



Second  
Quarter  
2021

# KEY DEVELOPMENTS

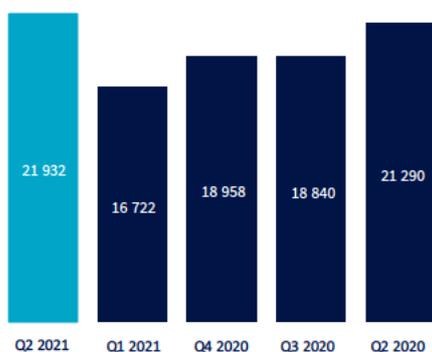
- KCC TCE earnings<sup>1</sup> 1.6-2.9 times higher than standard tanker vessel earnings
- 66% increase in adjusted EBITDA Q-o-Q ending the quarter at USD 15.3 million and EBT of USD 3.5 million, driven by higher CABU earnings
- The last CLEANBU newbuild delivered during the quarter increasing KCC’s fleet to 17 vessels
- A clean petroleum product contract of affreightment with major charterer secured for the CLEANBU vessels
- The Board of Directors declares dividends of USD 0.045 per share total USD 2.16 million for Q2

*“The delivery of the last CLEANBU newbuild in late May marks the start of a new chapter for KCC, improving KCC’s earnings base and increasing KCC’s dividend capacity. Strong dry bulk markets and improved trading efficiency leads to a 20% higher average TCE earnings for the KCC fleet in Q2 relative to Q1. Continued improvements in results are expected for the next two quarters”.*

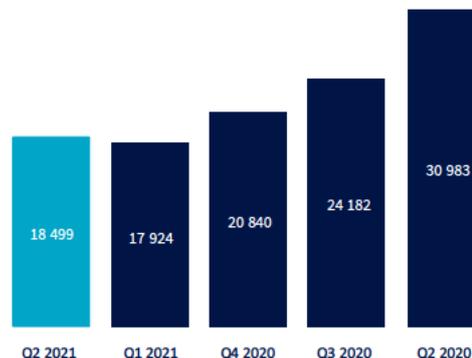


**Engebret Dahm, CEO**  
Klaveness Combination Carriers ASA

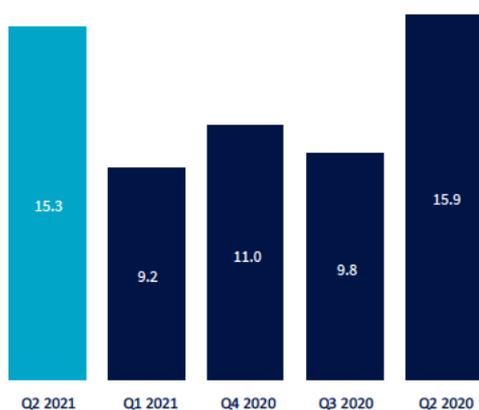
Average CABU TCE earnings (\$/d)



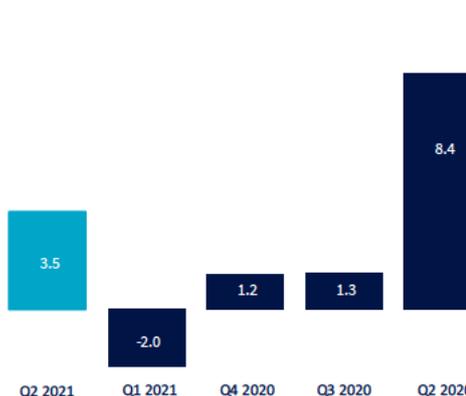
Average CLEANBU TCE earnings (\$/d)



Adjusted EBITDA (mUSD)



Profit/(loss) after tax (mUSD)



<sup>1</sup> TCE earnings and adjusted EBITDA are alternative performance measures (APMs) defined and reconciled in note 11

## FINANCIAL PERFORMANCE

### KEY FIGURES

(USD '000)	Q2 2021	Q1 2021	Q2 2020	1H 2021	1H 2020
Net revenues from vessel operations	28 334	21 128	25 506	49 462	47 909
EBITDA (note 11)	14 154	8 273	15 720	22 426	28 545
EBITDA adjusted (note 11)	15 274	9 186	15 860	24 460	28 717
Profit/(loss) for the period	3 457	(2 045)	8 359	1 411	12 673
Earnings per share (USD)	0.07	(0.04)	0.17	0.03	0.26
Total assets	617 876	596 776	485 814	617 876	485 814
Equity	201 107	211 622	215 946	201 107	215 946
Equity ratio	33%	35 %	44 %	33 %	44 %
ROCE adjusted (note 11)	6%	2 %	10 %	4 %	9 %

	Q2 2021	Q1 2021	Q2 2020	1H 2021	1H 2020
Average TCE earnings (note 11)	20 537 \$/d	17 184 \$/d	23 679 \$/d	18 939 \$/d	22 111 \$/d
Opex per day (note 11)	7 727 \$/d	7 693 \$/d	7 748 \$/d	7 712 \$/d	7 689 \$/d
Onhire days	1 368	1 244	1 071	2 612	2 154
Off-hire days, scheduled	50	47	9	97	9
Off-hire days, unscheduled	5	5	11	10	20
% of days in combination trades <sup>1</sup>	59 %	68 %	67%	65 %	76 %
Utilisation <sup>2</sup>	93 %	91 %	95%	92 %	94 %

### CONSOLIDATED RESULTS

#### Second quarter

Adjusted EBITDA for the period ended at USD 15.3 million down from USD 15.9 million in Q2 2020 and up from USD 9.2 million last quarter. The increase from Q1 2021 is mainly due to solid TCE earnings on the back of a booming dry bulk market and higher vessel capacity from delivered newbuilds, while dry bulk forward freight agreements (FFA) negatively impacted the TCE earnings and revenue in the quarter. The tanker market was historically weak throughout the quarter and part of the CLEANBU fleet capacity has been allocated into the dry bulk market. Operating expenses increased in second quarter mainly due to a higher number of vessels and start-up expenses related to newbuilds. Net profit after tax for second quarter ended at USD 3.5 million compared to negative USD 2.0 million in Q1 2021 and a record high USD 8.4 million in Q2 2020. The strong Q2 2020 result was driven by a very strong tanker market.

Travel restrictions related to COVID-19 continue to impact the delivery of the last newbuilds, while COVID-19 related off-hire was limited to two days in second quarter. The total negative COVID-19 impact is estimated to be approximately USD 2.2 million for Q2 2021 compared to approximately USD 1.9 million in Q1 2021, a large part related to delivery of newbuilds.

#### First half

Adjusted EBITDA for first half 2021 ended at USD 24.5 million, down from USD 28.7 million in first half 2020, mainly due to lower TCE earnings for the fleet and phase in of three CLEANBU newbuilds in 2021 impacted by COVID-19 restrictions. The solid results for first half 2020 were driven by a strong tanker market, efficient combination trading and limited scheduled off-hire. Phase-in of the three CLEANBUs in first half of 2021 took in total 121 days from delivery from yard until start of trading and three vessels had in total 96 off-hire days due to scheduled dry-docking in first half 2021 compared to 10 scheduled off-hire days in first half of 2020.

### CAPITAL AND FINANCING

Cash and cash equivalents ended at USD 30.8 million by end of Q2 2021, down from USD 65.7 million at year-end 2020. The equity ratio ended at 32% per end of Q2 2021 down from 39% at year-end 2020 while interest-bearing debt increased by USD 89.2 million over the six-months period. These balance sheet items were mainly driven by delivery and debt financing of the last three CLEANBU newbuilds and temporary negative effects of freight derivatives on cash and other comprehensive income/equity. KCC, through a subsidiary, had per end of June USD 12.5 million available and undrawn under a 364-days overdraft facility maturing in December 2021.

### EVENTS AFTER THE BALANCE SHEET DATE

On 24 August 2021, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 2.16 million for Q2 (USD 0.045 per share). A subsidiary of the Company concluded in July a contract of affreightment (COA) for transportation of clean petroleum products (CPP) for the CLEANBU fleet with a major international charterer in the CPP market.

<sup>1</sup> % of days in combination trades = number of days in combination trades as a percentage of total on-hire days. A combination trade starts with wet cargo (usually caustic soda or clean petroleum products), followed by a dry bulk cargo. A combination trade is one which a standard tanker or dry bulk vessel cannot perform. The KPI is a measure of KCC's ability to operate our combination carriers in trades with efficient and consecutive combination of wet and dry cargos versus trading as a standard tanker or dry bulk vessel. There are two exceptions to the main rule where the trade is considered to be a combination trade: Firstly, in some rare instances a tanker cargo is fixed instead of a dry bulk cargo out of the dry bulk exporting region where KCC usually transports dry bulk commodities. E.g. the vessel transports clean petroleum products to Argentina followed by a veg oil cargo instead of a grain cargo on the return leg. Secondly, triangulation trading which combines two tanker voyages followed by a dry bulk voyage with minimum ballast in between the three voyages (e.g. CPP Middle East-Far East+CPP Far East Australia-dry bulk Australia-Middle East) are also considered combination trade. The KPI has been changed with effect from 1 January 2021 and 2020 figures have been adjusted. Previously the definition of a combination trade was based on the main trading patterns and contract of affreightment portfolio (CABU trades Far East/Middle East - Australia and US Gulf-Brazil, CLEANBU trades Middle East/India-South America). The CLEANBU segment has been established and the CABU business has developed, hence the updated definition better reflects how often KCC succeeds to combine wet and dry cargo.

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

## ▶ THE CABU BUSINESS

KEY FIGURES	Q2 2021	Q1 2021	Q2 2020	1H 2021	1H 2020
Average TCE earnings (note 2)	21 932 \$/d	16 722 \$/d	21 290 \$/d	19 402 \$/d	20 784 \$/d
Opex per day (note 2)	7 493 \$/d	7 457 \$/d	7 210 \$/d	7 475 \$/d	7 157 \$/d
Onhire days	811	766	807	1 578	1 622
Off-hire days, scheduled	5	39	9	44	9
Off-hire days, unscheduled	3	4	2	8	6
% of days in combination trades <sup>1</sup>	79 %	65 %	85 %	75 %	88 %
Ballast days in % of total on-hire days <sup>3</sup>	14 %	16 %	12 %	15 %	14 %
Utilisation <sup>2</sup>	96 %	93 %	94 %	94 %	94 %

### Second quarter

Average TCE earnings per on-hire day for the CABU vessels for Q2 2021 ended at \$21,932/day, up from both Q2 2020 (\$21,290/day) and Q1 2021 (\$16,722/day). TCE earnings for the CABU fleet were 2.9 times higher than the spot market for standard MR tankers<sup>4</sup>, driven by strong dry bulk earnings and 87% combination trading in the Pacific basin where approx. 80% of the fleet was employed in Q2.

Operating costs for second quarter are in line with previous quarter and up approximately \$285/day compared to Q2 2020 mainly due to periodisation effects and timing of procurement to vessels. The fleet had limited off-hire in second quarter with in total eight scheduled and unscheduled days. One CABU vessel completed scheduled dry docking in early April.

### First half

Average TCE earnings per on-hire day for the CABU vessels for first half 2021 ended at \$19,402/day, compared to \$20,784/day for first half 2020 and \$18,900/day for second half 2020. 1H 2021 earnings were negatively impacted by a considerably weaker tanker market than in 2020 through lower earnings on both caustic soda freight contracts and spot wet shipments. The strong dry bulk market in 1H 2021 with Panamax spot rates around four times higher than in 1H 2020 had strong positive earnings effects, partly offset by negative value of FFA contracts.

Operating expenses have increased approximately \$320/day from 1H 2020 to 1H 2021, in line with the change from Q2 2020 to Q2 2021. KCC had no COVID-19 off-hire in 1H 2020 and a limited six days in 1H 2021, considerably down from second half 2020 (55 days). Two CABU vessels have completed dry docking in 1H 2021, early January and early April respectively.

## ▶ THE CLEANBU BUSINESS

KEY FIGURES	Q2 2021	Q1 2021	Q2 2020	1H 2021	1H 2020
Average TCE earnings (note 2)	18 499 \$/d	17 924 \$/d	30 983 \$/d	18 233 \$/d	25 918 \$/d
Opex per day (note 2)	8 011 \$/d	8 053 \$/d	9 361 \$/d	8 030 \$/d	9 280 \$/d
Onhire days	556	478	264	1 034	532
Off-hire days, scheduled	45	8	-	53	-
Off-hire days, unscheduled	2	0	9	2	14
% of days in combination trades <sup>1</sup>	30 %	73 %	15 %	50 %	40 %
Ballast days in % of total on-hire days <sup>3</sup>	28 %	24 %	29 %	25 %	23 %
Utilisation <sup>2</sup>	89 %	88 %	99 %	89 %	96 %

### Second quarter

The CLEANBU fleet outperformed the LR1 tanker vessel spot earnings by a multiple of 1.6<sup>4</sup> in second quarter 2021. Average CLEANBU TCE earnings per on-hire day ended at \$18,499/day, up by \$575/day compared to last quarter. TCE earnings were in comparison \$30,983/day same quarter last year mainly due to fixing all three CLEANBU vessels on TC contracts in the booming tanker market in March-May 2020. In the historically weak tanker market with tanker earnings below operating cost levels and clean petroleum trade-flows disrupted by COVID-19 effects, five out of seven CLEANBUs were employed as dry bulk standard vessels in second quarter highly benefitting from the strong dry bulk market. Consequently, the share of the capacity in combination trading fell to 30% for second quarter. TCE earnings were negatively impacted by generally poor tanker earnings impacting two vessels employed in combination trading in the quarter.

The development of new combination trades progressed well during the quarter while some business development costs were incurred. The first combination voyage with iron ore from Brazil to Europe and return with naphtha was successfully completed in June 2021. The Company also strengthened its foothold in the Australian market with fixture of one CPP voyage to Australia on a maiden voyage on MV Bass in May. The conclusion of the longest and largest CPP contract of affreightment to date with a major international charterer in the CPP market in July marked an important milestone for the Company's CLEANBU business. This contract with a duration of one to three years, reflects a growing tanker market acceptance of the CLEANBU vessels' CPP/dry bulk combination trading.

The fleet had in total approx. 0.3 more vessel years on-hire compared to last quarter due to delivery of newbuilds. The seventh CLEANBU vessel, MV Bass, was delivered on 25 March 2021 and the vessel started trading early May. The eighth CLEANBU vessel, MV Balzani, was delivered 25 May 2021 and started trading early July, completing the newbuild program. The number of days from delivery of newbuilds to start of trading continued to be negatively impacted by COVID-19 as a Chinese crew takes delivery of the vessels prior to changing crew in South Korea and the number of days from delivery until start of trading has been quite stable for the three vessels delivered in 2021, average 42 days per vessel.

Average operating costs for the CLEANBU vessels ended at \$8,011/day, in line with previous quarter and approximately \$1,350/day lower than same quarter last year, partly reflecting normalization of technical operation of the CLEANBU vessels delivered in 2019 and 2020 and partly due to periodisation effects.

<sup>1</sup> % of days in combination trades = see definition on page 3  
<sup>2</sup> Utilisation = Operating days less waiting time less off-hire days/operating days.

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

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

The fleet had limited unscheduled off-hire in Q2 2021 of two days, with no COVID-19 related off-hire. Yard guarantee work related to MV Barramundi was completed mid-May with a total of 53 off-hire days, partly covered by loss of hire insurance of in total USD 0.5 million recognised in second quarter. Guarantee work for additional two CLEANBU vessels was targeted to be completed in the period July-October 2021 with total off-hire estimated to be in total 90-115 days. Due to increased COVID-19 infection numbers, the region around the shipyard was closed in early August and the guarantee repairs of both vessels have been postponed to Q4 2021 and 1H 2022. Estimated 25-35% of off-hire days connected to these three vessels will be covered by loss of hire insurance.

#### First half

Average TCE earnings for first half 2021 were \$18,233/day compared to \$25,918/day in first half 2020. Utilization was somewhat lower in 1H 2021 (89%) compared to 1H 2020 (96%), while combination trading was up 10%-points. The strong 1H 2020 TCE earnings were impacted by the tanker TC contracts.

Operating expenses for 1H 2021 is down \$1,250/day from 1H 2020 due to same reasons as commented on second quarter. Unscheduled off-hire was down 12 days when comparing the two periods, whereof 9 days lower COVID-19 related off-hire.

## ▶ MARKET DEVELOPMENT

AVERAGE MARKET RATES <sup>2</sup>	Q2 2021	Q1 2021	Q2 2020	2020
Dry Bulk rates - P5TC (\$/day) <sup>1</sup>	26 052	18 493	7 390	9 906
MR Tanker rates - TC7 (\$/day) <sup>1</sup>	7 662	6 641	25 888	14 282
LR1 Tanker rates - TC5 (\$/day) <sup>1</sup>	5 917	5 168	44 691	19 441
Bunkers price - VLSFO (\$/mt) <sup>2</sup>	505	479	273	371

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

Second quarter 2021 **dry bulk** freight rates delivered the best quarter in 11 years. All segments had high earnings but on a relative basis the smaller sizes outperformed the larger sizes when compared to their historical averages, and Panamax earnings averaged \$26,052/day for the quarter.

Total dry bulk volumes increased with 8.7% Y-o-Y, while total Panamax volumes across all commodities were up 9.6% Y-o-Y in Q2. Minor bulk and coal volumes grew strongly, 22% Y-o-Y and 13% Y-o-Y respectively, as global industrial production recovered from the peak COVID-19 period in 2020. Grain volumes were up a modest 2.3% Y-o-Y as strong demand was covered with very high Q1 2021 shipments. Iron ore volumes were up a meagre 0.9% Y-o-Y in Q2 as seaborne exporters failed to ramp up output to meet the strong demand, while bauxite volumes were down 13% Y-o-Y, explaining why Capesize earnings have been relatively low compared to the smaller segments and partly explaining the Capesize vessels' increased market share in the coal trade at the expense of the smaller segments. The Capesize segment recorded a 34% Y-o-Y growth in coal loadings in Q2 compared to a 7% growth in the Panamax segment. While Panamax earnings in Q2 2021 were very strong from a historical perspective, rates would likely have been even higher if iron ore exporters had been able to meet the strong growth in iron ore demand.

The nominal fleet growth in the Panamax segment was reported at 4.5% Y-o-Y in Q2, with effective Y-o-Y fleet growth in the quarter at 3.6%<sup>3</sup>. The Q2 growth in volumes of 8.7% hence exceeded the effective dry bulk fleet growth of 3.5% with a wide margin, resulting in higher utilization and increased freight rates.

The weakness in the **product tanker market** continued during second quarter. The average TCE-earnings for the LR1 route from Middle East to Japan (TC5) was \$5,917/day in second quarter, only a slight improvement compared to the first quarter of 2021. While oil demand has improved compared to 2020, oil production is lagging demand. The deficit has been made up by drawdowns on inventories built during 2020, and the demand for seaborne transportation of crude and oil products has remained weak. Oil supply and demand is expected to improve over the year, and inventory levels have normalized. OPEC+ announced production increases of 400,000 barrels per day and EIA estimates that oil consumption will increase to above 100 million barrels per day towards the end of this year. Higher demand coupled with low fleet growth, may spur an improvement in rates during this year and into 2022. Refinery closures in Australia, Europe and the US and refinery additions in the Middle East could in addition improve ton-mile demand further. The COVID-19 situation continues to be a major risk to the outlook with potential for renewed and prolonged lockdowns and travel restrictions as virus variants continue to spread.

The international **caustic soda** market has been tight year-to-date due to recovering demand and several production issues of US Gulf producers, partly caused by the cold weather situation in Texas in February. As a consequence, US exports to Australia have continued to fall in 1H 2021 compared to last year, leading to increased Australian caustic soda sourcing from the Far East. Market balance in the Far East is expected to continue to be tight over the coming months.

Brent crude oil prices ended at around USD 75 per barrel at end of Q2 2021, up 18% Q-o-Q. Average **fuel oil price** (VLSFO) ended at USD 505/mt, an increase of around 6% Q-o-Q.

## HEALTH, SAFETY AND ENVIRONMENT

HEALTH AND SAFETY KPIS	Q2 2021	Q1 2021	Q2 2020	1H 2021	1H 2020
# of medium <sup>7</sup> injuries	-	-	-	-	3
# of major <sup>8</sup> injuries	-	-	-	-	-
# of navigational incidents	-	-	-	-	-
# of spills to the environment	-	-	1	-	1

Safety is KCC's priority number one and to the Board's satisfaction there were no "major" or "medium" rated incidents and no navigational incidents or spills to the environment in Q2 2021 and there have not been any major or medium personal injuries on KCC's fleet since early March 2020. It is with great sadness we report a fatality related to a fall accident on board a vessel in third quarter. The person was seriously injured and passed away in hospital after three weeks. The incident is under investigation to conclude on cause and corrective actions. Further information will be provided in the third quarter report.

The COVID-19 management plan implemented in Q3 2020 to ensure the health and safety of our crew, with increased testing and strict quarantine procedures for crew, has worked as intended and there have not been any COVID-19 cases onboard our vessels since the management plan was implemented. Special focus has been placed on carrying through scheduled crew changes and to repatriate as many as possible of KCC's crew at the end of their service period without delays. By the end of second quarter 2021 7.4% of crew had extended their contract by more than 30 days, compared to 4.8% by the end of Q1. Approximately 30% of KCC's sailors are fully vaccinated, however, no beneficiary measures have been made on crew change requirements for those vaccinated in countries and ports being called by KCC vessels. Hence, crew changes are still challenging and the increase in number of crew on extended contracts vary with trading pattern and ports called available for crew changes.

ENVIRONMENTAL KPIS	TARGET 2022	LAST 12 MONTHS	2020	Q1 2021	Q2 2021	BENCHMARK
CO <sub>2</sub> emission per ton transported cargo per nautical mile (EEOI)(grams CO <sub>2</sub> /(tons cargo x nautical miles)) <sup>1,5,6</sup>	5.8	7.5	7.4	7.4	8.3	10.1
Average CO <sub>2</sub> emission per vessel (metric tons CO <sub>2</sub> /vessel-year) <sup>2,6</sup>	17,700	20,600	20,700	20,100	18,300	N.A.
% of days in combination trades <sup>3</sup>	90%	64 %	77%	72 %	59 %	N.A.
Ballast days in % of total on-hire days <sup>4,5</sup>	7.5%	16 %	15%	19 %	19 %	30 %

CO<sub>2</sub> emissions per ton transported cargo per nautical mile (EEOI) ended at 8.3 for second quarter of 2021, up from 7.4 in first quarter 2021 and above average for the last 12 months. The increase is explained by less distance sailed and less cargo weight transported due to more port calls to draft-restricted ports, and several vessels spending more days in port and at anchor waiting to enter port due to increased port congestion.

Average CO<sub>2</sub> emissions per vessel was 18,300 in second quarter, down from 20,100 in Q1 compared to an average of 20,600 over the last twelve months. Improvement is partly due to shorter distances sailed this quarter, but is also reflecting an increase in overall fleet performance and energy efficiency. For the vessels that have completed dry-docking during 2020 and 2021, performance has improved after installation of various energy saving devices and application of top-grade silicone anti-fouling coating. Emissions were as well positively impacted by improved operational efficiency from the onboard route optimization service that part of the fleet has been testing over the last six months, as well as the introduction of a speed reduction of 0.5 knot for the CABU fleet when possible.

Ballast days in % of total on-hire days 19 % this quarter in line with previous quarter. This is above average for the last twelve months due to high share of CLEANBU fleet trading as standard dry bulk vessels.

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

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

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

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

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

<sup>6</sup> Calculation of Q1 2021 has changed from 20,900 to 20,100 due to updated data from the newly delivered vessels that was not included in Q1 reporting.

<sup>7</sup> Medium = medical treatment and repatriation, will return to work

<sup>8</sup> Major = Severe injury death

## ➤ OUTLOOK

- The dry bulk market outlook for second half of 2021 and 2022 is strong with the Panamax FFA curve for second half 2021 currently trading at around \$ 32,000/day and for calendar year 2022 trading at around \$ 20,000/day.
- With the rebalancing of the tanker market in progress, the market recovery is moving closer. The market sentiment has improved, reflected in the recent upturn in the product tanker market West of Suez with LR1 TCE-earnings from Middle East to Japan increasing from average around \$3,000/day during May-July to \$14,100/day in mid-August. While the near-term outlook is still quite uncertain due to lack of demand visibility, an expected rise in oil production and demand and continued drawdown of inventories, are expected to lead to a broad market tanker market upturn over the next 6-9 months.
- KCC has made solid progress in CLEANBU business development over the summer with a further expansion of the CLEANBU customer base and trading pattern. Most of the CLEANBU fleet will return to combination-trading within September having significant positive effect on CLEANBU earnings for second half of 2021. During August, five CLEANBU vessels have been fixed on CPP voyages in efficient combination trades, including the first combination trade to West Africa and the first two voyages under the new CPP COA concluded in July.
- Seven of KCC's nine CABU vessels are currently employed in trades to Australia. Booking of a continued high number of caustic soda shipments to Australia for second half 2021 secure efficient and profitable caustic soda-dry bulk combination trading for this part of the fleet. To optimize earnings in the current strong dry bulk market, one of the two CABU vessels employed in Atlantic trades has been allocated to dry bulk trading for the next 4-5 months, entering the Klaveness/Marubeni Baumarine Pool in late August. Other ways of optimizing the CABU fleet in view of the very strong dry bulk market will be considered going forward.
- The CLEANBU vessels, MV Barracuda and MV Baru, were scheduled for guarantee repairs in third quarter and fourth quarter respectively. Both guarantee repairs have been postponed by tentatively 2– 3 months due to the recent close– down of some Chinese regions due to a rise in COVID– 19 cases.

Oslo, 24 August 2021

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

## RESPONSIBILITY STATEMENT BY THE BOARD AND CEO

The Board and CEO have reviewed and approved the condensed financial statements for the period 1 January to 30 June 2021. To the best of our knowledge, we confirm that:

- The condensed financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Statements.
- The information presented in the condensed financial statements gives a true and fair view of the company's assets, liabilities, financial position and profit.
- The management report includes a fair review of important events that have occurred during the period and their impact on the consolidated financial statements and a description of the principal risks and uncertainties for the period.
- The information presented in the condensed interim financial statements gives a true and fair view on related-party transactions.

Oslo, 24 August 2021

The Board of Directors of  
Klaveness Combination Carriers ASA

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**Lasse Kristoffersen**  
Chairman of the Board

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**Magne Øvreås**  
Board member

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**Morten Skedsmo**  
Board member

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**Winifred Patricia Johansen**  
Board member

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**Rebekka Glasser Herlofsen**  
Board member

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**Engebret Dahm**  
CEO

## INCOME STATEMENT

USD'000	Notes	Unaudited		Unaudited		Audited
		Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Freight revenue	3	37 259	32 506	68 878	76 483	142 289
Charter hire revenue	3	8 235	7 391	14 002	8 152	20 442
Other revenue	3	482	134	482	134	-
<b>Total revenues, vessels</b>		<b>45 976</b>	<b>40 031</b>	<b>83 363</b>	<b>84 769</b>	<b>162 731</b>
Voyage expenses		(17 642)	(14 525)	(33 901)	(36 860)	(71 592)
<b>Net revenues from operations of vessels</b>		<b>28 334</b>	<b>25 506</b>	<b>49 462</b>	<b>47 909</b>	<b>91 139</b>
Operating expenses, vessels		(12 502)	(8 493)	(23 629)	(16 746)	(37 193)
Group commercial and administrative services	9	(821)	(776)	(1 833)	(1 601)	(3 538)
Salaries and social expense	9	(525)	(280)	(930)	(514)	(1 327)
Tonnage tax		(68)	(48)	(108)	(57)	(180)
Other operating and administrative expenses		(264)	(189)	(534)	(446)	(776)
<b>Operating profit before depreciation (EBITDA)</b>		<b>14 154</b>	<b>15 720</b>	<b>22 426</b>	<b>28 545</b>	<b>48 125</b>
Ordinary depreciation	4	(7 032)	(4 358)	(14 026)	(8 711)	(19 155)
<b>Operating profit after depreciation (EBIT)</b>		<b>7 122</b>	<b>11 362</b>	<b>8 401</b>	<b>19 834</b>	<b>28 971</b>
Finance income	7	146	183	254	307	529
Finance costs	7	(3 811)	(3 186)	(7 243)	(7 468)	(14 317)
<b>Profit before tax (EBT)</b>		<b>3 457</b>	<b>8 359</b>	<b>1 412</b>	<b>12 673</b>	<b>15 182</b>
Income tax expenses		-	-	(1)	-	-
<b>Profit after tax</b>		<b>3 457</b>	<b>8 359</b>	<b>1 411</b>	<b>12 673</b>	<b>15 182</b>
Attributable to:						
Equity holders of the parent company		3 457	8 359	1 411	12 673	15 182
<b>Total</b>		<b>3 457</b>	<b>8 359</b>	<b>1 411</b>	<b>12 673</b>	<b>15 182</b>
<b>Earnings per Share (EPS):</b>						
Basic and diluted, profit for the period attributable to ordinary equity holders of the Parent Company		0.07	0.17	0.03	0.26	0.32

## STATEMENT OF COMPREHENSIVE INCOME

USD '000	Unaudited		Unaudited		Audited
	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
<b>Profit/ (loss) of the period</b>	<b>3 457</b>	<b>8 359</b>	<b>1 411</b>	<b>12 673</b>	<b>15 182</b>
<i>Other comprehensive income to be reclassified to profit or loss</i>					
Net movement fair value on cross-currency interest rate swaps (CCIRS)	(102)	1 550	1 296	(8 022)	1 253
Reclassification to profit and loss (CCIRS)	(293)	(1 715)	39	3 960	(3 715)
Net movement fair value on interest rate swaps	(345)	(938)	2 540	(3 814)	(2 491)
Net movement fair value FX hedge	-	-	-	-	87
Net movement fair value bunker hedge	38	743	(63)	(409)	-
Net movement fair value FFA hedge	(11 849)	134	(17 799)	(398)	(1 814)
<b>Net other comprehensive income to be reclassified to profit or loss</b>	<b>(12 551)</b>	<b>(226)</b>	<b>(13 986)</b>	<b>(8 683)</b>	<b>(6 680)</b>
<b>Total comprehensive income/(loss) for the period, net of tax</b>	<b>(9 094)</b>	<b>8 133</b>	<b>(12 576)</b>	<b>3 990</b>	<b>8 502</b>
Attributable to:					
Equity holders of the Parent Company	(9 094)	8 133	(12 576)	3 990	8 502
<b>Total</b>	<b>(9 094)</b>	<b>8 133</b>	<b>(12 576)</b>	<b>3 990</b>	<b>8 502</b>

## STATEMENT OF FINANCIAL POSITION

(Figures in USD '000)

ASSETS	Notes	Unaudited 30 Jun 2021	Audited 31 Dec 2020
<b>Non-current assets</b>			
Vessels	4	551 025	404 258
Newbuilding contracts	5	-	48 441
Right-of-use assets		1 929	1 672
Long-term financial assets	6	5 476	3 427
Long-term receivables		70	70
<b>Total non-current assets</b>		<b>558 500</b>	<b>457 868</b>
<b>Current assets</b>			
Short-term financial assets	6	25	87
Inventories		10 410	6 159
Trade receivables and other current assets		17 805	18 501
Short-term receivables from related parties		289	742
Cash and cash equivalents		30 847	65 685
<b>Total current assets</b>		<b>59 376</b>	<b>91 174</b>
<b>TOTAL ASSETS</b>		<b>617 876</b>	<b>549 043</b>

EQUITY AND LIABILITIES		Unaudited 30 Jun 2021	Audited 31 Dec 2020
<b>Equity</b>			
Share capital	8	5 725	5 725
Share premium		130 155	130 155
Other reserves		(23 378)	(6 511)
Retained earnings		88 604	87 162
<b>Total equity</b>		<b>201 107</b>	<b>216 532</b>
<b>Non-current liabilities</b>			
Mortgage debt	6	218 669	206 813
Long-term financial liabilities	6	3 667	5 409
Long-term lease liabilities		1 393	1 239
Bond loan	6	80 774	80 649
<b>Total non-current liabilities</b>		<b>304 503</b>	<b>294 110</b>
<b>Current liabilities</b>			
Short-term mortgage debt	6	87 515	22 473
Other interest bearing liabilities	6	7 493	-
Short-term financial liabilities	6	-	757
Short-term lease liabilities		609	493
Trade and other payables		15 709	13 165
Short-term debt to related parties		827	1 339
Tax liabilities		121	175
<b>Total current liabilities</b>		<b>112 266</b>	<b>38 402</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>617 876</b>	<b>549 043</b>

Oslo, 24 August 2021

The Board of Directors of  
Klaveness Combination Carriers ASA

**Lasse Kristoffersen**  
Chairman of the Board

**Magne Øvreås**  
Board member

**Morten Skedsmo**  
Board member

**Winifred Patricia Johansen**  
Board member

**Rebekka Glasser Herlofsen**  
Board member

**Engebret Dahm**  
CEO

## STATEMENT OF CHANGES IN EQUITY

(Figures in USD '000)

### Attributable to equity holders of the parent

Unaudited 2021	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Retained earnings	Total
<b>Equity 1 January 2021</b>	<b>5 725</b>	<b>130 155</b>	<b>(147)</b>	<b>(6 363)</b>	<b>87 162</b>	<b>216 532</b>
Profit (loss) for the period	-	-	-	-	1 411	<b>1 411</b>
Other comprehensive income for the period	-	-	-	(13 986)	-	<b>(13 986)</b>
Share option program	-	-	-	-	31	<b>31</b>
Dividends	-	-	(2 882)	-	-	<b>(2 882)</b>
<b>Equity at 30 June 2021</b>	<b>5 725</b>	<b>130 155</b>	<b>(3 029)</b>	<b>(20 349)</b>	<b>88 604</b>	<b>201 107</b>

Unaudited 2020	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Retained earnings	Total
<b>Equity 1 January 2020</b>	<b>5 725</b>	<b>130 155</b>	-	<b>316</b>	<b>76 744</b>	<b>212 941</b>
Profit (loss) for the period	-	-	-	-	12 673	<b>12 673</b>
Other comprehensive income for the period	-	-	-	(8 683)	-	<b>(8 683)</b>
Purchase of own shares	-	-	(19)	-	-	<b>(19)</b>
Share option program	-	-	-	-	19	<b>19</b>
Dividends	-	-	-	-	(1 921)	<b>(1 921)</b>
<b>Equity at 30 June 2020</b>	<b>5 725</b>	<b>130 155</b>	<b>(19)</b>	<b>(8 367)</b>	<b>87 545</b>	<b>215 010</b>

Audited 2020	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Retained earnings	Total
<b>Equity 1 January 2020</b>	<b>5 725</b>	<b>130 155</b>	-	<b>316</b>	<b>76 744</b>	<b>212 941</b>
Profit (loss) for the period	-	-	-	-	15 182	<b>15 182</b>
Other comprehensive income for the period	-	-	-	(6 679)	-	<b>(6 679)</b>
Dividends	-	-	-	-	(4 803)	<b>(4 803)</b>
Purchase of own shares	-	-	(147)	-	-	<b>(147)</b>
Share option program	-	-	-	-	39	<b>39</b>
<b>Equity at 31 December 2020</b>	<b>5 725</b>	<b>130 155</b>	<b>(147)</b>	<b>(6 363)</b>	<b>87 162</b>	<b>216 532</b>

## CASH FLOW STATEMENT

(Figures in USD '000)

	Notes	Unaudited		Unaudited		Audited
		Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Profit before tax		3 457	8 359	1 412	12 673	15 182
Tonnage tax expensed		68	48	108	57	180
Ordinary depreciation	4	7 032	4 358	14 026	8 711	19 155
Amortization of upfront fees bank loans		211	131	402	346	693
Financial derivatives unrealised loss / gain (-)	6	(9)	21	44	(733)	(342)
Gain/loss on foreign exchange		21	(132)	(31)	123	(4)
Interest income	7	(146)	(20)	(254)	(251)	(271)
Interest expenses	7	3 811	2 989	7 243	5 975	11 884
Taxes paid for the period		-	-	-	-	-
Change in current assets		(2 733)	7 777	(3 859)	1 845	(3 797)
Change in current liabilities		2 672	(886)	1 804	(5 893)	(3 438)
Collateral paid/refunded on FFA (variation margin)	6	(11 848)	-	(17 798)	-	-
Interest received	7	146	20	254	251	271
<b>A: Net cash flow from operating activities</b>		<b>2 681</b>	<b>22 666</b>	<b>3 350</b>	<b>23 105</b>	<b>39 513</b>
Acquisition of tangible assets	4	(2 335)	(373)	(6 749)	(535)	(4 271)
Installments and other cost on newbuilding contracts**	5	(35 394)	(15 826)	(105 322)	(21 484)	(88 634)
<b>B: Net cash flow from investment activities</b>		<b>(37 729)</b>	<b>(16 199)</b>	<b>(112 071)</b>	<b>(22 019)</b>	<b>(92 905)</b>
Proceeds from mortgage debt		34 000	-	89 000	-	60 450
Proceeds from bond loan (KCC04)	6	-	-	-	54 028	76 390
Buyback of bond loan (KCC03)	6	-	-	-	(17 879)	(33 861)
Transaction costs on issuance of loans	6	(360)	-	(1 036)	(870)	(1 914)
Repayment of mortgage debt	6	(6 113)	(4 342)	(11 344)	(8 684)	(17 367)
Terminated financial instruments		-	-	-	(3 101)	(3 101)
Collateral paid/refunded on financial instruments		-	2 910	-	-	-
Interest paid	7	(3 637)	(3 185)	(7 068)	(5 453)	(11 370)
Repayment of financial lease liabilities		(146)	(108)	(281)	(216)	(454)
Purchase of own shares		-	(11)	-	(19)	(147)
Dividends		(1 441)	(1 441)	(2 882)	(1 921)	(4 802)
<b>C: Net cash flow from financing activities</b>		<b>22 304</b>	<b>(6 177)</b>	<b>66 390</b>	<b>15 885</b>	<b>63 824</b>
Effect of exchange rate change on cash						
<b>Net change in liquidity in the period</b>		<b>(12 745)</b>	<b>291</b>	<b>(42 331)</b>	<b>16 971</b>	<b>10 431</b>
Cash and cash equivalents at beginning of period		36 099	71 934	65 685	55 254	55 254
Cash and cash equivalents at end of period*		23 354	72 225	23 354	72 225	65 685
<b>Net change in cash and cash equivalents in the period</b>		<b>(12 745)</b>	<b>291</b>	<b>(42 331)</b>	<b>16 971</b>	<b>10 431</b>
Cash and cash equivalents		30 847	72 232	30 847	72 232	65 685
Other interest bearing liabilities (overdraft facility)		7 493	8	7 493	8	-
<b>Cash and cash equivalents (as presented in cash flow statement)</b>		<b>23 354</b>	<b>72 225</b>	<b>23 354</b>	<b>72 225</b>	<b>65 685</b>

\* Cash and cash equivalents include overdraft facility of USD 7.5 million (as per 30 June 2021) presented as interest bearing liabilities in the balance sheet.

\*\* Yard installement of USD 35 million is related to delivery of newbuilding Balzani 25 May 2021.

# 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 financial liabilities

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- 07** Financial items

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

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- 09** Transactions with related parties

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- 10** Events after the balance sheet date

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- 11** Reconciliation of alternative performance measures



# 01 Accounting policies

## CORPORATE INFORMATION

Klaveness Combination Carriers ASA ("Parent Company/The Company/KCC") is a public limited liability company domiciled and incorporated in Norway. The share is listed on Euronext Expand (formerly Oslo Axess) 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 is to provide transportation for dry bulk, chemical and product tanker clients, as well as to develop new investment and acquisition opportunities that fit the Group's existing business platform. The Group has nine CABU vessels, vessels with capacity to transport caustic soda (CSS), floating fertilizer (UAN) and molasses as well as all dry bulk commodities. In addition, the Group has eight CLEANBU vessels in operation. 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 International Financial Reporting Standards ("IFRS") as endorsed by the European Union and are based on 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 2020, which have been prepared in accordance with IFRS, as adopted by the European Union.

### Tax

In Q1 2021, MV Barracuda was resold internally from KCC KBA AS to KCC Shipowning AS. KCC KBA AS is under ordinary taxation, and the company will have a tax cost for the year related to the vessel operation and resale carried out in Q1; however, this will be covered by losses carried forward in the Group such that the Group as a whole does not have any tax cost in the period.

### Subsidiaries

Klaveness Combination Carriers Asia Pte Ltd (Singapore) was incorporated on 22 March 2021 based on capital injection of USD 300 000 from Klaveness Combination Carriers ASA (100% ownership, 300 000 shares). The commercial and operation team of four employees from Klaveness Asia Pte Ltd were transferred to this company on 1 June 2021.

## 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 2020 except for the adoption of any new accounting standards or amendments with effective date after 1 January 2021. There was no material impact of new accounting standards or amendments adopted in the period.

## 02 Segment reporting

The Group is an owner and operator of combination carriers and operates mainly within the dry bulk shipping industry and the product tanker industry. The Group owns nine CABUs and eight CLEANBUs. The eighth CLEANBU vessel was delivered on 25 May 2021.

The CABUs are from 72,456 dwt to 80,344 dwt and have the capacity to transport caustic soda solution (CSS), floating fertilizer (UAN) and molasses as well as all types of dry bulk commodities.

The CLEANBUs have approximately 82,500 dwt carrying capacity. The CLEANBUs are both full-fledged LR1 product tankers and Kamsarmax bulk carriers transporting clean petroleum products (CPP), heavy liquid cargoes such as CSS, UAN and molasses as well as all types of dry bulk products.

Operating income and operating expenses per segment						
USD'000	CABU	Q2 2021 CLEANBU	Total	CABU	Q2 2020 CLEANBU	Total
Operating revenue, vessels	30 198	15 778	45 976	30 640	9 391	40 031
Voyage expenses	(12 617)	(5 025)	(17 642)	(13 718)	(807)	(14 525)
<b>Net revenue</b>	<b>17 580</b>	<b>10 754</b>	<b>28 334</b>	<b>16 922</b>	<b>8 584</b>	<b>25 506</b>
Operating expenses, vessels	(6 049)	(6 453)	(12 502)	(5 824)	(2 669)	(8 493)
Group administrative services	(397)	(424)	(821)	(532)	(244)	(776)
Salaries and social expense	(254)	(271)	(525)	(192)	(88)	(280)
Tonnage tax	(44)	(24)	(68)	(32)	(16)	(48)
Other operating and administrative expenses	(128)	(136)	(264)	(129)	(59)	(189)
<b>Operating profit before depreciation (EBITDA)</b>	<b>10 708</b>	<b>3 445</b>	<b>14 154</b>	<b>10 212</b>	<b>5 508</b>	<b>15 720</b>
Ordinary depreciation	(3 241)	(3 791)	(7 032)	(2 820)	(1 538)	(4 358)
<b>Operating profit after depreciation (EBIT)</b>	<b>7 467</b>	<b>(346)</b>	<b>7 122</b>	<b>7 391</b>	<b>3 970</b>	<b>11 363</b>

Reconciliation of average revenue per onhire day (TCE earnings USD/day)						
USD'000	CABU	Q2 2021 CLEANBU	Total	CABU	Q2 2020 CLEANBU	Total
Net revenues from operations of vessels	17 508	10 754	28 334	16 922	8 584	25 506
IFRS 15 adjustment*	210	23	233	255	(271)	(15)
Offhire compensation (note 3)	-	(482)	(482)	-	(134)	(134)
Net revenue ex IFRS adjustment	17 790	10 294	28 085	17 176	8 179	25 357
Onhire days	811	556	1 368	807	264	1 071
<b>Average TCE earnings per onhire day (\$/d)</b>	<b>21 932</b>	<b>18 499</b>	<b>20 537</b>	<b>21 290</b>	<b>30 983</b>	<b>23 679</b>

Reconciliation of opex per day						
USD'000	CABU	Q2 2021 CLEANBU	Total	CABU	Q2 2020 CLEANBU	Total
Operating expenses, vessels	6 049	6 453	12 502	5 824	2 669	8 493
Leasing cost previously presented as opex	88	59	146	81	27	108
Start up cost CLEANBU vessels	-	(1 120)	(1 120)	-	(140)	(140)
Operating expenses, vessels adjusted	6 137	5 391	11 528	5 905	2 556	8 461
Operating days	819	673	1 492	819	273	1 092
<b>Opex per day (\$/d)</b>	<b>7 493</b>	<b>8 011</b>	<b>7 727</b>	<b>7 210</b>	<b>9 361</b>	<b>7 748</b>

\* IFRS 15 adjustment: Revenue recognized from load-to-discharge and not from discharge-to-discharge, resulting in higher volatility in revenues from month to month.

Operating income and operating expenses per segment						
USD'000	1H 2021			1H 2020		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	54 530	28 833	83 363	65 439	19 330	84 769
Voyage expenses	(24 284)	(9 618)	(33 902)	(32 067)	(4 793)	(36 860)
<b>Net revenue</b>	<b>30 245</b>	<b>19 216</b>	<b>49 462</b>	<b>33 371</b>	<b>14 537</b>	<b>47 909</b>
Operating expenses, vessels	(12 008)	(11 621)	(23 629)	(11 562)	(5 184)	(16 746)
Group administrative services	(932)	(902)	(1 833)	(1 106)	(495)	(1 601)
Salaries and social expense	(473)	(458)	(930)	(355)	(159)	(514)
Tonnage tax	(67)	(42)	(108)	(39)	(17)	(57)
Other operating and administrative expenses	(271)	(263)	(534)	(308)	(138)	(446)
<b>Operating profit before depreciation (EBITDA)</b>	<b>16 494</b>	<b>5 931</b>	<b>22 426</b>	<b>20 001</b>	<b>8 543</b>	<b>28 545</b>
Ordinary depreciation	(7 122)	(6 903)	(14 025)	(5 637)	(3 075)	(8 711)
<b>Operating profit after depreciation (EBIT)</b>	<b>9 372</b>	<b>(972)</b>	<b>8 402</b>	<b>14 364</b>	<b>5 469</b>	<b>19 834</b>

Reconciliation of average revenue per onhire day (TCE earnings USD/day)						
USD'000	1H 2021			1H 2020		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenues from operations of vessels	30 246	19 216	49 461	33 375	14 537	47 909
IFRS 15 adjustment*	361	126	487	335	(611)	(276)
Offhire compensation (note 3)	-	(482)	(482)	-	-	-
Net revenue ex IFRS adjustment	30 607	18 859	49 466	33 709	13 927	47 633
Onhire days	1 578	1 034	2 612	1 622	532	2 154
<b>Average TCE earnings per onhire day (\$/d)</b>	<b>19 402</b>	<b>18 233</b>	<b>18 939</b>	<b>20 784</b>	<b>25 918</b>	<b>22 111</b>

Reconciliation of opex per day						
USD'000	1H 2021			1H 2020		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	12 008	11 621	23 629	11 562	5 184	16 746
Leasing cost previously presented as opex	168	112	281	161	54	215
Start up cost CLEANBU vessels	-	(2 033)	(2 033)	-	(171)	(171)
Operating expenses, vessels adjusted	12 177	9 700	21 877	11 723	5 067	16 790
Operating days	1 629	1 208	2 837	1 638	546	2 184
<b>Opex per day (\$/d)</b>	<b>7 475</b>	<b>8 030</b>	<b>7 712</b>	<b>7 157</b>	<b>9 280</b>	<b>7 689</b>

Operating income and operating expenses per segment			
USD'000	2020		Total
	CABU	CLEANBU	
Operating revenue, vessels	122 208	40 523	162 730
Voyage expenses	(60 281)	(11 311)	(71 592)
<b>Net revenue</b>	<b>61 926</b>	<b>29 212</b>	<b>91 139</b>
Operating expenses, vessels	(23 829)	(13 364)	(37 193)
Group administrative services	(2 251)	(1 287)	(3 538)
Salaries and social expense	(844)	(483)	(1 327)
Tonnage tax	(134)	(46)	(180)
Other operating and administrative expenses	(503)	(272)	(776)
<b>Operating profit before depreciation (EBITDA)</b>	<b>34 364</b>	<b>13 760</b>	<b>48 125</b>
Ordinary depreciation	(11 643)	(7 513)	(19 155)
<b>Operating profit after depreciation (EBIT)</b>	<b>22 722</b>	<b>6 248</b>	<b>28 971</b>

Reconciliation of average revenue per onhire day (TCE earnings USD/day)			
USD'000	CABU	2020 CLEANBU	Total
Net revenues from operations of vessels	61 926	29 212	91 139
IFRS 15 adjustment*	(234)	(512)	(746)
Offhire compensation (note 3)	-	(134)	(134)
Net revenue ex IFRS adjustment	61 692	28 566	90 259
Onhire days	3 102	1 198	4 300
<b>Average TCE earnings per onhire day (\$/d)</b>	<b>19 886</b>	<b>23 851</b>	<b>20 990</b>

Reconciliation of opex per day			
USD'000	CABU	2020 CLEANBU	Total
Operating expenses, vessels	23 829	13 364	37 193
Leasing cost previously presented as opex	326	127	453
Start up cost CLEANBU vessels	-	(1391)	(1 391)
Operating expenses, vessels adjusted	24 156	12 099	36 255
Operating days	3 294	1 326	4 620
<b>Opex per day (\$/d)</b>	<b>7 333</b>	<b>9 125</b>	<b>7 848</b>

## 03 Revenue from contracts with customers

### Disaggregated revenue information

The Group has income from COA contracts (1-3 years), spot voyages and TC contracts. Set out below is the disaggregation of the Group's revenue from contracts with customers.

Revenue types		Q2 2021	Q2 2020	1H 2021	1H 2020	2020
USD'000	Classification					
Revenue from COAs	Freight revenue	20 527	23 744	39 939	54 817	100 659
Revenue from spot voyages	Freight revenue	16 732	8 762	28 939	21 666	41 631
Revenue from TC contracts	Charter hire revenue	8 235	7 391	14 002	8 152	20 308
Other revenue*	Other revenue	482	134	482	134	134
<b>Total revenue, vessels</b>		<b>45 975</b>	<b>40 031</b>	<b>83 363</b>	<b>84 769</b>	<b>162 732</b>

\* The Group received loss of hire insurance of USD 0.5 million in Q2 2021 (other revenue) related to yard guarantee work on the CLEANBU vessel MV Barramundi. The vessel was offhire in total 53 days (of which 45 days in Q2).

## 04 Vessels

Vessels		
USD '000	30 Jun 2021	31 Dec 2020
Cost price 1.1	599 826	492 075
Delivery of newbuildings	153 763	103 708
Adjustments acquisition value newbuildings delivered	1 076	(809)
Dry Docking	3 247	4 852
Technical upgrade	2 426	-
<b>Costprice end of period</b>	<b>760 338</b>	<b>599 826</b>
Acc. Depreciation 1.1	195 568	176 866
Depreciation for the period	13 745	18 702
<b>Acc. Depreciation end of period</b>	<b>209 313</b>	<b>195 568</b>
<b>Carrying amounts end of period*</b>	<b>551 025</b>	<b>404 258</b>
*carrying value of vessels includes dry-docking		
No. of vessels	17	14
Useful life	25	25
Depreciation schedule	Straight-line	Straight-line

Reconciliation of depreciations					
USD'000	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Depreciation vessels	6 885	4 250	13 745	8 496	18 702
Depreciation right of use assets	146	108	281	215	453
<b>Depreciations for the period</b>	<b>7 032</b>	<b>4 358</b>	<b>14 026</b>	<b>8 711</b>	<b>19 155</b>

### ADDITIONS

The CLEANBU vessel MV Balzani was delivered from Jiangsu New Yangzi Shipbuilding Co. Ltd 25 May 2021. Additions for scheduled dry-docking amounts USD 3.2 million and is related to dry-docking of the CABU vessels MV Banasol and MV Barcarena. Technical upgrade of 2.4 million is related to general improvement of the technical performance of the vessels and reduction of the environmental footprint.

### IMPAIRMENT ASSESSMENT

Identification of impairment indicators is based on an assessment of development in market rates (dry bulk, MR tanker, LR1 tanker and fuel), TCE earnings for the fleet, vessel Opex, operating profit, technological development, change in regulations, interest rates and discount rate. The Group has experienced higher Opex and offhire days caused by Covid-19. However, expected future TCE earnings for both fleets of CABU's and CLEANBU's and diversified market exposure support the conclusion of no impairment indicators identified as per 30 June 2021.

## 05 Newbuildings

The Group took delivery of the eighth CLEANBU vessel, MV Balzani, on 25 May 2021, which completed the newbuilding programme at Jiangsu New Yangzi Shipbuilding Co., Ltd in China.

USD '000	30 Jun 2021	31 Dec 2020
Cost 1.1	48 441	62 316
Borrowing cost	84	1 023
Yard installments paid	97 650	80 851
Other capitalized cost	7 588	7 960
Delivery of newbuildings	(153 763)	(103 708)
<b>Net carrying amount</b>	<b>-</b>	<b>48 441</b>

## 06 Financial assets and liabilities

The below tables present the Group's financing arrangements as per 30 June 2021.

In connection with the delivery of MV Balzani in Q2 2021, the Group made a total of USD 30 million in drawdowns under the Nordea/Credit Agricole Sustainability Linked Term loan and revolving credit facilities. In addition the Group made a drawdown of USD 4 million under the SEB/SR-Bank/SPV Facility revolving credit facility.

USD '000				
Mortgage debt	Description	Interest rate	Maturity	Carrying amount
Nordea/Danske Facility	Term loan, USD 100 mill	LIBOR + 2.3 %	March 2022	71 863
DNB/SEB Facility	Term loan, USD 105 mill	LIBOR + 2.3 %	December 2023	89 528
SEB/SR-Bank/SPV Facility	Term loan/RCF, 90.75 mill	LIBOR + 2.3 %	October 2025	87 672
Nordea/Credit Agricole Facility*	Term Loan/RCF, 60 mill	LIBOR + 2.75 %	March 2025	59 118
Capitalized loan fees				(1 999)
<b>Mortgage debt 30 June 2021</b>				<b>306 181</b>

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

The Group has available revolving credit facility capacity of USD 0.8 million related to the SEB/SR-Bank/SPV Facility and USD 12.5 million available capacity under 364-days overdraft facility.

Bond loan	Face value	Maturity	Carrying amount
	NOK'000		30 Jun 2021
			USD'000
KCC04	700 000	11.02.2025	80 649
Exchange rate adjustment			1 303
Capitalized expenses			(906)
Bond discount			(272)
<b>Total bond loan</b>	<b>700 000</b>		<b>80 774</b>

USD '000	Fair value	Carrying amount	Carrying amount
Interest bearing liabilities	30 Jun 2021	30 Jun 2021	31 Dec 2020
Mortgage debt	220 668	220 668	208 052
Capitalized loan fees	-	(1 999)	(1 239)
Bond loan	78 059	81 952	81 991
Bond discount	-	(272)	(310)
Capitalized expenses bond loan	-	(906)	(1 032)
<b>Total non-current interest bearing liabilities</b>	<b>298 727</b>	<b>299 443</b>	<b>287 462</b>
Mortgage debt, current	87 512	87 512	22 473
Overdraft facility (Secured)	7 493	7 493	-
<b>Total interest bearing liabilities</b>	<b>393 732</b>	<b>394 448</b>	<b>309 935</b>

## MATURITY PROFILE TO FINANCIAL LIABILITIES AT 30 JUNE 2021

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Interest bearing debt and unsecured debt include interest payments and interest hedge.

USD '000	< 1 year	1-3 years	3-5 years	> 5 years	Total
<b>Maturity profile financial liabilities at 30 Jun 2021</b>					
Mortgage debt (incl interests)	96 203	112 443	127 522	-	336 168
Bond loan (incl interest)	4 757	9 515	79 488	-	93 760
<b>Total</b>	<b>100 960</b>	<b>121 958</b>	<b>207 010</b>	<b>-</b>	<b>429 928</b>

Loan facilities to be refinanced during the next 12 months are included in <1 year. The Nordea/Danske Facility matures in March 2022 and is included in the <1 year numbers. Refinancing has been initiated and is estimated to be finalized in 2021.

## COVENANTS

As per 30 June 2021, the Group is in compliance with all financial covenants. On Group level financial covenants relate to minimum equity (USD 125 million), equity ratio (30%), and cash (USD 15 million). Financial covenants on KCC Shipowning AS level relate to minimum cash (the higher of USD 10 million and 5 % of net interest-bearing debt) and net interest-bearing debt to EBITDA (NIBD/EBITDA) of max 7x. The NIBD/EBITDA ratio can be higher than 7x for one reporting period (measured semi-annually) provided that the NIBD/EBITDA was below 7x in the prior reporting period. In addition, all secured loans contain minimum value clauses related to the value of the vessel compared to outstanding loan and a change of control clause. In case of KCC Shipowning AS a change of control event occurs if it ceases to be owned, directly or indirectly, 100% (in issued shares and voting rights) by KCC and in case of KCC, if it ceases to be owned, directly or indirectly, 33.1/3% (in issued shares and voting rights) by Trond Harald Klaveness and/or his direct lineal descendants or if any other person or group of persons acting in concert, other than Trond Harald Klaveness and/or his direct lineal descendants, directly or indirectly, gain control of 33.1/3% or more of the shares and/or voting rights in KCC.

<b>Financial assets</b>		
<b>USD '000</b>	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
<b>Financial instruments at fair value through OCI</b>		
Interest rate swaps	1 154	356
Cross-currency interest rate swap	4 213	2 917
Fuel Hedge	25	87
<b>Financial instruments at fair value through P&amp;L</b>		
Interest rate swaps	109	154
<b>Financial assets</b>	<b>5 501</b>	<b>3 515</b>
Current	25	87
Non-current	5 476	3 427
<b>Financial liabilities</b>		
<b>USD '000</b>	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
<b>Financial instruments at fair value through OCI</b>		
Cross-currency interest rate swap (CCIRS)	3 667	5 409
Forward freight agreements		757
<b>Financial instruments at fair value through P&amp;L</b>		
Interest rate swaps	-	-
FX Swaps	-	-
<b>Financial liabilities</b>	<b>3 667</b>	<b>6 166</b>
Current	-	757
Non-current	3 667	5 409

The strengthening dry bulk paper market (FFA) has created temporary negative balance sheet and cash effects due to negative mark- to- market (MtM) on FFA hedges and large cash outflows to clearing following a substantially stronger FFA pricing for balance 2021 and 2022. As per 30 June 2021, all FFA liabilities of USD 18.6 million has been paid to the clearing house.

## 07 Financial items

<b>USD '000</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>1H 2021</b>	<b>1H 2020</b>	<b>2020</b>
<b>Finance income</b>					
Other interest income	137	51	223	307	398
Fair value changes interest rate swaps	9	-	-	-	-
Gain on foreign exchange	-	132	31	-	131
<b>Finance income</b>	<b>146</b>	<b>183</b>	<b>254</b>	<b>307</b>	<b>529</b>

<b>USD '000</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>1H 2021</b>	<b>1H 2020</b>	<b>2020</b>
<b>Finance cost</b>					
Interest expenses mortgage debt	2 409	1 990	4 442	4 130	7 729
Interest expenses bond loan	1 123	976	2 223	1 800	4 062
Interest expenses lease liabilities	27	23	52	46	94
Amortization capitalized fees on loans	211	131	402	346	693
Other financial expenses	20	42	80	707	906
Fair value changes in FFA	-	21	-	21	21
Fair value changes interest rate swaps	-	3	44	296	687
Loss on foreign exchange	21	-	-	123	126
<b>Finance cost</b>	<b>3 811</b>	<b>3 186</b>	<b>7 243</b>	<b>7 468</b>	<b>14 317</b>

## 08 Share capital, shareholders, dividends and reserves

Dividends of USD 1.4 million were paid to the shareholders in June 2021 (USD 0.03 per share).

## 09 Transactions with related parties

USD'000	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
G&A fee to Klaveness AS	285	404	682	846	1 614
Commercial management fee to Klaveness AS	190	372	443	755	1 744
Project management and G&A fee to Klaveness Ship Management AS	331	-	692	-	180
G&A fee to Klaveness Asia Pte.Ltd	16	-	16	-	-
<b>Group commercial and administrative services</b>	<b>821</b>	<b>776</b>	<b>1 833</b>	<b>1 601</b>	<b>3 538</b>

USD'000	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Technical management fee to KSM* (reported as part of Opex)	1 031	773	1 996	1 530	3 163
Crewing agency fee to KSM* (reported as part of Opex)	373	271	713	535	1 101
Supervision fee to Klaveness AS (capitalised on newbuildings)	782	442	1 228	837	1 778
<b>Total other transactions with related parties</b>	<b>2 186</b>	<b>1 485</b>	<b>3 937</b>	<b>2 902</b>	<b>6 042</b>

\* KSM refers to Klaveness Ship Management AS

As of 1 June 2021, employment of four key employees in Singapore were transferred from Klaveness Asia Pte. Ltd to the new established company, Klaveness Combination Carriers Asia Pte Ltd, 100 % owned by Klaveness Combination Carriers ASA (Parent Company). The Group holds 10 employees as per end June 2021. Prior to the employment, the Group purchased commercial services from their work through Klaveness AS.

## 10 Events after the balance sheet date

On 24 August 2021, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 2.16 million for Q2 (USD 0.045 per share).

There are no other events after the balance sheet date that have material effect on the financial statement as of 30 June 2021.

## 11 Reconciliation of alternative performance measures

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

Reconciliation of EBITDA adjusted USD'000	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
<b>EBITDA</b>	<b>14 145</b>	<b>15 720</b>	<b>22 426</b>	<b>28 545</b>	<b>48 125</b>
Start up costs CLEANBU vessels	1 120	140	2 033	171	1 391
<b>EBITDA adjusted</b>	<b>15 274</b>	<b>15 860</b>	<b>24 460</b>	<b>28 717</b>	<b>49 517</b>

<b>Reconciliation EBIT adjusted</b>					
<b>USD'000</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>1H 2021</b>	<b>1H 2020</b>	<b>2020</b>
<b>EBIT</b>	<b>7 122</b>	<b>11 362</b>	<b>8 401</b>	<b>19 834</b>	<b>28 971</b>
Start up costs CLEANBU vessels	1 120	140	2 033	171	1 391
<b>EBIT adjusted</b>	<b>8 242</b>	<b>11 502</b>	<b>10 434</b>	<b>20 005</b>	<b>30 362</b>

<b>Reconciliation of average revenue per onhire day (TCE earnings)</b>					
<b>USD'000</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>1H 2021</b>	<b>1H 2020</b>	<b>2020</b>
Net revenues from operations of vessels	28 334	25 506	49 462	47 909	91 139
Offhire compensation	(482)	(134)	(482)	-	(134)
IFRS 15 adjustment*	233	(15)	487	(276)	(746)
Net revenue ex IFRS adjustment	28 085	25 357	49 466	47 499	90 259
Onhire days	1 368	1 071	2 612	2 154	4 300
<b>Average revenue per onhire days (\$/d) (TCE earnings)</b>	<b>20 537</b>	<b>23 679</b>	<b>18 939</b>	<b>22 111</b>	<b>20 990</b>

<b>Reconciliation of opex per day</b>					
<b>USD'000</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>1H 2021</b>	<b>1H 2020</b>	<b>2020</b>
Operating expenses, vessels	12 502	8 493	23 629	16 746	37 193
Leasing cost previously presented as opex	146	108	281	215	453
Start up costs CLEANBU vessels	(1 120)	(140)	(2 033)	(171)	(1 391)
Operating expenses, vessels adjusted	11 528	8 461	21 877	16 790	36 255
Operating days	1 492	1 092	2 837	2 184	4 620
<b>Opex per day (\$/d)</b>	<b>7 727</b>	<b>7 748</b>	<b>7 712</b>	<b>7 689</b>	<b>7 848</b>

<b>Reconciliation of total assets to capital employed and return on capital employed (ROCE) calculation.</b>					
<b>USD'000</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>1H 2021</b>	<b>1H 2020</b>	<b>2020</b>
Total assets	617 876	485 814	617 876	485 814	549 043
Total liabilities	416 769	269 867	416 769	269 867	332 510
Total equity	201 107	215 946	201 107	215 946	216 532
Total interest-bearing debt	394 448	243 611	394 448	243 611	309 934
<b>Capital employed</b>	<b>595 555</b>	<b>459 557</b>	<b>595 555</b>	<b>459 557</b>	<b>526 466</b>
EBIT adjusted annualised	32 968	46 008	20 868	40 011	30 362
<b>ROCE adjusted</b>	<b>6 %</b>	<b>10 %</b>	<b>4 %</b>	<b>9 %</b>	<b>6 %</b>

<b>Reconciliation of equity ratio</b>					
<b>USD'000</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>1H 2021</b>	<b>1H 2020</b>	<b>2020</b>
Total assets	617 876	485 814	617 876	485 814	549 043
Total equity	201 107	215 946	201 107	215 946	216 532
<b>Equity ratio</b>	<b>33 %</b>	<b>44 %</b>	<b>33 %</b>	<b>44 %</b>	<b>39 %</b>

<b>Reconciliation of total interest-bearing debt</b>					
<b>USD'000</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>1H 2021</b>	<b>1H 2020</b>	<b>2020</b>
Mortgage debt	218 669	160 738	218 669	160 738	206 813
Long-term bond loan	80 774	50 877	80 774	50 877	80 649
Short-term mortgage debt	87 512	17 367	87 512	17 367	22 473
Other interest bearing liabilities	7 493	8	7 493	8	-
Short-term bond loan	-	14 621	-	14 621	-
<b>Total interest-bearing debt</b>	<b>394 448</b>	<b>243 611</b>	<b>394 448</b>	<b>243 611</b>	<b>309 934</b>

\* IFRS 15 adjustment: Revenue recognized from load-to-discharge and not from discharge-to-discharge, resulting in higher volatility in revenues from month to month.

