



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 822 195 482
Organisasjonsform: Aksjeselskap
Foretaksnavn: GRIEG SHIPPING II AS
Forretningsadresse: C Sundtsg 17-19
5004 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: 29.03.2022

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, 04.05.2023



Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	7	117 809 519	101 023 147
Gevinst v salg skip	3	157 150	
Sum inntekter		117 966 669	101 023 147
Kostnader			
Driftskostnader skip		56 438 916	48 727 455
Bareboat- og TC hyre	12	17 664 942	18 918 761
Avskrivning på varige driftsmidler og immaterielle eiendeler	3	20 768 601	23 873 767
Nedskrivning av varige driftsmidler og immaterielle eiendeler			51 300 000
Annen driftskostnad	10	2 952 712	2 575 982
Sum kostnader		97 825 171	145 395 965
Driftsresultat		20 141 498	-44 372 818
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	7	1 333 904	599 118
Annen renteinntekt		-108	-370
Annen finansinntekt		1 813 697	487 003
Sum finansinntekter		3 147 493	1 085 751
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	4	240 471	145 045
Rentekostnad til foretak i samme konsern	7	6 779 963	8 061 863
Annen rentekostnad		3 363 783	5 520 403
Annen finanskostnad		18 976	155 587
Sum finanskostnader		10 403 193	13 882 898
Netto finans		-7 255 700	-12 797 147
Ordinært resultat før skattekostnad		12 885 798	-57 169 965
Ordinært resultat etter skattekostnad		12 885 798	-57 169 965
Årsresultat		12 885 798	-57 169 965



Resultatregnskap

Beløp i: USD	Note	2021	2020
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		12 885 798	-57 169 965
Sum overføringer og disponeringer		12 885 798	-57 169 965



Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	3	340 073 494	363 988 246
Sum varige driftsmidler		340 073 494	363 988 246
Finansielle anleggsmidler			
Andre fordringer		2 826 923	3 096 154
Sum finansielle anleggsmidler		2 826 923	3 096 154
Sum anleggsmidler		342 900 417	367 084 400
Omløpsmidler			
Varer			
Varer		2 673 412	1 788 269
Sum varer		2 673 412	1 788 269
Fordringer			
Andre fordringer		4 614 767	4 144 993
Konsernfordringer	7	12 165 152	9 475 176
Sum fordringer		16 779 919	13 620 169
Investeringer			
Markedsbaserte aksjer	4	1 932 513	
Andre markedsbaserte finansielle instrumenter	4	11 744 874	8 130 837
Sum investeringer		13 677 387	8 130 837
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		5 492	12 192
Sum bankinnskudd, kontanter og lignende		5 492	12 192
Sum omløpsmidler		33 136 210	23 551 467
SUM EIENDELER		376 036 627	390 635 867



Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
39 286 598 aksjer a NOK 1	2,8	7 057 811	7 057 811
Annen innskutt egenkapital	2	47 447 985	47 447 985
Sum innskutt egenkapital		54 505 796	54 505 796
Opptjent egenkapital			
Annen egenkapital	2	105 774 610	92 888 811
Sum opptjent egenkapital		105 774 610	92 888 811
Sum egenkapital		160 280 406	147 394 607
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6		60 693 446
Langsiktig konserngjeld	7	208 788 074	170 357 138
Sum annen langsiktig gjeld		208 788 074	231 050 584
Sum langsiktig gjeld		208 788 074	231 050 584
Kortsiktig gjeld			
Leverandørgjeld		988 047	657 065
Betalbar skatt	9	276 172	256 517
Kortsiktig konserngjeld	7	3 460 563	8 442 247
Annen kortsiktig gjeld		2 243 365	2 834 847
Sum kortsiktig gjeld		6 968 147	12 190 676
Sum gjeld		215 756 221	243 241 260
SUM EGENKAPITAL OG GJELD		376 036 627	390 635 867



To the General Meeting of Grieg Shipping II AS

Independent Auditor's Report

Opinion

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

In our opinion

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

Basis for Opinion

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

Other Information

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

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

PricewaterhouseCoopers AS, Sandviksbødene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
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 - Grieg Shipping II AS



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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Bergen, 29 March 2022
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_MOBILE	2022-04-07 10:03

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of the document.



Vår dato 11.03.2021	Din/Deres dato 24.02.2021	Saksbehandler Joakim Engebretsen
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 92251412
Org.nr 974761076	Vår referanse 2021/5260823	Postadresse Postboks 9200 Grønland 0134 OSLO

GRIEG MARITIME GROUP AS
C. Sundts gate 17
5004 BERGEN

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til deres søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk på vegne av selskapene Grieg Maritime Group AS (org.nr. 826 009 292), Grieg Star Bulk Pool AS (org.nr. 925 757 179) og Grieg Edge AS (org.nr. 924 555 424).

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet 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.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden siteres:

"Vedlagt følger kopi av tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for vårt konsern Grieg Star Group AS (endret navn til Grieg Shipholding AS), datert 15.08.2012.

Et nytt selskap er nå registrert, Grieg Maritime Group As, org nr 826 009 292, som blir det nye morselskapet i vårt konsern.

Videre er det i 2020 opprettet selskapet Grieg Star Bulk Pool AS, org. nr 925 757 179, og selskapet Grieg Edge AS, org nr 924 555 424 som datterselskaper i konsernet.

Vi søker herved om å få utarbeide årsregnskap og årsberetning på engelsk for selskapene Grieg Maritime Group AS, Grieg Star Bulk Pool AS og Grieg Edge AS, og som da tilsvarende for resten av vårt konsern."

Skattekontorets 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 mv., 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, kunder og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, 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 dette tilfellet er det tale om en utvidelse av tidligere gitt dispensasjon for en del av selskapene i konsernet. Denne dispensasjonen er begrunnet i at eierkretsen er begrenset, og at selskapene driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis for de tre selskapene nevnt innledningsvis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Roar Thorbjørnsen
underdirektør
Innsats, storbedrift
Skatteetaten

Joakim Engebretsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

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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		



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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



BOARD OF DIRECTORS' REPORT 2021 GRIEG SHIPPING II AS

The Business

Grieg Shipping 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 2020, Grieg Shipping II AS controlled a fleet of 23 open hatch vessels. 16 vessels are owned by the Company, one is chartered in on long term time charter ("TC"), and the remaining six on long term bareboat ("BB") charter.

The Company has its office in Bergen and is organized under the Norwegian tonnage tax system and has no employees. The Board of Directors consists of six members, three women and three men. The Company has in 2021 purchased a range of services from Grieg Maritime Group (the shareholder of Grieg Shipholding AS) within strategy, administration, IT, accounting, finance, legal and business development. Another group company, Grieg Star AS, is responsible for the ship management for the majority of the Company's fleet. The services are regulated under management agreements.

The 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. G2 Ocean operates a fleet of more than 125 vessels, in one open hatch and one dry bulk pool. The open hatch pool's worldwide trading pattern is 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

While Covid-19 continues to hamper and challenge daily operations, the world's return to a more normal, together with the effects from pent up demand, brought strong market earnings in 2021. The Company's operating revenues consist primarily of freight income and is accounted for as TC hire. Total revenues increased to USD 118.0m in 2021 (USD 101.0m). A significant driver of the improvement in freight earnings, was not only higher demand for transportation of consumer products and goods for infrastructure development, but also reduced productivity in ports due to Covid-19 restrictions, tying up a considerable part of the trading fleet when waiting for berth.

Total operating costs before depreciations and write-downs increased to USD 77.1m in 2021 (USD 70.2m). The vessels' operating expenses increased to USD 56.4m in 2021 (USD 48.7m). The increase was mainly caused by vessel upgrades and repairs and extraordinary costs for coping with Covid-19 related to increased crew travel costs, quarantine hotels and price increases on spare parts and forwarding costs. TC and BB cost decreased to USD 17.7m (USD 18.9m). With this, Company EBITDA increased to USD 40.9m in 2021 (USD 30.8m in 2020).

Depreciation costs decreased to USD 20.8m in 2021 (USD 23.7m) with the main reason being the effect of the write-down carried out on the Company's open hatch fleet in 2020. With this, Grieg Shipping II AS' operating profit increased to USD 20.1m in 2021 (USD - 44.4).

Net financial items were minus USD 7.3m in 2021 (USD 12.8m). The positive development is mainly a result of lower interest expenses which decreased to USD 10.2m (USD 13.6m) as result of debt repayments and positive effect of a lower Libor rate. The net effect from foreign exchange gains/loss



was also a positive contributor with a gain of USD 1.6m (USD 0.1m). Altogether, the Company ended up with a pre-tax result of USD 12.9m for 2021 (USD - 57.2m).

Long-term interest-bearing debt decreased to USD 208.8m in 2021 (USD 231.1m). The Company's book equity was USD 160.3m at year end 2021 (USD 147.4m), and the Company had total assets of USD 376.0m (USD 390.6m), implying an equity ratio of 43% (38%). Current assets accounted at year end for USD 33.1m (USD 23.6m) while liquidity on the balance sheet date in the form of bank deposits and cash was USD 12.2m including the Company's share of aggregated cash balance in the cash pool agreement the Company is part of¹.

Based on net cash flows from operations of USD 37.3m (USD 24.4m), cash flow from investments of minus USD 7.4m (USD - 11.7m) and net cash flow of minus USD 27.2m (USD - 3.5m) from financing activities, the Company's net change in liquid funds in 2021 was USD 2.7m (USD 9.3m).

External Environment

Transporting about 90% of world trade, shipping is statistically the least environmentally damaging mode of transport when taking productivity into the equation. Still, its emissions of greenhouse gases (GHG) constitute about 2.5% of global emissions. In addition to compliance with the requirements of the International Maritime Organisation, the Group intends to reduce GHG emissions per transported unit by minimum 40% by 2030 from 2008 levels. The ambition is to be net zero by 2050.

Over the course of 2021 a significant amount of work has been put into increasing awareness and competence for creating a decarbonization road map for the Group's vessels, moving the organization from understanding the challenge to ideating solutions. Among specific actions is the preparation of individual carbon improvements plans (SEEMP) for each ship on how to keep their carbon intensity (CII) within gradually stricter limits after 2023. Defining various measures to reduce emissions are considered on a broad basis, of which several will need qualified testing. For example, was the planning for testing biofuel as alternative fuel for vessel propulsion started, with physical testing to be carried out on one of the open hatch vessels early 2022.

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.

Sustainability

Grieg Maritime Group is committed to the ten principles of the UN Global Compact, is a member of the UNGC Action Platform for Sustainable Ocean Business and has for several years worked with the UN's Sustainable Development Goals ("SDGs"). For reporting on progress, the Group primarily adheres to the Norwegian Shipowners Association's guidelines on sustainability reporting but applies also other measures to reflect the wider scope of the Group's business activities and to report on progress towards selected SDGs. Seven SDGs are targeted as material to Grieg Maritime Group's activities: "4. Quality Education", "5. Gender Equality", "9. Industry, Innovation and Infrastructure", "12. Responsible Consumption and Production", "13. Climate Action", "14. Life Below Water" and "15. Life on Land". These form the basis for the overall strategy and its objectives, all having accompanying KPIs at business unit level, being the foundation for daily operations, development initiatives and investments.

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



The businesses in Grieg Maritime Group are not subject to the reporting regulations coming into force as part of the EU taxonomy. There are, however, strong expectations that one will be indirectly affected through its stakeholders' reporting requirements.

Enterprise Risk and Compliance

Grieg Shipping 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 the highest risk also during 2021. With limited ability to travel, it has been another year of not being able to physically inspect the vessels. Although remote technical inspections have taken place, uncertainties around vessel conditions and planning for upcoming dry dockings are higher than normal. 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.

Counter party and credit risk as well as sanctions regulations are part of the daily business with corresponding routines and systems for control. The Maritime Anti-Corruption Network membership is one of the tools used to fight and report corruption and facilitation payments actively. Reducing the risk for cyber-attacks has had high focus also in 2021. Considerable improvements have been made to the IT infrastructure over the last years. 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.

With the improved financial results, a lower debt level and an improved market forecast, Grieg Shipping II AS' liquidity risk has been significantly reduced during the last 12 months.

The Market and Outlook

The recovery in global seaborne trade that starting late 2020 continued throughout 2021, with cargo volumes reaching pre-Covid-19 levels by mid-2021, and dry bulk trade growing 4% in 2021 year-on-year. The minor bulk trade played a key role in the rebound driven by strong demand for commodities as forest products, aluminum steel and minerals. When the dry bulk fleet grew with 3.6% only, this resulted in a significant increase in freight rates and asset values. With a projected growth in seaborne trade of 2.2% in 2022 and fleet growth of 1.6%, rates are expected to continue to stay strong also in 2022.



Shipments of market pulp, the single most important commodity for the Group's open hatch activities declined by 1.8m metric tons in 2021, down to 59.9m metric tons. This was contrary to the global economic rebound and mainly a result of cyclical forces and significant logistical bottlenecks. Shipments are however expected to rise by 2.4m metric tons in 2022, based on the assumption of a recovery in supply chain efficiencies, catching up on order backlogs, and a rebuilding of stocks. As in 2021, open hatch is also expected to get tailwind from a strong container market. The container sector experienced the highest rate increases of all shipping segments in 2021 with a 260% increase in rates, driven not only by exceptionally strong demand, but severe port congestion and logistical disruptions.

As the supply-demand balances remain tight in the near term, Grieg Maritime Group in summary believes in a robust shipping market in 2022, with minor bulk continuing to play a key role in trade growth, the container and charter market remaining high and disruptions in ports continuing as a challenge.

Going Concern

The Board of Directors confirms that the annual accounts have been prepared based on 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 Shipping 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. However, the invasion of Ukraine and subsequent sanctions towards Russia is likely to affect our operations. In addition to witnessing the unfolding of a human catastrophe, the outlook on world economics and safety has become more uncertain.

Bergen, 29 March 2022

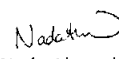
The Board of Directors of Grieg Shipping II AS


Elisabeth Grieg
Board Member


Camilla Grieg
Chair


Didrik O. Munch
Board Member


Kai Grøtterud
Board Member


Nada Ahmed
Board Member


Rune Birkeland
Board Member


Matthew Robert Cagienard Duke
CEO



INCOME STATEMENT

Grieg Shipping II

REVENUES	Note	2021	2020
Operating revenues	7	117,809,519	101,023,147
Gain from sale of vessel	3	157,150	0
Total revenues		<u>117,966,669</u>	<u>101,023,147</u>
Operating expenses			
Vessel operating expenses		56,438,916	48,727,455
Other operating expenses	10	2,952,712	2,575,982
Bareboat- and T/C hire	12	17,664,942	18,918,761
Depreciation	3	20,768,601	23,873,767
Impairment loss of fixed assets		0	51,300,000
Total operating expenses		<u>97,825,171</u>	<u>145,395,964</u>
Operating profit		<u>20,141,498</u>	<u>-44,372,817</u>
Financial items			
Interest income		-108	-370
Interest income group	7	1,333,904	599,118
Interest expenses		-3,363,783	-5,520,403
Interest expenses group	7	-6,779,963	-8,061,863
Change in value of financial investments	4	-240,471	-145,045
Realized return on market-based fin. investm.	4	232,123	487,003
Other financial expenses		-18,975	-33,078
Gain/loss on foreign exchange		1,581,574	-122,509
Total financial items		<u>-7,255,700</u>	<u>-12,797,146</u>
Profit before tax		<u>12,885,798</u>	<u>-57,169,963</u>
Tax		0	0
Profit for the year		<u>12,885,798</u>	<u>-57,169,963</u>
Transferred to (from) other equity		12,885,798	-57,169,963
Total allocation		-12,885,798	57,169,963

**BALANCE SHEET AS OF 31.12**

Grieg Shipping II

ASSETS	Note	2021	2020
Tangible assets			
Vessels	3	339,409,798	363,716,076
Project in progress		663,695	272,170
Total fixed tangible assets		340,073,494	363,988,246
Other long term receivables		2,826,923	3,096,154
TOTAL FINANCIAL ASSETS		2,826,923	3,096,154
CURRENT ASSETS			
Receivables from group companies	7	12,165,152	9,475,176
Inventory		2,673,412	1,788,269
Other receivables		4,614,767	4,144,993
Market based shares	4	1,932,513	0
Other market based investmenets	4	11,744,874	8,130,837
Bank deposits, cash in hand, etc		5,492	12,192
Total current assets		33,136,212	23,551,467
TOTAL ASSETS		376,036,629	390,635,867

**BALANCE SHEET AS OF 31.12**

Grieg Shipping II

EQUITY AND LIABILITIES	Note	2021	2020
Paid-in capital			
Share capital (39.286.598 shares of NOK 1)	2, 8	7,057,811	7,057,811
Share premium reserve	2	47,447,985	47,447,985
Total paid-in capital		<u>54,505,795</u>	<u>54,505,795</u>
Retained earnings			
Other equity	2	105,774,610	92,888,811
Other equity		<u>105,774,610</u>	<u>92,888,811</u>
Total equity	2	<u>160,280,405</u>	<u>147,394,607</u>
Long-term debt			
Liabilities to financial institutions	6	0	60,693,446
Long-term liabilities to group companies	7	208,788,074	170,357,138
Total long-term liabilities		<u>208,788,074</u>	<u>231,050,584</u>
Current liabilities			
Liabilities to group companies	7	3,460,563	8,442,247
Accounts payable		988,051	657,065
Taxes payable	9	276,172	256,517
Other short-term liabilities		2,243,365	2,834,847
Total current liabilities		<u>6,968,149</u>	<u>12,190,676</u>
TOTAL EQUITY AND LIABILITIES		<u>376,036,629</u>	<u>390,635,867</u>



BALANCE SHEET AS OF 31.12

Grieg Shipping II

Bergen, 29.03.2022

The Board of Directors of Grieg Shipping II AS

Camilla Grieg
Chair

Elisabeth Grieg
Deputy chair

Didrik Munch
Board member

Rune Birkeland
Board member

Nada Ahmed
Board member

Kai Grøtterud
Board member

Matthew R. C. Duke
CEO



Cash flow statement Grieg Shipping III AS

	USD 2021	USD 2020
Cash flow from operations		
Profit before income taxes	1 072 754	432 407
Change in tonnage tax provision, classified as operating expenses	677	-10 178
Depreciation	687 520	687 519
Change in inventory	-	89 543
Change in trade debtors	492	-55 082
Change in other provisions	-48 203	-402 982
Net cash flow from operations	1 713 240	741 228
Cash flow from investments		
Purchase of fixed assets	-	-
Net cash flow from investments	-	-
Cash flow from financing		
Proceeds from long term loan	-	-
Repayment of long term loans	-800 000	-800 000
Proceeds intercompany	677 155	1 413 963
Net cash flow from financing	-122 845	613 963
Net change in cash and cash equivalents	1 590 395	1 355 191
Cash and cash equivalents at start of period	2 851	604
Cash and cash equivalents at the end of the period	1 593 246	1 355 795
Cash and cash equivalents at the end of the period consists of:		
Bank deposits	977	2 851
Bank deposits within Grieg Star Group cash pool agreement	1 592 269	1 352 943
Sum	1 593 246	1 355 795



Grieg Shipping II AS
Notes to the financial statement for 2021

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.



Grieg Shipping II AS
Notes to the financial statement for 2021

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.

Cash flow statement

Cash flow statement 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 Equity

Figures in USD 1 000

Changes in equity	Share capital	Share premium	Other equity	Total
Equity at 01.01	7,058	47,448	92,889	147,395
Profit for the year			12,886	12,886
Group contribution				0
Equity at 31.12	7,058	47,448	105,775	160,280

Note 3 Fixed Assets

Figures in USD 1 000

	Vessels	New buildings	Docking	Total
Purchase cost at 01.01	759,738	0	33,016	792,754
Additions	308	0	2,727	3,035
Transferred from new buildings		0		0
Disposals	20,006		2,882	22,888
Purchase cost at 31.12	740,040	0	32,861	772,901
Accumulated depreciation at 31.12	361,083		21,108	382,191
Impairment loss	51,300	0		51,300
Book value at 31.12	327,657	0	11,753	339,410

Depreciation	20,769		5,301	
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Depreciation plan	Straight line		Straight line	
Expected useful life	30 years		5 years	

In March 2021, the company's vessel Star Grip was sold for recirculation with a net profit of USD 157.

Based on an impairment testing per year-end 2020, the open hatch fleet was written down with USD 51.3m.

At 31.12.21 the company has no new building contracts.



Grieg Shipping II AS
Notes to the financial statement for 2021

Note 4 Investments in financial instruments				
Figures in USD 1 000				
	Acquisition cost	2021 Market value	2020 Acquisition cost	Market value
Mutual funds	1,891	1,933	-	-
Bonds	4,547	5,053	3,136	3,761
Money market funds	6,665	6,692	4,176	4,369
Book value 31.12	13,103	13,677	7,312	8,131

	Realised profit/loss	2021 Unrealised profit/loss	Total profit/loss
Mutual funds		42	42
Bonds	74	-119	-45
Money market funds	158	-163	-5
Profit/loss from changes in fair value of financial instruments	232	-240	-8

Note 5 Debtors which fall due later than one year		
Figures in USD 1 000		
	2021	2020
Long term receivables	2,827	3,096
Total	2,827	3,096

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

Note 6 Interest bearing debt and credit facilities		
Mortgage loans		
At 31.12.21, the company has no loans.		
Covenants		
The company is providing guarantees in the amount of USD 138.3 m per 31.12.2021 for Grieg Shipowning AS. In addition the company, together with Grieg International II AS providing guarantees in the amount of USD 110.2m for Grieg Shipowning AS. All the loans have a financial covenant that Grieg Shipowning consolidated shall have minimum USD 25M / 5% of interest bearing debt in liquidity and minimum 25% in book equity. The company has been in compliance with its covenants throughout the year.		
Figures in USD 1 000		
Liabilities to credit institutions		
	2021	2020
Liabilities secured by mortgage (1st priority)		60,693
Book value of assets pledged as security:		
Vessels		98,634
New building contracts	0	0
Total	0	98,634



Grieg Shipping II AS
Notes to the financial statement for 2021

Note 7 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 Shipping II AS. The shipping pool result is distributed to the company based on a distribution key.

Company	Relation	Type of services	2021	2020
Operating revenue from group and associated companies				
G2 Ocean AS	Associated company	Time charter	117,810	100,130
Operating revenue also includes revenue from the TC-vessel Great Fores as from March 2021.				
Grieg Shipholding AS	Group company	Management	229	2,066
Grieg Maritime Group AS	Group company	Management	698	0
Grieg Star AS	Group company	Management	5,332	4,127
Total			6,259	6,193

Grieg Shipping II AS is administratively and financially managed by Grieg Shipholding AS, and from 01.04.21 by Grieg Maritime Group AS, and pays annual management fee for such services. During 2020 ship management was outsourced for some of the company's vessels; 1 vessel to Zeaborn Ship Management and 2 vessels to Thome Ship Management, while the remaining fleet continued on ship management with 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.

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

Net financial items

Grieg Shipowning AS	Group company	Interest income	1,334	599
Grieg Shipping III AS	Group company	Interest income	0	-150
Grieg International II AS	Group company	Interest expense	-153	-207
Grieg Shipowning AS	Group company	Interest expense	-6,074	-6,800
Grieg Shipholding AS	Group company	Interest expense	-553	-905
Total			-5,446	-7,463

Balances with group companies and related parties

Other short-term receivables		2021	2020
Grieg Star OH Pool AS	Group company		
Grieg Shipowning AS *)	Group company	12,165	9,475
Sum		12,165	9,475

The short-term receivables to Grieg Shipowning AS in 2021 is in total related to the Shipowning cash pool.

Other current liabilities		2021	2020
Grieg Shipowning AS	Group company	812	795
Grieg International II AS	Group company	78	5,486
Grieg Shipping III AS	Group company	67	
Grieg Star OH Pool AS	Group company	1,003	810
Grieg Star AS	Group company	580	357
Grieg Maritime Group AS	Group company	363	
Grieg Shipholding AS	Group company	550	989
Grieg Shipbrokers Val.	Related	2	
Grieg Investor AS	Related	6	5
Sum		3,461	8,442

Other long-term liabilities		2021	2020
Grieg Shipholding AS	Group company	18,638	23,138
Grieg Shipowning AS	Group company	190,151	147,220
Sum		208,788	170,357



Grieg Shipping II AS
Notes to the financial statement for 2021

Note 8 Share capital and shareholders information

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

The share capital consists of 39 286 598 shares with nominal value of NOK 1 each.

Shareholders at 31.12	Number of shares	Ownership
Grieg Shipowning AS	39,286,598	100%
Total shares	39,286,598	100%

Note 9 Taxes

Figures in USD 1 000

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

	2021	2020
Tax expense consists of:		
Tax payable on taxable income	0	0
Change in deferred tax	0	0
Tax expense	0	0
Tonnage tax (booked as operating cost)	276	257
Deferred tax:		
Revaluation account	0	-156
Temporary differences on taxable securities	640	1,336
Financial losses brought forward	-20,906	-21,609
Basis for deferred tax/deferred tax asset	-20,267	-20,429
Deferred tax/deferred tax asset (22%)	-4,459	-4,494
Deferred tax benefit not shown in the balance sheet	4,459	4,254
Deferred tax benefit in the balance sheet	0	-240
Deferred tax benefit is not recognised in the balance sheet due to uncertainties related to future utilisation of financial losses brought forward.		
Tax payable in the balance sheet:		
Taxable financial income	0	0
Tonnage tax	276	257
Tax payable in the balance sheet	276	257

Note 10 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.

Auditor's fee	2021	2020
Statutory audit (incl. technical assistance with financial statements)	17	16
Tax advisory fee (incl. technical assistance with tax return)	1	1
Other non-audit services		
Total fees to auditor, excl VAT	18	17



Grieg Shipping II AS
Notes to the financial statement for 2021

Note 11 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 31.12.21 the company held interest rate swap agreements of USD 83m. Total unrealised MTM value for the swaps, not recognised in the balance sheet, at 31.12.21 was USD - 1.6m.

The company hedges, from time to time, expenditures in currencies other than USD through forward contracts. At 31.12.21 the company had entered into hedging through the use of currency swaps for USD 3.0m. Total unrealised MTM value, not recognized in the balance sheet, at 31.12.21, was USD -0.06m.

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 31.12.21, the company had not entered into any Forward Freight Agreements (FFA).

Note 12 Operating lease agreements

The company has the following long term operating lease agreements related to chartering of vessels:

	Number of vessels	Average duration
Bareboat	6	8.5 years
Charterhire	1	2.2 years

The annual lease commitment is USD 13.6m for bareboat and USD 4.0m for charterhire.

Note 13 Events after the balance sheet day

No material events that affect the financial position have taken place after the balance sheet date. However, the invasion of Ukraine and subsequent sanctions towards Russia is likely to affect the operations. While there could be some positive effects on earnings, the costs of operating due to price increases as well as coping with cyber risk and sanctions risks are expected to increase. As a Norwegian shipping business, and being member of the Norwegian Shipowners' Association, the company has access to a strong and qualified network coordinating and advising on several of these issues.