



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 997 580 087
Organisasjonsform: Aksjeselskap
Foretaksnavn: GRIEG STAR BULK AS
Forretningsadresse: C. Sundts gate 17/19
5004 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

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

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 13.05.2022



Resultatregnskap

| Beløp i: USD | Note | 2020 | 2019 |
|--|------|-------------------|-------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Annen driftsinntekt | | 13 813 451 | 13 833 235 |
| Gevinst ved salg skip | | | 1 092 802 |
| Sum inntekter | | 13 813 451 | 14 926 037 |
| Kostnader | | | |
| Vessel operating expenses | | -45 946 | 2 383 939 |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | | | 1 064 333 |
| Annen driftskostnad | | 237 944 | 285 875 |
| TC hire | 7 | 19 203 282 | 14 998 183 |
| Sum kostnader | | 19 395 280 | 18 732 330 |
| Driftsresultat | | -5 581 829 | -3 806 293 |
| Finansinntekter og finanskostnader | | | |
| Renteinntekt fra foretak i samme konsern | 2 | 209 746 | 427 853 |
| Annen renteinntekt | | 730 | 17 891 |
| Annen finansinntekt | | 1 487 | |
| Sum finansinntekter | | 211 963 | 445 744 |
| Rentekostnad til foretak i samme konsern | 2 | 13 677 | 916 748 |
| Annen rentekostnad | | 2 835 | 372 863 |
| Annen finanskostnad | | 5 467 | 6 400 |
| Sum finanskostnader | | 21 979 | 1 296 011 |
| Netto finans | | 189 984 | -850 267 |
| Ordinært resultat før skattekostnad | | -5 391 845 | -4 656 560 |
| Ordinært resultat etter skattekostnad | | -5 391 845 | -4 656 560 |
| Årsresultat | | -5 391 845 | -4 656 560 |
| Overføringer og disponeringer | | | |
| Overføringer til/fra annen egenkapital | | -5 391 845 | -4 656 560 |
| Sum overføringer og disponeringer | | -5 391 845 | -4 656 560 |



Resultatregnskap

| Beløp i: USD | Note | 2020 | 2019 |
|---------------------|-------------|-------------|-------------|
|---------------------|-------------|-------------|-------------|



Balanse

| Beløp i: USD | Note | 2020 | 2019 |
|---------------------------------------|------|-------------------|------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Sum anleggsmidler | | 0 | 0 |
| Omløpsmidler | | | |
| Varer | | | |
| Fordringer | | | |
| Andre fordringer | | 800 729 | 974 641 |
| Konsernfordringer | 2 | 2 797 109 | 7 734 668 |
| Sum fordringer | | 3 597 838 | 8 709 309 |
| Sum omløpsmidler | | 3 597 838 | 8 709 309 |
| SUM EIENDELER | | 3 597 838 | 8 709 309 |
| BALANSE - EGENKAPITAL OG GJELD | | | |
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| 100 aksjer a NOK 280 000 | 4 | 5 291 670 | 5 291 670 |
| Sum innskutt egenkapital | | 5 291 670 | 5 291 670 |
| Opptjent egenkapital | | | |
| Annen egenkapital | 3.4 | -2 435 929 | 2 955 916 |
| Sum opptjent egenkapital | | -2 435 929 | 2 955 916 |
| Sum egenkapital | | 2 855 741 | 8 247 586 |
| Sum langsiktig gjeld | | 0 | 0 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | | 37 590 | |



Balanse

| Beløp i: USD | Note | 2020 | 2019 |
|---------------------------------|-------------|------------------|------------------|
| Betalbar skatt | | | 58 004 |
| Kortsiktig konserngjeld | 2 | | 93 960 |
| Annen kortsiktig gjeld | | 704 507 | 309 759 |
| Sum kortsiktig gjeld | | 742 097 | 461 723 |
| Sum gjeld | | 742 097 | 461 723 |
| SUM EGENKAPITAL OG GJELD | | 3 597 838 | 8 709 309 |



BOARD OF DIRECTORS' REPORT 2020 GRIEG STAR BULK AS

The business

Grieg Star Bulk (the "Company") is a ship owning company and is part of the consolidated group of shipping activities controlled by Grieg Shipholding AS ("Grieg Shipholding" or "the Group"). Per year end 2020, Grieg Star Bulk AS controlled a fleet of 4 ultramax vessels, all chartered in on long term time-charter.

The Company has its office in Bergen and is organized under the Norwegian tonnage tax system and has no employees. The Board of Directors consists of six members, three women and three men. The Company has in 2020 purchased a range of services from Grieg Shipholding within strategy, administration, IT and business processes, risk management as well as finance and accounting. The services are regulated under management agreements.

The vessels are marketed and operated by the Grieg Shipholding and Gearbulk jointly controlled G2 Ocean, which was put into operation in May 2017. G2 Ocean is a global and customer oriented worldwide dry bulk shipping company, operating a fleet of about 125 vessels, in one open hatch and one dry bulk pool.

Annual accounts

The rapid spread of Covid-19 cases and its devastating effects on human lives and livelihoods will forever define 2020. Although the annual result is impacted by the pandemic, being lower than foreseen at the outset of 2020, the Company's operations did better than feared when the pandemic started. With China being an important market, its lockdown was severely felt in the first quarter. Earnings improved, however, throughout the year as the world adjusted to the new normal and the Company's vessels continued to operate in a safe manner.

The Company's operating revenues consist primarily of freight income and was USD 13.8m in 2020 vs. USD 14.9m in 2019, despite a somewhat higher activity level during parts of 2020. Total operating costs increased from USD 18.7m in 2019 to USD 19.4m in 2020 as the Company had more chartered vessel days in 2020. This is reflected in the TC hire expenses which were USD 19.2m in 2020 vs. USD 15.0m in 2019. There are no depreciation charges in the 2020 accounts as the Company did not own any vessels in 2020 vs. a cost of USD 1.1m in the 2019 accounts. Other operating costs were slightly down to USD 0.2m in 2020 vs. USD 0.3m in 2019.

Given lower revenues and higher operating costs, the Company's operating profit decreased from minus USD 3.8m in 2019 to minus USD 5.6m in 2020.

Net financial items were USD 0.2m in 2020 vs. minus USD 0.9m in 2019. This positive development is mainly due to that the Company no longer has any interest-bearing debt.

Altogether, this resulted in a pre-tax result of minus 5.4m in 2020 vs. minus USD 4.7m in 2019.

The Company's book equity was USD 2.9m per year end vs. USD 8.2m at the end 2019 and with an equity ratio of 81% (95%). By end 2020, the Company had total assets of USD 3.6m (USD 8.7m), with current assets accounting for USD 3.6m (USD 8.7m). Liquidity on the balance sheet date in the form



of bank deposits and cash at hand was USD 1.2m including the Company's share of aggregated cash balance in the Group's cash pool agreement¹.

Based on net cash flows from operations of minus USD 4.7m (minus USD 4.5m), zero in cash flow from investments (USD 72.1m) and net cash flow of USD 5.8m (USD 66.0m) from financing activities, the Company's net change in liquid funds in 2020 was USD 1.0m (USD 1.6m).

External environment

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

With only chartered vessels in the fleet, the Company has not been directly involved in any technical or ship management process related environmental improvements in 2020. The Company does however, as any other company being part of Grieg Shipholding's shipping activities benefit from the Group's various environmental initiatives.

Sustainability

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

Risk

Grieg Star Bulk AS is exposed to financial and market risks. This is mainly composed by risks related to the development of freight rates, ship values and currency rates. The Company's operation is to a large extent exposed to the general spot market as G2 Ocean holds limited dry bulk cargo or period contracts. Currency risk is mainly related to the purchase of administrative services in Norway and local taxes. The Company has defined strategies and policies that reduce the currency risks.

The Company assumes counterparty risk in several parts of its business. Issues related to credit risk, Know-Your-Customer compliance as well as sanctions regulations are controlled and considered part of the daily business.

Identifying, understanding, and acting to reduce security risks, particularly cyber threats, has been in focus also in 2020. Going forward, more attention will be given to climate transition risk, where assessing and defining a decarbonisation roadmap for the Group's vessels will be central, which also will influence the Company's charter in policy.

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



The market and outlook

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

China's share of dry bulk commodity imports increases, and the activity level going into 2021 is high. Due to the low order book and a post-Corona surge for raw materials and minerals, a market recovery is expected to occur in 2021.

Going concern and allocation of profit

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

The Board of Directors believes that the submitted annual accounts give a correct picture of Grieg Star Bulk AS' assets and liabilities as well as its financial position and results, and recommends that the loss after tax of USD 5,391,845 (minus USD 4,656,561) is allocated as follows:

| | |
|--------------------|-----------------|
| From other equity: | USD - 5,391,845 |
| Total allocations: | USD - 5,391,845 |

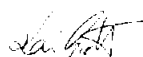
Bergen, 18 March 2021

The Board of Directors of Grieg Star Bulk AS


Elisabeth Grieg
Board Member


Camilla Grieg
Chair


Didrik O. Munch
Board Member


Kai Grøtterud
Board Member


Siriine Fodstad
Board Member


Rune Birkefand
Board Member


Matthew Robert Cagienard Duke
CEO

**GRIEG STAR BULK AS**

INCOME STATEMENT

| | Note | 2020 | 2019 |
|------------------------------------|------|-------------------|-------------------|
| Revenues | | | |
| Operating revenue | | 13,813,451 | 13,833,235 |
| Gain from sale of fixed assets | | 0 | 1,092,802 |
| Total revenues | | <u>13,813,451</u> | <u>14,926,037</u> |
| Operating expenses | | | |
| Vessel operating expenses | | -45,946 | 2,383,939 |
| TC hire | 7 | 19,203,282 | 14,998,183 |
| Other operating expenses | | 237,944 | 285,875 |
| Depreciation | | 0 | 1,064,333 |
| Total operating expenses | | <u>19,395,280</u> | <u>18,732,330</u> |
| Operating profit | | <u>-5,581,829</u> | <u>-3,806,293</u> |
| Financial items | | | |
| Interest income | | 730 | 17,891 |
| Interest income group | 2 | 209,746 | 427,853 |
| Interest expenses | | 2,835 | 372,863 |
| Interest expenses group | 2 | 13,677 | 916,748 |
| Other financial expenses | | 5,467 | 5,295 |
| Gain/loss on foreign exchange | | -1,487 | 1,105 |
| Net financial items | | <u>189,984</u> | <u>-850,267</u> |
| Profit before tax | | <u>-5,391,845</u> | <u>-4,656,561</u> |
| Profit for the year | | <u>-5,391,845</u> | <u>-4,656,561</u> |
| Allocation of profit/(loss) | | | |
| Transferred to (from) other equity | | <u>-5,391,845</u> | <u>-4,656,561</u> |
| Total allocated | | <u>-5,391,845</u> | <u>-4,656,561</u> |



GRIEG STAR BULK AS
BALANCE SHEET AS OF 31.12

| ASSETS | Note | 2020 | 2019 |
|-------------------------------|------|------------------|------------------|
| FIXED ASSETS | | | |
| Intangible assets | | | |
| Tangible assets | | | |
| Fixed financial assets | | | |
| CURRENT ASSETS | | | |
| Receivables, group companies | 2 | 2,797,109 | 7,734,668 |
| Other short-term receivables | | 800,729 | 974,641 |
| Total receivables | | <u>3,597,838</u> | <u>8,709,309</u> |
| Total current assets | | <u>3,597,838</u> | <u>8,709,309</u> |
| TOTAL ASSETS | | <u>3,597,838</u> | <u>8,709,309</u> |

GRIEG STAR BULK AS
BALANCE SHEET AS OF 31.12

| EQUITY AND LIABILITIES | Note | 2020 | 2019 |
|--|-------------|-------------------|------------------|
| EQUITY | | | |
| Paid-in capital | | | |
| Share capital (100 shares à NOK 280 000) | 4 | 5,291,670 | 5,291,670 |
| Total paid-up equity | | <u>5,291,670</u> | <u>5,291,670</u> |
| Other equity | | | |
| Other equity | 3, 4 | -2,435,929 | 2,955,916 |
| Total other equity | | <u>-2,435,929</u> | <u>2,955,916</u> |
| Total equity | | <u>2,855,741</u> | <u>8,247,586</u> |
| LIABILITIES | | | |
| Long-term debt | | | |
| Current debt | | | |
| Liabilities to group companies | 2 | 0 | 93,960 |
| Accounts payable | | 37,590 | 0 |
| Tax payable | 5 | 0 | 58,004 |
| Liabilities to associated companies | 2 | 0 | 106,519 |
| Other short-term liabilities | 2 | 704,507 | 203,239 |
| Total current liabilities | | <u>742,097</u> | <u>461,722</u> |
| Total liabilities | | <u>742,097</u> | <u>461,722</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>3,597,838</u> | <u>8,709,309</u> |

Bergen, 18.03.2021

The Board of Directors of Grieg Star Bulk AS


Camilla Marianne Grieg
Chair
Elisabeth Grieg
Board Member
Didrik Oskar Munch
Board Member
Rune Birkeland
Board Member
Sirine Fodstad
Board Member
Kai Grøtterud
Board Member
Matthew R. C. Duke
CEO



Cash flow statement Grieg Star Bulk AS

| | 2020 | 2019 |
|--|-------------------|--------------------|
| Cash flow from operations | | |
| Profit before income taxes | -5 391 845 | -4 656 561 |
| Change in tonnage tax provision, classified as operating expenses | -58 004 | -53 502 |
| Gain from sale of fixed assets | - | -1 092 802 |
| Depreciation | - | 1 064 333 |
| Change in inventory | - | 524 856 |
| Change in trade debtors | 39 434 | 268 081 |
| Change in trade creditors | 37 590 | -180 358 |
| Change in other provisions | 635 747 | -394 735 |
| Net cash flow from operations | -4 737 079 | -4 520 688 |
| Cash flow from investments | | |
| Proceeds from sale of fixed assets | - | 72 096 500 |
| Net cash flow from investments | - | 72 096 500 |
| Cash flow from financing | | |
| Repayment of long term intercompany loan | - | -31 600 251 |
| Repayment of long term loans | - | -27 000 000 |
| Proceeds intercompany | 5 774 756 | -7 405 440 |
| Net cash flow from financing | 5 774 756 | -66 005 691 |
| Net change in cash and cash equivalents | 1 037 677 | 1 570 121 |
| Cash and cash equivalents at the beginning of the period | 163 367 | -1 406 754 |
| Cash and cash equivalents at the end of the period | 1 201 044 | 163 367 |
| Cash and cash equivalents at the end of the period consists of: | | |
| Bank deposits | - | - |
| Bank deposits within Grieg Shipholding cash pool agreement | 1 201 044 | 163 367 |



Grieg Star Bulk AS
Notes of the annual financial statement 2020

Note 1 - Accounting principles

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

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described.

Operating revenues

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

Classification and valuation of balance sheet items

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

Purchase cost

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

For fixed assets and intangible assets purchase cost also includes direct expenses to prepare the asset for use, such as expenses for testing of the assets.

Intangible assets

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

Operating leases

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

Asset impairments

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

Foreign currency

The functional and presentation currency is USD. Almost all freight income, operating expenses, bank deposits, receivables and accounts payable are denominated in USD. USD is therefore the functional currency and the presentation currency. Monetary items, receivables and liabilities in the balance sheet denominated in other than USD are recorded at year end exchange rates. Profit and loss items in foreign currency are recorded at exchange rates prevailing at the time of the transaction. Both realized and unrealized gains and losses are included as operating expenses in the profit and loss statement. The following exchange rates have been used as of 31.12.2020: USD/NOK 8.5326.



Grieg Star Bulk AS
Notes of the annual financial statement 2020

Taxes

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

The company was subject to the taxation regime for shipowning companies until 2018.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Group account cash pool agreement

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

Note 2 - Intercompany balances and transactions with related parties

Figures in USD 1 000

Transactions with related parties

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

Grieg Star Bulk AS is administratively and financially managed by Grieg Shipholding AS and pays annual management fee for such services. In addition, the company purchases services from Grieg Star AS related to following up various fleet operational and development matters.

| Company | Relation | Type of services | 2020 | 2019 |
|----------------------|----------------|------------------|------|------|
| Grieg Shipholding AS | Parent company | Interest income | 210 | 188 |
| Grieg Shipholding AS | Parent company | Interest expense | -14 | |
| Grieg Shipholding AS | Parent company | Management | 117 | 229 |
| Grieg Star AS | Group company | Ship management | 100 | 240 |
| Grieg Shipowning AS | Group company | Interest income | | 240 |
| Grieg Shipowning AS | Group company | Interest expense | | -917 |

Balances with group companies and related parties:

| Other short-term receivables | | 2020 | 2019 |
|---|----------------|--------------|--------------|
| Grieg Shipholding AS *) | Parent company | 2,219 | 7,472 |
| Grieg Shipping II AS | Group company | | 24 |
| Grieg Star Bulk Pool AS | Group company | 578 | |
| Grieg Shipowning AS | Group company | | 240 |
| Total other short-term receivables | | 2,797 | 7,735 |

*) USD 1.201' of the receivable from Grieg Shipholding AS is related to the group account cash pool agreement.



Grieg Star Bulk AS
Notes of the annual financial statement 2020

| Other short-term liabilities | 2020 | 2019 |
|---|-------------|-------------|
| Grieg Shipholding AS Parent company | - | 94 |
| Total other short-term liabilities | - | 94 |

| Short term liabilities with associated companies | 2020 | 2019 |
|---|-------------|-------------|
| G2 Ocean AS Associated company | - | 107 |
| Total short term liabilities with associated companies | - | 107 |

Note 3 - Equity

Figures in USD 1000

| Changes in equity | Share capital | Other paid-in equity | Other equity | Total equity |
|-----------------------------|----------------------|-----------------------------|---------------------|---------------------|
| Equity at 01.01. | 5,292 | 58,514 | -55,558 | 8,247 |
| Group contribution received | 0 | | 0 | 0 |
| Profit for the year | 0 | 0 | -5,392 | -5,392 |
| Egenkapital 31.12. | 5,292 | 58,514 | -60,950 | 2,856 |

Note 4 - Share capital and shareholder information

The parent company, Grieg Shipholding AS has its registered office in Bergen (C. Sundtgate 17/19), where the consolidated financial statements are available.

| The share capital consists of: | Number of shares | Nominal value | Total share capital |
|---------------------------------------|-------------------------|----------------------|----------------------------|
| Ordinary shares (In NOK) | 100 | 330,000 | 33,000,000 |

| Shareholder: | Number of shares | Ownership/ voting rights |
|----------------------|-------------------------|---------------------------------|
| Grieg Shipholding AS | 100 | 100% |



Grieg Star Bulk AS
Notes of the annual financial statement 2020

Note 5 - Tax

Figures in Usd 1 000

Tax charge and tax payable in the accounts

| | 2020 | 2019 |
|--|----------|----------|
| Temporary differences | | |
| Net temporary differences | -310 | |
| Tax losses carried forward | -20,557 | |
| Basis for deferred tax/(deferred tax assets) | -20,867 | 0 |
| Deferred tax/(deferred tax assets) in the balance sheet | -4,591 | 0 |
| Basis for taxation, change in deferred tax and tax payable | | |
| Profit before tax | -5,392 | |
| Permanent differences | -798 | |
| Basis of tax charge for the year | -6,190 | |
| Change tax losses carried forward | 6,190 | |
| Taxable income (basis for tax payable in the balance sheet) | 0 | 0 |
| Tax expense consists of | | |
| Profit before tax | -5,392 | |
| 22% calculated tax | -1,186 | |
| Tax expense profit and loss | 0 | |
| Difference | 1,186 | 0 |
| The difference consist of: | | |
| 22% permanent differences | -176 | |
| Other differences | 1,362 | |
| Explained difference | 1,186 | 0 |

The company left the tonnage tax regime in 2019. Unrealized currency losses that were not tax-deductible in 2018 given the restrictions under the tonnage tax regime, was claimed to be tax deductible in 2019 when the company became subject to ordinary taxation. The tax authorities has notified that the deduction of unrealized currency losses will be reversed by NOK 69 875 810 which will reduce tax losses carry forward from NOK 96 728 464 to NOK 26 852 654. The company has challenged the tax authorities' position. A final conclusion from the tax authorities is expected to be received during 2021.

Note 6 - Payroll and administrative expenses

Figures in USD 1 000

The company has no employees and is managed by other group companies.

No fees, loans or guarantees have been granted to the CEO or members of the Board.

| Auditor's fee | 2020 | 2019 |
|--|-----------|-----------|
| Statutory audit (incl. technical assistance with financial statements) | 8 | 14 |
| Technical assistance tax reporting | 10 | 5 |
| Total fees to auditor, excl VAT | 17 | 20 |



Grieg Star Bulk AS
Notes of the annual financial statement 2020

Note 7 - Operating lease agreements

The company has four vessels under operating lease (time charter) agreements.

| | |
|--------------|-----------|
| Annual lease | USD 19.2m |
| Duration | 5.1 years |

Note 8 - Financial risk management

Figures in USD 1 000

Hedging of foreign exchange

The company hedges, from time to time, expenditures in currencies other than USD through forward contracts. At 31.12.20 the company had not entered into hedging through the use of currency swaps.



To the General Meeting of Grieg Star Bulk AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grieg Star Bulk AS, which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 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.

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.

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



Independent Auditor's Report - Grieg Star Bulk AS



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

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

(2)



Independent Auditor's Report - Grieg Star Bulk AS



Bergen, 18 March 2021
PricewaterhouseCoopers AS

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

(3)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name
Haugervåg, Jon

Method
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Date
2021-03-25 16:28

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of the document.



Skattedirektoratet

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

GRIEG SHIPPING GROUP AS
Postboks 781
5807 BERGEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

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

Skattedirektoratets vurdering

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

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



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

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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland