



Klaveness
Combination Carriers

Fourth Quarter 2022



KEY DEVELOPMENT

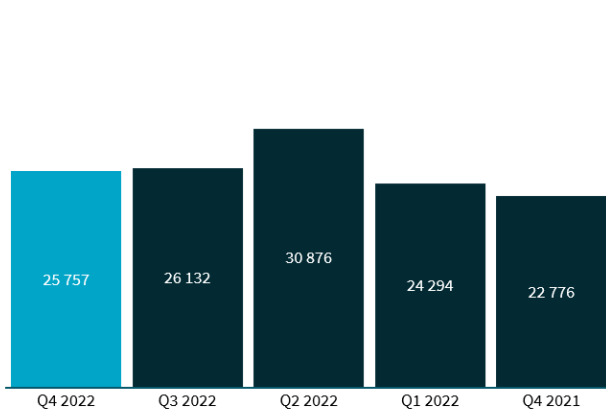
- Q4 average fleet TCE earnings¹ of 31,531 \$/day, in the high end of the guiding range
- Q4 EBT (USD 15.3 million) and Adjusted EBITDA¹ (USD 28.1 million), -30% and -18% Q-o-Q
- Record high EBT (USD 60.9 million) and EBITDA (USD 107.0 million) for 2022, Y-o-Y increase of 169% and 59% respectively
- Caustic soda solution (CSS) capacity for 2023 secured with close to 75% fixed rate -approximately 2.5 times the average CSS TCE earnings for 2022
- The Board of Directors of KCC declares dividend of USD 0.30 per share (USD 15.7 million in total), flat from Q3 2022

“KCC ended 2022 on a strong note with the second highest TCE earnings to date. KCC will pay out the entire profit for the quarter as dividends to its shareholders. 2023 is set to be another very strong year for KCC with solid tanker market contract coverage fixed at record-high earnings levels”.

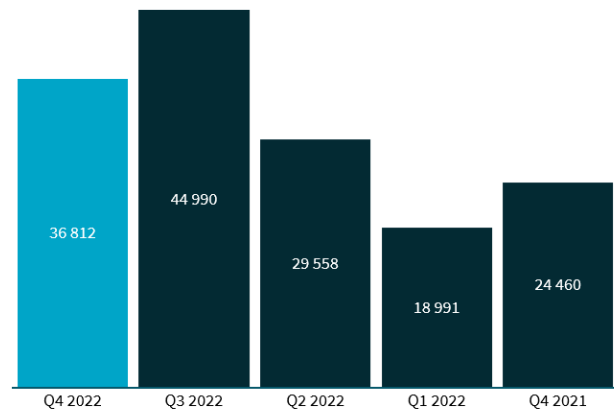


Engebret Dahm, CEO
Klaveness Combination Carriers ASA

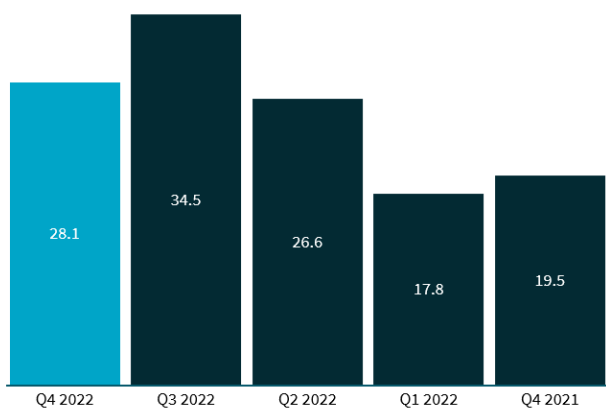
Average CABU TCE earnings (\$/day)



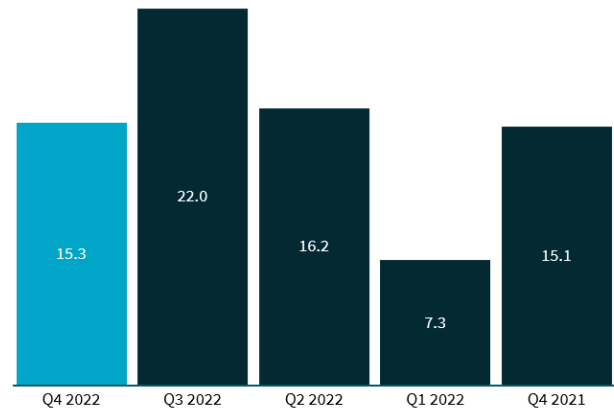
Average CLEANBU TCE earnings (\$/day)



Adjusted EBITDA (MUSD)



Profit/(loss) after tax (MUSD)



¹TCE Earnings and adjusted EBITDA are alternative performance measures (APMs) defined and reconciled in Appendix 1.

FINANCIAL PERFORMANCE

KEY FIGURES

(USD '000)	Q4 2022	Q3 2022	Q4 2021	2022	2021
Net revenues from vessel operations	44 383	48 787	34 556	164 620	115 868
EBITDA (appendix 1)	28 134	34 451	26 998	106 955	67 064
EBITDA adjusted (appendix 1)	28 134	34 451	19 466	106 955	61 782
Profit/(loss) for the period	15 343	21 989	15 115	60 869	22 600
Earnings per share (USD)	0.29	0.42	0.30	1.16	0.46
Total assets	642 021	644 460	629 931	642 021	629 931
Equity	297 545	297 222	254 417	297 545	254 417
Equity ratio	46 %	46 %	40 %	46 %	40 %
ROCE adjusted (appendix 1)	12 %	17 %	8 %	12 %	5 %

	Q4 2022	Q3 2022	Q4 2021	2022	2021
Average TCE earnings \$/day (appendix 1)	31 531	35 915	23 617	29 764	20 961
Opex \$/day (appendix 1)	9 204	8 144	8 577	8 318	7 960
On-hire days	1 416	1 349	1 443	5 518	5 523
Off-hire days, scheduled	55	85	53	201	210
Off-hire days, unscheduled	1	38	44	122	83
% of days in combination trades ¹	87 %	89 %	75 %	83 %	68 %
Utilisation ²	93 %	89 %	91 %	91 %	92 %

CONSOLIDATED RESULTS

Fourth quarter

Net profit after tax for the fourth quarter ended at USD 15.3 million compared to USD 22.0 million in Q3 2022 and USD 15.1 million in Q4 2021. Adjusted EBITDA for the period ended at USD 28.1 million down from USD 34.5 million in Q3 2022. The decrease Q-o-Q is mainly due to lower TCE earnings for the CLEANBU fleet following normal quarterly variations in tanker trading as well as higher operating expenses, partly offset by more on-hire days. Administrative expenses were up 14% Q-o-Q mainly due to adjusted provisions for 2022, while depreciation increased by USD 1.1 million Q-o-Q due to dry docking cost being depreciated over a shorter period. Net finance cost decreased by USD 0.8 million Q-o-Q mainly due to positive foreign currency effects.

