



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 882 706 672
Organisasjonsform: Aksjeselskap
Foretaksnavn: GRIEG INTERNATIONAL II AS
Forretningsadresse: Bryggegata 6
0250 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kari T. Tepstad
Dato for fastsettelse av årsregnskapet: 23.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 08.05.2024



Resultatregnskap

Beløp i: USD	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	2	63 830 735	37 157 136
Sum inntekter		63 830 735	37 157 136
Kostnader			
Driftskostnader skip	4	18 447 874	17 105 938
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	9 774 688	9 686 942
Annen driftskostnad	3	1 516 434	909 549
Sum kostnader		29 738 996	27 702 429
Driftsresultat		34 091 739	9 454 707
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	2	230 537	565 984
Annen renteinntekt		326 818	8
Annen finansinntekt		84 189	125 560
Sum finansinntekter		641 544	691 552
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	5	905 079	86 836
Rentekostnad til foretak i samme konsern	2	1 466 731	1 536 191
Annen rentekostnad		4 141 753	5 380 890
Annen finanskostnad		21 074	12 484
Sum finanskostnader		6 534 637	7 016 401
Netto finans		-5 893 093	-6 324 849
Ordinært resultat før skattekostnad		28 198 646	3 129 858
Skattekostnad på ordinært resultat	6	-8 345	-3 330
Ordinært resultat etter skattekostnad		28 206 991	3 133 188
Årsresultat		28 206 991	3 133 188
Overføringer og disponeringer			
Ordinært utbytte		20 000 000	



Resultatregnskap

Beløp i: USD	Note	2022	2021
Overføringer til/fra annen egenkapital		8 206 991	3 133 188
Sum overføringer og disponeringer		28 206 991	3 133 188



Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	4	156 565 726	161 842 953
prosjekter	4	305 691	508 809
Sum varige driftsmidler		156 871 417	162 351 762
Sum anleggsmidler		156 871 417	162 351 762
Omløpsmidler			
Varer			
Varer		992 768	714 867
Sum varer		992 768	714 867
Fordringer			
Kundefordringer		61 835	39 498
Andre fordringer		1 593 859	1 146 077
Konsernfordringer	2	29 973 392	1 410 037
Sum fordringer		31 629 086	2 595 612
Investeringer			
Markedsbaserte aksjer		1 517 219	1 932 513
Andre finansielle instrumenter	5	8 125 992	8 612 960
Sum investeringer		9 643 211	10 545 473
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		31 593	6 080
Sum bankinnskudd, kontanter og lignende		31 593	6 080
Sum omløpsmidler		42 296 658	13 862 032
SUM EIENDELER		199 168 075	176 213 794



Balanse

Beløp i: USD	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
4805 130 aksjer a NOK 1,15	9,10	985 999	977 580
Overkurs	9	34 528 747	2 762 634
Annen innskutt egenkapital	9	62 947 442	62 947 442
Sum innskutt egenkapital		98 462 188	66 687 656
Opptjent egenkapital			
Annen egenkapital	9	9 453 347	1 246 357
Sum opptjent egenkapital		9 453 347	1 246 357
Sum egenkapital		107 915 535	67 934 013
Gjeld			
Langsiktig gjeld			
Utsatt skatt	6	56 734	79 264
Sum avsetninger for forpliktelser		56 734	79 264
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11	67 218 804	72 520 424
Langsiktig konserngjeld	2		34 611 315
Sum annen langsiktig gjeld		67 218 804	107 131 739
Sum langsiktig gjeld		67 275 538	107 211 003
Kortsiktig gjeld			
Leverandørgjeld		1 084 146	155 372
Betalbar skatt	6	76 768	101 428
Utbytte	9	20 000 000	
Kortsiktig konserngjeld	2	2 373 278	370 807
Annen kortsiktig gjeld		442 810	441 171
Sum kortsiktig gjeld		23 977 002	1 068 778
Sum gjeld		91 252 540	108 279 781
SUM EGENKAPITAL OG GJELD		199 168 075	176 213 794



BOARD OF DIRECTORS' REPORT 2022

GRIEG INTERNATIONAL II AS

The Business

Grieg International II AS (the "Company") is a ship owning company and is part of the consolidated group of shipping activities controlled by Grieg Shipholding AS ("Grieg Shipholding" or "the Group"). Per year end 2022, Grieg International II AS controlled a fleet of 7 Open Hatch vessels of which five are owned by the Company and two on long term finance leases.

