



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

### 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: 19.06.2020

### Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert  
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

*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	2019	2018
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Annen driftskostnad	4	21 000	8 000
<b>Sum kostnader</b>		<b>21 000</b>	<b>8 000</b>
<b>Driftsresultat</b>		<b>-21 000</b>	<b>-8 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt fra datterselskap	6	5 043 000	0
<b>Sum finansinntekter</b>		<b>5 043 000</b>	<b>0</b>
Annen finanskostnad		574 000	590 000
<b>Sum finanskostnader</b>		<b>574 000</b>	<b>590 000</b>
<b>Netto finans</b>		<b>4 469 000</b>	<b>-590 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>4 448 000</b>	<b>-598 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>4 448 000</b>	<b>-598 000</b>
<b>Årsresultat</b>		<b>4 448 000</b>	<b>-598 000</b>
<b>Overføringer og disponeringer</b>			
Overført til annen egenkapital		4 448 000	-598 000
<b>Sum overføringer og disponeringer</b>		<b>4 448 000</b>	<b>-598 000</b>



## Balanse

Beløp i: USD	Note	2019	2018
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	6	5 045 000	0
<b>Sum finansielle anleggsmidler</b>		<b>5 045 000</b>	<b>0</b>
<b>Sum anleggsmidler</b>		<b>5 045 000</b>	<b>0</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre kortsiktige fordringer	8	0	1 000
<b>Sum fordringer</b>		<b>0</b>	<b>1 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd	7	4 000	3 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>4 000</b>	<b>3 000</b>
<b>Sum omløpsmidler</b>		<b>4 000</b>	<b>4 000</b>
<b>SUM EIENDELER</b>		<b>5 049 000</b>	<b>4 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</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>			
Annen egenkapital	10	-27 677 000	-32 126 000
<b>Sum opptjent egenkapital</b>		<b>-27 677 000</b>	<b>-32 126 000</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Sum egenkapital</b>		<b>-11 617 000</b>	<b>-16 066 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Annen langsiktig gjeld	15	10 400 000	10 400 000
<b>Sum annen langsiktig gjeld</b>		<b>10 400 000</b>	<b>10 400 000</b>
<b>Sum langsiktig gjeld</b>		<b>10 400 000</b>	<b>10 400 000</b>
<b>Kortsiktig gjeld</b>			
Annen kortsiktig gjeld tilknyttede selskaper	8	6 251 000	5 665 000
Annen kortsiktig gjeld	9	15 000	5 000
<b>Sum kortsiktig gjeld</b>		<b>6 266 000</b>	<b>5 670 000</b>
<b>Sum gjeld</b>		<b>16 666 000</b>	<b>16 070 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>5 049 000</b>	<b>4 000</b>



## Konsernets resultatregnskap

Beløp i: USD	Note	2019	2018
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekter	13	26 801 000	27 107 000
<b>Sum inntekter</b>		<b>26 801 000</b>	<b>27 107 000</b>
<b>Kostnader</b>			
Avskrivninger	5	3 309 000	3 781 000
Annen driftskostnad	4	61 000	59 000
Reiseavhengige kostnader	3	6 323 000	6 122 000
Annen leiekostnad skip	4,13	9 430 000	8 917 000
Gevinst/tap avgang driftsmidler	5	0	165 000
<b>Sum kostnader</b>		<b>19 123 000</b>	<b>19 044 000</b>
<b>Driftsresultat</b>		<b>7 678 000</b>	<b>8 063 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt		470 000	454 000
<b>Sum finansinntekter</b>		<b>470 000</b>	<b>454 000</b>
Annen finanskostnad		4 198 000	4 490 000
<b>Sum finanskostnader</b>		<b>4 198 000</b>	<b>4 490 000</b>
<b>Netto finans</b>		<b>-3 728 000</b>	<b>-4 036 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>3 950 000</b>	<b>4 027 000</b>
Skattekostnad	12	19 000	2 000
<b>Ordinært resultat etter skattekostnad</b>		<b>3 931 000</b>	<b>4 025 000</b>
<b>Årsresultat</b>		<b>3 931 000</b>	<b>4 025 000</b>
<b>Overføringer og disponeringer</b>			
Overført til annen egenkapital	10	3 931 000	4 025 000
<b>Sum overføringer og disponeringer</b>		<b>3 931 000</b>	<b>4 025 000</b>



## Konsernets balanse

Beløp i: USD	Note	2019	2018
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Skip	5	46 035 000	49 344 000
<b>Sum varige driftsmidler</b>		<b>46 035 000</b>	<b>49 344 000</b>
<b>Sum anleggsmidler</b>		<b>46 035 000</b>	<b>49 344 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varelager		147 000	183 000
<b>Sum varer</b>		<b>147 000</b>	<b>183 000</b>
<b>Fordringer</b>			
Andre kortsiktige fordringer	8	5 641 000	4 026 000
<b>Sum fordringer</b>		<b>5 641 000</b>	<b>4 026 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd	7	1 609 000	134 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>1 609 000</b>	<b>134 000</b>
<b>Sum omløpsmidler</b>		<b>7 397 000</b>	<b>4 343 000</b>
<b>SUM EIENDELER</b>		<b>53 432 000</b>	<b>53 687 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</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>			



## Konsernets balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Annen egenkapital	10	-27 677 000	-31 609 000
<b>Sum opptjent egenkapital</b>		<b>-27 677 000</b>	<b>-31 609 000</b>
<b>Sum egenkapital</b>		<b>-11 617 000</b>	<b>-15 549 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	12	164 000	206 000
<b>Sum avsetninger for forpliktelser</b>		<b>164 000</b>	<b>206 000</b>
<b>Annen langsiktig gjeld</b>			
Annen langsiktig gjeld	15	11 438 000	11 750 000
Finansiell leieforpliktelse	14	40 753 000	45 069 000
<b>Sum annen langsiktig gjeld</b>		<b>52 191 000</b>	<b>56 819 000</b>
<b>Sum langsiktig gjeld</b>		<b>52 355 000</b>	<b>57 025 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		103 000	152 000
Betalbar skatt	12	41 000	54 000
Annen kortsiktig gjeld	9	15 000	986 000
Finansiell leieforpliktelse	14	4 316 000	3 847 000
Kortsiktig gjeld tilknyttet selskap	8	8 219 000	7 172 000
<b>Sum kortsiktig gjeld</b>		<b>12 694 000</b>	<b>12 211 000</b>
<b>Sum gjeld</b>		<b>65 049 000</b>	<b>69 236 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>53 432 000</b>	<b>53 687 000</b>



**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

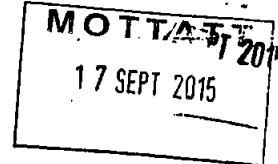
Our reference  
2015/839383

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: Telephone  
See [www.skatteetaten.no](http://www.skatteetaten.no) 800 80 000  
Org.nr: 996250318 Telefax  
E-mail: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost) 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*



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 2019, 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 subsidiary (the Group), which comprise the balance sheet as at 31 December 2019, 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 2019, 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 2019, 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](http://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

*Material Uncertainty Related to Going Concern*

We draw attention to Note 16 in the financial statements and the Board of Directors' report, which discusses the dependency of the Group and the Parent Company on the ongoing viability of Gearbulk Holding AG and the impact on the Group's and the Parent Company's ability to continue as a going concern.

We also draw attention to the financial statements and the Board of Directors' report which show that the Group's and the Parent Company's total liabilities exceed its total assets by USD 11,6 million.

As stated in Note 16 and the Board of Directors' report, these events or conditions, along with other matters as set forth in the financial statements and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. The financial statement does not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

*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 fair presentation 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.

(2)



Independent Auditor's Report - Skipsaksjeselskapet Gearbulk AS

### *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>

### *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, 19 June 2020  
PricewaterhouseCoopers AS

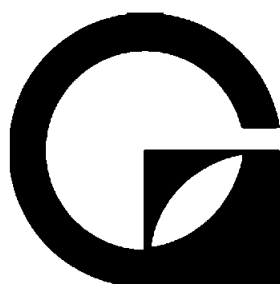
  
Marius Kaland Olsen  
State Authorised Public Accountant



Skipsaksjeselskapet Gearbulk AS

---

**SKIPSAKSJESELSKAPET  
GEARBULK  
AS**



**Financial Statements  
Year ended December 31, 2019**



**Skipsaksjeselskapet Gearbulk AS**

---

## **Board of directors' report 2019**

### **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 2019 was USD 26.8 mill compared to USD 27.1 mill in 2018. The 2019 result was a net profit of USD 3.9 mill compared to a net profit of USD 4.0 mill in 2018.

The Group's total assets amounted to USD 53.4 mill in 2019 compared to 53.7 mill in 2018. The liquidity position is improved from USD 0.1 mill in 2018 to USD 1.6 mill in 2019. Current assets amounted to USD 7.4 mill (2018: USD 4.3 mill) and current liabilities amounted to USD 12.7 mill (2018: USD 12.2 mill) as per year end 2019.

The Group's equity was negative with USD 11.6 mill as per December 31, 2019 (2018: negative equity of USD 15.5 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 4.4 mill compared to a net loss of USD 0.6 mill in 2018. The Company's total assets as of December 31, 2019 was USD 5.0 mill (2018: USD 0.0 mill) and the equity was negative by USD 11.6 mill as per year end 2019 (2018: negative USD 16.1 mill).

#### **Going concern assumption**

During the year ended December 31, 2019, the parent company Gearbulk Holding AG has incurred a net loss and negative cash flows from financing activities. Whilst cash flows from operating activities were positive, they were not sufficient to cover Gearbulk Holding AG's financing activities. The disappointing performance reflected the continued difficult market conditions suffered in the shipping industry in the past decade.

In recent years, the Gearbulk Holding AG has carried out various measures including cost saving initiatives, vessel hire reductions, vessel refinancing and securing additional shareholder support to fund its liquidity needs. The expectation was that these, together with establishing the joint venture G2 Ocean with Grieg Star, would lay a strong foundation upon which Gearbulk Holding AG would return to profitability in the medium term.

The parent company Gearbulk Holding AG is subject to various covenants under its financing arrangements, one of which pertains to minimum free liquidity and stipulates that Gearbulk Holding AG must maintain a free liquidity of at least equal to the higher of \$40.0 million and 5% of the interest-bearing debt including capital leases. Given the poor results in recent years, together with the impacts of the recent Covid-19 outbreak, Gearbulk Holding AG will face increased liquidity requirements in order to prevent a breach of this covenant.

The continuing viability of Gearbulk Holding AG and its ability to continue as a going concern is therefore dependent upon securing further shareholder support, a freeze on loan repayments, additional vessel refinancing, along with securing further vessel hire reductions. These measures align to Gearbulk Holding AG's business strategy and its focus on shareholder value creation.

As a result, and given the dependency of the Company on the ongoing viability of Gearbulk Holding AG, a substantial doubt about the Skipsaksjeselskapet Gearbulk AS' ability to continue as a going concern exists. However, the Board of Directors assumes that Gearbulk Holding AG will be successful in the above matters and, accordingly, has prepared the financial statements on a going concern basis in accordance with the



## Skipsaksjeselskapet Gearbulk AS

---

Accounting Act § 3-3a, and have not included any adjustments that might result from the outcome of this uncertainty.

The Board notes that the share capital is lost as per December 31<sup>st</sup> 2019. For the fiscal year 2020 it is expected that the subsidiary Gearbulk Shipping AS will generate a net profit on the same level as previous 2 years from its operating activities, and provide dividend income to Skipsaksjeselskapet Gearbulk AS. In addition, the expected future reversal of previous years impairment of shares in Gearbulk Shipping AS, will contribute to improve the equity of Skipsaksjeselskapet Gearbulk AS. Liquidity for the Company is secured by short term intercompany loan from the subsidiary Gearbulk Shipping AS when needed and to be offset against future dividends from the subsidiary.

### 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 Gearbulk Pool Ltd 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 2019 which has caused pollution.

### Statement regarding the outlook for the company

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

Bergen, June 19, 2020  
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				Group	
2019	2018	Amounts in USD thousands	Note	2019	2018
		<b>Revenue</b>			
<u>0</u>	<u>0</u>	Operating revenue	13	26 801	27 107
		<b>Operating expenses</b>			
0	0	Vessel operating	3	6 323	6 122
0	0	Other time charter rental	4,13	9 430	8 917
0	0	Depreciation of tangible and intangible fixed assets	5	3 309	3 781
0	0	(Loss)/gain on disposal of assets	5	0	165
21	8	Other operating expenses	4	62	59
<u>21</u>	<u>8</u>	Total operating expenses		<u>19 124</u>	<u>19 044</u>
<u>-21</u>	<u>-8</u>	Operating result		<u>7 678</u>	<u>8 063</u>
		<b>Financial income and expenses</b>			
5 045	0	Reversal of write-down of shares in subsidiaries	6	0	0
0	0	Other financial income		470	454
575	590	Other financial expenses		4 197	4 490
<u>4 470</u>	<u>-590</u>	Net financial items		<u>-3 728</u>	<u>-4 036</u>
<u>4 448</u>	<u>-598</u>	Ordinary result before tax		<u>3 950</u>	<u>4 027</u>
<u>0</u>	<u>0</u>	Tax on ordinary result	12	<u>18</u>	<u>2</u>
<u>4 448</u>	<u>-598</u>	<b>Net profit or loss for the year</b>		<u>3 931</u>	<u>4 025</u>
		Majority interests		3 931	-4 025
		<b>Allocated as follows</b>			
4 448	-598	Uncovered losses	10		
<u>4 448</u>	<u>-598</u>	Total allocations			



## Skipsaksjeselskapet Gearbulk AS

### Balance sheet as of December 31

Parent company				Group	
2019	2018	Amounts in USD thousands	Note	2019	2018
<b>Fixed assets</b>					
<i>Tangible assets</i>					
0	0	Vessels	5	46 035	49 344
0	0	Total tangible assets		46 035	49 344
<i>Financial assets</i>					
5 045	0	Investments in subsidiaries	6	0	0
5 045	0	Total financial assets		0	0
5 045	0	Total fixed assets		46 035	49 344
<b>Current assets</b>					
0	0	Inventories		147	183
<i>Receivables</i>					
0	1	Other receivables	8	5 641	4 026
0	1	Total accounts receivable		5 641	4 026
4	3	Cash and cash equivalents	7	1 609	134
4	4	Total current assets		7 397	4 343
5 049	4	Total assets		53 432	53 687



## Skipsaksjeselskapet Gearbulk AS

### Balance sheet as of December 31

Parent company				Group	
2019	2018	Amounts in USD thousands	Note	2019	2018
<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>					
-27 677	-32 126	Other equity	10	-27 677	-31 609
-27 677	-32 126	Total retained earnings		-27 677	-31 609
-11 617	-16 066	Total equity		-11 617	-15 549
<b>Liabilities</b>					
<i>Provisions</i>					
0	0	Deferred tax liability	12	164	206
0	0	Total provisions		164	206
<i>Other long-term liabilities</i>					
0	0	Capital leases	14	40 753	45 069
10 400	10 400	Other long-term liabilities	15	11 438	11 750
10 400	10 400	Total other long term liabilities		52 190	56 819
<i>Current liabilities</i>					
6 251	5 665	Liabilities to related parties	8	8 219	7 172
0	0	Capital leases	14	4 316	3 847
0	0	Trade creditors		103	152
0	0	Tax payable	12	41	54
16	5	Other short-term liabilities	9	16	986
6 266	5 670	Total current liabilities		12 695	12 211
16 666	16 070	Total liabilities		65 049	69 236
5 049	4	Total equity and liabilities		53 432	53 687

31 December 2019

19 June 2020

Ketil Systad Andreassen  
Board member

Kristian Jebsen  
Board member

Sjur Gjerde  
General manager

Hans Petter Aas  
Chairman



Skipsaksjeselskapet Gearbulk AS

Cash flow statement

Parent company	Amounts in USD thousands		Group	
2019	2018		2019	2018
		<b>Cash flow from operating activities</b>		
4 448	-598	Profit/(loss) before tax	3 950	4 027
		Reversal previous year's impairment loss investment in subsidiary	0	0
-5 045	0	Taxes paid	-54	-75
0	0	Loss on sale of fixed assets	0	165
		Depreciation and write-down of vessels	2 824	3 228
0	0	Depreciation and write-down of dry-docking and bunkers	445	513
		Depreciation and write-down of fleet performance equipment	40	40
0	0	Changes in inventories	37	-136
0	0	Changes in receivables	-1 615	-3 470
0	0	Changes in trade creditors	-49	68
		Changes in short term liabilities to related parties	1 047	-4 812
586	598	Changes in other current balance sheet items	-1 011	870
11	-4	Net cash flow from operating activities	5 614	419
1	-4			
		<b>Cash flow from investing activities</b>		
0	0	Vessels	0	-448
0	0	Proceeds from sale of vessels	0	10 395
0	0	Net cash flow from investing activities	0	9 947
		<b>Cash flow from financing activities</b>		
		Prepayment of long-term loans	-312	-8 242
0	0	Repayment of principal portion of capital leases	-3 847	-2 140
0	0	Net cash flow from financing activities	-4 160	-10 382
		Effects of change in exchange rates and cash equivalents	21	-27
0	0	Net change in cash and cash equivalents	1 475	-43
1	-4	Cash and cash equivalents at 01.01	134	177
3	7	Cash and cash equivalents at 31.12	1 609	134
4	3			



## **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 write 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.



## Skipsaksjeselskapet Gearbulk AS

---

### *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 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



## Skipsaksjeselskapet Gearbulk AS

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.

### Note 2 - Operating revenue

#### Group

The operating revenue in 2018 and 2019 is 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 both 2018 and 2019, also consist of TC hire income relating to the chartering out of two vessels to High Heat Tankers Pte Ltd.

### Note 3 - Vessel Operating expenses

Parent company		Vessel operating expenses		Group	
2019	2018	consist of		2019	2018
0	0	Crew cost		3 229	3 280
0	0	Provision and consumables		872	834
0	0	Spares and maintenance		1 328	1 081
0	0	Insurance		52	205
0	0	Other vessel operating			
0	0	expenses		842	722
<b>0</b>	<b>0</b>	<b>Total</b>		<b>6 323</b>	<b>6 122</b>

#### 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

### 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		
2019	2018	Auditor fee has been divided as follows	2019	2018
8	6	Statutory audit fee	19	19

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

### Note 5 - Tangible assets

#### 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.	-10 667	-966	-39	-183	-11 856
Acc.write-downs 31.12.	-8 030	0	0	0	-8 030
<b>Net carrying amount at 31.12.</b>	<b>45 586</b>	<b>411</b>	<b>20</b>	<b>18</b>	<b>46 035</b>
Depreciation for the year	2 824	431	14	40	3 309
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 2019	Equity 31.12	Book value 31.12
Gearbulk Shipping AS		Bergen	100 %	100 %	4 528	5 045	5 045

Precious write-downs on the shares have been reversed with USD 5 045 thousand in 2019.



## Skipsaksjeselskapet Gearbulk AS

### Note 7 - Bank deposit

#### Parent company

There is no restricted cash as of December 31, 2019 (2018: UDS 0 mill).

#### Group

There is no restricted cash as of December 31, 2019 (2018: USD 0 mill).

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

Amounts in USD thousands

Parent company				Group	
2019	2018	Receivables	2019	2018	
0	0	Gearbulk Pool Ltd	316	1 682	
0	0	High Heat Tankers Pte Ltd	0	1 507	
0	0	Gearbulk Shipowning Ltd	4 453	0	
0	0	Other receivables	872	0	
<b>0</b>	<b>0</b>	<b>Total</b>	<b>5 641</b>	<b>3 189</b>	

Parent company				Group	
2019	2018	Payables	2019	2018	
4 436	3 874	Gearbulk Shipowning Ltd	4 436	7 161	
1 814	1 791	Gearbulk Shipping AS	0	0	
		Gearbulk SO Ship			
0	0	Management Ltd	2 573	0	
0	0	Gearbulk Norway AS	35	11	
0	0	Other liabilities	1 175	0	
<b>6 251</b>	<b>5 665</b>	<b>Total</b>	<b>8 219</b>	<b>7 172</b>	

### Note 9 - Short term liabilities

Parent company				Group	
2019	2018		2019	2018	
0	0	Accrued expenses	0	313	
0	0	Accrued income	0	658	
0	0	Related parties	0	15	
16	5	Other short term liabilities	16	0	
<b>16</b>	<b>5</b>	<b>Total</b>	<b>16</b>	<b>986</b>	



## Skipsaksjeselskapet Gearbulk AS

---

### Note 10 - Owners equity

#### Parent company

	Share capital	Retained earnings	Total
Owners equity 01.01.	16 060	-32 126	-16 066
Profit for the year	0	4 448	4 448
<b>Owners equity 31.12.</b>	<b>16 060</b>	<b>-27 677</b>	<b>-11 617</b>

#### Group

	Share capital	Retained earnings	Total
Owners equity 01.01.	16 060	-31 609	-15 549
Profit for the year	0	3 931	3 931
<b>Owners equity 31.12.</b>	<b>16 060</b>	<b>-27 678</b>	<b>-11 618</b>

### 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 %



**Skipsaksjeselskapet Gearbulk AS**

**Note 12 - Income taxes**

**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 2019 is USD 0 (2018: 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 2019 for the Group is USD 16 045 (2018: USD 16 258).

Parent company		Tax payable consists of	Group	
2019	2018		2019	2018
0	0	Tax payable	41	54
<b>0</b>	<b>0</b>	<b>Total income tax expense</b>	<b>41</b>	<b>54</b>
Parent company		Income tax expenses	Group	
2019	2018		2019	2018
0	0	Tax payable	41	54
0	0	Too much/little allocated in previous year(s)	18	24
0	0	Change in deferred tax	-41	-80
<b>0</b>	<b>0</b>	<b>Total income tax expense</b>	<b>18</b>	<b>-2</b>
Parent company		Tax base estimation	Group	
2019	2018		2019	2018
4 448	-598	Ordinary result before tax	3 950	4 027
4 448	-598	Tax base	3 950	4 027
979	0	Expected tax cost 22%	869	926
Parent company		Effective tax rate	Group	
2019	2018		2019	2018
979	0	Expected income taxes, statutory tax rate 22%	869	926
-979	0	Impact from tonnage tax	-869	-952
0	0	Too much/little allocated in previous year(s)	18	24
<b>0</b>	<b>0</b>	<b>Income tax expense</b>	<b>18</b>	<b>-2</b>
0 %	0 %		0 %	0 %
Parent company			Group	



## Skipsaksjeselskapet Gearbulk AS

2019	2018	Temporary differences outlined	2019	2018
0	0	Profit loss account	745	936
-2 975	-6 263	Financial loss carried forward	-4 310	-7 726
<u>-2 975</u>	<u>-6 263</u>	Basis of deferred tax	<u>-3 565</u>	<u>-6 790</u>
-2 975	-6 263	Off balance sheet	-4 312	-7 726
<u>0</u>	<u>0</u>	Total	<u>746</u>	<u>936</u>
0		Deferred income tax liability	164	206
	0 (22%)			

### Parent company and 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 9,1 mill from Gearbulk Pool Ltd (2018 USD 19,9 mill) for the commercial operation of the vessels.

##### 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 17,7 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.



**Skipsaksjeselskapet Gearbulk AS**

**Note 14 - Capital leases**

**Group**

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

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

**Future lease payments as of December 21, 2019 are as follows:**

*(US Dollars in thousands)*

	<b>Vessels</b>
2020 .....	7 622
2021 .....	7 544
2022 .....	7 432
2023 .....	10 653
2024 .....	5 325
Thereafter .....	23 892
	<u>62 468</u>
Less: Amounts representing future finance cost	-17 400
<b>Present value minimum capital lease payment</b>	<u><b>45 069</b></u>
Less: current portion	-4 316
<b>Long-term capital lease obligation</b>	<u><b>40 753</b></u>

**Note 15 - Other long-term liabilities**

<b>Parent company</b>		<b>Group</b>	
2019	2018	2019	2018
			Intercompany loan from Gearbulk
10 400	10 400	10 400	Shipowning Ltd
-	-	1 038	Accrued TC cost
<u>10 400</u>	<u>10 400</u>	<u>11 438</u>	<b>Total other long-term liabilities</b>
			<u>11 750</u>

The Company has been granted a waiver for the 10,4 MUSD loan from Gearbulk Shipowning Ltd until January 1<sup>st</sup> 2021.



## Skipsaksjeselskapet Gearbulk AS

---

### Note 16 - Subsequent events after balance sheet date and going concern

#### Parent company

During the year ended December 31, 2019, the parent company Gearbulk Holding AG has incurred a net loss and negative cash flows from financing activities. Whilst cash flows from operating activities were positive, they were not sufficient to cover Gearbulk Holding AG's financing activities. The disappointing performance reflected the continued difficult market conditions suffered in the shipping industry in the past decade.

In recent years, the Gearbulk Holding AG has carried out various measures including cost saving initiatives, vessel hire reductions, vessel refinancing and securing additional shareholder support to fund its liquidity needs. The expectation was that these, together with establishing the joint venture G2 Ocean with Grieg Star, would lay a strong foundation upon which Gearbulk Holding AG would return to profitability in the medium term.

The parent company Gearbulk Holding AG is subject to various covenants under its financing arrangements, one of which pertains to minimum free liquidity and stipulates that Gearbulk Holding AG must maintain a free liquidity of at least equal to the higher of \$40.0 million and 5% of the interest-bearing debt including capital leases. Given the poor results in recent years, together with the impacts of the recent Covid-19 outbreak, Gearbulk Holding AG will face increased liquidity requirements in order to prevent a breach of this covenant.

The continuing viability of Gearbulk Holding AG and its ability to continue as a going concern is therefore dependent upon securing further shareholder support, a freeze on loan repayments, additional vessel refinancing, along with securing further vessel hire reductions. These measures align to Gearbulk Holding AG's business strategy and its focus on shareholder value creation.

As a result, and given the dependency of the Company on the ongoing viability of Gearbulk Holding AG, a substantial doubt about the Skipsaksjeselskapet Gearbulk AS' ability to continue as a going concern exists. However, the Board of Directors assumes that Gearbulk Holding AG will be successful in the above matters and, accordingly, has prepared the financial statements on a going concern basis in accordance with the Accounting Act § 3-3a, and have not included any adjustments that might result from the outcome of this uncertainty.

The Board notes that the share capital is lost as per December 31st 2019. For the fiscal year 2020 it is expected that the subsidiary Gearbulk Shipping AS will generate a net profit on the same level as previous 2 years from its operating activities, and provide dividend income to Skipsaksjeselskapet Gearbulk AS. In addition, the expected future reversal of previous years impairment of shares in Gearbulk Shipping AS, will contribute to improve the equity of Skipsaksjeselskapet Gearbulk AS. Liquidity for the Company is secured by short term intercompany loan from the subsidiary Gearbulk Shipping AS when needed and to be offset against future dividends from the subsidiary.