Full year

Net profit for the year ended at USD 60.9 million, an increase of USD 38.3 million from 2021. Adjusted EBITDA for 2022 increased by 73% from USD 61.8 million in 2021 to USD 107.0 million in 2022. Average TCE earnings of \$29,764/day for the fleet in 2022 is up 42% from \$20,961/day in 2021. TCE earnings for 2022 were driven by a strong dry bulk market in first half of 2022 and a significant strengthening of the product tanker market from the spring of 2022.

Operating expenses were down USD 0.6 million in 2022 compared to 2021 due to approximately 0.3 less vessel year, following sale of one CABU vessel in end of 2021 partly offset by full CLEANBU fleet in operation for 2022. Administrative expenses were up 24% Y-o-Y mainly due to higher head-count for both KCC employees and related party services and higher bonus provisions due to stronger financial results for 2022.

CAPITAL AND FINANCING

Cash and cash equivalents ended at USD 64.9 million by year-end 2022, an increase of USD 1.6 million during the quarter and USD 11.0 million from year-end 2021. The Q-o-Q and Y-o-Y changes are driven by strong EBITDA, partly offset by cost of docking, debt service and dividend payments and limited changes in working capital.

Total equity ended at USD 297.5 million, an increase of USD 0.3 million from end of Q3 2022 and an increase of USD 43.1 million from year-end 2021. The Y-o-Y change was mainly driven by EBT of USD 60.9 million, other comprehensive income of USD 24.6 million, partly offset by dividends of USD 42.4 million. The equity ratio ended at 46.4% per year-end 2022, a small increase from 46.1% per end of Q3 2022 and up from 40.4% at year-end 2021.

Interest-bearing debt ended at USD 319.5 million by year-end 2022, stable compared to USD 319.1 million by the end of Q3 2022 and down from USD 354.5 million from year-end 2021. The latter reflecting ordinary debt repayments and lower bond debt due to exchange rate changes.³ The KCC group had per year-end 2022 USD 30.1 million available and undrawn under a long-term revolving credit facility and USD 14.8 million available and undrawn under a 364-days overdraft facility. The overdraft facility was extended in December 2022 for a 364-days period and the total amount was reduced from USD 20 million to USD 15 million.

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

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

³ The NOK currency exposure and NIBOR floating interest rate exposure associated with the bond loan are hedged with cross currency interest rate swaps ("CCY IRS swaps"). The mark-to-market values of the CCY IRS swaps are presented as financial assets and/or liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

In January 2023 KCC Shipowning AS, a subsidiary of KCC, repaid USD 15 million in debt under a revolving credit facility agreement. The amount is available to be redrawn.

On 15 February 2023, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 0.30 per share for fourth quarter 2022, in total approximately USD 15.7 million.

THE CABU BUSINESS

KEY FIGURES	Q4 2022	Q3 2022	Q4 2021	2022	2021
Average TCE earnings \$/day (note 2)	25 757	26 132	22 776	26 796	21 571
Opex \$/day (note 2)	9 014	7 227	8 317	7 848	7 662
On-hire days	677	649	723	2 703	3 073
Off-hire days, scheduled	55	49	53	114	143
Off-hire days, unscheduled	5	38	28	104	46
% of days in combination trades ¹	86 %	91 %	50 %	80 %	69 %
Ballast days in % of total on-hire days ³	13 %	9 %	20 %	11 %	16 %
Utilisation ²	89 %	87 %	88 %	90 %	92 %

Fourth quarter

Average TCE earnings per on-hire day for the CABU vessels for Q4 2022 ended at \$25,757/day, a small decrease from Q3 2022 mainly due to weaker dry bulk markets and less efficient trading. The latter due to a tight schedule and continued challenges related to congestion and port delays. Share of days in combination trades decreased from 91% in Q3 2022 to 86% in Q4 2022 and days in ballast was 13%, up from 9% in Q3 2022. 60% of capacity was employed in wet trades in Q4 2022. The CABU fleet was somewhat outperformed by the MR tanker spot earnings⁴ in fourth quarter (multiple of 0.7), as the high fixed-rate contract coverage of the CABU fleet for 2022 resulted in rather limited positive effects from the extremely strong tanker market.

Average operating costs per day of \$9,014/day for the fourth quarter were \$1,787/day higher than the previous quarter and up \$697/day compared to Q4 2021 mainly due to periodisation effects and a provision of USD 0.5 million related to deficient hull paint work on MV Bangor during dry dock completed at the end of the year. The vessel will probably dry dock to re-do the hull painting later in 2023. Costs and lost earnings will be claimed against the dry dock yard. The CABU fleet had five unscheduled off-hire days in Q4 2022 mainly related to survey and underwater hull cleaning on MV Bangor.

Full year

Average TCE earnings per on-hire day increased by approximately \$5,200/day from 2021 to 2022 and ended at \$26,796/day, in line with average standard spot earnings for MR⁴ tankers in 2022. The main drivers were a strong dry bulk market first half of 2022 and an extremely strong tanker market from the spring of 2022. The latter positively impacting earnings through approximately 35% of the full year tanker days trading spot and on contracts with index-linked freight. One vessel was sold in December 2021 resulting in approximately one more vessel -year in 2021 compared to 2022.

Average operating costs per day for the CABU vessels ended at \$7,848/day in 2022, approximately \$186/day higher than 2021, mainly due to additional costs arising from minor operational incidents during 2022.

Three CABU vessels have been through regular dry-docking in 2022 with a total of 114 off-hire days. The CABU fleet had 104 unscheduled off-hire days in 2022, whereof 41 days due to COVID-19 infections onboard one vessel, 29 days due to an operational incident, 6 days due to survey of Bangor after dry dock, 16 days related to crew changes and remaining 12 days related to several minor technical incidents and operational down time.

EBITDA for the CABU fleet increased by 20 % Y-o-Y from USD 37.7 million in 2021 (excluding gain sale of vessel and other income of in total USD 7.8 million) to USD 45.2 million in 2022.

¹ % of days in combination trades = see definition on page 3.

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

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

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

THE CLEANBU BUSINESS

KEY FIGURES	Q4 2022	Q3 2022	Q4 2021	2022	2021
Average TCE earnings \$/day (note 2)	36 812	44 990	24 460	32 614	20 195
Opex \$/day (note 2)	9 395	9 061	8 862	8 787	8 321
On-hire days	740	700	720	2 814	2 450
Off-hire days, scheduled	-	36	-	87	68
Off-hire days, unscheduled	(4)	1	16	18	38
% of days in combination trades ¹	88 %	88 %	94 %	87 %	66 %
Ballast days in % of total on-hire days ³	12 %	16 %	13 %	13 %	18 %
Utilisation ²	97 %	92 %	94 %	92 %	91 %

Fourth quarter

CLEANBU TCE earnings per on-hire day ended at \$36,812/day, a decrease of approximately \$8,200/day from last quarter and an increase of approximately \$12,400/day from Q4 2021. The share of the CLEANBU capacity trading in the tanker market fell from 72% in Q3 2022 to 49% in Q4 2022, reflecting normal fluctuations between the quarters. While TCE earnings continued to be driven by the strong product tanker market, the lower share in tanker trading and higher share of dry bulk trading in the relatively weaker dry bulk market are the main explanation for the lower CLEANBU TCE earnings in Q4 compared to Q3 2022. The CLEANBU fleet maintained a high share of days in combination trading during the quarter with close to six of eight CLEANBU vessels trading in long haul combi-trades from Middle East and India to South America and US East Coast during the quarter. Average TCE earnings for the CLEANBU fleet were somewhat outperformed by the spot market for standard LR1 tanker⁴ vessels in fourth quarter (multiple 0.8).

Average operating costs per day for the CLEANBU vessels ended at \$9,395/day, up approximately \$330/day compared with previous quarter and up approximately \$530/day compared to the same quarter last year mainly due to timing of procurement and costs for claimed yard guarantee repairs recognised in the Profit and Loss Statement in Q4 2022. The CLEANBU fleet had limited unscheduled off-hire in Q4 2022 (three days), however off-hire days in table above includes positive adjustment of seven days from previous quarters that was reported incorrectly as off-hire.

Full year

Average TCE earnings ended at \$32,614/day for the year, up approximately \$12,400/day from 2021 mainly due to a strong product tanker market from the spring of 2022, a high share of capacity employed in wet trades and more combination trading. The fleet had in total approximately 1.0 more vessel year on-hire in 2022 compared to last year due to delivery of the last three newbuilds in 2021. Average TCE earnings for the CLEANBU fleet were in line with average standard spot earnings for LR1⁴ tankers in 2022 as reported by brokers.

Average operating costs per day for the CLEANBU vessels ended at \$8,787/day in 2022, approximately \$470/day higher than in 2021, due to end of guarantee period for the three newbuilds delivered in 2021 and costs for claimed yard guarantee repairs recognised in the Profit and Loss Statement in 2022. MV Barracuda completed guarantee repairs in 2022 with 87 off-hire days, partly covered by loss of hire insurance. The fleet had 18 unscheduled off-hire days in 2022 which mainly relates to eight days due to repair of pump on one vessel and four days related to crew changes.

EBITDA for the CLEANBU fleet increased by 186% Y-o-Y from USD 21.6 million in 2021 to USD 61.7 million in 2022.

MARKET DEVELOPMENT

AVERAGE MARKET RATES ⁴	Q4 2022	Q3 2022	Q4 2021	2022	2021
Dry Bulk rates - P5TC (\$/day)	16 600	19 700	32 000	21 500	26 000
Average MR Clean tanker rates - TC7 (\$/day)	38 700	38 900	6 000	28 100	6 400
Average LR1 tanker rates - TC5 (\$/day)	45 000	40 700	11 000	32 000	10 600
Fuel price - VLSFO (\$/mt)	690	960	590	750	520

The average earnings for Panamax **dry bulk** vessels declined from \$19,700/day in Q3 2022 to \$16,600/day in Q4 2022 (one month lagged average earnings). The market was supported by strong activity across most dry bulk commodities. A record strong corn season in Brazil, where exports roughly doubled versus Q4 2021, was the main driver behind a solid quarter for the grain trade. Chinese coal and iron ore demand resurfaced, but with Chinese imports mainly being supplied from Indonesia and Australia, impact on demand was limited. Despite the higher demand for tonnage, the supply side continued to weight on the market. The fleet continued to operate more efficiently with congestion decreasing to below 2020 levels. Overall, the increase in demand was not sufficient to keep up with the effective increase in available tonnage and the market dropped approximately \$3,000/day over the quarter.

¹ % of days in combination trades = see definition on page 3.

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

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

⁴ Source: Shipping Intelligence Network and Clarksons Securities; Average LR1 tankers earnings are MEG-Cont and MED-Japan triangulation; All series lagged by one month to reflect advance cargo fixing.

According to Klaveness Research, total demand for shipping of dry bulk commodities increased by 0.9% in Q4 2022, while total Panamax demand across all commodities was up 4.1% Y-o-Y. Across all vessel segments, Y-o-Y demand increased 16% for coal and 9% for grain. Iron ore and minor bulks demand continued to perform weakest among the dry bulk commodities, decreasing 6% and 8% Y-o-Y, respectively. For iron ore, total transported volumes were flat, but with the shorter duration exports from Australia growing and the longer duration exports from Brazil decreasing the impact was a large decline in the ton-duration. Bauxite demand continued to perform strongly growing 13% Y-o-Y.

The nominal fleet growth was 2.9% for the dry bulk fleet and 3.8% Y-o-Y for Panamax in Q4 2022. However, Klaveness Research estimates that the effective increase in tonnage in the Panamax segment was higher due to lower congestion partially offset by slower sailing speed.

The strength continued in the **product tanker** market in the fourth quarter of 2022, and average LR1 and MR product tanker earnings ended at \$45,000/day and \$38,700/day (one month lagged averages), respectively. Several factors have contributed to the strong rate environment since the spring of 2022. Firstly, the demand for refined oil products has improved as COVID-19 restrictions continue to ease throughout the globe combined with low inventory levels, leading to strong refinery margins and utilization rates. Secondly, the disruptions of sourcing and trading caused by Russia's invasion of Ukraine have likely contributed to increased ton-mile demand and ballasting for the product tanker fleet.

While **caustic soda solution (CSS)** demand from the alumina industry has been stable in late 2022 and early 2023, overall demand has weakened following slowing economic growth in most regions. Spot prices for CSS have fallen due to slower domestic demand and inventory pressure, but large price differences between US Gulf and Far East and Middle East persist, limiting US CSS exports to Australia.

Brent crude oil prices ended at around USD 85 per barrel, down 2% Q-o-Q. Average fuel oil price (VLSFO) ended at USD 690/mt (one month lagged), a decrease of 28% Q-o-Q.

▶ HEALTH, SAFETY AND ENVIRONMENT

HEALTH AND SAFETY KPIS	Q4 2022	Q3 2022	Q4 2021	2022	2021
# of medium injuries ¹	0	0	0	0	0
# of major injuries ²	0	0	0	0	1
# of navigational incidents	0	0	0	0	0
# of spills to the environment	0	0	0	0	0

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

No crew had per year-end 2022 been onboard for more than 12 months. KCC had 4.5% of the crew on extended contracts at the end of the year compared to 4.0% at the end of Q3 2022. This is largely due to trade pattern, inconvenient ports, and the holiday season. 100% of crew onboard KCC vessels are fully vaccinated. COVID-19 testing of crew members made before going into isolation prior to embarking onto the vessels showed fewer crew members with positive test result in Q4 2022 compared to Q3 2022.

ENVIRONMENTAL KPIS	Q4 2022	Q3 2022	BENCH-MARK Q4	2022	2021	TARGET 2022
CO ₂ emission per ton transported cargo per nautical mile (EEOI)(grams CO ₂ /((tons cargo x nautical miles)) ^{3,7}	6.4	6.9	9.2	6.9	7.4	5.8
Average CO ₂ emission per vessel year (metric tons CO ₂ /vessel -year) ⁴	19,100	17,600	n.a.	17,900	18,800	17,700
% of days in combination trades ⁵	87 %	89 %	n.a.	83 %	68 %	90 %
Ballast days in % of total on-hire days ^{6,7}	12 %	13 %	33 %	12 %	17 %	13.5 %

The carbon intensity, EEOI, was down 7% from 6.9 in Q3 2022 to 6.4 in Q4 2022. The CLEANBU fleet EEOI of 5.6 for Q4 2022 was positively impacted by a 17% increase in transport work (distance sailed in laden condition x cargo weight) performed Q-on-Q, indicating a considerable improvement in operational efficiency. Time spent in ballast for the CLEANBU fleet reduced from 16% to 12% Q-o-Q further improving the EEOI performance. The CABU fleet transport work was up by 24% Q-o-Q but the fleet had a 4%-point increase in ballast% to 13%, resulting in an average EEOI of 7.5, quite in line with 7.6 in Q3 2022.

With higher transport work performed and hence lower EEOI come higher absolute GHG emissions. This is reflected in the higher Average CO₂ emissions per vessel year, which increased from 17,600 mt CO₂ in Q3 2022 to 19,100 mt CO₂ in Q4 2022, an increase of about 8%.

For 2022, the fleet EEOI decreased by 7% compared to 2021, from 7.4 to 6.9 and average CO₂ emissions per vessel year decreased by 5%, from 18,800 mt to 17,900 mt. While the CO₂ emissions per vessel year for 2022 are close to the ambition of 17,700 (15% reduction from 2018), the EEOI is higher than the ambition for the year of 5.8 (25% reduction from 2018) set in 2019. The main reasons are lower than targeted trading efficiency with longer ballasting, lower cargo intake and more waiting time than the ambitious targets set in 2019 were based on.

¹ Medium = medical treatment and repatriation, will return to work.

² Major = severe injury/death.

³ EEOI (Energy Efficiency Operational Index) is defined by IMO and represents grams CO₂ emitted per transported ton cargo per nautical mile for a period of time (both fuel consumption at sea and in port included).

⁴ Average CO₂ emissions per vessel = total CO₂ emissions in metric tons/vessel years. Vessel years = days available - off-hire days at yard. When new vessels are delivered to the fleet, the vessel years are calculated from the date the vessel is delivered.

⁵ % of days in combination trades = see definition on page 3.

⁶ 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.

⁷ Benchmark: The EEOI and % ballast for "Benchmark standard vessels" are calculated based on standard vessels (Panamax/Kamsamax dry bulk vessels, MR-tankers and LR1-tankers) making the same transportation work in the same trades as performed by KCC's CABU and CLEANBU vessels. 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.

The improvement in both EEOI and CO₂ emissions per vessel year for 2022 compared to 2021 is a result of both improved operational efficiency and improved technical efficiency of the fleet with e.g. time spent in ballast down from 17% to 12% and approximately 10% improvement in fuel performance of the fleet. There are many different variables explaining why the fuel performance improved, but increased drydocking frequency, more focus on the prevention of hull fouling and further rollouts of energy saving devices are the three most important drivers. Meanwhile, the average speed for the whole fleet remained unchanged between 2021 and 2022.

OUTLOOK

While macroeconomic risks are still high, the reopening of the Chinese economy after COVID-19 looks likely to give impetus to stronger global economic growth giving support to both the tanker and dry bulk shipping markets. After a weak start of 2023, the product tanker has started to recover, and KCC expects this market to regain additional strength over the coming months partly due to the ongoing disruptions to product flows following the war in Ukraine. EU's ban on imports of Russian crude oil and petroleum products will likely lead to longer sailing distances and increased fleet inefficiencies. The dry bulk market is also likely to recover from the seasonal lows of early 2023, with further market upside potential once the Chinese economy gather steam.

The CABU business is positioned for a strong year irrespective of the development in the dry bulk market. CSS cargo booking for 2023 are record high and earnings on booked fixed-rate CSS contracts of affreightment for 2023 are at an all-time high. The already booked CSS contracts with likely additional cargo booking for second half 2023, will cover the full tanker capacity of the CABU fleet in 2023.

The 2023 TCE earnings outlook for the CLEANBU fleet is also positive supported by a strong product tanker outlook. The share of the CLEANBU fleet in tanker trading will increase from 50% in Q4 2022 to around 80% in Q1 2023 following expansion of triangulation trading and trading of the CLEANBUs as regular tankers to capture value from the exceptionally strong tanker market in late 2022. In parallel, KCC continues to strengthen the customer base and the conclusion of a three-year index-linked contract of affreightment with Raizen in February 2023 will further strengthen the CLEANBU fleet's position in the important combination trade to and from South America.

Only a small share of dry bulk capacity of the CABU and CLEANBU fleet is booked on fixed-rate COAs to maintains exposure to a likely improving dry bulk market. Approximate 95% of the dry bulk capacity for the three last quarter of 2023 remain open (spot and index linked).

KCC will take important steps on its decarbonization journey in 2023 with the ongoing roll-out of its energy efficiency program. During the year KCC will make trial installation of an innovative air lubrication system and retrofit of shaft generator on two vessels. KCC will as well continue to focus on improving trading and voyage efficiency, although trading efficiency may be lower in periods during the year with exceptionally strong earnings difference between the product tanker and dry bulk market.

Oslo, 15 February 2023

The Board of Directors of
Klaveness Combination Carriers ASA

Ernst Meyer Chair of the Board	Gøran Andreassen Board member	Magne Øvreås Board member
Winifred Patricia Johansen Board member	Brita Eilertsen Board member	Engebret Dahm CEO

► 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 31 December 2022. To the best of our knowledge, we confirm that:

- The condensed financial statements for the period 1 January to 31 December 2022 have been prepared in accordance with IAS 34 Interim Financial Statements.
- The information presented in the condensed financial statements gives a true and fair view of the company's assets, liabilities, financial position and profit.
- The management report includes a fair review of important events that have occurred during the period and their impact on the consolidated financial statements and a description of the principal risks and uncertainties for the period.
- The information presented in the condensed interim financial statements gives a true and fair view on related-party transactions.

