

Second Quarter 2023



KEY DEVELOPMENT

- Another strong quarter with an EBT of USD 16.4 million and EBITDA of USD 29.5 million.
- Record CABU TCE earnings supported by caustic soda contract earnings
- Weaker CLEANBU TCE earnings Q-o-Q due to lower tanker exposure and unpaid waiting time
- Shipbuilding contract for three third generation CABU vessels concluded, and USD 50 million new equity raised to part finance the contracting
- Release of sustainability-linked financing framework and completion of USD 190 million bank refinancing
- The Board of Directors of KCC declares dividend of USD 0.25 per share (USD 15.1 million in total)

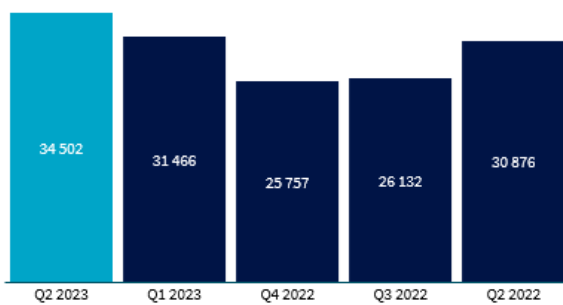
“KCC is delivering another solid quarter in Q2 2023 with return on equity of 19%. With full CABU tanker capacity booked at strong earning levels and higher CLEANBU tanker trading, Q3 2023 results are expected to maintain strength despite the weaker dry bulk and tanker summer markets. The earnings outlook for Q4 2023 is as well positive based on expectations of seasonally stronger markets for the balance of the year”.



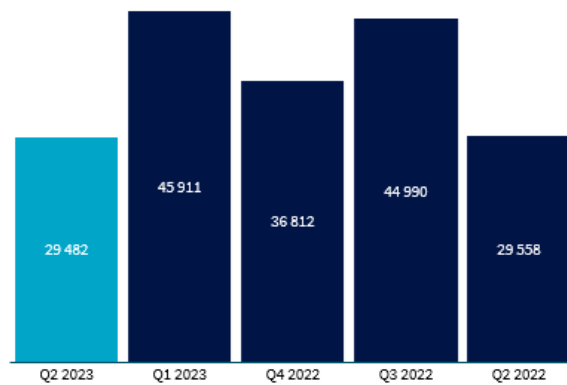
Engebret Dahm, CEO

Klaveness Combination Carriers ASA

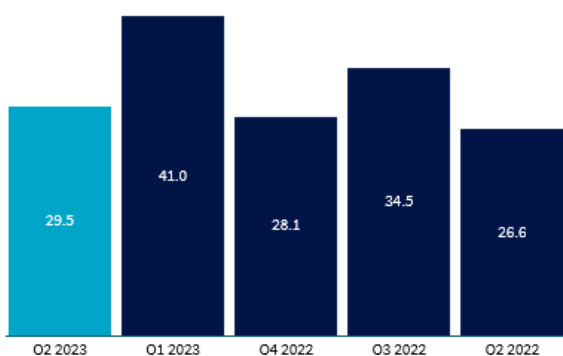
Average CABU TCE earnings (\$/day)



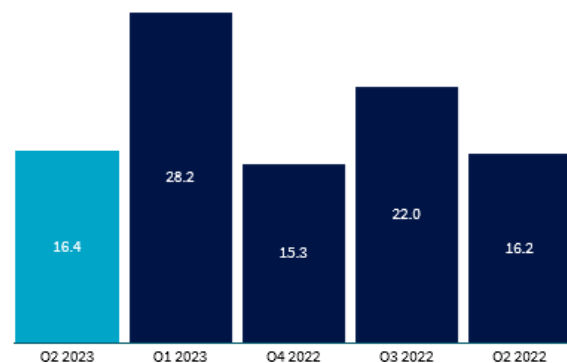
Average CLEANBU TCE earnings (\$/day)



EBITDA (MUSD)



Profit/(loss) after tax (MUSD)



¹ Average TCE earnings \$/day and return on equity (ROE) are alternative performance measures (APMs) which are defined and reconciled in the excel sheet “APM2Q2023” published on the Company’s homepage (www.combinationcarriers.com) Investor Relations/Reports and Presentations under the section for the Q2 2023 report

FINANCIAL PERFORMANCE

KEY FIGURES

(USD '000)	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Net revenues from vessel operations	44 529	55 369	41 312	99 899	71 449
EBITDA	29 505	40 981	26 573	70 500	44 366
Profit/(loss) for the period	16 447	28 236	16 196	44 696	23 537
Earnings per share (USD)	0.30	0.54	0.31	0.83	0.45
Total assets	640 598	650 770	643 463	640 598	643 463
Equity	354 089	306 972	280 297	354 089	280 297
Equity ratio*	55 %	47 %	44 %	55 %	44 %
ROCE annualised*	14 %	21 %	13 %	18%	10 %
ROE annualised*	19 %	37 %	23 %	25%	17 %

	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Average TCE earnings \$/day*	31 955	38 708	30 235	35 383	25 838
Opex \$/day*	8 664	7 888	8 711	8 279	8 054
On-hire days	1 394	1 430	1 456	2 824	2 752
Off-hire days, scheduled	59	-	59	59	61
Off-hire days, unscheduled	3	10	43	13	83
% of days in combination trades ¹	86 %	81 %	85 %	83 %	79 %
Utilisation ²	93 %	98 %	90 %	95 %	93 %

*Alternative performance measures (APMs) are defined and reconciled in the excel sheet "APM2Q2023" published on the Company's homepage(www.combinationcarriers.com) Investor Relations/ Reports and Presentations under the section for the Q2 2023 report

CONSOLIDATED RESULTS

Second quarter

Net profit after tax for the second quarter ended at USD 16.4 million compared to USD 28.4 million in Q1 2023 and USD 16.2 million in Q2 2022. EBITDA for the period ended at USD 29.5 million, a 28% decrease Q-o-Q driven by weaker CLEANBU TCE earnings partly offset by higher CABU earnings.

Operating expenses were up USD 1.3 million Q-o-Q mainly due to timing of vessel supplies and crew changes.

Administrative expenses were down 21% Q-o-Q mainly due to exercise of share options in Q1 2023, while depreciation decreased by USD 0.5 million Q-o-Q due to postponed dry-docking for some vessels. Net finance cost increased by USD 0.9 million Q-o-Q mainly due to full depreciation of capitalized fees related to refinanced loan facilities.

First half

Net profit after tax for first half 2023 ended at USD 44.7 million, up from USD 23.5 million in first half 2022, mainly due to considerably stronger tanker market earnings for both the CABU and CLEANBU fleet and overall efficient trading.

CAPITAL AND FINANCING

Cash and cash equivalents ended at USD 83.8 million by the end of Q2 2023, an increase of USD 4.4 million during the quarter. This positive development is driven mainly by strong EBITDA, net proceeds from the equity issue of USD 48.7 million and termination of interest rate swaps, partly offset by regulation of revolving credit facilities, dry docking, ordinary debt service and dividend payment.

Total equity ended at USD 354.1 million, an increase of USD 47.1 million from end of Q1 2023 driven by profit of USD 16.4 million and equity issue of USD 49.3 million partly offset by dividend payments of USD 20.9 million. The equity ratio ended at 55.3% per end Q2 2023, up from 47.2% per end of Q1 2023.

Interest-bearing debt ended at USD 257.5 million by the end of the quarter, down from USD 311.8 million by end of Q1 2023 due to repayment of revolving credit facilities in addition to ordinary debt repayments. The Group had per end of Q2 2023 USD 118.0 million available and undrawn under long-term revolving credit facilities and USD 14.1 million available and undrawn under a 364-days overdraft facility.

During the quarter a subsidiary of KCC completed the refinancing of two mortgage debt facilities falling due in December 2023 and October 2025.

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

The refinancing released ~USD 38 million in additional capacity based on the drawn and undrawn amounts under the existing facilities. It bears interest of Term SOFR + 2.1%, has a tenor of 5 years and is repaid on a close to 18-years average age adjusted profile. The margin will be adjusted up or down on an annual basis based on KCC's EEOI performance in relation to the trajectory in the sustainability-linked financing framework.

All relevant debt facilities and interest rate derivatives have been transferred from LIBOR to SOFR. During the second quarter the Group terminated a total of USD 71 million of notional in fixed/float interest rate swaps and a portfolio of interest rates options with remaining duration below two years. The cash proceeds from the transactions were USD 4.0 million in Q2 2023, while the realized Profit and Loss from the termination of the swaps will be recognized over a period equivalent to the remaining duration.

EVENTS AFTER THE BALANCE SHEET

The first yard instalment of in total USD 17.2 million for the construction of three CABU newbuilds was paid in July 2023.

Hundred Roses Corporation exercised all its 14,020 warrants in August 2023. Exercise price adjusted for paid dividends was NOK 26.06 per share. The remaining number of outstanding warrants after exercise is 215,068 with final exercise date 24 September 2023. The share capital after the exercise is NOK 60,243,163 divided into 60,243,163 shares, each with a par value of NOK 1.

On 23 August 2023, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 0.25 per share for second quarter 2023, in total approximately USD 15.1 million.

THE CABU BUSINESS

KEY FIGURES	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Average TCE earnings \$/day (note 2)	34 502	31 466	30 876	32 962	27 619
Opex \$/day (note 2)	7 140	7 128	8 297	7 134	7 670
On-hire days	687	713	696	1 400	1 377
Off-hire days, scheduled	41	-	8	41	10
Off-hire days, unscheduled	1	7	25	7	61
% of days in combination trades ¹	85 %	95 %	83 %	90 %	72 %
Ballast days in % of total on-hire days ³	16 %	11 %	9 %	13 %	11 %
Utilisation ²	92 %	97 %	91 %	94 %	92 %

Second quarter

Average TCE earnings per on-hire day for the CABU vessels for Q2 2023 ended at \$34,502/day, an increase of approximately \$3,000/day from Q1 2023 mainly due to higher caustic soda shipment volumes and continued high earnings under caustic soda contract volumes. The CABU TCE earnings were, however, negatively impacted by a weak dry bulk spot market in Q2 2023, albeit being somewhat stronger than in Q1 2023. Share of days in combination trades decreased from 95% in Q1 2023 to 85% in Q2 2023 and days in ballast increased from 11% to 16% reflecting increased ballasting between caustic soda shipments due to a tight caustic soda shipment schedule in second quarter. TCE earnings for the CABU fleet were 1.1 times higher than the spot market for standard MR⁴ tankers in second quarter.

Average operating costs of \$7,140/day for the second quarter were approximately in line with the previous quarter and down \$1,157/day compared to Q2 2022 mainly due to reversal of provisions. The CABU fleet had one unscheduled off-hire day in Q2 2023. One CABU vessel completed, and one vessel started periodic dry docking in Q2 with in total 43 scheduled off-hire days. 84 scheduled off-hire days are expected for Q3 for dry-docking of two vessels including installation of energy efficiency measures on one vessel.

First half

Average TCE earnings per on-hire day for the CABU vessels for first half 2023 ended at \$32,962/day, compared to 27,619/day for first half 2022. 1H 2023 was positively impacted by a large increase in earnings on fixed rate caustic soda contracts of affreightment for 2023 relative to 2022, positive effects from a buoyant product tanker spot market on index-linked caustic soda contracts and more efficient trading. This was partly offset by substantially lower dry bulk earnings following the weak dry bulk market development from end of 2022 and continuing in 2023.

Opex decreased approximately \$540/day from 1H 2022 to 1H 2023 mainly due to reversal of USD 0.6 million in provisions in 1H 2023. The CABU fleet had eight days unscheduled off-hire in 1H 2023, compared to 61 in 1H 2022, the latter mainly related to COVID-19 infection on one vessel.

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»

THE CLEANBU BUSINESS

KEY FIGURES	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Average TCE earnings \$/day (note 2)	29 482	45 911	29 558	37 763	24 053
Opex \$/day (note 2)	10 189	8 648	9 126	9 423	8 439
On-hire days	707	717	659	1 424	1 375
Off-hire days, scheduled	19	-	51	19	51
Off-hire days, unscheduled	3	3	18	5	22
% of days in combination trades ¹	86 %	68 %	87 %	77 %	86 %
Ballast days in % of total on-hire days ³	19 %	18 %	17 %	18 %	12 %
Utilisation ²	94 %	99 %	90 %	96 %	94 %

Second quarter

CLEANBU TCE earnings per on-hire day ended at \$29,482/day, a decrease of approximately \$16,400/day from last quarter and approximately in line with same quarter last year. The decrease from last quarter reflects a weaker product tanker market and lower capacity in tanker trades (down from 91% in Q1 2023 to 57% in Q2 2023), the latter having negative effects due to continued large earnings difference between tanker and dry bulk trading. The CLEANBUs had as well weaker trading efficiency with ballast days increasing from 12% in Q1 2023 to 19% in Q2 2023 and more unpaid waiting days in Q2 2023 due to recurring trade flow changes and seasonal variations in regional trade volumes. Average TCE earnings for the CLEANBU fleet were somewhat outperformed by the spot market for standard LR1⁴ tanker vessels in the second quarter (multiple 0.7).

Average operating costs for the CLEANBU vessels ended at \$10,189/day, up approximately \$1,540/day compared with previous quarter and up approximately \$1,060/day compared to the same quarter last year mainly due to timing of procurement and crew changes. The CLEANBU fleet had limited unscheduled off-hire in Q2 2023 of three days. One CLEANBU vessel completed intermediate dry-dock in Q2 with in total 19 off-hire days.

First half

Average TCE earnings for first half 2023 were \$37,763/day compared to \$24,053/day for first half 2022 driven by the strong product tanker markets and high tanker market trading, up from 48% in 1H 2022 to 74% in 1H 2023.

