BOARD OF DIRECTORS' REPORT 2021

KCC KBA AS (KBA, Company) was established 12 September 2013 and is fully owned by Klaveness Combination Carriers ASA (KCC ASA). KCC KBA AS is located in Oslo, Norway. The Company's business activities are mainly related to shipping and associated activities.

The Company owned and operated one CLEANBU vessel until it was sold in February 2021. Per year-end 2021, the Company owns no vessels. The Company is subject to the Norwegian ordinary tax system.

The business

Safety is number one priority in KCC KBA AS and to the Board's satisfaction there were no major incidents in 2021.

In February 2021 the Company sold MV Barracuda to related company KCC Shipowning AS, with a net loss on sale of USD 777k. The vessel was financed mainly through loans and seller's credit from KCC Shipowning AS and Klaveness Combination Carriers ASA, which were fully repaid when the vessel was sold.

The vessel was under the technical management of Klaveness Ship Management AS (KSM) in 2021. To meet the requirements related to safety and environment as well as to prevent pollution, significant resources are used on quality- and risk management. Vessels under KSM management are operated under the principles for quality control in accordance with the ISM code

There are no employees in KCC KBA AS, hence no actions were planned or implemented to promote equality or prevent discrimination. The Board of Directors consists of two men and one woman.

The Company has taken out insurance cover potential litigations against the board members and general manager.

Risk and risk management

Risk management of the combination carrier activities is performed by the management and through services rendered from the affiliated companies, Klaveness AS and Klaveness Ship Management AS. Risk assessment, monitoring and implementation of mitigating actions are a part of daily activities. It is important for the Board of Directors that the right risk reward assessment is made and that internal control routines are good.

Market risk
As per year- ended 31 December 2021, the Company does not own any vessels. As such the Company is not exposed to market risk.

Operational and environmental risks
Operational and environmental risks are mainly related to the operation of vessels. The Company's vessel, until it was sold in February 2021, was on technical management to Klaveness Ship Management AS (affiliated company) which ensured compliance with IMO, flag and port state regulations.

Financial risk
The Company was in 2021 exposed to i.e. freight rate risk, bunker fuel price risk, as well as risks relating to counterparties (including credit), operations, technical, regulations and other risks. However, the Company is not exposed to any material financial risk going forward, due to no vessel on operation and loan related to vessels has been paid back to lender in 2021.

Regulatory risks
Changes in the political, legislative, fiscal and/or regulatory framework governing the activities of the Company could have material impact on the business. This risk is limited as the Company no longer owns any vessels.

Foreign currency risk and interest rate risk
The Company's revenue and costs are denominated primarily in US Dollar (USD). Fluctuations in USD against NOK may affect the company's tax payable, which is calculated and paid in NOK All interest-bearing debt was repaid in February 2021.

Financial results
Financial results reflect the change in business activities as the Company sold all three vessels in 2020 and 2021. Operating revenue in 2021 was USD 1.3 million (2020: USD 14.6 million) and total costs and expenses amounted to USD 1.2 million (2020: USD 5.7 million). Operating profit before depreciation was USD 83k for 2021 (2020: USD 8.9 million). Net financial items were negative by USD 0.3 million in 2021 (negative USD 2.9 million in 2020). The effect from net financial items is related to intercompany loan interest expenses. The Company incurred a tax expense of USD 1.8 million related to currency effects from the vessel sales. Tax payable is offset against losses carried forward in KCC ASA, through a group contribution. Net loss after tax was USD 2.3 million for 2021 (2020: USD 0.7 million).

Total assets decreased by USD 59 million in 2021 from USD 60.3 million at year end 2020 to USD 1.1 million. The main reason for the changes in total assets is the sale of MV Barracuda. Interest-bearing debt decreased by USD 53.3 million during 2021 and amounted to USD 0 million at year-end 2021. As of 31 December 2021, equity amounted to USD 0. 8 million (2020: USD 0.3 million). Other comprehensive income was USD 0. The book equity ratio at year-end 2021 was 72 % (2020: 1%).

Cash and bank deposits were USD 0.2 million by the end of 2021, down from USD 7.6 million at year-end 2020. The cash flow from operating activities was negative USD 1.3 million in 2021 (2020: positive USD 12.6 million), while cash flow from investing activities was positive USD 3.2 million (2020: negative USD 7.3 million). The latter consists mainly of the sale of MV Barracuda in 2021. The cash flow from financing activities were negative USD 9.2 million (2020: positive USD 2.0 million) due to repayment of internal debt and group contribution.

The Board of Directors confirms that the financial accounts have been prepared under a going concern assumption.

~~Oslo, 31 December 2021~~
30 March 2022

Lasse Kristoffersen
Chair of the Board

Liv Hege Dyrnes
Board Member

Engebret Dahm
Managing Director

Morten Skedsmo
Board Member

Income Statement

USD '000	Note	Year ended 31 December 2021	2020
Operating revenue, vessels	Note 2	1 300	14 583
Total operating revenue		**1 300**	**14 583**
Voyage costs	Note 3	77	(516)
Operating expenses, vessels	Note 4	(452)	(3 110)
Loss from sale of assets	Note 8	(777)	(1 469)
Group administrative services	Note 4, 9	(48)	(354)
Other operating and administrative expenses	Note 4, 5	(18)	(206)
Operating profit before depreciation		**83**	**8 928**
Depreciation	Note 8	(185)	(2 521)
Impairment for the year	Note 8	-	(995)
Operating profit after depreciation		**(102)**	**5 412**
Finance income	Note 6	2	8
Finance costs	Note 6	(334)	(2 952)
Profit before tax		**(435)**	**2 468**
Income tax expenses	Note 11	(1 848)	(1 810)
Profit/ (loss) after tax		**(2 282)**	**657**
Profit/(loss) from discontinued operations		**(2 282)**	**657**
Profit/ (loss) for the year		(2 282)	657

KCC KBA AS

Balance Sheet Statement

		Year ended 31 December	
			* Restated
USD '000	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Vessels	Note 8	-	52 363
Right-of use asset	Note 12	(0)	128
Total non-current assets		**(0)**	**52 492**
Current assets			
Receivables to related parties	Note 9	895	5
Prepaid expenses		-	114
Other short-term receivables		1	90
Cash and cash equivalents	Note 7	192	7 565
Total current assets		**1 088**	**7 774**
TOTAL ASSETS		**1 088**	**60 266**
EQUITY AND LIABILITIES			
Equity			
Share capital	Note 10	1 109	1 109
Share premium		6 091	6 091
Retained earnings		(6 412)	(6 860)
Total equity		**788**	**340**
Non-current liabilities			
Other long-term liabilities to group companies	Note 9	-	53 237
Long term lease liabilities	Note 12	-	98
Total non-current liabilities		**-**	**53 334**
Current liabilities			
Accounts payable		-	45
Short-term loan to related parties	Note 9	300	1 722
Current debt to related parties	Note 9	-	4 102
Tax payable	Note 11	-	0
Short term lease liabilities	Note 12	-	35
Other current liabilities		-	688
Total current liabilities		**300**	**6 591**
TOTAL EQUITY AND LIABILITIES		**1 088**	**60 266**

*2020 is restated due to change from IFRS to simplified IFRS (note 14).

Oslo, 31 December 2021

Oslo, 30 March 2022

Lasse Kristoffersen
Chair of the Board

Liv Hege Dyrnes
Board Member

Engebret Dahm
Managing director

Morten Skedsmo
Board Member

Statement of Other Comprehensive Income

USD '000	Note	2020	2020
Discontinued operations			
Profit of the year		**(2 282)**	**657**
Other comprehensive income not to be reclassified to profit or loss		-	-
Net other comprehensive income not to be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive income/(loss) for the period, net of tax		**(2 282)**	**657**

Statement of Changes in Equity

	Attributable to equity holders of the parent			
(USD '000)	Share capital	Share premium	Retained earnings	Total
Equity at 1 December 2020	**1 109**	**6 091**	**(6 633)**	**567**
Profit (loss) for the period			657	657
Net group contribution received/ (paid) with tax effect (2020)			(6 418)	(6 418)
Net group Contribution received/(paid) without tax effect (2020)			5 534	5 534
Restated* Equity at 31 December 2020	**1 109**	**6 091**	**(6 860)**	**340**
Profit (loss) for the period			(2 282)	**(2 282)**
Net group contribution received/ (paid) with tax effect (2021)			(6 551)	**(6 551)**
Net group Contribution received/(paid) without tax effect (2021)			9 280	**9 280**
Equity at 31 December 2021	**1 109**	**6 091**	**(6 412)**	**788**

*2020 is restated due to change from IFRS to simplified IFRS (note 14).

Statement of Cash Flows

(USD '000)		31 Dec 2021	31 Dec 2020
Profit before tax		(435)	2 468
Loss/ (gain) on sale of fixed assets		777	1 469
Impairment loss (-) / reversal		-	995
Depreciation		185	2 521
Exchange rate		(125)	-
Interest income		(2)	(8)
Interest expenses		272	2 941
Change in current assets		195	51
Change in current liabilities		(2 193)	2 140
Interest received		2	8
A: Net cash flow from operating activities		**(1 324)**	**12 584**
Acquisition of tangible assets *	Note 8	-	(15 780)
Sales of asset *	Note 8	3 182	8 469
B: Net cash flow from investment activities		**3 182**	**(7 311)**
Proceeds from loan from related parties	Note 9	300	19 000
Repayment of loan from related parties	Note 9	(6 500)	(14 043)
Interest paid	Note 9	(272)	(2 941)
Group Contribution		(2 756)	-
Repayment of financial lease liabilities	Note 14	(3)	(32)
C: Net cash flow from financing activities		**(9 231)**	**1 985**
Net change in liquidity in the period (A + B + C)		**(7 373)**	**7 258**
Cash and cash equivalents at beginning of period		7 565	307
Cash and cash equivalents at end of period		192	7 565
Net change in cash and cash equivalents in the period		**(7 373)**	**7 258**

* The intercompany seller's credit is excluded from the investment- and financing activities. See note 8 and 9 for gross value of the transactions.

NOTE 1 ACCOUNTING POLICIES | KCC KBA AS

CORPORATE INFORMATION

KCC KBA AS ("the company") is a private limited company domiciled and incorporated in Norway. The company is headquartered and registered in Drammensveien 260, 0212 Oslo. The company was established 12 September 2013.

The objective of the Company is to provide transportation for drybulk, chemical and product tanker clients, as well as new investment and acquisition opportunities that fits the Company's existing business platform. The Company has in 2021 one CLEANBU vessel in operation. The vessel was sold to KCC Shipowning AS in February 2021. The CLEANBU is a fully fledged LR1 product tanker and Kamsarmax dry bulk vessel.

The Company is a subsidiary of the listed Company Klaveness Combination Carriers ASA. The consolidated financial statements for the Group are available at www.combinationcarriers.com. The ultimate parent of the Company is Rederiaksjeselskapet Torvald Klaveness. The consolidated financial statements for the ultimate parent are available at www.klaveness.com.

The financial statements for KCC KBA AS for the fiscal year 2021 are approved in the board meeting at 30 March 2022.

BASIS OF PREPARATION

The financial statements of the have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act §3-9 and regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance on 3 November 2014.

The financial statements are based on historical cost, except for derivative financial instruments which are measured at fair value.

FOREIGN CURRENCY TRANSACTIONS

The presentation currency for the company is US Dollar (USD). The company has USD as functional currency.

Transactions in foreign currencies are recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the functional currency rate prevailing at the balance sheet date. Exchange differences arising from translations into functional currency are recorded in the income statement.

Non-monetary assets and liabilities measured at historical cost in foreign currency are translated into the functional currency using the historical exchange rate. Non-monetary assets and liabilities recognized at fair value are translated using the exchange rate on the date of the determination of the fair value.

Income and expenses in NOK are converted at the rate of exchange on the transaction date. The average exchange rate was USD/NOK 8.5973 in 2021 (2020: 9.4263). At year-end 2021 an exchange rate of USD/NOK 8.8363 (2020: 8.5375) was used for the valuation of balance sheet items.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The estimates are based on the actual underlying business, its present and forecast profitability over time, and expectations about external factors such as freight rates, interest rates, foreign exchange rates, oil prices and more which are outside the company's control. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. Changes in accounting estimates are recognized in the period the changes occur. When changes to estimates also affect future periods the effect is distributed between the current and future periods.

Significant estimates, assumptions and judgments

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

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

Carrying amount of vessels, depreciation and impairment

In addition to historical cost, the carrying amount of vessels is based on management's assumptions of useful life. Useful life for the combination carrier vessels is reassessed on a yearly basis. The useful life for the vessel is set to 25 years.

At the end of each reporting period the Company will assess whether there is any indication of impairment. If any indication exists, the Company will estimate the recoverable amount of the asset. Recoverable amount is set as the highest of fair value less cost to sell and value in use. If carrying value exceeds the estimated recoverable amount, impairment is recognized. Impairments are reversed in a later period if recoverable amount exceeds carrying amount.