The Company has its office in Oslo and is organized under the Norwegian tonnage tax system and has no employees. The Board of Directors consists of seven members, four women and three men. The Company has in 2022 purchased a range of services from Grieg Maritime Group (shareholder of Grieg Shipholding) within strategy, administration, IT, accounting, finance, legal and business development. Another group company, Grieg Star AS, is responsible for the ship management of the majority of the Company's fleet. The services are regulated under management agreements.

Our vessels are marketed and operated by the Grieg Shipholding and Gearbulk jointly controlled company G2 Ocean, the world's largest Open Hatch shipping company, which was put into operation in 2017. The G2 Ocean Open Hatch pool consist of more than 125 vessels operating in a worldwide trading pattern built around long-term cargo contracts with pulp and paper producers as well as transport of steel and project cargoes. The operation's success criteria are the ability to establish optimal sailing patterns, combining various types of cargoes coupled with efficient port operations.

Annual Accounts

Grieg International II AS is pleased to deliver an extraordinarily strong result for 2022 which to a large extent can be credited to a strong Open Hatch shipping market.

The Company's operating revenues consist primarily of freight income, and this is accounted for as time charter hire. Total revenues increased to USD 63.8m in 2022 (USD 37.2m in 2021). Most of the explanatory factors for the strong earnings can be found in general supply and demand imbalances, related to such as pent-up demand after covid-19 and logistic inefficiencies, amplified by the effects of China's zero-tolerance covid policy and the war in Ukraine.

Total operating costs before depreciations and write-downs increased to USD 19.8m (USD 18.0m). The vessels' operating expenses increased to USD 18.4m (USD 17.1m) as the operations was far from immune to the global price rises. Crew travel costs were for instance much higher than normal as it was not possible to carry out crew changes in Asia due to covid restrictions. On the positive note was improved safety performance and efficiency at dry dockings. With this Company EBITDA increased to UD 43.9m in 2022 (USD 19.1m).

Depreciation costs were unchanged at USD 9.8m (USD 9.7m). There were no impairments or reversal of impairment in the 2022 accounts, resulting in that Grieg International II AS' operating profit increased to USD 34.1m (USD 9.5m).

Net financial items were minus USD 5.9m in 2022 (USD - 6.3m in 2021). The slight positive development is mainly a result lower interest expenses which decreased to USD 5.5m (USD 6.8m) as the effect of loans and leases being repaid more than offset the increase in the Libor rate. The net



effect from foreign exchange gains/loss was insignificant in 2022. Altogether, the Company ended up with a pre-tax result of USD 28.2m (USD 3.1m).

Long-term interest-bearing debt decreased to USD 67.2m (USD 107.1m) due to debt repayments. Financing terms and conditions were maintained or improved for all loan agreements, all with first-class banks and leasing partners. Several of the loan facilities are up for refinancing in 2023 and 2024, and we aim to continue to utilize our solid financial position and a favorable lending market to further improve our capital structure and terms.

The Company's book equity was USD 107.9m at year end (USD 67.9m), and the Company had total assets of USD 199.2m (USD 176.2m, implying an equity ratio of 54% (39%). Current assets accounted for USD 42.3m (USD 13.9m) while liquidity on the balance sheet date in the form of bank deposits and cash was USD 30.0m including the Company's share of aggregated cash balance in cash pool agreement the Company is part of¹.

Based on net cash flows from operations of USD 43.0m (USD 14.2m), cash flow from investments of minus USD 5.8m (USD 0.2m) and net cash flow of minus USD 8.7m (USD - 18.7m) from financing activities, the Company's net change in liquid funds in 2022 was USD 28.7.m (USD - 4.2m).

External Environment

While seaborne transportation constitutes about 90% of world trade, emissions of Greenhouse Gases (GHG) from ships represent almost 3% of global emissions, something our industry is committed to reduce. In addition to the requirements of the International Maritime Organization (IMO), Grieg Maritime Group, which the Company is part of, have adopted the Norwegian Shipowner Association's target to reduce GHG emissions per transported unit by minimum 50% by 2030 from 2008 levels and become net zero by 2050. These targets can however not be achieved without a value chain supporting low and zero emission fuels with competitive terms, well ahead of 2030.

