



Klaveness  
Combination Carriers

# Second Quarter 2022



# KEY DEVELOPMENT

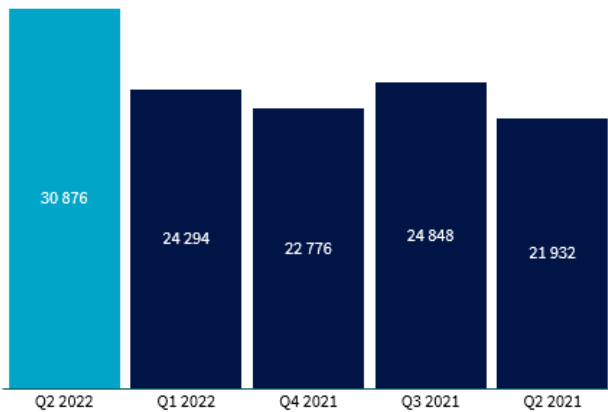
- Q2 average fleet TCE earnings<sup>1</sup> of 30,235 \$/day, the highest rates since 2011
- All-time high quarterly results with EBT of USD 16.2 million and EBITDA of USD 26.6 million
- Six new CLEANBU Clean Petroleum Product customers secured YTD
- Continued improvement in emission performance
- Dividend of USD 12.0 million (USD 0.23 per share), 28 % increase from Q1 2022

*“KCC delivered the strongest quarter ever in the Company’s history in Q2 with a 40% increase in TCE earnings compared to last quarter. This summer’s historically strong product tanker market will set the stage for another record-breaking quarter for KCC in Q3.”*

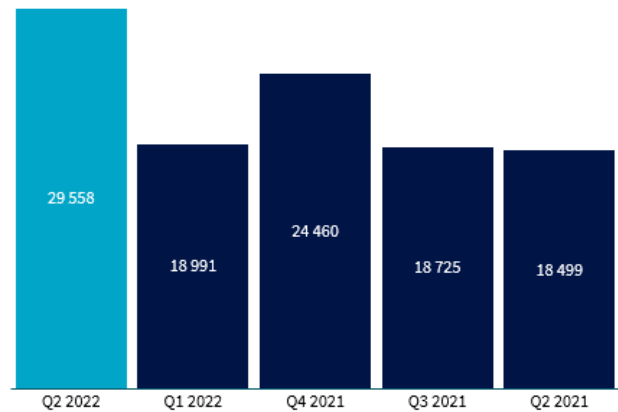


**Engebret Dahm, CEO**  
Klaveness Combination Carriers ASA

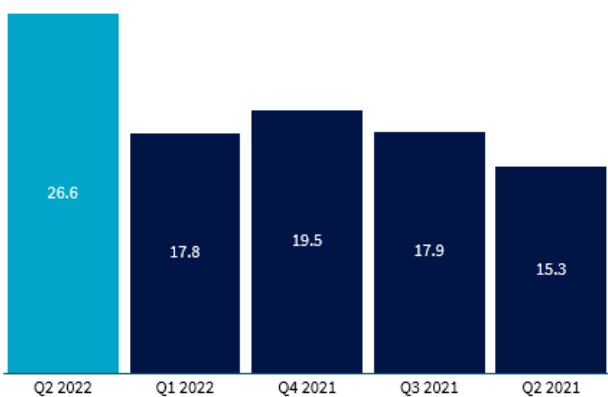
**Average CABU TCE earnings (\$/day)**



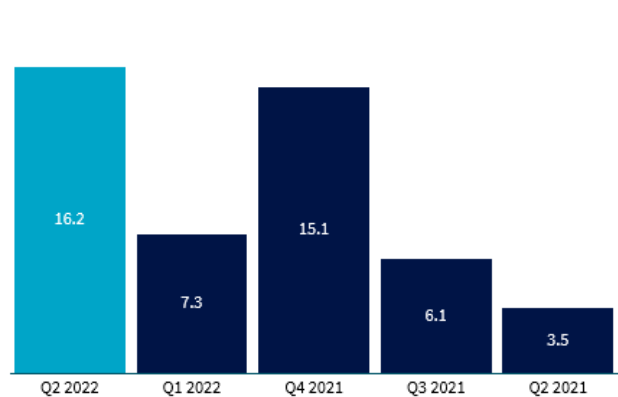
**Average CLEANBU TCE earnings (\$/day)**



**Adjusted EBITDA (MUSD)**



**Profit/(loss) after tax (MUSD)**



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



## FINANCIAL PERFORMANCE

### KEY FIGURES

(USD '000)	Q2 2022	Q1 2022	Q2 2021	1H 2022	1H 2021
Net revenues from vessel operations	41 312	30 143	28 334	71 449	49 462
EBITDA (appendix 1)	26 573	17 793	14 154	44 366	22 426
EBITDA adjusted (appendix 1)	26 573	17 793	15 274	44 366	24 460
Profit/(loss) for the period	16 196	7 340	3 457	23 537	1 411
Earnings per share (USD)	0.31	0.14	0.07	0.45	0.03
Total assets	643 463	633 191	617 876	643 463	617 876
Equity	280 297	266 228	201 107	280 297	201 107
Equity ratio	44 %	42 %	33 %	44 %	33 %
ROCE adjusted (appendix 1)	13 %	7 %	6 %	10 %	4 %

	Q2 2022	Q1 2022	Q2 2021	1H 2022	1H 2021
Average TCE earnings \$/day (appendix 1)	30 235	21 577	20 537	25 838	18 939
Opex \$/day (appendix 1)	8 711	7 392	7 727	8 054	7 712
On-hire days	1 456	1 397	1 368	2 752	2 612
Off-hire days, scheduled	59	2	50	61	97
Off-hire days, unscheduled	43	40	5	83	10
% of days in combination trades <sup>1</sup>	85 %	72 %	59 %	79 %	65 %
Utilisation <sup>2</sup>	90 %	95 %	93 %	93 %	92 %

### CONSOLIDATED RESULTS

#### Second quarter

Net profit after tax for the second quarter ended at USD 16.2 million compared to USD 7.3 million in Q1 2022 and USD 3.5 million in Q2 2021. Adjusted EBITDA for the period ended at USD 26.6 million up from USD 17.8 million in Q1 2022 and up from USD 15.3 million in Q2 2021. The increase Q-o-Q is mainly due to higher TCE earnings both for the CABU and the CLEANBU fleet, partly offset by less on-hire days and higher operating expenses. Q2 2022 TCE earnings were positively impacted by both a strengthening product tanker market and solid dry bulk fixtures, as well as fuel prices. The strong recovery in the product tanker market will mainly have effect on the CLEANBU fleet in Q3 2022 with several well paying long haul CPP voyages fixed towards the end of Q2. Higher administrative expenses in second quarter reflect higher activity, while depreciation was quite stable compared to first quarter 2022. Net finance cost decreased by USD 0.2 million Q-o-Q due to modification gain from refinanced loan facility, partly offset by higher interest expenses and negative foreign exchange effects.

#### First half

Net profit after tax for the first half 2022 ended at USD 23.5 million, up from USD 1.4 million in first half 2021, mainly due to higher TCE earnings for the fleet and full CLEANBU fleet on water after the deliveries of the three last newbuilds in 1H 2021, partly offset by one less CABU vessel sold in December 2021. The solid results for first half 2022 were driven by a strong dry bulk market, recovery in the product tanker market, high fuel prices and efficient combination trading. The fleet had in total 144 off-hire days in first half of 2022 of which 61 days related to scheduled dry-docking and planned guarantee work, 41 days were due to COVID-19 infections onboard one vessel and 18 days were related to crew changes (deviations and waiting due to COVID-19).

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

#### CAPITAL AND FINANCING

Cash and cash equivalents ended at USD 67.2 million by the end of Q2 2022, an increase of USD 10.6 million from end of Q1 2022 and USD 13.3 million from year-end 2021, driven by strong EBITDA, positive change in working capital and reduced margin requirements on freight derivatives, partly offset by debt service, dry docking and dividend payments.

Total equity ended at USD 280.3 million, an increase of USD 14.1 million from end of Q1 2022 and USD 25.9 million from year-end 2021. The latter driven by profit of USD 23.5 million, other comprehensive income of USD 17.0 million and partly offset by dividends of USD 14.7 million. The equity ratio ended at 43.6% per end of June 2022, up from 40.4% at the year-end 2021.

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

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

Interest-bearing debt ended at USD 331.7 million by end of June 2022 and is down USD 16.4 million in Q2 and USD 22.8 million during first half 2022, mainly a result of regular debt repayment and currency effect on bond loan issued in NOK. The NOK currency exposure and NIBOR floating interest rate exposure associated with the bond loan is hedged with cross currency interest rate swaps (“CCY IRS swaps”). The mark-to-market values of the CCY IRS swaps are presented as financial assets and/or liabilities. KCC, through a subsidiary, had per end of June 2022 USD 30.0 million available and undrawn under a long-term revolving credit facility and USD 19.2 million available and undrawn under a 364-days overdraft facility falling due in December 2022.

A secured bank facility falling due in March 2026 was in June 2022 extended by one year to March 2027 and the margin was renegotiated to Term SOFR + 2.25%, equivalent to approximately LIBOR + 2.00%, a reduction of 75 bps from the existing margin. In connection with the refinancing the Company has recognized a modification gain of USD 1.2 million in the Profit and Loss statement for Q2 2022.

In addition to the ENOVA grants of up to NOK 8.6 million secured in Q1 2022, KCC received additional up to NOK 5 million in grants from ENOVA in May 2022 related to installation of an airlubrication system on one additional vessel. The system will be installed in 2023.

#### EVENTS AFTER THE BALANCE SHEET DATE

On 25 August 2022, the Company’s Board of Directors declared to pay a cash dividend to the Company’s shareholders of USD 0.23 per share for second quarter 2022, in total USD 12.0 million.

The merger of KCC and the 100% owned subsidiary, KCC KBA AS, was registered and finalized on 3 August 2022. The subsidiary had no activities and the merger has no effect on the consolidated figures.

Guarantee work for MV Barracuda was finalized in August 2022, with a total of 86 days off-hire, whereof 51 days in Q2 and 35 days in Q3 2022. The off-hire period was longer than expected due to capacity constraints and overbooking at the Middle East based shipyard following increased demand for docking in the Middle East due to the COVID-19 lock downs in China. An operational incident on one CABU vessel in July is expected to lead to around 45 days unscheduled off-hire in Q3.

## THE CABU BUSINESS

KEY FIGURES	Q2 2022	Q1 2022	Q2 2021	1H 2022	1H 2021
Average TCE earnings \$/day (note 2)	30 876	24 294	21 932	27 619	19 402
Opex \$/day (note 2)	8 297	7 039	7 493	7 670	7 475
On-hire days	696	681	811	1 377	1 578
Off-hire days, scheduled	8	2	5	10	44
Off-hire days, unscheduled	25	36	3	61	8
% of days in combination trades <sup>1</sup>	83 %	60 %	79 %	72 %	75 %
Ballast days in % of total on-hire days <sup>3</sup>	9 %	13 %	14 %	11 %	15 %
Utilisation <sup>2</sup>	91 %	93 %	96 %	92 %	94 %

#### Second quarter

Average TCE earnings per on-hire day for the CABU vessels for Q2 2022 ended at \$30,876/day, an increase of approximately \$6,600/day from Q1 2022 and approximately \$8,900/day up from Q2 2021. TCE earnings for the CABU fleet were 1.2 times higher than the spot market for standard MR tankers. Despite continued challenges related to congestion and port delays, CABU combination-trading efficiency improved compared to Q1 2022. Share of days in combination trades increased from 60% in Q1 2022 to 83% in Q2 2022 and days in ballast decreasing from 13% to 9%, partly due to strong caustic soda shipment volumes. Per end of Q2 all eight CABU vessels were employed in combination trades to and from Australia after repositioning two vessels from the Atlantic.

Opex of \$8,297/day for the second quarter were approximately \$1,250/day higher than the previous quarter and up approximately \$800/day compared to Q2 2021 mainly due to timing of crew changes. The CABU fleet had 25 unscheduled off-hire days in Q2 2022 of which nine days related to COVID-19 infection onboard MV Ballard. MV Ballard completed drydocking in China in April with eight off-hire days in Q2 2022.

#### First half

Average TCE earnings per on-hire day for the CABU vessels for first half 2022 ended at \$27,619/day, compared to \$19,402/day for first half 2021. 1H 2022 earnings were positively impacted by considerably stronger dry bulk and tanker markets, as well as higher fuel prices, than in 1H 2021 and hence higher earnings on both caustic soda freight contracts and spot dry bulk shipments.

Opex per day have increased approximately \$200 from 1H 2021 to 1H 2022. The CABU fleet had 61 days unscheduled off-hire in 1H 2022, whereof 41 days related to COVID-19 infection and the fleet had 10 scheduled drydock off-hire days.

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

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

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

<sup>4</sup> Clarksons, MR (CABU) and LR1 (CLEANBU) tanker multiple calculated based on assumption of one month advance cargo fixing/“lag”.



## THE CLEANBU BUSINESS

KEY FIGURES	Q2 2022	Q1 2022	Q2 2021	1H 2022	1H 2021
Average TCE earnings \$/day (note 2)	29 558	18 991	18 499	24 053	18 233
Opex \$/day (note 2)	9 126	7 746	8 011	8 439	8 030
On-hire days	659	716	556	1 375	1 034
Off-hire days, scheduled	51	-	45	51	53
Off-hire days, unscheduled	18	4	2	22	2
% of days in combination trades <sup>1</sup>	87 %	84 %	30 %	86 %	50 %
Ballast days in % of total on-hire days <sup>3</sup>	17 %	7 %	28 %	12 %	25 %
Utilisation <sup>2</sup>	90 %	98 %	89 %	94 %	89 %

### Second quarter

CLEANBU TCE earnings per on-hire day ended at \$29,558/day, an increase of approximately \$10,600/day from last quarter and an increase of approximately \$11,100/day from Q2 2021. The CLEANBU fleet maintained a high share of days in combination trading during the quarter with six of eight CLEANBU vessels trading in long haul combi-trades from Middle East and India to South America and US East Coast during the quarter. The CLEANBU fleet was somewhat outperformed by the LR1 tanker vessel spot earnings in second quarter (multiple of 0.9).

Opex per day for the CLEANBU vessels ended at \$9,126/day, an increase of approximately \$1,400/day compared to previous quarter and up approximately \$1,100/day compared to the same quarter last year. Opex per day in second quarter was high due to timing of maintenance, procurement and crew changes. Unscheduled off-hire was 18 days in Q2 2022 mainly related to repairs. Barracuda started guarantee repair with 51 days offhire in Q2 2022, partly covered by loss of hire insurance.

### First half

Average TCE earnings for first half 2022 were \$24,053/day compared to \$18,233/day in first half 2021. Combination trading is up from 50% in 1H 2021 to 86% in 1H 2022 and ballast days is down from 25% in first half 2021 to 12% in first half this year indicating improved trading efficiency for the CLEANBU fleet. This together with both a stronger product tanker and dry bulk market have resulted in improved TCE earnings.

Opex per day for 1H 2022 is up approximately \$400/day from 1H 2021 mainly due to expired shipyard guarantee period for the fleet.

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

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

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

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

## MARKET DEVELOPMENT

AVERAGE MARKET RATES <sup>1</sup>	Q2 2022	Q1 2022	Q2 2021	1H 2022	2021
Dry Bulk rates - P5TC (\$/day)	27 600	22 200	23 300	25 000	26 000
Average MR Clean tanker rates - TC7 (\$/day)	26 000	8 800	7 700	17 400	6 400
Average LR1 tanker rates - TC5 (\$/day)	31 200	10 500	11 400	21 000	10 600
Fuel price - VLSFO (\$/mt)	880	670	500	750	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 market started Q2 on a strong note. Through April and May the Panamax market average earnings were \$28,000/day. Mainly driven by continued strong demand and high congestion, resulting in elevated fleet utilization. In June the dry bulk market started declining, a period where a strong Atlantic basin has historically provided support for the overall market. However, this year a combination of more backhauls and a lack of fronthaul cargoes led to an unusual supply increase in the Atlantic. Demand from China continued to be relatively weak due to a challenging real estate market. Simultaneously voyage duration started declining due to lower congestion, causing earnings to trend downwards during most of June. P5TC ended at \$27,600/day in Q2.

Total demand for shipping of dry bulk commodities increased by 0.5% YoY in Q2, while total Panamax demand across all commodities was up 2%. Year-over-year demand for minor bulks, bauxite and coal increased. Coal was particularly strong, growing by 15% YoY, as strong imports from Europe and India sourced on long duration voyages offset lower Chinese imports. On the negative side iron ore and grain demand declined. Iron ore was negatively impacted by Brazilian and Indian miners delivering seaborne volumes well below 2021 levels while grains exports were weak from most of the largest exporters including Ukrainian grain exports disappearing from the market.

The nominal fleet growth for the dry bulk fleet was 3.5% in Q2. However, the effective fleet growth in the Panamax segment was lower due to slightly higher congestion and slower sailing speed.

The Product tanker market improved substantially during the second quarter, and average LR1 and MR product tanker earnings ended at \$31,200/day and \$26,000/day, respectively. Several factors have contributed to the strong rates environment. Firstly, the demand for refined oil products has improved as COVID-19 restrictions continue to ease throughout the globe combined with low inventory levels, leading to strong refinery margins and utilization rates. Secondly, refinery dislocations have been exacerbated by Russia's invasion of Ukraine as European buyers pivot sourcing of refined products from Russia to US Gulf and Middle East Gulf leading to increased ton-miles.

Despite uncertain economic outlook, caustic soda demand maintains strength with a tight market balance in both US and Northeast Asia. The construction sector is slowing in more regions which is expected to have impact on PVC demand and will hence likely impact operating rates in the chlor alkali industry going forward, of which caustic soda is a byproduct. Chinese domestic caustic soda demand has softened over the recent months and Chinese producers have been more active in the export markets with increasing caustic soda shipments from China to Australia. Falling spot export prices from China have driven down caustic soda spot export prices from North East and South East Asia.

Brent crude oil prices ended at around USD 115 per barrel, up 6% Q-o-Q. Average fuel oil price (VLSFO) ended at USD 880/mt, an increase of around 31% Q-o-Q.

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

<sup>2</sup> Clarksons and Klaveness Research.

## HEALTH, SAFETY AND ENVIRONMENT

HEALTH AND SAFETY KPIS	Q2 2022	Q1 2022	Q2 2021	1H 2022	2021
# of medium injuries <sup>5</sup>	0	0	0	0	0
# of major injuries <sup>7</sup>	0	0	0	0	1
# of navigational incidents	0	0	0	0	0
# of spills to the environment	0	0	0	0	0

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

KCC experienced two vessels with COVID-19 infection onboard in Q1 2022, whereof one resulting in off-hire of 41 days in 1H 2022. In both cases, contagion was brought onboard by visitors to the vessels, and corrective measures have been implemented.

Focus continues to be on repatriating crew at the end of their service period without delays. 99% of all crew onboard KCC vessels are fully vaccinated. COVID-19 testing of crew members made before going into isolation prior to embarking showed fewer crew members with positive test-result in Q2 2022 compared to Q1 2022. More countries and ports have lifted restrictions on crew changes due to COVID-19 and this combined with increased number of available flights enable crew changes to a higher degree than previously. KCC had a limited 2.5% of the crew on extended contracts at the end of Q2 2022 compared to 6% at the end of Q1 2022. No crew had per end of Q2 been onboard for more than 12 months.

ENVIRONMENTAL KPIS	Q2 2022	Q1 2022	BENCH-MARK Q2	LAST 12 MONTHS	2021	TARGET 2022
CO <sub>2</sub> emission per ton transported cargo per nautical mile (EEOI)(grams CO <sub>2</sub> /(tons cargo x nautical miles)) <sup>1,5</sup>	7.1	7.3	9.5	7.2	7.4	5.8
Average CO <sub>2</sub> emission per vessel (metric tons CO <sub>2</sub> /vessel-year) <sup>2</sup>	17,400	17,600	n.a.	18,800	18,800	17,700
% of days in combination trades <sup>3</sup>	85 %	72 %	n.a.	75%	68 %	90 %
Ballast days in % of total on-hire days <sup>4,5</sup>	13 %	10 %	31 %	13 %	17 %	7.5 %

EEOI for KCC's fleet was down from 7.3 in Q1 2022 to 7.1 in Q2 2022, and down from 7.4 in average for 2021. The CABU fleet achieved a good EEOI value in Q2 of 6.6 due to high combination trading, lower ballast and hence higher transport work in Q2 compared to Q1. The CLEANBU fleet achieved a Q2 EEOI of 7.8. The worsening of the EEOI performance of the CLEANBU fleet from Q1 to Q2 is partly due to time sailing in ballast which increased from 7% in Q1 to 17% in Q2, lower loaded quantity due to shipment of two MR-lotsize cargoes and long paid waiting time on one vessel.

The average CO<sub>2</sub> emissions per ship year continues to improve and ended at 17,400 mt for Q2, down from 17,600 mt in Q1 2022. The steady quarterly decrease of absolute GHG emissions from the vessels is the result of persistent work to improve technical and operational performance and the number of energy saving measures implemented across the fleet during each vessel's drydocking.

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

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

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

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

<sup>5</sup> Benchmark: The EEOI and % ballast for "Benchmark standard vessels" are calculated based on standard vessels (Panamax/Kamsarmax dry bulk vessels, MR-tankers and 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.

<sup>6</sup> Medium = medical treatment and repatriation, will return to work.

<sup>7</sup> Major = Severe injury/death.



## OUTLOOK

Demand is expected to outpace supply in the product tanker market for this year and the next despite negative effects of continuous COVID-19 restrictions in China and a likely global economic slowdown. The dry bulk market outlook is more uncertain given a higher dependence on Chinese demand and increasing macro economic risks in China. A historically low orderbook and tight yard capacity, capping fleet growth for the next couple of years, limit downside risks in both the tanker and dry bulk market.

Operating expenses are expected to increase somewhat in the second half compared to the first half of 2022.

The earnings outlook for the CABU fleet continues to be positive based on high caustic soda contract booking for 2022, efficient combination trading and continued strong tanker and fuel markets. CABU TCE earnings for Q3 are, however, expected to be somewhat lower compared to Q2 2022 mainly due to considerably weaker dry bulk markets in the Pacific during the summer. Discussions regarding renewal of caustic soda contracts for 2023 and onwards have started and are expected to be concluded by the end of this year and into Q1 2023. The outlook for both contract cargo volume and freight pricing for the caustic soda contracts for 2023 is promising.

The CLEANBU TCE earnings outlook is very positive for Q3 2022, supported by long tanker voyages in combination trades fixed at strong levels during the summer. Based on solid progress with customer acceptance of the CLEANBU fleet over the recent months, KCC expects the CLEANBU fleet to continue delivering high trading efficiency and to further improve freight pricing relative to standard tankers going forward. Based on the expected continued strong product tanker market, the Company will seek to maximize the number of available tanker days in combi-trades for the CLEANBUs. However, as many ongoing CPP voyages will complete in dry bulk loading areas at the end of Q3 2022, the CLEANBU vessels likely will trade more in dry bulk in Q4 compared to Q3, which will have negative effect on CLEANBU TCE earnings in Q4 2022. CLEANBU TCE earnings are, however, expected to remain at strong levels in Q4 2022.

Oslo, 25 August 2022

The Board of Directors of  
**Klaveness Combination Carriers ASA**

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**Ernst Meyer**  
Chair of the Board

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**Gøran Andreassen**  
Board member

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**Magne Øvreås**  
Board member

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**Winifred Patricia Johansen**  
Board member

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**Brita Eilertsen**  
Board member

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**Engebret Dahm**  
CEO

## RESPONSIBILITY STATEMENT BY THE BOARD AND CEO

The Board and CEO have reviewed and approved the condensed financial statements for the period 1 January to 30 June 2022. To the best of our knowledge, we confirm that:

- The condensed financial statements for the period 1 January to 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Statements.
- The information presented in the condensed financial statements gives a true and fair view of the Company's assets, liabilities, financial position and profit.
- The management report includes a fair review of important events that have occurred during the period and their impact on the consolidated financial statements and a description of the principal risks and uncertainties for the period.
- The information presented in the condensed interim financial statements gives a true and fair view on related-party transactions.

Oslo, 25 August 2022

The Board of Directors of  
Klaveness Combination Carriers ASA

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**Ernst Meyer**  
**Chair of the Board**

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**Gøran Andreassen**  
**Board member**

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**Magne Øvreås**  
**Board member**

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**Winifred Patricia Johansen**  
**Board member**

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**Brita Eilertsen**  
**Board member**

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**Engebret Dahm**  
**CEO**

## Income Statement

USD '000	Notes	Unaudited		Unaudited		Audited
		Q2 2022	Q2 2021	1H 2022	1H 2021	2021
Freight revenue	3	48 464	37 259	79 977	68 878	155 564
Charter hire revenue	3	16 014	8 235	30 965	14 002	41 909
Other revenue	3	340	482	340	482	482
<b>Total revenues, vessels</b>		<b>64 818</b>	<b>45 976</b>	<b>111 282</b>	<b>83 363</b>	<b>197 955</b>
Voyage expenses		(23 506)	(17 642)	(39 832)	(33 901)	(82 087)
<b>Net revenues from operation of vessels</b>		<b>41 312</b>	<b>28 334</b>	<b>71 449</b>	<b>49 462</b>	<b>115 868</b>
Gain on sale of vessels	3	-	-	-	-	6 360
Other income	3	-	-	-	-	1 422
Operating expenses, vessels		(12 539)	(12 502)	(23 038)	(23 629)	(49 212)
Group commercial and administrative services	8	(898)	(821)	(1 808)	(1 833)	(3 709)
Salaries and social expenses		(910)	(525)	(1 589)	(930)	(2 374)
Tonnage tax		(34)	(68)	(91)	(108)	(221)
Other operating and administrative expenses		(357)	(264)	(556)	(534)	(1 069)
<b>Operating profit before depreciation (EBITDA)</b>		<b>26 573</b>	<b>14 154</b>	<b>44 366</b>	<b>22 426</b>	<b>67 064</b>
Depreciation	4	(7 157)	(7 032)	(14 231)	(14 026)	(28 666)
<b>Operating profit after depreciation (EBIT)</b>		<b>19 417</b>	<b>7 122</b>	<b>30 135</b>	<b>8 401</b>	<b>38 398</b>
Finance income	6	1 281	146	1 465	254	74
Finance costs	6	(4 501)	(3 811)	(8 063)	(7 243)	(15 868)
<b>Profit before tax (EBT)</b>		<b>16 196</b>	<b>3 457</b>	<b>23 537</b>	<b>1 412</b>	<b>22 606</b>
Income tax expenses		-	-	-	(1)	(7)
<b>Profit after tax</b>		<b>16 196</b>	<b>3 457</b>	<b>23 537</b>	<b>1 411</b>	<b>22 600</b>
Attributable to:						
Equity holders of the Parent Company		16 196	3 457	23 537	1 411	22 600
<b>Total</b>		<b>16 196</b>	<b>3 457</b>	<b>23 537</b>	<b>1 411</b>	<b>22 600</b>
<b>Earnings per Share (EPS):</b>						
Basic earnings per share		<b>0.31</b>	<b>0.07</b>	<b>0.45</b>	0.03	0.46
Diluted earnings per share		<b>0.31</b>	<b>0.07</b>	<b>0.45</b>	0.03	0.46



## Statement of Comprehensive Income

USD '000	Unaudited				Audited
	Q2 2022	Q2 2021	1H 2022	1H 2021	2021
<b>Profit/ (loss) of the period</b>	<b>16 196</b>	<b>3 457</b>	<b>23 537</b>	<b>1 411</b>	<b>22 600</b>
<i>Other comprehensive income to be reclassified to profit or loss</i>					
Net movement fair value on cross-currency interest rate swaps (CCIRS)	(10 127)	(102)	(5 682)	1 296	(404)
Reclassification to profit and loss (CCIRS)	10 186	(293)	8 380	39	2 773
Net movement fair value on interest rate swaps	2 657	(345)	8 228	2 540	4 500
Net movement fair value bunker hedge	123	38	403	(63)	(69)
Net movement fair value FFA hedge	4 069	(11 849)	5 390	(17 799)	(7 730)
Net changes on cost of hedging FFA hedge	385	-	254	-	(714)
Net change on initial value of collar options FFA hedge	15	-	15	-	-
<b>Net other comprehensive income to be reclassified to profit or loss</b>	<b>7 308</b>	<b>(12 551)</b>	<b>16 988</b>	<b>(13 986)</b>	<b>(1 644)</b>
<b>Total comprehensive income/(loss) for the period, net of tax</b>	<b>23 504</b>	<b>(9 094)</b>	<b>40 524</b>	<b>(12 576)</b>	<b>20 955</b>
Attributable to:					
Equity holders of the Parent Company	23 504	(9 094)	40 524	(12 576)	20 955
<b>Total</b>	<b>23 504</b>	<b>(9 094)</b>	<b>40 524</b>	<b>(12 576)</b>	<b>20 955</b>

## Statement of Financial Position

ASSETS USD '000	Notes	Unaudited 30 Jun 2022	Audited 31 Dec 2021
<b>Non-current assets</b>			
Vessels	4	528 640	536 864
Right-of-use assets		1 266	1 553
Long-term financial assets	5	7 974	4 048
Long-term receivables		70	70
<b>Total non-current assets</b>		<b>537 950</b>	<b>542 535</b>
<b>Current assets</b>			
Short-term financial assets	5	421	678
Inventories		17 487	12 279
Trade receivables and other current assets		20 056	18 484
Short-term receivables from related parties		360	2 018
Cash and cash equivalents		67 189	53 937
<b>Total current assets</b>		<b>105 512</b>	<b>87 396</b>
<b>TOTAL ASSETS</b>		<b>643 463</b>	<b>629 931</b>

EQUITY AND LIABILITIES USD '000		Unaudited 30 Jun 2022	Audited 31 Dec 2021
<b>Equity</b>			
Share capital	7	6 235	6 235
Share premium		153 732	153 732
Other reserves		8 833	(8 154)
Retained earnings		111 497	102 605
<b>Total equity</b>		<b>280 297</b>	<b>254 417</b>
<b>Non-current liabilities</b>			
Mortgage debt	5	236 981	249 993
Long-term financial liabilities	5	3 275	2 017
Long-term lease liabilities		740	1 008
Bond loan	5	69 990	78 205
<b>Total non-current liabilities</b>		<b>310 985</b>	<b>331 223</b>
<b>Current liabilities</b>			
Short-term mortgage debt	5	23 936	23 936
Other interest bearing liabilities	5	830	2 409
Short-term lease liabilities		595	618
Trade and other payables		26 274	16 199
Short-term debt to related parties		395	895
Tax liabilities		151	233
<b>Total current liabilities</b>		<b>52 181</b>	<b>44 291</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>643 463</b>	<b>629 931</b>

Oslo, 25 August 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

## Statement of Changes in Equity

Unaudited USD '000	Attributable to equity holders of the parent						Total
	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging reserve	Retained earnings	
<b>Equity 1 January 2022</b>	<b>6 235</b>	<b>153 732</b>	<b>(147)</b>	<b>(7 294)</b>	<b>(714)</b>	<b>102 605</b>	<b>254 417</b>
Profit (loss) for the period	-	-	-	-	-	23 537	<b>23 537</b>
Other comprehensive income for the period	-	-	-	16 733	254	-	<b>16 988</b>
Share option program	-	-	-	-	-	19	<b>19</b>
Dividends	-	-	-	-	-	(14 664)	<b>(14 664)</b>
<b>Equity at 30 June 2022</b>	<b>6 235</b>	<b>153 732</b>	<b>(147)</b>	<b>9 439</b>	<b>(459)</b>	<b>111 497</b>	<b>280 297</b>

Unaudited USD '000	Attributable to equity holders of the parent						Total
	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging reserve	Retained earnings	
<b>Equity 1 January 2021</b>	<b>5 725</b>	<b>130 155</b>	<b>(147)</b>	<b>(6 363)</b>	-	<b>87 162</b>	<b>216 532</b>
Profit (loss) for the period	-	-	-	-	-	1 411	<b>1 411</b>
Other comprehensive income for the period	-	-	-	(13 986)	-	-	<b>(13 986)</b>
Share option program	-	-	-	-	-	31	<b>31</b>
Dividends	-	-	-	-	-	(2 882)	<b>(2 882)</b>
<b>Equity at 30 June 2021</b>	<b>5 725</b>	<b>130 155</b>	<b>(147)</b>	<b>(20 349)</b>	-	<b>85 722</b>	<b>201 107</b>

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



## Cash Flow Statement

USD '000	Notes	Unaudited		Unaudited		Audited
		Q2 2022	Q2 2021	1H 2022	1H 2021	2021
Profit before tax		16 196	3 457	23 537	1 412	22 606
Tonnage tax expensed		34	68	91	108	221
Depreciation	4	7 157	7 032	14 231	14 026	28 666
Amortization of upfront fees bank loans		387	211	622	402	882
Gain related to modification of debt	5	(1 175)	-	(1 175)	-	-
Financial derivatives unrealised loss / gain (-)	5	(8)	(9)	(122)	44	82
Gain on sale of vessels	3	-	-	-	-	(6 360)
Gain/loss on foreign exchange		423	21	326	(31)	726
Interest income	6	(98)	(146)	(1 343)	(254)	(74)
Interest expenses	6	3 691	3 811	7 115	7 243	14 175
Change in current assets		(6 398)	(2 733)	(5 391)	(3 859)	(8 797)
Change in current liabilities		10 543	2 672	9 409	1 804	2 038
Collateral paid/refunded on FFA (variation margin)	5	2 828	(11 848)	6 050	(17 798)	(8 390)
Interest received	6	98	146	1 343	254	74
<b>A: Net cash flow from operating activities</b>		<b>33 678</b>	<b>2 681</b>	<b>54 693</b>	<b>3 350</b>	<b>45 850</b>
Acquisition of tangible assets	4	(4 535)	(2 335)	(5 721)	(6 749)	(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		-	(35 394)	-	(105 322)	(105 322)
<b>B: Net cash flow from investment activities</b>		<b>(4 535)</b>	<b>(37 729)</b>	<b>(5 721)</b>	<b>(112 071)</b>	<b>(105 517)</b>
Proceeds from mortgage debt		-	34 000	-	89 000	169 000
Transaction costs on issuance of loans	5	(193)	(360)	(193)	(1 036)	(1 944)
Repayment of mortgage debt	5	(5 984)	(6 113)	(11 968)	(11 344)	(123 041)
Interest paid	6	(3 594)	(3 610)	(6 994)	(7 016)	(13 970)
Repayment of lease liabilities		(144)	(146)	(286)	(281)	(582)
Interest paid leasing		(19)	(27)	(37)	(52)	(103)
Paid in registered capital increase		-	-	-	-	24 977
Transaction costs on capital increase		-	-	-	-	(878)
Dividends		(9 427)	(1 441)	(14 664)	(2 882)	(7 204)
<b>C: Net cash flow from financing activities</b>		<b>(19 361)</b>	<b>22 304</b>	<b>(34 142)</b>	<b>66 390</b>	<b>46 254</b>
<b>Net change in liquidity in the period</b>		<b>9 782</b>	<b>(12 745)</b>	<b>14 830</b>	<b>(42 331)</b>	<b>(13 414)</b>
Effect of exchange rate changes on cash		-	-	-	-	(742)
Cash and cash equivalents at beginning of period		56 577	36 099	51 529	65 685	65 685
Cash and cash equivalents at end of period		66 359	23 354	66 359	23 354	51 529
<b>Net change in cash and cash equivalents in the period</b>		<b>9 782</b>	<b>(12 745)</b>	<b>14 830</b>	<b>(42 331)</b>	<b>(13 414)</b>
Cash and cash equivalents		67 189	30 847	67 189	30 847	53 937
Other interest bearing liabilities (overdraft facility)		830	7 493	830	7 493	2 409
<b>Cash and cash equivalents (as presented in cash flow statement)</b>		<b>66 359</b>	<b>23 354</b>	<b>66 359</b>	<b>23 354</b>	<b>51 529</b>

# Notes

- 01** Accounting policies

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- 02** Segment reporting

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- 03** Revenue from contracts with customers

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- 04** Vessels

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- 05** Financial assets and financial liabilities

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- 06** Financial items

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

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- 08** Transactions with related parties

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- 09** Events after the balance sheet date



# 01 Accounting policies

## Corporate information

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

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

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

## Accounting policies

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

### Tax

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

### Government grant

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

## 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	Q2 2022			Q2 2021		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	36 578	27 899	64 478	30 198	15 778	45 976
Voyage expenses	(15 072)	(8 434)	(23 506)	(12 617)	(5 025)	(17 642)
Other revenue	-	340	340	-	-	-
<b>Net revenue from operations of vessels</b>	<b>21 506</b>	<b>19 806</b>	<b>41 312</b>	<b>17 580</b>	<b>10 754</b>	<b>28 334</b>
Operating expenses, vessels	(5 968)	(6 572)	(12 539)	(6 049)	(6 453)	(12 502)
Group administrative services	(427)	(470)	(898)	(397)	(424)	(821)
Salaries and social expense	(433)	(477)	(910)	(254)	(271)	(525)
Tonnage tax	(29)	(5)	(34)	(44)	(24)	(68)
Other operating and administrative expenses	(170)	(187)	(357)	(128)	(136)	(264)
<b>Operating profit before depreciation (EBITDA)</b>	<b>14 479</b>	<b>12 094</b>	<b>26 573</b>	<b>10 708</b>	<b>(3 445)</b>	<b>14 154</b>
Depreciation	(2 968)	(4 188)	(7 157)	(3 241)	(3 791)	(7 032)
<b>Operating profit after depreciation (EBIT)</b>	<b>11 511</b>	<b>7 906</b>	<b>19 417</b>	<b>7 467</b>	<b>(346)</b>	<b>7 122</b>

Reconciliation of average revenue per on-hire day (TCE earnings \$/day)						
USD'000	Q2 2022			Q2 2021		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenue from operations of vessels	21 506	19 806	41 312	17 580	10 754	28 334
Adjustment*	-	-	-	210	23	233
Other revenue (note 3)	-	340	(340)	-	(482)	(482)
Net revenue ex adjustment	21 506	19 466	40 972	17 790	10 294	28 085
On-hire days	696	659	1 355	811	556	1 368
<b>Average TCE earnings per on-hire day (\$/day)</b>	<b>30 876</b>	<b>29 558</b>	<b>30 235</b>	<b>21 932</b>	<b>18 499</b>	<b>20 537</b>

Reconciliation of opex \$/day						
USD'000	Q2 2022			Q2 2021		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	5 968	6 572	12 539	6 049	6 453	12 502
Leasing cost (presented as depreciation)	72	72	144	88	59	146
Start-up cost CLEANBU vessels	-	-	-	-	(1 120)	(1 120)
Operating expenses, vessels adjusted	6 040	6 644	12 684	6 137	5 391	11 528
Operating days	728	728	1 456	819	673	1 492
<b>Opex \$/day</b>	<b>8 297</b>	<b>9 126</b>	<b>8 711</b>	<b>7 493</b>	<b>8 011</b>	<b>7 727</b>

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

Operating income and operating expenses per segment						
USD'000	H1 2022			H1 2021		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	61 480	49 462	110 942	54 530	28 351	82 881
Voyage expenses	(23 434)	(16 398)	(39 832)	(24 284)	(9 618)	(33 902)
Other revenue	-	340	340	-	482	482
<b>Net revenue from operations of vessels</b>	<b>38 045</b>	<b>33 404</b>	<b>71 449</b>	<b>30 245</b>	<b>19 216</b>	<b>49 461</b>
Operating expenses, vessels	(10 964)	(12 074)	(23 038)	(12 008)	(11 621)	(23 629)
Group administrative services	(860)	(948)	(1 808)	(932)	(902)	(1 833)
Salaries and social expense	(756)	(833)	(1 589)	(473)	(458)	(930)
Tonnage tax	(57)	(35)	(91)	(67)	(42)	(108)
Other operating and administrative expenses	(265)	(291)	(556)	(271)	(263)	(534)
<b>Operating profit before depreciation (EBITDA)</b>	<b>25 143</b>	<b>19 223</b>	<b>44 366</b>	<b>16 494</b>	<b>5 931</b>	<b>22 426</b>
Depreciation	(5 855)	(8 376)	(14 231)	(7 122)	(6 903)	(14 025)
<b>Operating profit after depreciation (EBIT)</b>	<b>19 287</b>	<b>10 847</b>	<b>30 135</b>	<b>9 372</b>	<b>(972)</b>	<b>8 402</b>

Reconciliation of average revenue per on-hire day (TCE earnings \$/day)						
USD'000	H1 2022			H1 2021		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenue from operations of vessels	38 045	33 404	71 449	30 245	19 216	49 461
Adjustment*	-	-	-	361	126	487
Other revenue (note 3)	-	(340)	(340)	-	(482)	(482)
Net revenue ex adjustment	38 045	33 064	71 109	30 607	18 859	49 466
On-hire days	1 377	1 375	2 752	1 578	1 034	2 612
<b>Average TCE earnings per on-hire day (\$/day)</b>	<b>27 619</b>	<b>24 053</b>	<b>25 838</b>	<b>19 402</b>	<b>18 233</b>	<b>18 939</b>

Reconciliation of opex \$/day						
USD'000	H1 2022			H1 2021		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	10 963	12 076	23 038	12 008	11 621	23 629
Leasing cost (presented as depreciation)	143	143	287	168	112	281
Start-up cost CLEANBU vessels	-	-	-	-	(2 033)	(2 033)
Operating expenses, vessels adjusted	11 106	12 219	23 325	12 177	9 700	21 877
Operating days	1 448	1 448	2 896	1 629	1 208	2 837
<b>Opex \$/day</b>	<b>7 670</b>	<b>8 439</b>	<b>8 054</b>	<b>7 475</b>	<b>8 030</b>	<b>7 712</b>

\* Adjustment: See footnote page 17.

Operating income and operating expenses per segment			
USD'000	CABU	2021 CLEANBU	Total
Operating revenue, vessels	116 218	81 255	197 473
Voyage expenses	(50 099)	(31 982)	(82 087)
Other revenue	-	482	482
<b>Net revenue from operations of vessels</b>	<b>66 119</b>	<b>49 479</b>	<b>115 868</b>
Gain on sale of vessels (note 3)	6 360	-	6 360
Other income (note 3)	1 422	-	1 422
Operating expenses, vessels	(24 684)	(24 537)	(49 221)
Group administrative services	(1 860)	(1 849)	(3 709)
Salaries and social expense	(1 191)	(1 184)	(2 374)
Tonnage tax	(126)	(88)	(214)
Other operating and administrative expenses	(536)	(533)	(1 069)
<b>Operating profit before depreciation (EBITDA)</b>	<b>45 505</b>	<b>21 559</b>	<b>67 064</b>
Depreciation	(13 362)	(15 303)	(28 666)
<b>Operating profit after depreciation (EBIT)</b>	<b>32 142</b>	<b>6 256</b>	<b>38 398</b>

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

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

\* Adjustment: See footnote page 17.

## 03 Revenue from contracts with customers

Revenue types		Q2 2022	Q2 2021	1H 2022	1H 2021	2021
USD'000	Classification					
Revenue from COAs	Freight revenue	23 840	20 527	39 254	39 939	83 626
Revenue from spot voyages	Freight revenue	24 624	16 732	41 063	28 938	71 938
Revenue from TC contracts	Charter hire revenue	16 014	8 235	30 965	14 002	41 909
Other revenue	Other revenue	340	482	-	482	482
<b>Total revenues, vessels</b>		<b>64 818</b>	<b>45 976</b>	<b>111 282</b>	<b>83 363</b>	<b>197 955</b>
Gain on sale of vessels (note 4)	Gain on sale of vessels	-	-	-	-	6 360
Other income	Other income	-	-	-	-	1 422
<b>Total other income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 782</b>

Other revenue of USD 0.3 million in Q2 2022 is related to off-hire compensation for guarantee work on the CLEANBU vessel MV Barracuda.



## 04 Vessels

<b>Vessels</b>		
<b>USD '000</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
Cost price 1.1	734 955	599 826
Delivery of newbuildings	-	153 763
Adjustments acquisition value newbuildings delivered	-	1 408
Dry Docking	2 694	8 342
Technical upgrade	3 027	4 032
Disposal of vessel	-	(32 416)
<b>Cost price end of period</b>	<b>740 676</b>	<b>734 955</b>
Acc. Depreciation 1.1	198 092	195 568
Disposal of vessel	-	(25 560)
Depreciation for the period	13 945	28 083
<b>Acc. Depreciation end of period</b>	<b>212 037</b>	<b>198 092</b>
<b>Carrying amounts end of period*</b>	<b>528 640</b>	<b>536 864</b>
*carrying value of vessels includes dry-docking		
No. of vessels	16	16
Useful life (vessels)	25	25
Useful life (dry docking)	3-5	3-5
Depreciation schedule	Straight-line	Straight-line

<b>Reconciliation of depreciations</b>					
<b>USD'000</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>1H 2022</b>	<b>1H 2021</b>	<b>2021</b>
Depreciation vessels	7 012	6 885	13 945	13 444	28 083
Depreciation right of use assets	144	146	286	582	582
<b>Depreciations for the period</b>	<b>7 157</b>	<b>7 032</b>	<b>14 231</b>	<b>14 026</b>	<b>28 666</b>

### ADDITIONS

The CABU vessel MV Ballard completed scheduled dry-docking in April 2022 and the CABU vessel MV Bakkedal will complete dry-docking during the third quarter. The CLEANBU vessel MV Barracuda completed scheduled guarantee work and other upgrades in August 2022. Total additions of USD 2.7 million related to dry-docking is recognised in 2022 YTD. Technical upgrade of USD 3.0 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 in Q2 2022. KCC has secured in total approximately USD 1.4 million in grants from ENOVA to finance investment in energy saving solutions for one CABU vessel and one CLEANBU vessel.

### IMPAIRMENT

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

## 05 Financial assets and liabilities

During first half 2022 the Group agreed to amend certain terms in the Nordea /Crédit Agricole USD 60 million facility. The reference rate and margin have been adjusted to Term SOFR + 2.25%, implying a LIBOR equivalent margin reduction of approximate 75 bps, while the repayment date has been 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 Q2 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 (see note 6).

USD '000				
Mortgage debt	Description	Interest rate	Maturity	Carrying amount
DNB/SEB Facility	Term loan, USD 105 mill	LIBOR + 2.3 %	December 2023	80 161
SEB/SR-Bank/SPV Facility	Term loan/RCF, USD 90.75 mill	LIBOR + 2.3 %	October 2025	83 119
Nordea/Credit Agricole Facility*	Term Loan/RCF, USD 60 mill	SOFR + 2.25 %	March 2027	25 588
Nordea/Danske Facility **	Term loan, USD 80 mill	LIBOR + 2.1 %	December 2026	75 647
Capitalized loan fees				(2 424)
Gain related to modification of debt				(1 175)
<b>Mortgage debt 30 June 2022</b>				<b>260 917</b>

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

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

The Group has available undrawn revolving credit facility capacity of USD 30 million and USD 19.2 million available capacity under a 364-days overdraft facility.

The Group is subject to certain financial covenants and other undertakings in financing arrangements. As per 30 June 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		30 Jun 2022
			USD'000
KCC04	700 000	11.02.2025	79 219
Exchange rate adjustment			(8 380)
Capitalized expenses			(653)
Bond premium			(196)
<b>Total bond loan</b>	<b>700 000</b>		<b>69 990</b>

USD '000	Fair value	Carrying amount	Carrying amount
	30 Jun 2022	30 Jun 2022	31 Dec 2021
Interest bearing liabilities			
Mortgage debt	240 579	240 579	252 547
Capitalized loan fees	-	(2 423)	(2 554)
Gain related to modification of debt	-	(1 175)	-
Bond loan	67 474	70 839	79 219
Bond premium	-	(196)	(234)
Capitalized expenses bond loan	-	(653)	(779)
<b>Total non-current interest bearing liabilities</b>	<b>308 053</b>	<b>306 971</b>	<b>328 198</b>
Mortgage debt, current	23 936	23 936	23 936
Overdraft facility (Secured)	830	830	2 409
<b>Total interest bearing liabilities</b>	<b>332 819</b>	<b>331 736</b>	<b>354 543</b>

<b>Financial assets</b>		
<b>USD '000</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
<b>Financial instruments at fair value through OCI</b>		
Cross-currency interest rate swap	106	2 556
Interest rate swap	7 675	1 421
Forward freight agreements	-	660
Fuel Hedge	421	18
<b>Financial instruments at fair value through P&amp;L</b>		
Interest rate swaps	193	71
<b>Financial assets</b>	<b>8 395</b>	<b>4 727</b>
Current	421	678
Non-current	7 974	4 048

<b>Financial liabilities</b>		
<b>USD '000</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
<b>Financial instruments at fair value through OCI</b>		
Interest rate swaps	-	1 973
Cross-currency interest rate swap (CCIRS)	3 275	43
<b>Financial liabilities</b>	<b>3 275</b>	<b>2 017</b>
Current	-	-
Non-current	3 275	2 017

## 06 Financial items

USD '000					
Finance income	Q2 2022	Q2 2021	1H 2022	1H 2021	2021
Other interest income	98	137	168	223	74
Gain related to modification of debt	1 175	-	1 175	-	-
Fair value changes interest rate swaps	8	9	122	-	-
Gain on foreign exchange	-	-	-	31	-
<b>Finance income</b>	<b>1 281</b>	<b>146</b>	<b>1 465</b>	<b>254</b>	<b>74</b>

USD '000					
Finance cost	Q2 2022	Q2 2021	1H 2022	1H 2021	2021
Interest expenses mortgage debt	2 534	2 409	4 788	4 442	9 477
Interest expenses bond loan	1 082	1 123	2 208	2 223	4 371
Interest expenses lease liabilities	19	27	37	52	103
Amortization capitalized fees on loans	387	211	622	402	882
Other financial expenses	56	20	81	80	224
Fair value changes interest rate swaps	-	-	-	44	82
Loss on foreign exchange	423	21	326	-	726
<b>Finance cost</b>	<b>4 501</b>	<b>3 811</b>	<b>8 063</b>	<b>7 243</b>	<b>15 866</b>

## 07 Share capital, shareholders, dividends and reserves

Dividends of USD 9.4 million were paid to the shareholders in May 2022 (USD 0.18 per share).

## 08 Transactions with related parties

USD'000							
Type of services/transactions	Provider*	Price method	Q2 2022	Q2 2021	1H 2022	1H 2021	2021
Pool Participation*	BAU	Standard pool agreement	-	-	49	-	3 735
Dry Bulk	KAS	1.25 % of transaction value	(291)	(28)	(405)	(60)	(255)
<b>Total net revenues from related parties</b>			<b>(291)</b>	<b>(28)</b>	<b>(356)</b>	<b>(60)</b>	<b>3 480</b>

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

\* 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	Q2 2022	Q2 2021	1H 2022	1H 2021	2021
Business adm. services	KAS	Cost + 5% or overhead per employee	316	288	706	683	1 457
Business adm. services	KA Ltd	Cost + 5%	38	16	73	16	119
Commercial services	KSM, KDB (2021:KAS)	Cost + 7.5%	208	343	424	755	1 203
Subscription Cargo Value (linked to COA with external party)	CIA	Fixed fee	30	-	60	-	-
FFA trading	KDB (2021:KAS)	0.1 % of transaction value	46	-	75	-	49
Project management	KSM	Cost + 7.5 %	260	174	471	379	881
<b>Total group commercial and administrative services</b>			<b>898</b>	<b>821</b>	<b>1 808</b>	<b>1 833</b>	<b>3 709</b>

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

USD'000							
Type of services/transactions	Provider*	Price method	Q2 2022	Q2 2021	1H 2022	1H 2021	2021
Technical mngmnt fee (opex)	KSM	Fixed fee per vessel	955	1 031	1 910	1 996	3 979
Crewing and IT fee (opex)	KSM	Fixed fee per vessel	396	373	781	713	1 550
Supervision fee (newbuilding)	KSM	Partly cost and partly cost + 7.5 %	-	782	-	1 228	1 333
Board member fee (administrative expenses)	KAS	Fixed fee as per annual general meeting	21	24	45	47	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)	KSM	3 months termination period	-	-	-	-	44
<b>Total other services/ transactions</b>			<b>1 372</b>	<b>2 210</b>	<b>2 736</b>	<b>3 984</b>	<b>7 031</b>

KCCC has a FFA position of 328 days (Q3/Q4) towards KC, a related party in the Torvald Klaveness Group, at screen market pricing. Credit premium has not been included as the companies have the same rating. Market value of the portfolio with KC was positive USD 70k as per 30 June 2022 presented as a financial asset in Statement of Financial Position.

## 09 Events after the balance sheet date

On 25 August 2022, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 12.0 million for Q2 2022 (USD 0.23 per share).

Change in estimates of useful life dry docking of the CLEANBU vessels from July 2022: To optimize the fuel efficiency and emission performance of the CLEANBU vessels, the vessels will be dry docked with a limited scope during each intermediated survey, first time approximately 2.5 years after delivery. Docking depreciation has previously been based on docking every five years during the first ten years of operation. Depreciation is hence estimated to increase by USD 2 million in second half of 2022 and approximately USD 2 million for 2023 and onwards.

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

<b>Reconciliation of EBITDA adjusted and EBIT adjusted</b>					
<b>USD'000</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>1H 2022</b>	<b>1H 2021</b>	<b>2021</b>
<b>EBITDA</b>	<b>26 573</b>	<b>14 154</b>	<b>44 366</b>	<b>22 426</b>	<b>67 064</b>
Gain on sale of vessels (note 3)	-	-	-	-	(6 360)
Other income (note 3)	-	-	-	-	(1 422)
Start-up costs CLEANBU vessels	-	1 120	-	2 033	2 500
<b>EBITDA adjusted</b>	<b>26 573</b>	<b>15 274</b>	<b>44 366</b>	<b>24 460</b>	<b>61 782</b>
<b>EBIT</b>	<b>19 417</b>	<b>7 122</b>	<b>30 135</b>	<b>8 401</b>	<b>38 398</b>
Gain on sale of vessels	-	-	-	-	(6 360)
Other income (note 3)	-	-	-	-	(1 422)
Start-up costs CLEANBU vessels	-	1 120	-	2 033	2 500
<b>EBIT adjusted</b>	<b>19 417</b>	<b>8 242</b>	<b>30 135</b>	<b>10 434</b>	<b>33 116</b>
<b>Reconciliation of average revenue per on-hire day (TCE earnings)</b>					
<b>USD'000</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>1H 2022</b>	<b>1H 2021</b>	<b>2021</b>
Net revenues from operations of vessels	41 312	28 334	71 449	49 462	115 868
Other revenue (note 3)	(340)	(482)	(340)	(482)	(482)
Adjustment* (note 2)	-	233	-	487	390
Net revenue ex adjustment	40 972	28 085	71 109	49 466	115 776
On-hire days	1 355	1 368	2 752	2 612	5 523
<b>Average revenue per on-hire day (\$/day) (TCE earnings)</b>	<b>30 235</b>	<b>20 537</b>	<b>25 838</b>	<b>18 939</b>	<b>20 961</b>
<b>Reconciliation of opex \$/day</b>					
<b>USD'000</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>1H 2022</b>	<b>1H 2021</b>	<b>2021</b>
Operating expenses, vessels	12 539	12 502	23 038	23 629	49 221
Leasing cost (presented as depreciation)	144	146	287	281	582
Start-up costs CLEANBU vessels	-	(1 120)	-	(2 033)	(2 500)
Operating expenses, vessels adjusted	12 684	11 528	23 325	21 877	47 294
Operating days	1 456	1 492	2 896	2 837	5 934
<b>Opex \$/day</b>	<b>8 711</b>	<b>7 727</b>	<b>8 054</b>	<b>7 712</b>	<b>7 960</b>
<b>Reconciliation of total assets to capital employed and return on capital employed (ROCE) calculation</b>					
<b>USD'000</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>1H 2022</b>	<b>1H 2021</b>	<b>2021</b>
Total assets	643 463	617 876	643 463	617 876	629 931
Total liabilities	363 166	416 769	363 166	416 769	375 514
Total equity	280 297	201 107	280 297	201 107	254 417
Total interest-bearing debt	331 736	394 448	331 736	394 448	354 543
<b>Capital employed</b>	<b>612 033</b>	<b>595 555</b>	<b>612 033</b>	<b>595 555</b>	<b>608 961</b>
EBIT adjusted annualised	77 667	32 968	60 270	20 867	33 116
<b>ROCE adjusted</b>	<b>13 %</b>	<b>6 %</b>	<b>10 %</b>	<b>4 %</b>	<b>5 %</b>

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

<b>Reconciliation of equity ratio</b>					
<b>USD'000</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>1H 2022</b>	<b>1H 2021</b>	<b>2021</b>
Total assets	643 463	617 876	643 463	617 876	629 931
Total equity	280 297	201 107	280 297	201 107	254 417
<b>Equity ratio</b>	<b>44 %</b>	<b>33 %</b>	<b>44 %</b>	<b>33 %</b>	<b>40 %</b>

<b>Reconciliation of total interest-bearing debt</b>					
<b>USD'000</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>1H 2022</b>	<b>1H 2021</b>	<b>2021</b>
Mortgage debt	236 981	218 669	236 981	218 669	249 993
Long-term bond loan	69 990	80 774	69 990	80 774	78 205
Short-term mortgage debt	23 936	87 512	23 936	87 512	23 936
Other interest bearing liabilities	830	7 493	830	7 493	2 409
<b>Total interest-bearing debt</b>	<b>331 736</b>	<b>394 448</b>	<b>331 736</b>	<b>394 448</b>	<b>354 543</b>