Identification of impairment indicators is based on an assessment of development in market rates (dry bulk, MR tanker, LR1 tanker and fuel), TCE earnings for the fleet, vessel opex, operating profit, technological development, change in regulations, interest rates and discount rate.

REVENUE RECOGNITION

The Company is in the business of transporting cargo by sea.

The Company's revenue in ship owning companies derives from chartering (hiring) out its vessels to operating companies Company receives a variable time charter revenue. Revenue from time charters are accounted for as operating leases under IAS 17. The Company's time charter contracts have a duration of 1-3 months.

Revenues and costs associated with the vessels' voyages are accrued according to the share of voyage days that occur before closing (percentage of completion method). Voyage accounting consists of actual figures for completed voyages and estimates for voyages in progress. Except for any period a vessel is declared off-hire due to technical or other owner's matters, a ship is always allocated to a voyage.

OPERATING EXPENSES

Operating expenses relate to management- and audit fees.

Vessel operating expenses include crewing, repairs and maintenance, insurance, stores, lubricant oils and management fees. When vessels are on hire, the majority of vessel operating expenses are reimbursed from the charterer. When the vessel is off hire, vessel operating expenses are mainly for owners account.

RIGHT OF USE OF ASSETS

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

As a lessee, the Company leases mainly satellite communication and IT equipment onboard the vessels. Under IFRS 16, which was implemented as from January 1, 2019 the Company recognises right-of-use assets and lease liabilities. The Company previously classified these leases as operating leases in line with IAS 17.

INCOME TAX

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of temporary differences between tax and accounting values of assets and liabilities that exist at the balance sheet date. Deferred taxes are recognized using the liability method in accordance with IAS 12. Deferred tax assets are recognized for all deductible temporary differences, unused tax credits carried forward and unused tax losses carried forward to the extent it is probable that future taxable profits may be used against deductible temporary differences and unused tax losses carried forward.

Temporary differences, both positive and negative, are balanced out within the same period. Deferred tax liabilities/deferred tax assets within the same tax system are recorded on a net basis. Income tax relating to items recognized directly in equity is included directly in equity and not in the statement of income.

CASH AND CASH EQUIVALENTS

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

EQUITY

Transaction costs related to an equity transaction are recognized directly in equity, net of tax.

DIVIDENDS/COMPANY CONTRIBUTION

Dividend distribution and Group Contribution to the Company's shareholder is recognized as a liability at the reporting date of the financial year that the proposal relates to (i.e. Group Contribution for 2021 are recognised as a liability as per 31 December 2021).

PROVISIONS

A provision is recognized when the company has a present obligation (legal and constructive) as a result of a past event, it is probable that the company will be required to settle the obligation and a reliable estimate can be made of the amount.

Provisions usually relate to legal claims.

Provisions for loss-making contracts are recognized when the company's estimated revenues from a contract are lower than unavoidable costs which were incurred to meet the obligations pursuant to the contract (ref description of onerous contracts in section "Significant estimates and assumptions").

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade receivables, and loan to related parties.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

INVENTORIES

Inventories consist mainly of lubricant oil and are recognized at cost in accordance with the first in – first out method (FIFO). Inventories are valued at the lower of cost and net realizable value. Impairment losses are recognized if the net realizable value is lower than the cost price.

RELATED PARTIES

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

EVENTS AFTER BALANCE SHEET DATE

New information on the company's financial position at the balance sheet date is taken into account in the annual financial statements. Subsequent events that do not affect the company's position at the balance sheet date, but which will affect the company's position in the future, are disclosed if significant.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

Current assets and short-term liabilities include items due less than one year from the balance sheet date, as well as items due more than one year from the balance sheet date, that are related to the operating cycle.

Liabilities with maturity less than one year from the balance sheet date are classified as current. All other debt is classified as long-term debt.

CASH FLOW STATEMENTS

The cash flow statements are based on the indirect method.

STANDARDS, AMENDMENTS AND INTERPRETATIONS

The financial statements have been prepared based on standards, amendments and interpretations effective for the year ending 31 December 2021.

Note 2 - Operating Revenues

(USD '000)	2021	2020
Time charter revenues	1 300	14 583
Total operating revenues	**1 300**	**14 583**

Note 3 - Voyage Costs, Vessels

(USD '000)	2021	2020
Freight expenses	61	187
T/C-hire	-	-
Voyage expenses	(11)	85
Various expenses	(128)	244
Total voyage expenses	**(77)**	**516**

Note 4 - Operating expenses

(USD '000)	2021	2020
Technical expenses	134	954
Crew costs	296	1 826
Insurance	11	226
Crewing agency fee to Klaveness Ship Management AS	11	99
IT fee to Klaveness AS	1	6
Other operating expenses	18	206
Total operating and other operating expenses	**470**	**3 316**

Technical expenses are costs related to spare parts, consumables, cargo handling, power supply, navigation and communication. Crew costs include sea personnel expenses such as wages, social costs, travel expenses and training. Costs related to technical management, maintenance and crewing services are recognised as operating expenses, see note 9 for transactions with related parties.

Note 5 - Other operating and administrative expenses

The Company has no employees and has thus no wage expenses or pension liabilities. The managing director and members of the Board of Directors are employees of Klaveness Combination Carriers ASA and other companies within Rederiaksjeselskapet Torvald Klaveness (ultimate parent company). No special remuneration has been paid to the various members of the Board of Directors, because such positions of office are a part of their regular employment.

Remuneration to the auditor

(USD '000)	2021	2020
Statutory audit	9	2
Other assurance services	1	7
Total expensed audit fee	**10**	**9**

Auditor's fee are stated excluding VAT.

Note 6 - Finance income and finance costs

(USD '000)	2021	2020
Interest received from related parties	-	3
Other interest income	2	5
Total finance income	**2**	**8**

(USD '000)	2021	2020
Interest paid to related parties	272	2 941
Other financial expenses	-	10
Gain / (loss) on foreign exchange	62	1
Total finance expense	**334**	**2 952**

Note 7 - Cash and cash equivalents

The company has bank deposits in the following currencies:

(USD '000)	31 Dec 2021	31 Dec 2020
Bank deposits, USD	192	7 565
Total cash and cash equivalents	**192**	**7 565**

The company has no restricted cash.

Note 8 - Vessels

(USD '000)	31 Dec 2021	31 Dec 2020
Cost price 1.1	55 844	-
Purchase of vessels	-	157 800
Additions (upgrading and docking)	-	12
Disposal of vessel	(55 844)	(101 969)
Costprice end of period	**-**	**55 844**
Acc. Depreciation 1.1	2 486	-
Disposal of vessel	(2 667)	
Depreciation vessels	182	2 486
Acc. Depreciation end of period	**0**	**2 486**
Acc. impairment losses 1.1	995	-
Impairment/(realisation of loss)	(995)	995
Acc. impairment losses 31.12	**-**	**995**
Carrying amounts end of period*	**(0)**	**52 363**
*) carrying value of vessels includes dry-docking		
No. of vessels	0	1
Useful life	0	25
Depreciation schedule	Straight-line	

Reconciliation of depreciations (USD '000)	2021	2020
Depreciation vessels	182	2 486
Depreciation right of use assets	3	36
Depreciations for the period	**185**	**2 521**

(USD '000)	2021	2020
Loss from sale of vessels	777	1 469

Additions / Disposals

In February 2021 the Company sold back MV Barracuda to related company KCC Shipowning AS. Due to exchange rate fluctuations the transactions gave rise to a taxable income in the Company, refer to note 11 for details.

Pledged Vessels

The Company own no vessels and there is no pledged in vessels.

Impairment assessment

The impairment related to MV Barracuda recognised in balance sheet per 31 December 2020 was realised when the vessel was sold back to KCC Shipowning AS 11 February 2021 and the further loss of USD 777 thousand was recognised at the time of sale.

Note 9 - Transactions with related parties

Services

The ultimate owner of the company is Rederiaksjeselskapet Torvald Klaveness (RASTK) which owns 53.76 % of the shares in Klaveness Combination Carriers ASA (KCC ASA), which owns 100 % of KCC KBA AS.

The Company has undertaken several agreements and transactions with related parties both under control of Klaveness Combination Carriers ASA and in the RASTK Group. The level of fees are based on cost + a margin in range 5-10 % in accordance with the arm's length principle and OECDs guidelines. Technical management is based on a fixed annual fee in line with market practice for such services.

Klaveness AS (affiliated company) delivers administrative and business management services (G&A) to the KCC Group. In 1H 2020, management personnel were employed in Klaveness Combination Carriers ASA, and subsequently, CEO, CFO and administration services were purchased from this Company. Following this change, G&A services have been provided by KCC ASA to all subsidiaries in the Group, with Klaveness AS as a subcontractor for accounting, legal, IT services, rent and office services.

(USD '000) Transactions with related parties	2021	2020
G&A fee to KCC ASA	34	-
Commercial management fees (Klaveness Combination Carriers ASA)	14	354
Group commercial and administrative services	**48**	**354**
Technical management fee to KSM* (reported as part of opex)	29	960
Crewing agency and IT fee to KSM* (reported as part of opex)	11	99
Interest costs to related parties (KCC Shipowning AS & Klaveness Combination Carriers ASA)	272	2 941
Total other transactions with related parties	**312**	**3 999**

* KSM relates to Klaveness Ship Management AS.

(USD '000) Receivables and debt to related parties	31 Dec 2021	31 Dec 2020
Long-term liability to related parties (KCC Shipowning AS)	-	46 737
Long-term liability to subsidiary (Klaveness Combination Carriers ASA)	-	6 500
Other long-term liabilities to group companies	**-**	**53 237**
Payables to related parties (Klaveness AS)	-	418
Payables to related parties (KCC Shipowning AS)	-	561
Payables to related parties (Klaveness Combination Carriers ASA)	-	94
Payables to related parties (KCC Chartering AS)	-	334
Current debt to related parties	**-**	**1 408**
Short term loan to related parties (Klaveness Combination Carriers ASA)	300	-
Short term loan to related parties (KCC Shipowning AS)	-	1 722
Short term loan to related parties	**300**	**1 722**
Receivables from related parties (Klaveness Combination Carriers ASA)	2	-
Group Contribution to Klaveness Combination Carriers ASA	882	-
Receivables from related parties (KSM AS)	-	5
Receivables from related parties (Klaveness AS)	11	-
Current receivables to related parties	**895**	**5**

In 2021 the Company sold the vessel MV Barracuda to KCC Shipowning AS for an amount of USD 51.4 million. The ownership was financed through issuance of loans from KCC Shipowning AS and Klaveness Combination Carriers ASA, and were repaid on the date of the sale of the vessels. The pricing of the loans were based onthe arms-length principle.

Note 10 - Share capital, shareholders, dividends and reserves

	2021		2020	
Share capital	Number	NOK	Number	NOK
Ordinary shares of NOK 1 000	1 000	6 608 354	1 000	6 608 354

All shares are issued and fully paid.

All shares are owned by Klaveness Combination Carriers ASA. No dividends are paid or proposed for the years 2021 and 2020.

Note 11 - Tax

The Company is regulated by ordinary taxation rules in Norway. The ordinary rate of corporation tax in Norway is 22 % for 2021 (22 % in 2020). Deferred tax assets are recognised to the extent that future utilization can be justified. The Company has a tax cost of USD 1.8 million in 2021 (USD 1.8 million in 2020). The tax payable will be offset against a group contribution with tax effect to Klaveness Combination Carriers ASA.

In 2020, the Company purchased three vessels from KCC Shipowning AS, of which two were resold during the year, and the third vessel was resold in February 2021. In connection with the purchases, the company received USD loans from KCC Shipowning AS and Klaveness Combination Carriers ASA. In NOK, the Company had significant realised and unrealised exchange rate gains on these loans, giving a taxable income on the realised portion. Moreover, the Company has temporary positions related to the taxable value of the vessels. Following the Norwegian Taxation Act, deduction of the realised loss on the Vessels is partly deferred to future periods. As a consequence, the Company has had taxable profits in 2020 and 2021, while in future years, the deductible losses are expected to give net tax losses.

(USD '000) Income taxes for the year	2021		2020
Tax payable	-		-
Change in deferred tax / deferred tax asset	-		-
Effect of group contribution	1 848		1 810
Total tax expense / income (-) reported in the income statement	1 848	-	1 810

(USD '000) Tax payable	Income	2021 Tax effect	Income	2020 Tax effect
Profit / loss (-) before taxes, incl OCI	2 468	543	2 468	543
Change in temporary differences	(8 591)	(1 890)	(5 785)	(1 273)
Group Contribution to Klaveness Combination Carriers ASA	8 398	1 848	8 228	1 810
Permanent differences - Correction tax return 2020	983	216	-	-
Exchange rate differences	(3 258)	(717)	(4 911)	(1 080)
Tax payable in the balance sheet	**(0)**	**(0)**	**(0)**	**(0)**
Effective tax rate		0 %		0 %

(USD '000) Temporary differences - ordinary taxation	Temporary difference	2021 Tax effect	Temporary difference	2020 Tax effect
Temporary differences	-	-	-	-
Gains and losses account	(16 133)	(3 549)	(14 305)	(3 147)
Receivables and debt	-	-	10 728	2 360
Vessels	-	-	(3 964)	(872)
Deferred tax asset not recognised in the balance sheet	16 133	3 549	7 541	1 659
Net temporary differences - deferred tax liability/asset (-)	0	0	-	-
Deferred tax asset/liability in balance sheet	0	0	-	-

Note 12 - Leasing

The Company as a lessee

Right-of-use assets
The Company has leasing agreements related to satellite communication and IT equipment onboard the vessels. The Company's right-of-use assets are categorised and presented in the table below:

Right-of-use assets (USD '000)	31 Dec 2021	31 Dec 2020
Cost price 1.1	164	164
Addition of right-of-use assets	-	-
Disposals	(125)	-
Costprice end of period	**39**	**164**
Acc. Depreciation 1.1	36	-
Depreciation right of use assets	3	36
Acc. Depreciation end of period	**39**	**36**
Carrying amounts end of period	**0**	**128**

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows (USD '000)	31 Dec 2021	31 Dec 2020
Less than 1 year	-	41
1-5 years	-	110
More than 5 years	-	-
Total undiscounted lease liabilities at 31 December 2021	-	152

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

Practical expedients applied
The Company has elected to use the exemptions proposed by the standard on lease contracts with a term of less than 12 months, and lease contracts for which the underlying asset is of low value. Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Note 13 - Events after the balance sheet date

KCC KBA AS has no exposure to Russia or Belarus.

There are no events after the balance sheet date that have material effect on the financial statement as of 31 December 2021.

Note 14 - Restatement of 2020

USD '000	31 Dec 2020	Adjustment	Restated 31 Dec 2020
ASSETS			
Non-current assets			
Total non-current assets	**52 492**	**-**	**52 492**
Current assets			
Total current assets	**7 774**	**-**	**7 774**
TOTAL ASSETS	**60 266**	**-**	**60 266**
EQUITY AND LIABILITIES			
Equity			
Share capital	1 109	-	1 109
Share premium	6 091	-	6 091
Retained earnings	(5 976)	(884)	(6 860)
Total equity	**1 224**	**(884)**	**340**
Non-current liabilities			
Total non-current liabilities	**53 334**		**53 334**
Current liabilities			
Accounts payable	45	-	45
Short-term loan to related parties	1 722	0	1 722
Current debt to related parties	1 408	2 694	4 102
Tax payable	1 810	(1 810)	-
Short term lease liabilities	35	-	35
Other current liabilities	688	-	688
Total current liabilities	**5 707**	**884**	**6 591**
TOTAL EQUITY AND LIABILITIES	**60 266**	**884**	**60 266**
			0

(USD '000)	Share capital	Share premium	Other paid in capital	Retained earnings	Total
Equity at 1 December 2020	**1 109**	**6 091**	**-**	**(6 633)**	**567**
Profit (loss) for the period				657	657
Other comprehensive income for the period				-	-
Total comprehensive income for the period				**657**	**657**
Equity at 31 December 2020	**1 109**	**6 091**	**68 506**	**(5 976)**	**1 224**
Adjustments					
Net group contribution received/ (paid) with tax effect (2020)				(6 418)	(6 418)
Net group Contribution received/(paid) without tax effect (2020)				5 534	5 534
Restated* Equity at 31 December 2020	**1 109**	**6 091**	**68 506**	**(6 860)**	**340**

KCC KBA AS changed from IFRS to simplified IFRS reporting as per 31 December 2021 with retrospective effect. Statement of Financial Position and Statement of Changes in Equity for 2020 have been restated to reflect the change in accounting policy for dividends/group contribution. For the Cash Flow Statement, the adjustment results in no effects on profit before tax and group contribution with no effects on net cash flow from operation activities for 2020.

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of KCC KBA AS

Opinion

We have audited the financial statements of KCC KBA AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

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

Other information

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

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

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Oslo, 30 March 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

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Johan Nordby
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