Over the course of 2022 we have consistently worked towards understanding the risks, opportunities, and barriers for adopting zero emission fuels. Among specific actions is the Group's Deep-Sea Ammonia Pilot study performed together with multiple partners, supported by the Norwegian Green Shipping Program. A test utilizing two different blends of biofuel was also performed on a cross Atlantic voyage with positive results. A digital support tool has been developed enabling charterers and operators to project Carbon Intensity Indicator (CII) implications of future operations and support fleet CII control. We also reached our ambitious goal of having at least 90% of all plastic waste from internally managed vessels delivered to shore facilities that have responsible waste handling and recycling capacity.

The IMO CII framework has received significant criticism for amongst other not incentivizing maximum transport work per emission unit, and not having concrete sanctions in place for non-compliance. We share many of the concerns raised and support efforts to adjust the framework such that incentives and sanctions are better aligned on reducing the carbon footprint of the transport work performed by the maritime industry. Despite the mentioned challenges we can however not sit back, and therefore need to be proactive. Evaluation of emission reducing initiatives and measures to upgrade our existing fleet or as part of future newbuild programs has therefore high priority.

As the Company's vessels are being dry docked, ballast water treatment plants are being installed. This project will be completed for all ships by the end of 2023, while all vessels in the fleet have obtained their IHM.

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



Sustainability

For several years, Grieg Maritime Group has worked with the UN Sustainable Development Goals (SDGs). The Group's objectives and strategy is specifically linked to a few selected SDGs. These have accompanying KPIs at business unit level and is the foundation for our daily operations, development initiatives and investments. To report on progress we follow the ESG reporting recommendations from the Norwegian Ship Owners Association, and report with reference to the Integrated Reporting Framework and the Global Reporting Initiative (GRI).

In 2022, there has been strong focus on ensuring that we are reporting our emissions in line with the GHG Protocol. Thus, it has been a priority to establish the organizational boundaries in terms of reporting as well as mapping the indirect emissions from our value chain (scope 3 emissions). Further, considerable efforts have been put into implementing the Norwegian Transparency Act that came into force mid-2022, mapping the biggest risks as well as drafting procedures and guidelines for mitigating the risks and preventing possible contributions to human rights violations.

Governments are putting efforts on standardizing the way companies shall report, and a proof of that is the EU Corporate Sustainability Reporting Directive (CSRD) that came into effect in January 2023. With this, the path is set, and we are taking actions, preparing for the upcoming European Sustainability Reporting Standards (ESRS) which the Group must report on from 2025. It will be a priority to make sure that we not only comply with this but is ahead. Therefore, 2022 concluded with a set of projects that will be developed in the upcoming years, that will prepare the Group for these new standards as well as meet the increasing expectation from stakeholders.

Enterprise Risk and Compliance

Grieg International II AS is exposed to financial and market risks. This is mainly composed by risks related to the development of freight rates, ship values, currency, and interest rates as well as equity prices. Most of these risks are strongly correlated to macro-economic development. The fleet's earnings are to a large extent linked to long term cargo contracts as the Company's shipping activity is of an industrial character. This implies that revenues are less volatile than in the spot market and that changing market conditions generally have a delayed effect on the results. Currency risk is mainly related to the purchase of administrative services in Norway, local taxes, as well as some purchases related to the technical management of the fleet and investments in NOK denominated funds. The Company has defined strategies and policies that reduce currency risks.

Changing equity prices and interest rates affect the Company's financial investments and loans. The financial portfolio is managed under a long-term strategy reflecting Grieg Maritime Group's business principles and risk capacity to ensure that the portfolio can withstand market fluctuations. There are policies in place to reduce interest rate risk related to the fleet's funding arrangements.

For operational risk, Covid-19 has been among our key risks also during 2021 as this has hampered both crew changes and vessel operations, including dry dockings. Environmental spills and violations are risks always prevailing for shipping operations. Drills are carried out regularly to ensure that the team is prepared for handling various incidents, and whenever an incident occurs an Emergency Preparedness Team convenes.

Areas that have been subject to particular focus in 2022 are amongst others human rights - as part of implementing the Norwegian Transparency Act, sanction risks and third-party screening, and not least cyber security training and response, where Russia's war in Ukraine imposed several implications and increased company risks. Insurance is taken out for the members of the Board and the General Manager for their personal liability for property damage that they may incur in



connection with the performance of their duties. The insurance is taken out with an international insurance company with a solid rating.

