

Fourth Quarter 2020

 Klaveness
Combination Carriers



HIGHLIGHTS

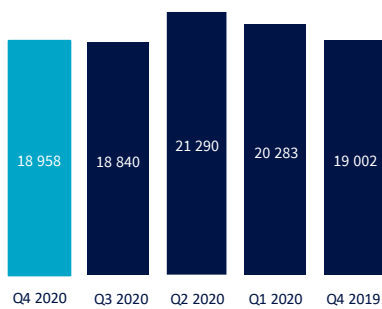
- KCC TCE earnings¹ 2-3 times higher than standard tanker vessel earnings
- Net revenue increased by 12% compared to last quarter
- Adjusted EBITDA¹ up USD 1.2 million from last quarter to USD 11.0 million
- Successful conclusion of additional CABU caustic soda contracts and expansion of CLEANBU combi-trading pattern
- 90% of scheduled crew changes performed on schedule in Q4
- Dividends maintained at USD 0.03 per share (total USD 1.44 million) for Q4

“KCC substantially outperformed the standard tanker market in Q4, delivering TCE earnings 2-3 times the market. Q4 ended a strong 2020 for KCC’s unique solutions, demonstrating the value of flexibility and diversification while delivering market leading environmental performance.”

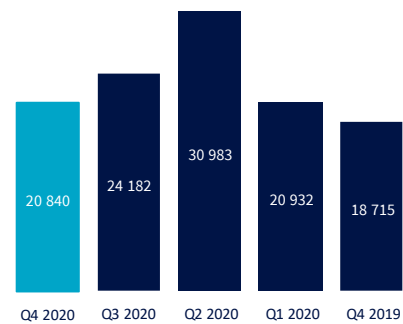


Engebret Dahm, CEO
Klaveness Combination Carriers ASA

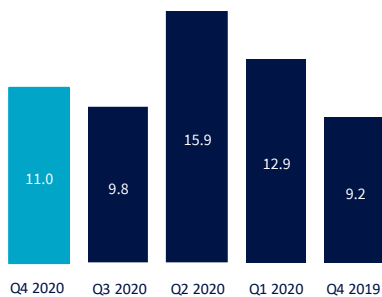
Average CABU TCE earnings (\$/d)



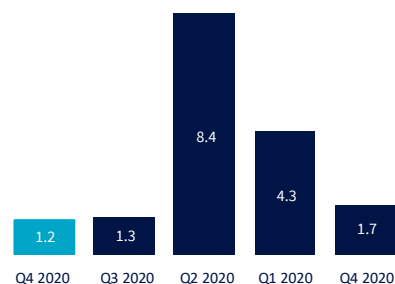
Average CLEANBU TCE earnings (\$/d)



Adjusted EBITDA (mUSD)



Profit/(loss) after tax (mUSD)



¹ TCE earnings and adjusted EBITDA are alternative performance measures (APMs) defined and reconciled in note 11 (page 25)

CONSOLIDATED FINANCIALS

Key Figures

(USD '000)	Q4 2020	Q3 2020	Q4 2019	2020	2019
Net revenues from vessel operations	22 871	20 358	18 826	91 139	61 327
EBITDA (note 11)	10 323	9 257	9 038	48 125	25 763
EBITDA adjusted (note 11)	10 953	9 847	9 193	49 517	27 487
Profit/(loss) for the period	1 212	1 311	1 734	15 192	597
Earnings per share ¹	0.02	0.03	0.04	0.32	0.01
Total assets	549 401	502 166	459 262	549 401	459 262
Equity	216 542	216 116	212 941	216 542	212 941
Equity ratio	39 %	43 %	46 %	39 %	46 %
ROCE adjusted (note 11)	4 %	4 %	4 %	6 %	3 %

	Q4 2020	Q3 2020	Q4 2019	2020	2019
Average TCE earnings (note 11)	19 597 \$/d	20 310 \$/d	18 941 \$/d	20 990 \$/d	17 060 \$/d
Opex per day (note 11)	7 991 \$/d	7 990 \$/d	7 940 \$/d	7 848 \$/d	7 421 \$/d
Onhire days	1 162	984	1 037	4 300	3 636
Off-hire days, scheduled	33	72	50	119	141
Off-hire days, unscheduled	39	49	17	110	85
% of days in main combination trades ²	77 %	78 %	75 %	77 %	73 %
Utilisation ³	90 %	87 %	91 %	91 %	91 %

FINANCIAL PERFORMANCE

Fourth quarter

Adjusted EBITDA for the period ended at USD 11.0 million up from USD 9.2 million in Q4 2019 and USD 9.8 million last quarter. Both the tanker and dry bulk market weakened during the quarter while fuel prices strengthened, the net effect on TCE earnings being in total slightly negative compared to third quarter. The fleet continued to grow with delivery of the fifth CLEANBU vessel in Q4. Vessel on-hire days were up equivalent to approx. 0.5 and 0.35 vessel years relative to Q3 2020 and Q4 2019, respectively. Operating expenses increased in Q4 mainly due to a higher number of vessels. Net profit after tax for Q4 ended at USD 1.2 million compared to USD 1.3 million in Q3 and USD 1.7 million in Q4 2019.

Full year

Net revenue from vessel operations increased by 49% from USD 61.3 million in 2019 to USD 91.1 million in 2020, while adjusted EBITDA ended at USD 49.5 million, an increase of 80%. The main reasons are a 1.8 vessel years larger on-hire fleet and stronger TCE earnings driven by a stronger tanker market in first half and higher caustic soda volumes, the latter improving combination trading for the CABU vessels. On the other hand, costs and off-hire increased due to COVID-19 and total COVID-19 effect is estimated to be USD 5.8 million in lower earnings due to off-hire as well as delayed start of trading for the newbuilds and higher than normal costs, each approx. 50 % of total negative impact. Net profit for the year ended at USD 15.2 million compared to USD 0.6 million in 2019.

¹ Earnings per share from operations. Based on average outstanding shares for the different periods.

² % of days in main combination trades = number of days in combi trade from Far East/Middle East to Australia, US Gulf to Brazil and Middle East/India to South America as a percentage of total onhire days.

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

THE CABU BUSINESS

(USD/day) / # of days	Q4 2020	Q3 2020	Q4 2019	2020	2019
Average TCE earnings (note 2)	18 958 \$/d	18 840 \$/d	19 002 \$/d	19 886 \$/d	16 877 \$/d
Opex per day (note 2)	7 162 \$/d	7 853 \$/d	6 975 \$/d	7 333 \$/d	6 800 \$/d
Onhire days	767	713	819	3 102	3 171
Off-hire days, scheduled	33	72	4	115	96
Off-hire days, unscheduled	27	43	5	77	18
% of days in main combination trades ¹	83 %	89 %	80 %	87 %	74 %
Ballast days in % of total on-hire days	13 %	13 %	11 %	13 %	11 %
Utilisation ²	90 %	83 %	96 %	90 %	94 %

Fourth quarter

Average TCE earnings per on-hire day for the CABU vessels ended at \$18,958/day, quite in line with both Q3 (\$18,840/day) and Q4 2019 (\$19,002/day). This is 2.9 times higher than the spot market for standard MR tankers³, driven by 100% efficient combination trading in the Pacific basin where approx. 70% of the fleet was employed in Q4.

Off-hire was down in total 55 days compared to Q3 due to less scheduled drydocking and less COVID-19 related off-hire (deviations for crew changes, quarantine etc), the latter down from 35 days in Q3 to 19 days in Q4. Operating costs were down approx. \$690/day compared to Q3 and up approx. \$190/day compared to Q4 2019.

Full year

Average TCE earnings per on-hire day increased by approx. \$3,000/day from 2019 to 2020 and ended at \$19,886/day, a multiple of 1.3 to standard spot earnings for MR tankers. The main drivers are increased caustic soda volumes both in the Pacific and the Atlantic and hence a higher degree of efficient combination trading, in addition to stronger underlying markets in total. The % of days in main combination trades increased from 74% in 2019 to 87% in 2020.

However, the pandemic impacted costs and off-hire negatively in 2020. Opex per day ended at \$7,333/day, an increase of approx. \$530/day from 2019, partly due to COVID-19 (crew costs, deviations, forwarding cost for spare parts and supplies etc). Unscheduled off-hire ended at 77 days, whereof 55 days were COVID-19 related, compared to 19 unscheduled off-hire days in 2019. Three vessels have been through regular dry-docking in 2020 and scheduled off-hire increased by 19 days compared to 2019. In sum, 2020 turned out to be a strong year for the CABU vessels with the highest TCE earnings since 2015 and very efficient combination trading.

THE CLEANBU BUSINESS

(USD/day) / # of days	Q4 2020	Q3 2020	Q4 2019	2020	2019
Average TCE earnings (note 2)	20 840 \$/d	24 182 \$/d	18 715 \$/d	23 851 \$/d	18 300 \$/d
Opex per day (note 2)	9 527 \$/d	8 330 \$/d	10 836 \$/d	9 125 \$/d	10 751 \$/d
Onhire days	395	271	218	1 198	465
Off-hire days, scheduled	-	-	45	-	45
Off-hire days, unscheduled	12	6	13	31	69
% of days in main combination trades ¹	67 %	48 %	58 %	50 %	61 %
Ballast days in % of total on-hire days	19 %	15 %	13 %	20 %	21 %
Utilisation ²	93 %	97 %	77 %	95 %	78 %

Fourth quarter

The CLEANBU fleet outperformed the LR1 tanker vessel spot earnings by a multiple of 1.9³. Average CLEANBU TCE earnings per on-hire day ended at \$20,840/day, down by approx. \$3,340/day from last quarter and up approx. \$2,125/day compared to Q4 2019. The fleet had in total approx. 0.35 more vessel years on-hire compared to last quarter as two vessels were delivered in Q3 and Q4. One vessel continued performing under a tanker time charter secured in the strong tanker market in April 2020, while the remaining 3.3 vessels traded mainly in combination trades with CPP, caustic soda and dry bulk in the Pacific. An important milestone was reached in October 2020 with the successful completion of the first CPP voyage to Australia with previous cargo dry bulk, representing a breakthrough in one of the most important target markets for the CLEANBUS. An additional two CPP cargoes to Australia were successfully performed in December 2020 and to date in 2021.

Unscheduled off-hire increased by 6 days to 12 days, whereof 8 days related to COVID-19 (1 day in Q3). Average operating costs for the CLEANBU vessels ended at \$9,527/day, approx. \$1,200/day higher than last quarter, partly due to COVID-19 related costs, and \$1,300/day lower than in Q4 2019 mainly due to costs related to the guarantee docking of MV Baru recognised in Q4 2019.

Full year

Average TCE earnings ended at \$23,851/day for the year, approximately \$5,550/day higher compared to 2019. The increase is partly due to the fixing of three vessels on tanker time charters at the market peak in Q2 2020, two for three months each and one vessel for nine months. The commercial phase-in of the vessels has shown good progress with expansion of combi-trading patterns as well as successful performance at new terminals for new customers. The earnings multiple to LR1 tankers was 1.1 as the LR1 tanker spot rates were at historic strong levels for part of 2020.

The COVID-19 situation has made delivery of newbuilds in China more challenging and costly. It has not been possible to get KCC's crew into China during most of 2020, hence Chinese crew have been employed to sail the two delivered newbuilds to South Korea for crew change. The time from delivery until start of trading has hence increased by an average of 38 days compared to the vessels delivered in 2019. The result was increased costs and less on-hire days. Other costs have increased as well as a result of COVID-19.

Based on solid earnings, the CLEANBU segment EBITDA ended at USD 13.8 million compared to a negative EBITDA of USD 1.5 million in 2019.

¹ % of days in main combination trades = number of days in combination trade from Far East/Middle East to Australia, US Gulf to Brazil and Middle East/India to South America as a percentage of total on-hire days.

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

³ Source: Clarksons Platou

CAPITAL AND FINANCING

Mortgage debt increased by USD 60.5 million in Q4 2020 due to delivery and financing of CLEANBU vessels delivered in Q3 and Q4. The call option to redeem the remaining outstanding amount of NOK 142 million under the KCC03 bonds was exercised in Q3 and settled in Q4 2020. The short-term overdraft facility of USD 10 million was extended for one year and raised to USD 20 million in January 2021. KCC's capital commitments are fully funded, and the refinancing risk is limited over the next year as the first debt facility falls due in March 2022.

The equity ratio ended at 39% per year-end down from 43% per end of third quarter as a result of delivery of two vessels and hence higher bank debt. Cash and cash equivalents ended at USD 65.7 million, up from USD 57.7 million at end of third quarter mainly driven by a positive cash flow from operating activities (USD 9.4 million) as the net effect of cash flow from investment activities (negative USD 35.9 million, mainly yard instalments related to newbuilds) and financing activities (USD 34.3 million, mainly increased bank debt net of repaid bond debt) was limited to negative USD 1 million.

FLEET

The fifth CLEANBU vessel MV Bangus was delivered on 13 October 2020 and the vessel started trading at the end of November. The fleet as of year-end 2020 consisted of nine CABU and five CLEANBU combination carriers, with another three CLEANBU vessels on order. One of these three vessels was delivered in January 2021 and the last two are estimated to be delivered in March and May 2021 respectively. The two last individual fixed price options expired in January 2021.

KCC is experiencing several operational challenges related to COVID-19 and the situation is again escalating. Countries have implemented/are implementing even stricter procedures as a result of the mutant virus variations discovered over the last months. It is difficult to make crew changes and get ship managers, service personnel and vetting inspectors on board the vessels, and to take delivery of newbuilds. Other issues that drive costs are composition of crew, stand-by pay for crew and forwarding costs to mention some. The fleet had in total 27 days COVID-19 related off-hire in Q4 2020 and the total negative COVID-19 impact is estimated to be around USD 2.7 million in costs and lower earnings for the quarter.

Yard guarantee work related to the three first CLEANBU vessels is targeted to be rectified in the period March-October 2021. Total off-hire is estimated to be in total 180-225 days. The yard guarantee items are not linked to the combination carrier concept or trading capabilities of the vessels and are not expected to materially impact the vessels performance until being rectified.

One CABU vessel has been through periodic dry docking with in total 33 days off-hire in Q4 2020.

MARKET DEVELOPMENT

Earnings of KCC's combination carriers are driven by the Panamax dry bulk market, MR and LR1 product tanker markets and fuel markets. Fourth quarter 2020 started on a strong note for dry bulk rates, with the Capesize index peaking at \$34,900/day early October on the back of strong Chinese iron ore demand. Despite continued strong dry bulk shipping volumes, rates fell back to almost \$10,000/day in mid-December. This was to some degree driven by the Chinese "ban" on Australian coal. The last weeks of 2020 (and to date in 2021) offered strong gains on the daily earnings with Brazil iron ore volumes at an all-time high in December. Panamax average earnings were \$12,000/day in fourth quarter 2020, the weakest fourth quarter average since 2016. This was in large part due to a 6.8% year-on-year (YoY) decline in coal volumes as Australia/China cargoes dried up. However, rates found some support in very large grain volumes from the US to China towards the end of the year.

On the supply side, Clarksons reported a YoY growth of 5.6% in the Panamax fleet in Q4 2020 (total bulk fleet 4.3%). The Panamax orderbook currently stands at 5.7% of the current fleet, the lowest level since 2002, a very positive factor for the market going forward.

Global demand for dry bulk vessels is expected to be firm going forward on the back of strong iron ore exports driven by healthy margins for producers and a continued recovery in coal volumes based on a rising post COVID-19 energy demand. On the grain side, one expects continued strong US exports and a very good (although delayed) harvest in Brazil and another year of growth in Brazilian grain exports. Minor bulk is also expected to improve on the back of COVID-19 recovery.

While the product tanker market on overall continued to weaken in the fourth quarter 2020, the LR1 route from Middle East to Japan (TC5) improved compared to the third quarter, but still ended at a weak level of \$9,100/day. Product tanker rates are negatively impacted by continued muted oil consumption, high inventories and general low refinery runs on the back of the supply/demand disruptions caused mainly by the COVID-19 pandemic. Expectation of oil demand gradually resuming pre-COVID-19 levels coupled with low fleet growth are likely to spur an improvement in rates during 2021 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.

US caustic soda demand has been good and steady during the fourth quarter and early 2021, while spot exports from the US Gulf have been low over the past few weeks. Suppliers in the Far East run at high operating rates due to a bullish downstream PVC market leading to caustic soda oversupply in the respective domestic markets and pressure to export. While still uncertain, outlook for exports from Far East to Australia looks positive for 2021.

Brent crude oil prices ended at around USD 52 per barrel at year-end, up 25% quarter-on-quarter. Average fuel oil price (VLSFO) Q4 2020 increased by around 8% quarter-on-quarter.

Fig. 1: Product tanker market

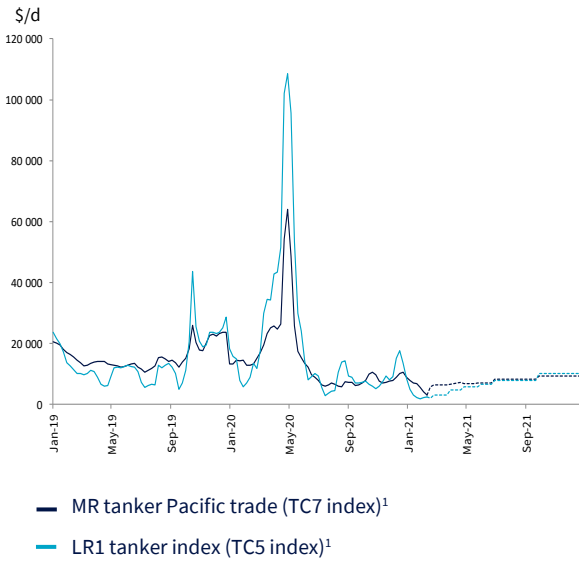


Fig. 2: Dry bulk market

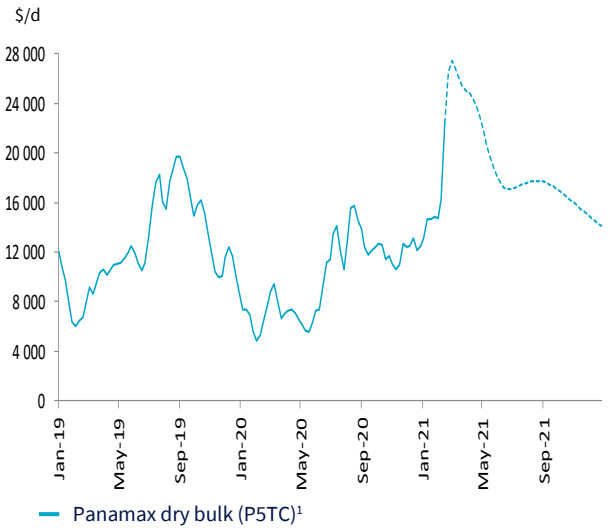


Fig. 3: Fuel Market

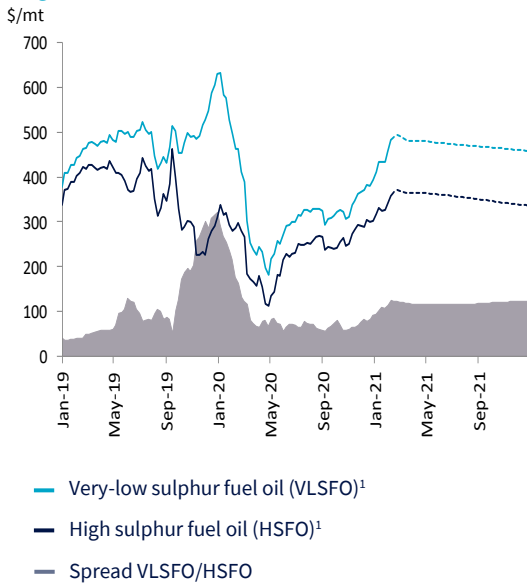
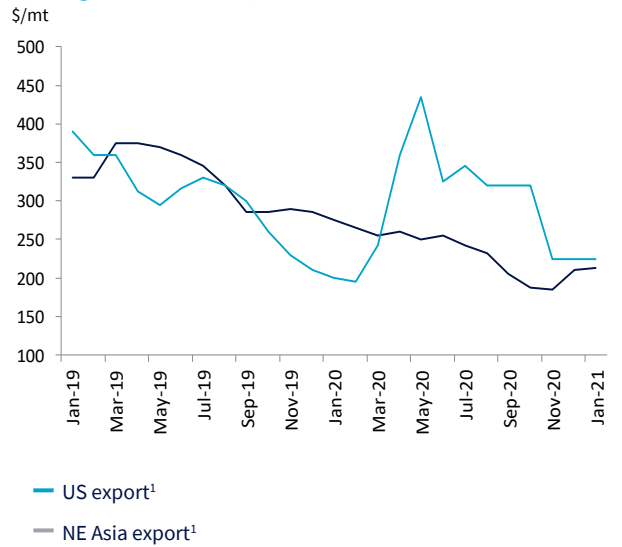


Fig. 4: Caustic Soda prices



¹ Source: Baltic Exchange and Platts

HEALTH, SAFETY AND ENVIRONMENT

HEALTH AND SAFETY

Safety is KCC's priority number one and to the Board's satisfaction there were no major or medium incidents and no navigational incidents or spills to the environment in Q4 2020. Klaveness Ship Management's continuous focus on safety and the launch of "KLASS" (Klaveness Always Safe and Secure) safety culture program throughout KCC's fleet in Q3 and Q4 2020, have delivered positive results with no major or medium personal injuries on KCC's fleet since March 2020.

HEALTH & SAFETY KPI'S	Q4 2020	Q3 2020	Q4 2019	2020	2019
# of medium* injuries	-	-	-	3	5
# of major** injuries	-	-	-	-	-
# of navigational incidents	-	-	-	1	3
# of spills to the environment	-	-	-	1	-

* Medium = Medical treatment and repatriation, will return to work

**Major = Severe injury or death

The revised COVID-19 management plan implemented in Q3 2020 to ensure the health and safety of our crew, with increased testing and strict quarantine procedures for crew, has worked as intended and there have not been any COVID-19 cases onboard our vessels in Q4. Special focus has been on carrying through scheduled crew changes and to repatriate as many as possible of KCC's crew at the end of their service period without delays. The number of crew changes has continued to increase in Q4 2020, and nine out of 10 scheduled crew changes were performed as planned during the quarter up from five to six of 10 during Q2 2020. KCC has regrettably still crew members having stayed onboard longer than their service period, and KCC's ship manager, Klaveness Ship Management (KSM), has high priority on securing safe repatriation of these crew members.

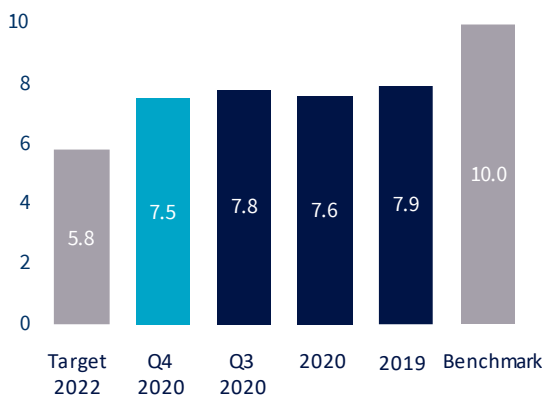
ENVIRONMENT

KCC’s combination carriers provide the most carbon efficient and environmentally friendly deep-sea transportation solution available today. Our vessels effectively combine wet and dry cargo, minimizing ballast to 10-15% of the total time, whilst regular tankers and dry bulk vessels typically ballast 30-45% of the time in the same trading patterns. This gives up to 40% reduction in CO₂ emissions for the same transport work, when performed by KCC’s combination carriers.

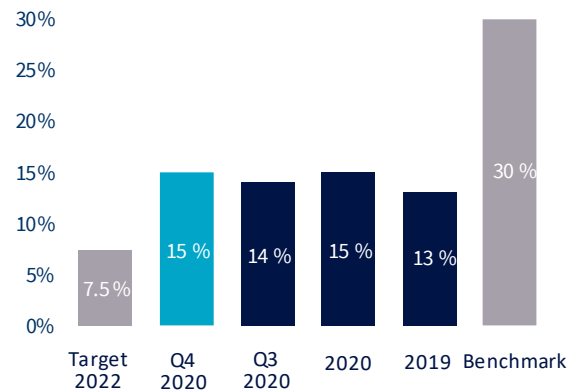
CO₂ emissions per ton transported cargo per nautical mile (EEOI) ended at 7.5 for fourth quarter and 7.6 for 2020 in total, down from 7.9 in 2019. The EEOI for 2020 is negatively impacted by the time charter of three vessels trading as standard tankers and phase-in and not yet fully optimal trading of the CLEANBU vessels. The efficient combination trading for the CABU vessels has, however, contributed positively.

Both the EEOI and the average CO₂ emission per vessel are above the set targets for 2022. A number of initiatives both onboard the vessels and with respect to the operation of the vessels have been launched in 2020 and to date in 2021 which are expected to show positive effects during 2021. This includes amongst others testing out of different types of silicone-based hull coatings, propeller ultrasound devices and semi-autonomous hull cleaning robots to reduce marine growth and lower fuel consumption. The planning speed of the vessels have been reduced and a new weather routing system will soon be tested with the target to further reduce fuel consumption and CO₂ emissions. In addition, the redelivery of the last vessel on time charter and further optimization of the CLEANBU combi-trading patterns will likely result in reduced ballast-days and contribute to a further reduction in EEOI going forward.

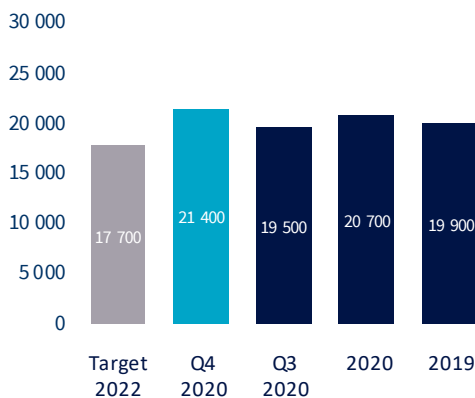
CO₂ emission per ton transported cargo per nautical mile (EEOI)^{1,2}



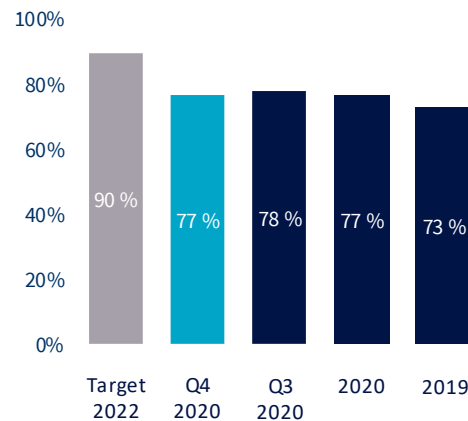
Ballast days in % of total on-hire days²



Average CO₂ emission per vessel³



% of days in main combination trades⁴



¹ EEOI (Energy Efficiency Operational Index) is defined by IMO and represents CO₂ emitted per transported cargo per nautical mile for a period of time (both fuel consumption at sea and in port included). In theory, this index will show the good energy efficiency for the combination carriers as the combination carriers have substantially lower ballast than standard vessels. As the fleet is relatively small, the reported EEOI is sensitive to temporary trade disruptions with trading the vessels as standard vessels with “normal ballast” as well as one or two longer ballast voyages e.g. when positioning CABU vessels to/from trading in Americas. These variations are evident when we look at the historical numbers, but will most likely be more stable when we have a larger fleet. Prior to 2020, end date of a voyage is decisive for which period EEOI for a voyage is included. From 2020 and onwards, reporting system provider was changed so that we are able to calculate EEOI on a per day basis, allocated to the corresponding quarter.

² Benchmark: The EEOI and % ballast for “Benchmark standard vessels” are calculated based on standard vessels (panamax/kamsarmax dry, 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 AXSmarine.

³ CO₂ emissions – average per vessels = total emissions/vessel years. Vessel years = days available – offhire days at yard. Quarterly figures are annualized. When new vessels are delivered to the fleet, the vessel years are calculated from the date the vessel is delivered. Prior to 2020, end date for a voyage was decisive for which period emission was included. From 2020 and onwards, reporting system provider was changed so that we are able to calculate emissions on a per day basis, allocated to the corresponding quarter.

⁴ % of days in main combination trades = number of days in combi trade from Far East/Middle East to Australia, US Gulf to Brazil and Middle East/India to South America as a percentage of total onhire days.

OUTLOOK AND SUBSEQUENT EVENTS

The earnings for first quarter 2021 are negatively impacted by the historic weak tanker market in January and to date in February. Both the dry bulk market and fuel prices have, however, strengthened considerably during the same period offsetting negative effects from the tanker market. The outlook for the dry bulk market is strong with demand growth likely to exceed fleet growth in 2021, while the conditions in the tanker market will likely remain challenging for some time. Once the full recovery from the COVID-19 pandemic materializes, however, the supply-demand balance in the tanker markets is promising with a historic low orderbook and possible positive “catch up” demand effects. The CABU fleet will continue to benefit from high tanker contract coverage, while the CLEANBU fleet is more exposed. TCE earnings for both vessel segments are expected to continue to be considerably higher than the earnings for standard tankers and dry bulk vessels during first quarter.

The sixth CLEANBU vessel was delivered 11 January 2021 and the last two CLEANBU vessels are scheduled to be delivered in March and May. We expect that travel restrictions and extended quarantine regulations in China will add costs and delay start of trading of the last two newbuilds. While the implemented COVID-19 management plan works well, operating costs and off-hire will likely continue to be higher than normal over the coming quarters.

KCC’s business model with a diversified market exposure to three markets (dry bulk, tanker and fuel) proves its value in the current extreme market conditions with a historic poor tanker market, but a strong dry bulk market and high fuel prices. Together with KCC’s high contract coverage this even out KCC’s earnings and makes KCC significantly more resilient than traditional shipping companies. With much increased focus on cutting carbon emissions throughout the shipping industry, KCC’s competitive advantage in low carbon shipping, providing the most cost-efficient way of decarbonizing seaborne supply chains, is expected to increase going forward.

Oslo, 18 February 2021

The Board of Directors of
Klaveness Combination Carriers ASA

Lasse Kristoffersen
Chairman of the Board

Magne Øvreås
Board member

Morten Skedsmo
Board member

Lori Wheeler Næss
Board member

Rebekka Glasser Herlofsen
Board member

Engebret Dahm
CEO

INCOME STATEMENT

USD'000	Notes	Quarter ended		Year ended	
		Unaudited 31 Dec 2020	Unaudited 31 Dec 2019	Unaudited 31 Dec 2020	Audited 31 Dec 2019
Freight revenue	3	36 444	39 158	142 289	130 768
Charter hire revenue	3	5 269	2 168	20 442	5 752
Total revenues, vessels		41 713	41 325	162 731	136 521
Voyage expenses		(18 842)	(22 499)	(71 592)	(75 194)
Net revenues from operations of vessels		22 871	18 826	91 139	61 327
Operating expenses, vessels		(10 693)	(8 512)	(37 193)	(29 913)
Group commercial and administrative services	9	(1 164)	(1 027)	(3 538)	(4 396)
Salaries and social expense		(414)	-	(1 327)	-
Tonnage tax		(82)	(65)	(180)	(163)
Other operating and administrative expenses		(194)	(183)	(776)	(1 093)
Operating profit before depreciation (EBITDA)		10 323	9 038	48 125	25 763
Ordinary depreciation	4	(5 623)	(4 530)	(19 155)	(14 070)
Operating profit after depreciation (EBIT)		4 701	4 508	28 971	11 692
Finance income	7	161	1 757	529	3 024
Finance costs	7	(3 664)	(4 516)	(14 317)	(14 105)
Profit before tax (EBT)		1 198	1 749	15 182	612
Income tax expenses		-	(15)	-	(15)
Profit after tax		1 198	1 734	15 182	597
Attributable to:					
Equity holders of the parent company		1 198	1 734	15 182	597
Non-controlling interests		-	-	-	-
Total		1 198	1 734	15 182	597
Earnings per Share (EPS):					
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent		0.02	0.04	0.32	0.01

STATEMENT OF COMPREHENSIVE INCOME

USD '000	Quarter ended		Year ended	
	Unaudited 31 Dec 2020	Unaudited 31 Dec 2019	Unaudited 31 Dec 2020	Audited 31 Dec 2019
Profit/ (loss) of the period	1 198	1 734	15 812	5 97
<i>Other comprehensive income to be reclassified to profit or loss</i>				
Net movement fair value on cross-currency interest rate swaps (CCIRS)	9 877	1 149	1 253	(1 438)
Reclassification to profit and loss (CCIRS)	(8 191)	(1 038)	(3 715)	1 347
Net movement fair value on interest rate swaps	811	79	(2 491)	(686)
Net movement fair value FX hedge	-	52	-	38
Net movement fair value bunker hedge	242	348	87	918
Net movement fair value FFA hedge	(1 154)	671	(1814)	85
Net other comprehensive income to be reclassified to profit or loss	1 586	1 261	(6 679)	265
Other comprehensive income/(loss) for the period, net of tax	1 586	1261	(6 679)	265
Total comprehensive income/(loss) for the period, net of tax	2 783	2 995	8 503	862
Attributable to:				
Equity holders of the parent company	2 783	2 995	8 503	862
Total	2 783	2 995	8 503	862

STATEMENT OF FINANCIAL POSITION

(Figures in USD '000)

ASSETS	Notes	Unaudited 31 Dec 2020	Restated* 31 Dec 2019
Non-current assets			
Vessels	4	404 258	315 208
Newbuilding contracts	5	48 441	62 316
Right-of-use assets	4	1 672	1 765
Long-term financial assets	6	3 427	202
Long-term receivables		70	-
Total non-current assets		457 868	379 490
Current assets			
Short-term financial assets	6	87	1 077
Inventories		6 159	7 163
Trade receivables and other current assets		18 501	14 313
Short-term receivables from related parties		742	130
Cash and cash equivalents		65 685	57 089
Total current assets		91 174	79 772
TOTAL ASSETS		549 043	459 262

EQUITY AND LIABILITIES		Unaudited 31 Dec 2020	Restated* 31 Dec 2019
Equity			
Share capital	8	5 725	5 725
Share premium		130 155	130 155
Other reserves		(6 511)	316
Retained earnings		87 162	76 744
Total equity		216 532	212 941
Non-current liabilities			
Mortgage debt	6	206 813	169 304
Long-term financial liabilities	6	5 409	3 626
Long-term lease liabilities		1 239	1 395
Bond loan	6	80 649	33 836
Total non-current liabilities		294 109	208 161
Current liabilities			
Short-term mortgage debt	6	22 473	17 367
Other interest bearing liabilities	6	-	1 835
Short-term financial liabilities	6	757	-
Short-term lease liabilities		493	407
Trade and other payables		13 165	17 778
Short-term debt to related parties		1 339	617
Tax liabilities		175	157
Total current liabilities		38 401	38 161
TOTAL EQUITY AND LIABILITIES		549 043	459 262

* Restatement described in note 12

Oslo, 18 February 2021

The Board of Directors of
Klaveness Combination Carriers ASA

Lasse Kristoffersen
Chairman of the Board

Magne Øvreås
Board member

Morten Skedsmo
Board member

Lori Wheeler Næss
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 2020	Share capital	Other paid in capital	Treasury Shares	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)
Purchase of own shares	-	-	(147)	-	-	(147)
Share option program	-	-	-	-	39	39
Dividends	-	-	-	-	(4 803)	(4 803)
Equity at 31 December 2020	5 725	130 155	(147)	(6 363)	87 162	216 532

Restated* 2019	Share capital	Other paid in capital	Treasury Shares	Hedging reserve	Retained earnings	Total
Equity 1 January 2019	4 863	92 271	-	51	80 901	178 086
Correction from prior periods*	-	-	-	-	(937)	(937)
Equity 1 January 2019, restated	4 863	92 271	-	51	79 964	177 149
Profit (loss) for the period	-	-	-	-	597	597
Other comprehensive income for the period	-	-	-	265	-	265
Capital increase (May 20, 2019)	845	37 080	-	-	-	37 925
Capital increase (June 21, 2019)	17	805	-	-	-	822
Share option program	-	-	-	-	3	3
Dividends	-	-	-	-	(3 820)	(3 820)
Equity at 31 December 2019, restated	5 725	130 155	-	316	76 744	212 941

* Restatement described in note 12

CASH FLOW STATEMENT

(Figures in USD '000)

	Notes	Quarter ended		Year ended	
		Unaudited 31 Dec 2020	Unaudited 31 Dec 2019	Unaudited 31 Dec 2020	Audited 31 Dec 2019
Profit before tax		1 198	1 749	15 182	612
Tonnage tax expensed		82	65	180	163
Ordinary depreciation	4	5 623	4 530	19 155	14 070
Amortization of upfront fees bank loans		207	130	693	373
Financial derivatives unrealised loss / gain (-)	6	86	(986)	(342)	3 681
Gain/loss on foreign exchange		(107)	998	(4)	(1 074)
Interest income	7	(14)	(288)	(271)	(1 885)
Interest expenses	7	3 195	2 854	11 884	9 889
Taxes paid for the period		-	-	-	(46)
Change in current assets		(5 322)	(3 423)	(3 797)	(5 090)
Change in current liabilities		4 507	8 913	(2 573)	9 294
Interest received	7	14	288	271	1 885
A: Net cash flow from operating activities		9 469	14 831	40 013	31 873
Acquisition of tangible assets	4	(991)	(3 072)	(4 271)	(6 010)
Installments and other cost on newbuilding contracts	5	(34 859)	(13 950)	(88 634)	(158 285)
B: Net cash flow from investment activities		(35 850)	(17 022)	(92 905)	(164 295)
Proceeds from mortgage debt	6	60 450	-	60 450	93 000
Net proceeds from bond loan		-	-	-	(630)
Proceeds from bond loan (KCC04)	6	-	-	76 390	-
Buyback of bond loan (KCC03)	6	(16 221)	-	(34 100)	-
Transaction costs on issuance of loans	6	(709)	(193)	(1 914)	(1 596)
Repayment of mortgage debt	6	(4 342)	(3 911)	(17 367)	(13 923)
Terminated financial instruments		-	-	(3 101)	-
Interest paid	7	(3 246)	(2 669)	(11 632)	(9 014)
Repayment of financial lease liabilities		(125)	(107)	(454)	(385)
Purchase of own shares		-	-	(147)	-
Capital increase May 20, 2019		-	-	-	40 096
Transaction costs on capital increase		-	-	-	(2 147)
Dividends		(1 441)	(480)	(4 802)	(3 814)
C: Net cash flow from financing activities		34 366	(7 360)	63 322	101 587
Net change in liquidity in the period (A + B + C)		7 986	(9 551)	10 431	(30 836)
Cash and cash equivalents at beginning of period*		57 699	64 805	55 254	86 090
Cash and cash equivalents at end of period*		65 685	55 254	65 685	55 254
Net change in cash and cash equivalents in the period		7 986	(9 551)	10 431	(30 836)
Cash and cash equivalents		65 685	57 089	65 685	57 089
Other interest bearing liabilities (overdraft facility)		-	1 835	-	1 835
Cash and cash equivalents (as presented in cash flow statement)		65 685	55 254	65 685	55 254

* Cash and cash equivalents include drawn amount on overdraft facility.

Notes

01	Accounting policies
02	Segment reporting
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09	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 Euronext Expand (formerly Oslo Axess) with ticker KCC. The consolidated interim accounts include the parent company and its subsidiaries (referred to collectively as "The Group").

The objectives of the Group is to provide transportation for dry bulk, chemical and product tanker clients, as well as to develop new investment and acquisition opportunities that fit the Group's existing business platform. The Group has nine CABU vessels, vessels with capacity to transport caustic soda (CSS), floating fertilizer (UAN) and molasses as well as all dry bulk commodities. In addition, the Group has five CLEANBU vessels in operation and three CLEANBU newbuildings with estimated delivery in 1H 2021. The sixth CLEANBU vessel was delivered 11 January 2021. The CLEANBUs are both full fledged LR1 product tankers and Kamsarmax dry bulk vessels.

ACCOUNTING POLICIES

The interim condensed financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and are based on IAS 34 *Interim Financial Reporting*. The interim condensed financial statements of the Group should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRS, as adopted by the European Union.

Tax

During second quarter 2020, three CLEANBU vessels owned by KCC Shipowning AS were sold to KCC KBA AS, which is subject to ordinary Norwegian taxation. In third quarter 2020 two of the CLEANBUS were sold back to KCC Shipowning, and KCC KBA AS owned as per end of December 2020 one CLEANBU, MV Barracuda. Due to unrecognized losses carried forward in the Group, the transfer to ordinary taxation did not have any material impact on the tax expense for the period. Tax expense for the Group in 2020 is zero.

NEW ACCOUNTING POLICIES

Treasury shares

Where KCC has acquired own shares under a share buy-back program, the amount of consideration paid, including directly attributable costs, is recognized as a change in equity and classified as treasury shares. No gain or loss are recognized in profit and loss related to the purchase, sale, issue, reissue or cancellation of KCC's own equity instruments.

NEW ACCOUNTING POLICIES

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 2019, except for the adoption of new accounting standards or amendments with effective date after 1 January 2020. 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. As per year-end 2020, the Group owned nine CABUs, five CLEANBUs on water and three CLEANBUs on order with expected deliveries in first half of 2021. The sixth CLEANBU vessel was delivered on 11 January 2021.

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

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

Operating income and operating expenses per segment						
(USD'000)	CABU	Q4 2020 CLEANBU	Total	CABU	Q4 2019 CLEANBU	Total
Operating revenue, vessels	28 918	12 795	41 713	34 869	6 456	41 325
Voyage expenses	(14 216)	(4 626)	(18 842)	(19 463)	(3 036)	(22 499)
Net revenue	14 702	8 169	22 871	15 406	3 420	18 826
Operating expenses, vessels	(5 850)	(4 844)	(10 693)	(5 397)	(3 115)	(8 512)
Group administrative services	(637)	(527)	(1 164)	(651)	(376)	(1 027)
Salaries and social expense	(226)	(187)	(414)	-	-	-
Tonnage tax	(61)	(21)	(82)	(55)	(10)	(65)
Other operating and administrative expenses	(106)	(88)	(194)	(116)	(67)	(183)
Operating profit before depreciation (EBITDA)	7 822	2 501	10 323	9 186	(147)	9 038
Ordinary depreciation	(3 035)	(2 588)	(5 623)	(2 974)	(1 556)	(4 530)
Operating profit after depreciation (EBIT)	4 788	(87)	4 701	6 212	(1 703)	4 508

Reconciliation of average revenue per onhire day (TCE earnings USD/day)						
(USD'000)	CABU	Q4 2020 CLEANBU	Total	CABU	Q4 2019 CLEANBU	Total
Net revenues from operations of vessels	14 702	8 169	22 871	15 406	3 420	18 826
IFRS 15 adjustment*	(156)	57	(99)	153	665	818
Net revenue ex IFRS adjustment	14 546	8 226	22 772	15 559	4 085	19 644
Onhire days	767	395	1 162	819	218	1 037
Average TCE earnings per onhire day (\$/d)	18 958	20 840	19 597	19 002	18 715	18 941

Reconciliation of opex per day						
(USD'000)	CABU	Q4 2020 CLEANBU	Total	CABU	Q4 2019 CLEANBU	Total
Operating expenses, vessels	5 850	4 844	10 693	5 397	3 115	8 512
Leasing cost previously presented as opex	81	45	125	93	31	124
Reversal old claim	-	-	-	285	-	285
Start up cost CLEANBU vessels	-	(630)	(630)	-	(155)	(155)
Operating expenses, vessels adjusted	5 930	4 259	10 189	5 776	2 991	8 766
Operating days	828	447	1 275	828	276	1 104
Opex per day (\$/d)	7 162	9 527	7 991	6 975	10 836	7 940

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

Operating income and operating expenses per segment						
(USD'000)	CABU	Q4 2020 YTD CLEANBU	Total	CABU	Q4 2019 YTD CLEANBU	Total
Operating revenue, vessels	122 208	40 523	162 730	123 445	13 077	136 521
Voyage expenses	(60 281)	(11 311)	(71 592)	(70 048)	(5 145)	(75 193)
Net revenue	61 926	29 212	91 139	53 397	7 932	61 327
Operating expenses, vessels	(23 829)	(13 364)	(37 193)	(21 681)	(8 231)	(29 913)
Group administrative services	(2 251)	(1 287)	(3 538)	(3 494)	(902)	(4 396)
Salaries and social expense	(844)	(483)	(1 327)	-	-	-
Tonnage tax	(134)	(46)	(180)	(143)	(20)	(163)
Other operating and administrative expenses	(503)	(272)	(776)	(795)	(298)	(1 093)
Operating profit before depreciation (EBITDA)	34 364	13 760	48 125	27 284	(1 520)	25 763
Ordinary depreciation	(11 643)	(7 513)	(19 155)	(10 706)	(3 364)	(14 070)
Operating profit after depreciation (EBIT)	22 722	6 248	28 971	16 577	(4 884)	11 692

Reconciliation of average revenue per onhire day (TCE earnings USD/day)						
(USD'000)	CABU	Q4 2020 YTD CLEANBU	Total	CABU	Q4 2019 YTD CLEANBU	Total
Net revenues from operations of vessels	61 926	29 212	91 139	53 397	7 932	61 329
IFRS 15 adjustment*	(234)	(512)	(746)	123	572	695
Offhire compensation	-	(134)	(134)	-	-	-
Net revenue ex IFRS adjustment	61 692	28 566	90 259	53 520	8 504	62 024
Onhire days	3 102	1 198	4 300	3 171	465	3 636
Average TCE earnings per onhire day (\$/d)	19 886	23 851	20 990	16 877	18 300	17 060

Reconciliation of opex per day						
(USD'000)	CABU	Q4 2020 YTD CLEANBU	Total	CABU	Q4 2019 YTD CLEANBU	Total
Operating expenses, vessels	23 829	13 364	37 193	21 681	8 231	29 913
Leasing cost previously presented as opex	326	127	453	372	72	445
Reversal old claim	-	-	-	285	-	285
Start up cost CLEANBU vessels	-	(1391)	(1 391)	-	(1 724)	(1 724)
Operating expenses, vessels adjusted	24 156	12 099	36 255	22 339	6 580	28 918
Operating days	3 294	1 326	4 620	3 285	612	3 897
Opex per day (\$/d)	7 333	9 125	7 848	6 800	10 751	7 421

03 Revenue from contracts with customers

Disaggregated revenue information

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

Revenue types USD'000	Classification	Quarter ended		YTD	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Revenue from COAs	Freight revenue	23 109	28 597	100 659	98 110
Revenue from spot voyages	Freight revenue	13 336	10 560	41 631	32 658
Revenue from TC contracts	Charter hire revenue	5 269	2 168	20 308	5 752
Other revenue	Charter hire revenue	-	-	134	-
Total revenue, vessels		41 713	41 325	162 731	136 521

04 Vessels

Vessels (USD '000)	31 Dec 2020	31 Dec 2019
Cost price 1.1	492 075	330 218
Delivery of newbuildings	103 708	155 847
Adjustment acquisition value newbuildings delivered	(809)	-
Additions (mainly upgrading and docking of vessels)	4 852	6 010
Costprice end of period	599 826	492 075
Acc. Depreciation 1.1	176 866	163 181
Depreciation for the period	18 702	13 685
Acc. Depreciation end of period	195 568	176 866
Carrying amounts end of period*	404 258	315 208
*carrying value of vessels includes dry-docking		
No. of vessels	14	12
Useful life	25	25
Depreciation schedule	Straight-line	Straight-line

Reconciliation of depreciations USD'000	Quarter ended		YTD	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Depreciation vessels	5 497	4 423	18 702	13 685
Depreciation right of use assets	125	107	453	385
Depreciations for the period	5 623	4 530	19 155	14 070

ADDITIONS

The CLEANBU vessels MV Baleen and MV Bangus were delivered from Jiangsu New Yangzi Shipbuilding Co. Ltd, respectively, 4 August 2020 and 13 October 2020. The CABU vessels MV Bantry, MV Bangor and MV Banasol have performed scheduled dry-docking in 2020 of in total USD 4.8 million. Dry-docking of MV Banasol was completed early January 2021 and related addition in Q4 2020 of USD 1.7 million is presented as prepaid expense.

IMPAIRMENT ASSESSMENT

Identification of impairment indicators is based on an assessment of development in market rates (dry bulk, MR tanker, LR1 tanker and fuel), TCE earnings for the fleet, vessel opex, operating profit, technological development, change in regulations, interest rates and discount rate. The Group has experienced somewhat higher opex and more offhire caused by Covid-19, however, TCE earnings for Q4 for both the fleet of CABUs and the fleet of CLEANBUs and diversified market exposure support the conclusion of no impairment indicators identified as per 31 December 2020. Contract coverage for the CABUs for 2021 is high, while the CLEANBUs will trade in the spot market. The CLEANBU fleet shows good progress expanding service into the clean petroleum product markets. New milestones related to acceptance from new customers and new ports as well as expanding into new trading patterns are reached every quarter.

05 Newbuildings

The Group has per 31 December 2020 three CLEANBU combination carrier newbuildings on order at Jiangsu New Yangzi Shipbuilding Co., Ltd in China, whereof MV Baiacu was delivered 11 January 2021 (note 10), and the last two newbuildings will be delivered first half 2021. During Q4 2020, the Group took delivery of the fifth CLEANBU vessel, MV Bangus (note 4).

The fleet of newbuildings are fully financed (note 6).

(USD '000)	31 Dec 2020	31 Dec 2019
Cost 1.1	62 316	59 877
Borrowing cost	1 023	1 302
Yard installments paid	80 851	148 170
Other capitalized cost	7 960	8 813
Delivery of newbuildings	(103 708)	(155 847)
Net carrying amount	48 441	62 316

CAPITAL COMMITMENT

The commitments related to the three newbuildings as per 31 December 2020 are set out below.

Remaining installments at 31 December 2020 (USD '000)	2021	Total
Combination carriers	97 650	97 650
Total commitments newbuildings	97 650	97 650

06 Financial assets and liabilities

The below tables present the Group's financing arrangements as per 31 December 2020.

During Q4 2020 two drawdowns of in total USD 60.45 million were made under the SEB/SR-Bank/SPV term loan facility in connection with the delivery of MV Baleen and MV Bangus. MV Baleen was delivered in Q3 but debt drawdown was postponed until Q4. The Group also repaid the remaining outstanding amount of NOK 142 million under the KCC03 bond loan at 101% of par in Q4 2020.

(USD '000)				
Mortgage debt	Description	Interest rate	Maturity	Carrying amount
Nordea/Danske Facility	Term loan, USD 100 mill	LIBOR + 2.3 %	March 2022	76 763
DNB/SEB Facility	Term loan, USD 105 mill	LIBOR + 2.3 %	December 2023	93 311
SEB/SR-Bank/SPV Facility*	Term loan/RCF, 90.675 mill	LIBOR + 2.3 %	October 2025	60 450
Nordea/Crédit Agricole Facility**	Term loan/RCF, 60 mill	LIBOR + 2,75 %	March 2026	-
Capitalized loan fees				(1 239)
Mortgage debt 31 December 2020				229 285

*Facility relates to financing of the three CLEANBU vessels with delivery in 2020 and January 2021. Additional USD 15 million of the USD 30.225 million RCF facility was drawn in January 2021 upon delivery of MV Baiacu.

**Facility relates to financing of the two CLEANBU vessels with delivery in 2021. Potential margin adjustments up to +/- 10 bps once every year based on sustainability KPIs.

Bond loan	Face value NOK'000	Maturity	Carrying amount 31 Dec 2020 USD'000
KCC03	300 000	27.05.2021	35 370
Buyback KCC03 (Q1 2020)	(158 000)		(18 628)
Buyback KCC 03 (Q4 2020)	(142 000)		(16 051)
Realised agio			(691)
Capitalized expenses			-
Sum KCC03			-
KCC04	700 000	11.02.2025	76 390
Exchange rate adjustment			5 602
Capitalized expenses			(1 032)
Bond discount			(310)
Sum KCC04			80 649
Total bond loan	700 000		80 649

(USD '000)	Fair value 31 Dec 2020	Carrying amount 31 Dec 2020	Carrying amount 31 Dec 2019
Interest bearing liabilities			
Mortgage debt	208 052	208 052	170 074
Capitalized loan fees	-	(597)	(770)
Bond loan	78 097	81 991	34 023
Bond discount	-	(310)	-
Capitalized expenses bond loan	-	(1 032)	(187)
Total non-current interest bearing liabilities	286 148	287 462	203 139
Mortgage debt, current	22 473	22 473	17 367
Overdraft facility (Secured)	-	-	1 835
Total interest bearing liabilities	308 621	309 934	222 341

MATURITY PROFILE TO FINANCIAL LIABILITIES AT 31 DECEMBER 2020

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 31 Dec 2020	< 1 year	1-3 years	3-5 years	> 5 years	Total
Mortgage debt (incl interests)	(29 422)	(167 733)	(52 920)	-	(250 075)
Bond loan (incl interest)	(4 757)	(9 515)	(80 678)	-	(94 950)
Total	(34 179)	(177 248)	(133 598)	-	(345 025)

Loan facilities to be refinanced during the next 12 months are included in <1 year.

COVENANTS

As per 31 December 2020, 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.

Financial assets (USD '000)	31 Dec 2020	31 Dec 2019
Financial instruments at fair value through OCI		
Interest rate swaps	356	-
Cross-currency interest rate swap	2 917	-
Forward freight agreements	-	1 056
Fuel Hedge	87	-
Financial instruments at fair value through P&L		
Forward freight agreements	-	21
Interest rate swaps	154	202
Financial assets	3 515	1 279
Current	87	1 077
Non-current	3 427	202

Financial liabilities (USD '000)	31 Dec 2020	31 Dec 2019
Financial instruments at fair value through OCI		
Cross-currency interest rate swap (CCIRS)	5 409	1 438
Interest rate swaps	-	364
Forward freight agreements	757	-
Financial instruments at fair value through P&L		
Interest rate swaps	-	1 825
Financial liabilities	6 166	3 626
Current	757	-
Non-current	5 409	3 626

07 Financial items

(USD '000)	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Finance income				
Other interest income	54	288	398	1 885
Fair value changes interest rate swaps	-	1 469	-	-
Fair value changes in FFA	-	-	-	21
Gain on foreign exchange	107	-	131	1 074
Other financial income	-	-	-	43
Finance income	161	1 757	529	3 024

(USD '000)	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Finance cost				
Interest paid to related parties	-	-	-	202
Interest expenses mortgage debt	1 921	2 260	7 729	7 563
Interest expenses bond loan	1 246	594	4 062	2 124
Interest expenses lease liabilities	27	27	94	96
Amortization capitalized fees mortgage debt	207	130	693	373
Other financial expenses*	176	24	906	86
Fair value changes in FFA	-	483	21	-
Fair value changes and realization of interest rate swaps**	86	998	687	3 660
Loss on foreign exchange	-	-	126	-
Finance cost	3 664	4 516	14 317	14 105

*YTD Q4-20 includes premium from buyback of KCC03 in February 2020 and December 2020. Respectively USD 0.6 million and USD 0.2 million.

**YTD Q4-20 includes realized effect from terminated CCIRS against KSH of USD 0.3 million in Q1 2020.

08 Share capital, shareholders, dividends and reserves

Dividends of USD 1.44 million were paid to the shareholders in December 2020 (USD 0.03 per share). In total dividends of USD 4.8 million have been paid to the shareholders in 2020.

09 Transactions with related parties

USD'000	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
G&A fee to Klaveness AS	394	559	1 614	2 238
Commercial management fee to Klaveness AS	626	407	1 588	1 628
Projects and R&D fee to Klaveness Ship Management	110	-	180	-
Travel expenses and operating cost invoiced from Klaveness AS	35	60	156	530
Group commercial and administrative services	1 164	1 027	3 538	4 396

USD'000	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Technical management fee to KSM* (reported as part of opex)	824	725	3 163	2 735
Crewing agency fee to KSM* (reported as part of opex)	292	253	1 101	953
Supervision fee to Klaveness AS (capitalised on newbuildings)	499	442	1 778	2 075
Interest cost to related parties (Klaveness Ship Holding AS)	-	-	-	202
Total other transactions with related parties	1 616	1 420	6 042	5 965

* KSM refers to Klaveness Ship Management AS

10 Events after the balance sheet date

The sixth CLEANBU vessel, MV Baiacu, was delivered from Jiangsu New Yangzi Shipyard in China at 11 January 2021.

On 18 February 2021, the Company's Board of Directors declared to pay a cash dividend to the Company's shareholders of USD 1.44 million for Q4 (USD 0.03 per share).

There are no other events after the balance sheet date that have material effect on the financial statement as of 31 December 2020.

11 Reconciliation of alternative performance measures

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

Reconciliation EBITDA adjusted USD'000	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2019	31 Dec 2020
EBITDA	10 323	9 038	48 125	25 763
Start up costs CLEANBU vessels	630	155	1 391	1 724
EBITDA adjusted	10 953	9 193	49 517	27 487

Reconciliation EBIT adjusted USD'000	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
EBIT	4 701	4 508	28 971	11 692
Start up costs CLEANBU vessels	630	155	1 391	1 724
EBIT adjusted	5 331	4 663	30 362	13 417

Reconciliation of average revenue per onhire day (TCE earnings) USD'000	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Net revenues from operations of vessels	22 871	18 826	91 139	61 327
Offhire compensation	-	-	-	-
IFRS 15 adjustment*	(99)	818	(746)	695
Net revenue ex IFRS adjustment	22 772	19 644	90 393	62 022
Onhire days	1 162	1 037	4 300	3 636
Average revenue per onhire days (\$/d) (TCE earnings)	19 597	18 941	20 990	17 060

Reconciliation of opex per day USD'000	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Operating expenses, vessels	10 693	8 512	37 193	29 913
Leasing cost previously presented as opex	125	124	453	445
Reversal provision	-	285	-	285
Start up costs CLEANBU vessels	(630)	(155)	(1 391)	(1 724)
Operating expenses, vessels adjusted	10 189	8 766	36 255	28 919
Operating days	1 275	1 104	4 620	3 897
Opex per day (\$/d)	7 991	7 940	7 848	7 421

Reconciliation of total assets to capital employed and return on capital employed (ROCE) calculation. USD'000	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Total assets	549 043	459 262	549 043	459 262
Total liabilities	332 510	246 322	332 510	246 322
Total equity	216 532	212 940	216 532	212 940
Total interest-bearing debt	309 934	222 341	309 934	222 341
Capital employed	526 466	435 282	526 466	435 282
EBIT adjusted annualised	21 323	18 653	30 362	13 417
ROCE adjusted	4 %	4 %	6 %	3 %

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

Reconciliation of equity ratio USD'000	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Total assets	549 043	459 262	549 043	459 262
Total equity	216 532	212 941	216 532	212 941
Equity ratio	39 %	46 %	39 %	46 %

Reconciliation of total interest-bearing debt USD'000	Quarter ended		Year ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Mortgage debt	206 813	169 304	206 813	169 304
Long-term bond loan	80 649	33 836	80 649	33 836
Short-term mortgage debt	22 473	17 367	22 473	17 367
Other interest bearing liabilities	-	1 835	-	1 835
Total interest-bearing debt	309 934	222 341	309 934	222 341

12 Restatement of 2019

(Figures in USD '000)

Assets	31 Dec 2019	Adjustment	Restated 31 Dec 2019
Total non-current assets	379 490	-	379 490
Total current assets	79 772	-	79 772
Total assets	459 262	-	459 262

Liabilities	31 Dec 2019	Adjustment	Restated 31 Dec 2019
Total equity	213 878	(937)	212 941
Total non-current liabilities	208 161	-	208 161
Total current liabilities	37 223	937	38 161
Total equity and liabilities	459 262	-	459 262

An error related to incorrect accrual of USD 0.9 million from 2018 has been identified. The error has been corrected against 2019 opening balance in line with IAS 8 with corresponding restatement of statement of changes in equity and balance sheet as of 31.12.2019.



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