

Third Quarter 2021



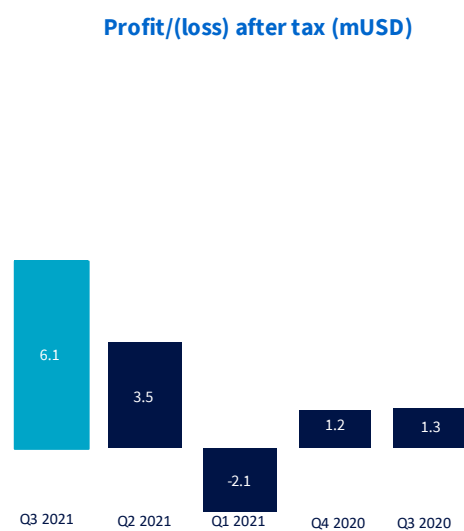
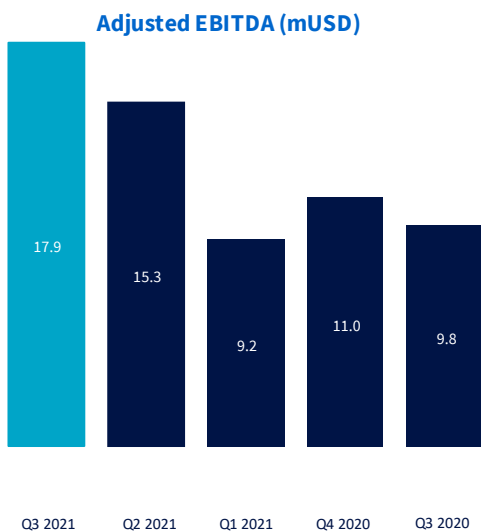
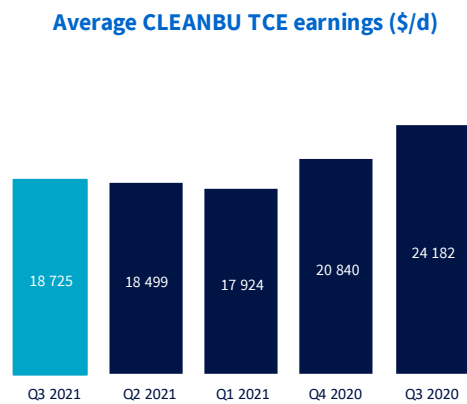
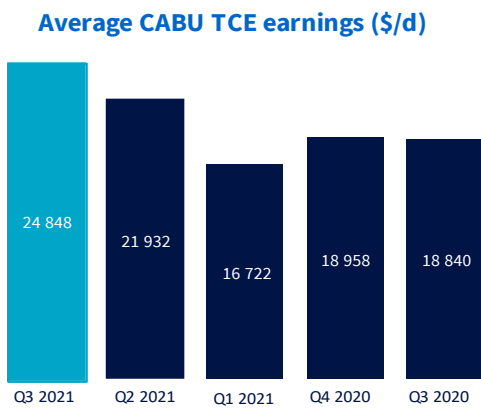
KEY DEVELOPMENTS

- First quarter with full CLEANBU newbuild fleet on water
- TCE earnings 2-4 times higher than standard tanker vessel earnings
- 17 % increase in adjusted EBITDA and 74% increase in EBT Q-o-Q
- Increased combination trading for the CLEANBU fleet
- Continued improvement in main environmental KPIs
- The Board of Directors declares dividends of USD 0.045 per share, total USD 2.16 million for Q3

“KCC delivered significantly improved TCE earnings and financial results in third quarter mainly driven by a strong dry bulk market and a full fleet on water. Outlook for fourth quarter is strong with positive earnings effect from the full CLEANBU fleet back in combination trading”.



Engebret Dahm, CEO
Klaveness Combination
Carriers ASA



FINANCIAL PERFORMANCE

KEY FIGURES

(USD '000)	Q3 2021	Q2 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
Net revenues from vessel operations	31 850	28 334	20 358	81 312	68 267
EBITDA (appendix 1)	17 640	14 154	9 257	40 066	37 802
EBITDA adjusted (appendix 1)	17 859	15 274	9 847	42 316	38 563
Profit/(loss) for the period	6 074	3 457	1 311	7 485	13 983
Earnings per share (USD)	0.13	0.07	0.03	0.16	0.29
Total assets	630 459	617 876	502 166	630 459	502 166
Equity	207 531	201 107	216 116	207 531	216 116
Equity ratio	33 %	33%	43 %	33 %	43 %
ROCE adjusted (appendix 1)	7 %	6%	4 %	5 %	7 %

	Q3 2021	Q2 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
Average TCE earnings (appendix 1)	21 947	20 537 \$/d	20 310 \$/d	20 021	21 506 \$/d
Opex per day (appendix 1)	7 800	7 727 \$/d	7 990 \$/d	7 744	7 793 \$/d
Onhire days	1 469	1 368	984	4 080	3 138
Off-hire days, scheduled	60	50	72	157	82
Off-hire days, unscheduled	28	5	49	39	70
% of days in combination trades ¹	69 %	59 %	76 %	67 %	68 %
Utilisation ²	92 %	93 %	87 %	92 %	92 %

CONSOLIDATED RESULTS

Adjusted EBITDA for the period ended at USD 17.9 million up from USD 9.8 million in Q3 2020 and USD 15.3 million in Q2 2021. The increase from Q2 2021 is mainly due to higher TCE earnings 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 saw some signs of improvement during the quarter and the dry bulk market continued to strengthen. Operating expenses and administrative expenses were in total quite stable in third quarter compared to second quarter as a larger fleet and somewhat higher administrative expenses were offset by lower start-up costs for the newbuilds. Net profit after tax for third quarter ended at USD 6.1 million compared to USD 3.5 million in Q2 2021 and USD 1.3 million in Q3 2020.

COVID-19 related off-hire was 36 days in third quarter, whereof 32 days related to a cancelled guarantee docking due to close down of some regions in China on the back of rising infections numbers. The total negative COVID-19 impact is estimated to be approximately USD 1.5 million for Q3 2021, a large part related to lost hire in connection with the cancelled drydock, compared to approximately USD 2.2 million in Q2 2021.