The strong 2022 financial result and reduced debt level is on the other hand supportive of a reduced financial risk level for Grieg International II AS.

The Market and Outlook

The positive market sentiment from 2021 continued into the first part of 2022 as covid-19 reliefs fueled a sense of economic recovery, coupled with high levels of market inefficiencies. However, as the year progressed, geopolitical and macroeconomic events created uncertainties. The war in Ukraine, fears of uncontrolled inflation with higher interest rates, unwinding market inefficiencies with lower congestion and China's zero-covid strategy were all part of the factors creating a downward pressure on the market as 2022 progressed. Total dry bulk demand in 2022 is estimated to have contracted by 2.5%, with ton-mile demand contracting by 2%. Shipments of wood pulp, the single most important commodity for our Open Hatch activities rose 8% in 2022, with EU and Chinese imports really picking up in the final months of the year.

For 2023, global GDP growth is forecasted at 2.7% by the International Monetary Fund, with emerging markets and developing economies forecast to grow by 3.7%. China, specifically, which is a very important market for dry bulk including wood pulp, is forecasted to grow by 4.4%. Thus, much of the optimism for a bounce in the global economy and dry bulk market relies on China forcefully coming back after moving away from its zero-covid policy. Sub-capesize seaborne demand growth is estimated at 1.9% and ton-mile growth at 2.1%. For the Company's core trades in the G2 Ocean pool; forest product seaborne trade is expected to increase by around 5% year-on-year, and demand for wood chips and wood pulp, specifically, is expected to continue to grow at a steady pace. Also, with a historically low dry bulk orderbook, the scene is set for an improvement in the overall supply-demand balance going forward. Still, there is downside risk as slower economic growth and higher interest rates create continued economic uncertainty. And a weakened container market may have unforeseen implications on our business. While we should gain from operating in an industrialized segment, with G2 Ocean controlling a significant share of forward cargo contracts at favorable market levels, we do not foresee a repeat of 2022 but expect more normalized earnings as we move forward.

Going Concern

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

The Board of Directors believes that the submitted annual accounts give a correct picture of Grieg International II AS' assets and liabilities as well as financial position and results. No material events that affect the financial position have taken place after the balance sheet date. Today's world is however hampered by many uncertainties such as the ongoing war in Ukraine, geopolitical storms, food, and energy shortage and not least our common environmental challenges. To which extent this may affect the Company's business operations and values is uncertain. What we do know is that tackling this needs action! Actions by governments, the public sector and private business.

The extraordinary financial result achieved in 2022 is essential for the Group going forward. With this upcycle after a decade of low returns, the Company has ability to reinvest and take part in the green transition which the maritime industry is facing.



Our industry is an important contributor to Norwegian value creation. Our preferred strategy is therefore to do this in Norway. In that regard, we are expecting that our industry will continue to have stable and predictable framework conditions. They are essential for our continued value contribution to society.

Oslo, 23 March 2023

The Board of Directors of Grieg International II AS

Elisabeth Grieg
Board Member

Camilla Grieg
Chair

Didrik O. Munch
Board Member

Kai Grøtterud
Board Member

Nada Ahmed
Board Member

Rune Birkeland
Board Member

Ragnhild Janbu Fresvik
Board Member

Matthew Robert Cagienard Duke
CEO



Grieg International II AS

INCOME STATEMENT

	Note	2022	2021
Revenues			
Operating revenue	2	63 830 735	37 157 136
Total revenues		<u>63 830 735</u>	<u>37 157 136</u>
Driftskostnader			
Operating expenses			
Vessel operating expenses	4	18 447 874	17 105 938
Other expenses	3	1 516 434	909 549
Depreciation	4	9 774 688	9 686 942
Total operating expenses		<u>29 738 996</u>	<u>27 702 429</u>
Operating profit		<u>34 091 739</u>	<u>9 454 706</u>
Financial items			
Interest income		326 818	8
Interest income group	2	230 537	565 984
Other financial income		4 081	64
Interest expenses		-4 141 753	-5 380 890
Interest expense to group companies	2	-1 466 731	-1 536 191
Other financial expenses		-21 074	-12 484
Change in value of financial investments	5	-905 079	-86 836
Realized return on market-based fin.investments	5	2 816	93 072
Gain/loss on foreign exchange		77 292	32 424
Net financial items		<u>-5 893 094</u>	<u>-6 324 849</u>
Profit before tax		<u>28 198 645</u>	<u>3 129 858</u>
Tax	6	-8 346	-3 330
Profit for the year		<u>28 206 991</u>	<u>3 133 188</u>
<i>Allocations/(coverage of loss)</i>			
Dividend		20 000 000	0
Other equity		8 206 991	3 133 188
Total allocations/(coverage of loss)		<u>28 206 991</u>	<u>3 133 188</u>



