



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 982 706 645
Organisasjonsform: Aksjeselskap
Foretaksnavn: GRIEG SHIPOWNING AS
Forretningsadresse: C Sundtsgate 17/19
5007 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kari Teigland Tepstad
Dato for fastsettelse av årsregnskapet: 18.03.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 22.05.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad		256 000	278 000
Sum kostnader		256 000	278 000
Driftsresultat		-256 000	-278 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	9	8 634 000	10 059 000
Annen renteinntekt		646 000	273 000
Annen finansinntekt		187 000	
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi			303 000
Sum finansinntekter		9 467 000	10 635 000
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi		220 000	
Nedskrivning av finansielle eiendeler		85 656 000	4 434 000
Rentekostnad til foretak i samme konsern	9	1 500 000	1 563 000
Annen rentekostnad		7 251 000	9 478 000
Annen finanskostnad			3 000
Sum finanskostnader		94 627 000	15 478 000
Netto finans		-85 160 000	-4 843 000
Ordinært resultat før skattekostnad		-85 416 000	-5 121 000
Skattekostnad på ordinært resultat		82 000	-239 000
Ordinært resultat etter skattekostnad		-85 498 000	-4 882 000
Årsresultat		-85 498 000	-4 882 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-85 498 000	-4 882 000
Sum overføringer og disponeringer		-85 498 000	-4 882 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	12	357 000	665 000
Sum immaterielle eiendeler		357 000	665 000
Finansielle anleggsmidler			
Investering i datterselskap	5	217 513 000	303 169 000
Lån til foretak i samme konsern	9	186 756 000	186 649 000
Investeringer i aksjer og andeler	6	123 000	152 000
Sum finansielle anleggsmidler		404 392 000	489 970 000
Sum anleggsmidler		404 749 000	490 635 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		7 000	8 000
Konsernfordringer	9	2 040 000	3 214 000
Sum fordringer		2 047 000	3 222 000
Investeringer			
Andre markedsbaserte finansielle instrumenter	7	848 000	5 105 000
Sum investeringer		848 000	5 105 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		25 430 000	24 000
Sum bankinnskudd, kontanter og lignende		25 430 000	24 000
Sum omløpsmidler		28 325 000	8 351 000
SUM EIENDELER		433 074 000	498 986 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Selskapskapital	2.11	11 606 000	11 606 000
Annen innskutt egenkapital		236 738 000	236 738 000
Sum innskutt egenkapital		248 344 000	248 344 000
Opptjent egenkapital			
Annen egenkapital		-35 138 000	49 557 000
Sum opptjent egenkapital		-35 138 000	49 557 000
Sum egenkapital		213 206 000	297 901 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8	198 400 000	188 257 000
Langsiktig konserngjeld	9	2 720 000	10 120 000
Sum annen langsiktig gjeld		201 120 000	198 377 000
Sum langsiktig gjeld		201 120 000	198 377 000
Kortsiktig gjeld			
Leverandørgjeld		10 000	1 504 000
Kortsiktig konserngjeld	9	16 710 000	250 000
Annen kortsiktig gjeld		2 028 000	954 000
Sum kortsiktig gjeld		18 748 000	2 708 000
Sum gjeld		219 868 000	201 085 000
SUM EGENKAPITAL OG GJELD		433 074 000	498 986 000



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		136 501 000	140 381 000
Gevinst ved salg skip		55 000	2 535 000
Sum inntekter		136 556 000	142 916 000
Kostnader			
Vessel operating expenses		67 171 000	67 816 000
Bareboat and TC hire	14	18 919 000	17 877 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	3.4	37 828 000	37 780 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3.4	83 234 000	0
Annen driftskostnad	12	3 770 000	4 001 000
Sum kostnader		210 922 000	127 474 000
Driftsresultat		-74 366 000	15 442 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	9	150 000	692 000
Annen renteinntekt		47 000	214 000
Annen finansinntekt		1 267 000	706 000
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi			1 053 000
Sum finansinntekter		1 464 000	2 665 000
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi		305 000	
Rentekostnad til foretak i samme konsern	9	1 711 000	2 141 000
Annen rentekostnad		18 602 000	20 972 000
Annen finanskostnad		50 000	1 184 000
Sum finanskostnader		20 668 000	24 297 000
Netto finans		-19 204 000	-21 632 000
Ordinært resultat før skattekostnad		-93 570 000	-6 190 000
Skattekostnad på ordinært resultat		85 000	-240 000
Ordinært resultat etter skattekostnad		-93 655 000	-5 950 000



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
Årsresultat		-93 655 000	-5 950 000



Konsernets balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	12	254 000	540 000
Goodwill			2 930 000
Sum immaterielle eiendeler		254 000	3 470 000
Varige driftsmidler			
Skip, rigger, fly og lignende	4	550 820 000	666 270 000
Sum varige driftsmidler		550 820 000	666 270 000
Finansielle anleggsmidler			
Investeringer i aksjer og andeler	6	123 000	152 000
Andre fordringer		3 096 000	3 365 000
Sum finansielle anleggsmidler		3 219 000	3 517 000
Sum anleggsmidler		554 293 000	673 257 000
Omløpsmidler			
Varer			
Varer		2 307 000	3 213 000
Sum varer		2 307 000	3 213 000
Fordringer			
Andre fordringer		6 105 000	4 968 000
Konsernfordringer	9	1 030 000	21 386 000
Sum fordringer		7 135 000	26 354 000
Investeringer			
Andre markedsbaserte finansielle instrumenter	7	13 967 000	26 759 000
Sum investeringer		13 967 000	26 759 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		25 449 000	247 000
Sum bankinnskudd, kontanter og lignende		25 449 000	247 000



Konsernets balanse

Beløp i: USD	Note	2020	2019
Sum omløpsmidler		48 858 000	56 573 000
SUM EIENDELER		603 151 000	729 830 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	2.11	11 606 000	11 606 000
Annen innskutt egenkapital		236 738 000	236 738 000
Sum innskutt egenkapital		248 344 000	248 344 000
Opptjent egenkapital			
Annen egenkapital	2	-34 377 000	58 474 000
Sum opptjent egenkapital		-34 377 000	58 474 000
Sum egenkapital		213 967 000	306 818 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8	288 052 000	303 979 000
Langsiktig konserngjeld	9	33 857 000	45 857 000
Ansvarlig lånekapital	8	57 573 000	61 197 000
Sum annen langsiktig gjeld		379 482 000	411 033 000
Sum langsiktig gjeld		379 482 000	411 033 000
Kortsiktig gjeld			
Leverandørgjeld		784 000	1 783 000
Betalbar skatt	12	370 000	345 000
Kortsiktig konserngjeld	9	3 261 000	3 914 000
Annen kortsiktig gjeld		5 287 000	5 937 000
Sum kortsiktig gjeld		9 702 000	11 979 000
Sum gjeld		389 184 000	423 012 000



Konsernets balanse

Beløp i: USD	Note	2020	2019
SUM EGENKAPITAL OG GJELD		603 151 000	729 830 000



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



DIRECTORS' REPORT 2020

GRIEG SHIPOWNING AS - CONSOLIDATED

The business

Grieg Shipowning AS (the "Company") is a ship owning holding company in the consolidated group of shipping activities controlled by Grieg Shipholding Group AS ("Grieg Shipholding" or "the Group"). Grieg Shipowning AS owns all the shares in the open hatch ship owning companies Grieg Shipping II AS, Grieg Shipping III AS and Grieg International II AS. Through these three subsidiaries, the Company controlled 31 open hatch vessels at year end 2020, including vessels on bareboat and long-term time 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 six members, three women and three men. The Company has during 2020 purchased a range of services from Grieg Shipholding within strategy, administration, IT and business processes, risk management, finance and accounting as well as financial asset management. Another group company, Grieg Star AS, is responsible for the ship management of the majority of the subsidiaries' fleet. Thome Ship Management manages the remaining vessels. The services are regulated under management agreements.

The subsidiaries' 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 May 2017. G2 Ocean combines the two's global commercial expertise, operating a fleet of more than 125 vessels, in one open hatch and one dry bulk pool. The open hatch pool's worldwide trading pattern is 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

Consolidated result, balance sheet and cash flow

Although the consolidated annual result is impacted by the pandemic, which ended up lower than foreseen at the outset of 2020, the group's open hatch operations did far better than feared when the pandemic started. With China being an important market, its lockdown was severely felt during the first quarter. Vessel earnings improved, however, throughout the year as the world adjusted to the new normal and the Company's vessels continued to operate in a safe manner. In total, consolidated operating revenues ended up at USD 136.6m in 2020 vs. USD 142.9m in 2019.

Total operating costs before depreciations and write-downs increased slightly from USD 89.7m in 2019 to USD 89.9m in 2020. The vessels' operating expenses decreased from USD 67.8m in 2019 to USD 67.2m, despite having somewhat more vessel operating days in 2020. Included in the vessel opex amount, was also extra costs related to Covid-19, such as increased crew travel costs and accommodation and other safety measures. The cost for hiring in vessels increased from USD 17.9m in 2019 to USD 18.9m in 2020, mainly due an allocation on profit split. By this, Company EBITDA was reduced to USD 46.7m in 2020 vs. USD 53.2m in 2019.

Depreciation charges were unchanged with USD 38.8m in 2020 (USD 38.8m). As part of the annual close, an impairment testing of the fleet was carried out using the discounted cash flow method. The impairment testing resulted in a write-down of USD 83.2m of the vessels' book values, to achieve better harmonisation with the fleet's fair market value. Although the write-down reduces the



Company's consolidated equity ratio to 35% (42%), it has no real material impact on its financial strength, solidity, operations, or partners' interests. With this, Grieg Shipowing AS consolidated operating profit decreased to minus USD 74.4m in 2020 vs. a positive operating profit of USD 15.4m in 2019.

Net financial items were minus USD 19.2m in 2020 vs. minus USD 21.6m in 2019. With Company financing costs positively influenced by the lower Libor rate, and despite refinancing of six open hatch vessels, total interest rate costs and financing fees decreased from USD 20.0m in 2019 to USD 18.6m in 2020. The net effect from foreign exchange gains/loss was insignificant in 2020 (minus USD 0.4m in 2019). Altogether, the consolidated pre-tax result ended up at minus USD 93.6m in 2020 vs. minus USD 6.2m in 2019.

Total long-term interest-bearing debt decreased from USD 365.2m in 2019 to USD 345.6m in 2020. Book equity was USD 214.0m at year end 2020 (USD 306.8m) and total assets USD 603.2m (USD 729.8m), with current assets accounting for USD 48.9m (USD 56.6m). Liquidity on the balance sheet date in the form of bank deposits and cash including market-based investments was USD 39.4m.

Based on net cash flows from operations of USD 34.6m (USD 29.5m), cash flow from investments of USD 2.5m (minus USD 6.1m) and net cash flow of minus USD 31.4m (minus USD 3.8m) from financing activities, the Grieg Shipowning's consolidated net change in liquid funds in 2020 was USD 5.7m (USD 19.8m).

Company result and balance sheet

The Company itself had no operating revenues in 2020 and neither in 2019, given the nature of its business. Operating expenses were low with USD 0.3m in 2020, which was unchanged from the previous year.

Grieg Shipowning AS has, however, from late 2018 to a large extent taken over the role as the external financial lender of the group's open hatch activities. The loans are, however, guaranteed by the respective open hatch ship owning companies. Based on net financial items of minus USD 85.2m in 2020 (minus USD 4.8m in 2019) of which USD 85.7m (USD 4.4m) is due to a write down of the shares in subsidiaries, the Company's ended up with a loss before tax of minus USD 85.4m in 2020 vs. minus USD 5.1m in 2019.

Company long-term interest-bearing debt at year end 2020 was 198.4m (USD 188.3m). Book equity was USD 213.1m at year end 2020 (USD 297.9m), while total assets were USD 433.1m (USD 490.6m), with current assets accounting for USD 28.3m (USD 8.5m).

External environment

Shipping, transporting about 90% of world trade, is statistically the least environmentally damaging mode of transport when taking productivity into the equation. Still, emissions of greenhouse gases (GHG) from shipping constitutes about 2.5% of global emissions. In 2018, the IMO's Marine Environment Protection Committee (MEPC) adopted a new strategy to reduce GHG emissions from ships. Their vision is to reduce total annual GHG emissions by at least 50% by 2050, compared to 2008. The IMO targets align with the Group's environmental strategy and long-term goals towards 2030, aiming to be compliant or exceed any regulations before their due dates.

The Group's participation in ongoing R&D programs is part of meeting its environmental ambitions. An example of this is the SFI Smart Maritime project, enabling the Norwegian maritime cluster to be world-leading in 2025 in environmentally friendly shipping. The project has eight years duration, with expected completion in 2023. Exploration of new technologies and digitalisation is encouraged, as it enables better insight and more efficient operations. Several applications and initiatives were launched in 2020, as the Rayven contingency reporting tool, a process for remote dockings and the



"red team" project together with G2 Ocean and Gearbulk, resulting in a significant reduction of fuel oil use.

As the Grieg Shipowning'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. After implementing measures to eliminate single-use plastic on board, a 30% reduction of plastic disposal was also achieved in 2020.

Sustainability

In 2008, the Group committed to the ten principles of the UN Global Compact. In 2019 it became a participant of the same and joined the UNGC Action Platform for Sustainable Ocean Business. All in the recognition that no one is big enough to solve all these challenges themselves but need to work together with partners. Through the 2020 strategy process, management further reinforced that sustainability is not a separate policy with its own benchmarks but an integrated part of developing the future business. This is the only way the Group can contribute to the Grieg Group's ambitious purpose: "We shall restore our oceans".

The Group has for several years worked with the UN's Sustainable Development Goals. Particularly high on the agenda are the seven SDGs targeted as material to the Group's business activities as: "4. Quality Education", "5. Gender Equality", "9. Industry, Innovation and Infrastructure", "14. Life Below Water" and "15. Life on Land". For reporting on progress for 2020, the Group has continued to apply the Norwegian Shipowners Association guidelines on sustainability reporting, aiming to show relevant and consistent reporting over time.

Risk

Grieg Shipowning is both directly and indirectly exposed to financial and market risks. Changing equity prices and interest rates affect the Company's and its subsidiaries financial investments and loans. The financial portfolios are managed under a long-term strategy reflecting Grieg Shipowning's business principles and risk capacity to ensure that the Group can withstand market fluctuations. There are policies in place to reduce interest rate risk related to the fleet's funding. Continued focus on cost reduction by lowering financial gearing continues to pay-off as the vessels' cash-break-even level was reduced further in 2020. However, with the pandemic taking its toll on earnings, liquidity risk is still high on the Board's attention list.

The Company's subsidiaries are in addition exposed to the development in freight rates, ship values and currency. The fleets' earnings are, however, to a large extent linked to long term cargo contracts as the shipping activities are 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. The 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 Group has defined strategies and policies that reduce the currency risks.

The Company's subsidiaries assumes counterparty risk in several areas of its business. Issues related to credit risk as well as sanctions regulations are part of the daily business. The Maritime Anti-Corruption Network (MACN) membership is one tool to fight and report corruption and facilitation payments actively. Identifying, understanding, and acting to reduce security risks, particularly cyber threats, has been in focus also in 2020. Going forward, strong attention will be given to climate transition risk, where assessing and defining a decarbonisation roadmap for the Company's vessels will be central.



The market and outlook

2020 was a year for the history books where Covid-19 materially affected private behaviour and consumption, and general business cycles. World seaborne trade with shipping of dry cargo remained surprisingly strong. According to BIMCO, in the full year of 2020, global container shipping volumes fell by only 1.2% compared with 2019, much less than feared. Overall, total dry bulk tonnes transported fell by 1.3% to 5.49 billion tonnes. However, with strong growth in Chinese imports, which on average has a longer sailing distance than the rest of the world, the overall tonne-mile demand grew by 0.9%. Most challenging for the shipping sector in 2020 has, however, been the operational handling and change of crew for the vessels, which affected vessel efficiency and thus earnings.

For open hatch, the negative impact on global trade was less severe in 2020 than initially thought. Some key commodities like market pulp and paper & board fared well, whereas others like soda ash and steel suffered. Going forward, the overall outlook for world market pulp demand looks solid and is expected to continue with stable growth in seaborne volumes, primarily from the Americas to Asia. With increased project cargo volumes, the vessels' commercial manager G2 Ocean remains optimistic about current and next years' performance.

Going concern and allocation of profits

The Board of Directors confirms that the annual accounts have been prepared on the basis of 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 Shipowning AS' assets and liabilities as well as financial position and results, and recommends that the loss after tax of USD 85,498,090 (minus USD 4,881,191) is allocated as follows:


From other equity:	USD – 85,498,090
Total allocations:	USD – 85,498,090

Bergen, 18 March 2021


The Board of Directors of Grieg Shipowning AS


Elisabeth Grieg
Board Member


Camilla Grieg
Chair


Didrik O. Munch
Board Member


Kai Grøtterud
Board Member


Sirine Fodstad
Board Member


Rune Birkeland
Board Member


Matthew Robert Cagienard Duke
CEO



GRIEG SHIPOWNING AS figures in usd 1 000}				INCOME STATEMENT		GRIEG SHIPOWNING CONSOLIDATED figures in usd 1 000}	
2020	2019	Note		2020	2019		
<u>0</u>	<u>0</u>		Revenues	<u>136,501</u>	<u>140,381</u>		
			Operating revenue				
			Gain from sale of vessels	55	2,535		
			Total revenues	136,556	142,916		
			Operating expenses				
256	278		Vessel operating expenses	67,171	67,816		
		12	Other operating expenses	3,770	4,002		
		14	Bareboat- and T/C hire	18,919	17,877		
		3.4	Depreciation	37,828	37,780		
		3.4	Impairment loss of fixed assets	83,234	0		
<u>256</u>	<u>278</u>		Total operating expenses	210,922	127,475		
-256	-278		Operating profit	-74,366	15,442		
			Financial items				
646	273		Interest income	47	214		
8,634	10,059	9	Interest income group	150	692		
			Other financial income	636	240		
-7,252	-9,478		Interest expenses	-18,602	-20,972		
-1,500	-1,563	9	Interest expenses group	-1,711	-2,141		
-85,656	-4,434		Writedown of shares in sub.	0	0		
-220	303		Change in value of financial investments	-305	1,053		
3	-1	7	Realized return on marked-based fin. Investm.	588	466		
			Other financial expenses	-51	-809		
<u>184</u>	<u>-1</u>		Gain/loss on foreign exchange	43	-376		
<u>-85,160</u>	<u>-4,843</u>		Total financial items	-19,204	-21,632		
-85,417	-5,121		Profit before tax	-93,570	-6,190		
-81	238	12	Taxes	-85	240		
<u>-85,498</u>	<u>-4,882</u>		Profit for the year	-93,655	-5,950		



GRIEG SHIPOWNING AS (figures in usd 1 000)		BALANCE SHEET		GRIEG SHIPOWNING CONSOLIDATED (figures in usd 1 000)	
2020	2019	Note		2020	2019
			Intangible fixed assets		
		3	Contracts	0	1,991
		3	Goodwill	0	939
357	665	12	Deferred tax assets	254	540
<u>357</u>	<u>665</u>		Total intangible fixed assets	<u>254</u>	<u>3,470</u>
			Tangible assets		
		4	Vessels	550,510	665,677
			Project in progress	310	593
<u>0</u>	<u>0</u>		Total fixed tangible assets	<u>550,820</u>	<u>666,270</u>
357	665		Total fixed assets	551,074	669,740
			Financial assets		
217,513	303,169	5	Investments in subsidiaries	0	0
186,756	186,649	9	Loan to group companies	0	0
			Long term receivables	3,096	3,365
123	152	6	Investment in shares	123	152
<u>404,391</u>	<u>489,970</u>		Total financial assets	<u>3,219</u>	<u>3,517</u>
			Current assets		
2,040	3,214	9	Receivables from group companies	1,030	21,386
			Inventory	2,307	3,213
7	8		Other receivables	6,105	4,968
848	5,105	7	Market based investments	13,967	26,759
25,431	26		Bank deposits, cash in hand, etc	25,448	247
<u>28,326</u>	<u>8,352</u>		Total current assets	<u>48,858</u>	<u>56,573</u>
433,074	498,986		TOTAL ASSETS	603,151	729,830



GRIEG SHIPOWNING AS (figures in usd 1 000)			BALANCE SHEET	GRIEG SHIPOWNING CONSOLIDAED (figures in usd 1 000)	
2020	2019	Note		2020	2019
Equity and liabilities					
Paid-in capital					
11,606	11,606	2.11	Share capital	11,606	11,606
236,738	236,738		Other paid-in equity	236,738	236,738
248,343	248,343		Total restricted equity	248,343	248,343
Retained earnings					
-35,137	49,558	2	Other equity	-34,376	58,475
-35,137	49,558		Total retained equity	-34,376	58,475
213,206	297,901		Total equity	213,967	306,818
Liabilities					
Long-term debt					
198,401	188,258	8	Liabilities to financial institutions	288,052	303,979
		8	Other long-term debt	57,572	61,197
2,720	10,120	9	Long-term liabilities to group companies	33,857	45,857
201,120	198,377		Total long-term liabilities	379,482	411,033
Current liabilities					
16,710	250	9	Liabilities to group companies	3,261	3,914
10	1,504		Accounts payable	784	1,783
		12	Tax payable	370	345
2,028	955		Other short-term liabilities	5,288	5,937
18,748	2,709		Total current liabilities	9,702	11,979
219,868	201,087		Total liabilities	389,184	423,012
433,074	498,986		TOTAL EQUITY AND LIABILITIES	603,151	729,830

Bergen, 18th of March 2021
The Board of Directors Grieg Shipowning AS

 Camilla Grieg Chair	 Elisabeth Grieg Board Member	 Didirik O. Munch Board Member	 Rune Birkeland Board Member	 Sirine Fodstad Board Member	 Kai Grøtterud Board Member	 Matthew R. C. Duke CEO
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Grieg Shiphovning Consolidated Cashflow				
Parent	USD		Consolidated	
USD	USD	USD	USD	USD
2020	2019	2020	2019	2019
Cash flow from operations				
-85 416 707	-5 119 600	-93 569 868	-6 189 946	
0	0	0	-370 110	
85 655 993	4 434 498	0	0	
0	0	85 357 999	0	
0	0	43 321 705	43 867 910	
0	0	-588 423	-466 237	
0	0	-55 000	-2 535 128	
216 128	-303 289	305 118	-1 053 116	
0	0	0	0	
0	0	906 070	-116 435	
-773 705	128 510	269 231	-676 828	
878	1 417 377	-1 137 314	-41 287	
-571 431	1 470 494	-998 938	-789 181	
878	0	0	0	
40 273	847 786	745 146	(2 127 533)	
-847 694	2 875 776	34 555 726	29 502 109	
Cash flow from investments				
0	-5 317 210	0	39 471 810	
0	0	0	-50 024 866	
0	0	-10 631 873	21 000	
29 000	21 000	29 000	21 000	
0	-4 801 543	-150 864	-4 785 919	
4 212 569	0	13 247 869	9 237 937	
4 241 569	-10 097 753	2 494 132	-6 080 058	
Cash flow from financing				
8 890 140	-23 507 916	-11 824 420	37 533 781	
10 143 103	32 410 740	-19 551 557	-41 229 777	
19 033 243	8 902 824	-31 375 977	-3 695 996	
22 427 118	1 680 847	5 673 881	19 726 055	
3 004 106	1 323 259	19 774 428	48 373	
25 431 224	3 004 106	25 448 309	19 774 428	
Cash and cash equivalents at the end of the period consists of:				
25 431 224	26 070	25 448 309	246 593	
0	2 978 036	-	19 527 835	
25 431 224	3 004 106	25 448 309	19 774 428	



Grieg Shipowning consolidated
Notes to the financial statements 2020

Note 1 Accounting principles

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

Subsidiaries

Subsidiaries are posted in the company accounts applying the cost method. The investment is stated at historical cost of the shares unless a write-down has been necessary. The investment is written down to fair value when the reduced value is due to causes which are not deemed to be temporary. Write-downs are reversed when the grounds for the write-down no longer exist.

Dividends and other distributions are recognised in the year in which they are provided for in the accounts of the subsidiary. If the dividend exceeds the profit after the acquisition, the surplus amount represents repayment of the capital investment and the distributions are deducted from the amount of the investment in the balance sheet.

Investment in joint ventures and associated companies

Investments in associated companies are stated according to the cost method in the company accounts and according to the equity method in the group accounts. Investments in 50/50% joint ventures are stated according to the gross method.

Operating revenues

Operating revenues are entered as income at the time of delivery. The time of delivery is understood to mean the time of transfer of risk and control related to the delivery.

Classification and valuation of balance sheet items

Current assets and current liabilities relate to items which mature within one year from the date of purchase. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of historical cost and fair value. Current liabilities are carried at nominal value at the date of issue. Fixed assets are valued at historical cost, but are written down to recoverable amount in the event of impairment which is not deemed to be temporary.

Long-term liabilities are carried at the nominal amount at the establishment date.

Intangible assets

The cost of intangible assets is posted in the balance sheet if it is considered likely that the future economic benefits related to the assets will accrue to the company and a reliable measurement of the historical cost of the asset in question has been established.

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 Group's open hatch 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 optimization 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 open hatch fleet is therefore considered to be the respective cash-earnings of other vessels in the pool. The open hatch fleet is therefore considered to be the respective cash-generating units.

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.

Improvements are capitalised and depreciated in pace with the asset involved. Docking costs are capitalised and depreciated over the period to the next scheduled dry-docking. Depreciation of the docking is classified as an operating expense.

The recoverable amount of an asset is measured whenever there is an indication that an asset may be impaired, written-down and the asset is stated at the lower of the recoverable amount and the cost price less any write-down. The write-down is reversed when the grounds for the write-down no longer exist.

GSO kvartren 2020 noter



Grieg Shipowning consolidated
Notes to the financial statements 2020

Stocks of inventories

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

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.

Short-term investments

Short-term investments in shares and mutual funds are regarded as part of the financial trading portfolio and are stated at fair value at year-end. Dividends received and other distributions are entered as income under other financial income.

Foreign currency

Consolidated accounts are reported in USD. Financial statements denominated in other currency than USD are recalculated against USD at the average exchange rates and the balance sheet at the exchange rate at year end.

Monetary items denominated in foreign currency are valued at the year-end exchange rate against USD. Exchange rate per 31.12.2020 is NOK/USD: 8.5326. Currency gain or loss from operation and monetary items in foreign currencies are posted at the exchange rate of the relevant date of balance. Transactions in foreign currencies are restated at the foreign transaction rate.

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 occur.

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 question and is included in interest expenses for the period.

Unrealised gain/loss on the hedging contracts is not posted on the balance sheet.

Freight risk hedging

Forward Freight Agreements (FFA) are recognised and classified in the same way as the related operating income. The freight received/paid under the contract is therefore recognised in the same period as the hedged transactions occur.

Unrealised gain/loss on the FFA contracts is not posted on the balance sheet.

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 operating cost.

Taxes

The tax charge in the profit and loss account includes taxes payable for the period and changes in deferred tax. Deferred tax is calculated at 22% (with effect from January 1st 2019) based on the temporary differences that exist between accounting and tax values, and taking account of the tax loss carried forward at the end of the financial year. Tax enhancing and tax reducing temporary differences which are reversed or can be reversed in the same period have been set off. The net deferred tax advantage is posted in the balance sheet where it is expected that this can be utilized. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and losses carried forward, is based on estimates of future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Grieg Shipping III AS, Grieg Shipping II AS and Grieg International II AS are shipowning companies which are taxed under the Norwegian tonnage tax system pursuant to chapter 8 of the Taxation Act. The European Surveillance Authority announced in December 2017 that it had approved the Norwegian tonnage tax regime for a new 10 year period from January 1st 2018, with some adjustments.

GSO konsern 2020 noter



Grieg Shipowning consolidated
Notes to the financial statements 2020

Estimates

When preparing the annual accounts in accordance with good accounting practice, the management make 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.

Cash flow statement

Cash flow statements 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 no major exchange rate risk be converted into a known amount and maturing less than three months from the transaction date.

Group account cash pool agreement

As per 31.12.20 the Group account cash pool agreement with Grieg Shipholdings AS as a Group Account Holder, has been divided into two cash pool agreements. Grieg Shipholding AS is the Group Account Holder for one of the agreements, and Grieg Shipowning AS for the other agreement. While this setup was established in the bank on January 8th, the agreement to divide into two cash pools was entered into December 20th, and as such deemed to be effective by year end 20120

In Grieg Shipowning AS' cash pool, Grieg Shipping II, Grieg International II AS, Grieg Shipping III AS and Grieg Star OH Pool AS are included

Under these agreements, 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 balance in the balance sheet statement for Grieg Shipowning AS, as a Group Account Holder. Participating companies' share of aggregated cash balance is recognised as intercompany balances in each participating company's balance sheet.

Consolidation

The consolidated accounts include the subsidiaries specified below and show the parent company and subsidiaries as a single enterprise. Shares in subsidiaries are eliminated using the purchase method. Shares in subsidiaries are set off in an amount corresponding to the book value of equity attributable to the shares at the date of purchase. Any difference arising on elimination is assigned to specific assets. Excess values that cannot be assigned to specific assets are posted as goodwill and amortised over the expected lifetime of the asset. Intra-group transactions and balances are eliminated. Conversion of subsidiaries with a currency other than USD is for items in the balance sheet recalculated at the exchange rate at year end.

Profit and loss is recalculated at the average exchange rate in 2020. Substantial items, if any are recalculated to the exchange rate on the day the transaction is accomplished. Conversion differences related to exchange rates are posted against the equity.

	REGISTERED OFFICE	OWNERSHIP
Grieg Shipowning is a group which comprises the following companies:		
Grieg Shipping II AS - shipowning company, tonnage taxed	Bergen	100%
Grieg International II AS - shipowning company, tonnage taxed	Oslo	100%
Grieg Shipping III AS - shipowning company, tonnage taxed	Bergen	100%



Grieg Shipping consolidated
Notes to the financial statements 2020

Note 2 Equity

PARENT COMPANY

Figures in USD 1 000

Changes in equity	Share capital	Share premium	Other equity	Total
Equity at 01.01	11,606	236,738	49,558	297,901
Profit for the year			-85,498	-85,498
Net group contribution			803	803
Equity at 31.12	11,606	236,738	50,361	213,206

GROUP

Figures in USD 1 000

Changes in equity	Share capital	Share premium	Other equity	Total
Equity at 01.01	11,606	236,738	58,475	306,818
Profit for the year			-93,655	-93,655
Net group contribution			803	803
Equity at 31.12	11,606	236,738	-34,377	213,967

Note 3 Intangible assets

GROUP

Figures in USD 1 000

Intangible assets	Goodwill	Contracts	Total
Acquisition costs at 01.01.	7,791	17,529	25,319
Additions			
Disposals			
Acquisition costs at 31.12	7,791	17,529	25,319
Accumulated depreciation at 31.12.	7,242	16,462	23,704
Impairment loss	549	1,067	1,617
Book value at 31.12.	0	0	0
Depreciation	389	923	1312
Depreciation period	20 years	20 years	
Depreciation plan	Straight-line	Straight-line	

The goodwill is related to the purchase of Grieg International II AS and is depreciated over the expected useful life of the company's vessels. Contracts above represents excess values related to the vessel's contracts of affreightment through the participation in the G2 Ocean pool.



Grieg Shipowning consolidated
Notes to the financial statements 2020

Note 4 Fixed Assets

GROUP

Figures in USD 1 000

	Vessels	New buildings	Docking	Total
Purchase cost at 01.01	1,179,112		46,959	1,226,071
Additions	6,749		3,883	10,632
Disposal			5,662	5,662
Purchase cost at 31.12.	1,185,861		45,180	1,231,041
Accumulated depreciation at 31.12	572,673		26,241	598,914
Impairment loss	81,615			81,615
Book value at 31.12.	531,573		18,939	550,512

Depreciation	35,725		8,013	
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Depreciation plan	Straight line		Straight line	
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Expected useful life	30 years		5 years	
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At 31.12.20 the Group has no new building contracts.

Based on an impairment testing per year-end 2020, the open hatch fleet was written down with USD 81.6m.

Note 5 Subsidiaries

PARENT COMPANY

Figures in USD 1 000

Subsidiary	Denominated in	Registered office	Ownership/voting rights	Equity 2020 (100%)	Result 2020 (100%)	Book value (100%)
Grieg Shipping II AS	USD	Bergen	100%	147,395	-57,170	147,395
Grieg International II AS	USD	Oslo	100%	64,801	-29,267	64,801
Grieg Shipping III AS	USD	Bergen	100%	6,078	432	5,317
Book value at 31.12.						217,513

Note 6 Investments in shares

PARENT COMPANY

Figures in USD 1 000

	Registered office	Ownership	Book value
UACC Ross Tankers DIS	Oslo	2%	123

UACC Ross Tankers DIS is a part-owned company owned by Grieg Shipowning AS.

Note 7 Market-based investments

GROUP

Figures in USD 1 000

	Acquisition cost	Market value	Acquisition cost	Market value
	2020	2020	2019	2019
Mutual funds			1,387	1,586
Bonds	5,441	6,471	8,444	9,337
Money market funds	7,162	7,495	15,258	15,836
Book value at 31.12	12,603	13,967	25,089	26,759

G50 konsertn 2020 noter



Grieg Shipowning consolidated
Notes to the financial statements 2020

	2020		Total profit/loss
	Realised	Unrealised	
Mutual funds	-67	198	131
Bonds	328	140	468
Money market funds	328	-202	126
Profit/loss from market-based investments	588	136	724

	2019		Total profit/loss
	Realised	Unrealised	
Mutual funds	289	18	307
Bonds	476	729	1,205
Money market funds	304	106	410
Profit/loss from market-based investments	1,070	855	1,922

Note 8 Interest-bearing debt

PARENT COMPANY

Figures in USD 1 000

Mortgage loans

At 31.12.20 the company has five loans. The loans are denominated in USD.

Loan covenants

Covenants common to all mortgage loans is that the Group must continue to be controlled by the Grieg family, Grieg Shipowning on a consolidated basis must maintain a minimum of USD M25 / 5% of total interest bearing debt in liquidity. Grieg Shipowning AS is providing guarantees in the amount of USD 20.2m per 31.12.2020 for Grieg International II AS vessels, USD 60.7m for the Grieg Shipping II AS vessels, USD 8.8 for the Grieg Shipping III AS vessel and USD 46.7m for the GriegMaas Ultramax AS vessels. Grieg Shipping II AS and Grieg International II AS is providing guarantees in the amount of USD 198.4 m for Grieg Shipowning AS. The companies have been in compliance with the covenants throughout the year.

	2020	2019
Mortgage loans (1st priority)	198,401	188,258
Total	198,401	188,258
Of which long-term debt with maturity later than 5 years	2020	2019
Debt to credit institutions	0	0
Total	0	0
Balance value of mortgaged assets	2020	2019
Vessels	335,724	359,921
New building contracts (booked as receivables)	0	0
Total	335,724	359,921

GSO konsern 2020 noter



Grieg Shipowning consolidated
Notes to the financial statements 2020

GROUP

Figures in USD 1 000

Mortgage loans

At 31.12.20 the Group has eight loans. The loans are denominated in USD.

Loan covenants

Covenants common to all mortgage loans is that the Group must continue to be controlled by the Grieg family, Grieg Shipowning on a consolidated basis must maintain a minimum of USD M25 / 5% of total interest bearing debt in liquidity. Grieg Shipowning AS is providing guarantees in the amount of USD 20.2m per 31.12.2020 for Grieg International II AS vessels, USD 60.7m for the Grieg Shipping II AS vessels, USD 8.8 for the Grieg Shipping III AS vessel and USD 46.7m for the GriegMaas Ultramax AS vessels. Grieg Shipping II AS and Grieg International II AS is providing guarantees in the amount of USD 198.4 m for Grieg Shipowning AS. The companies have been in compliance with the covenants throughout the year.

	2020	2019
Mortgage loans (1st priority)	288,052	303,979
Total	288,052	303,979
Of which long-term debt with maturity later than 5 years	2020	2019
Debt to credit institutions	0	0
Total	0	0
Balance value of mortgaged assets	2020	2019
Vessels	481,998	570,031
New building contracts (booked as receivables)	0	0
Total	481,998	570,031
Other long term debt	2020	2019
Financial leasing	57,572	61,197
Total other long term debt	57,572	61,197

Note 9 Related parties

PARENT COMPANY

Figures in USD 1 000

Other receivables	2020	2019
Grieg Star AS	134	
Grieg Green AS	896	0
Grieg Shipholding AS		3000
Grieg Shipping II AS	795	103
Grieg International II AS	215	111
Total	2,040	3,214
Long term receivables group companies	2020	2019
Grieg Shipping II AS	147,220	151,121
Grieg International II AS	39,537	35,528
Total	186,756	186,649

GSO konsern 2020 noter



Grieg Shipping consolidated
Notes to the financial statements 2020

Other current liabilities		2020	2019
Grieg Shipholding AS		313	
Grieg Star Bulk AS			240
Grieg Shipping II AS		9,475	11
Grieg Shipping III AS		1,353	0
Grieg International II AS		5,562	0
Grieg Star OH Pool AS		8	0
Grieg Investor AS		1	3
Total		16,710	253
Long term liabilities		2020	2019
Grieg Shipholding AS		2,720	10,120
Total		2,720	10,120
Transactions with related parties			
Company	Type of services	2020	2019
Revenue			
Grieg Shipping II AS	Interest income	6,800	6,754
Grieg International II AS	Interest income	1,615	2,613
Grieg Shipping III AS	Interest income	219	
Grieg Star Bulk AS	Interest income		917
Expenses			
Grieg Shipholding AS	Management fee	194	159
Grieg Shipping II AS	Interest expense	599,118	743
Grieg International II AS	Interest expense	587,369	444
Grieg Star Bulk AS	Interest expense		240
Grieg Shipholding AS	Interest expense	313,098	361
GROUP			
Figures in USD 1 000			
Other short-term receivables		2020	2019
Grieg Star AS		134	
Grieg Shipholding AS			21,135
Grieg Star OH Pool AS			251
Grieg Green AS		896	
Total		1,030	21,386

GSO konsern 2020 noter



Grieg Shipowning consolidated
Notes to the financial statements 2020

Other short-term liabilities	2020	2019
Grieg Shipholding AS	1672	3635
Grieg Star AS	481	
Grieg Star OH Pool AS	1100	
Grieg Star Bulk AS		264
Grieg Investor AS	8	15
Total	3,261	3,914

Long term liabilities	2020	2019
Grieg Shipholding AS	33,857	45,857
Total	33,857	45,857

Note 10 Share capital and shareholder information

PARENT COMPANY

The share capital consists of	Number of shares	Nominal value	Book value in USD 1 000
A shares	909,454	0.01	11,606
Total	909,454		11,606

Shareholders at 31.12	Number of shares	Ownership
Grieg Shipholding AS	909,454	100%

Note 11 Taxes

PARENT COMPANY

Figures in USD 1 000

Tax charge and tax payable in the accounts

Temporary differences	2020	2019
Fixed assets		
Early retirement		
Receivables foreign currency	5,311	
Net temporary differences	5,311	-
Adjustment prior years		
Tax losses carried forward	(6,932)	(3,021)
Basis for deferred tax/(deferred tax assets)	(1,621)	(3,021)
Deferred tax/deferred tax assets	(357)	(665)
Deferred tax/(deferred tax assets) in the balance sheet	(357)	(665)



Grieg Shipowning consolidated
Notes to the financial statements 2020

Basis for taxation, change in deferred tax and tax payable

Profit before tax	(85,417)	(685)
Permanent differences	85,874	(419)
Basis of tax charge for the year	458	(1,104)
Change in temporary differences	(5,311)	
Change tax losses carried forward	3,823	1,104
Basis for payable taxes in the income statement	-	-
+/- Group contribution received/given	1,030	-
Tax loss carried forward	-	-
Taxable income (basis for tax payable in the balance sheet)	-	-

Tax expense consists of

Tax payable (22% of basis for tax payable in the profit and loss account)	-	-
Under provision of tax in previous year	-	-
Tax cost group contribution	-	-
Currency effects	-	-
Change in deferred tax	81	(238)
Change in deferred tax, due to change in tax rate	-	-
Tax charge / (tax income)	81	(238)

Reconciliation of the tax expense

Result before taxes	-85,417	-685
Calculated tax 22%	-18,792	-151
Tax expense	81	-243
Difference	-18,710	-394

The difference consist of:

22% of permanent differences	18,892	-92
Change in deferred tax due to change in tax rate	0	-
Change in deferred tax due to change in tax rate	0	-
Other differences	-182	-302
Sum explained differences	18,710	-394

Tax payable in the balance sheet

Tax payable (22% of basis for taxes payable in the profit and loss account)	-	-
Under/over provision for tax payable	-	-
Tax payable in the balance sheet	-	-

GROUP

Figures in USD 1 000

	2020	2019
Tax expense consists of:		
Tax payable on taxable income	26	31
Change in deferred tax	59	(271)
Deferred tax benefit not shown in the balance sheet	-	-
Group contribution, tax effect	-	-
Adjustment with respect of prior years	-	-
Tax expense (income)	85	(240)
Tonnage tax (classified as an operating expense in the income statement):	344	314

GSO konsern 2020 noter



Grieg Shipowning consolidated
Notes to the financial statements 2020

Deferred tax:		
Long-term debt	-	-
Fixed assets		
Shares in subsidiaries		
Early retirement		
Pension		
Other temporary differences	6,409	2,357
Financial instruments and other short-term investments	233	(325)
Profit/loss account	466	565
Tax loss carry forwards	(47,305)	(38,273)
Basis for deferred tax/(deferred tax assets)	(40,198)	(35,676)
Deferred tax/(deferred tax assets)	(8,843)	(7,849)
Deferred tax assets not recognised in the balance sheet	8,590	7,308
Deferred tax/(deferred tax assets) recognised in the balance sheet	(254)	(540)

Tax payable consists of:

Taxable financial income for companies under Chapter 8 of Taxation Act	116	141
Profit before tax subject to ordinary income tax	(85,417)	(5,120)
Permanent differences	85,874	5,210
Changes in differences included in the basis for deferred tax/deferred tax assets	(1,488)	
Group contribution	1,030	-
Changes in deficit and remuneration brought forward	-	-
Basis of tax charge for the year	116	141
Current tax payable of net income	26	31
Adjustment with respect of prior years		
Tonnage tax	344	314
Tax prepaid		
Effect of Group contribution	-	-
Tax payable in the accounts	370	345

Note 12 Payroll expenses, auditor's fee etc.

PARENT COMPANY

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 associates.

Auditor's fee	2020	2019
Statutory audit		
Tax advisory fee (incl. technical assistance)	3	2
Tax advisory fee (incl. technical ass. with tax return)	3	3
Other non-audit services	3	0
Total fee to auditor excl. v.a.t.	9	5



Grieg Shipowning consolidated
Notes to the financial statements 2020

GROUP

Figures in USD 1 000

Auditor's fee

<i>Group auditor</i>	2020	2019
Statutory audit	44	42
Tax advisory fee (incl. technical assistance)	8	6
Tax advisory fee (incl. technical ass. with tax return)	7	3
Total fee to Group auditor excl. v.a.t.	59	51

Note 13 Financial market risk

The Group uses various financial derivatives to manage its financial market risk. This includes forward contracts, interest rate swaps and forward rate agreements.

Interest rate risk

The Group's long term debt and some of its lease agreements are at floating interest rate terms, exposing the company to interest rate risk in both short and long term. The Group's strategy is to hedge parts of its interest rate exposure by utilizing interest rate swap agreements. Gains and losses arising from interest rate swaps are recognised in the same period as the related interest expense.

At 31.12.20 the Group held interest swap agreements of USD 209.4m. Total unrealised MTM value, not recognised in the balance sheet, was USD 11m.

Foreign exchange risk

The company hedges expenditures in currencies other than USD forward contracts. At 31.12.20 the company had entered into hedging agreements through the use of currency swaps for USD 4.8m. Total unrealised MTM value, not recognised in the balance sheet at 31.12.20, was USD 1.5m.

Freight risk

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 31.12.20, the company had not entered into any Forward Freight Agreements (FFA).

Note 14 Operating lease agreements

GROUP

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

	Number of vessels	Duration	Operating lease expense recognised in the year
Bare-boat hire	4	1 - 12 years	USD 11.1 m
Long-term time charter vessels	2	0 - 1 years	USD 7.9 m

GSO konsern 2020 noter



To the General Meeting of Grieg Shipowning AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grieg Shipowning AS, which comprise:

- The financial statements of the parent company Grieg Shipowning AS (the Company), which comprise the balance sheet as at 31 December 2020, 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, and
- The consolidated financial statements of Grieg Shipowning AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, 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 are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 and the Group as required by laws and regulations, 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.

*PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*



Independent Auditor's Report - Grieg Shipowning AS



Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements 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 and the Group'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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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>

(2)



Independent Auditor's Report - Grieg Shipowning AS



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 18 March 2021
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant

(This document is signed electronically)

(3)