CAPITAL AND FINANCING

Cash and cash equivalents ended at USD 35.9 million by end of Q3 2021, an increase of USD 5.1 million from the end of Q2 2021, while trade receivables increased by USD 11.0 million during the quarter, impacted by trade patterns and contract types. Total equity increased by USD 6.5 million and ended the quarter at USD 207.5 million, while interest-bearing debt increased by USD 8.1 million and ended at USD 395.1 million. The latter mainly driven by drawdown on a short-term overdraft facility. The equity ratio ended at 32.9% per end of Q3 2021 up from 32.5% at the end of second quarter. KCC, through a subsidiary, had per end of September USD 4.8 million available and undrawn under a 364-days overdraft facility maturing in December 2021.

EVENTS AFTER THE BALANCE SHEET DATE

On 25 October 2021, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 2.16 million for Q3 (USD 0.045 per share). A subsidiary of the Company concluded in October the sale of the 2001 built CABU vessel, MV Banasol. The sale will generate an estimated profit of USD 6.5 million and an estimated net cash effect of USD 10.6 million, to be recognized at delivery to the new owner in fourth quarter 2021.

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. 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.

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

THE CABU BUSINESS

KEY FIGURES	Q3 2021	Q2 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
Average TCE earnings (note 2)	24 848	21 932 \$/d	18 840	21 201	20 190 \$/d
Opex per day (note 2)	7 393	7 493 \$/d	7 853	7 447	7 391 \$/d
Onhire days	773	811	713	2 350	2 335
Off-hire days, scheduled	45	5	72	89	82
Off-hire days, unscheduled	8	3	43	17	50
% of days in combination trades ¹	75 %	79 %	89 %	75 %	89 %
Ballast days in % of total on-hire days ³	13 %	14 %	13 %	14 %	13 %
Utilisation ²	92 %	96 %	83 %	93 %	90 %

Average TCE earnings per on-hire day for the CABU vessels for Q3 2021 ended at \$24,848/day, an increase of approximately \$2,900/day from Q2 2021 and approximately \$6,000/day from Q3 2020. TCE earnings for the CABU fleet were more than four times higher than the spot market for standard MR tankers, driven by a strengthening dry bulk market and continued strong combination trading in the Pacific basin of 85% where approx. 80% of the CABU fleet was employed in Q3.

To optimize the CABU business in the Atlantic basin, one of two vessels in the Atlantic were reallocated to the strong dry bulk market and entered the MaruKlav Baumarine Panamax dry bulk pool from August 2021. The remaining shipments under one of two caustic soda COAs were subcontracted to a third-party shipowner in full understanding with KCC's customer.

Operating costs for third quarter was down approximately \$100/day from previous quarter and \$460/day compared to Q3 2020 mainly due to timing of vessel procurement and reduced COVID-19 impact compared to Q3 2020. The CABU fleet had eight unscheduled off-hire days in Q3 2021 due to smaller incidents, whereof two days COVID-19 related, and 45 scheduled off-hire days related to dry docking of MV Banastar and MV Balboa.

THE CLEANBU BUSINESS

KEY FIGURES	Q3 2021	Q2 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
Average TCE earnings (note 2)	18 725	18 499 \$/d	24 182 \$/d	18 419	25 333 \$/d
Opex per day (note 2)	8 257	8 011 \$/d	8 330 \$/d	8 117	8 920 \$/d
Onhire days	696	556	271	1 730	803
Off-hire days, scheduled	15	45	-	68	-
Off-hire days, unscheduled	20	2	6	22	19
% of days in combination trades ¹	63 %	30 %	48 %	55 %	42 %
Ballast days in % of total on-hire days ³	12 %	28 %	15 %	20 %	20 %
Utilisation ²	91 %	89 %	97 %	90 %	96 %

CLEANBU TCE earnings per on-hire day ended at \$18,725/day, quite stable compared to previous quarter, and a multiple of above 2x compared to the average spot market for standard LR1⁴ tankers in third quarter. TCE earnings were in comparison \$24,182/day in Q3 2020, mainly due to fixing three CLEANBU vessels on TC contracts in the booming tanker market during spring of 2020. The whole CLEANBU fleet returned to combination trading during Q3 2021 after a large part of the CLEANBU fleet had traded as dry bulk vessels during Q2 2021 and during first part of Q3 2021. 50% of the vessel capacity was employed in the tanker market in third quarter and 50% in the dry bulk market and combi-trading increased from 30% in second quarter to above 60% in third quarter. TCE earnings were negatively impacted by the increased tanker trading due to the generally poor tanker market, however, a large part of the vessels have through the CPP voyages been positioned into dry bulk exporting areas with a strong TCE earnings outlook for Q4 2021.

The fleet had in total approximately 0.4 more vessel years on-hire compared to last quarter due to delivery of newbuilds. The eighth CLEANBU vessel, MV Balzani, was delivered 25 May 2021 and started trading in early July, completing the newbuild program.

Average operating costs for the CLEANBU vessels ended at \$8,257/day, an increase of approximately \$250/day compared to previous quarter and quite stable compared to the same quarter last year, mainly due to periodisation effects.

MV Barracuda was scheduled for guarantee repairs in third quarter. The vessel waited for 15 days off China prior to cancelling of the guarantee docking due to general COVID-19 restrictions in this part of China and waited additional 17 days for necessary spare parts to continue trading. In total 34 off-hire days are regarded as COVID-19 related, included the 32 days related to the guarantee docking. Guarantee work for MV Barracuda and MV Baru is targeted to be completed in fourth quarter 2021 and first quarter 2022 respectively with total off-hire estimated to be in total 70 days. Approximately 50% of off-hire days connected to the guarantee work is estimated to be covered by loss of hire insurance.

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»

MARKET DEVELOPMENT

AVERAGE MARKET RATES ²	Q3 2021	Q2 2021	Q3 2020	2020
Dry Bulk rates - P5TC (\$/day) ¹	33 629	26 052	13 108	9 906
MR Tanker rates - TC7 (\$/day) ¹	8 846	7 662	6 675	14 282
LR1 Tanker rates - TC5 (\$/day) ¹	6 432	5 917	7 624	19 441
Bunkers price - VLSFO (\$/mt) ²	542	505	339	371

Earnings of KCC's combination carriers are driven by the Panamax dry bulk market, MR and LR1 product tanker markets and fuel markets. Third quarter 2021 **dry bulk** freight rates delivered the best quarter in 13 years. All dry bulk segments had high earnings but on a relative basis the smaller vessel sizes outperformed the larger sizes when compared to their historical averages, and Panamax earnings averaged \$33,629/day for the quarter.