Grieg International Ii AS
BALANCE SHEET AS OF 31.12

	Note	2022	2021
ASSETS			
FIXED ASSETS			
Property, plant and equipment			
Vessels	4	156 565 726	161 842 953
Projects in progress	4	305 691	508 809
Total property, plant and equipment		<u>156 871 417</u>	<u>162 351 762</u>
Total non-current assets		<u>156 871 417</u>	<u>162 351 762</u>
CURRENT ASSETS			
Accounts receivable			
Accounts receivables		61 835	39 498
Receivable from group companies	2	29 973 392	1 410 037
Inventory of lub oil, paint & provision		992 768	714 867
Other receivables		1 593 859	1 146 077
Total receivables		<u>32 621 854</u>	<u>3 310 478</u>
Markedsbaserte investeringer			
Market-based shares		1 517 219	1 932 513
Other market-based financial instruments		8 125 992	8 612 960
Total market-based investments	5	<u>9 643 211</u>	<u>10 545 474</u>
Bank deposits, cash in hand, etc	2	31 594	6 080
Total current assets		<u>42 296 658</u>	<u>13 862 032</u>
TOTAL ASSETS		<u>199 168 075</u>	<u>176 213 794</u>





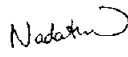
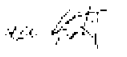
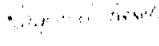
**Grieg International II AS**

BALANCE SHEET AS OF 31.12

	Note	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital (4805130 shares of NOK 1,15)	9, 10	985 999	977 580
Share premium reserve	9	34 528 747	2 762 634
Other paid-in capital	9	62 947 442	62 947 442
Total paid-in capital		<u>98 462 187</u>	<u>66 687 656</u>
Retained earnings			
Other equity	9	9 453 348	1 246 357
Total retained earnings		<u>9 453 348</u>	<u>1 246 357</u>
Total equity	9	<u>107 915 535</u>	<u>67 934 013</u>
LIABILITIES			
Provisions			
Deferred tax	6	56 734	79 264
Total provisions		<u>56 734</u>	<u>79 264</u>
Long-term liabilities			
Liabilities to financial institutions	11	67 218 804	72 520 424
Other non-current liabilities to group companies	2	0	34 611 315
Total long term liabilities		<u>67 218 804</u>	<u>107 131 738</u>
Current liabilities			
Liabilities to group companies	2	2 373 278	370 807
Accounts payable		1 084 146	155 372
Dividends	9	20 000 000	0
Taxes payable	6	76 768	101 428
Other current liabilities		442 809	441 173
Total current liabilities		<u>23 977 001</u>	<u>1 068 779</u>
Total liabilities		<u>91 252 540</u>	<u>108 279 782</u>
TOTAL EQUITY AND LIABILITIES		<u>199 168 075</u>	<u>176 213 794</u>

Bergen, 23.03.2023

The Board of Directors of Grieg International II AS


Camilla Grieg
Chair
Elisabeth Grieg
Deputy chair
Didrik O. Munch
Board member
Rune Birkeland
Board member
Nada Ahmed
Board member
Kai Grøtterud
Board member
Matthew R. C. Duke
CEO
Ragnhild Janbu Fresvik
Board member



Cash flow statement Grieg International II 2022

	USD 2022	USD 2021
Cash flow from operations		
Profit before income taxes	28 198 645	3 133 188
Unpaid tonnage tax classified as operating expenses	62 585	81 612
Taxes paid in the period	-101 428	-101 428
Gain/loss from sale of market based investments	0	-91 507
Depreciation	11 751 014	11 499 233
Writedown of assets	0	0
Change in inventory	-277 901	-196 370
Change in trade creditors	928 774	37 932
Effect of exchange fluctuations	0	-149
Items classified as investments or financing	905 079	27 258
Change in other provisions	1 556 892	-94 935
Net cash flow from operations	43 023 661	14 294 834
Cash flow from investments		
Purchase of fixed assets	-5 869 356	-475 677
Proceeds from sale of market based investments	0	2 195 860
Purchase of market based investments	-2 816	-7 750 374
Loan repayments received from Group companies	76 391	6 213 471
Net cash flow from investments	-5 795 781	183 280
Cash flow from financing		
Repayment of long term loans	-5 301 620	-5 209 953
Repayment of short-term Group loans	-3 261 000	-13 493 978
Net cash flow from financing	-8 562 620	-18 703 931
Net change in cash and cash equivalents	28 665 260	-4 225 817
Cash and cash equivalents at the beginning of the period	1 337 824	5 563 641
Cash and cash equivalents at the end of the period	30 003 084	1 337 824
Cash and cash equivalents at the end of the period consists of:		
Bank deposits	31 594	6 081
Bank deposits cash pool agreement within the Grieg Shipowning Group	29 971 490	1 331 743
Sum	30 003 083	1 337 824



Geieg Internasjonal II AS
Notes to the financial statement for 2022

Note 1 Accounting principles

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

Operating revenues

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

Classification and valuation of balance sheet items

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

Acquisition cost

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

Asset impairments

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

Receivables

Trade debtors and other debtors are carried at nominal value after deducting provisions for expected losses. Loss provisions are based on an assessment of individual receivables.

Foreign currency

Cash items, receivables and liabilities denominated in foreign currencies are valued at the year end exchange rates. Profit and loss items in foreign currency are recorded at exchange rates prevailing at the time of the transaction. Realised and unrealised gains and losses are included under financial items in the profit and loss statement.

Investments in financial instruments

Short-term investments in financial instruments are regarded as part of the financial trading portfolio and recognised at fair value at year-end. Dividends received, and both realised and unrealised gains/losses are recognised as other financial income.

Foreign exchange hedging

Derivatives purchased in order to reduce currency risk are treated as hedging transactions for accounting purposes. Gains and losses on foreign exchange contracts are therefore recognised in the same period as the hedged transactions. Unrealised gain/loss on the hedging contracts is not posted on the balance sheet.

Interest rate hedging

Interest rate hedging contracts are recognised and classified in the same way as the related mortgage loan. The interest received/paid under the contract is therefore recognised in the interest period in the question and is included in interest expenses for the period. Unrealised gain/loss on the hedging contracts is not posted on the balance sheet.

Fixed assets

Fixed assets are valued at historical cost less accumulated depreciation. Depreciation is charged on a straight line basis over the remaining expected useful life of each asset adjusted for the residual value. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period.

Total expenditure on the vessel is decomposed into components that have different useful lives. Expenses related to ordinary maintenance are expensed when incurred. Drydocking costs are capitalised and depreciated over the period to the next scheduled drydocking.

Inventories

The company has inventories of lub oil, paint and provision that are valued at the lower of cost and fair value.

Operating leases

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

Taxes

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

The company is subject to the taxation regime for shipowning companies pursuant to Chapter 8 of the Taxation Act.



Grieg International II AS
Notes to the financial statements for 2022

Cash flow statement

Cash flow statements are prepared according to the indirect method. Accordingly, the cash flows from investment and financing activities are reported gross, while the accounting result is reconciled against the net cash flow from operations. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments that can immediately and with minimal exchange rate risk be converted into a known amount with due date less than three months from the purchase date.

Group account cash pool agreement

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

Estimates

When preparing the annual accounts in accordance with good accounting practice, management makes estimates and assumptions which affect the profit and loss account and the valuation of assets and liabilities, as well as information about contingent assets and liabilities at year-end.

Contingent losses which are likely and quantifiable are charged against income on an ongoing basis.

Change of presentation currency

As of 1 January 2014, the company changed its presentation currency from NOK to USD. The company's functional currency is USD as most of the company's revenues and operating costs are realised in USD.

Note 2 Intercompany balances and transactions with related parties

Figures in USD 1 000

Transactions with related parties

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

Company	Relation	Type of services	2022	2021
Operating revenue from group and associated companies				
G2 Ocean AS	Associated company	Time charter	63,831	37,157

Grieg International II AS is administratively and financially managed by Grieg Maritime Group AS, and pays annual management fee for such services. During 2020 ship management for 2 vessels was outsourced to Tome Ship Management, while the remaining fleet continued on ship management with Grieg Star AS. In December 2020 one of the two vessels returned to management by Grieg Star AS. All ship management services are remunerated through an annual ship management fee. In addition, the company purchases services from Grieg Star AS related to following up various fleet operational and development matters.

Company	Relation	Type of services	2022	2021
Grieg Shipholding AS	Group company	Management	38	67
Grieg Maritime Group AS	Group company	Management	539	212
Grieg Star AS	Group company	Management	2,135	1,551
Total			2,711	1,831

There have been loans and/or performance guarantees between Grieg International II AS and Group companies, which has led to interest elements between the companies.

			2022	2021
Net financial items				
Grieg Shipowning AS	Group company	Interest income	231	413
Grieg Shipping II AS	Group company	Interest income	0	153
Grieg Shipowning AS	Group company	Interest expense	-1,463	-1,365
Grieg Shipholding AS	Group company	Interest expense	-3	-171
Total			-1,236	-970

Balances with group companies and related parties

		2022	2021
Other short-term receivables			
Grieg Shipping II AS	Group company		78
Grieg Matuntas AS	Related	2	0
Grieg Shipowning AS *)	Group company	29,971	1,332
Sum		29,973	1,410

*) The short-term receivables to Grieg Shipowning AS in 2022 is in total related to the Shipowning cash pool.



Geieg International II AS
Notes to the financial statements for 2022

		2022	2021
Other current liabilities			
Grieg Star AS	Group company	345	177
Grieg Maritime Group AS	Group company	335	110
Grieg Shipping III AS	Group company	1,080	0
Grieg Shipping II AS	Group company	128	0
Grieg Shipowning AS	Group company (dividend)	20,000	13
Grieg Star OH Pool AS	Group company	476	67
Grieg Green AS	Group company	4	0
Grieg Investor AS	Related	5	4
Sum		22,373	371
Other long-term liabilities			
Grieg Shipowning AS	Group company	0	34,611
Sum		0	34,611

Note 3 Payroll expenses, auditor's fee etc.

Figures in USD 1 000

Payroll expenses, number of employees, remuneration etc.

The company has no employees, no remuneration was paid to the CEO or the Board, and no loans or guarantees have been given to the CEO, Board Chair or other close associates.

		2022	2021
Auditor's fee			
Statutory audit (incl. technical assistance with financial statements)		21	17
Tax advisory fee (incl. technical assistance with tax return)		0	1
Other non-audit services		0	0
Total fees to auditor, excl VAT		21	18

Note 4 Fixed Assets

Figures in USD 1 000

	Vessels	New buildings	Docking	Total
Purchase cost at 01.01	341,010	0	12,640	353,650
Additions	1,520	0	4,953	6,473
Transferred from new buildings		0		0
Disposals			4,971	4,971
Purchase cost at 31.12	342,530	0	12,621	355,151
Accumulated depreciation at 31.12	165,813		6,523	172,335
Impairment loss	26,250	0		26,250
Book value at 31.12	150,467	0	6,099	156,566
Depreciation	9,775		1,976	
Depreciation plan	Straight line		Straight line	
Expected useful life	30 years		5 years	

Based on an impairment testing per year-end 2020, the open hatch fleet was written down with USD 26.25m. At 31.12.22 the company has no new building contracts.

Note 5 Investments in financial instruments

Figures in USD 1 000

	Acquisition cost	2022		2021	
		Market value	Market value	Acquisition cost	Market value
Mutual funds	1,891	1,517	1,891	1,933	
Bonds	3,585	3,305	3,582	3,874	
Money market funds	4,698	4,821	4,698	4,739	
Book value 31.12	10,174	9,643	10,171	10,545	

	2022		Total profit/loss
	Realised profit/loss	Unrealised profit/loss	
Mutual funds		-415	-415
Bonds	3	-571	-568
Money market funds	0	81	81
Profit/loss from changes in fair value of financial instruments	3	-905	-902



Geieg Internasjonal II AS
Notes to the financial statement for 2022

Note 6 Taxes

Figures in USD 1 000

The company is taxed according to the Tonnage tax rules in the Norwegian Fiscal § 8-10.

	2022	2021
Tax expense consists of:		
Tax payable on taxable income	14	20
Change in deferred tax	-23	-23
Tax expense	-8	-3
Tonnage tax (booked as operating cost)	63	82
Deferred tax:		
Revaluation account	1,404	76
Temporary differences on taxable securities	417	-308
Profit/loss account	258	360
Financial losses brought forward	-20,579	-21,030
Basis for deferred tax/deferred tax asset	-18,500	-20,901
Deferred tax/deferred tax asset (22%)	-4,070	-4,598
Deferred tax benefit not shown in the balance sheet	4,070	4,598
Deferred tax benefit in the balance sheet	0	0

Deferred tax benefit is not recognised in the balance sheet due to uncertainties related to future utilisation of financial losses brought forward. The deferred tax in the balance sheet 31.12 is related to the profit and loss account.

Tax payable in the balance sheet:

Taxable financial income from profit and loss account	64	90
Tax payable financial income	14	20
Tonnage tax	63	82
Tax payable in the balance sheet	77	101

Note 7 Financial risk management

The company uses various financial derivatives to manage its financial market risk. This includes forward contracts, options, interest rate swaps and forward freight agreements.

Interest rate risk

The company's long term debt and some of its lease agreements are at floating interest rate terms, exposing the company to interest rate risk. The company's strategy is to hedge its interest rate exposure by utilizing interest rate swap agreements. Gains and losses arising from interest rate swaps are recognised in the same period as the related interest expense. At 31.12.22 the company held interest rate swap agreements of USD 54m. Total unrealised MTM value for the swaps, not recognised in the balance sheet, at 31.12.22 was USD 2.8m.

Foreign exchange risk

The company hedges, from time to time, expenditures in currencies other than USD through forward contracts. At 31.12.22 the company had entered into hedging through the use of currency swaps for USD 0.8m. Total unrealised MTM value, not recognized in the balance sheet, at 31.12.22, was USD 0.09m.

Freight risk (FFA)

Forward Freight Agreements (FFA) are from time to time used as a risk management instrument in order to smooth out freight volatility. The FFA contracts are settled as an adjustment of operating income. At 31.12.22, the company had not entered into any Forward Freight Agreements (FFA).

Note 8 Debtors which fall due later than one year

Figures in USD 1 000

The company has no receivables which fall due later than one year.



Grieg International II AS
Notes to the financial statement for 2022

Note 9 Equity				
Figures in USD 1 000				
Changes in equity	Share capital	Share premium	Other equity	Total
Equity at 01.01	978	2,763	64,193	67,934
Capital increase december 2022	8	31,766		31,775
Dividend			-20,000	-20,000
Profit for the year			28,207	28,207
Equity at 31.12	986	34,529	72,400	107,916

Note 10 Share capital and shareholders information

The parent company, Grieg Maritime Group AS has its registered office in Bergen (C. Sundtsgate 17), where the consolidated financial statements are available.

The share capital consists of 4 805 130 shares with nominal value of NOK 1.15 each.

Shareholders at 31.12	Number of shares	Ownership
Grieg Shipowning AS	4,805,130	100%
Total shares	4,805,130	100%

Note 11 Interest bearing debt and credit facilities

Mortgage loans

At 31.12.22, the company has one mortgage loan. The loan is denominated in USD.

Covenants

The loan is secured with mortgage and guaranteed by Grieg Shipowning AS.

Grieg Shipowning AS has financial covenants including minimum M 25 / 5% of interest bearing debt in liquidity and minimum 25% book equity.

Grieg International II AS is together with Grieg Shipping II AS providing guarantees in the amount of USD 97.8 m for Grieg Shipowning AS.

All financial covenants have been met through the year.

Long term liabilities which fall due later than 5 years	2022	2021
Figures in USD 1 000		
Liabilities to credit institutions	0	0
	2022	2021
Liabilities secured by mortgage (1st priority)	16,822	18,490
Book value of assets pledged as security:		
Vessels	31,667	32,137
Total	31,667	32,137
Other long-term debt	2022	2021
Financial leasing	50,397	54,031
Total other long-term debt	50,397	54,031



To the General Meeting of Grieg International II AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Grieg International II AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other Information

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

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

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 statutory requirements.

Responsibilities of Management for the Financial Statements

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Bergen, 23 March 2023
PricewaterhouseCoopers AS

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



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Haugervåg, Jon	BANKID	2023-03-23 15:06

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- The electronic signatures. These are not visible in the document, but are electronically integrated.



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Skattedirektoratet

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

GRIEG SHIPPING GROUP AS
Postboks 781
5807 BERGEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

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

Skattedirektoratets vurdering

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

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



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

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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland