



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 961 999 960
Organisasjonsform: Aksjeselskap
Foretaksnavn: GEARBULK SHIPPING AS
Forretningsadresse: Ytrebygdsvegen 215
5258 BLOMSTERDALEN

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Stian Lie
Dato for fastsettelse av årsregnskapet: 08.04.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 09.08.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	2	43 853 000	25 787 000
Sum inntekter		43 853 000	25 787 000
Kostnader			
Varekostnad	3	6 612 000	5 844 000
Lønnskostnad	4	18 175 000	9 841 000
Avskrivning	5	2 294 000	3 005 000
Annen driftskostnad	4	1 271 000	415 000
Sum kostnader		28 352 000	19 105 000
Driftsresultat		15 500 000	6 683 000
Finansinntekter og finanskostnader			
Annen finansinntekt		143 000	765 000
Sum finansinntekter		143 000	765 000
Annen finanskostnad		3 075 000	3 676 000
Sum finanskostnader		3 075 000	3 676 000
Netto finans		-2 932 000	-2 911 000
Ordinært resultat før skattekostnad		12 568 000	3 771 000
Ordinært resultat etter skattekostnad		12 568 000	3 771 000
Årsresultat		12 568 000	3 771 000
Overføringer og disponeringer			
Overføringer annen egenkapital	7	-1 273 000	-71 000
Sum overføringer og disponeringer	7	12 568 000	3 771 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	5	43 006 000	43 030 000
Sum varige driftsmidler		43 006 000	43 030 000
Sum anleggsmidler		43 006 000	43 030 000
Omløpsmidler			
Varer			
Sum varer		235 000	162 000
Fordringer			
Andre fordringer	10	1 729 000	11 193 000
Sum fordringer		1 729 000	11 193 000
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende	9	13 360 000	1 038 000
Sum omløpsmidler		15 324 000	12 394 000
SUM EIENDELER		58 330 000	55 424 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	7, 8	513 000	513 000
Annen innskutt egenkapital	7		760 000
Sum innskutt egenkapital		513 000	1 273 000
Sum egenkapital		513 000	1 273 000



Balanse

Beløp i: NOK	Note	2021	2020
Gjeld			
Langsiktig gjeld			
Utsatt skatt	6	104 000	135 000
Sum avsetninger for forpliktelser		104 000	135 000
Annen langsiktig gjeld			
Obligasjonslån	12	33 856 000	36 217 000
Øvrig langsiktig gjeld		2 587 000	2 077 000
Sum annen langsiktig gjeld		36 443 000	38 294 000
Sum langsiktig gjeld		36 547 000	38 429 000
Kortsiktig gjeld			
Sertifikatlån	12	3 781 000	4 536 000
Leverandørgjeld		587 000	516 000
Betalbar skatt	6	26 000	34 000
Annen kortsiktig gjeld	10, 11	16 875 000	10 636 000
Sum kortsiktig gjeld		21 269 000	15 721 000
Sum gjeld		57 817 000	54 151 000
SUM EGENKAPITAL OG GJELD		58 330 000	55 424 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer: 2022 478359

Enheten

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Bekreftet av representant for selskapet: Stian Lie
Dato for fastsettelse av årsregnskapet: 08.04.2022

Grunnlag for avgivelse

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Brønnøysundregistrene, 22.06.2022



Organisasjonsnr: 961 999 960
GEARBULK SHIPPING AS

RESULTATREGNSKAP

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RESULTATREGNSKAP			
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SUM EGENKAPITAL OG GJELD		58 330 000	55 424 000



Organisasjonsnr: 961 999 960
GEARBULK SHIPPING AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
8

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinary shares	533400.00	0.96	513345.00
<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
Gearbulk Holding AG (Switzerland)	533400.00	100.00%	Ordinary shares
<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
	533400.00	100.00%	

Gearbulk Shipping AS merged with the parent company Skipsaksjeselskapet Gearbulk AS in 2021. Gearbulk Shipping AS was the acquiring company (see note 14). The Group financial statement of Gearbulk Holding AG is available at the main office in Switzerland (Zentrum Staldenbach 5, 8808 Pfaffikon, Schwyz, Switzerland).

Note
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Lønn og ytelser

The Company has no employees.

There has not been any remuneration to management or board of directors. No loans or guarantees have been given to the managing Director or Board of Directors.

Note

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	26194000.00	8092000.00
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	26194000.00	8092000.00



Gearbulk Shipping AS

Cash flow statement

Amounts in 1000 USD	Note	2021	2020
Cash flow from operating activities			
Ordinary result from tax		12 568	3 771
Taxes paid		-34	-41
Depreciation and write-down of vessels		1 903	2 850
Depreciation and write down of dry-docking and bunkers		361	136
Depreciation and write down of fleet performance equipment		30	18
Changes in inventories		-73	-16
Changes in receivables		9 465	-3 724
Changes in trade creditors		71	413
Changes in other current balance sheet items		-7 602	2 996
Net cash flow from operating activities		<u>16 689</u>	<u>6 405</u>
Cash flow from investing activities			
Purchase of tangible assets*		-2 270	0
Net cash flow from investing activities		<u>-2 270</u>	<u>0</u>
Cash flow from financing activities			
Repayment or increase of long term loans		509	1 040
Repayment of principal portion of capital leases		-4 536	-4 316
Dividends paid		0	-3 700
Merger with Skipsaksjeselskapet Gearbulk AS		1 929	0
Net cash flow from financing activities		<u>-2 097</u>	<u>-6 976</u>
Effects of change in exchange rates and cash equivalents			
		0	5
Net change in cash and cash equivalents		12 322	-567
Cash and cash equivalents as of 01.01		<u>1 038</u>	<u>1 605</u>
Cash and cash equivalents as of 31.12		<u>13 360</u>	<u>1 038</u>



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Note - 1 Accounting Principles

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

Operating revenue

Operating revenues are recognized as income at all 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 services has been performed. All other revenues are recognized once the services has been performed.

Balance sheet classification

Current assets and current liabilities relates to items which is due within one year from 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 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 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 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 recognised 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 costs 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 assets is written down to the recoverable amount. The recoverable amount is greater of the net realized value and value in use. In assessing value in use, the discounted estimated future cash flows from the assets are discounted are used.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Leases

Assets acquired under capital leases are capitalized as property, plant and equipment in the Balance Sheet and the corresponding liability is included in capital leases obligations. The amount capitalized is the lower of the fair value of the asset or the present value of future minimum lease payments. The capital value of the asset is depreciated in accordance with Note 5. Lease payments are treated as consisting of capital element and interest cost, the capital element reducing the obligation to the lessor and the interest cost being expensed over the period of the lease.

Lease payments in respect of assets under operating leases are expensed in the period incurred, except where the lease payment is fixed over a number of periods, in which case the expense is calculated based on the average charge over the period for which the lease payment is fixed.

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 at 22 percent 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 been used estimates and assumption in the preparation of the financial statements that have effect on the reported amount 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 is expensed as incurred.

Note 2 - Operating income

In 2020 the operating revenue for the periode 01.01.2020 to 30.06.2020 was net pool distribution from GB Pool Ltd. From 01.07.2020 to 31.12.2020 the operating revenue was Open hatch and Bulk pool distribution from G2 Ocean AS. This due to new set-up and being 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.

In 2021 the operating revenue was Open hatch and Bulk pool distribution form G2 Ocean AS. In addition, the operating revenue in 2021 also consist of TC hire income relating to the chartering out of five vessels to High Heat Tankers Pte Ltd.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Note 3 - Vessel Operating expenses

<i>Vessel operating expenses consist of</i>	2021	2020
Crew cost	3 523	3 115
Provision and consumables	880	821
Spares and maintenance	1 580	900
Insurance	53	175
Other vessel operating expenses	575	833
Total	<u>6 612</u>	<u>5 844</u>

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

The Company has no employees.

Management remuneration

There has not been any remuneration to management or board of directors. No loans or guarantees have been given to the managing Director or Board of Directors.

<i>Auditor fee has been divided as follows</i>	2021	2020
Audit fee	26	8

VAT is not included in the auditor fees.

Note 5 - Tangible assets

Amounts in 1000 USD

	Vessels	Docking	Bunkers plant etc	Fleet Performance plans etc	Total
Acquisition cost 01.01.	64 284	1 378	59	201	65 921
Purchased tangibles	580	997	32	660	2 270
Disposals	0	-599	0	0	-599
Acquisition cost 31.12.	<u>64 864</u>	<u>1 776</u>	<u>91</u>	<u>862</u>	<u>67 593</u>
Acc.depreciation 31.12.	-15 421	-854	-51	-231	-16 557
Acc.write-downs 31.12.	-8 030	0	0	0	-8 030
Net carrying amount at 31.12.	<u>41 413</u>	<u>922</u>	<u>40</u>	<u>631</u>	<u>43 006</u>
Depreciation for the year	1 903	356	5	30	2 294
Useful economic life	30 years	1,5-5 years	1,5-5 years	1,5-5 years	

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

The Company do not own vessels, and all vessels in this Note are vessels held under capital leases. See Note 12.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

The useful economic life time of vessels is extended with 5 years from 25 years to 30 years in 2021.

Note 6 - Income taxes

Amounts in 1000 USD

The Company is subject to the Norwegian tonnage tax rules in accordance with Chapter 8 of the Taxation Act. Payable tonnage tax for 2021 is USD 64 432 (2020: 41 363).

<i>Income tax expenses</i>	2021	2020
Tax payable	26	34
Change in deferred tax	-26	-34
Total income tax expense	<u>0</u>	<u>0</u>
<i>Tax base estimation</i>	2021	2020
Ordinary result before tax	12 568	3 771
Tax base	<u>12 568</u>	<u>3 771</u>
Expected tax cost 22%	2 765	830
<i>Temporary differences outlined</i>	2021	2020
Financial loss carry-forward*	-6 720	-1 995
Profit loss account	475	613
	<u>-6 246</u>	<u>-1 382</u>
Deferred income tax liability (22%)	-1 374	-304
Tax deficit not incl in calculation of deferred tax	1 478	439
Deferred income tax liability in balance sheet	<u>104</u>	<u>135</u>

*Carry-forward losses has increased by USD 4 115 960 due to the merger with Skipsaksjeselskapet Gearbulk AS.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Note 7 - Owners equity

Amounts in 1000 USD

	Share capital	Other paid-in capital	Retained Earnings	Total
Owners equity 01.01.	513	760	0	1 273
Profit for the year	0	0	12 568	12 568
Debt conversion	0	10 000	0	10 000
Merger (see note 8 and 14)	0	16 060	-25 546	-9 487
Dividend	0	0	-13 841	-13 841
Transfer to retained earning	0	-26 820	26 820	0
Owners equity 31.12.	513	0	0	513

Note 8 - Equity

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	533 400	0,96	513

Share capital consists of 533 400 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 (Switzerland)	533 400	100 %	100 %

Gearbulk Shipping AS merged with the parent company Skipsaksjeselskapet Gearbulk AS in 2021. Gearbulk Shipping AS was the acquiring company (see note 14).

The Group financial statement of Gearbulk Holding AG is available at the main office in Switzerland (Zentrum Staldenbach 5, 8808 Pfaffikon, Schwyz, Switzerland).

Note 9 - Bank deposit

There is no restricted cash as of December 31, 2021 (2020:USD 0 mill).



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Note 10 - Intercompany balance with group and associated companies

Amounts in 1000 USD

<i>Receivables</i>	2021	2020
Skipsaksjeselskapet Gearbulk AS (group company)	0	3 349
Gearbulk Pool Ltd (group company)	148	4 427
High Heat Tankers Pte Ltd (affiliate company)	42	0
Gearbulk Shipowning Ltd (group company)	0	2 312
G2 Ocean AS (affiliate company)	0	282
GB Norway AS (group company)	43	14
Other receivables	1 496	809
Total intercompany receivables	<u>1 729</u>	<u>11 193</u>

<i>Payables</i>	2021	2020
Skipsaksjeselskapet Gearbulk AS (group company) dividend 2020**	0	3 843
Gearbulk SO Ship Management Ltd (group company)	1 000	5 647
Gearbulk Holding AG*	13 841	0
GB MGT Swiss AG (group company)	87	95
Other liabilities (ref note 11)	1 946	1 051
Total intercompany payables	<u>16 875</u>	<u>10 636</u>

* Dividend 2021

** Merged in 2021, se note 8

Note 11 - Short term liabilities

	2021	2020
Accrued expenses	473	265
Deferred income	583	583
Related parties*	15 617	9 585
Other short term liabilities	202	203
Total	<u>16 875</u>	<u>10 636</u>

*Dividend 2021 USD 13 841 412

Note 12 - Capital Lease

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 arrangement for Sunbird Arrow and Kingbird Arrow, which were classified as capital leases.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

No purchase clause is agreed for any of the three time charter agreements entered into by the Company. None of the Company's time charter agreements include any variable hire elements, hence no variable hire expense is recognized. None of the time charter agreements include clauses limiting dividends, refinancing, debt issuance or restrictions to enter into new time charter agreements.

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

(US Dollars in thousands)

	2021
2022.....	6 702
2023.....	9 944
2024.....	4 612
2025.....	4 599
2026	4 599
Thereafter	23 798
Sum	<u>54 254</u>
Less: Amounts representing future finance cost	-16 616
Present value of minimum capital lease payment	<u>37 638</u>
Less: current portion	-3 781
Long-term capital lease obligation	<u>33 856</u>

Note 13 - Going concern

The Gearbulk Group's overall liquidity position has improved during 2020, following the strong improvement of market conditions in second half of 2021. The company also forecast a very strong 2022 result due to the continued strong market in 2022. Management further notes that the Group and the shipping industry is facing a potential commodity cycle, which has the potential to create a further positive upside to liquidity and result for Gearbulk Shipping AS.

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 GB Group and the Company is able to continue as a going concern basis in accordance with the Accounting Act § 3-3a.

Note 14 - Merger

During 2021, Gearbulk Shipping AS merged with its parent company Skipsaksjeselskapet Gearbulk AS in a reversed parent-subsiary merger.

The merger is made with legal entity/company continuity, and with effect for accounting and tax purposes from January 1st 2021.

According to the Norwegian Accounting Act§7-2, the legal entity/company continuity is applied due to unchanged ownership of the shares in Gearbulk Shipping AS, since Skipsaksjeselskapet Gearbulk AS owned 100% of the shares in Gearbulk Shipping AS before the merger.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

The merger is conducted according to continuity for accounting purposes, which means that all assets and liabilities, rights and obligations transferred as part of the merger at continued value in Gearbulk Shipping AS as the surviving entity in the merger.

Accounting according to the continuity principles means that the composition of the equity in the merged entity Skipsaksjeselskapet Gearbulk AS is transferred to the surviving entity Gearbulk Shipping AS, at the same time as the merged entity is dissolved.

As part of the merger, Gearbulk Shipping AS also receive all shares in Gearbulk Shipping AS (own shares). The company's own shares (Gearbulk Shipping AS) comprise the payment in kind in the merger, as the shares are distributed as payment in kind to the 100% owner of the merged entity Skipsaksjeselskapet Gearbulk AS, which is Gearbulk Holding AG (Switzerland). The merger-payment in kind to the shareholder Gearbulk Holding AS comprise 533 400 shares in the surviving entity Gearbulk Shipping AS. Which comprise 100% of the shares in Gearbulk Shipping AS. There is no additional payment as part of the merger other than the distributed shares mentioned above.

Comparative figures have not been prepared.



To the General Meeting of Gearbulk Shipping AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Gearbulk Shipping AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other Information

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

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

PricewaterhouseCoopers AS, Sandviksbødene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - Gearbulk Shipping AS



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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Bergen, 8 April 2022
PricewaterhouseCoopers AS

Marius Kaland Olsen
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Olsen, Marius Kaland	BANKID	2022-04-10 13:29

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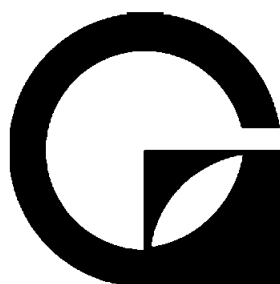
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GEARBULK SHIPPING AS



**Financial Statements
Year ended 31 December 2021**



Board of directors' report 2021

Gearbulk Shipping AS

The Company and the business

Gearbulk Shipping AS is a wholly owned subsidiary of the parent company Gearbulk Holding AG. Gearbulk Shipping AS is undertaking shipping related activities and holds three vessels under capital leases; three open hatch vessel and two liquid pitch vessels. The main office is located in Bergen.

Financial result and development

Gearbulk Shipping's revenue in 2021 was USD 43.9 million (2020: USD 25.8 million). The 2021 net profit after tax amounted to USD 12.6 million (2020: USD 3.8 million).

The Company's total assets as per year end 2021 amounted to USD 58.3 million (2020: USD 55.4 million). The cash and cash-equivalent amounted to USD 13.4 million as per 31 December, 2021 (31 December, 2020: USD 1.0 million).

Current assets as per year end 2021 amounted to USD 15.3 million (2020: USD 12.4 million) and current liabilities amounted to USD 21.3 million at year end 2021 (2020: USD 15.7 million).

The equity ratio was 0.9 % as per 31 December, 2021 (2020: 31 December, 2020: 2.3%).

Going concern assumption

The Gearbulk Group's overall liquidity position has improved during 2021, following the strong improvement in the dry bulk market. 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 GB Group and the Company is able to continue as a going concern basis in accordance with the Accounting Act § 3-3a.

Liquidity and financing

Differences between net operating result and the cash flow from operational activities is mainly resulting from depreciations and change in working capital. The liquidity position and the financing of the company for the next 12 months are assessed to be sufficient given the Company's revenue from participation in G2 Ocean Open Hatch and Bulk pool.

Financial risk

The Company is exposed to risks related to the market, 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 Company's vessels are equipped in accordance with international legislation and requirements. There have not been any material accidents or events during 2021 which caused pollution.

Directors and Officers insurance policy

The Gearbulk Group has a Director & Officers insurance providing financial protection for the Board of Directors and the CEO up to a certain threshold and providing financial protection for Gearbulk Shipping AS and other group companies from reimbursement costs to indemnify Board of Directors and the CEO for their losses, as well as from defense costs associated with lawsuits and investigations.

Statement regarding the outlook for the company

The Company's vessels are operated within the G2 Ocean AS' Open Hatch and Bulk pool and High Heat Tankers Pte. Ltd. The revenue in G2 Ocean AS and High Heat Tankers Pte Ltd is depending on the development of general market conditions for respective shipping segments.

Bergen, April 8 2022
Board of Gearbulk Shipping AS



Kristian Jebsen
Director



Hans Petter Aas
Chairman



Ketil Andreassen
Director



Sjur Gjerde
Managing Director



Gearbulk Shipping AS

Annual report 2021

Annual accounts

- **Income statement**
- **Balance sheet**
- **Cash flow statement**
- **Notes**

Auditors' report



Gearbulk Shipping AS

Income statement

Amounts in 1000 USD

	Note	2021	2020
Revenue			
Operating revenue	2	43 853	25 787
Operating expenses			
Vessel operating	3	6 612	5 844
Other time charter cost	4	18 175	9 841
Depreciation of tangible and intangible fixed assets	5	2 294	3 005
Other operating expenses	4	1 271	415
Total operating expenses		28 352	19 105
Operating result		15 500	6 683
Financial income and expenses			
Other financial income		143	765
Other financial expenses		3 075	3 676
Net financial items		-2 932	-2 911
Ordinary result before tax		12 568	3 771
Net profit or loss for the year		12 568	3 771
Allocated as follows			
Transferred to/from other equity	7	-1 273	-71
Dividends	7	13 841	3 843
Total allocations		12 568	3 771



Gearbulk Shipping AS

Balance sheet as of December 31

Amounts in 1000 USD

	Note	2021	2020
Fixed assets			
<i>Tangible assets</i>			
Vessels	5	<u>43 006</u>	<u>43 030</u>
Total tangible assets		<u>43 006</u>	<u>43 030</u>
Total fixed assets		<u>43 006</u>	<u>43 030</u>
Current assets			
Inventories		<u>235</u>	<u>162</u>
<i>Receivables</i>			
Receivables related parties	10	<u>1 729</u>	<u>11 193</u>
Total accounts receivable		<u>1 729</u>	<u>11 193</u>
Cash and cash equivalents	9	<u>13 360</u>	<u>1 038</u>
Total current assets		<u>15 324</u>	<u>12 394</u>
Total assets		<u>58 330</u>	<u>55 424</u>

**Gearbulk Shipping AS****Balance sheet as of December 31**

Amounts in 1000 USD

	Note	2021	2020
Equity			
<i>Paid-in capital</i>			
Share capital	7, 8	513	513
Other paid-in capital	7	0	760
Total paid-in capital		<u>513</u>	<u>1 273</u>
Total equity		<u>513</u>	<u>1 273</u>
Liabilities			
<i>Provisions</i>			
Deferred tax liability	6	<u>104</u>	<u>135</u>
Total provisions		<u>104</u>	<u>135</u>
<i>Other long-term liabilities</i>			
Capital leases	12	33 856	36 217
Other long-term liabilities		<u>2 587</u>	<u>2 077</u>
Total other long term liabilities		<u>36 443</u>	<u>38 294</u>
<i>Current liabilities</i>			
Capital leases	12	3 781	4 536
Trade creditors		587	516
Tax payable	6	26	34
Other short-term liabilities related parties	10, 11	<u>16 875</u>	<u>10 636</u>
Total current liabilities		<u>21 269</u>	<u>15 721</u>
Total liabilities		<u>57 817</u>	<u>54 151</u>
Total equity and liabilities		<u>58 330</u>	<u>55 424</u>

December 31st 2021
Bergen, April 8th 2022
Kristian Jebsen
Board member
Sjur Gjerde
General manager
Hans Petter Aas
Chairman
Ketil Andreassen
Board member



Gearbulk Shipping AS

Cash flow statement

Amounts in 1000 USD

	Note	2021	2020
Cash flow from operating activities			
Ordinary result from tax		12 568	3 771
Taxes paid		-34	-41
Depreciation and write-down of vessels		1 903	2 850
Depreciation and write down of dry-docking and bunkers		361	136
Depreciation and write down of fleet performance equipment		30	18
Changes in inventories		-73	-16
Changes in receivables		9 465	-3 724
Changes in trade creditors		71	413
Changes in other current balance sheet items		-7 602	2 996
Net cash flow from operating activities		<u>16 689</u>	<u>6 405</u>
Cash flow from investing activities			
Purchase of tangible assets*		-2 270	0
Net cash flow from investing activities		<u>-2 270</u>	<u>0</u>
Cash flow from financing activities			
Repayment or increase of long term loans		509	1 040
Repayment of principal portion of capital leases		-4 536	-4 316
Dividends paid		0	-3 700
Merger with Skipsaksjeselskapet Gearbulk AS		1 929	0
Net cash flow from financing activities		<u>-2 097</u>	<u>-6 976</u>
Effects of change in exchange rates and cash equivalents			
		0	5
Net change in cash and cash equivalents		12 322	-567
Cash and cash equivalents as of 01.01		<u>1 038</u>	<u>1 605</u>
Cash and cash equivalents as of 31.12		<u>13 360</u>	<u>1 038</u>



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Note - 1 Accounting Principles

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

Operating revenue

Operating revenues are recognized as income at all 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 services has been performed. All other revenues are recognized once the services has been performed.

Balance sheet classification

Current assets and current liabilities relates to items which is due within one year from 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 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 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 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 recognised 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 costs 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 assets is written down to the recoverable amount. The recoverable amount is greater of the net realized value and value in use. In assessing value in use, the discounted estimated future cash flows from the assets are discounted are used.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Leases

Assets acquired under capital leases are capitalized as property, plant and equipment in the Balance Sheet and the corresponding liability is included in capital leases obligations. The amount capitalized is the lower of the fair value of the asset or the present value of future minimum lease payments. The capital value of the asset is depreciated in accordance with Note 5. Lease payments are treated as consisting of capital element and interest cost, the capital element reducing the obligation to the lessor and the interest cost being expensed over the period of the lease.

Lease payments in respect of assets under operating leases are expensed in the period incurred, except where the lease payment is fixed over a number of periods, in which case the expense is calculated based on the average charge over the period for which the lease payment is fixed.

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 at 22 percent 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 been used estimates and assumption in the preparation of the financial statements that have effect on the reported amount 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 is expensed as incurred.

Note 2 - Operating income

In 2020 the operating revenue for the periode 01.01.2020 to 30.06.2020 was net pool distribution from GB Pool Ltd. From 01.07.2020 to 31.12.2020 the operating revenue was Open hatch and Bulk pool distribution from G2 Ocean AS. This due to new set-up and being 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.

In 2021 the operating revenue was Open hatch and Bulk pool distribution form G2 Ocean AS. In addition, the operating revenue in 2021 also consist of TC hire income relating to the chartering out of five vessels to High Heat Tankers Pte Ltd.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Note 3 - Vessel Operating expenses

<i>Vessel operating expenses consist of</i>	2021	2020
Crew cost	3 523	3 115
Provision and consumables	880	821
Spares and maintenance	1 580	900
Insurance	53	175
Other vessel operating expenses	575	833
Total	6 612	5 844

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

The Company has no employees.

Management remuneration

There has not been any remuneration to management or board of directors. No loans or guarantees have been given to the managing Director or Board of Directors.

<i>Auditor fee has been divided as follows</i>	2021	2020
Audit fee	26	8

VAT is not included in the auditor fees.

Note 5 - Tangible assets

Amounts in 1000 USD

	Vessels	Docking	Bunkers plant etc	Fleet Performance plans etc	Total
Acquisition cost 01.01.	64 284	1 378	59	201	65 921
Purchased tangibles	580	997	32	660	2 270
Disposals	0	-599	0	0	-599
Acquisition cost 31.12.	64 864	1 776	91	862	67 593
Acc.depreciation 31.12.	-15 421	-854	-51	-231	-16 557
Acc.write-downs 31.12.	-8 030	0	0	0	-8 030
Net carrying amount at 31.12.	41 413	922	40	631	43 006
Depreciation for the year	1 903	356	5	30	2 294
Useful economic life	30 years	1,5-5 years	1,5-5 years	1,5-5 years	

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

The Company do not own vessels, and all vessels in this Note are vessels held under capital leases. See Note 12.

The useful economic life time of vessels is extended with 5 years from 25 years tom 30 years i 2021.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Note 6 - Income taxes

Amounts in 1000 USD

The Company is subject to the Norwegian tonnage tax rules in accordance with Chapter 8 of the Taxation Act. Payable tonnage tax for 2021 is USD 64 432 (2020: 41 363).

<i>Income tax expenses</i>	2021	2020
Tax payable	26	34
Change in deferred tax	-26	-34
Total income tax expense	<u>0</u>	<u>0</u>
<i>Tax base estimation</i>	2021	2020
Ordinary result before tax	12 568	3 771
Tax base	<u>12 568</u>	<u>3 771</u>
Expected tax cost 22%	2 765	830
<i>Temporary differences outlined</i>	2021	2020
Financial loss carry-forward*	-6 720	-1 995
Profit loss account	475	613
	<u>-6 246</u>	<u>-1 382</u>
Deferred income tax liability (22%)	-1 374	-304
Tax deficit not incl in calculation of deferred tax	1 478	439
Deferred income tax liability in balance sheet	<u>104</u>	<u>135</u>

*Carry-forward losses has increased by USD 4 115 960 due to ther merger with Skipsaksjeselskapet Gearbulk AS.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Note 7 - Owners equity

Amounts in 1000 USD

	Share capital	Other paid-in capital	Retained Earnings	Total
Owners equity 01.01.	513	760	0	1 273
Profit for the year	0	0	12 568	12 568
Debt conversion	0	10 000	0	10 000
Merger (see note 8 and 14)	0	16 060	-25 546	-9 487
Dividend	0	0	-13 841	-13 841
Transfer to retained earning	0	-26 820	26 820	0
Owners equity 31.12.	513	0	0	513

Note 8 - Equity

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	533 400	0,96	513

Share capital consists of 533 400 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 (Switzerland)	533 400	100 %	100 %

Gearbulk Shipping AS merged with the parent company Skipsaksjeselskapet Gearbulk AS in 2021. Gearbulk Shipping AS was the acquiring company (see note 14).

The Group financial statement of Gearbulk Holding AG is available at the main office in Switzerland (Zentrum Staldenbach 5, 8808 Pfaffikon, Schwyz, Switzerland).

Note 9 - Bank deposit

There is no restricted cash as of December 31, 2021 (2020:USD 0 mill).



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

Note 10 - Intercompany balance with group and associated companies

Amounts in 1000 USD

<i>Receivables</i>	2021	2020
Skipsaksjeselskapet Gearbulk AS (group company)	0	3 349
Gearbulk Pool Ltd (group company)	148	4 427
High Heat Tankers Pte Ltd (affiliate company)	42	0
Gearbulk Shipowning Ltd (group company)	0	2 312
G2 Ocean AS (affiliate company)	0	282
GB Norway AS (group company)	43	14
Other receivables	1 496	809
Total intercompany receivables	<u>1 729</u>	<u>11 193</u>
<i>Payables</i>	2021	2020
Skipsaksjeselskapet Gearbulk AS (group company) dividend 2020**	0	3 843
Gearbulk SO Ship Management Ltd (group company)	1 000	5 647
Gearbulk Holding AG*	13 841	0
GB MGT Swiss AG (group company)	87	95
Other liabilities (ref note 11)	1 946	1 051
Total intercompany payables	<u>16 875</u>	<u>10 636</u>

* Dividend 2021

** Merged in 2021, se note 8

Note 11 - Short term liabilities

	2021	2020
Accrued expenses	473	265
Deferred income	583	583
Related parties*	15 617	9 585
Other short term liabilities	202	203
Total	<u>16 875</u>	<u>10 636</u>

*Dividend 2021 USD 13 841 412

Note 12 - Capital Lease

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 arrangement for Sunbird Arrow and Kingbird Arrow, which were classified as capital leases.

No purchase clause is agreed for any of the three time charter agreements entered into by the Company. None of the Company's time charter agreements include any variable hire elements, hence no variable hire expense is recognized. None of the time charter agreements include clauses limiting dividends, refinancing, debt issuance or restrictions to enter into new time charter agreements.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

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

(US Dollars in thousands)

	2021
2022.....	6 702
2023.....	9 944
2024.....	4 612
2025.....	4 599
2026	4 599
Thereafter	23 798
Sum	<u>54 254</u>
Less: Amounts representing future finance cost	-16 616
Present value of minimum capital lease payment	<u>37 638</u>
Less: current portion	-3 781
Long-term capital lease obligation	<u>33 856</u>

Note 13 - Going concern

The Gearbulk Group's overall liquidity position has improved during 2020, following the strong improvement of market conditions in second half of 2021. The company also forecast a very strong 2022 result due to the continued strong market in 2022. Management further notes that the Group and the shipping industry is facing a potential commodity cycle, which has the potential to create a further positive upside to liquidity and result for Gearbulk Shipping AS.

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 GB Group and the Company is able to continue as a going concern basis in accordance with the Accounting Act § 3-3a.

Note 14 - Merger

During 2021, Gearbulk Shipping AS merged with its parent company Skipsaksjeselskapet Gearbulk AS in a reversed parent-subsiary merger.

The merger is made with legal entity/company continuity, and with effect for accounting and tax purposes from January 1st 2021.

According to the Norwegian Accounting Act§7-2, the legal entity/company continuity is applied due to unchanged ownership of the shares in Gearbulk Shipping AS, since Skipsaksjeselskapet Gearbulk AS owned 100% of the shares in Gearbulk Shipping AS before the merger.

The merger is conducted according to continuity for accounting purposes, which means that all assets and liabilities, rights and obligations transferred as part of the merger at continued value in Gearbulk Shipping AS as the surviving entity in the merger.

Accounting according to the continuity principles means that the composition of the equity in the merged entity Skipsaksjeselskapet Gearbulk AS is transferred to the surviving entity Gearbulk Shipping AS, at the same time as the merged entity is dissolved.



Gearbulk Shipping AS

Notes to the accounts for 2021

Amounts in 1000 USD

As part of the merger, Gearbulk Shipping AS also receive all shares in Gearbulk Shipping AS (own shares). The company's own shares (Gearbulk Shipping AS) comprise the payment in kind in the merger, as the shares are distributed as payment in kind to the 100% owner of the merged entity Skipsaksjeselskapet Gearbulk AS, which is Gearbulk Holding AG (Switzerland). The merger-payment in kind to the shareholder Gearbulk Holding AS comprise 533 400 shares in the surviving entity Gearbulk Shipping AS. Which comprise 100% of the shares in Gearbulk Shipping AS. There is no additional payment as part of the merger other than the distributed shares mentioned above.

Comparative figures have not been prepared.



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

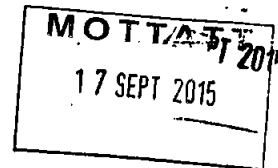
Our reference
2015/839383

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;

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



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
Org.nr: 996250318
E-mail: 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