Total dry bulk volumes increased with 4.1%¹ Y-o-Y, while total Panamax volumes across all commodities were up 11.3% Y-o-Y in Q3. Coal, minor bulks and bauxite volumes grew strongly, +15%, +9% and +7% Y-o-Y respectively as global industrial production recovered from COVID-19. Despite strong demand, iron ore volumes were down 3% Y-o-Y in Q3 as seaborne exporters failed to ramp up output. Grain volumes were down 6% Y-o-Y as poor crushing margins deterred large purchases.

The nominal fleet growth for dry bulk as a whole was 3.3% Y-o-Y in Q3, while the growth in the Panamax segment was slightly higher at 3.6%. However, effective fleet growth was negative in Q3 as a sharp increase in congestion more than offset the effect from rising speeds and nominal fleet growth. For Panamaxes the effective fleet growth was -0.9% YoY in Q3². The Q2 growth in Panamax volumes of 11.3% hence exceeded the effective dry bulk fleet growth of -0.9% with a wide margin, resulting in higher utilization and increased freight rates.

Despite a slight improvement in average earnings the **product tanker market** continued to be weak in the third quarter. Product tanker average earnings, represented by the TC5 (middle east to Japan route) and TC7 (Singapore to East Coast Australia route) indices, improved by \$500-1,100/d from the second quarter. According to EIA, daily oil consumption was around 98.5 million barrels. EIA further estimates that oil consumption will increase to above 100 million barrels per day towards the end of this year. 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 and inventory levels have normalized. OPEC+ will increase production quotas by 400,000 barrels per day per month until September 2022.

Furthermore, improved refinery margins suggest improved demand. Higher demand coupled with low fleet growth, may spur an improvement in rates during the end of 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 on a medium to long-term horizon.

The international **caustic soda** market tightened further in August and September. US demand for caustic soda continued to be strong while US supply has been further constrained by Hurricane Ida, and it is unlikely that the US market will rebalance before into 2022. Chinese supply has been constrained by lower operating rates at Chinese plants due to environmental inspections and control of energy consumption. Supply for spot cargoes in North-East Asia has been limited and North-East Asia spot prices have increased by 33% since May.

Brent crude oil prices ended at around USD 78.5 per barrel at end of Q3 2021, up 4% Q-o-Q. Average **fuel oil price** (VLSFO) ended at USD 542/mt, an increase of around 7% Q-o-Q.

HEALTH, SAFETY AND ENVIRONMENT

HEALTH AND SAFETY KPIS	Q3 2021	Q2 2021	Q3 2020	Q3 2021 YTD	Q3 2020 YTD
# of medium ⁶ injuries	-	-	-	-	3
# of major ⁷ injuries	1	-	-	1	-
# of navigational incidents	-	-	-	-	1
# of spills to the environment	-	-	-	-	1

It is with great sadness we report that a deck cadet tragically lost his life after a fall accident on board one of the CLEANBU vessels. The accident was not associated with high-risk work or tasks and the accident is concluded by flag state, police, and P&I to be due to unfortunate circumstances. Klaveness Ship Management (KSM) commissioned Lloyds Register to carry out an independent accident investigation which has been concluded with some recommendations. These recommendations are under implementation and will be incorporated in the ongoing safety culture program called KCLASS (Klaveness Always Safe and Secure). Lloyds Register did not find any breach of safety procedures or lack of safety systems. A crew member onboard a CABU vessel suffered a heart attack in third quarter 2021. He was evacuated to a hospital in Taiwan where he sadly passed away. The post-mortem report received was not conclusive. Further investigations will be requested to find out if the work conducted can be related to the heart attack.

Safety performance has the highest priority, with high strategic attention to safety, focus on work and rest hours, continuous improvement through a good reporting and learning culture and not at least a dedicated corporate safety culture program which is rolled out across all vessels and offices. Five consecutive quarters have been delivered without any major or medium category accidents in the fleet prior to third quarter 2021.

The COVID-19 management plan that was implemented in Q3 2020 has worked well. No infection has been brought onboard by visitors such as pilots, inspectors, and stevedores or by onboarding crew since the management plan was implemented. However, more than 70 cases were discovered during the mobilization of crew to the vessels, showing that the plan has had great effect. It is recognized that the plan with extensive periods of isolation and uncertainty for people onboard has caused stress. High attention to mental health has been key in this period. An increase in sickness cases has been observed with required repatriation onboard compared to normal levels. This could be linked to mental health and seafarers having sick family members at home due to the pandemic. It has also been difficult to get medical attention to vessels in ports due to local restrictions and high barriers of getting people ashore.

Focus continues to be on repatriating crew at the end of their service period without delays. By the end of Q3 2021 10% of crew had extended their contract by more than 30 days, compared to 7.4% by the end of Q2 2021. Approximately 45% of KCC's sailors are fully vaccinated, however, the same requirements apply to crew changes for those vaccinated as for those not vaccinated in many countries and ports being called by KCC vessels. Crew changes are hence still very challenging and the increase in number of crew on extended contracts is due to unpredictable trading pattern, timing and inconvenient countries/ports of call for crew change.

ENVIRONMENTAL KPIS	BENCHMARK Q3	Q3 2021	Q2 2021	LAST 12 MONTHS	2020	TARGET 2022
CO ₂ emission per ton transported cargo per nautical mile (EEOI)(grams CO ₂ /(tons cargo x nautical miles)) ^{1,5}	9.6	7.2	8.3	7.6	7.4	5.8
Average CO ₂ emission per vessel (metric tons CO ₂ /vessel-year) ²	N.A.	17,600	18,300	19,400	20,700	17,700
% of days in combination trades ³	N.A.	63 %	59 %	69 %	77%	90%
Ballast days in % of total on-hire days ^{4,5}	31 %	12 %	19 %	16 %	15%	7.5%

CO₂ emissions per ton transported cargo per nautical mile (EEOI) ended at 7.2 for third quarter of 2021, down from 8.3 in second quarter 2021 and below average for the last 12 months. Ballast in % of on-hire days was down from 19% to 12% from second to third quarter mainly driven by more combination trading for the CLEANBU vessels. The improvement in ballast-% impacted the EEOI positively. The EEOI was as well positively impacted by long laden distances with high cargo weight transported.

Average CO₂ emissions per vessel was 17,600 in third quarter 2021, down from 18,300 in second quarter and compared to an average of 19,400 over the last twelve months. The main reason for the improvement was a 5%-point decrease in time spent at sea sailing, which usually emits more CO₂ emissions than in port, as well as an increase in fleet performance due to both increased focus on clean hulls as well as the introduction of both a new energy efficient vessel into the fleet, the newbuild Balzani, and the return of existing vessel Balboa from drydock with top grade anti-fouling paint.

¹ 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).

² 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.

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

⁴ 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.

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

⁶ Medium = medical treatment and repatriation, will return to work

⁷ Major = Severe injury death

OUTLOOK

The dry bulk market outlook for fourth quarter 2021 and 2022 continues to strengthen with the Panamax FFA curve for Q4 2021 currently trading at around \$37,500/day and for calendar year 2022 trading at around \$25,500/day, an increase of approximately \$5,000/day since the second quarter report was published in late August.

The tanker market saw some sparks of light during August, fell back towards the end of third quarter and into fourth quarter, but is likely to improve for the balance of the year, the seasonally strongest months of the year. The ongoing global energy crises is expected to lead to increased OPEC+ production and increasing crude oil and product tanker shipments over the winter. The rebalancing of the tanker market progresses well with decreasing onshore and floating inventories and continued improving oil demand across most regions. Although uncertain, a broad tanker market upturn is expected during 2022.

With two strong markets, dry bulk and fuel, and an expected strengthening of the third market, CPP, the market outlook and hence earnings outlook for KCC is strong.

Most of the CLEANBU fleet has returned to combination-trading during third quarter which is expected to have significant positive effects on CLEANBU earnings for fourth quarter 2021 as the vessels have been positioned in tanker trades into dry bulk export areas and have or will be fixed on dry bulk return cargoes in a very strong dry bulk market.

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 fourth quarter 2021 secures efficient and profitable caustic soda-dry bulk combination trading for this part of the fleet. Discussion regarding extension of main caustic soda and dry bulk contracts from 2022 in these trades are progressing well. To optimize earnings in the current strong dry bulk market, one CABU vessel was reallocated from combination trades to/from Brazil to the dry bulk market and has been employed in the Klaveness/Marubeni Baumarine dry bulk pool from late August and will continue to be employed in the pool for the rest of 2021.

A sale of the 2001 built CABU vessel, MV Banasol, was concluded in mid-October and the vessel is expected to be delivered to the new owners in December 2021. The vessel was sold as a dry bulk vessel and profit in Q4 is estimated to be USD 6.5 million and with a net cash effect of USD 10.6 million. Following the transaction, the CABU service to/from Brazil will be terminated from the end of 2021 mainly as a consequence of decreasing north bound dry bulk volumes over the last years.

MV Barracuda is scheduled for guarantee repairs in fourth quarter 2021, while the guarantee repair for MV Baru is estimated for first quarter 2022. Both guarantee repairs have been postponed due to the recent close-down of some Chinese regions following a rise in COVID-19 cases. One CABU vessel will during October finalize the dry docking started in September and one additional CABU vessel will dry dock in fourth quarter 2021.

Oslo, 25 October 2021

The Board of Directors of
Klaveness Combination Carriers ASA

Lasse Kristoffersen
Chair of the Board

Magne Øvreås
Board member

Morten Skedsmo
Board member

Winifred Patricia Johansen
Board member

Rebekka Glasser Herlofsen
Board member

Engebret Dahm
CEO

INCOME STATEMENT

USD'000	Notes	Unaudited		Unaudited		Audited
		Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Freight revenue	3	45 697	29 362	114 631	105 711	142 155
Charter hire revenue	3	12 044	6 887	25 990	15 173	20 442
Other revenue	3	-	-	482	134	134
Total revenues, vessels		57 740	36 249	141 103	121 018	162 731
Voyage expenses		(25 890)	(15 891)	(59 791)	(52 750)	(71 592)
Net revenues from operations of vessels		31 850	20 358	81 312	68 267	91 139
Operating expenses, vessels		(12 265)	(9 753)	(35 894)	(26 499)	(37 193)
Group commercial and administrative services	8	(937)	(773)	(2 770)	(2 374)	(3 538)
Salaries and social expense	8	(693)	(399)	(1 624)	(913)	(1 327)
Tonnage tax		(55)	(41)	(164)	(98)	(180)
Other operating and administrative expenses		(260)	(135)	(794)	(582)	(776)
Operating profit before depreciation (EBITDA)		17 640	9 257	40 066	37 802	48 125
Depreciation	4	(7 434)	(4 821)	(21 460)	(13 532)	(19 155)
Operating profit after depreciation (EBIT)		10 206	4 436	18 606	24 269	28 971
Finance income	6	6	57	52	344	529
Finance costs	6	(4 135)	(3 182)	(11 170)	(10 630)	(14 317)
Profit before tax (EBT)		6 076	1 311	7 488	13 983	15 182
Income tax expenses		(2)	-	(3)	-	-
Profit after tax		6 074	1 311	7 485	13 983	15 182
Attributable to:						
Equity holders of the parent company		6 074	1 311	7 485	13 983	15 182
Total		6 074	1 311	7 485	13 983	15 182
Earnings per Share (EPS):						
Basic and diluted, profit for the period attributable to ordinary equity holders of the Parent Company		0.13	0.03	0.16	0.29	0.32

STATEMENT OF COMPREHENSIVE INCOME

USD '000	Unaudited		Unaudited		Audited
	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Profit/ (loss) of the period	6 074	1 311	7 485	13 983	15 182
<i>Other comprehensive income to be reclassified to profit or loss</i>					
Net movement fair value on cross-currency interest rate swaps (CCIRS)	(1 794)	(602)	(498)	(8 624)	1 253
Reclassification to profit and loss (CCIRS)	1 158	516	1 197	4 476	(3 715)
Net movement fair value on interest rate swaps	529	512	3 069	(3 302)	(2 491)
Net movement fair value FX hedge	-	-	-	-	87
Net movement fair value bunker hedge	8	254	(55)	(155)	-
Net changes on cost of hedging	(264)	-	(264)	-	-
Net movement fair value FFA hedge	2 867	(262)	(14 931)	(660)	(1 814)
Net other comprehensive income to be reclassified to profit or loss	2 504	418	(11 482)	(8 265)	(6 679)
Total comprehensive income/(loss) for the period, net of tax	8 578	1 729	(3 997)	5 718	8 503
Attributable to:					
Equity holders of the Parent Company	8 578	1 729	(3 997)	5 718	8 503
Total	8 578	1 729	(3 997)	5 718	8 503

STATEMENT OF FINANCIAL POSITION

(Figures in USD '000)

ASSETS	Notes	Unaudited 30 Sep 2021	Audited 31 Dec 2020
Non-current assets			
Vessels	4	547 852	404 258
Newbuilding contracts		-	48 441
Right-of-use assets		1 777	1 672
Long-term financial assets	5	3 786	3 427
Long-term receivables		70	70
Total non-current assets		553 485	457 868
Current assets			
Short-term financial assets	5	32	87
Inventories		11 949	6 159
Trade receivables and other current assets		28 825	18 501
Short-term receivables from related parties		237	742
Cash and cash equivalents		35 932	65 685
Total current assets		76 974	91 174
TOTAL ASSETS		630 459	549 043

EQUITY AND LIABILITIES		Unaudited 30 Sep 2021	Audited 31 Dec 2020
Equity			
Share capital	7	5 725	5 725
Share premium		130 155	130 155
Other reserves		(17 992)	(6 511)
Retained earnings		89 643	87 162
Total equity		207 531	216 532
Non-current liabilities			
Mortgage debt	5	214 770	206 813
Long-term financial liabilities	5	3 276	5 409
Long-term lease liabilities		1 238	1 239
Bond loan	5	79 635	80 649
Total non-current liabilities		298 919	294 109
Current liabilities			
Short-term mortgage debt	5	85 507	22 473
Other interest bearing liabilities	5	15 180	-
Short-term financial liabilities	5	1 476	757
Short-term lease liabilities		611	493
Trade and other payables		20 847	13 165
Short-term debt to related parties		210	1 339
Tax liabilities		178	175
Total current liabilities		124 009	38 401
TOTAL EQUITY AND LIABILITIES		630 459	549 043

Oslo, 25 October 2021

The Board of Directors of
Klaveness Combination Carriers ASA

Lasse Kristoffersen
Chair 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	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	-	-	-	-	-	7 485	7 485
Other comprehensive income for the period	-	-	-	(11 218)	(264)	-	(11 482)
Share option program	-	-	-	-	-	38	38
Dividends	-	-	-	-	-	(5 043)	(5 043)
Equity at 30 September 2021	5 725	130 155	(147)	(17 581)	(264)	89 643	207 531

Unaudited 2020	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Cost of hedging reserve	Retained earnings	Total
Equity 1 January 2020	5 725	130 155	-	316	-	76 744	212 941
Profit (loss) for the period	-	-	-	-	-	13 983	13 983
Other comprehensive income for the period	-	-	-	(8 265)	-	-	(8 265)
Purchase of own shares	-	-	(147)	-	-	-	(147)
Share option program	-	-	-	-	-	29	29
Dividends	-	-	-	-	-	(3 362)	(3 362)
Equity at 30 September 2020	5 725	130 155	(147)	(7 949)	-	87 394	215 178

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

CASH FLOW STATEMENT

(Figures in USD '000)

	Notes	Unaudited		Unaudited		Audited
		Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Profit before tax		6 076	1 311	7 488	13 984	15 182
Tonnage tax expensed		55	41	164	98	180
Ordinary depreciation	4	7 434	4 821	21 460	13 532	19 155
Amortization of upfront fees bank loans		223	139	625	485	693
Financial derivatives unrealised loss / gain (-)	5	35	305	79	(428)	(342)
Gain/loss on foreign exchange		24	(20)	(7)	103	(4)
Interest income	6	(6)	(6)	(45)	(257)	(271)
Interest expenses	6	3 853	2 715	10 465	8 690	11 884
Taxes paid for the period		-	-	-	-	-
Change in current assets		(12 770)	(320)	(16 628)	1 525	(3 797)
Change in current liabilities		4 592	(1 551)	6 396	(7 444)	(3 438)
Collateral paid/refunded on FFA (variation margin)	5	4 343	-	(13 456)	-	-
Interest received	6	6	6	45	257	271
A: Net cash flow from operating activities		13 866	7 440	16 587	30 544	39 513
Acquisition of tangible assets	4	(4 109)	(2 745)	(10 858)	(3 280)	(4 271)
Installments and other cost on newbuilding contracts**		-	(32 291)	(105 322)	(53 775)	(88 634)
B: Net cash flow from investment activities		(4 109)	(35 036)	(116 180)	(57 055)	(92 905)
Proceeds from mortgage debt		-	-	89 000	-	60 450
Proceeds from bond loan (KCC04)	5	-	22 362	-	76 390	76 390
Buyback of bond loan (KCC03)	5	-	-	-	(17 879)	(33 861)
Transaction costs on issuance of loans	5	(15)	(335)	(1 051)	(1 205)	(1 914)
Repayment of mortgage debt	5	(6 112)	(4 342)	(17 457)	(13 025)	(17 367)
Terminated financial instruments		-	-	-	(3 101)	(3 101)
Interest paid	6	(3 919)	(2 933)	(10 357)	(8 386)	(11 370)
Repayment of lease liabilities		(152)	(113)	(433)	(329)	(454)
Purchase of own shares		-	(139)	-	(147)	(147)
Dividends		(2 161)	(1 441)	(5 043)	(3 362)	(4 802)
C: Net cash flow from financing activities		(12 359)	13 060	54 660	28 956	63 824
Net change in liquidity in the period		(2 602)	(14 526)	(44 933)	2 446	10 431
Cash and cash equivalents at beginning of period		23 354	72 225	65 685	55 254	55 254
Cash and cash equivalents at end of period*		20 752	57 699	20 752	57 699	65 685
Net change in cash and cash equivalents in the period		(2 602)	(14 526)	(44 933)	2 445	10 431
Cash and cash equivalents		35 932	57 699	35 932	57 699	65 685
Other interest bearing liabilities (overdraft facility)		15 180	-	15 180	-	-
Cash and cash equivalents (as presented in cash flow statement)		20 752	57 699	20 752	57 699	65 685

* Cash and cash equivalents include overdraft facility of USD 15.2 million presented as interest bearing liabilities in the balance sheet.

** Yard installement of USD 105 million paid in 2021 is related to delivery of the CLEANBU newbuildings MV Baiacu, MV Bass and MV Balzani.

Notes

- 01** Accounting policies

- 02** Segment reporting

- 03** Revenue from contracts with customers

- 04** Vessels

- 05** Financial assets and financial liabilities

- 06** Financial items

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

- 08** Transactions with related parties

- 09** Events after the balance sheet date



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 (see note 9), vessels with capacity to transport caustic soda solution (CSS), floating fertilizer (UAN) and molasses as well as all types of 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 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 payable in the period.

Subsidiaries

Klaveness Combination Carriers Asia Pte Ltd (Singapore) was incorporated on 22 March 2021 based on a 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 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	Q3 2021 CLEANBU	Total	CABU	Q3 2020 CLEANBU	Total
Operating revenue, vessels	35 114	22 627	57 740	27 851	8 398	36 249
Voyage expenses	(15 694)	(10 196)	(25 890)	(13 998)	(1 892)	(15 891)
Net revenue	19 420	12 431	31 850	13 852	6 506	20 358
Operating expenses, vessels	(6 050)	(6 215)	(12 265)	(6 418)	(3 336)	(9 753)
Group administrative services	(462)	(475)	(937)	(509)	(264)	(773)
Salaries and social expense	(342)	(351)	(693)	(263)	(136)	(399)
Tonnage tax	(29)	(26)	(55)	(34)	(7)	(41)
Other operating and administrative expenses	(128)	(132)	(260)	(89)	(46)	(135)
Operating profit before depreciation (EBITDA)	12 409	5 231	17 640	6 541	2 716	9 256
Depreciation	(3 224)	(4 210)	(7 434)	(3 316)	(1 505)	(4 821)
Operating profit after depreciation (EBIT)	9 185	1 021	10 206	3 225	1 211	4 436

Reconciliation of average revenue per onhire day (TCE earnings USD/day)						
USD'000	CABU	Q3 2021 CLEANBU	Total	CABU	Q3 2020 CLEANBU	Total
Net revenues from operations of vessels	19 420	12 431	31 850	13 852	6 506	20 358
Adjustment*	(218)	598	381	(413)	42	(370)
Net revenue ex adjustment	19 202	13 029	32 231	13 440	6 548	19 988
Onhire days	773	696	1 469	713	271	984
Average TCE earnings per onhire day (\$/d)	24 848	18 725	21 947	18 840	24 182	20 310

Reconciliation of opex per day						
USD'000	CABU	Q3 2021 CLEANBU	Total	CABU	Q3 2020 CLEANBU	Total
Operating expenses, vessels	6 050	6 215	12 265	6 418	3 336	9 753
Leasing cost previously presented as opex	72	81	152	84	28	113
Start-up cost CLEANBU vessels	-	(219)	(219)	-	(590)	(590)
Operating expenses, vessels adjusted	6 122	6 077	12 198	6 502	2 774	9 276
Operating days	828	736	1 564	828	333	1 161
Opex per day (\$/d)	7 393	8 257	7 800	7 853	8 330	7 990

* Adjustment: Net revenue in Income Statement is recognized from load-to-discharge, while revenue basis for average TCE earnings is based on discharge-to-discharge. The difference/adjustment relates to days in ballast from discharge to loading on next voyage.

Operating income and operating expenses per segment						
USD'000	YTD 2021			YTD 2020		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating revenue, vessels	89 664	51 440	141 103	93 289	27 728	121 018
Voyage expenses	(39 978)	(19 814)	(59 791)	(46 066)	(6 685)	(52 751)
Net revenue	49 686	31 626	81 312	47 224	21 043	68 267
Operating expenses, vessels	(18 058)	(17 836)	(35 894)	(17 980)	(8 520)	(26 499)
Group administrative services	(1 394)	(1 376)	(2 770)	(1 614)	(760)	(2 374)
Salaries and social expense	(817)	(807)	(1 624)	(617)	(296)	(913)
Tonnage tax	(96)	(68)	(163)	(73)	(25)	(98)
Other operating and administrative expenses	(400)	(395)	(794)	(397)	(184)	(581)
Operating profit before depreciation (EBITDA)	28 923	11 143	40 066	26 542	11 259	37 802
Depreciation	(10 346)	(11 114)	(21 459)	(8 953)	(4 580)	(13 532)
Operating profit after depreciation (EBIT)	18 577	30	18 606	17 589	6 679	24 269

Reconciliation of average revenue per onhire day (TCE earnings USD/day)						
USD'000	YTD 2021			YTD 2020		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Net revenues from operations of vessels	49 686	31 626	81 312	47 224	21 043	68 267
Adjustment	144	724	869	(78)	(569)	(647)
Offhire compensation	-	(482)	(482)	-	(134)	(134)
Net revenue ex adjustment	49 830	31 868	81 698	47 146	20 340	67 486
Onhire days	2 350	1 730	4 080	2 335	803	3 138
Average TCE earnings per onhire day (\$/d)	21 201	18 419	20 021	20 190	25 333	21 506

Reconciliation of opex per day						
USD'000	YTD 2021			YTD 2020		
	CABU	CLEANBU	Total	CABU	CLEANBU	Total
Operating expenses, vessels	18 058	17 836	35 894	17 980	8 520	26 499
Leasing cost previously presented as opex	240	193	433	246	82	328
Start-up cost CLEANBU vessels	-	(2 250)	(2 250)	-	(761)	(761)
Operating expenses, vessels adjusted	18 298	15 779	34 078	18 225	7 841	26 066
Operating days	2 457	1 944	4 401	2 466	879	3 345
Opex per day (\$/d)	7 447	8 117	7 744	7 391	8 920	7 793

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)
Net revenue	61 926	29 212	91 139
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)
Operating profit before depreciation (EBITDA)	34 364	13 760	48 125
Depreciation	(11 643)	(7 513)	(19 155)
Operating profit after depreciation (EBIT)	22 722	6 248	28 971

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
Adjustment	(234)	(512)	(746)
Offhire compensation	-	(134)	(134)
Net revenue ex adjustment	61 692	28 566	90 259
Onhire days	3 102	1 198	4 300
Average TCE earnings per onhire day (\$/d)	19 886	23 851	20 990

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
Opex per day (\$/d)	7 333	9 125	7 848

03 Revenue from contracts with customers

Disaggregated revenue information

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

Revenue types		Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
USD'000	Classification					
Revenue from COAs	Freight revenue	25 466	22 733	64 337	77 550	100 659
Revenue from spot voyages	Freight revenue	20 231	6 629	50 294	28 295	41 631
Revenue from TC contracts	Charter hire revenue	12 044	6 887	25 990	15 039	20 308
Other revenue	Other revenue	-	-	482	134	134
Total revenue, vessels		57 740	36 249	141 103	121 018	162 732

04 Vessels

Vessels		
USD '000	30 Sep 2021	31 Dec 2020
Cost price 1.1	599 826	492 075
Delivery of newbuildings	153 763	103 708
Adjustments acquisition value newbuildings delivered	1 159	(809)
Dry Docking	5 370	4 852
Technical upgrade	4 330	-
Costprice end of period	764 447	599 826
Acc. Depreciation 1.1	195 568	176 866
Depreciation for the period	21 027	18 702
Acc. Depreciation end of period	216 595	195 568
Carrying amounts end of period*	547 852	404 258

*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	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Depreciation vessels	7 282	4 708	21 027	13 205	18 702
Depreciation right of use assets	152	113	433	328	453
Depreciations for the period	7 434	4 821	21 460	13 532	19 155

ADDITIONS

The last CLEANBU vessel MV Balzani was delivered from Jiangsu New Yangzi Shipbuilding Co.Ltd 25 May 2021. Addition for scheduled dry- docking amounts to USD 5.4 million and is related to dry- docking of vessels, MV Banasol, MV Barcarena, MV Barramundi and MV Balboa. Technical upgrade of USD 4.3 million is related to general improvement of the technical performance of the vessels and energy efficiency initiatives.

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. Expected future TCE earnings for both fleets of CABUs and CLEANBUs and diversified market exposure support the conclusion of no impairment indicators identified as per 30 September 2021.

05 Financial assets and liabilities

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

No drawdowns on debt facilities have been made in Q3 2021.

USD '000				
Mortgage debt	Description	Interest rate	Maturity	Carrying amount
Nordea/Danske Facility	Term loan, USD 100 mill	LIBOR + 2.3 %	March 2022	69 413
DNB/SEB Facility	Term loan, USD 105 mill	LIBOR + 2.3 %	December 2023	87 636
SEB/SR-Bank/SPV Facility	Term loan/RCF, USD 90.75 mill	LIBOR + 2.3 %	October 2025	86 783
Nordea/Credit Agricole Facility*	Term Loan/RCF, USD 60 mill	LIBOR + 2.75 %	March 2025	58 235
Capitalized loan fees				(1 791)
Mortgage debt 30 September 2021				300 276

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

As per 30 September 2021, the Group has available revolving credit facility capacity of USD 0.3 million related to the SEB/SR-Bank/SPV Facility and USD 4.8 million available capacity under a 364-days overdraft facility.

Bond loan	Face value NOK'000	Maturity	Carrying amount 30 Sep 2021 USD'000
KCC04	700 000	11.02.2025	80 649
Exchange rate adjustment			145
Capitalized expenses			(906)
Bond discount			(253)
Total bond loan	700 000		79 635

USD '000	Fair value 30 Sep 2021	Carrying amount 30 Sep 2021	Carrying amount 31 Dec 2020
Interest bearing liabilities			
Mortgage debt	216 561	216 561	208 052
Capitalized loan fees	-	(1 791)	(1 239)
Bond loan	76 956	80 794	81 991
Bond discount	-	(253)	(310)
Capitalized expenses bond loan	-	(906)	(1 032)
Total non-current interest bearing liabilities	293 517	294 405	287 462
Mortgage debt, current	85 507	85 507	22 473
Overdraft facility (Secured)	15 180	15 180	-
Total interest bearing liabilities	394 204	395 092	309 935

MATURITY PROFILE TO FINANCIAL LIABILITIES AT 30 SEPTEMBER 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					
Maturity profile financial liabilities at 30 Sep 2021	< 1 year	1-3 years	3-5 years	> 5 years	Total
Mortgage debt (incl. interest)	93 502	110 448	124 411	-	328 361
Bond loan (incl. interest)	4 757	9 515	78 299	-	92 571
Total	98 259	119 963	202 710	-	420 932

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 September 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.

Financial assets		
USD '000	30 Sep 2021	31 Dec 2020
Financial instruments at fair value through OCI		
Interest rate swaps	1 293	356
Cross-currency interest rate swap	2 419	2 917
Fuel Hedge	32	87
Financial instruments at fair value through P&L		
Interest rate swaps	74	154
Financial assets	3 818	3 515
Current	32	87
Non-current	3 786	3 427
Financial liabilities		
USD '000	30 Sep 2021	31 Dec 2020
Financial instruments at fair value through OCI		
Cross-currency interest rate swap (CCIRS)	3 276	5 409
Forward freight agreements	1 476	757
Financial instruments at fair value through P&L		
Interest rate swaps	-	-
Financial liabilities	4 752	6 166
Current	1 476	757
Non-current	3 276	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 September 2021, all FFA liabilities of USD 13.4 million have been paid to the clearing house (see Cash Flow Statement).

06 Financial items

USD '000					
Finance income	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Other interest income	6	37	45	344	398
Gain on foreign exchange	-	20	7	-	131
Finance income	6	57	52	344	529

USD '000					
Finance cost	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Interest expenses mortgage debt	2 557	1 678	8 046	5 807	7 729
Interest expenses bond loan	1 022	1 016	2 223	2 816	4 062
Interest expenses lease liabilities	50	21	77	67	94
Amortization capitalized fees on loans	223	139	625	486	693
Other financial expenses	224	23	120	730	906
Fair value changes in FFA	-	-	-	21	21
Fair value changes interest rate swaps	35	305	79	601	687
Loss on foreign exchange	24	-	-	103	126
Finance cost	4 135	3 182	11 170	10 630	14 317

07 Share capital, shareholders, dividends and reserves

Dividends of USD 2.2 million were paid to the shareholders in August 2021 (USD 0.045 per share).