Opex per day for 1H 2023 is up approximately \$984/day from 1H 2022 mainly due to timing effects and expectations of a slightly higher opex \$/day in 2023 compared to last year due to end of guarantee period for all CLEANBU vessels.

MARKET DEVELOPMENT

AVERAGE MARKET RATES ⁵	Q1 2023	Q4 2022	Q1 2022	2023 YTD	2022
Dry Bulk rates - P5TC (\$/day)	11 000	16 600	22 200	11 000	21 500
Average MR Clean tanker rates - TC7 (\$/day)	37 900	38 700	8 800	37 900	28 100
Average LR1 tanker rates - TC5 (\$/day)	51 400	45 000	10 500	51 400	32 000
Fuel price - VLSFO (\$/mt)	630	690	670	630	750

In the **dry bulk** market, the average earnings of Panamax vessels increased from \$11,000/day in Q1 to \$13,900/day in Q2 2023 (one month lagged average earnings). Within the quarter, average earnings peaked at around \$16,700/day in early April before declining to around \$10,000/day in June and to around \$9,000/day in July.

According to Klaveness Research the peak in average earnings in early April followed a major buildup in loadports driven by simultaneous strong tonnage demand in key dry bulk exporting regions of Brazil, Australia and Southeast Asia which started end of January and peaked in the middle of March.

However, during spring exports out of East Coast South America and Indonesian coal exports slowed down and congestion in discharge ports was insignificant causing a tonnage supply glut, particularly in the Pacific basin. The weak tonnage balance put earnings under severe pressure towards the end of the quarter. The weak earnings environment has persisted into the third quarter.

The nominal fleet growth for the dry bulk fleet remained low at ~2.8%, however lower congestion led to increasing effective fleet growth which peaked at ~9% in late May. Effective fleet growth is now in a decreasing trajectory and is as of mid-August at 4.6% on a year-over-year basis. Moving forward effective fleet growth is expected to be more in line with the nominal fleet growth, which is forecasted to be at historical low levels of 2.4% in 2024 and 1.6% in 2025.

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»

⁵ 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.

Klaveness Research expects demand growth to exceed this historical low supply and thus expects dry bulk average earnings to trend higher.

The **product tanker** market fell back in the second quarter of 2023 compared to the very high levels experienced in Q1 2023. The LR1 average earnings fell considerably, from \$51,400/day (one month lagged averages) in Q1 2023 to \$40,200/day in Q2 2023, while the MR average earnings decreased from \$37,900/day to \$30,500/day. Although average earnings fell sharply, the earnings are still strong in a seasonal and historical perspective. Weaker refinery margins and lower than expected refinery runs due to a prolonged maintenance season have contributed to the market development from Q1 to Q2.

According to EIA, global oil consumption is expected to grow by around 1.2 million barrels per day in the second half of 2023 compared to the first half¹. Clarksons Research expects product tanker tonne mile demand to grow by 12% in 2023 and 6% in 2024 outpacing supply growth which is expected to grow by 2% in 2023 and 1% in 2024².

Global **caustic soda** prices remain on a downtrend with prices falling by 40-50% since early 2023. While demand for caustic soda continued to show weakness, the operating rates in the chlor-alkali industry remained high during the summer driven by seasonal upturn in chlorine demand in some regions.

Australian alumina producers maintain high and stable operating rates and caustic soda imports. US exports to Australia continue at low pace while Korean and Japanese exports to Australia look set to increase over the coming months.

Brent crude **oil** prices ended at around USD 75 per barrel, down 6% Q-o-Q. Average fuel oil price (VLSFO) ended at USD 590/mt (one month lagged), a decrease of 6% Q-o-Q.

HEALTH, SAFETY AND ENVIRONMENT

HEALTH AND SAFETY KPIs	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022	TARGET
Lost Time Injury Frequency (LTIF) ³	0.0	0.0	0.0	0.0	0.0	<0.5
High-risk potential accidents	0	0	1	0	2	0
# of spills to the environment	0	0	0	0	0	0

Safety performance has the highest priority and to the Board of Director's satisfaction the Lost Time Injury Frequency (LTIF) for the KCC fleet in Q2 and 1H 2023 were zero and KCC had no high-risk potential accidents so far this year. The latter KPI is tracked with the purpose of learning from near accidents to prevent serious accidents to take place.

ENVIRONMENTAL KPIs	Q2 2023	Q1 2023	BENCH-MARK Q2	LAST 12 MONTHS	2022	TARGET 2026
CO ₂ emission per ton transported cargo per nautical mile (EEOI)(grams CO ₂ /(tons cargo x nautical miles)) ^{4,5}	6.3	7.1	9.0	6.7	6.9	5.3
Average CO ₂ emission per vessel year (metric tons CO ₂ /vessel-year) ⁶	18,700	18,300	n.a.	18,400	17,900	16,900
% of days in combination trades ⁷	86 %	81 %	n.a.	86 %	83 %	86 %
Ballast days in % of total on-hire days ^{5,7}	17 %	14 %	32 %	14 %	12 %	10 %

The carbon intensity (EEOI) of the KCC fleet decreased by 11.3% in Q2 2023 compared to Q1 2023, ending at 6.3 grams CO₂ per ton-mile driven by considerably improved EEOI for the CLEANBU fleet, while the average CO₂ emissions per vessel year increased by 2% in the same period, ending at 18 600 mt CO₂.

The main reason for the improvement in EEOI for the CLEANBU fleet was increased transport work, including both carrying more cargo per voyage as well as longer distances sailed in laden condition which is also reflected in the 5%-points increase in combination trade from Q1 to Q2 2023. However, the more transport work performed by the vessels has as well impacted average CO₂ emissions per vessel-year negatively due to more fuel consumed. The EEOI for the CLEANBU vessels is negatively impacted by MV Bass which is on a 2-year time charter operating as a pure product tanker. The vessel has a 33% higher EEOI than the rest of the CLEANBU fleet, serving as a clear example of the environmental benefits of operating vessels in combination trade.

The EEOI and Average CO₂ emissions per vessel year for the CABU fleet remained largely unchanged as a 4% improvement in the CABU fleet's technical performance, most likely a result of recent installations of energy saving devices and increased focus on hull condition, was offset by somewhat weaker operational performance including higher ballasting.

¹ EIA Short-term energy outlook August 2023

² Source: Clarksons Research August 2023

³ LTIF per 1 million working hour. Lost Time Injuries (LTIs) are the sum of fatalities, permanent total disabilities, permanent partial disabilities and lost workday cases (injuries leading to loss of productive work time). In line with OCIMF (Oil Companies International Marine Forum).

⁴ 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).

⁵ Benchmark: The EEOI and % ballast for "Benchmark standard vessels" are calculated based on standard vessels (Panamax/Kamsarmax dry bulk vessels, MR-tankers and LR1-tankers) making the same transportation work in the same trades as performed by KCC's CABU and CLEANBU vessels.

⁶ 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.

⁷ 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.

OUTLOOK

The outlook for the product tanker market is very positive. Solid oil products demand, notably in Asia, and persisting trade flow changes following the displacement of Russian exports drive tonne-mile demand. While product tanker ordering has increased this year, projected supply growth the next 2-3 years is limited. After a relatively weak summer market, there are high expectations for a seasonally strong fourth quarter for product tankers.

A weaker than expected Chinese economic development hit the dry bulk market this summer and has lowered expectations for the dry bulk earnings for second half of 2023. The market fundamentals in the dry bulk market, however, remains healthy with a historically low orderbook-to-fleet ratio. Seasonal factors are likely to support a moderate dry bulk market recovery during the balance of 2023.

The CABU business will over the coming quarters continue to benefit from strong fixed-rate contract earnings under the caustic soda shipment contracts to Australia. After concluding an additional caustic soda freight contract for the second half of 2023, the full tanker capacity for the CABU fleet is fixed for the balance of 2023. Based on 81% of the CABU days fixed and forward pricing¹ for open days, CABU TCE earnings guiding for Q3 2023 is set to remain strong in line with Q2 2023 at [\$33,500-34,500/day]. Two CABU vessel will have scheduled off-hire days in Q3 2023.

Except for one CLEANBU vessel fixed on a 2-year time charter to a leading global energy company in February, the whole CLEANBU fleet is now employed in combination trades to/from Australia, North and South America. Share of the CLEANBU capacity in the tanker market is expected to increase somewhat from 57% in Q2 2023 to close to 70% in Q3 2023 having positive earnings effects. However, impacted by the weak dry bulk market and somewhat less optimal trading during this summer, CLEANBU earnings in Q3 2023 are expected to decrease slightly compared to Q2 2023. Based on current fixed days equal to 82% and forward pricing¹ TCE earnings for the CLEANBU fleet in Q3 2023 are expected to end at [\$26,000 -28,000/day]. Two CLEANBU vessels are planned for periodic dry-dock during the balance of 2023.

Oslo, 23 August 2023

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

¹ Source: Klaveness and Baltic Exchange as of May 2023. KMAX dry bulk vessel = P5TC, MR tanker = TC7 TCE, LR1 tanker = TC5 TCE, VLSFO = VLSFO Singapore. Forward TC5/TC7 TCE based on TC5/TC7 FFA assessment and forward VLSFO price.

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 2023. To the best of our knowledge, we confirm that:

- The condensed financial statements for the period 1 January to 30 June 2023 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, 23 August 2023

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

Engbret Dahm
CEO

Income Statement

USD '000	Notes	Unaudited		Unaudited		Audited
		Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Freight revenue	3	57 640	48 464	132 792	79 977	205 769
Charter hire revenue	3	6 459	16 014	12 415	30 965	54 509
Other revenue	3	-	340	6	340	396
Total revenue, vessels		64 099	64 818	145 213	111 282	260 674
Voyage expenses		(19 570)	(23 506)	(45 313)	(39 832)	(96 054)
Net revenues from operation of vessels		44 529	41 312	99 899	71 449	164 620
Operating expenses, vessels		(12 615)	(12 539)	(23 975)	(23 038)	(48 575)
Group commercial and administrative services	9	(1 150)	(898)	(2 306)	(1 808)	(4 203)
Salaries and social expense		(757)	(910)	(1 892)	(1 589)	(3 458)
Tonnage tax		(40)	(34)	(81)	(91)	(188)
Other operating and administrative expenses		(460)	(357)	(1 147)	(556)	(1 242)
Operating profit before depreciation (EBITDA)		29 505	26 573	70 500	44 366	106 955
Depreciation	4	(7 956)	(7 157)	(16 458)	(14 231)	(31 344)
Operating profit after depreciation (EBIT)		21 550	19 417	54 041	30 135	75 611
Finance income	6	2 030	1 281	3 800	1 465	3 516
Finance costs	6	(7 133)	(4 501)	(13 145)	(8 063)	(18 257)
Profit before tax (EBT)		16 447	16 196	44 696	23 537	60 869
Income tax expenses		-	-	-	-	-
Profit after tax		16 447	16 196	44 696	23 537	60 869
Attributable to:						
Equity holders of the Parent Company		16 447	16 196	44 696	23 537	60 869
Total		16 447	16 196	44 696	23 537	60 869
Earnings per Share (EPS):						
Basic earnings per share		0.30	0.31	0.83	0.45	1.16
Diluted earnings per share		0.30	0.31	0.83	0.45	1.16

Statement of Comprehensive Income

USD '000	Unaudited		Unaudited		Audited
	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Profit/ (loss) of the period	16 447	16 196	44 696	23 537	60 869
<i>Other comprehensive income to be reclassified to profit or loss</i>					
Net movement fair value on cross-currency interest rate swaps (CCIRS)	(1 552)	(10 127)	(6 744)	(5 682)	(3 707)
Reclassification to profit and loss (CCIRS)	2 237	10 186	5 916	8 380	8 559
Net movement fair value on interest rate swaps	1 377	2 657	(224)	8 228	11 663
Net movement fair value bunker hedge	121	123	20	403	(231)
Net movement fair value FFA futures	12	4 069	133	5 390	8 240
Net change on cost of hedging FFA option	-	385	-	254	-
Net change on intial value of FFA option	-	15	-	15	123
Net other comprehensive income to be reclassified to profit or loss	2 195	7 308	(900)	16 988	24 647
Total comprehensive income/(loss) for the period, net of tax	18 643	23 504	43 796	40 524	85 515
Attributable to:					
Equity holders of the Parent Company	18 643	23 504	43 796	40 524	85 515
Total	18 643	23 504	43 796	40 524	85 515

Statement of Financial Position

ASSETS		Unaudited	Audited
USD '000	Notes	30 Jun 2023	31 Dec 2022
Non-current assets			
Vessels	4	507 023	516 072
Long-term financial assets	5	3 380	7 762
Long-term receivables		105	70
Total non-current assets		510 509	523 905
Current assets			
Short-term financial assets	5	3 653	4 923
Inventories		12 599	18 898
Trade receivables and other current assets		29 535	30 061
Short-term receivables from related parties		521	202
Cash and cash equivalents	5	83 781	64 918
Total current assets		130 089	119 002
TOTAL ASSETS		640 598	642 906
EQUITY AND LIABILITIES			
USD '000		Unaudited	Audited
Equity		30 Jun 2023	31 Dec 2022
Share capital		6 956	6 235
Share premium		202 372	153 732
Other reserves		15 640	16 491
Retained earnings	7	129 122	121 087
Total equity		354 089	297 545
Non-current liabilities			
Mortgage debt	5	167 129	156 534
Long-term financial liabilities	5	7 938	2 466
Long-term bond loan	5	64 224	69 975
Total non-current liabilities		239 291	228 975
Current liabilities			
Short-term mortgage debt	5	25 199	92 769
Other interest bearing liabilities	5	924	233
Short-term financial liabilities	5	223	249
Trade and other payables		20 477	22 250
Short-term debt to related parties		314	693
Tax liabilities		80	193
Total current liabilities		47 218	116 387
TOTAL EQUITY AND LIABILITIES		640 598	642 906

The Board of Directors of
Klaveness Combination Carriers ASA

Oslo, 23 August 2023

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

Attributable to equity holders of the parent

Unaudited							
USD '000	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
Equity 1 January 2023	6 235	153 732	(147)	17 352	(714)	121 087	297 545
Profit (loss) for the period	-	-	-	-	-	44 696	44 696
Other comprehensive income for the period	-	-	-	(900)	-	-	(900)
Private placement May 2023	721	48 619	-	-	-	-	49 340
Share purchase (note 8)	-	21	50	-	-	-	71
Dividends	-	-	-	-	-	(36 660)	(36 660)
Equity at 30 June 2023	6 956	202 372	(97)	16 451	(714)	129 122	354 089

Unaudited							
USD '000	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
Equity 1 January 2022	6 235	153 732	(147)	(7 294)	(714)	102 605	254 417
Profit (loss) for the period	-	-	-	-	-	23 537	23 537
Other comprehensive income for the period	-	-	-	16 733	254	-	16 988
Share option program	-	-	-	-	-	19	19
Dividends	-	-	-	-	-	(14 664)	(14 664)
Equity at 30 June 2022	6 235	153 732	(147)	9 439	(459)	111 496	280 297

Audited							
USD '000	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
Equity 1 January 2022	6 235	153 732	(147)	(7 294)	(714)	102 605	254 417
Profit (loss) for the period	-	-	-	-	-	60 869	60 869
Other comprehensive income for the period	-	-	-	24 647	-	-	24 647
Share option program	-	-	-	-	-	35	35
Dividends	-	-	-	-	-	(42 421)	(42 421)
Equity at 31 December 2022	6 235	153 732	(147)	17 352	(714)	121 087	297 545

Cash Flow Statement

USD '000	Notes	Unaudited		Unaudited		Audited
		Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Profit before tax		16 447	16 196	44 696	23 537	60 869
Tonnage tax expensed		40	34	81	91	188
Depreciation	4	7 956	7 157	16 458	14 231	31 344
Amortization of upfront fees bank loans		783	387	1 167	622	1 352
Gain related to modification of debt	6	-	(1 175)	-	(1 175)	(1 175)
Financial derivatives loss / gain (-)	6	58	(8)	118	(122)	(232)
Gain /loss on foreign exchange		207	423	132	326	207
Interest income	6	(2 030)	(98)	(3 799)	(1 343)	(3 284)
Interest expenses	6	6 085	3 691	11 727	7 115	16 698
Change in current assets		8 262	(6 398)	6 506	(5 391)	(16 504)
Change in current liabilities		(2 502)	10 543	(251)	9 409	4 488
Collateral paid/received on cleared derivatives	5	651	2 828	757	6 050	8 901
Interest received	6	2 030	98	3 799	1 343	3 030
A: Net cash flow from operating activities		37 988	33 678	81 393	54 693	105 883
Acquisition of tangible assets	4	(4 249)	(4 535)	(7 411)	(5 721)	(10 238)
B: Net cash flow from investment activities		(4 249)	(4 535)	(7 411)	(5 721)	(10 238)
Paid in registered capital increase	7	49 828	-	49 828	-	-
Transaction costs on capital increase		(1 093)	-	(1 093)	-	-
Paid in long term incentive plan	8	27	-	27	-	-
Loan to employees	8	(27)	-	(27)	-	-
Transaction costs on issuance of loans	5	(1 589)	(193)	(1 589)	(193)	(193)
Repayment of mortgage debt	5	(145 894)	(5 984)	(151 433)	(11 968)	(24 049)
Drawdown of mortgage debt	5	95 000	-	95 000	-	-
Interest paid	6	(8 099)	(3 594)	(13 864)	(6 994)	(15 378)
Repayment of lease liabilities		-	(144)	-	(286)	(382)
Interest paid leasing		-	(19)	-	(37)	(66)
Termination of interest rate derivatives	5	4 001	-	4 001	-	-
Dividends		(20 949)	(9 427)	(36 660)	(14 664)	(42 421)
C: Net cash flow from financing activities		(28 794)	(19 361)	(55 810)	(34 142)	(82 489)
Net change in liquidity in the period		4 945	9 782	18 172	14 830	13 156
Cash and cash equivalents at beginning of period		77 912	56 577	64 685	51 529	51 529
Cash and cash equivalents at end of period		82 857	66 359	82 857	66 359	64 685
Net change in cash and cash equivalents in the period		4 945	9 782	18 172	14 830	13 156
Cash and cash equivalents		83 781	67 189	83 781	67 189	64 918
Other interest bearing liabilities (overdraft facility)		924	830	924	830	233
Cash and cash equivalents (as presented in cash flow statement)		82 857	66 359	82 857	66 359	64 685

Notes

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- 02** Segment reporting

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

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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 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, and three vessels under construction. 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 2022, which have been prepared in accordance with IFRS, as adopted by the European Union.

Tax

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

Subsidiaries

Klaveness Combination Carriers ASA has during 1H 2023 purchased a 100 % owned company, KCC Bass AS, included as a subsidiary in the Group. Purchase price of NOK 80k represented cash in the company with no other business activities at the purchase date.

Internal sale transaction

In March 2023, the CLEANBU vessel, MV Bass was sold from KCC Shipowning AS ("KCCS") to KCC Bass AS (both companies 100 % owned by Klaveness Combination Carriers ASA). The sale was made on arm's length terms based on observable and comparable prices for standard vessels adjusted for CLEANBU features and based on a discounted cash flow model. KCC Bass AS and KCCS are co-borrowers in the bank debt facility and one of the bank loan tranches was transferred to KCC Bass AS. KCCS also distributed dividends used to capitalize KCC Bass AS. The internal sale transaction and internal restructuring of loans have no effect on consolidated figures.

Long term incentive program

In April 2023, a new Long Term Incentive Program (LTIP) was approved. The new program consists of two elements: 1) a share purchase program where employees are offered to purchase shares at a discount, and 2) a share option program with a strike price equal to the market price at the time of grant. The equity-settled share-based payments (share purchase program) are treated as an increase in equity at fair value. The purchase price is recognized as a capital increase immediately, and the discount is periodized as wage/equity increase over the vesting period. Employee share options are calculated at fair value at the time they are granted and charged to expense over the vesting period as payroll cost with a corresponding increase in equity. The market value of the employee share options is estimated based on the Black-Scholes-Merton model.

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 2022 except for the adoption of any new accounting standards or amendments with effective date after 1 January 2023. 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 2023			Q2 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	37 465	26 633	64 099	36 578	27 899	64 478
Voyage expenses	(13 779)	(5 791)	(19 569)	(15 072)	(8 434)	(23 506)
Other revenue	-	-	-	-	340	340
Net operating revenues from operations of vessel:	23 687	20 843	44 529	21 506	19 806	41 312
Operating expenses, vessels	(5 198)	(7 418)	(12 615)	(5 968)	(6 572)	(12 539)
Group administrative services	(474)	(676)	(1 150)	(427)	(470)	(898)
Salaries and social expense	(312)	(445)	(757)	(433)	(477)	(910)
Tonnage tax	(23)	(17)	(40)	(29)	(5)	(34)
Other operating and adm expenses	(190)	(271)	(460)	(170)	(187)	(357)
Operating profit before depreciation (EBITDA)	17 491	12 015	29 505	14 479	12 094	26 573
Depreciation	(3 261)	(4 694)	(7 956)	(2 968)	(4 188)	(7 157)
Operating profit after depreciation (EBIT)	14 229	7 321	21 550	11 511	7 906	19 417

Reconciliation of average revenue per on-hire day (TCE earnings \$/day) USD '000	Q2 2023			Q2 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenues from operations of vessels	23 687	20 843	44 529	21 506	19 806	41 312
Other revenue (note 3)	-	-	-	-	(340)	(340)
Net revenue ex adjustment	23 687	20 843	44 529	21 506	19 466	40 972
On-hire days	687	707	1 394	696	659	1 355
Average TCE earnings (\$/day)	34 502	29 482	31 955	30 876	29 558	30 235

Reconciliation of opex \$/day USD '000	Q2 2023			Q2 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	5 198	7 418	12 615	5 968	6 572	12 539
Leasing cost (presented as depreciation)	-	-	-	72	72	144
Operating expenses, vessels adjusted	5 198	7 418	12 615	6 040	6 644	12 684
Operating days	728	728	1 456	728	728	1 456
Opex \$/day	7 140	10 189	8 664	8 297	9 126	8 711

Operating income and operating expenses per segment USD '000	H1 2023			H1 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	73 740	71 496	145 236	61 480	49 462	110 942
Voyage expenses	(27 608)	(17 729)	(45 337)	(23 434)	(16 398)	(39 832)
Other revenue	-	-	-	-	340	340
Net operating revenues from operations of vessels	46 132	53 767	99 899	38 045	33 404	71 449
Operating expenses, vessels	(10 330)	(13 645)	(23 975)	(10 964)	(12 074)	(23 038)
Group administrative services	(993)	(1 312)	(2 306)	(860)	(948)	(1 808)
Salaries and social expense	(815)	(1 077)	(1 892)	(756)	(833)	(1 589)
Tonnage tax	(47)	(34)	(81)	(57)	(35)	(91)
Other operating and adm expenses	(494)	(653)	(1 147)	(265)	(291)	(556)
Operating profit before depreciation (EBITDA)	33 452	37 047	70 500	25 143	19 223	44 366
Depreciation	(6 581)	(9 877)	(16 458)	(5 855)	(8 376)	(14 232)
Operating profit after depreciation (EBIT)	26 871	27 170	54 041	19 287	10 847	30 135

Reconciliation of average revenue per on-hire day (TCE earnings \$/day) USD '000	H1 2023			H1 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenues from operations of vessels	46 132	53 767	99 899	38 045	33 404	71 449
Other revenue (note 3)	-	-	-	-	(340)	(340)
Net revenue ex adjustment	46 132	53 767	99 899	38 045	33 064	71 109
On-hire days	1 400	1 424	2 824	1 377	1 375	2 752
Average TCE earnings (\$/day)	32 962	37 763	35 383	27 619	24 053	25 838

Reconciliation of opex \$/day USD '000	H1 2023			H1 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	10 330	13 645	23 975	10 963	12 076	23 038
Leasing cost (presented as depreciation)	-	-	-	143	143	287
Operating expenses, vessels adjusted	10 330	13 645	23 975	11 106	12 219	23 325
Operating days	1 448	1 448	2 896	1 448	1 448	2 896
Opex \$/day	7 134	9 423	8 279	7 670	8 439	8 054

Operating income and operating expenses per segment	2022		
USD '000	CABU	CLEANBU	Total
Operating revenue, vessels	127 455	132 823	260 278
Other revenue	-	396	396
Voyage expenses	(55 018)	(41 036)	(96 054)
Net revenues	72 436	92 183	164 620
Operating expenses, vessels	(22 917)	(25 657)	(48 575)
Group administrative services	(1 983)	(2 220)	(4 203)
Salaries and social expense	(1 631)	(1 826)	(3 458)
Tonnage tax	(105)	(83)	(188)
Other operating and adm expenses	(586)	(656)	(1 242)
Operating profit before depreciation (EBITDA)	45 214	61 740	106 954
Depreciation	(12 465)	(18 880)	(31 344)
Operating profit after depreciation (EBIT)	32 749	42 860	75 610

Reconciliation of average revenue per on-hire day (TCE earnings \$/day)	2022		
USD '000	CABU	CLEANBU	Total
Net revenues from operations of vessels	72 436	92 183	164 620
Other revenue	-	(396)	(396)
Net revenue ex adjustment	72 436	91 787	164 225
On-hire days	2 703	2 814	5 518
Average TCE earnings per on-hire day (\$/day)	26 796	32 614	29 764

Reconciliation of opex \$/day	2022		
USD '000	CABU	CLEANBU	Total
Operating expenses, vessels	22 916	25 659	48 575
Leasing cost (presented as depreciation)	-	-	-
Operating expenses, vessels adjusted	22 915	25 658	48 575
Operating days	2 920	2 920	5 840
Opex (\$/day)	7 848	8 787	8 318

03 Revenue from contracts with customers

Revenue types						
USD '000	Classification	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Revenue from COA contracts	Freight revenue	54 277	23 840	92 177	38 914	92 852
Revenue from spot voyages	Freight revenue	3 363	24 624	40 622	41 063	112 917
Revenue from TC contracts	Charter hire revenue	6 459	16 014	12 415	30 965	54 509
Other revenue	Other revenue	-	340	-	340	396
Total revenue, vessels		64 099	64 818	145 213	111 282	260 674

04 Vessels

Vessels		
USD '000	30 Jun 2023	31 Dec 2022
Cost price 1.1	742 721	734 955
Dry Docking	3 181	5 620
Technical upgrade	4 230	4 617
Disposal of vessel and drydock	-	(2 472)
Costprice end of period	750 132	742 721
Acc. Depreciation 1.1	226 650	198 092
Disposal of vessel and dry dock	-	(2 472)
Depreciation vessels	16 458	31 029
Acc. Depreciation end of period	243 109	226 650
Carrying amounts end of period*	507 023	516 072
*) carrying value of vessels includes dry-docking		
No. of vessels	16	16
Useful life (vessels)	25	25
Useful life (dry docking)	2 -3	2 -3
Depreciation schedule	Straight-line	Straight-line

Reconciliation of depreciations					
USD '000	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Depreciation vessels	7 956	7 012	16 458	13 945	31 029
Depreciation right of use assets	-	144	-	286	315
Depreciations for the period	7 956	7 157	16 458	14 231	31 344

ADDITIONS

Two vessels have completed dry-dock so far in 2023, and four vessels are planned for dry-dock in 2nd half of 2023. Technical upgrade of USD 4.2 million for the half year is related to general improvement of the technical performance of the vessels and energy efficiency initiatives. KCC has secured in total approximately USD 1.4 million in grants from ENOVA¹ to finance investments in energy saving solutions for one CABU vessel and one CLEANBU vessel. As of Q2 2023 an accumulated total of USD 0.9 million has been recognized.

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. The rise in the interest rates increases the discount rate used in calculation of recoverable amount. As previous sensitivity analysis of recoverable amount shows that the decrease in recoverable amount is unlikely to result in a material impairment loss, as per IAS 36.16, this has not been considered an impairment indicator. Expected future TCE earnings for both fleets of CABUs and CLEANBUs, diversified market exposure, development in secondhand prices and the combination carriers' trading flexibility support the conclusion of no impairment indicators identified as per 30 June 2023.

NEWBUILDINGS

On 23 June 2023, KCC's 100% owned subsidiary KCC Shipowning AS signed a shipbuilding contract for the construction of three third generation CABU vessels with Jiangsu New Yangzi Shipbuilding CO. Ltd. The contract price is USD 56.5 million per vessel and estimated delivery cost is approximately USD 60.5 million per vessel. The expected delivery is Q1-Q3 2026. No installments have been paid as of 30 June 2023. First installment was paid in July 2023.

¹ ENOVA = A Norwegian government enterprise responsible for promotion of environmentally friendly production and consumption of energy

05 Financial assets and liabilities

In Q2 2023, KCC Shipowning AS, a subsidiary of the Group signed an agreement to refinance the USD105 million term loan facility and the USD90.675 million term loan and revolving credit facility (together the “Existing Facilities”) into a new USD190 million sustainability linked term loan and revolving credit facility (the “New Facility”). The New Facility will bear interest of Term SOFR + 2.1%. The margin will be adjusted based on the Group’s sustainability performance in relation to the trajectory set out in the Group’s Sustainability Financing Framework which is available on the Company’s website. The New Facility is a 50/50 revolving credit facility/term loan facility. The tenor is approximately 5 years and is repaid on a close to 18-years average age adjusted profile.

The USD 80 million Nordea / Danske term loan facility was amended to reflect the cessation of LIBOR and will bear interest of Term SOFR + margin and a customary credit adjustment spread to reflect the difference between SOFR and LIBOR.

During the second quarter the Group terminated a total of USD71 million of notional in fixed/float interest rate swaps and a portfolio of interest rates options. The cash proceeds from the transactions are approximately USD 4 million which will be periodized over original swap period (approx. 2 years). No material P&L effect for Q2 as the swaps were terminated end of June.

The remaining interest rate swaps were transferred from LIBOR to SOFR and were accounted for as a change in floating interest rate.

USD '000				
Mortgage debt	Description	Interest rate	Maturity	Carrying amount
DNB/SEB/SRB/SPV Facility	Term Loan/RCF, USD 190 million	Term SOFR + 2.1 %	June 2028	95 000
Nordea/Credit Agricole Facility*	Term Loan/RCF, USD 60 million	Term SOFR + 2.25 %	March 2027	34 059
Nordea/ Danske Facility***	Term loan, USD 80 million	Term SOFR + CAS + 2.1 %	December 2026	66 941
Capitalized loan fees				(3 672)
Mortgage debt 30 June 2023				192 328

* 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.

*** CAS= Credit adjusted spread. For three months Term SOFR, the CAS is approx 0.26%

The Group has available undrawn revolving credit facility capacity of USD 113.0 million and USD 14.1 million available capacity under a 364-days overdraft facility.

As per 30 June 2023, USD 64k of the Group’s total cash balance was classified as restricted cash.

The Group is subject to certain financial covenants and other undertakings in financing arrangements. As per 30 June 2023 the Group is in compliance with all financial covenants. For further details on covenants please see the 2022 Annual Report.

Bond loan	Face value	Maturity	Carrying Amount
	NOK'000		30 Jun 2023
KCC04	700 000	11.02.2025	76 390
Exchange rate adjustment			(11 646)
Capitalized expenses			(400)
Bond discount			(120)
Total bond loan	700 000		64 224

USD '000	Fair value	Carrying amount	
	30 Jun 2023	30 Jun 2023	31 Dec 2022
Mortgage debt	170 801	170 801	159 664
Capitalized loan fees	-	(3 672)	(3 131)
Bond loan	66 530	64 744	70 660
Bond discount	-	(120)	(158)
Capitalized expenses bond loan	-	(400)	(527)
Total non-current interest bearing liabilities	237 331	231 353	226 509
Mortgage debt, current	25 199	25 199	92 769
Overdraft facility (Secured)	924	924	233
Total interest bearing liabilities	263 454	257 476	319 511

USD '000		
Financial assets	30 Jun 2023	31 Dec 2022
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	-	1 272
Interest rate swaps	7 033	11 110
Financial instruments at fair value through P&L		
Interest rate swaps	-	303
Financial assets	7 033	12 685
Current	3 653	4 923
Non-current	3 380	7 762
USD '000		
Financial liabilities	30 Jun 2023	31 Dec 2022
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	7 938	2 466
Fuel hedge	223	249
Financial liabilities	8 161	2 715
Current	223	249
Non-current	7 938	2 466

06 Financial items

USD' 000					
Finance income	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Other interest income	2 030	98	3 799	168	2 109
Gain related to modification of debt	-	1 175	-	1 175	1 175
Fair value changes interest rate swaps	-	8	-	122	232
Other financial income	1	-	1	-	-
Finance income	2 030	1 281	3 800	1 465	3 516

USD' 000					
Finance cost	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Interest expenses mortgage debt	4 386	2 534	8 627	4 788	11 769
Interest expenses bond loan	1 379	1 082	2 740	2 208	4 767
Interest expenses lease liabilities	-	19	-	37	66
Amortization capitalized fees on loans	783	387	1 167	622	1 352
Other financial expenses	319	56	361	81	97
Fair value changes interest rate swaps	58	-	118	-	-
Loss on foreign exchange	207	423	132	326	207
Finance cost	7 133	4 501	13 145	8 063	18 257

Amortization of capitalized fees on loans of USD 0.8 million in Q2 2023 includes derecognition of remaining loan fees of USD 0.6 million for re-financed loan facilities (note 5).

07 Share capital, shareholders, dividends and reserves

Dividends of USD 20.9 million were paid to the shareholders in May 2023 (USD 0.40 per share). A total of USD 30.7 million in dividends has been paid to shareholders during first half of 2023.

On 22 February 2023, the CEO of Klaveness Combination Carriers ASA, Engbret Dahm, exercised all his 38,580 options in the Company against cash settlement by the Company. The share options were granted in December 2019 and were fully vested in December 2022. The option settlement in cash of USD 0.2 million is recognized as payroll expenses in Q1 2023.

On 22 June 2023, the Senior Executives in the Company purchased in total 13 500 shares in KCC through the Company's LTIP program, where 10 000 were purchased by the CEO. The Company used Treasury shares to settle the transactions. In connection to this share purchase, the Senior Executives were awarded 40 500 share options in the Company of which 30 000 were awarded to the CEO. As of 30 June 2023, the CEO, Engbret Dahm holds 30,532 shares and 30 000 options in the Company.

On 30 May 2023, the Company completed a capital increase of USD 49.8 million through a private placement to partly fund three newbuildings. The Board approved the allocation of 7 857 143 shares in the private placement at a price of NOK 70.00 per share.

	Shares	Share capital (NOK)
Shares and share capital at 31 December 2022	52 372 000	52 372 000
Shares issued 30 May 2023	7 857 143	7 857 143
Shares and share capital at 30 June 2023	60 229 143	60 229 143

	30 Jun 2023	31 Dec 2022
Weighted average number of ordinary shares for basic EPS (excl. treasury shares)	54 953 332	52 331 922
Effects of dilution from:		
Share options (note 8)	30 380	65 280
Warrants (note 10)	229 088	229 088
Weighted average number of ordinary shares for the effect of dilution	55 212 800	52 626 290

08 Salaries

In the option program granted in December 2019, the CEO and CFO were granted 38,580 and 26,700 options respectively. As all options under the existing Long-Term Incentive Plan (LTIP) have vested, the Board proposed a new LTIP that was approved by the General Meeting in April 2023. The new LTIP comprising of two elements:

- 1) A share purchase program where Senior Executives are offered to purchase shares at a discount of 20 % to the market price, and with the possibility for optional loan financing of up to 50 % of the purchase price. The share purchase program includes a three-year lock-up period. If a Senior Executive resigns within the lock-up period, the Company will have an option to purchase the shares at a price equal to the lower of the purchase price (after discount) and the market value.
- 2) A share option program with a strike price equal to market price at the time of grant. Participation in the share option program is subject to purchase of shares under the share purchase program. The share options will vest 1/3 each year. Vested options may be exercised at any time after three years from the grant date but no later than five years after the date of grant. Options that vest in 2024 and 2025 may be exercised one year thereafter, in 2025 and 2026 respectively. The share options have no voting or other shareholder rights.

On 22 June 2023, Senior Executives of the Company purchased in total 13 500 shares in KCC as part of the Company's long term incentive program (of which the CEO, Engebret Dahm purchased 10 000 of the total shares). The shares were acquired at a price of NOK 55.60 per share. The Q2 effect of the equity settled share-based payment is an increase in equity of USD 71k.

In connection with the share purchase in June 2023, and in accordance with the terms of the LTIP, Senior Executives were awarded 40 500 share options in KCC (of which the CEO, Engebret Dahm was awarded 30 000 share options) at a strike price of NOK 69.50, adjusted for any distribution of dividends made before the relevant options are exercised.

The fair value of the share options granted on 22 June 2023 was calculated on the Black-Scholes Merton method. The significant assumptions used to estimate the fair value of the share options are set out below:

	Model inputs
Dividend yield (%)	0
Expected volatility (%)*	37 %
Risk-free interest rate (%)	3,69 %
Expected life of share options (year)	5
Weighted average share price (NOK)	66,72

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

**We used the average five-year Norwegian Government bond risk-free yield-to-maturity rate of 3.69% as of June 2023 as an estimate for the risk-free rate to match the expected five year term of the share options.

The following table summarizes the option activity as per 30 June 2023:

	Average exercise price	2023	2022
Opening balance 1 January		65 280	65 280
Granted during the year	NOK 69.5	40 500	0
Exercised during the year		-	38 580
Forfeited during the year		0	0
Expired during the year		0	0
Outstanding at 30 June		67 200	65 280

The fair value of the share options granted is calculated to USD 119k, i.e USD 1.91 per share option. The cost incurred in 1H 2023 is zero and the cost to be recognized in 2H 2023 is USD 16k.

09 Transactions with related parties

USD' 000							
Type of services/transactions	Provider ¹	Price method	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Pool participation ²	BAU	Standard pool agreement	-	-	-	49	49
Dry bulk chartering	KC	1.25% of transaction value ³	-	(291)	(114)	(405)	(472)
Total net revenue from related parties			-	(291)	(115)	(356)	(423)

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

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

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

USD' 000							
	Provider ¹	Price method	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Business adm. services	KAS	Cost + 5%	469	316	831	706	1 641
Business adm. services	KA Ltd	Cost + 5%	48	38	94	73	160
Commercial services	KSM	Cost + 7.5%	245	208	446	424	825
Subscription Cargo Value (linked to COA with external party)	CIA	Fixed fee	-	30	-	60	60
FFA trading	KAS	0.1% of transaction value ⁴	-	46	-	75	-
Commercial services	KDB	Cost + 7.5% ⁴	65	-	142	-	279
Project management	KSM	Cost + 7.5%	324	260	793	471	1 237
Total group commercial and administrative services			1 150	898	2 306	1 808	4 202

Some bunker purchases are done through KC (related party in the Torvald Klaveness Group) which holds the bunker contracts with suppliers in some regions. No profit margin is added to the transactions, but a service fee is charged based on time spent (cost +7.5%) reflecting the time spent by the bunkering team and charged as part of the commercial services from KDB.

4) From 1 July 2022 the service fee for dry bulk chartering and FFA/bunker derivatives trading is based on time spent (cost + 7.5%), see also comment 3.

USD' 000							
Type of services/transactions	Provider ¹	Price method	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Technical mngmnt fee (opex)	KSM	Fixed fee per vessel	1 002	955	2 005	1 910	3 819
Crewing and IT fee (opex)	KSM	Fixed fee per vessel	363	396	724	781	1 565
Board member fee (administrative expenses)	KAS	Fixed fee as per annual general meeting	20	21	40	45	85
Total other services/ transactions			1 386	1 372	2 769	2 736	5 468

KCCC has a bunkers derivative position of 3 600 tons (remaining Cal-23) towards KC (a related party in the Torvald Klaveness Group) at a cost of USD 12k to cover margin requirements etc. Market value of the portfolio with KC was negative USD 223k as per 30 June 2023 and presented as a financial liability in Statement of Financial Position.

The Company has decided to strengthen its presence in the Middle East and India and will from 1 August 2023 start operations from the Torvald Klaveness Dubai office by moving two KCC employees from Singapore to Dubai. The transfer has no material financial impact.

10 Events after the balance sheet date

The first yard instalment of in total USD 17.2 million for the construction of three CABU newbuilds was paid in July 2023.

Hundred Roses Corporation exercised all its 14,020 warrants in August 2023. Exercise price adjusted for paid dividends was NOK 26.06 per share. The remaining number of outstanding warrants after exercise is 215,068 with final exercise date 24 September 2023. The share capital after the exercise is NOK 60,243,163 divided into 60,243,163 shares, each with a par value of NOK 1.

On 23 August 2023, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 0.25 per share for second quarter 2023, in total approximately USD 15.1 million.

There are no other events after the balance sheet date that have material effect on the Financial Statement as of 30 June 2023.

¹Klaveness 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).

