



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 989 761 617  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: SKIPSAKSJESELSKAPET GEARBULK AS  
Forretningsadresse: Ytrebygdsvegen 215  
5258 BLOMSTERDALEN

### 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: Stian Lie  
Dato for fastsettelse av årsregnskapet: 18.06.2021

### 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, 15.09.2022



## Resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Sum inntekter		0	
<b>Kostnader</b>			
Annen driftskostnad		19 000	21 000
Sum kostnader		19 000	21 000
<b>Driftsresultat</b>		<b>-19 000</b>	<b>-21 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap		7 543 000	
Annen finansinntekt			5 045 000
Sum finansinntekter		7 543 000	5 045 000
Annen finanskostnad		349 000	575 000
Sum finanskostnader		349 000	575 000
<b>Netto finans</b>		<b>7 194 000</b>	<b>4 470 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>7 175 000</b>	<b>4 449 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>7 175 000</b>	<b>4 449 000</b>
<b>Årsresultat</b>		<b>7 175 000</b>	<b>4 449 000</b>
<b>Overføringer og disponeringer</b>			
Udekket tap		7 175 000	4 448 000
Sum overføringer og disponeringer		7 175 000	4 448 000



## Balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap		5 045 000	5 045 000
Sum finansielle anleggsmidler		5 045 000	5 045 000
Sum anleggsmidler		5 045 000	5 045 000
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer		3 844 000	
Sum fordringer		3 844 000	
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		9 000	4 000
Sum bankinnskudd, kontanter og lignende		9 000	4 000
Sum omløpsmidler		3 853 000	4 000
<b>SUM EIENDELER</b>		<b>8 898 000</b>	<b>5 049 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital		16 060 000	16 060 000
Sum innskutt egenkapital		16 060 000	16 060 000
<b>Opptjent egenkapital</b>			
Udekket tap		20 502 000	27 677 000



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Sum opptjent egenkapital</b>		<b>-20 502 000</b>	<b>-27 677 000</b>
<b>Sum egenkapital</b>		<b>-4 442 000</b>	<b>-11 617 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Øvrig langsiktig gjeld			10 400 000
<b>Sum annen langsiktig gjeld</b>			<b>10 400 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>10 400 000</b>
<b>Kortsiktig gjeld</b>			
Annen kortsiktig gjeld		13 339 000	6 266 000
<b>Sum kortsiktig gjeld</b>		<b>13 339 000</b>	<b>6 266 000</b>
<b>Sum gjeld</b>		<b>13 339 000</b>	<b>16 666 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>8 897 000</b>	<b>5 049 000</b>



### Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Annen driftsinntekt	2, 13	25 787 000	26 801 000
<b>Sum inntekter</b>		<b>25 787 000</b>	<b>26 801 000</b>
<b>Kostnader</b>			
Avskrivning	5	3 005 000	3 309 000
Annen driftskostnad	3, 13, 4	16 119 000	15 815 000
<b>Sum kostnader</b>		<b>19 124 000</b>	<b>19 124 000</b>
<b>Driftsresultat</b>		<b>6 663 000</b>	<b>7 677 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		765 000	470 000
<b>Sum finansinntekter</b>		<b>765 000</b>	<b>470 000</b>
Annen finanskostnad		4 025 000	4 197 000
<b>Sum finanskostnader</b>		<b>4 025 000</b>	<b>4 197 000</b>
<b>Netto finans</b>		<b>-3 260 000</b>	<b>-3 727 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>3 403 000</b>	<b>3 950 000</b>
Skattekostnad på ordinært resultat	12		
<b>Ordinært resultat etter skattekostnad</b>		<b>3 403 000</b>	<b>3 950 000</b>
<b>Årsresultat</b>		<b>3 403 000</b>	<b>3 950 000</b>



## Konsernets balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	
<b>Varige driftsmidler</b>			
Skip, rigger, fly og lignende	5	43 030 000	46 035 000
Sum varige driftsmidler		43 030 000	46 035 000
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	6		
Sum anleggsmidler		43 030 000	46 035 000
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		162 000	147 000
Sum varer		162 000	147 000
<b>Fordringer</b>			
Andre fordringer	8	7 845 000	5 641 000
Sum fordringer		7 845 000	5 641 000
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	7	1 047 000	1 609 000
Sum bankinnskudd, kontanter og lignende		1 047 000	1 609 000
Sum omløpsmidler		9 054 000	7 397 000
<b>SUM EIENDELER</b>		<b>52 084 000</b>	<b>53 432 000</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital

#### Innskutt egenkapital

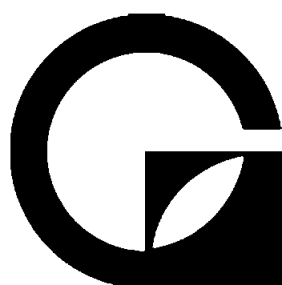


## Konsernets balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Aksjekapital	10, 11	16 060 000	16 060 000
<b>Sum innskutt egenkapital</b>		<b>16 060 000</b>	<b>16 060 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap	10	24 273 000	27 677 000
<b>Sum opptjent egenkapital</b>		<b>-24 273 000</b>	<b>-27 677 000</b>
<b>Sum egenkapital</b>		<b>-8 213 000</b>	<b>-11 617 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	12	135 000	164 000
<b>Sum avsetninger for forpliktelser</b>		<b>135 000</b>	<b>164 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	14	36 217 000	40 753 000
Øvrig langsiktig gjeld		2 077 000	11 438 000
<b>Sum annen langsiktig gjeld</b>		<b>38 294 000</b>	<b>52 191 000</b>
<b>Sum langsiktig gjeld</b>		<b>38 429 000</b>	<b>52 355 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	14	4 536 000	4 316 000
Leverandørgjeld		516 000	103 000
Betalbar skatt	12	34 000	41 000
Annen kortsiktig gjeld	9, 8	16 774 000	
<b>Sum kortsiktig gjeld</b>		<b>21 860 000</b>	<b>4 460 000</b>
<b>Sum gjeld</b>		<b>60 289 000</b>	<b>56 815 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>52 076 000</b>	<b>45 198 000</b>



**SKIPSAKSJESELSKAPET  
GEARBULK  
AS**



**Financial Statements  
Year ended December 31, 2020**



**Skipsaksjeselskapet Gearbulk AS**

---

## **Board of directors' report 2020**

### **Skipsaksjeselskapet Gearbulk AS**

#### **The Company and the business**

Skipsaksjeselskapet Gearbulk AS ("SAGBAS") is undertaking shipping related activities and is the owner of the vessel owning company Gearbulk Shipping AS. The Company's office is located in Bergen.

#### **Financial result and development**

Skipsaksjeselskapet Gearbulk Group's revenue in 2020 was USD 25.8 mill compared to USD 26.8 mill in 2019. The 2020 result was a net profit of USD 3.4 mill compared to a net profit of USD 3.9 mill in 2019.

The Group's total assets amounted to USD 52.1 mill in 2020 compared to 53.4 mill in 2019. The liquidity position was USD 1.0 mill at year end 2020 compared to USD 1.6 mill at year end 2019. Current assets amounted to USD 9.1 mill (2019: USD 7.4 mill) and current liabilities amounted to USD 21.9 mill as per year end 2020 (2019: USD 12.7 mill).

The Group's equity was negative with USD 8.2 mill as per December 31, 2020 (2019: negative equity of USD 11.6 mill).

Skipsaksjeselskapet Gearbulk AS is a Holding company for the vessel owning company Gearbulk Shipping AS. The Company's net result was a net profit of USD 7.2 mill compared to a net profit of USD 4.4 mill in 2019. The Company's total assets as of December 31, 2020 was USD 8.9 mill (2019: USD 5.1 mill) and the equity was negative by USD 4.4 mill as per year end 2020 (2019: negative USD 11.6 mill).

#### **Going concern assumption**

The Board notes that the share capital is lost as per December 31<sup>st</sup> 2020, however improved compared with year end 2019. For the fiscal year 2021 it is expected that the subsidiary Gearbulk Shipping AS will continue to generate a net profit on the same level as previous 3 years from its operating activities, and provide dividend income to Skipsaksjeselskapet Gearbulk AS. Liquidity for the Company is secured by intercompany loan from the group company Gearbulk Shipowning Ltd, as per year end 2020, which is replaced by a new loan from the parent company Gearbulk Holding AG in 2021. Future dividends from the subsidiary Gearbulk Shipping is expected to improve the Company's equity in the short and medium term.

The Gearbulk Group's overall liquidity position has improved during 2020, following the implementation of 6 month Pay As You Earn (PAYE) period, refinancing and extension of the DNB loan, shareholder loan from MOL (49% owner) and the Oshima private bond loan. In addition sea and shore cost saving programs have reduced the Group's cost base, and together with strong improvement of market conditions in first half of 2021, as well as expected end of Covid-19 pandemic, these efforts provide forecast of positive result and liquidity in 2021.

The Group management and board of the Company believe that the renegotiated hire rates (Time charter and Bareboat) are now at sustainable levels, and accordingly do not currently plan for any additional measures. Management further notes that the Group and the commodity industry is facing a potential commodity cycle, which has the potential to create a further positive upside to liquidity and results.

The Board of the Company is of the opinion that, to the best of its knowledge, based on information available at the date of this paper, and assuming no significant unforeseen events occurring, for the reasons detailed herein and the supporting analysis undertaken, that the Gearbulk Group and the Company is able to continue as a going concern basis in accordance with the Accounting Act § 3-3a.



## Skipsaksjeselskapet Gearbulk AS

---

### Liquidity and financing

The liquidity position and the financing of the company for the next 12 months are assessed to be covered based on the cash flow and the available credit facilities.

### Financial risk

The Group is exposed to risks related to the marked, availability of financing, interest, credit, exchange rate, fluctuations in the bunker price and operational risk through its engagement as a vessel owner.

The risks related to the market, fluctuations in the bunker price, currency and credit are sought to be reduced through commercial agreements with G2 Ocean AS and High Heat Tankers Pte Ltd.

Operational risk is sought to be reduced through technical management agreement with Gearbulk Norway AS which operates as the technical manager for the vessels in the Gearbulk Group.

The financial risk is reduced through the Group's financial structure and the available credit facilities.

### Work environment, equal opportunities and discrimination

The company has no employees and there are no female representatives in the Board of Directors. The company's ambition is to exercise full gender equality and has incorporated a policy aiming to avoid any discrimination.

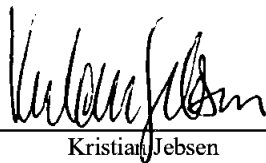
### The external environment

Shipping activity in general may lead to pollution or other accidents. The Group's vessel is equipped in accordance with international legislation and requirements. There have not been any material accidents or events during 2020 which has caused pollution.

### Statement regarding the outlook for the company

The Company's vessels are operated within the pool of vessels run by G2 Ocean AS and High Heat Tankers Pte Ltd. The revenue in G2 Ocean AS and High Heat Tankers Pte Ltd is depending on the market conditions.

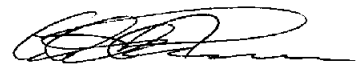
Bergen, June 18 2021  
Board of Skipsaksjeselskapet Gearbulk AS



Kristian Jebsen  
Board member



Hans Petter Aas  
Chairman



Ketil Andreassen  
Board member



Sjur Gjerde  
Managing Director



## Skipsaksjeselskapet Gearbulk AS

## Income statement

Parent company		Amounts in USD thousands		Note	Group	
2020	2019				2020	2019
<b>Revenue</b>						
0	0	Operating revenue		2, 13	25 787	26 801
<b>Operating expenses</b>						
0	0	Vessel operating		3, 13	5 844	6 323
0	0	Other time charter rental			9 841	9 430
0	0	Depreciation of tangible and intangible fixed assets		5	3 005	3 309
19	21	Other operating expenses		4	434	62
19	21	Total operating expenses			19 123	19 124
-19	-21	Operating result			6 664	7 678
<b>Financial income and expenses</b>						
0	5 045	Reversal of write-down of shares in subsidiaries		6	0	0
7 543	0	Income from investments in subsidiaries and associated companies			0	0
0	0	Other financial income			765	470
349	575	Other financial expenses			4 025	4 197
7 194	4 470	Net financial items			-3 260	-3 728
7 175	4 448	Ordinary result before tax			3 404	3 950
0	0	Tax on ordinary result		12	0	18
7 175	4 448	<b>Net profit or loss for the year</b>			<b>3 404</b>	<b>3 931</b>
Majority interests					3 404	3 931
<b>Allocated as follows</b>						
7 175	4 448	Uncovered losses		10		
7 175	4 448	Total allocations				



## Skipsaksjeselskapet Gearbulk AS

### Balance sheet as of December 31

Parent company		Amounts in USD thousands		Note	Group	
2020	2019				2020	2019
<b>Fixed assets</b>						
<i>Tangible assets</i>						
0	0	Vessels		5	43 030	46 035
0	0	Total tangible assets			43 030	46 035
<i>Financial assets</i>						
5 045	5 045	Investments in subsidiaries		6	0	0
5 045	5 045	Total financial assets			0	0
5 045	5 045	Total fixed assets			43 030	46 035
<b>Current assets</b>						
0	0	Inventories			162	147
<i>Receivables</i>						
3 844	0	Other receivables		8	7 845	5 641
3 844	0	Total accounts receivable			7 845	5 641
9	4	Cash and cash equivalents		7	1 047	1 609
3 853	4	Total current assets			9 055	7 397
8 897	5 049	Total assets			52 084	53 432


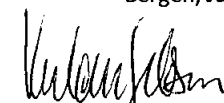
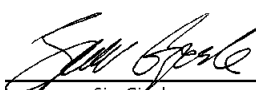



**Skipsaksjeselskapet Gearbulk AS**

**Balance sheet as of December 31**

Parent company		Amounts in USD thousands		Note	Group	
2020	2019				2020	2019
<b>Equity</b>						
<i>Paid-in capital</i>						
16 060	16 060	Share capital		10, 11	16 060	16 060
16 060	16 060	Total paid-in capital			16 060	16 060
<i>Retained earnings</i>						
-20 502	-27 677	Other equity		10	-24 273	-27 677
-20 502	-27 677	Total retained earnings			-24 273	-27 677
-4 442	-11 617	Total equity			-8 213	-11 617
<b>Liabilities</b>						
<i>Provisions</i>						
0	0	Deferred tax liability		12	135	164
0	0	Total provisions			135	164
<i>Other long-term liabilities</i>						
0	0	Capital leases		14	36 217	40 753
0	10 400	Other long-term liabilities			2 077	11 438
0	10 400	Total other long term liabilities			38 294	52 190
<i>Current liabilities</i>						
13 330	6 251	Liabilities to related parties		8	16 774	0
0	0	Capital leases		14	4 536	4 316
0	0	Trade creditors			516	103
0	0	Tax payable		12	34	41
9	16	Other short-term liabilities		9	9	16
13 339	6 266	Total current liabilities			21 869	4 476
13 339	16 666	Total liabilities			60 298	56 830
8 897	5 049	Total equity and liabilities			52 084	45 213

Board of Skipsaksjeselskapet Gearbulk AS  
Bergen, June 18 2021

 Ketil Systad Andreassen Board member	 Kristian Jørgensen Board member	 Sjur Gjerde General manager	 Hans Petter Aas Chairman
--	---	--	--



Skipsaksjeselskapet Gearbulk AS

Cash flow statement

Parent company	2020	2019	Amounts in USD thousands	Note	Group 2020	2019
<b>Cash flow from operating activities</b>						
	7 175	4 448	Profit/(loss) before tax		3 404	3 950
			Reversal previous year's impairment loss investment in subsidiary		0	0
	0	-5 045	Taxes paid		-41	-54
	-7 543	0	Income from subsidiary		0	0
	0	0	Depreciation and write-down of vessels	5	2 850	2 824
	0	0	Depreciation and write-down of dry-docking and bunkers		136	445
	0	0	Depreciation and write-down of fleet performance equipment		18	40
	0	0	Changes in inventories		-16	37
	-1	0	Changes in receivables		-2 204	-1 615
	0	0	Changes in trade creditors		413	-49
	1 229	586	Changes in short term liabilities to related parties		-1 180	1 047
	-6	11	Changes in other current balance sheet items		3 878	-1 011
	855	1	Net cash flow from operating activities		7 259	5 614
<b>Cash flow from investing activities</b>						
	0	0	Net cash flow from investing activities		0	0
<b>Cash flow from financing activities</b>						
	-4 550	0	Repayment of long-term loans		-3 510	-312
	0	0	Repayment of principal portion of capital leases		-4 316	-3 847
	3 700	0	Dividends received		0	0
	-850	0	Net cash flow from financing activities		-7 826	-4 160
	0	0	Effects of change in exchange rates and cash equivalents		5	21
	5	1	Net change in cash and cash equivalents		-562	1 475
	4	3	Cash and cash equivalents at 01.01		1 609	134
	9	4	Cash and cash equivalents at 31.12		1 047	1 609



## Skipsaksjeselskapet Gearbulk AS

---

### Notes to the accounts for 2020

Amounts in USD thousands

#### Note - 1 Accounting principles

The annual report is prepared according to the Norwegian Accounting Act 1998 and generally accepted accounting principles.

##### *Basis for consolidation*

The consolidated financial statements comprise the parent company Skipsaksjeselskapet Gearbulk AS and the subsidiary Gearbulk Shipping AS. Subsidiaries are companies in which the Group has a controlling interest. A controlling interest is normally achieved when the Group owns more than 50% of the shares in the company and is also in the position to exercise control over the company. The consolidated accounts are prepared such that the group of companies are presented as a single economic entity. Intercompany transactions have been eliminated from the consolidated accounts. The consolidated accounts are prepared according to the same accounting principles for both parent and subsidiary.

Acquired subsidiaries are reported in the annual accounts on the basis of the parent company's acquisition cost. The acquisition cost is identified by attributing fair values to the separable net assets acquired. Surplus value or values below the fair value of separable net assets are reported in the balance sheet as goodwill or negative goodwill. Goodwill is amortized linearly through the profit and loss account over its expected useful economic life. Subsidiaries are consolidated in the accounts when a controlling interest is achieved until it no longer applies.

##### *Subsidiaries and investment in associate*

Subsidiaries and investments in associate are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial writes down are no longer present.

Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

##### *Operating revenue*

Operating revenues are recognized as income at the time of delivery and the risk and control has been transferred. Revenues relating to net pool distribution and time charter income are recognized on an earned basis, once the service has been performed. All other revenues are recognized once the service has been performed.

##### *Balance sheet classification*

Current assets and current liabilities relates to items which is due within one year form the date of purchase. other balance sheet 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 recognized at nominal value.

##### *Trade and other receivables*

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual

---



## Skipsaksjeselskapet Gearbulk AS

---

### Notes to the accounts for 2020

Amounts in USD thousands

assessments.

#### *Inventories*

Inventories of lube oil and paint are valued at the lowest of cost (on the basis of the FIFO method) and net selling price.

#### *Currency*

Functional currency for the Company and the subsidiary in the Group is US Dollar. Transaction in foreign currency are translated at the rate applicable at the time of the transaction. Monetary items in foreign currency are translated into USD using the year-end exchange rate.

#### *Fixed assets*

Fixed assets are valued at historical cost less accumulated depreciation. Depreciation is recognized 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 capitalized and depreciated in pace with the asset involved. Docking cost are capitalized and depreciated over the period to the next scheduled dry-docking.

If carrying value of fixed assets exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is greater of the net realizable value and value in use. In assessing value in use, the discounted estimated future cash flows from the assets are discounted are used.

#### *Income tax*

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated on all differences between the book value and the tax value of assets and liabilities at the year end. Deferred tax is calculated as 22% of temporary differences and the tax effect of tax losses carried forward.

Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

The Company is subject to the Norwegian tonnage tax scheme pursuant to chapter 8 of the Taxation Act.

#### *Cash flow statement*

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term highly liquid placement with original maturities of three months or less.

#### *Use of estimates*

The management has used estimates and assumption in the preparation of the financial statements that have effect on the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date in accordance with the generally accepted accounting principles in Norway.

Contingent losses that are probable and quantifiable are expensed as occurred.



## Skipsaksjeselskapet Gearbulk AS

---

### Notes to the accounts for 2020

Amounts in USD thousands

#### Note 2 - Operating revenue

##### Group

The operating revenue in 2019 was net pool revenues based on the Group's vessel participation Gearbulk Group's pooling of vessels, managed by Gearbulk Pool Ltd. In addition, the operating revenue in 2019 also consist of TC hire income relating to the chartering out of two vessels to High Heat Tankers Pte Ltd.

In 2020 the operating revenue for the period 01.01.2020 to 30.06.2020 was net pool distribution from GB Pool Ltd. From 01.07.2020 tom 31.12.2020 the operating revenue was Open hatch and Bulk pool distribution from G2 Ocean AS. This do to new set-up and being pool pool participant directly in G20 pools. In addition, the operating revenue in 2020 also consist of TC hire income relating to the chartering out two vessels to High Heat Tankers Pte Ltd.

The Group also entered into a new TC agreement for the vessel Great Wodds from 21.12.2020, and for Great Sea and Great Crystal in 2021.

#### Note 3 - Vessel Operating expenses

Parent company		Group			
2020	2019	Vessel operating expenses consist of		2020	2019
0	0	Crew cost		3 115	3 229
0	0	Provision and consumables		821	872
0	0	Spares and maintenance		900	1 328
0	0	Insurance		175	52
0	0	Other vessel operating expenses		833	842
<u>0</u>	<u>0</u>	Total		<u>5 844</u>	<u>6 323</u>

##### Parent company

Skipsaksjeselskapet Gearbulk AS does not have any vessel operating expenses. The technical management for the Groups's vessel is provided by Gearbulk Norway AS.

#### Note 4 - Payroll, auditor's remuneration, other operating expenses

##### Parent company

The Company has no employees.

##### Group

The Group has no employees.

##### Parent company

##### Management remuneration

There has not been any remuneration to leading employees. No loan or guarantees have been given to the managing Director or Board of Directors.



**Skipsaksjeselskapet Gearbulk AS**

**Notes to the accounts for 2020**

Amounts in USD thousands

**Group**

*Management remuneration*

There has not been any remuneration to leading employees. No loan or guarantees have been given to the Managing Director or Board of Directors.

**Parent company**

**Group**

2020	2019	Auditor fee has been divided as follows	2020	2019
7	8	Statutory audit fee	15	19

VAT is not included in the figures of auditor's fee.

**Note 5 - Tangible assets**

Amounts in USD thousands

**Group**

	Vessels	Docking	Bunkers, plant etc.	Fleet Performance plans etc	Total
Acquisition cost 01.01.	64 284	1 378	59	201	65 921
Acquisition cost 31.12.	64 284	1 378	59	201	65 921
Acc.depreciation 31.12.	-13 518	-1 096	-46	-201	-14 861
Acc.write-downs 31.12.	-8 030	0	0	0	-8 030
Net carrying amount at 31.12.	42 736	282	12	0	43 030
Depreciation for the year	2 850	129	7	18	3 005
Useful economic life	25 years	1,5-5 years	1,5-5 years	1,5-5 years	

Recoverable amounts of vessels and docking is based on value in use.

The Group do not own vessels, and all vessels in this Note are vessels held under capital leases. See note 14.

**Note 6 - Subsidiaries**

**Parent company**

Company	Acquisition	Location	Share owners	Voting rights	Net profit 2020	Equity 31.12.20	Book value 31.12.20
Gearbulk Shipping AS		Bergen	100 %	100 %	3 771	1 273	5 045



## Skipsaksjeselskapet Gearbulk AS

### Notes to the accounts for 2020

Amounts in USD thousands

#### Note 7 - Bank deposit

##### Parent company

There is no restricted cash as of December 31, 2020 (2019: UDS 0 mill).

##### Group

There is no restricted cash as of December 31, 2020 (2019: USD 0 mill).

#### Note 8 - Intercompany balance group company and associate companies

Amounts in USD thousands

Parent company		Group	
2020	2019	2020	2019
0	0	4 427	316
0	0	14	0
0	0	2 312	4 453
0	0	282	0
0	0	0	18
3 843	0	0	0
1	0	810	854
<u>3 844</u>	<u>0</u>	<u>7 845</u>	<u>5 641</u>

Parent company		Group	
2020	2019	2020	2019
9 981	4 436	9 981	4 436
3 349	1 814	0	0
0	0	5 647	2 573
0	0	0	35
0	0	1 146	1 175
<u>13 330</u>	<u>6 251</u>	<u>16 774</u>	<u>8 219</u>

#### Note 9 - Short term liabilities

Parent company		Group	
2020	2019	2020	2019
9	16	9	16



## Skipsaksjeselskapet Gearbulk AS

---

### Notes to the accounts for 2020

Amounts in USD thousands

#### Note 10 - Owners equity

Amounts in USD thousands

##### Parent company

	Share capital	Retained earnings	Total
Owners equity 01.01.	16 060	-27 677	-11 617
Profit for the year	0	7 175	7 175
Owners equity 31.12.	16 060	-20 502	-4 442

##### Group

	Share capital	Retained earnings	Total
Owners equity 01.01.	16 060	-27 677	-11 617
Profit for the year	0	3 404	3 404
Owners equity 31.12.	16 060	-24 273	-8 213

#### Note 11 - Share capital and shareholder information

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	1 000 000	16,06	16 060

Share capital consists of 1 000 000 shares at NOK 6. The share capital is accounted for in USD at the prevailing rate at the time of investment.

Shareholders per 31.12:

	Ordinary shares	Ownership share	Voting rights
Gearbulk Holding AG	1 000 000	100 %	100 %

#### Note 12 - Income taxes

Amounts in USD thousands

##### Parent company

The Company is subject to the Norwegian tonnage tax rules in accordance with Chapter 8 of the Taxation Act. Payable tonnage tax for 2020 is USD 0 (2019: 0 USD).

##### Group

Gearbulk Shipping AS and Skipsaksjeselskapet Gearbulk As are both subject to the Norwegian tonnage tax rules in accordance with Chapter 8 of the Taxation Act. Payable tonnage tax for 2020 for the Group is USD 41 363 (2019: USD 16 045).



**Skipsaksjeselskapet Gearbulk AS**

**Notes to the accounts for 2020**

Amounts in USD thousands

Parent company			Group	
2020	2019	Tax payable consists of	2020	2019
0	0	Tax payable	34	41
<b>0</b>	<b>0</b>	<b>Total income tax expense</b>	<b>34</b>	<b>41</b>

Parent company			Group	
2020	2019	Income tax expenses	2020	2019
0	0	Tax payable	34	41
0	0	Too much/little allocated in previous year(s)	0	18
0	0	Change in deferred tax	-34	-41
<b>0</b>	<b>0</b>	<b>Total income tax expense</b>	<b>0</b>	<b>18</b>

Parent company			Group	
2020	2019	Tax base estimation	2020	2019
7 174	4 448	Ordinary result before tax	3 404	3 950
7 174	4 448	Tax base	3 404	3 950
1 578	979	Expected tax cost 22%	749	869

Parent company			Group	
2020	2019	Effective tax rate	2020	2019
979	0	Expected income taxes, statutory tax rate 22%	749	869
-979	0	Impact from tonnage tax	-749	-869
0	0	Too much/little allocated in previous year(s)	0	18
<b>0</b>	<b>0</b>	<b>Income tax expense</b>	<b>0</b>	<b>18</b>

0 %	0 %	0 %	0 %
-----	-----	-----	-----



## Skipsaksjeselskapet Gearbulk AS

### Notes to the accounts for 2020

Amounts in USD thousands

Parent company	Temporary differences outlined			Group	
	2020	2019		2020	2019
0	0	Profit loss account	613	745	
-4 254	-2 975	Financial loss carried forward	-6 240	-4 310	
-4 254	-2 975	Basis of deferred tax	-5 627	-3 565	
-4 254	-2 975	Off balance sheet	-6 241	-4 312	
0	0	Total	614	746	
0	0	Deferred income tax liability (22%)	135	164	

#### Group

The tax assets related to the financial loss carried forward had not been recorded, se "off balance sheet" items specified above.

### Note 13 - Transaction with related parties

#### Group

##### Gearbulk Pool

The Group has received net pool revenues of USD 4,2 mill from Gearbulk Pool Ltd (2020 USD 9,1 mill) for the commercial operation of the vessels for the period 01.01.2020 to 30.06.2020.

Form 01.01.2020 tom 31.12.2020 the Group received USD 4,5 mill in Open hatch and USD 1,9 mill Bulk Pool distribution form G2 Ocean AS.

##### High Heat Tankers Ltd

The Group charters out two vessels on TC contracts to High Heat tankers Pte Ltd. The Group has received revenue of USD 15,2 mill.

##### Gearbulk Norway AS

Gearbulk Norway has been responsible for the technical management of the vessels and the administrative operation of the Company. The management fee Gearbulk Norway has received for the service provided is based on a cost-plus principle and is considered to be in accordance with arm's length principle.

### Note 14 - Capital leases

#### Parent company

#### Group

In October 2018 the Group entered into long-term bareboat charter arrangements for Merlin Arrow and, which were classified as capital lease.

In December 2017, the Group entered into long-term bareboat charter arrangements for Sunbird Arrow and Kingbird Arrow, which were classified as capital leases.



## Skipsaksjeselskapet Gearbulk AS

---

### Notes to the accounts for 2020

Amounts in USD thousands

#### Future lease payments as of December 31, 2020 are as follows:

(US Dollars in thousands)

	<b>2020</b>
2021 .....	7 598
2022 .....	7 541
2023 .....	10 623
2024 .....	5 465
2025 .....	5 311
Thereafter .....	18 581
	<u>55 119</u>
Less: Amounts representing future finance cost	-14 366
	<u>40 753</u>
Less: current portion	-4 536
	<u>36 217</u>

#### Note 15 - Going concern

The Board notes that the share capital is lost as per December 31st 2020, however improved compared with year end 2019. For the fiscal year 2021 it is expected that the subsidiary Gearbulk Shipping AS will continue to generate a net profit on the same level as previous 3 years from its operating activities, and provide dividend income to Skipsaksjeselskapet Gearbulk AS. Liquidity for the Company is secured by intercompany loan from the group company Gearbulk Shipowning Ltd, as per year end 2020, which is replaced by a new loan from the parent company Gearbulk Holding AG in 2021. Future dividends from the subsidiary Gearbulk Shipping is expected to improve the Company's equity in the short and medium term.

The Gearbulk Group's overall liquidity position has improved during 2020, following the implementation of 6 month Pay As You Earn (PAYE) period, refinancing and extension of the DNB loan, shareholder loan from MOL (49% owner) and the Oshima private bond loan. In addition sea and shore cost saving programs have reduced the Group's cost base, and together with strong improvement of market conditions in first half of 2021, as well as expected end of Covid-19 pandemic, these efforts provide forecast of positive result and liquidity in 2021.

The Group management and board of the Company believe that the renegotiated hire rates (Time charter and Bareboat) are now at sustainable levels, and accordingly do not currently plan for any additional measures. Management further notes that the Group and the commodity industry is facing a potential commodity cycle, which has the potential to create a further positive upside to liquidity and results.

The Board of the Company is of the opinion that, to the best of its knowledge, based on information available at the date of this paper, and assuming no significant unforeseen events occurring, for the reasons detailed herein and the supporting analysis undertaken, that the Gearbulk Group and the Company is able to continue as a going concern basis in accordance with the Accounting Act § 3-3a.



## Skipsaksjeselskapet Gearbulk AS

---

### Notes to the accounts for 2020

Amounts in USD thousands

#### Note - 1 Accounting principles

The annual report is prepared according to the Norwegian Accounting Act 1998 and generally accepted accounting principles.

##### *Basis for consolidation*

The consolidated financial statements comprise the parent company Skipsaksjeselskapet Gearbulk AS and the subsidiary Gearbulk Shipping AS. Subsidiaries are companies in which the Group has a controlling interest. A controlling interest is normally achieved when the Group owns more than 50% of the shares in the company and is also in the position to exercise control over the company. The consolidated accounts are prepared such that the group of companies are presented as a single economic entity. Intercompany transactions have been eliminated from the consolidated accounts. The consolidated accounts are prepared according to the same accounting principles for both parent and subsidiary.

Acquired subsidiaries are reported in the annual accounts on the basis of the parent company's acquisition cost. The acquisition cost is identified by attributing fair values to the separable net assets acquired. Surplus value or values below the fair value of separable net assets are reported in the balance sheet as goodwill or negative goodwill. Goodwill is amortized linearly through the profit and loss account over its expected useful economic life. Subsidiaries are consolidated in the accounts when a controlling interest is achieved until it no longer applies.

##### *Subsidiaries and investment in associate*

Subsidiaries and investments in associate are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial writes down are no longer present.

Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

##### *Operating revenue*

Operating revenues are recognized as income at the time of delivery and the risk and control has been transferred. Revenues relating to net pool distribution and time charter income are recognized on an earned basis, once the service has been performed. All other revenues are recognized once the service has been performed.

##### *Balance sheet classification*

Current assets and current liabilities relates to items which is due within one year form the date of purchase. other balance sheet 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 recognized at nominal value.

##### *Trade and other receivables*

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual

---



## Skipsaksjeselskapet Gearbulk AS

---

### Notes to the accounts for 2020

Amounts in USD thousands

assessments.

#### *Inventories*

Inventories of lube oil and paint are valued at the lowest of cost (on the basis of the FIFO method) and net selling price.

#### *Currency*

Functional currency for the Company and the subsidiary in the Group is US Dollar. Transaction in foreign currency are translated at the rate applicable at the time of the transaction. Monetary items in foreign currency are translated into USD using the year-end exchange rate.

#### *Fixed assets*

Fixed assets are valued at historical cost less accumulated depreciation. Depreciation is recognized 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 capitalized and depreciated in pace with the asset involved. Docking cost are capitalized and depreciated over the period to the next scheduled dry-docking.

If carrying value of fixed assets exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is greater of the net realizable value and value in use. In assessing value in use, the discounted estimated future cash flows from the assets are discounted are used.

#### *Income tax*

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated on all differences between the book value and the tax value of assets and liabilities at the year end. Deferred tax is calculated as 22% of temporary differences and the tax effect of tax losses carried forward.

Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

The Company is subject to the Norwegian tonnage tax scheme pursuant to chapter 8 of the Taxation Act.

#### *Cash flow statement*

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term highly liquid placement with original maturities of three months or less.

#### *Use of estimates*

The management has used estimates and assumption in the preparation of the financial statements that have effect on the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date in accordance with the generally accepted accounting principles in Norway.

Contingent losses that are probable and quantifiable are expensed as occurred.



## Skipsaksjeselskapet Gearbulk AS

---

### Notes to the accounts for 2020

Amounts in USD thousands

#### Note 2 - Operating revenue

##### Group

The operating revenue in 2019 was net pool revenues based on the Group's vessel participation Gearbulk Group's pooling of vessels, managed by Gearbulk Pool Ltd. In addition, the operating revenue in 2019 also consist of TC hire income relating to the chartering out of two vessels to High Heat Tankers Pte Ltd.

In 2020 the operating revenue for the period 01.01.2020 to 30.06.2020 was net pool distribution from GB Pool Ltd. From 01.07.2020 tom 31.12.2020 the operating revenue was Open hatch and Bulk pool distribution from G2 Ocean AS. This do to new set-up and being pool pool participant directly in G20 pools. In addition, the operating revenue in 2020 also consist of TC hire income relating to the chartering out two vessels to High Heat Tankers Pte Ltd.

The Group also entered into a new TC agreement for the vessel Great Wodds from 21.12.2020, and for Great Sea and Great Crystal in 2021.

#### Note 3 - Vessel Operating expenses

Parent company		Group			
2020	2019	Vessel operating expenses consist of		2020	2019
0	0	Crew cost		3 115	3 229
0	0	Provision and consumables		821	872
0	0	Spares and maintenance		900	1 328
0	0	Insurance		175	52
0	0	Other vessel operating expenses		833	842
<u>0</u>	<u>0</u>	Total		<u>5 844</u>	<u>6 323</u>

##### Parent company

Skipsaksjeselskapet Gearbulk AS does not have any vessel operating expenses. The technical management for the Groups's vessel is provided by Gearbulk Norway AS.

#### Note 4 - Payroll, auditor's remuneration, other operating expenses

##### Parent company

The Company has no employees.

##### Group

The Group has no employees.

##### Parent company

##### Management remuneration

There has not been any remuneration to leading employees. No loan or guarantees have been given to the managing Director or Board of Directors.



## Skipsaksjeselskapet Gearbulk AS

### Notes to the accounts for 2020

Amounts in USD thousands

#### Group

##### Management remuneration

There has not been any remuneration to leading employees. No loan or guarantees have been given to the Managing Director or Board of Directors.

#### Parent company

#### Group

2020	2019	Auditor fee has been divided as follows	2020	2019
7	8	Statutory audit fee	15	19

VAT is not included in the figures of auditor's fee.

### Note 5 - Tangible assets

Amounts in USD thousands

#### Group

	Vessels	Docking	Bunkers, plant etc.	Fleet Performance plans etc	Total
Acquisition cost 01.01.	64 284	1 378	59	201	65 921
Acquisition cost 31.12.	64 284	1 378	59	201	65 921
Acc.depreciation 31.12.	-13 518	-1 096	-46	-201	-14 861
Acc.write-downs 31.12.	-8 030	0	0	0	-8 030
Net carrying amount at 31.12.	42 736	282	12	0	43 030
Depreciation for the year	2 850	129	7	18	3 005
Useful economic life	25 years	1,5-5 years	1,5-5 years	1,5-5 years	

Recoverable amounts of vessels and docking is based on value in use.

The Group do not own vessels, and all vessels in this Note are vessels held under capital leases. See note 14.

### Note 6 - Subsidiaries

#### Parent company

Company	Acquisition	Location	Share owners	Voting rights	Net profit 2020	Equity 31.12.20	Book value 31.12.20
Gearbulk Shipping AS		Bergen	100 %	100 %	3 771	1 273	5 045



## Skipsaksjeselskapet Gearbulk AS

### Notes to the accounts for 2020

Amounts in USD thousands

#### Note 7 - Bank deposit

##### Parent company

There is no restricted cash as of December 31, 2020 (2019: UDS 0 mill).

##### Group

There is no restricted cash as of December 31, 2020 (2019: USD 0 mill).

#### Note 8 - Intercompany balance group company and associate companies

Amounts in USD thousands

Parent company		Group	
2020	2019	2020	2019
0	0	4 427	316
0	0	14	0
0	0	2 312	4 453
0	0	282	0
0	0	0	18
3 843	0	0	0
1	0	810	854
<u>3 844</u>	<u>0</u>	<u>7 845</u>	<u>5 641</u>

Parent company		Group	
2020	2019	2020	2019
9 981	4 436	9 981	4 436
3 349	1 814	0	0
0	0	5 647	2 573
0	0	0	35
0	0	1 146	1 175
<u>13 330</u>	<u>6 251</u>	<u>16 774</u>	<u>8 219</u>

#### Note 9 - Short term liabilities

Parent company		Group	
2020	2019	2020	2019
9	16	9	16



## Skipsaksjeselskapet Gearbulk AS

---

### Notes to the accounts for 2020

Amounts in USD thousands

#### Note 10 - Owners equity

Amounts in USD thousands

##### Parent company

	Share capital	Retained earnings	Total
Owners equity 01.01.	16 060	-27 677	-11 617
Profit for the year	0	7 175	7 175
Owners equity 31.12.	16 060	-20 502	-4 442

##### Group

	Share capital	Retained earnings	Total
Owners equity 01.01.	16 060	-27 677	-11 617
Profit for the year	0	3 404	3 404
Owners equity 31.12.	16 060	-24 273	-8 213

#### Note 11 - Share capital and shareholder information

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	1 000 000	16,06	16 060

Share capital consists of 1 000 000 shares at NOK 6. The share capital is accounted for in USD at the prevailing rate at the time of investment.

Shareholders per 31.12:

	Ordinary shares	Ownership share	Voting rights
Gearbulk Holding AG	1 000 000	100 %	100 %

#### Note 12 - Income taxes

Amounts in USD thousands

##### Parent company

The Company is subject to the Norwegian tonnage tax rules in accordance with Chapter 8 of the Taxation Act. Payable tonnage tax for 2020 is USD 0 (2019: 0 USD).

##### Group

Gearbulk Shipping AS and Skipsaksjeselskapet Gearbulk As are both subject to the Norwegian tonnage tax rules in accordance with Chapter 8 of the Taxation Act. Payable tonnage tax for 2020 for the Group is USD 41 363 (2019: USD 16 045).



**Skipsaksjeselskapet Gearbulk AS**

**Notes to the accounts for 2020**

Amounts in USD thousands

Parent company			Group	
2020	2019	Tax payable consists of	2020	2019
0	0	Tax payable	34	41
<b>0</b>	<b>0</b>	<b>Total income tax expense</b>	<b>34</b>	<b>41</b>

Parent company			Group	
2020	2019	Income tax expenses	2020	2019
0	0	Tax payable	34	41
0	0	Too much/little allocated in previous year(s)	0	18
0	0	Change in deferred tax	-34	-41
<b>0</b>	<b>0</b>	<b>Total income tax expense</b>	<b>0</b>	<b>18</b>

Parent company			Group	
2020	2019	Tax base estimation	2020	2019
7 174	4 448	Ordinary result before tax	3 404	3 950
7 174	4 448	Tax base	3 404	3 950
1 578	979	Expected tax cost 22%	749	869

Parent company			Group	
2020	2019	Effective tax rate	2020	2019
		Expected income taxes,		
979	0	statutory tax rate 22%	749	869
-979	0	Impact from tonnage tax	-749	-869
0	0	Too much/little allocated in previous year(s)	0	18
<b>0</b>	<b>0</b>	<b>Income tax expense</b>	<b>0</b>	<b>18</b>

0 %	0 %	0 %	0 %
-----	-----	-----	-----



## Skipsaksjeselskapet Gearbulk AS

### Notes to the accounts for 2020

Amounts in USD thousands

Parent company	Temporary differences outlined			Group	
	2020	2019		2020	2019
0	0	Profit loss account	613	745	
-4 254	-2 975	Financial loss carried forward	-6 240	-4 310	
-4 254	-2 975	Basis of deferred tax	-5 627	-3 565	
-4 254	-2 975	Off balance sheet	-6 241	-4 312	
0	0	Total	614	746	
0	0	Deferred income tax liability (22%)	135	164	

#### Group

The tax assets related to the financial loss carried forward had not been recorded, se "off balance sheet" items specified above.

### Note 13 - Transaction with related parties

#### Group

##### Gearbulk Pool

The Group has received net pool revenues of USD 4,2 mill from Gearbulk Pool Ltd (2020 USD 9,1 mill) for the commercial operation of the vessels for the period 01.01.2020 to 30.06.2020.

Form 01.01.2020 tom 31.12.2020 the Group received USD 4,5 mill in Open hatch and USD 1,9 mill Bulk Pool distribution form G2 Ocean AS.

##### High Heat Tankers Ltd

The Group charters out two vessels on TC contracts to High Heat tankers Pte Ltd. The Group has received revenue of USD 15,2 mill.

##### Gearbulk Norway AS

Gearbulk Norway has been responsible for the technical management of the vessels and the administrative operation of the Company. The management fee Gearbulk Norway has received for the service provided is based on a cost-plus principle and is considered to be in accordance with arm's length principle.

### Note 14 - Capital leases

#### Parent company

#### Group

In October 2018 the Group entered into long-term bareboat charter arrangements for Merlin Arrow and, which were classified as capital lease.

In December 2017, the Group entered into long-term bareboat charter arrangements for Sunbird Arrow and Kingbird Arrow, which were classified as capital leases.



## Skipsaksjeselskapet Gearbulk AS

---

### Notes to the accounts for 2020

Amounts in USD thousands

#### Future lease payments as of December 31, 2020 are as follows:

(US Dollars in thousands)

	<b>2020</b>
2021 .....	7 598
2022 .....	7 541
2023 .....	10 623
2024 .....	5 465
2025 .....	5 311
Thereafter .....	18 581
	<u>55 119</u>
Less: Amounts representing future finance cost	-14 366
	<u>40 753</u>
Less: current portion	-4 536
	<u>36 217</u>

#### Note 15 - Going concern

The Board notes that the share capital is lost as per December 31st 2020, however improved compared with year end 2019. For the fiscal year 2021 it is expected that the subsidiary Gearbulk Shipping AS will continue to generate a net profit on the same level as previous 3 years from its operating activities, and provide dividend income to Skipsaksjeselskapet Gearbulk AS. Liquidity for the Company is secured by intercompany loan from the group company Gearbulk Shipowning Ltd, as per year end 2020, which is replaced by a new loan from the parent company Gearbulk Holding AG in 2021. Future dividends from the subsidiary Gearbulk Shipping is expected to improve the Company's equity in the short and medium term.

The Gearbulk Group's overall liquidity position has improved during 2020, following the implementation of 6 month Pay As You Earn (PAYE) period, refinancing and extension of the DNB loan, shareholder loan from MOL (49% owner) and the Oshima private bond loan. In addition sea and shore cost saving programs have reduced the Group's cost base, and together with strong improvement of market conditions in first half of 2021, as well as expected end of Covid-19 pandemic, these efforts provide forecast of positive result and liquidity in 2021.

The Group management and board of the Company believe that the renegotiated hire rates (Time charter and Bareboat) are now at sustainable levels, and accordingly do not currently plan for any additional measures. Management further notes that the Group and the commodity industry is facing a potential commodity cycle, which has the potential to create a further positive upside to liquidity and results.

The Board of the Company is of the opinion that, to the best of its knowledge, based on information available at the date of this paper, and assuming no significant unforeseen events occurring, for the reasons detailed herein and the supporting analysis undertaken, that the Gearbulk Group and the Company is able to continue as a going concern basis in accordance with the Accounting Act § 3-3a.



To the General Meeting of Skipsaksjeselskapet Gearbulk AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

---

#### *Opinion*

We have audited the financial statements of Skipsaksjeselskapet Gearbulk AS, which comprise:

- The financial statements of the parent company Skipsaksjeselskapet Gearbulk 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 Skipsaksjeselskapet Gearbulk 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 - Skipsaksjeselskapet Gearbulk 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 - Skipsaksjeselskapet Gearbulk 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 and the going concern assumption 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 June 2021  
**PricewaterhouseCoopers AS**

  
Marius Kaland Olsen  
State Authorised Public Accountant



**Norwegian Directorate of Taxes**

Inquiries to  
Torstein Kinden Helleland

Your date  
24.08.2015

Our date  
16.09.2015

Telephone  
22078139

Your reference  
Anders Hagen

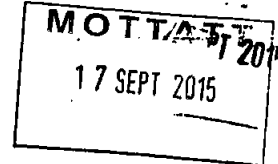
Our reference  
2015/839383

GEARBULK POOL LTD  
Postboks 1925 Damsgård  
5828 BERGEN

**Permission to prepare the annual accounts and directors' report in English language**

With reference to your letter of 28 August 2015, you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns the following companies;

<b>Gearbulk Bergen AS</b>	<b>org. nr. 996 210 065</b>
<b>Gearbulk Ltd</b>	<b>org. nr. 929 784 308</b>
<b>Gearbulk Management Ltd</b>	<b>org. nr. 914 961 939</b>
<b>Gearbulk Norway AS</b>	<b>org. nr. 996 101 061</b>
<b>Gearbulk Pool Ltd</b>	<b>org. nr. 914 961 858</b>
<b>Gearbulk Shipping AS</b>	<b>org. nr. 961 999 960</b>
<b>Skipsaksjeselskapet Gearbulk AS</b>	<b>org. nr. 989 761 617</b>



**Conclusion**

Based on a total evaluation, the view of The Directorate of Taxes is that the companies mentioned above may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information that the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

**Background**

The companies in the Gearbulk Holding Group are owned by Gearbulk Holding Ltd, Bermuda. The Gearbulk Holding Group is an international group of companies which owns and operates a modern fleet of open hatch vessels. The Group is highly international in the sense that it operates throughout the world. The Group uses English as working language. The annual report and financial statements are required to be prepared each year in the Norwegian language only in order to satisfy the requirements of the Norwegian Accounting Act.

Postal address  
Postboks 9200 Grønland  
0134 Oslo

Visiting address:  
See [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-mail: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Telephone  
800 80 000  
Telefax  
22 17 08 60



**Permission to make the annual accounts and the directors' report in Norway in English language**

According to the Norwegian Accounting Act § 3-4, third paragraph shall *"the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language"*.

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

*"The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."*

Hence, one of the main aims of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the companies are owned by a foreign company. The working language is English, and English is the preferred language for internal and external communication. Further, the companies operate in an international branch.

Please state "our reference" (see above) in all written communication with The Norwegian Tax Authorities.

Best regards

Rune Tystad  
Senior Adviser  
Rettsavdelingen, foretaksskatt  
Norwegian Directorate of Taxes

Torstein Kinden Helleland

*This document has been electronically approved and contains therefore no handwritten signatures*