



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 822 195 482
Organisasjonsform: Aksjeselskap
Foretaksnavn: GRIEG SHIPPING II AS
Forretningsadresse: C Sundtsg 17-19
5004 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kari T. Tepstad
Dato for fastsettelse av årsregnskapet: 23.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 08.05.2024



Resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	206 881 998	117 809 519
Annen driftsinntekt	3	921 825	157 150
Sum inntekter		207 803 823	117 966 669
Kostnader			
Driftskostnad skip		59 528 451	56 438 916
Bareboat- og TC hyre	4	16 759 446	17 664 942
Avskrivning på varige driftsmidler og immaterielle eiendeler	6	21 104 786	20 768 601
Annen driftskostnad	5	4 922 078	2 952 712
Sum kostnader		102 314 761	97 825 171
Driftsresultat		105 489 062	20 141 498
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	2	1 187 216	1 333 904
Annen renteinntekt		752 376	-172
Annen finansinntekt		276 132	1 813 761
Sum finansinntekter		2 215 724	3 147 493
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	7	1 049 175	240 471
Rentekostnad til foretak i samme konsern	2	8 861 652	6 779 963
Annen rentekostnad		890 146	3 363 783
Annen finanskostnad		27 521	18 976
Sum finanskostnader		10 828 494	10 403 193
Netto finans		-8 612 770	-7 255 700
Ordinært resultat før skattekostnad		96 876 292	12 885 798
Ordinært resultat etter skattekostnad		96 876 292	12 885 798
Årsresultat		96 876 292	12 885 798
Overføringer og disponeringer			



Resultatregnskap

Beløp i: USD	Note	2022	2021
Overføringer til/fra annen egenkapital		96 876 292	12 885 798
Sum overføringer og disponeringer		96 876 292	12 885 798



Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	6	345 374 571	339 409 798
prosjekter		969 957	663 695
Sum varige driftsmidler		346 344 528	340 073 493
Finansielle anleggsmidler			
Andre fordringer	10	2 557 692	2 826 923
Sum finansielle anleggsmidler		2 557 692	2 826 923
Sum anleggsmidler		348 902 220	342 900 416
Omløpsmidler			
Varer			
Varer		2 862 991	2 673 412
Sum varer		2 862 991	2 673 412
Fordringer			
Kundefordringer		4 548 513	4 614 767
Konsernfordringer	2	25 168 033	12 165 152
Sum fordringer		29 716 546	16 779 919
Investeringer			
Markedsbaserte aksjer	7	1 517 219	1 932 513
Andre finansielle instrumenter	7	11 114 729	11 744 874
Sum investeringer		12 631 948	13 677 387
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		9 038	5 495
Sum bankinnskudd, kontanter og lignende		9 038	5 495
Sum omløpsmidler		45 220 523	33 136 213



Balanse

Beløp i: USD	Note	2022	2021
SUM EIENDELER		394 122 743	376 036 629
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
39 286 598 aksjer a NOK 1	11,12	7 057 811	7 057 811
Overkurs	11	47 447 985	47 447 985
Sum innskutt egenkapital		54 505 796	54 505 796
Opptjent egenkapital			
Annen egenkapital	11	202 650 901	105 774 610
Sum opptjent egenkapital		202 650 901	105 774 610
Sum egenkapital		257 156 697	160 280 406
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	2	128 577 103	208 788 074
Sum annen langsiktig gjeld		128 577 103	208 788 074
Sum langsiktig gjeld		128 577 103	208 788 074
Kortsiktig gjeld			
Leverandørgjeld		1 540 113	988 051
Betalbar skatt	8	212 883	276 172
Kortsiktig konserngjeld	2	4 447 531	3 460 563
Annen kortsiktig gjeld		2 188 416	2 243 365
Sum kortsiktig gjeld		8 388 943	6 968 151
Sum gjeld		136 966 046	215 756 225
SUM EGENKAPITAL OG GJELD		394 122 743	376 036 631



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 02.07.2012	Vår dato 15.08.2012
Telefon 22078139	Deres referanse Atle Nordby	Vår referanse 2012/490448

GRIEG SHIPPING GROUP AS
Postboks 781
5807 BERGEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 3. juli 2012 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Grieg Star Group AS	org. nr. 991 258 965
Grieg Star Shipping AS	org. nr. 920 958 524
Grieg Star Bulk AS	org. nr. 997 580 087
Grieg Star AS	org. nr. 932 350 467
Grieg Green AS	org. nr. 995 509 601
Grieg Shipowning AS	org. nr. 982 706 645
Grieg Shipping II AS	org. nr. 822 195 482
Grieg International II AS	org. nr. 882 706 672

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

Grieg Star Group AS er morselskap i et underkonsern. Konsernspissen er Grieg Maturitas AS som igjen er eiet av flere aksjeselskaper. Grieg Star Group har også flere datterselskaper og avdelinger i utlandet. Grieg Star Group driver sin virksomhet innenfor internasjonal industriell shipping. Gruppen har 25 egne skip, men benytter i tillegg innleid tonnasje slik at det i snitt er cirka 40 skip som er i aktivitet. Det vesentlige av virksomheten foregår i utlandet. Majoriteten av de ansatte er også utenlandske. Shipping er en internasjonal bransje og skipene opererer rundt i hele verden og har internasjonale motparter for de ulike reiser som utføres. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Det interne arbeidsspråket i selskapene er også engelsk og all intern rapportering skjer på dette språket. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal ”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse Se www.skatteetaten.no Org. nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
For elektronisk henvendelse se www.skatteetaten.no		



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at eierkretsen er begrenset og hovedaksjonærene er aksjeselskaper. Selskapene inngår i et underkonsern. Konsernets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



To the General Meeting of Grieg Shipping II AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Grieg Shipping II AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Bergen, 23 March 2023
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant
(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Haugervåg, Jon	BANKID	2023-03-23 15:06

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BOARD OF DIRECTORS' REPORT 2022

GRIEG SHIPPING II AS

The Business

Grieg Shipping II AS (the "Company") is a ship owning company and is part of the consolidated group of shipping activities controlled by Grieg Shipholding AS ("Grieg Shipholding" or "the Group"). Per year end 2022, Grieg Shipping II AS controlled a fleet of 23 Open Hatch vessels. 16 vessels are owned by the Company, one is chartered in on long term time charter, and the remaining six on long term bareboat charter.

The Company has its office in Bergen and is organized under the Norwegian tonnage tax system and has no employees. The Board of Directors consists of seven members, four women and three men. The Company has in 2022 purchased a range of services from Grieg Maritime Group (the shareholder of Grieg Shipholding AS) within strategy, administration, IT, accounting, finance, legal and business development. Another group company, Grieg Star AS, is responsible for the ship management for the majority of the Company's fleet. The services are regulated under management agreements.

The vessels are marketed and operated by the Grieg Shipholding and Gearbulk jointly controlled company G2 Ocean, the world's largest Open Hatch shipping company, which was put into operation in 2017. The G2 Ocean Open Hatch pool consists of more than 125 vessels operating in a worldwide trading pattern built around long-term cargo contracts with pulp and paper producers as well as transport of steel and project cargoes. The operation's success criteria are the ability to establish optimal sailing patterns, combining various types of cargoes coupled with efficient port operations.

Annual Accounts

Grieg Shipping II AS is pleased to deliver a very strong result for 2022 which to a large extent can be credited to a strong Open Hatch shipping market.

The Company's operating revenues consist primarily of freight income and is this accounted for as time charter hire. Total revenues increased to USD 207.8m in 2022 (USD 118.0m). Most of the explanatory factors for the strong earnings can be found in general supply and demand imbalances, related to such as pent-up demand after covid-19 and logistic inefficiencies, amplified by the effects of China's zero-tolerance covid policy and the war in Ukraine.

Total operating costs before depreciations increased to USD 81.2m in 2022 (USD 77.1m). The vessels' operating expenses increased to USD 59.5m (USD 56.4m) as the operations was far from immune to the global price rises. Crew travel costs were for instance much higher than normal as it was not possible to carry out crew changes in Asia due to covid restrictions. In addition, a few vessels needed unforeseen technical repairs when being brought under Grieg technical management. On the positive note was improved safety performance and efficiency at dry dockings. Time charter and bareboat cost decreased to USD 16.8m (USD 17.7m) mainly due to the purchase of the Semi-Open Hatch vessel Kai Xuan (renamed Star Toscana) that had previously been chartered in on bareboat. With this, the Company's EBITDA increased to USD 123.4m in 2022 (USD 40.9m).

Depreciation costs increased to USD 21.1m (USD 20.8m) with the main reason being the effect of the mentioned purchase of Star Toscana. There were no impairments or reversal of impairment in the 2022 accounts, resulting in that Grieg Shipping II AS' operating profit increased to USD 105.5m in 2022 (USD 20.1m).



Net financial items were minus USD 8.6m in 2022 (USD - 7.3m). The negative development is mainly a result of lower foreign exchange gains, while the Company's interest expenses decreased to USD 9.8m (USD 10.2m) as the effect of loans being repaid more than offset the increase in the Libor rate. Altogether, the Company ended up with a pre-tax result of USD 96.8m for 2022 (USD 12.9m).

Long-term interest-bearing debt decreased to USD 128.6m in 2022 (USD 208.8m) due to debt repayments. And with the strengthened liquidity position, one of the Company's loan agreements was amended into a revolving credit facility, which as of year-end 2022 is undrawn. Otherwise, financing terms and conditions were maintained or improved for all loan agreements, all with first-class banks and leasing partners. Several of the loan facilities are up for refinancing in 2023 and 2024, and we aim to continue to utilize our solid financial position and a favorable lending market to further improve our capital structure and terms.

The Company's book equity was USD 257.2m at year end (USD 160.3m), and had total assets of USD 394.1 (USD 376.0m), implying an equity ratio of 65% (43%). Current assets accounted at year end for USD 45.2m (USD 33.1m) while liquidity on the balance sheet date in the form of bank deposits and cash was USD 25.0m including the Company's share of aggregated cash balance in the cash pool agreement the Company is part of¹.

Based on net cash flows from operations of USD124.7m (USD 37.3m), cash flow from investments of minus USD 32.5m (USD - 7.4m) and net cash flow of minus USD 79.2m (USD - 27.2m) from financing activities, the Company's net change in liquid funds in 2022 was USD 12.9m (USD 2.7m).

External Environment

While seaborne transportation constitutes about 90% of world trade, emissions of Greenhouse Gases (GHG) from ships represent almost 3% of global emissions, something our industry is committed to reduce. In addition to the requirements of the International Maritime Organization (IMO), Grieg Maritime Group, which the Company is part of, have adopted the Norwegian Shipowner Association's target to reduce GHG emissions per transported unit by minimum 50% by 2030 from 2008 levels and become net zero by 2050. These targets can however not be achieved without a value chain supporting low and zero emission fuels with competitive terms, well ahead of 2030.

Over the course of 2022 we have consistently worked towards understanding the risks, opportunities, and barriers for adopting zero emission fuels. Among specific actions is the Group's Deep-Sea Ammonia Pilot study performed together with multiple partners, supported by the Norwegian Green Shipping Program. A test utilizing two different blends of biofuel was also performed on a cross Atlantic voyage with positive results. A digital support tool has been developed enabling charterers and operators to project Carbon Intensity Indicator (CII) implications of future operations and support fleet CII control. We also reached our ambitious goal of having at least 90% of all plastic waste from internally managed vessels delivered to shore facilities that have responsible waste handling and recycling capacity.

The IMO CII framework has received significant criticism for amongst other not incentivizing maximum transport work per emission unit, and not having concrete sanctions in place for non-compliance. We share many of the concerns raised and support efforts to adjust the framework such that incentives and sanctions are better aligned on reducing the carbon footprint of the transport work performed by the maritime industry. Despite the mentioned challenges we can however not sit back, and therefore need to be proactive. Evaluation of emission reducing initiatives and measures to upgrade our existing fleet or as part of future newbuild programs has therefore high priority.

¹ The Company has recorded this as a receivable in its accounts. Grieg Shipowning AS is the main holder of the cash pool.



As the Company's vessels are being dry docked, ballast water treatment plants are being installed. This project will be completed for all ships by the end of 2023, while all vessels in the fleet have obtained their IHM.

Sustainability

For several years, Grieg Maritime Group has worked with the UN Sustainable Development Goals (SDGs). The Group's objectives and strategy is specifically linked to a few selected SDGs. These have accompanying KPIs at business unit level and is the foundation for our daily operations, development initiatives and investments. To report on progress we follow the ESG reporting recommendations from the Norwegian Ship Owners Association, and report with reference to the Integrated Reporting Framework and the Global Reporting Initiative (GRI).

In 2022, there has been strong focus on ensuring that we are reporting our emissions in line with the GHG Protocol. Thus, it has been a priority to establish the organizational boundaries in terms of reporting as well as mapping the indirect emissions from our value chain (scope 3 emissions). Further, considerable efforts have been put into implementing the Norwegian Transparency Act that came into force mid-2022, mapping the biggest risks as well as drafting procedures and guidelines for mitigating the risks and preventing possible contributions to human rights violations.

Governments are putting efforts on standardizing the way companies shall report, and a proof of that is the EU Corporate Sustainability Reporting Directive (CSRD) that came into effect in January 2023. With this, the path is set, and we are taking actions, preparing for the upcoming European Sustainability Reporting Standards (ESRS) which the Group must report on from 2025. It will be a priority to make sure that we not only comply with this but is ahead. Therefore, 2022 concluded with a set of projects that will be developed in the upcoming years, that will prepare the Group for these new standards as well as meet the increasing expectation from stakeholders.

Enterprise Risk and Compliance

Grieg Shipping II AS is exposed to financial and market risks. This is mainly composed by risks related to the development of freight rates, ship values, currency, and interest rates as well as equity prices. Most of these risks are strongly correlated to macro-economic development. The fleet's earnings are to a large extent linked to long term cargo contracts as the Company's shipping activity is of an industrial character. This implies that revenues are less volatile than in the spot market and that changing market conditions generally have a delayed effect on the results. Currency risk is mainly related to the purchase of administrative services in Norway, local taxes, as well as some purchases related to the technical management of the fleet and investments in NOK denominated funds. The Company has defined strategies and policies that reduce currency risks.

Changing equity prices and interest rates affect the Company's financial investments and loans. The financial portfolio is managed under a long-term strategy reflecting Grieg Maritime Group's business principles and risk capacity to ensure that the portfolio can withstand market fluctuations. There are policies in place to reduce interest rate risk related to the fleet's funding arrangements.

For operational risk, Covid-19 has been among our key risks also during 2022 as this has hampered both crew changes and vessel operations, including dry dockings. Environmental spills and violations are risks always prevailing for shipping operations. Drills are carried out regularly to ensure that the team is prepared for handling various incidents, and whenever an incident occurs, an Emergency Preparedness Team convenes.



Areas that have been subject to particular focus in 2022 are amongst others human rights - as part of implementing the Norwegian Transparency Act, sanction risks and third-party screening, and not least cyber security training and response, where Russia's war in Ukraine imposed several implications and increased company risks. Insurance is taken out for the members of the Board and the General Manager for their personal liability for property damage that they may incur in connection with the performance of their duties. The insurance is taken out with an international insurance company with a solid rating.

The strong 2022 financial result and reduced debt level is on the other hand supportive of a reduced financial risk level for Grieg Shipping II AS.

The Market and Outlook

The positive market sentiment from 2021 continued into the first part of 2022 as covid-19 reliefs fueled a sense of economic recovery, coupled with high levels of market inefficiencies. However, as the year progressed, geopolitical and macroeconomic events created uncertainties. The war in Ukraine, fears of uncontrolled inflation with higher interest rates, unwinding market inefficiencies with lower congestion and China's zero-covid strategy were all part of the factors creating a downward pressure on the market as 2022 progressed. Total dry bulk demand in 2022 is estimated to have contracted by 2.5%, with ton-mile demand contracting by 2%. Shipments of wood pulp, the single most important commodity for our Open Hatch activities rose 8% in 2022, with EU and Chinese imports really picking up in the final months of the year.

For 2023, global GDP growth is forecasted at 2.7% by the International Monetary Fund, with emerging markets and developing economies forecast to grow by 3.7%. China, specifically, which is a very important market for dry bulk including wood pulp, is forecasted to grow by 4.4%. Thus, much of the optimism for a bounce in the global economy and dry bulk market relies on China forcefully coming back after moving away from its zero-covid policy. Sub-capesize seaborne demand growth is estimated at 1.9% and ton-mile growth at 2.1%. For the Company's core trades in the G2 Ocean pool; forest product seaborne trade is expected to increase by around 5% year-on-year, and demand for wood chips and wood pulp, specifically, is expected to continue to grow at a steady pace. Also, with a historically low dry bulk orderbook, the scene is set for an improvement in the overall supply-demand balance going forward. Still, there is downside risk as slower economic growth and higher interest rates create continued economic uncertainty. And a weakened container market may have unforeseen implications on our business. While we should gain from operating in an industrialized segment, with G2 Ocean controlling a significant share of forward cargo contracts at favorable market levels, we do not foresee a repeat of 2022 but expect more normalized earnings as we move forward.

Going Concern

The Board of Directors confirms that the annual accounts have been prepared based on the going concern assumption and that this assumption is valid. The consideration is based on the Company's financial position and expectations of future earnings.

The Board of Directors believes that the submitted annual accounts give a correct picture of Grieg Shipping II AS' assets and liabilities as well as financial position and results. No material events that affect the financial position have taken place after the balance sheet date. Today's world is however hampered by many uncertainties such as the ongoing war in Ukraine, geopolitical storms, food, and energy shortage and not least our common environmental challenges. To which extent this may affect the Company's business operations and values is uncertain. What we do know is that tackling this needs action! Actions by governments, the public sector and private business.



The extraordinary financial result achieved in 2022 is essential for our Group going forward. With this upcycle after a decade of low returns, the Company has ability to reinvest and take part in the green transition which the maritime industry is facing.

Our industry is an important contributor to Norwegian value creation. Our preferred strategy is therefore to do this in Norway. In that regard, we are expecting that our industry will continue to have stable and predictable framework conditions. They are essential for our continued value contribution to society.

Bergen, 23 March 2023

The Board of Directors of Grieg Shipping II AS

Elisabeth Grieg
Board Member

Camilla Grieg
Chair

Didrik O. Munch
Board Member

Kai Grøtterud
Board Member

Nada Ahmed
Board Member

Rune Birkeland
Board Member

Ragnhild Janbu Fresvik
Board Member

Matthew Robert
Cagienard Duke
CEO



INCOME STATEMENT

Grieg Shipping II AS				
REVENUES	Note	2022	2021	
Operating revenues	2	206 881 998	117 809 519	
Gain from sale of vessel		0	157 150	
Other income	3	921 825	0	
Total revenues		<u>207 803 823</u>	<u>117 966 669</u>	
Operating expenses				
Vessel operating expenses		59 528 451	56 438 916	
Other operating expenses	5	4 922 079	2 952 712	
Bareboat- and T/C hire	4	16 759 446	17 664 942	
Depreciation	6	21 104 786	20 768 601	
Total operating expenses		<u>102 314 761</u>	<u>97 825 171</u>	
Operating profit		<u>105 489 062</u>	<u>20 141 498</u>	
Financial items				
Interest income		752 376	-172	
Interest income group	2	1 187 216	1 333 904	
Other financial income		4 081	64	
Interest expenses		-890 146	-3 363 783	
Interest expenses group	2	-8 861 652	-6 779 963	
Change in value of financial investments	7	-1 049 175	-240 471	
Realized return on market-based fin. investm.	7	3 736	232 123	
Other financial expenses		-27 521	-18 975	
Gain/loss on foreign exchange		268 314	1 581 574	
Total financial items		<u>-8 612 771</u>	<u>-7 255 700</u>	
Profit before tax		<u>96 876 292</u>	<u>12 885 798</u>	
Tax		0	0	
Profit for the year		<u>96 876 292</u>	<u>12 885 798</u>	
Transferred to (from) other equity		96 876 292	12 885 798	
Total allocation		-96 876 292	-12 885 798	

**BALANCE SHEET AS OF 31.12**

Grieg Shipping II AS			
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ASSETS	Note	2022	2021
Tangible assets			
Vessels	6	345 374 571	339 409 798
Project in progress		969 957	663 695
Total fixed tangible assets		<u>346 344 528</u>	<u>340 073 494</u>
Other long term receivables	10	2 557 692	2 826 923
TOTAL FINANCIAL ASSETS		<u>2 557 692</u>	<u>2 826 923</u>
CURRENT ASSETS			
Receivables from group companies	2	25 168 033	12 165 152
Inventory		2 862 991	2 673 412
Other receivables		4 548 513	4 614 767
Market based shares	7	1 517 219	1 932 513
Other market based investmenets	7	11 114 729	11 744 874
Bank deposits, cash in hand, etc		9 038	5 492
Total current assets		<u>45 220 523</u>	<u>33 136 212</u>
TOTAL ASSETS		<u>394 122 743</u>	<u>376 036 629</u>

**BALANCE SHEET AS OF 31.12**

Grieg Shipping II AS				
EQUITY AND LIABILITIES	Note	2022	2021	
Paid-in capital				
Share capital (39.286.598 shares of NOK 1)	11, 12	7 057 811	7 057 811	
Share premium reserve	11	47 447 985	47 447 985	
Total paid-in capital		<u>54 505 795</u>	<u>54 505 795</u>	
Retained earnings				
Other equity	11	202 650 901	105 774 610	
Other equity		<u>202 650 901</u>	<u>105 774 610</u>	
Total equity	11	<u>257 156 697</u>	<u>160 280 405</u>	
Long-term debt				
Long-term liabilities to group companies	2	128 577 103	208 788 074	
Total long-term liabilities		<u>128 577 103</u>	<u>208 788 074</u>	
Current liabilities				
Liabilities to group companies	2	4 447 531	3 460 563	
Accounts payable		1 540 113	988 051	
Taxes payable	8	212 883	276 172	
Other short-term liabilities		2 188 416	2 243 365	
Total current liabilities		<u>8 388 943</u>	<u>6 968 149</u>	
TOTAL EQUITY AND LIABILITIES		<u>394 122 743</u>	<u>376 036 629</u>	



BALANCE SHEET AS OF 31.12

Grieg Shipping II AS

Bergen, 23.03.2023

The Board of Directors of Grieg Shipping II AS

Camilla Grieg
Chair

Elisabeth Grieg
Deputy chair

Didrik Munch
Board member

Rune Birkeland
Board member

Nada Ahmed
Board member

Kai Grøtterud
Board member

Matthew R. C. Duke
CEO

Ragnhild Janbu Fresvik
Board member



Cash flow statement Grieg Shipping II AS	USD	
	2022	2021
Cash flow from operations		
Profit before income taxes	96 885 289	12 885 798
Unpaid tonnage tax classified as operating expenses	207 149	276 172
Taxes paid in the period	-276 172	-256 517
Gain/loss from sale of market based investments	3 736	202 123
Gain/loss from sale of fixed assets	0	0
Depreciation	26 699 855	26 069 946
Writedown of assets	0	0
Change in inventory	-189 579	-885 143
Change in trade creditors	552 062	330 986
Effect of exchange fluctuations	522 093	-10 723
Items classified as investments or financing	527 082	-210 471
Change in other provisions	-362 349	-1 077 834
Net cash flow from operations	124 569 167	37 324 337
Cash flow from investments		
Proceeds from sale of fixed assets	0	1 428 790
Purchase of fixed assets	-32 462 592	-3 035 308
Proceeds from sale of market based investments	0	4 230 754
Purchase of market based investments	-3 736	-10 021 101
Loan repayments received from Group companies	0	0
Other loans granted	0	0
Net cash flow from investments	-32 466 328	-7 396 865
Cash flow from financing		
Proceeds from long term loans		
Repayment of long term loans	0	-60 693 446
Proceeds Group loans	-79 224 002	33 449 252
Net cash flow from financing	-79 224 002	-27 244 194
Net change in cash and cash equivalents	12 878 837	2 683 278
Cash and cash equivalents at the beginning of the period	12 170 644	9 487 367
Cash and cash equivalents at the end of the period	25 049 481	12 170 644
Cash and cash equivalents at the end of the period consists of:		
Bank deposits	9 038	5 492
Bank deposits cash pool agreement within the Grieg Shipowning group	25 040 443	12 165 152
Sum	25 049 481	12 170 644



Georg Skjøtteng II AS
Notes to the financial statement for 2022

Note 1 Accounting principles

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles.

Operating revenues

Operating revenues are recognised as income at the time of delivery.

Classification and valuation of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Acquisition cost

The acquisition cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and costs related to the acquisition (freight, customs fee which are non-refundable and other direct purchase costs). Acquisitions in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

Asset impairments

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The company's vessels are sailing in a pool, which are market and operated by G2 Ocean AS. Having the vessels sailing in a pool means that the operational use of the vessels, including optimisation of routes, is combined for the fleet. Earnings of each individual vessel is therefore affected by the earnings of other vessels in the pool. The fleet is therefore considered to be the cash-generating unit. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each date.

Receivables

Trade debtors and other debtors are carried at nominal value after deducting provisions for expected losses. Loss provisions are based on an assessment of individual receivables.

Foreign currency

Cash items, receivables and liabilities denominated in foreign currencies are valued at the year end exchange rates. Profit and loss items in foreign currency are recorded at exchange rates prevailing at the time of the transaction. Realised and unrealised gains and losses are included under financial items in the profit and loss statement.

Investments in financial instruments

Short-term investments in financial instruments are regarded as part of the financial trading portfolio and recognised at fair value at year-end. Dividends received, and both realised and unrealised gains/losses are recognised as other financial income.

Foreign exchange hedging

Derivatives purchased in order to reduce currency risk are treated as hedging transactions for accounting purposes. Gains and losses on foreign exchange contracts are therefore recognised in the same period as the hedged transactions. Unrealised gain/loss on the hedging contracts is not posted on the balance sheet.

Interest rate hedging

Interest rate hedging contracts are recognised and classified in the same way as the related mortgage loan. The interest received/paid under the contract is therefore recognised in the interest period in the question and is included in interest expenses for the period. Unrealised gain/loss on the hedging contracts is not posted on the balance sheet.

Fixed assets

Fixed assets are valued at historical cost less accumulated depreciation. Depreciation is charged on a straight line basis over the remaining expected useful life of each asset adjusted for the residual value. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period.

Total expenditure on the vessel is decomposed into components that have different useful lives. Expenses related to ordinary maintenance are expensed when incurred. Drydocking costs are capitalised and depreciated over the period to the next scheduled drydocking.

Inventories

The company has inventories of lub oil, paint and provision that are valued at the lower of cost and fair value.

Operating leases

The company differentiates between financial leasing and operational leasing based on an evaluation of the lease contract at the time of inception. A lease contract is classified as a financial lease when the terms of the lease transfer substantially all the risk and reward of ownership to the lessee. All other leases are classified as operational leases. When a lease contract is classified as a financial lease where the company is the lessee, the rights and obligations relating to the leasing contracts are recognised in the balance sheet as assets and liabilities. The interest element in the lease payment is included in the interest costs and the capital amount of the lease payment is recorded as repayment of debt. The lease liability is the remaining part of the principal. For operational leases, the rental amount is recorded as an ordinary operating cost.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

The company is subject to the taxation regime for shipowning companies pursuant to Chapter 8 of the Taxation Act.



Grieg Shipping II AS
Notes to the financial statement for 2022

Cash flow statement

Cash flow statement are prepared according to the indirect method. Accordingly, the cash flows from, investment and financing activities are reported gross, while the accounting result is reconciled against the net cash flow from operations. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments that can immediately and with minimal exchange rate risk be converted into a known amount with due date less than three months from the purchase date.

Group account cash pool agreement

The company is a part of a new Group account cash pool agreement within the Group, with Grieg Shipowning AS as the Group Account Holder. Under this agreement, all participating companies are jointly liable for the overdraft facility and other participant's overdraft. Net aggregated cash balance on the group account is recognised as cash in the balance sheet statement of Grieg Shipowning AS as Group Account Holder. Participating companies share of aggregated cash balance are recognised as intercompany balances in each participating company's balance sheet.

Estimates

When preparing the annual accounts in accordance with good accounting practice, management makes estimates and assumptions which affect the profit and loss account and the valuation of assets and liabilities, as well as information about contingent assets and liabilities at year-end.

Contingent losses which are likely and quantifiable are charged against income on an ongoing basis.

Change of presentation currency

As of 1 January 2014, the company changed its presentation currency from NOK to USD. The company's functional currency is USD as most of the company's revenues and operating costs are realised in USD.

Note 2 Intercompany balances and transactions with related parties

Figures in USD 1 000

Transactions with related parties

G2 Ocean AS is operating the vessels in a pool on behalf of Grieg Shipping II AS. The shipping pool result is distributed to the company based on a distribution key.

Company	Relation	Type of services	2022	2021
Operating revenue from group and associated companies				
G2 Ocean AS	Associated company	Time charter	206,882	117,810
Grieg Shipholding AS	Group company	Management	0	229
Grieg Maritime Group AS	Group company	Management	1,785	698
Grieg Star AS	Group company	Management	2,808	5,332
Total			4,594	6,259

Grieg Shipping II AS is administratively and financially managed by Grieg Maritime Group AS, and pays annual management fee for such services. During 2020 ship management was outsourced for some of the company's vessels, 1 vessel to Zeabome Ship Management and 2 vessels to Thome Ship Management, while the remaining fleet continued on ship management with Grieg Star AS. All ship management services are remunerated through an annual ship management fee. In addition, the company purchases services from Grieg Star AS related to following up various fleet operational and development matters.

There have been loans and/or performance guarantees between Grieg Shipping II AS and Group companies, which has led to interest elements between the companies.

Net financial items

Grieg Shipowning AS	Group company	Interest income	1,187	1,334
Grieg International II AS	Group company	Interest expense		-153
Grieg Shipowning AS	Group company	Interest expense	-8,078	-6,074
Grieg Shipholding AS	Group company	Interest expense	-784	-553
Total			-7,674	-5,446

Balances with group companies and related parties

Other short-term receivables		2022	2021
Grieg International II AS	Group company	128	0
Grieg Shipowning AS *)	Group company	25,040	12,165
Sum		25,168	12,165

*) The short-term receivables to Grieg Shipowning AS in 2022 is in total related to the Shipowning cash pool.



Geog Shipping II AS
Notes to the financial statements for 2022

		2022	2021
Other current liabilities			
Geog Shipowning AS	Group company	655	812
Geog International II AS	Group company		78
Geog Shipping III AS	Group company		67
Geog Star OH Pool AS	Group company	1,514	1,003
Geog Star AS	Group company		580
Geog Maritime Group AS	Group company	1,116	363
Geog Shipholding AS	Group company		590
Geog Shipbrokers Val.	Related		2
Geog Green AS	Group company	10	0
Geog Investor AS	Related	7	6
Sum		4,448	3,461
Other long-term liabilities			
Geog Shipholding AS	Group company	18,638	18,638
Geog Shipowning AS	Group company	109,940	190,151
Sum		128,577	208,788

Note 3 Other income

The bare boat vessel Star Louisiana was refinanced in 2022 with a profit of USD 0.9m.

Note 4 Operating lease agreements

The company has the following long term operating lease agreements related to chartering of vessels:

	Number of vessels	Average duration
Bareboat	5	8.1 years
Charterhire	1	1.0 year

The annual lease commitment is USD 13.3m for bareboat and USD 3.5m for charterhire.

Note 5 Payroll expenses, auditor's fee etc.

Figures in USD 1 000

Payroll expenses, number of employees, remuneration etc.

The company has no employees, no remuneration was paid to the CEO or the Board, and no loans or guarantees have been given to the CEO, Board Chair or other close associates.

Auditor's fee	2022	2021
Statutory audit (incl. technical assistance with financial statements)	19	17
Tax advisory fee (incl. technical assistance with tax return)	1	1
Other non-audit services		
Total fees to auditor, excl VAT	21	18

Note 6 Fixed Assets

Figures in USD 1 000

	Vessels	New buildings	Docking	Total
Purchase cost at 01.01	740,040	0	32,861	772,901
Additions	20,989	0	11,675	32,665
Transferred from new buildings		0		0
Disposals			7,323	7,323
Purchase cost at 31.12	761,029	0	37,213	798,243
Accumulated depreciation at 31.12	382,188		19,381	401,568
Impairment loss	51,300	0		51,300
Book value at 31.12	327,542	0	17,833	345,375
Depreciation	21,105		5,595	
Depreciation plan	Straight line		Straight line	
Expected useful life	30 years		5 years	

Based on an impairment testing per year-end 2020, the open hatch fleet was written down with USD 51.3m. At 31.12.22 the company has no new building contracts.



Georg Skjæppeng II AS
Notes to the financial statement for 2022

Note 7 Investments in financial instruments				
Figures in USD 1 000				
	Acquisition cost	2022 Market value	2021 Acquisition cost	Market value
Mutual funds	1,891	1,517	1,891	1,933
Bonds	4,550	4,308	4,547	5,053
Money market funds	6,665	6,807	6,665	6,692
Book value 31.12	13,107	12,632	13,103	13,677

	2022 Realised profit/loss	2022 Unrealised profit/loss	Total profit/loss
Mutual funds		-415	-415
Bonds	4	-749	-745
Money market funds	0	115	115
Profit/loss from changes in fair value of financial instruments	4	-1,049	-1,045

Note 8 Taxes		
Figures in USD 1 000		
The company is taxed according to the Tonnage tax rules in the Norwegian Fiscal § 8-10.		
	2022	2021
Tax expense consists of:		
Tax payable on taxable income	0	0
Change in deferred tax	0	0
Tax expense	0	0
Tonnage tax (booked as operating cost)	213	276
Deferred tax:		
Revaluation account	-1,309	0
Temporary differences on taxable securities	603	640
Financial losses brought forward	-19,360	-20,906
Basis for deferred tax/deferred tax asset	-20,066	-20,267
Deferred tax/deferred tax asset (22%)	-4,414	-4,459
Deferred tax benefit not shown in the balance sheet	4,414	4,459
Deferred tax benefit in the balance sheet	0	0
Deferred tax benefit is not recognised in the balance sheet due to uncertainties related to future utilisation of financial losses brought forward.		
Tax payable in the balance sheet:		
Taxable financial income	0	0
Tonnage tax	213	276
Tax payable in the balance sheet	213	276

Note 9 Financial risk management	
The company uses various financial derivatives to manage its financial market risk. This includes forward contracts, options, interest rate swaps and forward freight agreements.	
Interest rate risk	
The company's long term debt and some of its lease agreements are at floating interest rate terms, exposing the company to interest rate risk. The company's strategy is to hedge its interest rate exposure by utilizing interest swap agreements. Gains and losses arising from interest rate swaps are recognised in the same period as the related interest expense. At 31.12.22 the company held interest swap agreements of USD 79.6 m. Total unrealised MTM value for the swaps, not recognised in the balance sheet, at 31.12.22 was USD 4.2m.	
Foreign exchange risk	
The company hedges, from time to time, expenditures in currencies other than USD through forward contracts. At 31.12.22 the company had entered into hedging through the use of currency swaps for USD 3.0m. Total unrealized MTM value, not recognized in the balance sheet, at 31.12.22, was USD 0.3m.	
Freight risk (FFA)	
Forward Freight Agreements (FFA) are from time to time used as a risk management instrument in order to smooth out freight volatility. The FFA contracts are settled as an adjustment of operating income. At 31.12.22, the company had not entered into any Forward Freight Agreements (FFA).	

Note 10 Debtors which fall due later than one year		
Figures in USD 1 000		
	2022	2021
Long term receivables	2,558	2,827
Total	2,558	2,827



Grieg Shipping II AS
Notes to the financial statement for 2022

Note 11 Equity				
Figures in USD 1 000				
	Share capital	Share premium	Other equity	Total
Changes in equity				
Equity at 01.01	7,058	47,448	105,775	160,281
Profit for the year			96,876	96,876
Group contribution				0
Equity at 31.12	7,058	47,448	202,651	257,157

Note 12 Share capital and shareholders information

The parent company, Grieg Maritime Group AS has its registered office in Bergen (C. Sundts gate 17), where the consolidated financial statements are available.

The share capital consists of 39 286 598 shares with nominal value of NOK 1 each.

Shareholders at 31.12	Number of shares	Ownership
Grieg Shipowning AS	39,286,598	100%
Total shares	39,286,598	100%

Note 13 Interest bearing debt and credit facilities

Mortgage loans

At 31.12.22, the company has no loans.

Covenants

The company is providing guarantees in the amount of USD 123.4m per 31.12.2022 for Grieg Shipowning AS. In addition the company, together with Grieg International II AS, providing guarantees in the amount of USD 97.8m for Grieg Shipowning AS. All the loans have a financial covenant that Grieg Shipowning consolidated shall have minimum USD 25M / 5% of interest bearing debt in liquidity and minimum 25% in book equity. The company has been in compliance with its covenants throughout the year.