



Klaveness  
Combination Carriers



Third  
Quarter  
2023

# HIGHLIGHTS

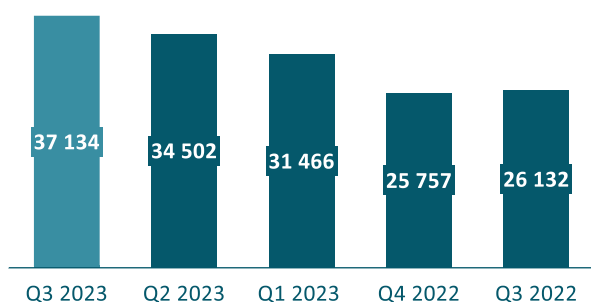
- EBT of USD 16.3 million and EBITDA of USD 27.9 million
- Record high CABU TCE earnings, slightly lower CLEANBU TCE earnings Q-o-Q
- Seasonally weaker tanker and dry bulk markets
- NOK 500 million sustainability-linked bond issue secured
- Energy efficiency measures installed on MV Ballard delivering est. 15% lower fuel consumption
- The Board of Directors of KCC declares dividend of USD 0.25 per share (~USD 15.1 million in total)



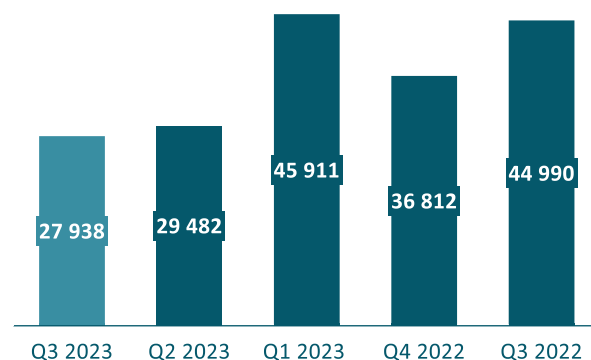
“KCC continued its strong value creation through seasonally weaker markets in Q3, a testament to our resilient business model. Looking to the fourth quarter, we anticipate an uptick in earnings and profitability driven by stronger product tanker and dry bulk markets and strong trading and operational efficiency.”

- Engebret Dahm, CEO Klaveness Combination Carriers ASA

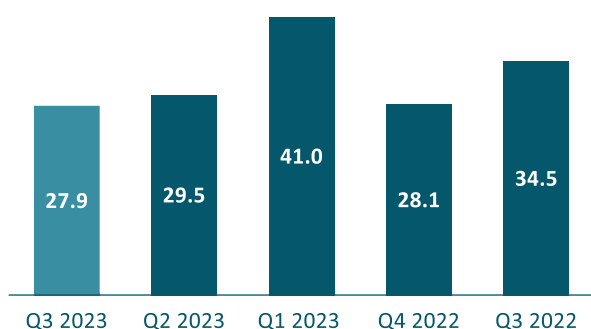
### Average CABU TCE earnings (\$/day)<sup>1</sup>



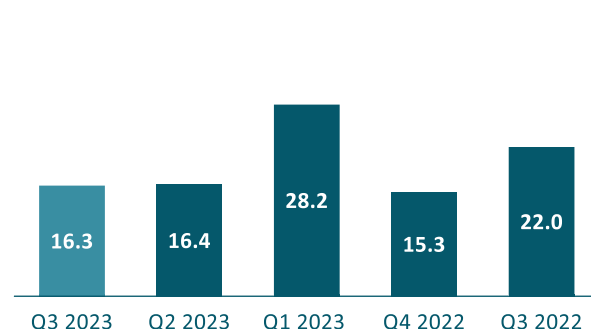
### Average CLEANBU TCE earnings (\$/day)<sup>1</sup>



### EBITDA (MUSD)



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



<sup>1</sup> Average TCE earnings \$/day and return on equity (ROE) are alternative performance measures (APMs) which are defined and reconciled in the excel sheet “APM3Q2023” published on the Company’s homepage ([www.combinationcarriers.com](http://www.combinationcarriers.com)) Investor Relations/Reports and Presentations under the section for the Q3 2023 report.

## > FINANCIAL PERFORMANCE

(USD '000)	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Net revenues from vessel operations	43 796	44 529	48 787	210 437	120 237
EBITDA	27 911	29 505	34 451	98 411	78 818
Profit/(loss) for the period	16 311	16 447	21 989	61 007	45 526
Earnings per share (USD)	0.27	0.30	0.42	1.09	0.87
Total assets	627 676	640 598	644 460	627 676	644 460
Equity	353 401	354 089	297 222	353 401	297 222
Equity ratio <sup>1</sup>	56%	55%	46%	56%	46%
ROCE annualised <sup>1</sup>	13%	14%	17%	16%	12%
ROE annualised <sup>1</sup>	18%	19%	30%	23%	20%
	<b>Q3 2023</b>	<b>Q2 2023</b>	<b>Q3 2022</b>	<b>YTD 2023</b>	<b>YTD 2022</b>
Average TCE \$/day <sup>1</sup>	32 214	31 955	35 915	34 353	29 153
OPEX \$/day <sup>1</sup>	8 961	8 664	8 144	8 510	8 019
On-hire days	1 360	1 394	1 349	4 183	4 101
Off-hire days, scheduled	108	59	85	168	146
Off-hire days, unscheduled	4	3	38	17	121
% of days in combination trades <sup>2</sup>	89%	86%	89%	85%	82%
Utilisation <sup>3</sup>	92%	93%	89%	94%	91%

Net profit after tax for the third quarter ended at USD 16.3 million compared to USD 16.4 million in Q2 2023 and USD 22.0 million in Q3 2022. EBITDA for the period ended at USD 27.9 million, a 5% decrease Q-o-Q driven by weaker CLEANBU TCE earnings, less on-hire days and higher operating expenses, partly offset by higher CABU TCE earnings.

Operating expenses were up USD 0.6 million/5% Q-o-Q mainly due to provisions made for potential losses related to yard claims. Administrative expenses were up USD 0.3 million/12% Q-o-Q mainly due to reclassification of salary expenses. Net finance cost decreased by USD 1.4 million (-28%) Q-o-Q mainly due to net lower interest cost and lower amortization compared to previous quarter. Net Profit and Loss effect of the bond refinancing was limited.

### CAPITAL AND FINANCING

Cash and cash equivalents ended at USD 64.2 million by the end of Q3 2023, a decrease of USD 19.6 million during the quarter. The decrease was mainly driven by the part refinancing of the Company's bond debt with a cash outflow of USD 9.4 million, newbuilding installment of USD 17.5 million, drydocking and upgrading of vessels of USD 4.1 million, debt service of USD 12.1 million and dividend distribution of USD 15.1 million partly offset by a strong EBITDA of USD 27.9 million and positive working capital changes of USD 8.3 million.

Total equity ended at USD 353.4 million, a decrease of USD 0.7 million from end of Q2 2023 driven by dividend payments

of USD 15.1 million and other comprehensive income of negative USD 2.4 million offset by profit of USD 16.3 million and exercise of warrants of USD 0.5 million. The equity ratio ended at 56.3% per end Q3 2023, up from 55.3% per end of Q2 2023.

Interest-bearing debt ended at USD 250.1 million by the end of the quarter, down USD 7.4 million from end of Q2 2023 mainly due to ordinary debt repayments. The Group had per end of Q3 2023 USD 113.0 million available and undrawn under long-term revolving credit facilities and USD 15.0 million available and undrawn under a 364-days overdraft facility, the latter falling due in December 2023.

In Q3, KCC completed a new senior unsecured Sustainability-linked bond issue (KCC05) of NOK 500 million with maturity date 5 September 2028. The bond carries a coupon of 3 months NIBOR + 365 bps and the final repayment amount is linked to KCC's emission performance. The Sustainability-linked Financing Framework can be found on the Company's website. In conjunction with the KCC05 issue, KCC repurchased NOK 508.5 million of the KCC04 bond issue falling due in February 2025.

### EVENTS AFTER THE BALANCE SHEET DATE

On 30 October 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 third quarter 2023, in total approximately USD 15.1 million.

<sup>1</sup> Alternative performance measures (APMs) are defined and reconciled in the excel sheet "APM3Q2023" published on the Company's homepage ([www.combinationcarriers.com](http://www.combinationcarriers.com)) Investor Relations/Reports and Presentations under the section for the Q3 2023 report.

<sup>2</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 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>3</sup> Utilization = (Operating days less waiting time less off-hire days)/operating days.

## > THE CABU BUSINESS

(USD '000)	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Average TCE \$/day <sup>1</sup>	37 134	34 502	26 132	34 291	27 143
OPEX \$/day <sup>1</sup>	7 963	7 140	7 227	7 413	7 455
On-hire days	632	687	649	2 032	2 027
Off-hire days, scheduled	100	41	49	140	59
Off-hire days, unscheduled	4	1	38	12	99
% of days in combination trades <sup>2</sup>	94%	85%	91%	91%	78%
Ballast days in % of total on-hire days <sup>4</sup>	10%	16%	9%	12%	10%
Utilisation <sup>3</sup>	86%	92%	87%	93%	90%

Average TCE earnings per on-hire day for the CABU vessels for Q3 2023 ended at \$37,134/day, an increase of approximately \$2,600/day from Q2 2023 and approximately \$11,000/day from Q3 2022. The Q-o-Q change mainly driven by stronger caustic soda cargo earnings, higher caustic soda contract volumes and hence better trading efficiency. Share of days in combination trades increased from 85% in Q2 2023 to 94% in Q3 2023 and days in ballast decreased from 16% to 10% in Q3. TCE earnings for the CABU fleet were 1.5 times higher than the spot market for standard MR<sup>5</sup> tankers in the third quarter.

Average operating costs of \$7,963/day for the third quarter were up approximately \$800/day from the previous quarter and up approximately \$700/day compared to Q3 2022 mainly due to timing effects of procurement and crewing. The CABU fleet had four unscheduled off-hire days in Q3 2023. Two CABU vessel completed periodic drydock in Q3 with in total 100 off-hire days, higher than expected due to delays in the completion of the drydocking of MV Ballard. This drydocking included installation of several energy efficiency measures including pilot retrofit installation of shaft generator and air lubrication systems.

## > THE CLEANBU BUSINESS

(USD '000)	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Average TCE \$/day <sup>1</sup>	27 938	29 482	44 990	34 412	31 117
OPEX \$/day <sup>1</sup>	9 959	10 189	9 061	9 606	8 583
On-hire days	727	707	700	2 152	2 075
Off-hire days, scheduled	9	19	36	27	87
Off-hire days, unscheduled	0	3	1	6	22
% of days in combination trades <sup>2</sup>	84%	86%	88%	79%	86%
Ballast days in % of total on-hire days <sup>4</sup>	17%	19%	16%	18%	13%
Utilisation <sup>3</sup>	99%	94%	92%	99%	92%

CLEANBU TCE earnings per on-hire day ended at \$27,938/day, a decrease of approximately \$1,500/day from last quarter and a decrease of approximately \$17,000/day from a record-strong Q3 2022. The decrease from last quarter reflects both seasonally weaker product tanker and dry bulk markets, despite a higher capacity in tanker trades, up from 57% in Q2 2023 to 76% in Q3 2023. % of days in combination trades ended at 84%, quite in line with Q2 2023 (86%), while ballast days ended at 17%, down from 19% in Q2 2023. Average TCE earnings for the CLEANBU vessels were in line with the spot market for standard LR1<sup>5</sup> tanker vessels in the second quarter (1.0 multiple).

Average operating costs for the CLEANBU vessels ended at \$9,959/day, quite in line with previous quarter and up approximately \$900/day compared to the same quarter last year. Q3 2023 was impacted by provisions made for potential losses related to yard claims. The CLEANBU fleet had nine scheduled off-hire days in Q3 related to the cancellation of one drydocking. One CLEANBU is scheduled to start its periodic drydock in Q4 and will retrofit a shaft generator and an air lubrication system with 75 off-hire days expected in Q4 2023 and Q1 2024 in total.

<sup>1</sup> Alternative performance measures (APMs) are defined and reconciled in the excel sheet "APM3Q2023" published on the Company's homepage ([www.combinationcarriers.com](http://www.combinationcarriers.com)) Investor Relations/Reports and Presentations under the section for the Q3 2023 report.

<sup>2</sup> % of days in combination trades = see definition on page 2

<sup>3</sup> Utilization = (Operating days less waiting time less off-hire days)/operating days

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

## > MARKET DEVELOPMENT

Average Market Rates with One Month Lag	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
P5TC dry bulk earning \$/day	10 400	13 900	19 700	12 000	23 200
Average MR Clean tanker earnings \$/day	23 700	30 500	38 900	31 500	24 500
Average LR1 tanker earning \$/day	28 800	40 200	40 700	39 500	27 600
Fuel price USD/mt	600	590	960	610	750

The average Panamax **dry bulk** earnings decreased from \$13,900/day in Q2 2023 to \$10,400/day in Q3 2023 (one month lagged average).

Within the quarter, average earnings bottomed out at around \$8,000/day in early July before ending at \$13,700/day in late August. The increase from early July can be attributed to a combination of high East Coast South America grain export and increasing coal loadings in the Pacific combined with effective fleet growth bottoming out.

The year-on-year nominal fleet growth at the end of Q3 2023 for the total dry bulk fleet was at ~3.0%, however lower congestion led to a higher effective fleet growth of 6.5% according to Klaveness Research. Effective fleet growth is now in a decreasing trajectory and is as of early October at 5.6% 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 for 2024 and 2025 at less than 2% per annum.

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 weakened considerably during the summer-months, a seasonally weak period of the year. Average spot earnings, however, kept up at historically strong levels with LR1 tankers earning at approximately \$28,800/day and MR tankers at approximately \$23,700/day in Q3 2023. Demand for product tankers was supported by

high refinery utilization and favorable refinery margins driving seaborne trade during the summer. Inventory draw of distillates in both the US and Europe had negative demand effect reducing further the already historically low global product stocks.

Seaborne products trade is projected to continue to grow strongly with Clarksons Research estimating tonne-mile trade growth of 12% in 2023 and 7% in 2024 outpacing supply growth estimated to around 2% in 2023 and 1% in 2024.

Dynamics in the global **caustic soda** market have changed over the summer. Increased domestic Chinese demand has reduced Chinese caustic soda exports, driven caustic soda prices higher and led to tight market across Northeast Asia. In the US, lower offtake from major consuming sectors and rising inventories have led US producers to substantially cut export prices, being around 50% lower in September than this spring. US producers are expected to increase overseas export volumes including some cargoes to Australia and Asia in the coming months.

**Brent crude** oil prices strengthened from USD 74 per barrel end of June to USD 93 at the end of September impacted partly by Saudi and Russian production cuts. Average fuel oil price (VLSFO) ended at USD 600/mt (one month lagged), a small increase of 2% Q-o-Q.

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

<sup>2</sup> EIA Short-term energy outlook October 2023

<sup>3</sup> Source: Clarksons Research October 2023

## > HEALTH, SAFETY AND ENVIRONMENT

Health and safety KPIs	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022	TARGET
Lost Time Injury Frequency (LTIF) <sup>1</sup>	0.0	0.0	1.1	0.0	0.4	<0.5
High-risk potential accidents	2	0	0	2	2	0
# of spills to the environment	0	0	0	0	0	0

KCC reports zero LTIF and no spills to the environment for Q3 2023 in line with set targets. During the quarter, the fleet experienced two incidents without injury which the ship manager categorized as having high-risk potential. The

high-risk potential KPI is tracked with the purpose of putting focus on and learning from the potential incident to improve safety. Both the high-risk potential incidents in Q3 are being investigated and preventive actions will be implemented.

Environmental KPIs	Q3 2023	Q2 2023	Benchmark Q3	Last 12 months	2022	TARGET 2026
CO <sub>2</sub> -emissions per ton transported cargo per nautical mile (EEOI) (grams CO <sub>2</sub> /(tons cargo x nautical miles)) <sup>2,6</sup>	6.4	6.3	9.2	6.5	6.9	5.3
Average CO <sub>2</sub> emission per vessel per year (metric tons CO <sub>2</sub> /vessel-year) <sup>3</sup>	19,800	18,700	n.a.	19,000	17,900	16,900
% of days in combination trades <sup>4</sup>	89%	86%	n.a.	86%	83%	86%
Ballast days in % of total on-hire days <sup>5</sup>	14%	17%	31%	14%	12%	10%

The carbon intensity (EEOI) of the KCC fleet increased slightly from 6.3 grams CO<sub>2</sub> per tonne-mile in Q2 2023 to 6.4 in Q3 2023. The main drivers were a decrease in time sailing in ballast condition as well as substantially increased laden distance sailed compared to last quarter, offset by lower average cargo weight. KCC as well experienced a small positive development in the technical performance, while speed was quite flattish Q-o-Q. The EEOI continues to be negatively impacted by MV Bass which is on a 2-year time

charter operating as a pure product tanker with a 14 % higher EEOI than average of the rest of the CLEANBU fleet for the quarter.

CO<sub>2</sub> emissions per vessel-year increased by 6% Q-o-Q, driven by the increased amount of fuel consumed mainly due to longer distances sailed in laden condition as well as less time spent in port.

<sup>1</sup> 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)

<sup>2</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>3</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>4</sup> % of days in combination trades = see definition on page 2.

<sup>5</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>6</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.

## > OUTLOOK

The outlook for the **product tanker** market in Q4 2023 and 2024 remains strong. A shift to longer haul trades following the European ban on Russian imports, rising oil demand and new refinery capacity east of Suez all support tonne-mile trade growth prospects.

The supply/demand balance in the **dry bulk** market is likely to improve in Q4 2023 and through 2024 based on expected lower effective fleet growth and continued positive overall demand growth. However, expectations remain more uncertain due to the relatively weak Chinese economic growth outlook.

The high fixed-rate **caustic soda** contract coverage as well as the stronger dry bulk spot earnings are expected to deliver Q4 2023 CABU earnings in line with the strong performance over the recent two quarters. Based on 68% of the CABU days fixed and forward freight pricing (FFA) for open days, the CABU TCE earnings guiding for Q4 2023 is \$34,500-35,500/day.

The annual caustic soda contract renewal discussions are on course, and contracts covering most of the CABU fleet's tanker capacity for 2024 are likely to be booked over the next two months. The market backdrop for these discussions is positive and fixed-rate contract earnings are likely to remain strong for 2024, albeit somewhat lower than in 2023. A

higher share of the caustic soda contracts will have index-linked freight, from around 30% in 2023 to expected 55-60% in 2024, positive in view of the expectations for the product tanker market for 2024.

A substantially stronger product tanker market supported by improved dry bulk earnings are expected to deliver stronger CLEANBU earnings in Q4 2023 than in the two previous quarters. Based on current fixed days equal to 64% of fleet capacity and forward freight pricing (FFA) for the open days, TCE earnings for the CLEANBU fleet in Q4 2023 are expected to end at \$32,000-34,000/day.

The CLEANBU fleet is expected to maintain its efficient trading in dry-wet combination trades over the coming quarters. The vessels will mainly be employed on index-linked contracts and on spot voyages, and hence are expected to benefit from a likely strong product tanker market and a likely gradually improving dry bulk market through 2024. One CLEANBU vessel is employed on time charter fixed at strong levels in early 2023 until February 2025. With high spot market exposure, KCC is focused on further improving the strength and resilience of the CLEANBU business. An expected expansion of the CLEANBUs' customer base will further improve freight pricing, trade flexibility and operational efficiency going forward.

Oslo, 30 October 2023

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**

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

# INCOME STATEMENT

USD '000	Notes	Unaudited		Unaudited		Audited
		Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Freight revenue	3	57 794	66 665	190 586	146 642	205 769
Charter hire revenue	3	7 437	9 569	19 851	40 534	54 509
Other revenue	3	-	332	-	672	396
<b>Total revenue, vessels</b>		<b>65 230</b>	<b>76 566</b>	<b>210 437</b>	<b>187 847</b>	<b>260 674</b>
Voyage expenses		(21 434)	(27 778)	(66 724)	(67 611)	(96 054)
<b>Net revenues from operation of vessels</b>		<b>43 796</b>	<b>48 787</b>	<b>143 714</b>	<b>120 237</b>	<b>164 620</b>
Operating expenses, vessels		(13 190)	(11 988)	(37 171)	(35 026)	(48 575)
Group commercial and administrative services	10	(1 233)	(1 165)	(3 578)	(2 966)	(4 203)
Salaries and social expenses		(1 010)	(937)	(2 923)	(2 526)	(3 458)
Tonnage tax		(44)	(34)	(125)	(126)	(188)
Other operating and administrative expenses		(407)	(212)	(1 507)	(775)	(1 242)
<b>Operating profit before depreciation (EBITDA)</b>		<b>27 912</b>	<b>34 451</b>	<b>98 411</b>	<b>78 818</b>	<b>106 955</b>
Depreciation	4	(7 929)	(8 007)	(24 387)	(22 238)	(31 344)
<b>Operating profit after depreciation (EBIT)</b>		<b>19 983</b>	<b>26 444</b>	<b>74 024</b>	<b>56 579</b>	<b>75 611</b>
Finance income	7	4 940	612	8 741	2 077	3 516
Finance costs	7	(8 612)	(5 067)	(21 757)	(13 130)	(18 257)
<b>Profit before tax (EBT)</b>		<b>16 311</b>	<b>21 989</b>	<b>61 007</b>	<b>45 526</b>	<b>60 869</b>
Income tax expenses		-	-	-	-	-
<b>Profit after tax</b>		<b>16 311</b>	<b>21 989</b>	<b>61 007</b>	<b>45 526</b>	<b>60 869</b>
Attributable to:						
Equity holders of the Parent Company		16 311	21 989	61 007	45 526	60 869
<b>Total</b>		<b>16 311</b>	<b>21 989</b>	<b>61 007</b>	<b>45 526</b>	<b>60 869</b>
<b>Earnings per Share (EPS):</b>						
Basic earnings per share		0.27	0.42	1.09	0.87	1.16
Diluted earnings per share		0.27	0.42	1.09	0.86	1.16



## STATEMENT OF COMPREHENSIVE INCOME

USD '000	Unaudited		Unaudited		Audited
	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
<b>Profit/ (loss) of the period</b>	<b>16 311</b>	<b>21 989</b>	<b>61 007</b>	<b>45 526</b>	<b>60 869</b>
<i>Other comprehensive income to be reclassified to profit or loss</i>					
Net movement fair value on cross-currency interest rate swaps (CCIRS)	(9 042)	(5 114)	(3 126)	(10 796)	(3 707)
Reclassification to profit and loss (CCIRS)	5 737	6 096	(1 007)	14 476	8 559
Net movement fair value on interest rate swaps	408	3 679	184	11 907	11 663
Net movement fair value bunker hedge	413	(413)	433	(10)	(231)
Net movement fair value FFA futures	43	2 511	176	7 900	8 240
Net change on cost of hedging FFA option	-	59	-	313	-
Net change on initial value of FFA option	-	153	-	168	123
<b>Net other comprehensive income to be reclassified to profit or loss</b>	<b>(2 441)</b>	<b>6 971</b>	<b>(3 340)</b>	<b>23 958</b>	<b>24 647</b>
<b>Total comprehensive income/(loss) for the period, net of tax</b>	<b>13 871</b>	<b>28 960</b>	<b>57 667</b>	<b>69 484</b>	<b>85 515</b>
Attributable to:					
Equity holders of the Parent Company	13 871	28 960	57 667	69 484	85 515
<b>Total</b>	<b>13 871</b>	<b>28 960</b>	<b>57 667</b>	<b>69 484</b>	<b>85 515</b>

# STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>		<b>Unaudited</b>	<b>Audited</b>
USD '000	Notes	30 Sep 2023	31 Dec 2022
<b>Non-current assets</b>			
Vessels	4	503 162	516 072
Newbuilding contracts	5	17 481	-
Long-term financial assets	6	6 346	7 762
Long-term receivables		105	70
<b>Total non-current assets</b>		<b>527 093</b>	<b>523 905</b>
<b>Current assets</b>			
Short-term financial assets	6	1 582	4 923
Inventories		11 757	18 898
Trade receivables and other current assets		22 768	30 061
Short-term receivables from related parties		280	202
Cash and cash equivalents	6	64 194	64 918
<b>Total current assets</b>		<b>100 583</b>	<b>119 002</b>
<b>TOTAL ASSETS</b>		<b>627 676</b>	<b>642 906</b>
<b>EQUITY AND LIABILITIES</b>			
USD '000	Notes	<b>Unaudited</b>	<b>Audited</b>
		30 Sep 2023	31 Dec 2022
<b>Equity</b>			
Share capital		6 977	6 235
Share premium		202 852	153 732
Other reserves		13 200	16 491
Retained earnings	8	130 372	121 087
<b>Total equity</b>		<b>353 401</b>	<b>297 545</b>
<b>Non-current liabilities</b>			
Mortgage debt	6	160 979	156 534
Long-term financial liabilities	6	2 201	2 466
Long-term bond loan	6	63 905	69 975
<b>Total non-current liabilities</b>		<b>227 085</b>	<b>228 975</b>
<b>Current liabilities</b>			
Short-term mortgage debt	6	25 199	92 769
Other interest bearing liabilities	6	-	233
Short-term financial liabilities	6	19	249
Trade and other payables		21 083	22 250
Short-term debt to related parties		769	693
Tax liabilities		119	193
<b>Total current liabilities</b>		<b>47 189</b>	<b>116 387</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>627 676</b>	<b>642 906</b>

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

Oslo, 30 October 2023

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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**

---

**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
<b>Equity 1 January 2023</b>	<b>6 235</b>	<b>153 732</b>	<b>(147)</b>	<b>17 352</b>	<b>(714)</b>	<b>121 087</b>	<b>297 545</b>
Profit (loss) for the period	-	-	-	-	-	61 007	61 007
Other comprehensive income for the period	-	-	-	(3 340)	-	-	(3 340)
Private placement May 2023	721	48 619	-	-	-	-	49 340
Warrants	21	480	-	-	-	-	501
Employee share purchase (note 8)	-	21	50	-	-	-	71
Dividends	-	-	-	-	-	(51 721)	(51 721)
<b>Equity at 30 September 2023</b>	<b>6 977</b>	<b>202 852</b>	<b>(97)</b>	<b>14 011</b>	<b>(714)</b>	<b>130 372</b>	<b>353 401</b>

### Unaudited

USD '000	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
<b>Equity 1 January 2022</b>	<b>6 235</b>	<b>153 732</b>	<b>(147)</b>	<b>(7 294)</b>	<b>(714)</b>	<b>102 605</b>	<b>254 417</b>
Profit (loss) for the period	-	-	-	-	-	45 526	45 526
Other comprehensive income for the period	-	-	-	23 645	313	-	23 958
Share option program	-	-	-	-	-	29	29
Dividends	-	-	-	-	-	(26 709)	(26 709)
<b>Equity at 30 September 2023</b>	<b>6 235</b>	<b>153 732</b>	<b>(147)</b>	<b>16 351</b>	<b>(401)</b>	<b>121 452</b>	<b>297 222</b>

### Audited

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

# STATEMENT OF CASH FLOWS

USD '000	Notes	Unaudited		Unaudited		Audited
		Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Profit before tax		16 311	21 989	61 007	45 526	60 869
Tonnage tax expensed		44	34	125	126	188
Depreciation	4	7 929	8 007	24 387	22 238	31 344
Amortization of upfront fees bank loans		319	364	1 486	987	1 352
Gain related to modification of debt		-	-	-	(1 175)	(1 175)
Financial derivatives loss / gain (-)	6	185	(81)	303	(202)	(232)
Gain /loss on foreign exchange	7	187	414	318	740	207
Interest income	7	(4 940)	(532)	(8 739)	(1 875)	(3 284)
Interest expenses	7	7 921	4 289	19 648	11 404	16 698
Change in current assets		7 849	(8 914)	14 355	(14 306)	(16 504)
Change in current liabilities		972	(7 549)	720	1 860	4 488
Collateral paid/received on cleared derivatives	6	(621)	2 238	136	8 288	8 901
Interest received	7	2 287	532	6 086	1 875	3 030
<b>A: Net cash flow from operating activities</b>		<b>38 443</b>	<b>20 792</b>	<b>119 834</b>	<b>75 485</b>	<b>105 883</b>
Acquisition of tangible assets	4	(4 068)	(1 968)	(11 479)	(7 689)	(10 238)
Installments and other cost on newbuilding contracts	5	(17 481)	-	(17 481)	-	-
<b>B: Net cash flow from investment activities</b>		<b>(21 549)</b>	<b>(1 968)</b>	<b>(28 960)</b>	<b>(7 689)</b>	<b>(10 238)</b>
Paid in registered capital increase	8	-	-	49 828	-	-
Transaction costs on capital increase		-	-	(1 093)	-	-
Paid in long term incentive plan	8	-	-	27	-	-
Paid in from exercise of warrants		501	-	501	-	-
Transaction costs on issuance of debt	6	(714)	-	(2 303)	(193)	(193)
Repayment of mortgage debt	6	(6 300)	(5 984)	(157 733)	(17 952)	(24 049)
Drawdown of mortgage debt	6	-	-	95 000	-	-
Repurchase bond incl premium (KCC04)		(55 478)	-	(55 478)	-	-
Proceeds from new bond issue (KCC05)		47 112	-	47 112	-	-
Interest paid	7	(5 618)	(3 722)	(19 506)	(10 716)	(15 378)
Repayment of lease liabilities		-	(96)	-	(382)	(382)
Interest paid leasing		-	(29)	-	(66)	(66)
Termination of interest rate derivatives	6	-	-	4 001	-	-
Dividends		(15 061)	(12 046)	(51 721)	(26 709)	(42 421)
<b>C: Net cash flow from financing activities</b>		<b>(35 558)</b>	<b>(21 878)</b>	<b>(91 365)</b>	<b>(56 019)</b>	<b>(82 489)</b>
<b>Net change in liquidity in the period</b>		<b>(18 663)</b>	<b>(3 052)</b>	<b>(490)</b>	<b>11 779</b>	<b>13 156</b>
Cash and cash equivalents at beginning of period		82 857	66 359	64 685	51 529	51 529
Cash and cash equivalents at end of period		64 194	63 307	64 194	63 307	64 685
<b>Net change in cash and cash equivalents in the period</b>		<b>(18 663)</b>	<b>(3 052)</b>	<b>(491)</b>	<b>11 779</b>	<b>13 156</b>
Cash and cash equivalents		64 194	63 307	64 194	63 307	64 918
Other interest bearing liabilities (overdraft facility)		-	-	-	-	233
<b>Cash and cash equivalents (as presented in cash flow statement)</b>		<b>64 194</b>	<b>63 307</b>	<b>64 194</b>	<b>63 307</b>	<b>64 685</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** Newbuildings

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**06** Financial assets and liabilities

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**07** Financial items

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**08** Share capital, shareholders and dividends

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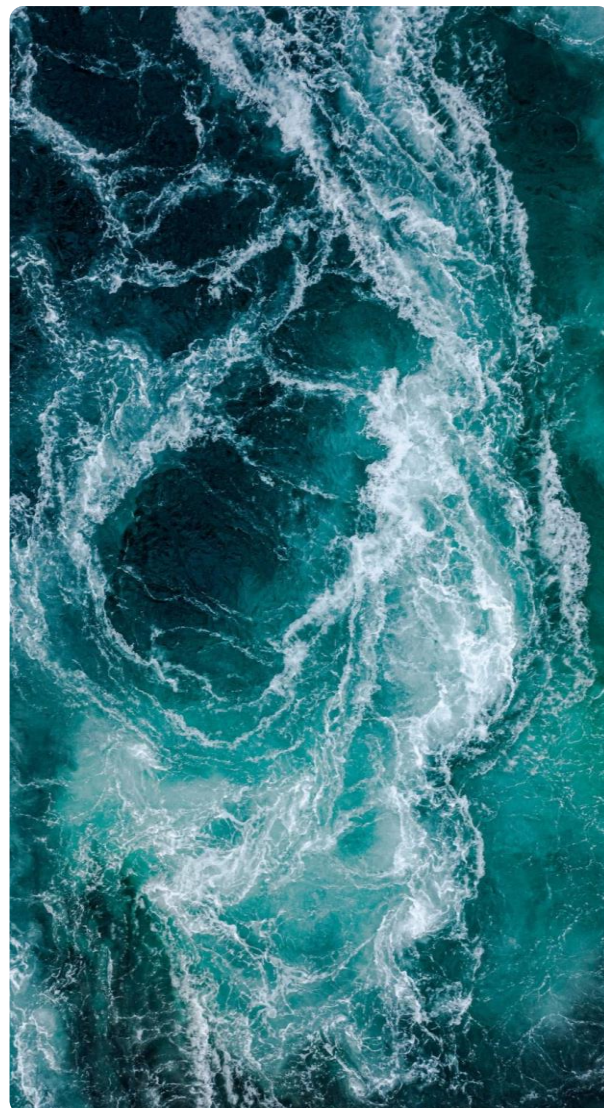
**09** Salaries

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**10** Transactions with related parties

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**11** Events after the balance sheet date



## NOTE 1- 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 acquire opportunities that fit the Group's existing business platform. The Group has eight CABU vessels (see note 4) with capacity to transport caustic soda solution (CSS), floating fertilizer (UAN) and molasses as well as all dry bulk commodities, and three CABU 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 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 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 a 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 are 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.

## NOTE 2- SEGMENTS REPORTING

### Operating income and operating expenses per segment

USD '000	Q3 2023			Q3 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	32 692	32 539	65 230	29 202	47 032	76 234
Voyage expenses	(9 219)	(12 215)	(21 434)	(12 236)	(15 542)	(27 778)
Other revenue	-	-	-	-	332	332
<b>Net operating revenues from operations of vessels</b>	<b>23 473</b>	<b>20 323</b>	<b>43 796</b>	<b>16 965</b>	<b>31 822</b>	<b>48 787</b>
Operating expenses, vessels	(5 860)	(7 330)	(13 190)	(5 319)	(6 669)	(11 988)
Group administrative services	(548)	(685)	(1 233)	(517)	(648)	(1 165)
Salaries and social expense	(449)	(561)	(1 010)	(416)	(521)	(937)
Tonnage tax	(25)	(19)	(44)	(17)	(17)	(34)
Other operating and adm expenses	(181)	(226)	(407)	(94)	(118)	(212)
<b>Operating profit before depreciation (EBITDA)</b>	<b>16 410</b>	<b>11 502</b>	<b>27 911</b>	<b>10 603</b>	<b>23 849</b>	<b>34 451</b>
Depreciation	(3 489)	(4 440)	(7 929)	(3 025)	(4 983)	(8 007)
<b>Operating profit after depreciation (EBIT)</b>	<b>12 921</b>	<b>7 062</b>	<b>19 983</b>	<b>7 578</b>	<b>18 865</b>	<b>26 446</b>

### Reconciliation of average revenue per on-hire day (TCE earnings \$/day)

USD '000	Q3 2023			Q3 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenues from operations of vessels	23 473	20 323	43 796	16 965	31 822	48 787
Other revenue (note 3)	-	-	-	-	(332)	(332)
<b>Net revenue ex adjustment</b>	<b>23 473</b>	<b>20 323</b>	<b>43 796</b>	<b>16 965</b>	<b>31 490</b>	<b>48 455</b>
On-hire days	632	727	1 360	649	700	1 349
<b>Average TCE earnings (\$/day)</b>	<b>37 134</b>	<b>27 938</b>	<b>32 214</b>	<b>26 132</b>	<b>44 990</b>	<b>35 915</b>

### Reconciliation of opex \$/day

USD '000	Q3 2023			Q3 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	5 860	7 330	13 190	5 319	6 669	11 988
<b>Operating expenses, vessels adjusted</b>	<b>5 860</b>	<b>7 330</b>	<b>13 190</b>	<b>5 319</b>	<b>6 669</b>	<b>11 988</b>
Operating days	736	736	1 472	736	736	1 472
<b>Opex \$/day</b>	<b>7 963</b>	<b>9 959</b>	<b>8 961</b>	<b>7 227</b>	<b>9 061</b>	<b>8 144</b>



## NOTE 2- SEGMENTS REPORTING CONT.

### Operating income and operating expenses per segment

USD '000	YTD 2023			YTD 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	106 432	104 006	210 437	90 681	96 494	187 175
Voyage expenses	(36 755)	(29 968)	(66 723)	(35 671)	(31 940)	(67 611)
Other revenue	-	-	-	-	672	672
<b>Net operating revenues from operations of vessels</b>	<b>69 677</b>	<b>74 038</b>	<b>143 714</b>	<b>55 012</b>	<b>65 226</b>	<b>120 237</b>
Operating expenses, vessels	(16 190)	(20 980)	(37 171)	(16 283)	(18 743)	(35 026)
Group administrative services	(1 558)	(2 019)	(3 578)	(1 379)	(1 587)	(2 966)
Salaries and social expense	(1 273)	(1 650)	(2 923)	(1 174)	(1 352)	(2 526)
Tonnage tax	(47)	(78)	(125)	(74)	(52)	(126)
Other operating and adm expenses	(656)	(851)	(1 507)	(360)	(415)	(775)
<b>Operating profit before depreciation (EBITDA)</b>	<b>49 951</b>	<b>48 461</b>	<b>98 411</b>	<b>35 741</b>	<b>43 077</b>	<b>78 818</b>
Depreciation	(10 070)	(14 317)	(24 387)	(8 880)	(13 359)	(22 238)
<b>Operating profit after depreciation (EBIT)</b>	<b>39 882</b>	<b>34 144</b>	<b>74 024</b>	<b>26 861</b>	<b>29 719</b>	<b>56 579</b>

### Reconciliation of average revenue per on-hire day (TCE earnings \$/day)

USD '000	YTD 2023			YTD 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenues from operations of vessels	69 677	74 038	143 714	55 012	65 226	120 237
Other revenue (note 3)	-	-	-	-	(672)	(672)
<b>Net revenue ex adjustment</b>	<b>69 677</b>	<b>74 038</b>	<b>143 714</b>	<b>55 012</b>	<b>64 554</b>	<b>119 565</b>
On-hire days	2 032	2 152	4 183	2 027	2 075	4 101
<b>Average TCE earnings (\$/day)</b>	<b>34 291</b>	<b>34 412</b>	<b>34 353</b>	<b>27 143</b>	<b>31 117</b>	<b>29 153</b>

### Reconciliation of opex \$/day

USD '000	YTD 2023			YTD 2022		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	16 190	20 980	37 171	16 282	18 745	35 026
<b>Operating expenses, vessels adjusted</b>	<b>16 190</b>	<b>20 980</b>	<b>37 171</b>	<b>16 282</b>	<b>18 745</b>	<b>35 026</b>
Operating days	2 184	2 184	4 368	2 184	2 184	4 368
<b>Opex \$/day</b>	<b>7 413</b>	<b>9 606</b>	<b>8 510</b>	<b>7 455</b>	<b>8 583</b>	<b>8 019</b>

## NOTE 2- SEGMENTS REPORTING CONT.

### Operating income and operating expenses per segment

	<b>2022</b>		
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)
<b>Net revenues</b>	<b>72 436</b>	<b>92 183</b>	<b>164 620</b>
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)
<b>Operating profit before depreciation (EBITDA)</b>	<b>45 214</b>	<b>61 740</b>	<b>106 954</b>
Depreciation	(12 465)	(18 880)	(31 344)
<b>Operating profit after depreciation (EBIT)</b>	<b>32 749</b>	<b>42 860</b>	<b>75 610</b>

### Reconciliation of average revenue per on-hire day (TCE earnings \$/day)

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

### Reconciliation of opex \$/day

	<b>2022</b>		
USD '000	CABU	CLEANBU	Total
Operating expenses, vessels	22 916	25 659	48 575
<b>Operating expenses, vessels adjusted</b>	<b>22 915</b>	<b>25 658</b>	<b>48 575</b>
Operating days	2 920	2 920	5 840
<b>Opex (\$/day)</b>	<b>7 848</b>	<b>8 787</b>	<b>8 318</b>

## NOTE 3- REVENUE AND OTHER INCOME

Revenue types						
USD '000	Classification	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Revenue from COA contracts	Freight revenue	48 115	28 011	140 286	66 924	92 852
Revenue from spot voyages	Freight revenue	9 679	38 655	50 300	79 717	112 917
Revenue from TC contracts	Charter hire revenue	1 247	9 569	19 851	40 534	54 509
Other revenue	Other revenue	-	332	-	672	396
<b>Total revenue, vessels</b>		<b>65 230</b>	<b>76 566</b>	<b>210 437</b>	<b>187 847</b>	<b>260 674</b>

## NOTE 4- VESSELS

### Vessels

USD '000	30 Sep 2023	31 Dec 2022
Cost price 1.1	742 721	734 955
Dry Docking	5 240	5 620
Technical upgrade	6 239	4 617
Disposal of vessel and drydock	-	(2 472)
<b>Costprice end of period</b>	<b>754 200</b>	<b>742 721</b>
Acc. Depreciation 1.1	226 650	198 092
Disposal of vessel and dry dock	-	(2 472)
Depreciation vessels	24 387	31 029
<b>Acc. Depreciation end of period</b>	<b>251 038</b>	<b>226 650</b>
<b>Carrying amounts end of period*</b>	<b>503 162</b>	<b>516 072</b>

\*) 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	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Depreciation vessels	7 929	7 911	24 387	21 856	31 029
Depreciation right of use assets	-	96	-	382	315
<b>Depreciations for the period</b>	<b>7 929</b>	<b>8 007</b>	<b>24 387</b>	<b>22 238</b>	<b>31 344</b>

### ADDITIONS

Four vessels have completed dry-dock so far in 2023, and one vessel is planned for dry-dock in the last quarter of 2023. Technical upgrade of USD 6.2 million year to date is related to general improvement of the technical performance of the vessels and energy efficiency initiatives. KCC has secured in total USD 1.4 million in grants from ENOVA<sup>1</sup> to finance investments in energy saving solutions for one CABU vessel and one CLEANBU vessel. As of Q3 2023 an accumulated total of USD 1.1 million has been recognized.

### IMPAIRMENT

Identification of impairment indicators are 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. Rises in interest rates increases the discount rate used in the 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 CABUs and CLEANBUs, diversified market exposure, development in secondhand prices and the combination carriers' trading flexibility support the conclusion of no impairment indicators identified as per 30 September 2023.

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

## NOTE 5- NEWBUILDINGS

(USD '000)	30 Sep 2023	31 Dec 2022
Cost 1.1	-	-
Yard installments paid	17 205	-
Other capitalized cost	276	-
<b>Net carrying amount</b>	<b>17 481</b>	-

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 costs are approximately USD 60.5 million per vessel. The expected delivery is Q1-Q3 2026. First installment was paid in July 2023. Project costs of USD 0.3 million have been capitalized in Q3 2023.

## NOTE 6- FINANCIAL ASSETS AND LIABILITIES

The Group has available undrawn long-term revolving credit facility capacity of USD 113.0 million and USD 15 million available capacity under a 364-days overdraft facility. The overdraft facility falls due in December 2023 and will likely partly/wholly be renewed prior to year-end 2023.

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	91 759
Nordea/Credit Agricole Facility*	Term Loan/RCF, USD 60 million	Term SOFR + 2.25 %	March 2027	33 176
Nordea/ Danske Facility**/**	Term Loan, USD 80 million	Term SOFR + CAS + 2.1 %	December 2026	64 764
Capitalized loan fees				(3 522)
<b>Mortgage debt 30 September 2023</b>				<b>186 178</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.

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

In September 2023, KCC completed a new senior unsecured sustainability-linked bond issue of NOK 500 million with maturity date 5 September 2028 (KCC05). The bond carries a coupon of 3 months NIBOR + 365 bps p.a. with quarterly interest payments. The bond has a borrowing limit for NOK 1 bn and the repayment price is linked to the Company's sustainability performance. The sustainability-linked financing framework and the bond terms can be found on the Company's website. The bond issue has been hedged to USD at USDNOK 10.613 and bears an interest rate of 3M SOFR + 4.14%. In connection with the issue of KCC05, KCC repurchased NOK 508.5 million of the KCC04 bond issue.

USD'000

Bond loan	Face value NOK'000	Maturity	Carrying Amount 30 Sep 2023
KCC04	700 000	11.02.2025	76 390
Realized exchange rate gain at buyback			(7 208)
Buyback KCC04 (Q3 2023)	(508 500)		(54 978)
Exchange rate adjustment			3 758
Capitalized expenses			(92)
Bond discount			(101)
<b>Sum KCC04</b>	<b>191 500</b>		<b>17 769</b>
KCC05	500 000	05.09.2028	46 971
Exchange rate adjustment			(75)
Capitalized expenses			(761)
<b>Sum KCC05</b>	<b>500 000</b>		<b>46 136</b>
<b>Total bond loan</b>	<b>691 500</b>		<b>63 905</b>

As per 30 September 2023, USD 57k of the Group's total cash balance was classified as restricted cash. The restricted cash consists of employee tax withholding.

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

## NOTE 6- FINANCIAL ASSETS AND LIABILITIES CONT.

USD '000	Fair value 30 Sep 2023	Carrying amount 30 Sep 2023	Carrying amount 31 Dec 2022
<b>Interest bearing liabilities</b>			
Mortgage debt	164 501	164 501	159 664
Capitalized loan fees	-	(3 522)	(3 131)
Bond loan	65 411	64 859	70 660
Bond discount	-	(101)	(158)
Capitalized expenses bond loan	-	(853)	(527)
<b>Total non-current interest bearing liabilities</b>	<b>229 912</b>	<b>224 884</b>	<b>226 509</b>
Mortgage debt, current	25 199	25 199	92 769
Overdraft facility (Secured)	-	-	233
<b>Total interest bearing liabilities</b>	<b>255 111</b>	<b>250 083</b>	<b>319 511</b>

USD '000	30 Sep 2023	31 Dec 2022
<b>Financial assets</b>		
<b>Financial instruments at fair value through OCI</b>		
Cross-currency interest rate swap	-	1 272
Interest rate swaps	7 928	11 110
<b>Financial instruments at fair value through P&amp;L</b>		
Interest rate swaps	-	303
<b>Financial assets</b>	<b>7 928</b>	<b>12 685</b>
Current	1 582	4 923
Non-current	6 346	7 762

USD '000	30 Sep 2023	31 Dec 2022
<b>Financial liabilities</b>		
<b>Financial instruments at fair value through OCI</b>		
Cross-currency interest rate swap	2 201	2 466
Fuel hedge	19	249
<b>Financial liabilities</b>	<b>2 220</b>	<b>2 715</b>
Current	19	249
Non-current	2 201	2 466

## NOTE 7- FINANCIAL ITEMS

USD' 000

<b>Finance income</b>	<b>Q3 2023</b>	<b>Q3 2022</b>	<b>YTD 2023</b>	<b>YTD 2022</b>	<b>2022</b>
Other interest income	2 287	532	6 087	700	2 109
Gain related to modification of debt	-	-	-	1 175	1 175
Fair value changes interest rate swaps	-	81	-	202	232
Gain on terminated cross-currency swaps	2 652	-	2 652	-	-
Other financial income	-	-	1	-	-
<b>Finance income</b>	<b>4 940</b>	<b>612</b>	<b>8 741</b>	<b>2 077</b>	<b>3 516</b>

USD' 000

<b>Finance cost</b>	<b>Q3 2023</b>	<b>Q3 2022</b>	<b>YTD 2023</b>	<b>YTD 2022</b>	<b>2022</b>
Interest expenses mortgage debt	3 635	3 081	12 262	7 869	11 769
Interest expenses bond loan	1 890	1 165	4 630	3 373	4 767
Interest expenses lease liabilities	-	29	-	66	66
Amortization capitalized fees on loans	319	364	1 486	987	1 352
Other financial expenses	2 396	15	2 756	96	97
Fair value changes interest rate swaps	185	-	303	-	-
Loss on foreign exchange	187	414	318	740	207
<b>Finance cost</b>	<b>8 612</b>	<b>5 067</b>	<b>21 757</b>	<b>13 130</b>	<b>18 257</b>

Amortization of capitalized fees on loans of USD 0.3 million in Q3 2023 includes derecognition of remaining fees of USD 0.2 million for the repurchased part of the bond (note 6). Other financial expenses of USD 2.4 million include premium paid on the repurchase of bond of USD 1.9 million.



## NOTE 8 – SHARE CAPITAL, SHAREHOLDERS AND DIVIDENDS

Dividends of USD 15.1 million were paid to the shareholders in September 2023 (USD 0.25 per share). A total of USD 51.7 million in dividends have been paid to shareholders during the first three quarters of 2023.

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

On 22 June 2023, 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 September 2023, the CEO, Engebret 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 CABU newbuildings. The Board approved the allocation of 7 857 143 shares in the private placement at a price of NOK 70.00 per share.

On 11 August and 6 September 2023, Hundred Roses Corporation, EGD Shipholding AS and Rederiaksjeselskapet Torvald Klaveness exercised all their warrants in the Company. The exercise increased equity by USD 0.5 million. As of 30 September 2023, there are no outstanding warrants.

	Shares	Share capital (NOK)
<b>Shares and share capital at 31 December 2022</b>	<b>52 372 000</b>	<b>52 372 000</b>
Shares issued 30 May 2023	7 857 143	7 857 143
Shares issued 11 August 2023 (warrants)	14 020	14 020
Shares issued 6 September 2023 (warrants)	215 068	215 068
<b>Shares and share capital at 30 September 2023</b>	<b>60 458 231</b>	<b>60 458 231</b>

	30 Sep 2023	31 Dec 2022
<b>Weighted average number of ordinary shares for basic EPS</b>	<b>60 268 359</b>	<b>52 331 922</b>
Effects of dilution from:		
Share options (note 8)	67 200	65 280
Warrants	162 842	229 088
<b>Weighted average number of ordinary shares for the effect of dilution</b>	<b>60 498 401</b>	<b>52 626 290</b>

## NOTE 9 - 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 2019 Long-Term Incentive Plan (LTIP) have vested, the Board proposed a new LTIP that was approved by the General Meeting in April 2023. Details on the new LTIP, options granted in June 2023 and fair value calculation are described in the Q2 2023 report, note 8, published on the Company's homepage ([www.combinationcarriers.com](http://www.combinationcarriers.com)) Investor Relations/Reports and presentations under the section for the Q2 2023 report.

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

	Average exercise price	2023	2022
<b>Opening balance 1 January</b>		<b>65 280</b>	<b>65 280</b>
Granted during the year	NOK 69.5	40 500	0
Exercised during the year		( 38 580 )	0
Forfeited during the year		0	0
Expired during the year		0	0
<b>Outstanding at 30 September</b>		<b>67 200</b>	<b>65 280</b>

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 was zero and the cost recognized in Q3 2023 is USD 8k.

## NOTE 10 – TRANSACTIONS WITH RELATED PARTIES

USD' 000

Type of services/transactions	Provider <sup>1</sup>	Price method	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Pool participation <sup>2</sup>	BAU	Standard pool agreement	-	-	-	49	49
Dry bulk chartering	KC	1.25% of transaction value <sup>3</sup>	-	(135)	-	(540)	(472)
<b>Total net revenue from related parties</b>			<b>-</b>	<b>(135)</b>	<b>-</b>	<b>(491)</b>	<b>(423)</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.

	Provider <sup>1</sup>	Price method	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Business adm. services	KAS	Cost + 5%	580	470	1 461	1 168	1 641
Business adm. services	KA Ltd	Cost + 5%	20	41	114	114	160
Commercial services	KAD*	Cost + 7.5%	217	-	217	-	-
Commercial services	KDB	Cost + 7.5% <sup>4</sup>	81	55	223	130	279
Commercial services	KSM	Cost + 7.5%	216	217	662	641	825
Board member fee	KD	Fixed fee as per annual general meeting	(6)	-	(18)	-	-
Subscription Cargo Value (linked to COA with external party)	CIA	Fixed fee	-	-	-	60	60
Project management	KSM	Cost + 7.5%	124	382	917	853	1 237
<b>Total group commercial and administrative services</b>			<b>1 233</b>	<b>1 165</b>	<b>3 578</b>	<b>2 966</b>	<b>4 202</b>

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.

\*Two employees were transferred from Singapore to Dubai from 1 August 2023. KCC does not have set-up in Dubai and they have hence been transferred from a KCC company to a related company in the Torvald Klaveness Group and is hired by a KCC company at cost + 7.5% The amount includes salary and employee bonus for 2023.

USD' 000

Type of services/transactions	Provider <sup>1</sup>	Price method	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Technical mngmnt fee (opex)	KSM	Fixed fee per vessel	1 002	955	3 007	2 864	3 819
Crewing and IT fee (opex)	KSM	Fixed fee per vessel	377	393	1 100	1 174	1 565
Board member fee (administrative expenses)	KAS	Fixed fee as per annual general meeting	20	19	60	64	85
<b>Total other services/ transactions</b>			<b>1 400</b>	<b>1 367</b>	<b>4 167</b>	<b>4 102</b>	<b>5 468</b>

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 19k as per 30 September 2023 and presented as a financial liability in Statement of Financial Position.

<sup>1</sup> Klavness AS (KAS), Klavness Ship Management S (KSM), Klavness Asia Pte.Ltd (KA Ltd), Baumarine AS (BAU), Cargo Intelligence AS (CIA), Klavness Dry Bulk AS (KDB), AS Klavness Chartering (KC), Klavness Asia Pte. Ltd – Dubai Branch, Klavness Digital AS (KD)

<sup>2</sup> 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.

<sup>3</sup> 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" (table above).

<sup>4</sup> From 1 July 2022 the service fee for dry bulk chartering and FFA/bunker derivatives trading is based on time spent (cost + 7.5%), prior to this the fee was 0.1% of transaction fee.

## NOTE 11 – EVENTS AFTER THE BALANCE SHEET DATE

On 30 October 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 third 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 September 2023.