Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	914 530 393
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	KRISTIAN GERHARD JEBSEN SKIPSREDERI AS
Forretningsadresse:	Zander Kaaes gate 7 5015 BERGEN

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Jan Håvard Faye Vågsholm
Dato for fastsettelse av årsregnskapet:	14.06.2022

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, 19.04.2023

Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3,4	10 223 000	12 010 000
Sum inntekter		**10 223 000**	**12 010 000**
Kostnader			
Lønnskostnad	6,7	7 312 000	9 116 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	10	837 000	791 000
Annen driftskostnad	8,9	2 813 000	4 060 000
Sum kostnader		**10 962 000**	**13 967 000**
Driftsresultat		**-739 000**	**-1 957 000**
Finansinntekter og finanskostnader			
Dividends		3 464 000	9 187 000
Renteinntekt fra foretak i samme konsern		219 000	274 000
Annen renteinntekt		10 000	11 000
Annen finansinntekt	12	7 778 000	2 153 000
Sum finansinntekter		**11 471 000**	**11 625 000**
Nedskrivning av finansielle eiendeler	13	89 600 000	75 397 000
Rentekostnad til foretak i samme konsern		625 000	18 000
Annen rentekostnad	3,23	202 000	1 102 000
Annen finanskostnad	12	693 000	1 796 000
Sum finanskostnader		**91 120 000**	**78 313 000**
Netto finans		**-79 649 000**	**-66 688 000**
Ordinært resultat før skattekostnad		**-80 388 000**	**-68 645 000**
Skattekostnad på ordinært resultat		29 000	-483 000
Ordinært resultat etter skattekostnad		**-80 417 000**	**-68 162 000**
Årsresultat		**-80 417 000**	**-68 162 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-80 417 000	-68 162 000

Resultatregnskap

Beløp i: USD	Note	2021	2020
Sum overføringer og disponeringer		**-80 417 000**	**-68 162 000**

Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	14	1 332 000	1 361 000
Sum immaterielle eiendeler		**1 332 000**	**1 361 000**
Varige driftsmidler			
Right-of-use assets - office premises	10	1 929 000	3 106 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	10	658 000	452 000
Sum varige driftsmidler		**2 587 000**	**3 558 000**
Finansielle anleggsmidler			
Investering i datterselskap	13	224 722 000	307 666 000
Lån til foretak i samme konsern	3		8 791 000
Investeringer i aksjer og andeler		4 000	4 000
Pension funds	7	4 224 000	4 035 000
Andre fordringer	15	1 230 000	536 000
Sum finansielle anleggsmidler		**230 180 000**	**321 032 000**
Sum anleggsmidler		**234 099 000**	**325 951 000**
Omløpsmidler			
Varer			
Varer	16		6 000
Sum varer			**6 000**
Fordringer			
Kundefordringer	17	104 000	99 000
Andre fordringer	18	2 872 000	573 000
Financial derivative	25		325 000
Konsernfordringer	3	1 593 000	3 314 000
Sum fordringer		**4 569 000**	**4 311 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	19	15 463 000	9 265 000
Sum bankinnskudd, kontanter og lignende		**15 463 000**	**9 265 000**

Balanse

Beløp i: USD	Note	2021	2020
Sum omløpsmidler		**20 032 000**	**13 582 000**
SUM EIENDELER		**254 131 000**	**339 533 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	20	378 000	378 000
Sum innskutt egenkapital		**378 000**	**378 000**
Opptjent egenkapital			
Annen egenkapital		209 749 000	300 166 000
Sum opptjent egenkapital		**209 749 000**	**300 166 000**
Sum egenkapital		**210 127 000**	**300 544 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	7	5 215 000	4 861 000
Sum avsetninger for forpliktelser		**5 215 000**	**4 861 000**
Annen langsiktig gjeld			
Langsiktig konserngjeld	3	2 721 000	324 000
Leases	22	2 661 000	3 357 000
Shareholder loan	3,23		26 000 000
Sum annen langsiktig gjeld		**5 382 000**	**29 681 000**
Sum langsiktig gjeld		**10 597 000**	**34 542 000**
Kortsiktig gjeld			
Leverandørgjeld		469 000	441 000
Skyldige offentlige avgifter		882 000	430 000
Kortsiktig konserngjeld	3	30 155 000	1 265 000
Annen kortsiktig gjeld	24	1 157 000	1 686 000
Leases	22	646 000	625 000
Financial derivatives	25	98 000	

Balanse

Beløp i: USD	Note	2021	2020
Sum kortsiktig gjeld		**33 407 000**	**4 447 000**
Sum gjeld		**44 004 000**	**38 989 000**
SUM EGENKAPITAL OG GJELD		**254 131 000**	**339 533 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	4	180 565 000	240 980 000
Annen driftsinntekt	3,4	6 900 000	3 059 000
Sum inntekter		**187 465 000**	**244 039 000**
Kostnader			
Varekostnad	5,14	135 474 000	127 732 000
Lønnskostnad	6,7	8 362 000	11 080 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	10	39 362 000	49 889 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	10	96 834 000	44 450 000
Annen driftskostnad	8,9	2 762 000	2 822 000
Loss from sale of tangible assets	10	101 000	4 466 000
Sum kostnader		**282 895 000**	**240 439 000**
Driftsresultat		**-95 430 000**	**3 600 000**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	11	-286 000	610 000
Annen renteinntekt		35 000	202 000
Annen finansinntekt	12	9 153 000	6 399 000
Sum finansinntekter		**8 902 000**	**7 211 000**
Rentekostnad til foretak i samme konsern	3	573 000	
Annen rentekostnad	3,23	15 494 000	23 461 000
Annen finanskostnad	12	3 066 000	4 636 000
Sum finanskostnader		**19 133 000**	**28 097 000**
Netto finans		**-10 231 000**	**-20 886 000**
Ordinært resultat før skattekostnad		**-105 661 000**	**-17 286 000**
Skattekostnad på ordinært resultat	14	-3 260 000	3 221 000
Ordinært resultat etter skattekostnad		**-102 401 000**	**-20 507 000**
Årsresultat		**-102 401 000**	**-20 507 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2021	2020
Translation variances		0	231 000
Sum resultatkomponenter for IFRS-foretak			231 000
Totalresultat		**-102 401 000**	**-20 276 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-102 401 000	-20 507 000
Translation variances		0	231 000
Sum overføringer og disponeringer		**-102 401 000**	**-20 276 000**

Konsernets balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	14	629 000	
Sum immaterielle eiendeler		**629 000**	
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	10	824 000	818 000
Right-of-use assets - office premises	10	1 929 000	3 175 000
Skip, rigger, fly og lignende	10	153 319 000	625 993 000
Right-of-use assets - vessels	10		51 097 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	10	667 000	503 000
Sum varige driftsmidler		**156 739 000**	**681 586 000**
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	11	73 771 000	10 356 000
Investeringer i aksjer og andeler		4 000	4 000
Pension funds	7	4 224 000	4 035 000
Andre fordringer	15	1 228 000	12 553 000
Financial derivatives	25	110 000	99 000
Sum finansielle anleggsmidler		**79 337 000**	**27 047 000**
Sum anleggsmidler		**236 705 000**	**708 633 000**
Omløpsmidler			
Varer			
Varer	16	8 512 000	7 211 000
Sum varer		**8 512 000**	**7 211 000**
Fordringer			
Kundefordringer	17	9 677 000	7 821 000
Andre fordringer	18	23 333 000	26 223 000
Financial derivative	25	271 000	878 000
Asset held for sale	10	47 364 000	
Sum fordringer		**80 645 000**	**34 922 000**

Konsernets balanse

Beløp i: USD	Note	2021	2020
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		51 717 000	43 154 000
Sum bankinnskudd, kontanter og lignende		**51 717 000**	**43 154 000**
Sum omløpsmidler		**140 874 000**	**85 287 000**
SUM EIENDELER		**377 579 000**	**793 920 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	20	378 000	378 000
Sum innskutt egenkapital		**378 000**	**378 000**
Opptjent egenkapital			
Annen egenkapital		200 514 000	313 575 000
Translation differences		-1 282 000	-1 266 000
Sum opptjent egenkapital		**199 232 000**	**312 309 000**
Sum egenkapital		**199 610 000**	**312 687 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	7	5 430 000	4 861 000
Utsatt skatt	14		2 672 000
Sum avsetninger for forpliktelser		**5 430 000**	**7 533 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	21	75 034 000	101 132 000
Leases	22	2 661 000	30 609 000
Shareholder loan	3,23	618 000	26 623 000
Sum annen langsiktig gjeld		**78 313 000**	**158 364 000**
Sum langsiktig gjeld		**83 743 000**	**165 897 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	21	28 826 000	276 092 000

Konsernets balanse

Beløp i: USD	Note	2021	2020
Leverandørgjeld		6 594 000	10 576 000
Betalbar skatt	14	239 000	309 000
Skyldige offentlige avgifter		941 000	525 000
Utbytte	3	10 000 000	
Annen kortsiktig gjeld	24	29 084 000	20 174 000
Leases	22	18 345 000	7 574 000
Financial derivatives	25	197 000	85 000
Sum kortsiktig gjeld		**94 226 000**	**315 335 000**
Sum gjeld		**177 969 000**	**481 232 000**
SUM EGENKAPITAL OG GJELD		**377 579 000**	**793 919 000**

To the General Meeting of Kristian Gerhard Jebsen Skipsrederi AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Kristian Gerhard Jebsen Skipsrederi AS, which comprise:

- The financial statements of the parent company Kristian Gerhard Jebsen Skipsrederi AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Kristian Gerhard Jebsen Skipsrederi AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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,

- 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 simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and

- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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 and the Group 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.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Independent Auditor's Report - Kristian Gerhard Jebsen Skipsrederi AS

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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.

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 simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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, 7 March 2022
PricewaterhouseCoopers AS

Fredrik Gabrielsen
State Authorised Public Accountant

(This document is signed electronically)

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	***Method***	***Date***
Gabrielsen, Fredrik	BANKID_MOBILE	2022-03-16 08:28

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KRISTIAN GERHARD JEBSEN SKIPSREDERI AS

DIRECTORS' REPORT 2021

Business summary
Kristian Gerhard Jebsen Skipsrederi AS ("KGJS", "the Company") and its subsidiaries is a shipping group ("the Group") with ownership and commercial operation of a fleet of tanker vessels, cement vessels and dry bulk vessels trading worldwide.

As of 31 December 2021, the fleet comprised 20 vessels, of which 10 vessels were owned 100% by the Group and 10 vessels were owned 50% through a joint venture, detailed as follows:

- Tankers
  - 10 product tankers of 120 000 dwt. – KGJS ownership 50%
  - 1 Suezmax tanker of 159 000 dwt.

- Cement vessels
  - 5 cement vessels of 10 000 – 20 000 dwt.

- Dry bulk vessels
  - 2 Kamsarmax dry bulk vessels of 80 800 dwt.
  - 2 Kamsarmax dry bulk vessels of 82 400 dwt.

The KGJS head office is located in Bergen, Norway. In addition, the Group has an office in Singapore.

Results
The financial statements are presented in accordance with The Norwegian Accounting Act and Regulations dated 18 December 2020, which deals with "Simplified International Financial Reporting Standards" (IFRS).

- KGJS consolidated
  - Operating income for the year was USD 187.5 mill. compared to USD 244.0 mill. in 2020
  - Operating result (EBITDA) for 2021 was USD 40.8 mill. compared to USD 97.9 mill. in 2020
  - Net loss for 2021 was USD 102.4 mill. compared to a net loss of USD 20.5 mill. in 2020, whereas the net loss included impairment on vessels of USD 96.8 mill. in 2021 and USD 44.5 mill. in 2020.
- KGJS AS
  - Operating income for the year was USD 10.2 mill. compared to USD 12.0 mill. in 2020.
  - The net loss in 2021 was USD 80.4 mill. (including impairment on investments in subsidiaries of USD 89.6 mill.) compared to a net loss of USD 68.2 mill. in 2020 (including impairment on investments in subsidiaries of USD 75.4 mill.).

- The Board proposes that this year's total comprehensive loss of USD 80.4 mill. is transferred to Other equity, and in addition, the Board proposes a distribution of dividend to owners of USD 10.0 million from Other equity.

The financial statements are prepared on a going concern assumption as described in clause 3.3 in the Norwegian Accounting Act. It is the Board's opinion that the Company is in a good financial standing and that the financial statements give a true and fair view of assets and liabilities and results of KGJS and KGJS consolidated.

The variance between the consolidated operating result and the cash flow from operating activities is mainly caused by depreciation, impairment losses and changes in current assets and liabilities.

Investments
At the end of 2021 the Group's total investments in non-current assets amounted to USD 236.7 mill. compared to USD 708.6 mill. as at the end of 2020. The reduction in total investments in non-current assets is due to sale of vessels during 2021, including sale of 10 vessels to a newly established joint venture where KGJS owns 50%, which is recognised in the accounts according to the equity method.

In 2021, the Group completed the sale of three Suezmax tankers of 159 000 dwt. and two combination carriers (OBOs), and used part of the proceeds from the transactions to repay in full the associated interest bearing debt.

In 2021, the Group sold three cement vessels and entered into a Memorandum of Agreement (MOA) for the sale of additional four vessels during 2022. On 15 December 2021, the Group executed an agreement for the sale of 50% of KGJ Cement III AS, a company owning 50% of JT Cement AS (JTC). The agreement also included a transfer of business from KGJS to JT Cement AS of commercial functions directly related to the JTC cement business. In January 2022, the Group entered into a MOA for the sale of the last cement vessel to complete the exit from the cement segment during 2022.

On 10 December, the Group completed a transaction for the sale of 10 product tankers of 120 000 dwt. to newly established joint venture companies (SKS Tankers) owned by SKS Tankers Holding AS and Greentankers Holding Ltd., a company owned by Hayfin Capital Holdings Ltd.. The Group used part of the proceeds from the transactions to repay in full all interest bearing debt related to the 10 product tankers. Simultaneously, SKS Tankers closed a long term financing of the 10 product tankers. The Group's investment in SKS Tankers is accounted for according to the equity method, and the value of the investment as per 31 December 2021 was USD 73.5 million.

KGJS and subsidiaries have reviewed all its vessels for impairment. Value-in-use calculations are made whenever the vessels carrying value exceeds the broker value or agreed sales price. The calculations are based on assumptions for future revenue and cost levels as well as discounting rate. The assumptions are uncertain and the use of other parameters would have generated a different value-in-use and a different result of the impairment tests. Based on the review and comparison of booked values versus the broker values and/or agreed sales price, the Group made an impairment of USD 96.8 mill. on the fleet in 2021.

Liquidity and financing
The Group's strategy is to have adequate liquidity either in form of cash and/or available credit facilities at all times. KGJS continuously considers providing financial support to Group companies, including short and longer-term liquidity support and guarantees.

The Group had at year-end a cash reserve of USD 51.7 mill., up from USD 43.1 mill. as at the end of 2020. The equity ratio increased from 39.4% as of 31 December 2020 to 52.9% as of 31 December 2021.

Kristian Gerhard Jebsen Group Limited (KGJG) provided KGJS with a loan facility of total USD 26 mill., which was fully drawn at the end of 2020. The debt was fully repaid during December 2021.

Insurance
The Group has a Directors and Officers insurance in place. The insurance covers liability for financial loss of third parties due to neglect, error or omissions from any directors, officers or employees of the Group companies in their capacity of such position. The insurance does not cover damage to persons or property.

Annual renewal of the Directors and Officers insurance is in January each year and next renewal is in January 2023.

Risks
KGJS applies an active approach to manage market risks, operational risks and financial risks. Risks are recognised and managed within areas like credit risk, liquidity risk, currency risk, interest rate risk, bunker price risk and other general market risk as further described in notes to the financial statements.

Hedging instruments are used in order to reduce the exposure to fluctuations in several of the above risk areas. Bunker adjustment clauses are used in order to reduce bunker price risk in Contracts of Affreightments.

Quality, health, safety and environment
The key indicators for quality, health, safety and environment were in general positive for 2021.

The Group has outsourced technical management to third party ship managers. Structured monitoring and audit processes are in place to ensure that our suppliers meet specific quality requirements. KGJS expects that contracted ship management suppliers maintain strong focus on vessel management following a policy based on high quality requirements. Extensive regulations, locally and internationally have become the standard requiring high quality in areas such as vessel manning, vessel operation and technical maintenance. Vessel maintenance shall be carried out continuously based on a long-term preventive maintenance program. The vessels consume heavy fuel oil and diesel oil. Fuel consumption is carefully monitored and measures to reduce consumption have been implemented. The Group maintains full compliance with the global 0.5% Sulphur cap since on or before the date of implementation, and monitors fuel compliance closely as part of the continuous vessel operation. SKS and KGJ Cement vessels have been fitted with Ballast Water Treatment (BWT) Systems during 2020 and 2021 in accordance with regulations.

Vessel operation in general can potentially cause pollution or other incidents. Vessels owned by the Group are equipped in accordance with international rules and regulations. Vessel operation focuses on reducing risks with the use of qualified personnel and well-developed routines.

Working environment
KGJS' objective is to be an attractive employer and to offer a place of employment without discrimination and with equal opportunities for both genders. The Group measures employee satisfaction on an annual basis and harassment and discrimination is an integral part of this performance appraisal survey. Working spaces and tasks can easily be adapted for employees with reduced operability.

The working environment is regarded as good and is subject to continuous improvement. Based on feedback from the performance appraisal survey for 2021, the Company initiated a more in-depth focus on competence development, which led to an increase of interest for professional development within the organisation.

At the end of the year, the Company employed 25 persons of which 6 employees were women (24%). The Company operates in a male-dominated industry but continues to offer equal conditions and opportunities for both genders. The Company's recruitment policy recognise and addresses the ambition to improve the gender equality in the shipping industry.

Sick leave, including long-term sick leave, was 0.35% in 2021 compared to 1.0% in 2020. There were no serious accidents involving the Company's employees during the year.

Subsequent events
On 10 January 2022, KGJ Cement II AS (a company within the Group) signed a Memorandum of Agreement ("MOA") to sell a vessel. Delivery took place 1 March 2022. As a result of the agreed price of the vessel, the Group recognised an impairment in 2021 of USD 2.7 mill. Reference is made to note 10 for further information.

On 11 February and 1 March 2022, two vessels classified as asset held for sale were delivered to new owners.

On 22 February, KGJ Cement II AS repaid its mortgaged loan in full. Reference is made to note 21 and 26 for further information.

On 25 January 2022, a vessel owned by SKS OBO & Tankers AS was refinanced with a new secured term loan facility agreement amounting to USD 13.8 mill.

Development and prospects
The shipping industry continues to be affected by the Covid-19 pandemic in numerous ways, including severe restrictions for the world fleet to carry out required crew changes. Notwithstanding ongoing vaccination of seafarers, such restrictions lead to heavy burdens on seafarers and the entire maritime supply chain.. The Group is engaged in several initiatives to alleviate this situation.

The world economy continues to recover as a result of increased vaccination rates and fewer restrictions on mobility. Central banks continue to stimulate economic activity. A positive development is expected to continue in the near term, however increasing inflation, geopolitical tensions, and new outbreaks of Covid-19 may pose risks to further global economic recovery.

Despite an improvement in global oil demand, tanker markets are expected to remain weak until a rebalancing of global oil markets. A gradual improvement may be expected as crude oil production and refinery output increases in accordance with improved demand. Fleet growth is expected to slow down in 2022 compared to previous years for crude and product tankers. Considering the age profile of the current tanker fleet, as well as new regulatory requirements entering into force in 2023, there is potential for increased phase out of older tankers which may improve the tanker market balance.

Dry bulk markets are expected to remain well balanced, due to sustained strong demand for a wide range of commodities. Fleet growth is expected to slow down due to lower contracting of newbuildings in recent years. China continues to play a very important role for the overall market balance in all dry bulk segments and slower economic growth in China is a risk for the dry bulk market.

Volatility is expected to remain high in the tanker and dry bulk markets, including the price of vessel fuels.

Future regulations for reducing Greenhouse Gas (GHG) emissions may have a significant impact on freight markets and trading patterns for all segments of the shipping industry. The Group is following these developments closely and considers itself well prepared to handle new environmental requirements.

Currently, it is difficult to assess the impact the Russian-Ukrainian conflict will have on the shipping industry, and particularly the tanker and dry bulk markets. The Group is monitoring the development closely.

Bergen, 7 March 2022

The board of directors of
Kristian Gerhard Jebsen Skipsrederi AS

Hans Peter Jebsen
Chairman

Jarle Haugsdal Board member	Hans Petter Høegh Board member	Geir Bruvik Mjelde CEO

KRISTIAN GERHARD JEBSEN SKIPSREDERI AS

STATEMENT OF CASH FLOWS

KGJS				CONSOLIDATED	
31 December 2020 USD 000	**31 December 2021 USD 000**		**Notes**	**31 December 2021 USD 000**	**31 December 2020 USD 000**
		Cash flows from operating activities:			
-68 645	-80 388	Net income/(loss) before tax		-105 661	-17 287
0	0	Payable tax	14	- 40	- 418
791	837	Depreciation and amortisation	10	39 362	49 889
75 397	89 600	Impairment losses/(Reversal impairment losses)	10, 13	96 834	44 450
0	0	(Profit)/loss from sale of tangible assets	10	101	4 466
0	0	Share of (profit)/loss in joint ventures	11	286	- 610
87	166	Variance between pension cost and pension premiums paid	6	380	138
398	28	Changes in inventories, trade debtors and trade creditors	16, 17	-7 140	11 534
-3 355		Changes in group receivables/payables		0	0
-561	-1 953	Changes in other current assets/liabilites	18, 24	12 190	-9 165
4 112	8 290	Net cash provided by operating activities		36 312	82 997
		Cash flows from investing activities:			
- 162	134	Investments in tangible assets	10, 11	341 288	-54 361
0	0	Sale of tangible assets	10	- 101	87 613
1 419	-6 657	Investments in subsidiaries	13	0	0
0	0	Investments in joint ventures	11	-63 701	58
-5 186	10 511	Loans to group companies	3	0	0
185	- 692	Changes in other investments		11 311	- 231
-3 745	3 296	Net cash provided by/(used in) investing activities		288 797	33 080
		Cash flows from financing activities:			
4 000	-26 000	Loans from shareholders	3, 23	-26 004	4 623
- 65	21 287	Loans from group companies	3	0	0
- 443	- 675	Repayments on interest bearing debt	21, 22	-290 542	-159 808
0	0	Proceeds from interest bearing debt	21	0	40 400
3 492	-5 388	Net cash provided by/(used in) financing activities		-316 546	-114 786
3 859	6 198	**Net increase/(decrease) in cash and cash equivalents**		8 563	1 291
5 406	9 265	**Cash and cash equivalents at beginning of year**		43 153	41 863
9 265	15 463	**Cash and cash equivalents at end of year**		51 717	43 153

Skattedirektoratet

Saksbehandler
Rune Tystad

Telefon
977 59 464

Deres dato
18.11.2011

Deres referanse
Nicholas Nunn

Vår dato
28.11.2011

Vår referanse
2011/1133256

Kristian Gerhard Jebsen Skipsrederi AS
Folke Bernadottes vei 38
5147 FYLLINGSDALEN

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for Kristian Gerhard Jebsen Skipsrederi AS med datter- og datterdatterselskaper

Det vises til deres brev av 18. november 2011 til Finansdepartementet hvor søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskapet:

Kristian Gerhard Jebsen Skipsrederi AS (konsern), org.nr. 914 530 393
KGJ Cement AS, org.nr. 892 749 132
Cement Shipinvest AS, org.nr. 987 625 295
SKS Obo & Tankers AS, org.nr. 930 197661
KGJS Tank AS, org.nr. 952 969 560
SKS Tankers Holding AS, org.nr. 993 452 009
Norship AS, org.nr. 936 101 283

Da Finansdepartementets kompetanse etter regnskapsloven § 3-4 tredje ledd annet punktum er delegert til Skattedirektoratet, er søknaden oversendt oss for behandling.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Kristian Gerhard Jebsen Skipsrederi AS med datter- og datterdatterselskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn
Kristian Gerhard Jebsen Skipsrederi AS er et internasjonalt konsern som har som hovedbeskjeftigelse å eie og drive skip herunder utføre administrative oppgaver som befraktning, operasjon og teknisk drift. Det er på telefon opplyst at selskapet er eid av Pyne Ltd med 61,2 %, Tom Dahl AS med 30,8 % og Stiftelsen Kristian Gerhard Jebsen med 8 %. Selskapene det søkes om dispensasjon for foruten morselskapet Kristian Gerhard Jebsen Skipsrederi AS, er alle direkte eller indirekte 100 % eid av morselskapet. Det er opplyst at konsernets arbeidsspråk er engelsk. Konsernet utarbeider i dag årsregnskaper både på norsk og engelsk for en rekke av sine datterselskaper. Konsernet er av internasjonal karakter innenfor skipsfart og dette innbefatter at selskapet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. De norske versjonene utarbeides kun for å tilfredsstille regnskapsloven.

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Postboks 9200 Grønland
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For elektronisk henvendelse se www.skatteetaten.no

Besøksadresse
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Telefaks
22 17 08 60

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.*"

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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at konsernet er av internasjonal karakter innenfor skipsfart og at dette innbefatter at selskapet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. Det er videre lagt vekt på at konsernets arbeidsspråk er engelsk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

KRISTIAN GERHARD JEBSEN SKIPSREDERI AS

STATEMENT OF CHANGES IN EQUITY

KGJS	Share capital USD 000	Translation difference USD 000	Other equity USD 000	Total equity USD 000
Equity at 31.12.2019	378	0	368 329	368 707
Net income/(loss) 2020	0	0	-68 162	-68 162
Equity at 31.12.2020	378	0	300 166	300 544
Net income/(loss) 2021	0	0	-80 417	-80 417
Dividend to owners	0	0	-10 000	-10 000
Equity at 31.12.2021	378	0	209 749	210 127

CONSOLIDATED	Share capital USD 000	Translation difference USD 000	Other equity USD 000	Total equity USD 000
Equity at 31.12.2019	378	-1 498	334 083	332 962
Net income/(loss) 2020	0	0	-20 507	-20 507
Exchange difference on translation of foreign operations	0	232		232
Equity at 31.12.2020	378	-1 266	313 575	312 687
Net income/(loss) 2021	0	0	-102 401	-102 401
Dividend to owners	0	0	-10 000	-10 000
Other changes	0	0	- 660	- 660
Other comprehensive income:				
Exchange difference on translation of foreign operations	0	- 15	0	- 15
Equity at 31.12.2021	378	-1 282	200 514	199 610

KRISTIAN GERHARD JEBSEN SKIPSREDERI AS
CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Kristian Gerhard Jebsen Skipsrederi AS ("KGJS" or the "Company") is the parent company of an international shipping group (the "Group") within the tanker segment, cement segment and bulk segment. KGJS is owned by Kristian Gerhard Jebsen Group Limited ("KGJG"), controlled by Hans Peter Jebsen. The Company is located in Bergen, Norway.

The Group's tanker segment ("SKS") currently owns and operates one Suezmax tanker of 159 000 dwt., in addition to ten product carriers of 120 000 dwt., owned 50 % through a joint venture.

The Group's cement segment ("KGJ Cement") currently owns and operates a fleet comprising five pneumatic cement vessels ranging in size from 10 000 dwt. to 20 000 dwt.

The Group's bulk segment ("KGJ Bulk") currently owns and operates a fleet comprising two 80 800 dwt. and two 82 400 dwt Kamsarmax dry bulk vessels.

KGJS and its subsidiaries provide commercial and administrative services to SKS, KGJ Cement, KGJ Bulk and for a number of joint venture companies.

2. Accounting principles

a. Basis of preparation

KGJS and the Group prepares its financial statements according to "Simplified International Financial Reporting Standards" (IFRS) as dealt with in The Norwegian Accounting Act and Regulations dated 18 December 2020. This principally implies that all calculations and measurement methods are carried out in accordance with IFRS, while presentation and notes follows the Norwegian Accounting Act and Norwegian GAAP. The Company employs the simplifying rules relating to dividends and group contributions as regulated in the Norwegian Accounting Act.

The accounting year equals the calendar year and the items of the income statement are classified by their nature.

b. Changes in accounting principles and errors

The impact of changes in accounting principles and correction of significant errors in previous annual accounts are reported directly to equity. Comparative figures are revised accordingly.

c. Currency

The financial statements are presented in US Dollars (USD) as KGJS and the Group operates in an international market where the functional currency is USD. Transactions in non-USD currencies are recorded at the exchange rate on the date of the transaction. Monetary items and debt in non-USD currencies are converted to USD at the rate of exchange prevailing at the reporting date. Currency gains and losses are recognised in the income statement classified as financial items.

The results and financial position of all Group entities having a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated using the closing rate at the respecitve reporting dates.
- Income and expenses for each income statement are translated using average exchange rates.
- All resulting exchange differences are recognised as a separate component of equity.
- The Group's major currency against the USD is the Norwegian Kroner (NOK). The average exchange rate of NOK against USD was 8.5895 during 2021 (2020; 9.3952) and the exchange rate at the reporting date was 8.8088 (2020; 8.5326).

d. Consolidation principles

The consolidated financial statements include KGJS and subsidiaries where the parent company directly or indirectly owns more than 50% of the share capital or has a controlling stake. Companies considered to be temporary owned are not consolidated. Subsidiaries are consolidated from the date of acquisition, which reflects the actual date when the parent company has attained a controlling interest and is omitted when control ceases.

The acquisition method of accounting is applied to account for the acquisitions of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The difference between the fair value of the acquisition cost and the fair value of the acquired identifiable net assets is recognised as goodwill under intangible assets.

Intra-group transactions and intra-group balances including internal profit and unrealised gain and loss are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

e. Long term shareholding and other shares

Subsidiaries and other long-term shareholdings are recorded in the parent company using the cost method. Investments are tested regularly for impairment and written down to fair value.

The Group has investments in joint ventures. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
The considerations made in determining whether the Group has joint control or significant influence over an entity are similar to those necessary to determine control over subsidiaries. Joint ventures are accounted for using the equity method from the date when significant influence or joint control is achieved until such influence ceases. Investments in joint ventures are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. The income statement reflects the Group's share of the results of operations of the joint venture. If the Group's share of the loss surpass the carrying amount of the associate, the carrying amount is set to zero and further loss is not recognised unless the Group has an obligation to make up for the loss.

f. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable. Accounting estimates are employed in the financial statements to determine reported amounts, including the useful life and disposal value of vessels. Actual results could differ from those estimates.

g. Classification of assets and liabilities

Assets are classified as current assets when:

- the asset is expected to be disposed of or consumed within 12 months of the reporting date
- the asset is held for trading
- the asset is cash or cash equivalents, except for items having restrictions to be exchanged within 12 months of the reporting date.

All other assets are classified as non-current assets.

Liabilities are classified as current liabilities when:

- the liability is expected to be settled within 12 months of the reporting date
- the liability is held for trading
- the Company does not have an unconditional right to postpone settlement of the liability until at least 12 months after the reporting date.

All other liabilities are classified as non-current liabilities.

h. Segments

A business segment provides services that are subject to risks and returns that are different from those of other business segments.

The Group's primary reporting format is based on the Group's internal reporting having the following three main business segments:

- Tanker segment
- Cement segment
- Bulk segment

The Company's management does not evaluate performance by geographical region as the ships sail on a worldwide basis.

i. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Operating income consist of freight, charter hire, management fees and other operating related income. Freight is recognised based on the "load to discharge" method. Freight and related voyage expenses not completed at the reporting date are recognised based on the basis of the proportion of the voyage completed at the end of the reporting date. Voyage related expenses from discharge to load is considered as cost to fulfil a contract and recognised in the balance sheet if a related contract is signed before the reporting date. If no contract is signed before the reporting date the voyage related expenses are recognised in the income statement. Charter hire and management fees are recognised over the term of the contract as the service is provided.

Interest income is recorded in the income statement during the period in which it is earned.

Dividends from subsidiaries and group contributions are recorded as appropriations in the same year as it is proposed. Other dividends are recorded when the right to receive payment arise.

j. Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or principally enacted at the reporting date. Management periodically evaluates the tax positions with respect to situations in which applicable tax regulations are subject to interpretation and on this basis establishes provisions for payable tax amounts.

Deferred income tax is provided for all temporary variances arising between the tax bases of assets and liabilities compared to the carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary variances can be utilised.

Both payable tax and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity. In cases where the equity transaction is considered a distribution and the source of the distribution is earlier years' net profit, the tax effect of the distribution should be recognised as tax expense in the year in which the distribution is recognised.

Certain parts of the Group's business are registered under the Norwegian tax legislation for shipping companies. The shipping tax-regulations include a tonnage tax and taxation of a company's net financial income and certain parts of the equity. Other ordinary net income is not taxable. Taxation under the shipping tax rules requires compliance to certain requirements.

k. Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes purchase price, capitalised interest and other expenses directly related to the investment.

Vessels residual value, which generally arises at the end of their useful life, is estimated based on the current estimated demolition value. Vessels residual value and useful life are assessed on an annual basis and changes will affect future depreciation cost.

Depreciation of assets is calculated using the straight-line method based on their estimated useful lives and residual values. Any component of a tangible asset that is significant to the total cost of the assets is depreciated separately over their estimated useful lives. Components with similar useful lives are included as a single component. Vessels book values are divided into two components; vessels and periodic maintenance.

Cement vessels are considered to have a total useful life of 35 years, while vessels within the tanker and bulk segments are considered to have a total useful life of 25 years. Periodic maintenance costs are amortised over the period until the next periodic maintenance. The periodic maintenance occur with intervals of either 30 months or 60 months dependant on survey and vessels condition. Day-to-day repairs and maintenance cost are charged to the income statement during the period incurred. The costs of major renovations and periodic maintenance are included in the asset's carrying amount when it is probable the Group will derive future economic benefits in excess of the originally assessed standard performance of the assets. At the time of investment in a new vessel, a portion of the purchase price is defined as periodic maintenance and depreciated as other periodic maintenance.

A vessel's useful life is reviewed annually and where new estimate vary from previous estimate depreciation is adjusted accordingly.

When vessels are sold or disposed of, any gain or loss from the disposal is reported in the income statement. Profit or loss equals the variance between sales price and book value less any sales expenses.

When a new-builiding contract is signed, the payments made to the yard, capitalised interest and other costs directly related to the building of the vessel is recorded as other non-current receivables. Depreciation are done when vessels are available for use.

l. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the income statement when they incur.

The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option. The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The Group applies the depreciation principles in note 2 k. in depreciating the right-of-use asset, except if the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Principles in note 2 m. are used to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

m. Impairment of assets

Assets that are subject to depreciation are reviewed for impairment at each reporting date, or when 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.

Fair value reduced by estimated sale costs is made up of an attainable sale price less expenses to an independent third party. The recoverable amount is calculated for each cash-generating unit (CGU).

The Group's fleet of Suezmax tankers, cement carriers and dry bulk vessels is categorised into several separate CGUs based on the following assumptions:

- All vessles within each category can usually be operated on a portfolio basis.
- All vessels within each category having similar specifications.
- Each vessel within each category is inter-changeable within their particular markets.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses which are reported in previous year's income statement are reversed when succeeding events indicates that the cause of the write down is no longer valid. The reversal is classified in income statement as an impairment reversal. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

n. Pensions

The Company has a defined contribution plan for its employees. The defined contribution plan is supported by a 10-year long supplementary contribution plan and a supplemental defined contribution plan for salaries exceeding 12G. Contributions are recognised as an employee benefit expense when due.

The Group may at any time make alterations to the terms and conditions of the pension schemes. The benefits accruing under the schemes are funded obligations.

o. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group´s financial assets are: derivatives, trade receivables and cash and cash equivalents. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus transaction costs.

The Group classifies its financial assets in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Equity instruments at fair value through other comprehensive income
- Derivatives at fair value through income statement

Financial assets at amortised cost
The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to collect contractual cash flows and,
- The contractual terms of the financial asset give rise to cash flows as payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in income statement when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and other current deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price, ref note 2 q.

Financial assets at fair value through other comprehensive income
The Group measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held with the objective of both collecting contractual cash flows and selling, and,
- The contractual terms of the financial asset give rise to cash flows as payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses/reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified to income statement.

The Group currently holds no investments in quoted instruments which would classify under this category.

Equity instruments at fair value through other comprehensive income
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never reclassified to income statement. Dividends are recognised as other financial income in the income statement when the right to receive payment arise. Dividends representing a recovery of part of the cost of the financial asset are instead recorded as other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

The Group currently holds no non-listed equity investments which would classify under this category.

Derivatives at fair value through income statement
Derivatives are recognised in the balance sheet at their fair value. Changes in the fair value are currently recorded in the income statement in the period in which the change in fair value occurs. Classification depends on the nature of the derivative.

The category includes bunker agreements and foreign exchange contracts, ref note 25.

Derecognition of financial assets
A financial asset or a part of a financial asset/group of similar financial assets is derecognised when:

- The right to receive cash flows from the asset have expired, or
- The Group has transferred its rights or has assumed an obligation to pay the received cash flows in full to a third party; and either
    I. the Group has transferred substantially all the risks and rewards of the asset, or
    II. the Group has transferred control of the asset

Financial liabilities
Financial liabilities are classified, at initial recognition, as loans and borrowings, payables or as derivatives. Derivatives are recognised initially at fair value. Loans, borrowings and payables are recognised at fair value net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method if this is considered to be significant. Gains and losses are recognised in income statement when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included as finance costs in the income statement.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECL) for all instruments not held at fair value. If there is no substantial increase in credit risk since initial recognition, the ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures facing a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure. Credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. A provision for impairment of trade receivables is established when a loss is expected and indications that the Group will not be able to collect all amounts due in accordance with the original terms of the receivables are identified.

The Group considers a financial asset in default when contractual payments are considerably past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Measurement of fair value
Fair value of financial instruments actively traded are valued based on quoted prices for identical instruments. Fair value of financial instruments not actively traded are valued based on models or other valuations methodologies observable for similar instruments.

p. Inventories
Inventories include the vessels' stock of lubrication oils and bunker stocks remaining on board at the end of the reporting period and are stated at the lower of cost or net realisable value. Cost is calculated on a first in first out (FIFO) basis. Net realisable value is based on observable market prices. For vessels on time charter out bunkers are, in most cases, sold and settled with charterers at delivery of the vessels, and repurchased at redelivery.

q. Accounts receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. The interest factor is ignored if insignificant. A provision for impairment of trade receivables is established when a loss is expected and indications that the Group will not be able to collect all amounts due in accordance with the original terms of the receivables are identified, ref note 2 o.

r. Cash and cash equivalents
Cash and cash equivalents include cash and cash deposits held at banks.

s. Equity
Ordinary shares are classified as equity. Transaction costs related to equity transactions, including any tax effect of the transaction costs, are charged directly to equity.

t. Contingent assets, liabilities and provisions
Contingent liabilities are defined as:

- Possible liabilities resulting from past events, but where its existence relies on future events
- Liabilities which are not accounted for as it is not likely that such liabilities will result in a cash outflow
- Liabilities which cannot be measured reliably.

Any major contingent liabilities are disclosed in notes to the accounts. Contingent assets will not be recorded in the accounts, but included as a note if it is likely that the Company will benefit from such assets.

Contingent liabilities and provisions are recognised in the accounts when it is deemed the Group has a lawful obligation that can be measured reliably and it is likely with a more than 50% probability that settlement will take place. Contingent liabilities and provisions are reviewed at each reporting date and adjusted to best estimate. When timing is insignificant, the liability is reported at the estimated cost of release from the liability. Otherwise, when timing is significant for the amount of the liability, the liability is recognised at fair value. Any increase over time in the amount of the liability is reported as interest costs.

u. Events after the reporting date
New information about the Group's financial standing at the reporting date is included in the financial statements. Events occurring after the reporting date that have no impact on the Group's financial position at the reporting date, but which have a significant impact on future periods, are presented in notes to the accounts.

v. Statement of cash flows
The statement of cash flows presents the total cash flow divided into operational activities, investment activities and financing activities. The statement is prepared using the indirect model and reflects the individual activities' impact on the cash reserve.

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3. Related parties

In the normal course of its business, companies within the Group have carried out a number of transactions with related parties. Related parties comprise principal owners of the Company and companies controlled by those owners, management of the Company and companies in which the Company can exercise significant influence over their management or operating policies.

a. Transactions relating to management services:
KGJS delivers commercial, technical and administrative services and charges management fees. Management fees for services delivered to joint ventures and related parties outside the Group are not eliminated in the consolidated financial statements. Management fees are recorded in the income statement as other operating income.

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
5 975	4 888	Management services delivered to the tanker segment ...	75	0
3 866	3 387	Management services delivered to the cement segment .	0	0
1 886	1 652	Management services delivered to the bulk segment	518	408
197	187	Management services delivered to others	181	181
11 925	10 113	Total	773	589

b. Transactions relating to financial items:
During 2021 a loan facility made available by shareholder of USD 26 mill. was repaid. Interest calculated on the credit facilities is 3 months LIBOR/NIBOR plus a margin of 2 %. In addition a loan facility of USD 0.6 mill. matures 1 January 2025.

Guarantee fees within the Group are eliminated. See note 26 for further details.

c. Receivables/payables with related parties:

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
8 791	0	Receivables – non-currents assets	0	0
3 314	1 593	Receivables – current assets	0	0
- 26 324	- 2 721	Payables – non-current liabilities	- 618	- 26 623
- 1 265	- 30 155	Payables – current liabilities	- 10 000	0
- 15 484	- 31 283	Total	- 10 618	- 26 623

At 31 December 2021 the Company has made a dividend proposal of USD 10 mill. to shareholders.

Settlement of inter-company balances takes place regularly. Interest is charged based on Nibor/Libor interest rates plus a margin.

4. Income

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Vessel operating income - tanker segment	123 065	195 794
0	0	Vessel operating income - cement segment	31 838	30 937
0	0	Vessel operating income - bulk segment	25 663	14 250
11 925	10 113	Other operating income - management services	2 404	1 361
71	88	Other operating income	85	1 684
14	22	Profit from sale of non-current assets	4 410	14
12 010	10 223	Total	187 465	244 038

A geographical split of operating income is not presented as the ships sail on a worldwide basis.

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5. Vessel related expenses

Vessel related expenses include both vessel voyage expenses and vessel operating expenses. Vessel voyage expenses include bunker consumption, port cost and other voyage related expenses. Vessel operating expenses include crewing cost, provisions, maintenance, insurance and management service cost.

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Vessel voyage expenses	74 743	58 575
0	0	Vessel related operating expenses	60 731	69 157
0	0	Total	135 474	127 732

6. Payroll expenses and number of employees

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
6 744	5 391	Salaries	6 344	8 630
1 000	865	Payroll tax	865	1 086
1 065	887	Pension costs	900	1 144
307	169	Other remunerations	253	531
0	0	Refund of apportioned sea-staff salaries	0	- 312
9 116	7 312	Total	8 362	11 080

2020 KGJS	2021 KGJS	Average full time employees	2021 Consolidated	2020 Consolidated
57	31	Office employees	35	85
0	0	Sea-staff	0	6
57	31	Total	35	91

Remuneration of managing director and the board	KGJS Managing director (in US Dollar thousands)	KGJS Board (in US Dollar thousands)
Salaries and other compensations	935	0
Recorded pension costs	214	0
Total	1 149	0

Managing director has an extended pension scheme agreement. This unsecured scheme allows retirement from age 62 at a pension amounting to 70% of a full salary. KGJS has no other agreements related to discontinuance, changes in conditions of employment, arranged bonus, profit sharing or options with neither the managing director, nor the chairman of the board.

Please also refer note 7 for further information on pension costs.

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7. Pension costs, -funds and –liabilities

The employees' defined contribution plan comprise the following funded obligations:

- a fixed percentage of salary
- a supplemental 10-year long compensation from 2016, relating to the transition to defined contribution plan from previous defined benefit plan
- a supplemental contribution for salaries exceeding 12G
- a total of 26 persons are included in the plan

All of the supplemental compensations are paid into secured and pledged funds held for the purpose of satisfying the employer's obligation to make payments to the employees or their beneficiaries.

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
1 065	887	Pension costs	900	1 144
1 065	887	Total	900	1 144

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
- 4 861	- 5 215	Pension obligations	- 5 430	- 4 861
4 035	4 224	Plan assets	4 224	4 035
- 826	- 992	Total	- 1 206	- 826

Financial assumptions:	01.01.2022	01.01.2021	01.01.2020
Anticipated return on funds	1.90%	1.70%	2.30%
Discount rate	1.90%	1.70%	2.30%
Annual salary increase	2.75%	2.25%	2.25%
Annual adjustment of the social security base amount	2.50%	2.00%	2.00%
Annual adjustment of payable pensions	2.50%	2.00%	0.50%

8. Other operating expenses

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
215	195	Office rent & management of properties	201	351
662	828	Office and communication expenses	760	728
2 598	1 423	Management services	708	605
184	91	Advisory, audit and legal services	665	455
162	146	Subscriptions	149	226
121	27	Travel expenses	29	155
118	102	Miscellaneous	251	302
4 060	2 813	Total	2 762	2 822

According to IFRS 16 expenses related to office rent are recognised in income statement as depreciation and other interest expense.

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9. Audit fees

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
54	59	Statutory audit fees	269	271
2	0	Other audit certifications	8	22
0	8	Tax advice	4	1
2	7	Other audit services	27	2
58	75	Total	307	296

10. Tangible assets

Book value of tangible assets recognised in the balance sheet:

For the year ended 31 December 2021 - KGJS (in US Dollar thousands)	Properties	Other tangible assets	Vessels	Right-of-use assets - vessels	Right-of-use assets - office	Total
Acquisition cost 01.01.2021	0	3 529	0	0	4 190	7 719
Additions	0	540	0	0	0	540
Disposals	0	0	0	0	- 673	- 673
Acquisition cost 31.12.2021	0	4 069	0	0	3 517	7 586
Accumulated depreciation at 01.01.2021	0	- 3 078	0	0	- 1 084	- 4 162
Depreciation for the year	0	- 333	0	0	- 504	- 837
Depreciation disposals	0	0	0	0	0	0
Accumulated depreciation at 31.12.2021	0	- 3 411	0	0	- 1 588	- 4 999
Net book value 31.12.2021	0	658	0	0	1 929	2 587
Useful life		4-10 years			7 years	

For the year ended 31 December 2021 - Consolidated (in US Dollar thousands)	Properties	Other tangible assets	Vessels	Right-of-use assets - vessels	Right-of-use assets - office	Total
Acquisition cost 01.01.2021	818	3 923	1 447 530	88 013	4 427	1 544 711
Additions	5	582	39 885	17	0	40 489
Disposals	0	- 116	- 1 218 961	- 48 996	- 673	- 1 268 746
Translation adjustment	0	- 21	0	0	0	- 21
Acquisition cost 31.12.2021	824	4 368	268 454	39 033	3 754	316 433
Accumulated depreciation at 01.01.2021	0	- 3 420	- 541 625	- 36 916	- 1 252	- 583 213
Depreciation for the year	0	- 434	- 35 439	- 2 985	- 504	- 39 362
Depreciation disposals	0	153	494 922	23 939	- 69	518 944
Accumulated depreciation at 31.12.2021	0	- 3 701	- 82 142	- 15 962	- 1 825	- 103 631
Accumulated impairment losses at 01.01.2021	0	0	- 279 912	0	0	- 279 912
(Impairment losses)/Reversal impairment losses for the year	0	0	- 88 501	- 8 333	0	- 96 834
Impairment losses disposals	0	0	360 413	7 633	0	368 046
Accumulated impairment losses at 31.12.2021	0	0	- 8 000	- 700	0	- 8 700
Net book value 31.12.2021	824	667	178 312	22 371	1 929	204 102
Useful life		3-10 years	25-35 years	25-35 years	7 years	

Periodic maintenance cost is included under vessels and right-of-use assets - vessels, depreciated straight line over a period varying from 30 to 60 months.

In 2021, the Group completed the sale of three Suezmax tankers of 159 000 dwt. and two combination carriers (OBOs).

In 2021, the Group sold three cement vessels and entered into a Memorandum of Agreement (MOA) for the sale of additional four vessels during 2022. Net book value of the four vessels classified as assets held for sale at 31 December 2021 amount to USD 25.0 mill. of vessels and USD 22.4 mill. of right-of-use assets - vessels.

Deposit of USD 2.5 mill. has already been received and is recognised as current liability. In January 2022, the Group entered into a MOA for the sale of the last cement vessel.

On 10 December, the Group completed a transaction of nine product tankers of 120 000 dwt. to SKS Tankers I Ltd. and one product tanker of 120 000 dwt. to SKS Tankers II Ltd., where both companies are part of a newly established joint venture, ref note 11.

The Group reviewed all its cash-generating units for impairment, ref. note 2 m. An impairment loss should be recognised for the cash-generating unit if the carrying value is higher than the highest of market value and value-in-use calculation. Value-in-use calculations are made in accordance with IAS 36 and are based on the Group's best assumptions of future income and cost as well as discounting rate.
Assumptions are associated with uncertainty and other parameters could generate a different value-in-use and a different outcome of the impairment assessment.

Based on the review, the Group made an impairment loss of USD 96.8 mill. on the fleet in 2021.

For further information regarding assets pledged as collateral for debt and lease agreements recognised in the balance sheet see note 21 and note 22.

11. Joint ventures

On 15 December 2021, the Group executed an agreement for the sale of 50% of KGJ Cement III AS, a company owning 50% of JT Cement AS (JTC).

On 10 December, the Group completed a transaction of 9 product tankers of 120 000 dwt. to SKS Tankers I Ltd. and one product tanker of 120 000 dwt. to SKS Tankers II Ltd., where both companies are part of a newly established joint venture between SKS Tankers Holding AS and Greentankers Holding Ltd., a company owned by Hayfin Capital Holdings Ltd.

Joint ventures owned by companies within the Group:	Registered office	Owners-/voting rights	Measurement method
BTGPool AS	Bergen	50%	Equity
SKS Tankers I Ltd	Bermuda	50%	Equity
SKS Tankers II Ltd	Bermuda	50%	Equity

The table below summarises the recognised values and changes during the year related to investments in joint ventures.

(in US Dollar thousands)	Acquisition cost	Recognised value 01.01.21	Share of profit/(loss)	Depreciation of excess value	Recognised value 31.12.21
BTGPool AS	35	35	0		34
SKS Tankers I Ltd	67 580	0	82		67 662
SKS Tankers II Ltd	5 920	0	155		6 075
KGJ Cement III AS	9 330	10 322	- 504	- 19	0
Total	82 865	10 356	- 267	- 19	73 771

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12. Other financial income and - expenses

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
281	- 423	Unrealised gains on financial derivatives	- 423	939
238	412	Realised gains on financial derivatives	856	536
260	698	Currency gains	1 306	1 803
1 373	7 092	Other financial income	7 414	3 122
2 153	7 778	Total financial income	9 153	6 399
0	- 9	Unrealised losses on financial derivatives	- 502	- 0
- 1 041	- 163	Realised losses on financial derivatives	- 271	- 2 213
- 719	- 522	Currency losses	- 1 176	- 2 016
- 36	0	Other financial expenses	- 1 116	- 407
- 1 796	- 693	Total financial expenses	- 3 065	- 4 636

13. Subsidiaries

The Company has evaluated its investments for potential impairment losses. If the book value of shares is higher than the adjusted shareholders equity in the corresponding company, impairment occurs. Adjusted shareholder equity is calculated based on excess or less value in the company. Based on the review, KGJS has in 2021 made an impairment loss of USD 77.8 mill. on its investment in SKS Tankers Holding AS, USD 14.9 mill. on its investment in KGJ Cement Holding AS, USD 0.2 mill. on its investment in KGJ Fleet Management AS and a reversal of earlier years' impairment losses of USD 3.3 mill. on its investment in KGJ Bulk Holding AS. The impairment is fully eliminated in the consolidated accounts of KGJS.

During 2021, KGJ Bulk Holding AS provided the Company with a dividend of USD 3.5 mill. and the Company provided SKS Tankers Holding AS with a capital contribution of USD 6.5 mill.

Companies owned by KGJS:	Registered office	Owners-/voting rights
AS Slemmestad	Bergen	100%
KGJ Bulk Holding AS	Bergen	100%
KGJ Cement Holding AS	Bergen	100%
KGJ Fleet Management AS	Bergen	100%
SKS Tankers Holding AS	Bergen	100%
KGJS (ROHQ)	Philippines	100%
SKS OBO & Tankers (Singapore) Pte Ltd	Singapore	100%
KGJS Kysttank AS	Bergen	91%

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Companies owned by subsidiaries of KGJS:	Registered office	Owners-/voting rights
BTG Arrow I AS	Bergen	100%
BTG Arrow II AS	Bergen	100%
BTG Arrow III AS	Bergen	100%
BTG Arrow V AS	Bergen	100%
Bulk Trading Group AS	Bergen	100%
Jebsen Group AS	Bergen	100%
KGJ Bulk Services AS	Bergen	100%
KGJ Cement AS	Bergen	100%
KGJ Cement II AS	Bergen	100%
KGJS Cement AS	Bergen	100%
KGJS Tank AS	Bergen	100%
Kristian Gerhard Jebsen Group AS	Bergen	100%
Norship AS	Bergen	100%
SKS OBO & Tankers AS	Bergen	100%
SKS Shipowning I AS	Bergen	100%
SKS Shipowning II AS	Bergen	100%
SKS Shipowning III AS	Bergen	100%
SKS Tankers AS	Bergen	100%
SKS Tankers II AS	Bergen	100%
SKS Pool AS	Bergen	100%
KGJ Cement (Singapore) Pte Ltd	Singapore	100%
KGJS Kysttank AS	Bergen	9%

14. Taxes

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
- 457	29	Changes in deferred tax	- 13 984	- 2 651
0	0	Deferred tax assets expensed	10 716	5 899
0	0	Adjustment to previous year	2	0
- 25	0	Currency transaction differences	- 0	- 27
- 482	29	Total tax expense/(income)	- 3 261	3 221

Reconciliation of nominal and effective tax rate:

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
- 68 645	- 80 388	Net income/(loss) before tax	- 105 661	- 17 287
- 15 102	- 17 685	Estimated tax expense (22%)	- 23 245	- 3 803
14 619	17 714	Difference between estimated and actual tax expense	19 985	7 024
- 482	29	Total tax expense/(income)	- 3 261	3 221

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Specification of differences between estimated and actual tax expense:

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Non-taxable operating result in accordance with shipping taxation	13 988	1 348
0	0	Effect of shipping taxation – financial items	- 2 362	370
0	0	Unrealised gains/losses on hedges	- 29	33
0	0	Tax of debarred internal interest expenses	161	0
0	0	Deferred tax assets expensed	10 716	5 899
14 619	17 714	Currency transaction and other permanent differences	- 2 488	- 626
14 619	17 714	Total difference between estimated and actual tax expense	19 985	7 024

Tax calculations are based on financial statements in US Dollars converted to Norwegian Kroner using varying rates of exchange for both balance sheet and income statement. The currency transaction differences arise when converting the Norwegian kroner tax calculation to US Dollar in the specification.

Summary of temporary differences:

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Receivables	0	57
2 287	0	Revaluation account	57	3 092
2 318	1 796	Profit & loss account	22 209	6 666
- 356	- 423	Non-current assets	6 131	51 502
- 4 861	- 992	Pension obligations	- 992	- 4 861
325	- 98	Derivatives	- 105	455
- 849	- 731	Other differences	- 3 541	- 3 475
- 1 136	- 448	Net temporary differences	23 759	53 436
- 5 049	- 5 606	Taxable deficit	- 193 065	- 154 412
- 6 185	- 6 054	Total basis for deferred tax(+)/tax assets(-)	- 169 306	- 100 976

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
- 1 361	- 1 332	Deferred tax (+)/ tax assets (-)	- 629	2 672
- 482	29	Changes in deferred tax (+)/ tax assets (-)	- 13 984	3 221
0	0	Non-recorded deferred tax (+)/ tax assets (-) - ordinary taxation	- 6 134	- 3 938
0	0	Non-recorded deferred tax (+)/ tax assets (-) - shipping taxation	- 30 444	- 20 949

Payable tax:

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Payable tax – ordinary taxation	1 212	0
0	0	Group contribution- tax effect	- 1 212	0
0	0	Payable tax – shipping taxation	239	309
0	0	Total	239	309

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15. Non-current receivables

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Joint ventures	0	1 125
538	1 230	Other receivables	1 230	11 428
538	1 230	Total	1 230	12 553

16. Inventories

Inventories comprise mainly of vessels' stock of bunkers and lubrication oils. See note 2 p.

17. Trade receivables

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	50	Group companies	50	0
0	0	Associated companies	0	49
0	0	Due from charterers	9 523	7 556
99	55	Other trade receivables	105	217
99	104	Total	9 677	7 821

Trade receivable represents a wide range of customers within the various segments. Credits are granted to customers in the normal course of business. The Group regularly reviews its accounts receivable and makes allowances for un-collectable receivables, ref note 2 q. The allowances are based on the age of the unpaid balance, information about customers financial condition, any disputed items and other relevant information.

18. Other current assets

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Due from agents	2 231	11 621
19	816	Accrued revenues	2 869	7 035
0	0	Associated companies, see note 3 b	0	1 861
554	2 056	Other receivables	18 231	5 705
573	2 872	Total	23 332	26 223

19. Cash and cash equivalents

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
9 265	15 463	Cash in bank	51 717	43 154
0	0	Time deposits	0	0
9 265	15 463	Total	51 717	43 154

Cash in bank include the Company's restricted payroll-tax deductions of USD 0.8 mill. Time deposits are renewed with varying maturity and are classified as current assets in the financial statements. Deposits can be released before maturity at a minor fee. The Group has no other restricted bank deposits.

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20. Share capital and shareholder information

At 31 December 2021 the share capital of KGJS consists of the following classes of shares:

Shares	Number	Face value NOK	Book value NOK 1 000
Class A - shares	6 200	100	620
Class B - shares	27 900	100	2 790
Total	34 100		3 410

Class A- and class B-shares are equal with the exception that class A-shares has 10 voting rights each and class B-shares 1 voting right each.

Ownership structure	Class A - shares	Class B - shares	Total	Share of ownership	Voting rights
Kristian Gerhard Jebsen Group Limited	6 200	27 900	34 100	100.0%	100.0%
Total	6 200	27 900	34 100	100.0%	100.0%

Kristian Gerhard Jebsen Group Limited is owned by Chairman Hans Peter Jebsen and family.

21. Interest bearing debt

a) Overview of non-current liabilities:

- Debt maturing within five years:

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Interest bearing mortgage debt	57 430	353 434
0	0	Interest bearing debt under financial lease	15 704	7 582
0	0	Total	73 134	361 016

- Debt maturing after five years:

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Non-current interest bearing mortgage debt	0	0
0	0	Non-current interest bearing debt under financial lease	31 432	17 142
0	0	Total	31 432	17 142

b) Interest bearing mortgage debt:

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Interest bearing mortgage debt	57 430	353 434
0	0	Debt issue costs	- 217	- 663
0	0	Total	57 213	352 771

Book value of mortgaged vessels:

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Total fleet	114 376	593 017

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See note 10 for information on depreciation of tangible assets related to interest bearing mortgage debt recognised in the balance sheet.

The following table presents the scheduled and balloon repayment amounts over the next five years and thereafter, for loans drawn at 31 December 2021:

Loan instalment profile (in US Dollar thousands)	2022	2023	2024	2025	2026	2027 and thereafter	Total
Instalments	19 144	15 876	11 570	10 840	0	0	57 430

USD 6.7 mill of scheduled instalment after 2022 have been classified as current liability due to vessel classified as assets held for sale.

c) Interest bearing debt under financial lease:

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Interest bearing debt under financial lease	47 136	24 724
0	0	Debt issue costs	- 489	- 270
0	0	Total	46 647	24 453

Book value of financial lease vessels:

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Total fleet	63 935	32 976

See note 10 for information on depreciation of tangible assets related to interest bearing debt under financial lease recognised in the balance sheet.

The following table presents the interest payments and fixed mandatory repayment amounts over the next five years and thereafter for financial lease liabilities at 31 December 2021:

Loan instalment profile (in US Dollar thousands)	2022	2023	2024	2025	2026	2027 and thereafter	Total
Instalments	2 792	2 955	3 143	3 311	3 504	31 432	47 136
Interests	2 610	2 447	2 274	2 091	1 898	1 480	12 801
Total	5 402	5 402	5 417	5 402	5 402	32 912	59 937

SKS vessels

In 2021, the Group completed the sale of three Suezmax tankers of 159 000 dwt. and two combination carriers (OBOs), and used part of the proceeds from the transactions to repay in full the associated interest bearing debt.

On 10 December, the Group completed a transaction for the sale of 10 product tankers of 120 000 dwt. to newly established joint venture companies (SKS Tankers) owned by SKS Tankers Holding AS and Greentankers Holding Ltd., a company owned by Hayfin Capital Holdings Ltd. The Group used part of the proceeds from the transactions to repay in full all interest bearing debt related to the 10 product tankers.

At 31 December 2021, SKS OBO & Tankers AS has financed its vessel with a secured bank loan facility agreement, which amounted to USD 15.2 mill. During 2021 SKS OBO & Tankers AS signed agreements with the lender to extend the maturity from 30 September 2021 to 31 January 2022.

The vessel was refinanced on 25 January 2022 with a new secured term loan facility agreement amounting to USD 13.8 mill. The loan has a quarterly repayment schedule and the loan balances shall be repaid in full at maturity in 2023. The vessel is pledged to lender together with assignment of vessel earnings, and rights to insurance claims or any requisition compensation.

The loan agreements contain certain covenants, which among other require:

- Current assets not to be less than the current liabilities
- The aggregate market value of the fleet should at all times be no less than 135%.
- Minimum cash to be equal to six months' instalments.

SKS OBO & Tankers AS was not in breach of any covenants during the year.

KGJ Bulk vessels
BTG Arrow III AS has financed the vessel with a secured bank loan facility agreement, which amounted to USD 12.3 mill. at 31 December 2021. The loan has a quarterly repayment schedule. The loan balances shall be repaid in full at maturity in 2024. The mortgaged vessel is pledged to lender together with assignment of vessel earnings, and rights to insurance claims or any requisition compensation.

BTG Arrow V AS has financed the vessel with a secured bank loan facility agreement, which amounted to USD 14.3 mill. at 31 December 2021. The loan has a quarterly repayment schedule. The loan balances shall be repaid in full at maturity in 2025. The mortgaged vessel is pledged to lender together with assignment of vessel earnings, and rights to insurance claims or any requisition compensation.

BTG Arrow III AS and BTG Arrow V AS were not in breach of any covenants during the year.

BTG Arrow I AS og BTG Arrow II AS have financed the vessels through financial lease agreements. The financial liability amount represents the net present value of leases discounted at their respective cost of capital. The lease period is 7 years with purchase options from year 3. The leases are considered sale-leaseback arrangementx as BTG Arrow I AS and BTG Arrow II AS have a purchase obligation at the end of charter periods, provided that the leases are not terminated prior to end of year 7. As the transfer of the assets do not meet the requirements to be regarded as a sale of the asset, the transferred asset is recognised in the balance sheet as vessel. The financial liability equal to the transfer proceeds is accounted for applying IFRS 9.

KGJ Cement vessels
KGJ Cement II AS has financed the vessels with a secured bank loan facility agreement, which amounted to USD 15.6 mill. at 31 December 2021. The loan has a quarterly repayment schedule. The loan balances shall be repaid in full at maturity in 2023. On 22 February KGJ Cement II AS repaid its mortgaged loan in full, ref note 28.

KGJ Cement II AS was not in breach of any covenants during the year.

22. Leases

This note should be read in conjuction with note 10 for further information of tangible assets recognised as right-of-use assets.

Two of the cement vessels in KGJ Cement are financed through financial lease agreements. The financial liability amount represents the net present value of the lease payments discounted at their respective cost of capital. The lease period is 15 years as from the different years of initial application of the leases. On some of the leases there is a purchase option from year 3 to year 15, and on some the respective lease owners have a put option against KGJ Cement at the end of year 15.

The Group's lease of offices have lease terms that vary from two to seven years, and several agreements involve a right of renewal which may be exercised during the last period of the lease terms. The Group assesses at the commencement whether it is reasonably certain to exercise the renewal right. The Group's potential future lease payments is not included in the lease liabilities.

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The Group also leases personal computers, IT equipment and machinery with contract terms of one to three years. The Group has elected to apply the practical expedient of low value assets for some of these leases and does not recognise lease liabilities or right-of-use assets. The leases are instead expensed when they incur. The Group has also applied the practical expedient to not recognise lease liabilities and right-of-use assets for short-term leases.

The Group leases out some of its owned vessels to third parties with contracted non-cancellable lease terms up to 12 months. Concequently the Group has classified all of these leases as operational leases.

2020 KGJS	2021 KGJS	For the years ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
3 982	3 307	Lease liability	21 152	38 344
0	0	Debt issue costs	- 146	- 161
3 982	3 307	Total	21 006	38 183

KGJS Office Premises	KGJS Vessels	KGJS Total	For the year ended 31 December 2021 (in US Dollar thousands)	Consolidated Total	Consolidated Vessels	Consolidated Office Premises
3 982	0	3 982	Opening balance lease libility	38 183	34 126	4 057
68	0	68	New lease liabilities recognised in the year	68	0	68
- 626	0	- 626	Cash payments - principal portion of the lease liability	- 17 143	- 16 443	- 701
- 197	0	- 197	Cash payments - interest portion of the lease liability	- 1 946	- 1 747	- 199
197	0	197	Interest expense on lease liabilities	1 961	1 762	199
- 117	0	- 117	Currency exchange differences	- 117	0	- 117
3 307	0	3 307	Total	21 006	17 698	3 307

See note 10 for information on depreciation of tangible assets related to lease agreements recognised in the balance sheet.

Discounted lease liabilities and maturity of cash outflows:

Lease profile (in US Dollar thousands)	2022	2023	2024	2025	2026	2027 and thereafter	Total
Instalments - vessels	2 924	3 123	1 044	1 070	1 103	8 580	17 845
Interests - vessels	1 038	806	725	657	588	1 786	5 599
Instalments - office premises	646	678	712	747	523	0	3 307
Interests - office premises	164	132	98	63	17	0	474
Total	4 772	4 739	2 579	2 538	2 231	10 366	27 225

23. Shareholder loan

During 2021 a loan facility made available by shareholder of USD 26 mill. was repaid. Interest calculated on the credit facilities is 3 months LIBOR/NIBOR plus a margin of 2 %. In addition a loan facility of USD 0.6 mill. matures 1 January 2025.

24. Other current liabilities

2020 KGJS	2021 KGJS	For the year ended 31 December (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
0	0	Accrued interest expenses	0	466
0	0	Accrued vessels related expenses	25 106	16 895
0	0	Undicounted lease liability, ref note 11	0	0
0	0	Prepayments	2 934	0
1 685	1 156	Other accruals	1 043	2 813
1 685	1 156	Total	29 083	20 174

25. Risk management and other hedging activities

Risk management

a. Credit risk
The Group is exposed to credit risk in the event of failure of counter-parties to meet their obligations under a trading transaction. The Group's theoretical risk is the cost of replacement at current market prices of such transactions in the event of default by counter-parties. However, counter-parties are established with high credit ratings, and management believes that the possibility of non-performance by the counter-parties is remote. The Group therefore regards its maximum exposure to credit risk as being the carrying amount of receivables and other current assets. No collateral is held as security against receivables, none of which are considered to be impaired. The Group does not believe it is exposed to any material concentrations of credit-risk.

b. Liquidity risk
KGJS' strategy is to have adequate liquid assets either in form of cash and/or available credit facilities at all times.

c. Market risk
Market risk comprises interest rate- and currency risk, and other price risks. The Group's financial derivatives are aimed to mitigate currency and interest rate risk, as detailed below.

d. Interest rate risk
The Group is exposed to interest rate risk for debt with floating interest rates. The Group may enter into hedging instruments in order to hedge portions of its exposure to the floating interest rates. Realised gains or losses associated with such instruments are currently recorded as interest expenses.

e. Currency risk
The Group incurs net operating expenses in Euro and Norwegian Kroner. The Group may enter into hedging instruments in order to hedge portions of its exposure to floating currency rates on forecast expenditures in Euro and Norwegian Kroner. Realised gains or losses associated with currency rate changes on forward currency contracts are recorded as other financial income/(expenses). At the reporting date the Group has no non-current monetary assets or liabilities in non-USD currencies.

f. Other risks
The Group is exposed to general freight and bunker price fluctuations for its vessels. To reduce such risks the Group may enter into bunker derivatives to hedge against fluctuations in the results for Contracts of Affreightments without World Scale compensation. The Group may also enter into forward freight agreements to mitigate the risks of the fluctuating freight market. Gains or losses associated with such instruments are currently recorded as operating income/(expenses).

Financial derivatives and hedging

The Group effectively monitors its use of financial derivatives and the risks associated with them. To mitigate credit risk the Group contracts only with high quality counterparties. In addition, the Group's hedging policy establishes the use of defined market risk limits and timely reporting.

a. Hedge accounting:
   The Group does not apply hedge accounting as per 31 December 2021.

b. Currency contracts:
   The Group estimates future expenses in non-USD currencies and secures part of the net cash flow in non-USD currencies by using hedging instruments. All currency contracts are recognised at fair value. Changes in the fair value of such derivatives are recorded as other financial income/(expenses), see also note 12.

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	KGJS		Consolidated	
Currency contracts:	(in thousands)	Currency rate of exchange	(in thousands)	Currency rate of exchange
USD sale against NOK	NOK 21 000	8.4914	NOK 38 674	8.6146

c. Bunker contracts:
The Group estimates bunker consumption for its activities under Contracts of Affreightments without World Scale compensation and secures part of the net cash flow of related bunker expenses by using hedging instruments. All bunker derivatives are recognised at fair value. Changes in the fair value of such derivatives are recorded as voyage expenses.

	Consolidated	
Bunker contracts:	Quantity (mt)	Average
CAPs	5 700	446

d. Fair value financial derivatives:
The fair value of financial derivatives are based upon quotations obtained from banks or brokers that the Group would receive or would have to pay if the financial derivatives had been terminated/sold at the reporting date.

The full fair value of a financial derivative is classified as a non-current asset or liability if the remaining maturity of the item is more than 12 months and, as a current asset or liability if the maturity of the item is less than 12 months.

Fair value

The following table presents the fair value of derivative financial instruments:

2020 KGJS	2021 KGJS	Fair value - derivative financial instruments (in US Dollar thousands)	2021 Consolidated	2020 Consolidated
		Non-current assets:		
0	0	Currency contracts	0	28
0	0	Bunker agreements	110	71
0	0	Total non-current assets	110	99
		Current assets:		
325	0	Currency contracts	- 0	775
0	0	Bunker agreements	271	103
325	0	Total currents assets	271	878
		Current liabilities:		
0	98	Currency contracts	114	0
0	0	Bunker agreements	83	85
0	98	Total current liabilities	197	85

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26. Commitments, guarantees and contingencies

Guarantees:

- KGJS has provided lenders to BTG Arrow I AS and BTG Arrow II AS a guarantee for the financial lease of two vessels during the lease period until the end of October 2027.
- KGJS has provided lenders to BTG Arrow III AS guarantees of USD 2.5 mill. at 31 December 2021.
- KGJS has provided lenders to BTG Arrow V AS guarantees of USD 3.9 mill. at 31 December 2021.
- KGJS has provided lenders to KGJS Cement AS a guarantee for the financial lease of one vessel until the end of March 2023. Annual lease payment amounts to USD 2.0 mill. An agreement for sale of the vessel was already signed with expected delivery before end of April 2022.
- Bulk Trading Group AS has provided lenders to BTG Arrow V AS guarantees of USD 14.3 mill. at 31 December 2021.
- KGJ Cement Holding AS has provided lenders to KGJ Cement II AS guarantees of USD 15.6 mill. at 31 December 2021. On 22 February KGJ Cement II AS repaid its mortgaged loan in full, ref note 21.
- KGJ Cement Holding AS has provided lenders to KGJ Cement AS a guarantee for the financial lease of one vessel until the end of March 2031. Annual lease payment amounts to USD 2.0 mill. An agreement for sale of the vessel was already signed with expected delivery before end of July 2022.

Contingencies:
The Group maintains insurance coverage for its activities consistent with industry practice. In the course of 2021 the Group has not been involved in any incidents which have resulted in material loss or liability to the Group.

27. Segment reporting

Tanker segment:
All vessels are commercially operated by SKS Pool AS. The fleet currently consists of 11 vessels and the average age is 11 years at the end of 2021.

At of 31 December 2021, the tanker fleet comprise the following vessels:

Company	Number of vessels	Ownership	Class	Dead weight per vessel
SKS OBO & Tankers AS	1	100%	Suezmax tankers	159 000
SKS Shipowning 1 Ltd	1	50%	Product tankers	120 000
SKS Shipowning 2 Ltd	1	50%	Product tankers	120 000
SKS Shipowning 3 Ltd	1	50%	Product tankers	120 000
SKS Shipowning 4 Ltd	1	50%	Product tankers	120 000
SKS Shipowning 5 Ltd	1	50%	Product tankers	120 000
SKS Shipowning 6 Ltd	1	50%	Product tankers	120 000
SKS Shipowning 7 Ltd	1	50%	Product tankers	120 000
SKS Shipowning 8 Ltd	1	50%	Product tankers	120 000
SKS Shipowning 9 Ltd	1	50%	Product tankers	120 000
SKS Shipowning 10 Ltd	1	50%	Product tanker	120 000
Total	11			

Cement segment:
Vessels in the cement fleet have a deadweight ranging from 10 000 tons to 20 000 tons. The fleet consists of five vessels and the average age is 18 years at the end of 2021.

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At 31 December 2021 the cement fleet comprise the following vessels:

Company	Number of vessels	Ownership	Dead weight per vessel
KGJS Cement AS	1	100%	10 000 - 20 000
KGJ Cement AS	1	100%	10 000 - 20 000
KGJ Cement II AS	3	100%	10 000 - 20 000
Total	5		

Bulk segment:
The bulk segment fleet have a deadweight ranging from 80 800 tons to 82 400 tons. The fleet consists of four vessels and the average age is 4 years at the end of 2021.

At 31 December 2021 the bulk fleet comprise the following vessels:

Company	Number of vessels	Ownership	Dead weight per vessel
BTG Arrow I AS	1	100%	82 400
BTG Arrow II AS	1	100%	82 400
BTG Arrow III AS	1	100%	80 800
BTG Arrow V AS	1	100%	80 800
Total	4		

28. Subsequent events

On 10 January 2022, KGJ Cement II AS (a company within the Group) signed a Memorandum of Agreement ("MOA") to sell a vessel. Delivery took place 1 March 2022. As a result of the agreed price of the vessel, the Group recognised an impairment loss in 2021 of USD 2.7 mill., ref note 10.

On 11 February and 1 March 2022, two vessels classified as assets held for sale were delivered to new owners.

On 22 February, KGJ Cement II AS repaid its mortgaged loan in full. Reference is made to note 21 and 26 for further information.

On 25 January 2022, a vessel owned by SKS OBO & Tankers AS was refinanced with a new secured term loan facility agreement amounting to USD 13.8 mill.

There has not been any other events that would materially impact the financial statements for 2021 after 31 December 2021.