In an Extraordinary General Meeting held on 24 September 2018, the Company issued 229,088 non-transferable warrants, each of which entitle the holder to subscribe one new share of the Company at a subscription price of NOK 44.38 per share.

The warrants for each subscriber may be exercised with one third from such time as when the Company's shares on a volume-weighted basis have traded at a price equal to minimum NOK 55.48 per share for ten consecutive trading days with an aggregate trading volume over such ten days of a minimum of USD 1 million. Another third may be exercised when there has been such trading at a price equal to a minimum of NOK 66.57 per share, and the last third when there has been such trading at a price equal to a minimum of NOK 77.67 per share. The warrants must be exercised no later than 24 September 2023. The exercise price and the threshold trading prices which trigger the right to exercise warrants shall be adjusted for paid dividends or other distributions to the shareholders.

Holder	No. of warrants	Subscription price (NOK)	Exercise Levels (NOK)*	Expiry
Klaveness Ship Holding AS	159,377	44.38	55.48/66.57/77.67	September 2023
EGD Shipholding AS	55,691	44.38	55.48/66.57/77.67	September 2023
Hundred Roses Corporation Inc	14,020	44.38	55.48/66.57/77.67	September 2023
Total	229,088			

* Not adjusted for dividends

08 Transactions with related parties

USD'000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
G&A fee to Klaveness AS	352	404	1 034	1 372	1 614
Commercial management fee to Klaveness AS	115	369	558	1 002	1 744
Project management and G&A fee to Klaveness Ship Management AS	420	-	1 112	-	180
G&A fee to Klaveness Asia Pte.Ltd	50	-	67	-	-
Group commercial and administrative services	937	773	2 770	2 374	3 538

USD'000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Technical management fee to KSM* (reported as part of Opex)	1 032	808	3 028	2 338	3 163
Crewing agency fee to KSM* (reported as part of Opex)	376	273	1 089	809	1 101
Supervision fee to Klaveness AS (capitalised on newbuildings)	105	442	1 333	1 279	1 778
Total other transactions with related parties	1 513	1 523	5 450	4 426	6 042

* KSM refers to Klaveness Ship Management AS

The CABU vessel MV Bangor has been employed in the Klaveness/Marubeni Baumarine dry bulk pool from August 2021. The pool participation is based on the standard pool agreement used for all pool participants, securing arm's length/market terms. Total revenue of USD 1.3 million have been recognised per 30 September 2021.

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

KCC Chartering AS has sold 105 days P4TC FFAs OTC for November and December 2021 to Baumarine AS, a related party in the Torvald Klaveness Group, at screen market pricing. Credit premium has not been included as the two companies have the same credit rating.

All bunkers purchase is done through AS Klaveness Chartering (KC), a related party in the Torvald Klaveness Group, which holds the bunker contracts with the suppliers. The bunker purchasing 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 a cost-plus basis reflecting the time spent by the bunkering team and charged as part of the G&A fee from Klaveness AS.

09 Events after the balance sheet date

Sale of the 2001 built CABU vessel, MV Banasol, was concluded 18 October 2021. The vessel is expected to be delivered to the new owner in December 2021. Estimated profit from the sale of USD 6.5 million will be recognized in Q4 2021. As the vessel is a specialized combination carrier, a sale requires removal of certain features and equipment prior to delivery. The vessel is not available for immediate sale in its present conditions, and have hence not been classified as held for sale as per 30 September 2021.

The Board of Directors declares dividends of USD 0.045 per share, total USD 2.16 million for Q3.

There are no other events after the balance sheet date that have material effect on the Financial Statement as of September 2021.

Appendix 1 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	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
EBITDA	17 640	9 257	40 066	37 802	48 125
Start-up costs CLEANBU vessels	219	590	2 250	761	1 391
EBITDA adjusted	17 859	9 847	42 316	38 563	49 517
EBIT	10 206	4 436	18 606	24 269	28 971
Start-up costs CLEANBU vessels	219	590	2 250	761	1 391
EBIT adjusted	10 425	5 026	20 856	25 031	30 362
Reconciliation of average revenue per onhire day (TCE earnings)					
USD'000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Net revenues from operations of vessels	31 850	20 358	81 312	68 402	91 139
Offhire compensation	-	-	(482)	(134)	(134)
Adjustment	381	(370)	869	(647)	(746)
Net revenue ex adjustment	32 231	19 988	81 698	67 620	90 259
Onhire days	1 469	984	4 080	3 138	4 300
Average revenue per onhire day (\$/d) (TCE earnings)	21 947	20 310	20 021	21 506	20 990
Reconciliation of opex per day					
USD'000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Operating expenses, vessels	12 265	9 753	35 894	26 499	37 193
Leasing cost previously presented as opex	152	113	433	328	453
Start-up costs CLEANBU vessels	(219)	(590)	(2 250)	(761)	(1 391)
Operating expenses, vessels adjusted	12 198	9 276	34 078	26 066	36 255
Operating days	1 564	1 161	4 401	3 345	4 620
Opex per day (\$/d)	7 800	7 990	7 744	7 793	7 848
Reconciliation of total assets to capital employed and return on capital employed (ROCE) calculation					
USD'000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Total assets	630 459	502 166	630 459	502 166	549 043
Total liabilities	422 928	286 051	422 928	286 051	332 510
Total equity	207 531	216 115	207 531	216 115	216 532
Total interest-bearing debt	395 092	261 139	395 092	261 139	309 934
Capital employed	602 623	477 254	602 623	477 254	526 466
EBIT adjusted annualised	41 698	20 104	27 808	33 374	30 362
ROCE adjusted	7 %	4 %	5 %	7 %	6 %
Reconciliation of equity ratio					
USD'000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Total assets	630 459	502 166	630 459	502 166	549 043
Total equity	207 531	216 115	207 531	216 115	216 532
Equity ratio	33 %	43 %	33 %	43 %	39 %
Reconciliation of total interest-bearing debt					
USD'000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Mortgage debt	214 770	156 452	214 770	156 452	206 813
Long-term bond loan	79 635	72 388	79 635	72 388	80 649
Short-term mortgage debt	85 507	17 367	85 507	17 367	22 473
Other interest bearing liabilities	15 180	-	15 180	-	-
Short-term bond loan	-	14 932	-	14 932	-
Total interest-bearing debt	395 092	261 139	395 092	261 139	309 934

