets with strong caustic demand in all sectors and overall limited supply leading to caustic soda prices increasing by 20-30% since late 2021. There has been limited export activity from the US market and spot export volume from Northeast Asia, especially from Japan remaining quite tight. The situation has been exacerbated over the recent month by uncertainty in the Chinese market and lower operating rates at Chinese producers following strict COVID-19 lockdown restrictions.

Brent crude oil prices ended at around USD 108 per barrel, up 39% Q-o-Q. Average fuel oil price (VLSFO) ended at USD 770/mt, an increase of around 26% Q-o-Q.

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

² Clarksons and Klaveness Research

▶ HEALTH, SAFETY AND ENVIRONMENT

HEALTH AND SAFETY KPIS	Q1 2022	Q4 2021	Q1 2021	2021
# of medium ⁶ injuries	0	0	0	0
# of major ⁷ injuries	0	0	0	1
# of navigational incidents	0	0	0	0
# of spills to the environment	0	0	0	0

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

The COVID-19 management plan that was implemented in Q3 2020 has worked well and there have not been any infections on board KCC vessels after the implementation until Q1 2022, when crew on board two vessel were infected by the more contagious Omicron COVID-19 virus variant, having only mild symptoms. Investigations showed that in both cases, contagion was brought onboard by visitors to the vessels, and corrective measures have been implemented. It is recognized that the management plan with extensive periods of isolation and uncertainty for people onboard has caused stress. High attention to mental health among our crew has been key in this period.

Focus continues to be on repatriating crew at the end of their service period without delays. Around 95% of all crew onboard KCC vessels are fully vaccinated. Less crew tested positive in Q1 2022 compared to Q4 2021 when going into isolation before being transferred to the vessels. Combined with favourable port calls, ease on crew change restrictions and increased number of available flights resulted in more crew changes in Q1 2022 compared to Q4 2021. Hence, KCC had a limited 6% crew on extended contracts at the end of Q1 2022 compared to 13% at the end of 2021. No crew had per end of Q1 been onboard for more than 12 months.

ENVIRONMENTAL KPIS	BENCHMARK Q1	Q1 2022	Q1 2021	2021	TARGET 2022
CO ₂ emission per ton transported cargo per nautical mile (EEOI) (grams CO ₂ /(tons cargo x nautical miles)) ^{1,5}	9.4	7.3	7.4	7.4	5.8
Average CO ₂ emission per vessel (metric tons CO ₂ /vessel-year) ²	N.A.	17,600	20,900	18,800	17,700
% of days in combination trades ³	N.A.	72 %	66 %	68 %	90 %
Ballast days in % of total on-hire days ^{4,5}	33 %	10 %	19 %	17 %	7.5%

EEOI in Q1 2022 for KCC's fleet was 7.3, up from 7.1 in Q4 2021 and down from 7.4 in average for 2021. Despite limited ballast, both the CABU I and the CLEANBU fleet reported increased EEOI compared to Q4 due to shorter laden distance and lower weight of cargo carried. The CABU II fleet improved its EEOI Q-o-Q due to longer laden distance, higher cargo weight, less ballast and positive effects of ongoing energy efficiency initiatives. A quarter of the fleet delivered EEOI close to the 2022 target of 5.8 during the quarter.

Average CO₂ emissions per vessel-year in Q1 2022 ended at 17,600 mt, down 9% from 19,400 mt in Q4 2021. All vessel segments saw significant improvements in this KPI, and 10 out of 16 vessels reached the 2022 target of 17,700 mt in first quarter. This is partly the effect of the completion of the docking of two CABU II vessels and one CABU I vessel in second half of 2021, where energy efficiency measures were installed and implemented. Docking of another three CABU vessels and one CLEANBU vessel during the remaining part of 2022 is expected to deliver further improvement in technical performance over the coming quarters.

The KPI ballast%, which is the percentage of time sailing in ballast condition of total on-hire days, decreased from 17% in Q4 2021 to 10% in Q1 2022. The main reason for a lower ballast% is that the CLEANBU fleet, of which the three last vessels were delivered in 2021, entered reliable combination trade routes where days in ballast is minimized.

¹ EEOI (Energy Efficiency Operational Index) is defined by IMO and represents grams CO₂ emitted per transported ton cargo per nautical mile for a period of time (both fuel consumption at sea and in port included).

² Average CO₂ emissions per vessel = total CO₂ emissions in metric tons/vessel years. Vessel years = days available - off-hire days at yard. When new vessels are delivered to the fleet, the vessel years are calculated from the date the vessel is delivered.

³ % of days in combination trades = see definition on page 3.

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

⁵ Benchmark: The EEOI and % ballast for "Benchmark standard vessels" are calculated based on standard vessels (Panamax/Kamsarmax dry bulk vessels, MR-tankers and LRI-tankers) making the same transportation work in the same trades as performed by KCC's CABU and CLEANBU vessels. The EEOI for "Benchmark standard vessels" is calculated as the weighted average of EEOI for the individual trades performed. There is a degree of uncertainty related to the benchmark values as these are estimated using data from Baltic Exchange and AXS Marine.

⁶ Medium = medical treatment and repatriation, will return to work.

⁷ Major = Severe injury death.

OUTLOOK

The 2022 market outlook has improved considerably over the last months and for the first time since the establishment of KCC in 2018 all three markets: the dry bulk market, the product tanker market and the fuel prices are strong at the same time and are expected to maintain strength for the next quarters. The effects on all three markets from the sad Russian war on Ukraine is expected to remain over the next quarters, but the most recent COVID-19 related shutdowns in China will likely have negative impact on especially the dry bulk market. The longer-term outlook is more uncertain due to a highly unpredictable macro environment. A historic low orderbook and tight yard capacity will cap fleet growth for the next couple of years limiting downside risks in both the tanker and dry bulk market.

The CABU fleet has a positive earnings outlook based on high caustic soda contract booking for 2022. Currently 37 caustic soda cargoes have been booked for 2022, with an expectation of reaching a record high 42 cargoes during the year, implying efficient combination trading and hence strong TCE earnings for the fleet. All eight vessels will from June 2022 be employed in trades to/from Australia, where the CABU fleet over time has generated the highest earnings.

The earnings outlook for the CLEANBU fleet is also positive, supported by an expected continued relatively strong, albeit likely volatile, product tanker market through most of 2022. KCC expects the CLEANBU fleet to deliver continued improved trading efficiency, customer acceptance and freight pricing relative to standard tanker in 2022, maintaining a high share of the capacity in combination trading with a low ballast. The CLEANBU TCE earnings are, however, expected to continue to be more volatile than the CABUs in 2022 due to the full tanker market spot exposure of this segment.

Guarantee work for MV Barracuda and MV Baru is targeted for second quarter 2022 and first half of 2023 respectively with total off-hire estimated to be in total around 50 days in 2022. Approximately 50% of off-hire days connected to the guarantee work is estimated to be covered by loss of hire insurance. Due to the close down of certain regions in China, one scheduled dry docking has been pushed from Q2 2022 to Q3 2022 and the close down in China might have additional impact on other dry-docking.

Oslo, 10 May 2022

The Board of Directors of
Klaveness Combination Carriers ASA

Ernst Meyer
Chair of the Board

Gøran Andreassen
Board member

Magne Øvreås
Board member

Winifred Patricia Johansen
Board member

Brita Eilertsen
Board member

Engebret Dahm
CEO

INCOME STATEMENT

USD'000	Notes	Unaudited		Audited
		Q1 2022	Q1 2021	2021
Freight revenue	3	31 518	31 620	155 564
Charter hire revenue	3	14 951	5 767	41 909
Other revenue	3	-	-	482
Total revenues, vessels		46 469	37 387	197 955
Voyage expenses		(16 326)	(16 260)	(82 087)
Net revenues from operation of vessels		30 143	21 128	115 868
Gain on sale of vessels	3	-	-	6 360
Other income	3	-	-	1 422
Operating expenses, vessels		(10 502)	(11 127)	(49 212)
Group commercial and administrative services	8	(912)	(1 012)	(3 709)
Salaries and social expenses		(679)	(405)	(2 374)
Tonnage tax		(60)	(41)	(221)
Other operating and administrative expenses		(197)	(270)	(1 069)
Operating profit before depreciation (EBITDA)		17 793	8 273	67 064
Depreciation	4	(7 075)	(6 994)	(28 666)
Operating profit after depreciation (EBIT)		10 718	1 279	38 398
Finance income	6	281	138	74
Finance costs	6	(3 659)	(3 461)	(15 868)
Profit before tax (EBT)		7 340	(2 045)	22 606
Income tax expenses		-	-	(7)
Profit after tax		7 340	(2 045)	22 600
Attributable to:				
Equity holders of the parent company		7 340	(2 045)	22 600
Total		7 340	(2 045)	22 600
Earnings per Share (EPS):				
Basic earnings per share		0.14	0.04	0.46
Diluted earnings per share		0.14	0.04	0.46

STATEMENT OF COMPREHENSIVE INCOME

USD '000	Unaudited		Audited
	Q1 2022	Q1 2021	2021
Profit/ (loss) of the period	7 340	(2 045)	22 600
<i>Other comprehensive income to be reclassified to profit or loss</i>			
Net movement fair value on cross-currency interest rate swaps (CCIRS)	4 453	1 398	(404)
Reclassification to profit and loss (CCIRS)	(1 806)	332	2 773
Net movement fair value on interest rate swaps	5 580	2 885	4 500
Net movement fair value bunker hedge	280	(100)	(69)
Net changes on cost of hedging FFA hedge	(131)	-	(714)
Net movement fair value FFA hedge	1 321	(5 950)	(7 730)
Net other comprehensive income to be reclassified to profit or loss	9 697	(1 435)	(1 644)
Total comprehensive income/(loss) for the period, net of tax	17 037	(3 480)	20 955
Attributable to:			
Equity holders of the Parent Company	17 037	(3 480)	20 955
Total	17 037	(3 480)	20 955

STATEMENT OF FINANCIAL POSITION

(Figures in USD '000)

ASSETS	Notes	Unaudited 31 Mar 2022	Audited 31 Dec 2021
Non-current assets			
Vessels	4	531 117	536 864
Newbuilding contracts		-	-
Right-of-use assets		1 401	1 553
Long-term financial assets	5	12 161	4 048
Long-term receivables		70	70
Total non-current assets		544 749	542 535
Current assets			
Short-term financial assets	5	298	678
Inventories		11 244	12 279
Trade receivables and other current assets		20 080	18 484
Short-term receivables from related parties		242	2 018
Cash and cash equivalents		56 577	53 937
Total current assets		88 442	87 396
TOTAL ASSETS		633 191	629 931

EQUITY AND LIABILITIES		Unaudited 31 Mar 2022	Audited 31 Dec 2021
Equity			
Share capital	7	6 235	6 235
Share premium		153 732	153 732
Other reserves		1 543	(8 154)
Retained earnings		104 718	102 605
Total equity		266 228	254 417
Non-current liabilities			
Mortgage debt	5	244 082	249 993
Long-term financial liabilities	5	-	2 017
Long-term lease liabilities		847	1 008
Bond loan	5	80 094	78 205
Total non-current liabilities		325 022	331 223
Current liabilities			
Short-term mortgage debt	5	23 936	23 936
Other interest bearing liabilities	5,8	-	2 409
Short-term financial liabilities	5	1 241	-
Short-term lease liabilities		564	618
Trade and other payables		15 569	16 199
Short-term debt to related parties		510	895
Tax liabilities		120	233
Total current liabilities		41 941	44 291
TOTAL EQUITY AND LIABILITIES		633 191	629 931

Oslo, 10 May 2022

The Board of Directors of
Klaveness Combination Carriers ASA

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Chair of the Board

Gøran Andreassen
Board member

Magne Øvreås
Board member

Winifred Patricia Johansen
Board member

Brita Eilertsen
Board member

Engebret Dahm
CEO

STATEMENT OF CHANGES IN EQUITY

(Figures in USD '000)

Attributable to equity holders of the parent

Unaudited 2022	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging	Retained earnings	Total
Equity 1 January 2022	6 235	153 732	(147)	(7 294)	(714)	102 605	254 417
Profit (loss) for the period	-	-	-	-	-	7 340	7 340
Other comprehensive income for the period	-	-	-	9 828	(131)	-	9 697
Share option program	-	-	-	-	-	10	10
Dividends	-	-	-	-	-	(5 237)	(5 237)
Equity at 31 March 2022	6 235	153 732	(147)	(7 294)	(714)	102 605	266 228

Audited 2021	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging	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
Capital increase (November 4, 2021)	510	23 576	-	-	-	-	24 086
Dividends	-	-	-	-	-	(7 204)	(7 204)
Equity at 31 December 2021	6 235	153 732	(147)	(7 294)	(714)	102 605	254 417

CASH FLOW STATEMENT

(Figures in USD '000)

	Notes	Unaudited		Audited
		Q1 2022	Q1 2021	2021
Profit before tax		7 340	(2 045)	22 606
Tonnage tax expensed		60	41	221
Depreciation	4	7 075	6 994	28 666
Amortization of upfront fees bank loans		235	191	882
Financial derivatives unrealised loss / gain (-)	5	(114)	53	82
Gain on sale of vessels	3	-	-	(6 360)
Gain/loss on foreign exchange		(97)	(52)	726
Interest income	6	(70)	(138)	(74)
Interest expenses	6	3 424	3 461	14 175
Change in current assets		1 056	(7 074)	(8 797)
Change in current liabilities		(1 136)	(821)	2 038
Collateral paid/refunded on FFA (variation margin)	5	3 222	-	(8 390)
Interest received	6	70	138	74
A: Net cash flow from operating activities		21 065	748	45 850
Acquisition of tangible assets	4	(1 186)	(4 414)	(13 783)
Cash proceeds from sale of vessels	4	-	-	13 800
Transaction costs related to sale of vessels		-	-	(212)
Installments and other cost on newbuilding contracts		-	(69 938)	(105 322)
B: Net cash flow from investment activities		(1 186)	(74 352)	(105 517)
Proceeds from mortgage debt		-	55 000	169 000
Transaction costs on issuance of loans	5	-	(676)	(1 944)
Repayment of mortgage debt	5	(5 984)	(5 231)	(123 041)
Interest paid	6	(3 467)	(3 501)	(14 073)
Repayment of lease liabilities		(142)	(134)	(582)
Paid in registered capital increase		-	-	24 977
Transaction costs on capital increase		-	-	(878)
Dividends		(5 237)	(1 441)	(7 204)
C: Net cash flow from financing activities		(14 831)	44 017	46 254
Net change in liquidity in the period		5 048	(29 586)	(13 414)
Effect of exchange rate changes on cash		-	-	(742)
Cash and cash equivalents at beginning of period		51 529	65 685	65 685
Cash and cash equivalents at end of period*		56 577	36 099	51 529
Net change in cash and cash equivalents in the period		5 048	(29 586)	(13 414)
Cash and cash equivalents		56 577	36 099	53 937
Other interest bearing liabilities (overdraft facility)		-	-	2 409
Cash and cash equivalents (as presented in cash flow statement)		56 577	36 099	51 529

Notes

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01 Accounting policies

CORPORATE INFORMATION

Klaveness Combination Carriers ASA ("Parent Company"/"The Company"/"KCC") is a public limited liability company domiciled and incorporated in Norway. The share is listed on Oslo Stock Exchange (transferred from Euronext Expand as per 21 December 2021) with ticker KCC. The consolidated interim accounts include the Parent Company and its subsidiaries (referred to collectively as "the Group").

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

ACCOUNTING POLICIES

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

Tax

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

NEW ACCOUNTING STANDARDS

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

02 Segment reporting

Operating income and operating expenses per segment						
USD'000	CABU	Q1 2022 CLEANBU	Total	CABU	Q1 2021 CLEANBU	Total
Operating revenue, vessels	24 901	21 568	46 469	24 332	13 055	37 387
Voyage expenses	(8 362)	(7 964)	(16 326)	(11 667)	(4 593)	(16 260)
Net revenue from operations of vessels	16 539	13 604	30 143	12 666	8 462	21 128
Operating expenses, vessels	(4 997)	(5 506)	(10 502)	(5 960)	(5 168)	(11 127)
Group administrative services	(434)	(478)	(912)	(542)	(470)	(1 012)
Salaries and social expense	(323)	(356)	(679)	(217)	(188)	(405)
Tonnage tax	(28)	(32)	(60)	(23)	(18)	(41)
Other operating and administrative expenses	(94)	(104)	(197)	(145)	(125)	(270)
Operating profit before depreciation (EBITDA)	10 664	7 129	17 793	5 780	2 493	8 273
Depreciation	(2 887)	(4 187)	(7 075)	(3 882)	(3 112)	(6 994)
Operating profit after depreciation (EBIT)	7 777	2 941	10 718	1 898	(619)	1 279

Reconciliation of average revenue per onhire day (TCE earnings USD/day)						
USD'000	CABU	Q1 2022 CLEANBU	Total	CABU	Q1 2021 CLEANBU	Total
Net revenue from operations of vessels	16 539	13 604	30 143	12 666	8 462	21 128
Adjustment*	-	-	-	151	104	256
Net revenue ex adjustment	16 539	13 604	30 143	12 817	8 566	21 38
Onhire days	681	716	1 397	766	478	1 244
Average TCE earnings per onhire day (\$/d)	24 294	18 991	21 577	16 722	17 924	17 185

Reconciliation of opex per day						
USD'000	CABU	Q1 2022 CLEANBU	Total	CABU	Q1 2021 CLEANBU	Total
Operating expenses, vessels	4 997	5 506	10 502	5 960	5 168	11 127
Leasing cost (presented as depreciation)	71	71	142	81	54	134
Start-up cost CLEANBU vessels	-	-	-	-	(913)	(913)
Operating expenses, vessels adjusted	5 068	5 577	10 645	6 040	4 308	10 349
Operating days	720	720	1 440	810	535	1 345
Opex per day (\$/d)	7 039	7 746	7 392	7 457	8 053	7 693

* 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.

03 Revenue from contracts with customers

Disaggregated revenue information

The Group has income from COA contracts, spot voyages and TC contracts. Set out below is the disaggregation of the Group's revenue from contracts with customers.

Revenue types USD'000	Classification	Q1 2022	Q1 2021	2021
Revenue from COAs	Freight revenue	15 079	19 413	83 626
Revenue from spot voyages	Freight revenue	16 439	12 207	71 938
Revenue from TC contracts	Charter hire revenue	14 951	5 767	41 909
Other revenue	Other revenue	-	-	482
Total revenue, vessels		46 469	37 387	197 955
Gain on sale of vessels (note 4)	Gain on sale of vessels	-	-	6 360
Other income	Other income	-	-	1 422
Total other income		-	-	7 782

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).

MV Banasol was sold in December 2021 and gain of USD 6.4 million has been 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.

04 Vessels

Vessels USD '000	31 Mar 2022	31 Dec 2021
Cost price 1.1	734 955	599 826
Delivery of newbuildings	-	153 763
Adjustments acquisition value newbuildings delivered	-	1 408
Dry Docking	468	8 342
Technical upgrade	718	4 032
Disposal of vessel	-	(32 416)
Cost price end of period	736 141	734 955
Acc. Depreciation 1.1	198 092	195 568
Disposal of vessel	-	(25 560)
Depreciation for the period	6 932	28 083
Acc. Depreciation end of period	205 024	198 092
Carrying amounts end of period*	531 117	536 864
*carrying value of vessels includes dry-docking		
No. of vessels	16	16
Useful life (vessels)	25	25
Useful life (dry docking)	3-5	3-5
Depreciation schedule	Straight-line	Straight-line

Reconciliation of depreciations USD'000	Q1 2022	Q1 2021	2021
Depreciation vessels	6 932	6 860	28 083
Depreciation right of use assets	142	134	582
Depreciations for the period	7 075	6 994	28 666

ADDITIONS

The CABU vessels MV Ballard completed scheduled dry - docking early April 2022. Additions of USD 0.5 million is recognised in Q1 2022. Technical upgrade of USD 0.7 million is related to general improvement of the technical performance of the vessels and energy efficiency initiatives.

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. 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 March 2022.

05 Financial assets and liabilities

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

USD '000				
Mortgage debt	Description	Interest rate	Maturity	Carrying amount
DNB/SEB Facility	Term loan, USD 105 mill	LIBOR + 2.3 %	December 2023	81 754
SEB/SR-Bank/SPV Facility	Term loan/RCF, USD 90.75 mill	LIBOR + 2.3 %	October 2025	84 452
Nordea/Credit Agricole Facility*	Term Loan/RCF, USD 60 mill	LIBOR + 2.75 %	March 2025	26 471
Nordea/Danske Facility**	Term loan, USD 80 mill	LIBOR + 2.1 %	December 2026	77 823
Capitalized loan fees				(2 481)
Mortgage debt 31 March 2022				268 018

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

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

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

The Group is subject to certain financial covenants and other undertakings in financing arrangements. As per 31 March 2022 the Group is in compliance with all financial covenants. For further details on covenants please see the 2021 Annual Report.

Bond loan (Unsecured)	Face value	Maturity	Carrying amount
	NOK'000		31 Mar 2022
			USD'000
KCC04	700 000	11.02.2025	79 219
Exchange rate adjustment			1 806
Capitalized expenses			(716)
Bond premium			(215)
Total bond loan	700 000		80 094

USD '000	Fair value	Carrying amount	Carrying amount
	31 Mar 2022	31 Mar 2022	31 Dec 2021
Interest bearing liabilities			
Mortgage debt	246 563	246 563	252 547
Capitalized loan fees	-	(2 481)	(2 554)
Bond loan	77 176	81 025	79 219
Bond premium	-	(215)	(234)
Capitalized expenses bond loan	-	(716)	(779)
Total non-current interest bearing liabilities	323 740	324 175	328 198
Mortgage debt, current	23 936	23 936	23 936
Overdraft facility (Secured)	-	-	2 409
Total interest bearing liabilities	347 675	348 111	354 543

Financial assets		
USD '000	31 Mar 2022	31 Dec 2021
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	6 959	2 556
Interest rate swap	5 018	1 421
Forward freight agreements	-	660
Fuel Hedge	298	18
Financial instruments at fair value through P&L		
Interest rate swaps	185	71
Financial assets	12 460	4 727
Current	298	678
Non-current	12 161	4 048

Financial liabilities		
USD '000	31 Mar 2022	31 Dec 2021
Financial instruments at fair value through OCI		
Interest rate swaps	-	1 973
Cross-currency interest rate swap (CCIRS)	-	43
Forward freight agreements	1 241	-
Financial liabilities	1 241	2 017
Current	1 241	-
Non-current	-	2 017

06 Financial items

USD '000			
Finance income	Q1 2022	Q1 2021	2021
Other interest income	70	86	74
Fair value changes interest rate swaps	114	-	-
Gain on foreign exchange	97	52	-
Finance income	281	138	74

USD '000			
Finance cost	Q1 2022	Q1 2021	2021
Interest expenses mortgage debt	2 223	2 032	9 477
Interest expenses bond loan	1 126	1 100	4 371
Interest expenses lease liabilities	49	24	103
Amortization capitalized fees on loans	235	191	882
Other financial expenses	25	60	224
Fair value changes interest rate swaps	-	53	82
Loss on foreign exchange	-	-	726
Finance cost	3 659	3 461	15 868

07 Share capital, shareholders, dividends and reserves

Dividends of USD 5.2 million were paid to the shareholders in February 2022 (USD 0.10 per share).

08 Transactions with related parties

USD'000					
Type of services/transactions	Provider*	Price method	Q1 2022	Q1 2021	2021
Pool Participation*	BAU	Standard pool agreement	49	-	3 735
Dry Bulk	KAS	1.25 % of transaction value	(114)	(32)	(255)
Total net revenues from related parties			(66)	(32)	3 480

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

* Pool hire from BAU to KCC less pool management fee. MV Bangor exited the pool agreement on 3 January 2022.

USD'000					
Type of services/transactions	Provider*	Price method	Q1 2022	Q1 2021	2021
Business adm. services	KAS	Cost + 5% or overhead per employee	390	398	1 457
Business adm. services	KA Ltd	Cost + 5%	35	-	119
Commercial services	KSM, KDB (2021:KAS)	Cost + 7.5%	216	408	1 203
Subscription Cargo Value (linked to COA with external party)	CIA	Fixed fee	30	-	-
FFA trading	KDB (2021:KAS)	0.1 % of transaction value	29	-	49
Project management	KSM	Cost + 7.5 %	211	205	881
Total group commercial and administrative services			912	1 012	3 709

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

USD'000					
Type of services/transactions	Provider*	Price method	Q1 2022	Q1 2021	2021
Technical mngmnt fee (opex)	KSM	Fixed fee per vessel	955	965	3 979
Crewing and IT fee (opex)	KSM	Fixed fee per vessel	385	340	1 550
Supervision fee (newbuilding)	KSM	Partly cost and partly cost + 7.5 %	-	446	1 333
Board member fee (administrative expenses)	KAS	Fixed fee as per annual general meeting	24	23	94
Sales support, sale of vessel (gain on sale of vessels)	KAS	Cost for time used + 7.5 %	-	-	31
Technical mngmnt fee for termination of agreement (gain on sale of vessels)	KSM	3 months termination period	-	-	44
Total other services/ transactions			1 364	1 774	7 031

KCCC sold 328 FFA days (P4TC) for Q3 and Q4 2022 to KC, a related party in the Torvald Klaveness Group, at screen market pricing. Credit premium has not been included as the companies have the same rating. Market value of the portfolio with KC was negative USD 1.2 million as per 31 March 2022 presented as a financial liability in Statement of Financial Position.

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

09 Events after the balance sheet date

On 10 May 2022, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 9.4 million for Q1 2022 (USD 0.18 per share).

Ernst Meyer was elected as a new Chair of the Board in the General Meeting 29 April 2022. He will replace Lasse Kristoffersen. Brita Eilertsen and Gøran Andreassen were elected as new Board members and will replace respectively Rebekka Glasser Herlofsen and Morten Skedsmo.

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

Appendix 1 Reconciliation of alternative performance measures

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

Reconciliation of EBITDA adjusted and EBIT adjusted			
USD'000	Q1 2022	Q1 2021	2021
EBITDA	17 793	8 273	67 064
Gain on sale of vessels (note 3)	-	-	(6 360)
Other income (note 3)	-	-	(1 422)
Start-up costs CLEANBU vessels	-	913	2 500
EBITDA adjusted	17 793	9 186	61 782
EBIT	10 718	1 279	38 398
Gain on sale of vessels	-	-	(6 360)
Other income (note 3)	-	-	(1 422)
Start-up costs CLEANBU vessels	-	913	2 500
EBIT adjusted	10 718	2 192	33 116
Reconciliation of average revenue per onhire day (TCE earnings)			
USD'000	Q1 2022	Q1 2021	2021
Net revenues from operations of vessels	30 143	21 128	115 868
Other revenue (note 3)	-	-	(482)
Adjustment* (note 2)	-	256	390
Net revenue ex adjustment	30 143	21 383	115 776
Onhire days	1 397	1 244	5 523
Average revenue per onhire day (\$/d) (TCE earnings)	21 577	17 185	20 961
Reconciliation of opex per day			
USD'000	Q1 2022	Q1 2021	2021
Operating expenses, vessels	10 502	11 127	49 221
Leasing cost (presented as depreciation)	142	134	582
Start-up costs CLEANBU vessels	-	(913)	(2 500)
Operating expenses, vessels adjusted	10 645	10 348	47 304
Operating days	1 440	1 345	5 934
Opex per day (\$/d)	7 392	7 693	7 960
Reconciliation of total assets to capital employed and return on capital employed (ROCE) calculation			
USD'000	Q1 2022	Q1 2021	2021
Total assets	633 191	596 776	629 931
Total liabilities	366 963	385 154	375 514
Total equity	266 228	211 622	254 417
Total interest-bearing debt	348 111	358 906	354 543
Capital employed	614 339	570 528	608 961
EBIT adjusted annualised	42 873	8 768	33 116
ROCE adjusted	7 %	2 %	5 %

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

Reconciliation of equity ratio			
USD'000	Q1 2022	Q1 2021	2021
Total assets	633 191	596 776	629 931
Total equity	266 228	211 622	254 417
Equity ratio	42 %	35 %	40 %

Reconciliation of total interest-bearing debt			
USD'000	Q1 2022	Q1 2021	2021
Mortgage debt	244 082	189 542	249 993
Long-term bond loan	80 094	80 399	78 205
Short-term mortgage debt	23 936	88 965	23 936
Other interest bearing liabilities	-	-	2 409
Total interest-bearing debt	348 111	358 906	354 543