Oslo, 15 February 2023

The Board of Directors of
Klaveness Combination Carriers ASA

Ernst Meyer
Chair of the Board

Gøran Andreassen
Board member

Magne Øvreås
Board member

Winifred Patricia Johansen
Board member

Brita Eilertsen
Board member

Engebret Dahm
CEO

Income Statement

USD '000	Notes	Q4 2022	Unaudited Q4 2021	Unaudited 2022	Audited 2021
Freight revenue	3	59 122	40 933	205 769	155 564
Charter hire revenue	3	13 975	15 919	54 509	41 909
Other revenue	3	(271)	-	396	482
Total revenue, vessels		72 827	56 852	260 674	197 955
Voyage expenses		(28 444)	(22 296)	(96 054)	(82 087)
Net revenues from operation of vessels		44 383	34 556	164 620	115 868
Gain on sale of vessels	3	-	6 360	-	6 360
Other income	3	-	1 422	-	1 422
Operating expenses, vessels		(13 549)	(13 327)	(48 575)	(49 212)
Group commercial and administrative services	8	(1 232)	(939)	(4 203)	(3 709)
Salaries and social expense		(932)	(750)	(3 458)	(2 374)
Tonnage tax		(63)	(50)	(188)	(221)
Other operating and administrative expenses		(475)	(274)	(1 242)	(1 069)
Operating profit before depreciation (EBITDA)		28 134	26 998	106 955	67 064
Depreciation	4	(9 105)	(7 206)	(31 344)	(28 666)
Operating profit after depreciation (EBIT)		19 029	19 792	75 611	38 398
Finance income	6	1 971	29	3 516	74
Finance costs	6	(5 658)	(4 703)	(18 257)	(15 866)
Profit before tax (EBT)		15 343	15 118	60 869	22 606
Income tax expenses		-	(3)	-	(7)
Profit after tax		15 343	15 115	60 869	22 600
Attributable to:					
Equity holders of the Parent Company		15 343	15 115	60 869	22 600
Total		15 343	15 115	60 869	22 600
Earnings per Share (EPS):					
Basic earnings per share		0.29	0.30	1.16	0.46
Diluted earnings per share		0.29	0.30	1.16	0.46

Statement of Comprehensive Income

USD '000	Q4 2022	Unaudited Q4 2021	Unaudited 2022	Audited 2021
Profit/ (loss) of the period	15 343	15 115	60 869	22 600
<i>Other comprehensive income to be reclassified to profit or loss</i>				
Net movement fair value on cross-currency interest rate swaps (CCIRS)	7 089	94	(3 707)	(404)
Reclassification to profit and loss (CCIRS)	(5 918)	1 575	8 559	2 773
Net movement fair value on interest rate swaps	(244)	1 430	11 663	4 500
Net movement fair value bunker hedge	(221)	(14)	(231)	(69)
Net movement fair value FFA futures	337	7 201	8 240	(7 730)
Net change on cost of hedging FFA option	(313)	(450)	-	(714)
Net change on initial value of FFA option	(44)	-	123	-
Net other comprehensive income to be reclassified to profit or loss	686	9 838	24 647	(1 644)
Total comprehensive income/(loss) for the period, net of tax	16 028	24 953	85 516	20 955
Attributable to:				
Equity holders of the Parent Company	16 028	24 953	85 516	20 955
Total	16 028	24 953	85 516	20 955

Statement of Financial Position

ASSETS		Unaudited	Audited
USD '000	Notes	31 Dec 2022	31 Dec 2021
Non-current assets			
Vessels	4	516 072	536 864
Right-of-use assets		-	1 553
Long-term financial assets	5	7 762	4 048
Long-term receivables		70	70
Total non-current assets		523 905	542 535
Current assets			
Short-term financial assets	5	4 923	678
Inventories		18 898	12 279
Trade receivables and other current assets		30 061	18 484
Short-term receivables from related parties		202	2 018
Cash and cash equivalents		64 918	53 937
Total current assets		119 002	87 396
TOTAL ASSETS		642 906	629 931
EQUITY AND LIABILITIES			
USD '000		Unaudited	Audited
EQUITY		31 Dec 2022	31 Dec 2021
Equity			
Share capital		6 235	6 235
Share premium		153 732	153 732
Other reserves		16 491	(8 154)
Retained earnings	7	121 087	102 605
Total equity		297 545	254 417
Non-current liabilities			
Mortgage debt	5	156 534	249 993
Long-term financial liabilities	5	2 466	2 017
Long-term lease liabilities		-	1 008
Long-term bond loan	5	69 975	78 205
Total non-current liabilities		228 975	331 223
Current liabilities			
Short-term mortgage debt	5	92 769	23 936
Other interest bearing liabilities	5	233	2 409
Short-term financial liabilities	5	249	-
Short-term lease liabilities		-	618
Trade and other payables		22 250	16 199
Short-term debt to related parties		693	895
Tax liabilities		193	233
Total current liabilities		116 387	44 291
TOTAL EQUITY AND LIABILITIES		642 906	629 931

The Board of Directors of
Klaveness Combination Carriers ASA

Oslo, 15 February 2023

Ernst Meyer
Chair of the Board

Gøran Andreassen
Board member

Magne Øvreås
Board member

Winifred Patricia Johansen
Board member

Brita Eilertsen
Board member

Engebret Dahm
CEO

Statement of Changes in Equity

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

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

Cash Flow Statement

USD '000	Notes	Unaudited		Unaudited	Audited
		Q4 2022	Q4 2021	2022	2021
Profit before tax		15 343	15 118	60 869	22 606
Tonnage tax expensed		63	50	188	221
Depreciation	4	9 105	7 206	31 344	28 666
Amortization of upfront fees bank loans		365	257	1 352	882
Gain related to modification of debt	6	-	-	(1 175)	-
Financial derivatives loss / gain (-)	6	(30)	3	(232)	82
Gain on sale of vessels		-	(6 360)	-	(6 360)
Gain /loss on foreign exchange		(532)	734	207	726
Interest income	6	(1 409)	(29)	(3 284)	(74)
Interest expenses	6	5 293	3 709	16 698	14 175
Change in current assets		(2 198)	7 831	(16 504)	(8 797)
Change in current liabilities		2 628	(4 351)	4 488	2 038
Collateral paid/refunded on FFA (variation margin)	5	613	5 065	8 901	(8 390)
Interest received	6	1 158	29	3 030	74
A: Net cash flow from operating activities		30 399	29 261	105 883	45 850
Acquisition of tangible assets	4	(2 549)	(2 924)	(10 238)	(13 783)
Cash proceeds from sale of vessels	4	-	13 800	-	13 800
Transaction costs related to sale of vessels		-	(212)	-	(212)
Installments and other cost on newbuilding contracts		-	-	-	(105 322)
B: Net cash flow from investment activities		(2 549)	10 663	(10 238)	(105 517)
Proceeds from mortgage debt		-	80 000	-	169 000
Transaction costs on issuance of loans	5	-	(893)	(193)	(1 944)
Repayment of mortgage debt	5	(6 098)	(105 584)	(24 049)	(123 041)
Interest paid	6	(4 662)	(3 716)	(15 378)	(13 970)
Repayment of lease liabilities		-	(149)	(382)	(582)
Interest paid leasing		-	-	(66)	(103)
Paid in registered capital increase		-	24 977	-	24 977
Transaction costs on capital increase		-	(878)	-	(878)
Dividends		(15 712)	(2 161)	(42 421)	(7 204)
C: Net cash flow from financing activities		(26 472)	(8 406)	(82 489)	46 254
Net change in liquidity in the period		1 378	31 519	13 156	(13 414)
Effect of exchange rate changes on cash		-	(742)	-	(742)
Cash and cash equivalents at beginning of period		63 307	20 752	51 529	65 685
Cash and cash equivalents at end of period		64 685	51 529	64 685	51 529
Net change in cash and cash equivalents in the period		1 378	31 519	13 156	(13 414)
Cash and cash equivalents		64 918	53 937	64 918	53 937
Other interest bearing liabilities (overdraft facility)		233	2 409	233	2 409
Cash and cash equivalents (as presented in cash flow statement)		64 685	51 529	64 685	51 529

Notes

- 01** Accounting policies

- 02** Segment reporting

- 03** Revenue from contracts with customers

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

- 08** Transactions with related parties

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01 Accounting policies

Corporate information

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

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

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

Accounting policies

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

Tax

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

Government grant

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

Change in estimates for useful life of dry docking

Based on the updated dry docking schedule, the vessels are planned for dry docking with a limited scope during each intermediated survey, first time approximately 2.5 years after delivery. Docking depreciation has previously been based on docking every five years during the first ten years of operation. The change was effective from 1 August 2022 and impacted 2022 depreciation with approximately USD 2.6 million and estimated to increase by approximately USD 2.0 million for 2023 and onwards.

New accounting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the year ended 31 December 2021 except for the adoption of any new accounting standards or amendments with effective date after 1 January 2022. There was no material impact of new accounting standards or amendments adopted in the period.

02 Segment reporting

Operating income and operating expenses per segment			Q4 2022			Q4 2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	36 773	36 324	73 097	26 554	30 298	56 852
Voyage expenses	(19 348)	(9 096)	(28 444)	(10 122)	(12 175)	(22 296)
Other revenue	-	(271)	(271)	-	-	-
Net operating revenues from operations of vessels	17 426	26 958	44 383	16 433	18 123	34 556
Gain on sale of vessels	-	-	-	6 360	-	6 360
Other income	-	-	-	1 422	-	1 422
Operating expenses, vessels	(6 634)	(6 915)	(13 549)	(6 626)	(6 701)	(13 327)
Group administrative services	(603)	(629)	(1 232)	(467)	(472)	(939)
Salaries and social expense	(456)	(475)	(932)	(373)	(377)	(750)
Tonnage tax	(31)	(31)	(63)	(30)	(20)	(50)
Other operating and adm expenses	(232)	(242)	(475)	(136)	(138)	(274)
Operating profit before depreciation (EBITDA)	9 468	18 665	28 134	16 582	10 415	26 998
Depreciation	(3 584)	(5 521)	(9 105)	(3 017)	(4 189)	(7 206)
Operating profit after depreciation (EBIT)	5 884	13 144	19 029	13 566	6 226	19 792

Reconciliation of average revenue per on-hire day (TCE earnings \$/day)			Q4 2022			Q4 2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenues from operations of vessels	17 426	26 958	44 383	16 433	18 123	34 556
Adjustment*	-	-	-	33	(511)	(478)
Other revenue (note 3)	-	271	271	-	-	-
Net revenue ex adjustment	17 426	27 228	44 654	16 466	17 611	34 078
On-hire days	677	740	1 416	723	720	1 443
Average TCE earnings (\$/day)	25 757	36 812	31 531	22 776	24 460	23 617

Reconciliation of opex \$/day			Q4 2022			Q4 2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	6 634	6 915	13 549	6 626	6 701	13 327
Leasing cost (presented as depreciation)	-	-	-	78	72	149
Start up costs CLEANBU vessels	-	-	-	-	(250)	(250)
Operating expenses, vessels adjusted	6 634	6 915	13 549	6 704	6 522	13 226
Operating days	736	736	1 472	806	736	1 542
Opex \$/day	9 014	9 395	9 204	8 317	8 862	8 577

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

Operating income and operating expenses per segment			2022			2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	127 455	132 823	260 278	116 218	81 255	197 473
Other revenue	-	396	396	-	482	482
Voyage expenses	(55 018)	(41 036)	(96 054)	(50 099)	(31 989)	(82 087)
Net revenues	72 436	92 183	164 620	66 119	49 749	115 868
Gain on sale of vessels	-	-	-	6 360	-	6 360
Other income	-	-	-	1 422	-	1 422
Operating expenses, vessels	(22 917)	(25 657)	(48 575)	(24 684)	(24 537)	(49 221)
Group administrative services	(1 983)	(2 220)	(4 203)	(1 860)	(1 849)	(3 708)
Salaries and social expense	(1 631)	(1 826)	(3 458)	(1 191)	(1 184)	(2 374)
Tonnage tax	(105)	(83)	(188)	(126)	(88)	(214)
Other operating and adm expenses	(586)	(656)	(1 242)	(536)	(533)	(1 069)
Operating profit before depreciation (EBITDA)	45 214	61 740	106 955	45 505	21 559	67 064
Depreciation	(12 465)	(18 880)	(31 344)	(13 362)	(15 303)	(28 665)
Operating profit after depreciation (EBIT)	32 749	42 860	75 611	32 143	6 256	38 398

Reconciliation of average revenue per on-hire day (TCE earnings \$/day)			2022			2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenues from operations of vessels	72 436	92 183	164 620	66 119	49 749	115 868
Adjustment*	-	-	-	177	213	390
Other revenue	-	(396)	(396)	-	(482)	(482)
Net revenue ex adjustment	72 436	91 787	164 224	66 296	49 479	115 776
On-hire days	2 703	2 814	5 518	3 073	2 450	5 523
Average TCE earnings per on-hire day (\$/day)	26 796	32 614	29 764	21 571	20 195	20 961

Reconciliation of opex \$/day			2022			2021
USD '000	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	22 916	25 659	48 575	24 675	24 537	49 212
Leasing cost (presented as depreciation)	-	-	-	318	265	582
Start up costs CLEANBU vessels	-	-	-	-	(2 500)	(2 500)
Operating expenses, vessels adjusted	22 916	25 659	48 575	24 992	22 301	47 295
Operating days	2 920	2 920	5 840	3 263	2 680	5 943
Opex (\$/day)	7 848	8 787	8 318	7 659	8 321	7 958

* Adjustment: See footnote page 17.

03 Revenue from contracts with customers

Revenue types					
USD '000	Classification	Q4 2022	Q4 2021	2022	2021
Revenue from COA contracts	Freight revenue	25 922	19 289	92 852	83 626
Revenue from spot voyages	Freight revenue	33 200	21 644	112 917	71 938
Revenue from TC contracts	Charter hire revenue	13 975	15 919	54 509	41 909
Other revenue	Other revenue	(271)	-	396	482
Total revenue, vessels		72 827	56 852	260 674	197 955

Other income					
	Classification	Q4 2022	Q4 2021	2022	2021
Gain on sale of vessels (note 4)	Other revenue	-	6 360	-	6 360
Other income	Other income	-	1 422	-	1 422
Total other income		-	7 782	-	7 782

Other revenue of USD 0.4 million for 2022 is related to off-hire compensation for guarantee work on the CLEANBU vessel MV Barracuda.

04 Vessels

Vessels		
USD '000	31 Dec 2022	31 Dec 2021
Cost price 1.1	734 955	599 826
Delivery of newbuildings	-	153 763
Adjustments acquisition value newbuildings delivered	-	1 408
Dry Docking	5 620	8 342
Technical upgrade	4 617	4 032
Disposal of vessel and drydock	(2 472)	(32 416)
Costprice end of period	742 721	734 955
Acc. Depreciation 1.1	198 092	195 568
Disposal of vessel and dry dock	(2 472)	(25 560)
Depreciation vessels	31 029	28 083
Acc. Depreciation end of period	226 650	198 092
Carrying amounts end of period*	516 072	536 864
*) carrying value of vessels includes dry-docking		
No. of vessels	16	16
Useful life (vessels)	25	25
Useful life (dry docking)	2-3	3-5
Depreciation schedule	Straight-line	Straight-line

Reconciliation of depreciations				
USD '000	Q4 2022	Q4 2021	2022	2021
Depreciation vessels	9 105	7 057	31 029	28 083
Depreciation right of use assets	-	149	315	582
Depreciations for the period	9 105	7 206	31 344	28 666

ADDITIONS

Three CABU vessels and one CLEANBU vessel have completed scheduled dry-docking in 2022 with total cost of USD 5.6 million. Technical upgrade of USD 4.0 million is related to general improvement of the technical performance of the vessels and energy efficiency initiatives, deducted by grants from ENOVA¹ of in total USD 0.3 million recognised as per year end 2022. KCC has secured in total approximately USD 1.4 million in grants from ENOVA¹ to finance investments in energy saving solutions for one CABU vessel and one CLEANBU vessel.

During 2022, KCC has purchased previously leased satellite equipment on board the vessels of a total value of USD 0.6 million. The equipment has been capitalized as vessel depreciated over the same period as each vessel's dry-dock component. The derecognition of right of use assets with corresponding lease liability had an insignificant impact on the results for the quarter.

IMPAIRMENT

Identification of impairment indicators is based on an assessment of development in market rates (dry bulk, MR tanker, LR1 tanker and fuel), TCE earnings for the fleet, vessel opex, operating profit, technological development, change in regulations, interest rates and discount rate. The rise in the interest rates increases the discount rate used in calculation of recoverable amount. As previous sensitivity analysis of recoverable amount shows that the decrease in recoverable amount is unlikely to result in a material impairment loss, as per IAS 36.16, this has not been considered an impairment indicator. Expected future TCE earnings for both fleets of CABUs and CLEANBUs, diversified market exposure, development in secondhand prices and the combination carriers' trading flexibility support the conclusion of no impairment indicators identified as per 31 December 2022.

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

05 Financial assets and liabilities

Below tables sets out the financing arrangements of the Group. In December 2022 the 364-days overdraft facility was extended by additional 364 days to December 2023. The commitment under the overdraft facility was reduced from USD 20 million to USD 15 million. Refinancing of the mortgage debt facility falling due in December 2023 has been initiated with positive feedback from the mortgage banks and the Group targets completing a refinancing within first half of 2023.

USD '000	Description	Interest rate	Maturity	Carrying amount
Mortgage debt				
DNB/SEB Facility	Term loan, USD 105 mill	LIBOR + 2.3 %	December 2023	76 978
SEB/SR-Bank/SPV Facility	Term loan/RCF, USD 90.675 mill	LIBOR + 2.3 %	October 2025	53 338
Nordea/Credit Agricole Facility*	Term Loan/RCF, USD 60 mill	Term SOFR + 2.25 %	March 2027	50 824
Nordea/ Danske Facility**	Term loan, USD 80 mill	LIBOR + 2.1 %	December 2026	71 294
Capitalized loan fees				(3 131)
Mortgage debt 31 December 2022				249 303

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

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

The Group has available undrawn revolving credit facility capacity of USD 30.1 million and USD 14.8 million available capacity under a 364-days overdraft facility.

The Group is subject to certain financial covenants and other undertakings in financing arrangements. As per 31 December 2022 the Group is in compliance with all financial covenants. For further details on covenants please see the 2021 Annual Report.

	Face value NOK'000	Maturity	Carrying Amount 31 Dec 2022 USD'000
Bond loan			
KCC04	700 000	11.02.2025	76 390
Exchange rate adjustment			(5 730)
Capitalized expenses			(527)
Bond discount			(158)
Total bond loan	700 000		69 975

USD '000	Fair value 31 Dec 2022	Carrying amount 31 Dec 2022	31 Dec 2021
Interest bearing liabilities			
Mortgage debt	159 664	159 664	252 547
Capitalized loan fees	-	(3 131)	(2 554)
Bond loan	71 160	70 660	79 219
Bond discount	-	(158)	(234)
Capitalized expenses bond loan	-	(527)	(779)
Total non-current interest bearing liabilities	230 825	226 509	328 198
Mortgage debt, current	92 769	92 769	23 936
Overdraft facility (Secured)	233	233	2 409
Total interest bearing liabilities	323 827	319 511	354 543

USD '000		
Financial assets	31 Dec 2022	31 Dec 2021
Financial instruments at fair value through OCI		
Cross-currency interest rate swap	1 272	2 556
Interest rate swaps	11 110	1 421
Forward freight agreements	-	660
Fuel Hedge	-	18
Financial instruments at fair value through P&L		
Interest rate swaps	303	71
Financial assets	12 685	4 727
Current	4 923	678
Non-current	7 762	4 048

USD '000		
Financial liabilities	31 Dec 2022	31 Dec 2021
Financial instruments at fair value through OCI		
Interest rate swaps	-	1 973
Cross-currency interest rate swap	2 466	43
Fuel hedge	249	-
Financial liabilities	2 715	2 017
Current	249	-
Non-current	2 466	2 017

06 Financial items

USD' 000				
	Q4 2022	Q4 2021	2022	2021
Finance income				
Other interest income	1 409	29	2 109	74
Gain related to modification of debt	-	-	1 175	-
Fair value changes interest rate swaps	30	-	232	-
Gain on foreign exchange	532	-	-	-
Finance income	1 971	29	3 516	74

USD' 000				
	Q4 2022	Q4 2021	2022	2021
Finance cost				
Interest expenses mortgage debt	3 900	2 430	11 769	9 477
Interest expenses bond loan	1 394	1 126	4 767	4 371
Interest expenses lease liabilities	-	49	66	103
Amortization capitalized fees on loans	365	257	1 352	882
Other financial expenses	-	104	97	224
Fair value changes interest rate swaps	-	3	-	82
Loss on foreign exchange	-	734	207	726
Finance cost	5 658	4 703	18 257	15 866

07 Share capital, shareholders, dividends and reserves

Dividends of USD 15.7 million were paid to the shareholders in November 2022 (USD 0.30 per share).
The Company has paid USD 42.4 million in total dividends in 2022 (USD 0.81 per share).

08 Transactions with related parties

USD' 000						
Type of services/transactions	Provider ¹	Price method	Q4 2022	Q4 2021	2022	2021
Pool participation ²	BAU	Standard pool agreement	-	2 380	49	3 735
Dry bulk chartering	KC	1.25% of transaction value ³	-	(173)	(472)	(255)
Total net revenue from related parties			-	2 207	(423)	3 480

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

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

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

USD' 000						
	Provider ¹	Price method	Q4 2022	Q4 2021	2022	2021
Business adm. services	KAS	Cost + 5%	471	338	1 641	1 457
Business adm. services	KA Ltd	Cost + 5%	46	53	160	119
Commercial services	KSM	Cost + 7.5%	182	186	825	1 203
Subscription Cargo Value (linked to COA with external party)	CIA	Fixed fee	-	-	60	-
Commercial services	KDB	Cost + 7.5% ⁴	149	49	279	49
Project management	KSM	Cost + 7.5%	384	314	1 237	881
Total group commercial and administrative services			1 232	939	4 202	3 709

All bunkers purchase is done through KC (related party in the Torvald Klaveness Group) which holds the bunker contracts with suppliers. The bunker purchase process has been centralized to enhance negotiating and purchasing power towards the suppliers. No profit margin is added to the transactions, but a service fee is charged on based on time spent (cost + 7.5%) basis reflecting the time spent by the bunkering team and charged as part of the commercial services from KDB.

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

USD' 000						
Type of services/transactions	Provider ¹	Price method	Q4 2022	Q4 2021	2022	2021
Technical mngmnt fee (opex)	KSM	Fixed fee per vessel	955	1 011	3 819	3 979
Crewing and IT fee (opex)	KSM	Fixed fee per vessel	391	400	1 565	1 550
Supervision fee (newbuilding)	KSM	7.5%	-	-	-	1 333
Board member fee (administrative expenses)	KAS	Fixed fee as per annual general meeting	21	23	85	94
Sales support, sale of vessel (gain on sale of vessels)	KAS	Cost for time used + 7.5%	-	31	-	31
Technical management fee for termination of agreement (gain on sale of vessels)	KSM	3 months temination period	-	44	-	44
Total other services/ transactions			1 366	1 509	5 468	7 031

KCCC has a bunkers derivative position of 4 800 tons (Cal-23) towards KC (a related party in the Torvald Klaveness Group) at a cost of USD 12 720 to cover margin requirements etc. Market value of the portfolio with KC was negative USD 250k as per 31 December 2022 and presented as a financial asset in Statement of Financial Position.

¹Klaveness AS (KAS), Klaveness Ship Management AS (KSM), Klaveness Asia Pte.Ltd (KA Ltd), Klaveness Combination Carrier ASA (KCC), KCC Shipowning AS (KCCS), KCC Chartering AS (KCCC), Klaveness Combination Carriers Asia Pte.Ltd (KCCA Ltd), Baumarine AS (BAU), Cargo Intelligence AS (CIA), Klaveness Dry Bulk AS (KDB), AS Klaveness Chartering (KC).

09 Events after the balance sheet date

In January 2023 KCC Shipowning AS, a subsidiary of KCC, repaid USD 15 million in debt under a revolving credit facility agreement. The amount is available to be redrawn under this revolving credit facility agreement.

On 15 February 2023, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 15.7 million for Q4 2022 (USD 0.30 per share).

There are no other events after the balance sheet date that have material effect on the Financial Statement as of 31 December 2022.

Appendix 1 Reconciliation of alternative performance measures

Non-GAAP financial alternative performance measures (APM) 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 and EBIT adjusted				
USD '000	Q4 2022	Q4 2021	2022	2021
EBITDA	28 134	26 998	106 955	67 064
Gain on sale of vessels (note 3)	-	(6 360)	-	(6 360)
Other income (note 3)	-	(1 422)	-	(1 422)
Start up costs CLEANBU vessels	-	250	-	2 500
EBITDA adjusted	28 134	19 466	106 955	61 782
EBIT	19 029	19 792	75 611	38 398
Gain on sale of vessels (note 3)	-	(6 360)	-	(6 360)
Other income (note 3)	-	(1 422)	-	(1 422)
Start up costs CLEANBU vessels	-	250	-	2 500
EBIT adjusted	19 029	12 260	75 611	33 116

Reconciliation of average revenue per on-hire day (TCE earnings \$/day)				
USD '000	Q4 2022	Q4 2021	2022	2021
Net revenues from operations of vessels	44 383	34 556	164 620	115 868
Other revenue (note 3)	271	-	(396)	(482)
Adjustment* (note 2)	-	(478)	-	390
Net revenue ex adjustment	44 654	34 078	164 224	115 776
On-hiredays	1 416	1 443	5 518	5 523
Average TCE earnings per on-hire day (\$/day)	31 531	23 617	29 764	20 961

Reconciliation of opex \$/day				
USD '000	Q4 2022	Q4 2021	2022	2021
Operating expenses, vessels	13 549	13 327	48 575	49 212
Leasing cost (presented as opex)	-	149	-	582
Start up costs CLEANBU vessels	-	(250)	-	(2 500)
Operating expenses, vessels adjusted	13 549	13 226	48 575	47 295
Operating days	1 472	1 542	5 840	5 934
Opex \$/day	9 204	8 577	8 318	7 960

Reconciliation of capital employed and return on capital employed (ROCE) calculation				
USD '000	Q4 2022	Q4 2021	2022	2021
Total equity	297 545	254 418	297 545	254 418
Total interest-bearing debt	319 511	354 543	319 511	354 543
Capital employed	617 056	608 961	617 056	608 961
EBIT adjusted annualised	76 117	49 040	75 611	33 116
ROCE adjusted	12 %	8 %	12 %	5 %

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

Reconciliation of equity ratio				
USD '000	Q4 2022	Q4 2021	2022	2021
Total assets	642 906	629 931	642 906	629 931
Total equity	297 545	254 417	297 545	254 417
Equity ratio	46 %	40 %	46 %	40 %
<i>Reconciliation of total interest-bearing debt</i>				
Mortgage debt	156 534	249 993	156 534	249 993
Long-term bond loan	69 975	78 205	69 975	78 205
Short-term mortgage debt	92 769	23 936	92 769	23 936
Other interest bearing liabilities	233	2 409	233	2 409
Total interest-bearing debt	319 511	354 543	319 511	354 543

