



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 991 258 965
Organisasjonsform: Aksjeselskap
Foretaksnavn: GRIEG SHIPHOLDING AS
Forretningsadresse: C. Sundts gate 17
5004 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

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

Grunnlag for avgivelse

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

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Brønnøysundregistrene, 22.05.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		6 025 000	5 815 000
Sum inntekter		6 025 000	5 815 000
Kostnader			
Lønnskostnad	14.15	2 993 000	3 087 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	4.5	52 000	117 000
Annen driftskostnad	16	4 343 000	4 427 000
Sum kostnader		7 388 000	7 631 000
Driftsresultat		-1 363 000	-1 816 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		500 000	
Renteinntekt fra foretak i samme konsern	11	1 595 000	2 126 000
Annen renteinntekt		270 000	232 000
Annen finansinntekt		62 000	657 000
Sum finansinntekter		2 427 000	3 015 000
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi			198 000
Nedskrivning av finansielle eiendeler		98 299 000	3 620 000
Rentekostnad til foretak i samme konsern	11	774 000	1 089 000
Annen rentekostnad		3 000	14 000
Annen finanskostnad		5 000	1 036 000
Sum finanskostnader		99 081 000	5 957 000
Netto finans		-96 654 000	-2 942 000
Ordinært resultat før skattekostnad		-98 017 000	-4 758 000
Skattekostnad på ordinært resultat		-234 000	-187 000
Ordinært resultat etter skattekostnad		-97 783 000	-4 571 000
Årsresultat		-97 783 000	-4 571 000



Resultatregnskap

Beløp i: USD	Note	2020	2019
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-97 783 000	-4 571 000
Sum overføringer og disponeringer		-97 783 000	-4 571 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	13	1 019 000	785 000
Sum immaterielle eiendeler		1 019 000	785 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5	518 000	518 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	5	26 000	75 000
Sum varige driftsmidler		544 000	593 000
Finansielle anleggsmidler			
Investering i datterselskap	6	217 294 000	308 722 000
Lån til foretak i samme konsern	11	33 857 000	45 857 000
Investeringer i aksjer og andeler	7	25 817 000	30 222 000
Andre fordringer	9.11	4 742 000	5 775 000
Sum finansielle anleggsmidler		281 710 000	390 576 000
Sum anleggsmidler		283 273 000	391 954 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		237 000	1 325 000
Konsernfordringer	11	16 523 000	14 771 000
Sum fordringer		16 760 000	16 096 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		2 836 000	21 461 000
Sum bankinnskudd, kontanter og lignende		2 836 000	21 461 000
Sum omløpsmidler		19 596 000	37 557 000
SUM EIENDELER		302 869 000	429 511 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	2.12	15 899 000	15 899 000
Annen innskutt egenkapital		215 210 000	215 210 000
Sum innskutt egenkapital		231 109 000	231 109 000
Opptjent egenkapital			
Annen egenkapital		35 968 000	137 897 000
Sum opptjent egenkapital		35 968 000	137 897 000
Sum egenkapital		267 077 000	369 006 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	15	794 000	630 000
Sum avsetninger for forpliktelser		794 000	630 000
Annen langsiktig gjeld			
Langsiktig konserngjeld	11	18 708 000	18 342 000
Ansvarlig lånekapital	10	819 000	1 125 000
Sum annen langsiktig gjeld		19 527 000	19 467 000
Sum langsiktig gjeld		20 321 000	20 097 000
Kortsiktig gjeld			
Leverandørgjeld		55 000	318 000
Skyldige offentlige avgifter		505 000	257 000
Utbytte	2	3 516 000	3 756 000
Kortsiktig konserngjeld	11	10 128 000	34 669 000
Annen kortsiktig gjeld		1 267 000	1 408 000
Sum kortsiktig gjeld		15 471 000	40 408 000
Sum gjeld		35 792 000	60 505 000
SUM EGENKAPITAL OG GJELD		302 869 000	429 511 000



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		159 118 000	160 156 000
Annen inntekt		1 294 000	10 118 000
Sum inntekter		160 412 000	170 274 000
Kostnader			
Vessel operating expenses		67 724 000	67 618 000
TC and BB-hire	19	38 122 000	32 875 000
Lønnskostnad	14.15	6 514 000	9 111 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	4.5	40 416 000	40 380 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	4.5	88 660 000	
Annen driftskostnad	16	4 984 000	6 862 000
Sum kostnader		246 420 000	156 846 000
Driftsresultat		-86 008 000	13 428 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	11	46 000	
Annen renteinntekt		330 000	985 000
Annen finansinntekt		1 095 000	1 538 000
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi			855 000
Sum finansinntekter		1 471 000	3 378 000
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	8	305 000	
Annen rentekostnad	9	19 710 000	22 400 000
Annen finanskostnad		724 000	1 702 000
Sum finanskostnader		20 739 000	24 102 000
Netto finans		-19 268 000	-20 724 000
Ordinært resultat før skattekostnad		-105 276 000	-7 296 000
Skattekostnad på ordinært resultat		-12 000	676 000
Ordinært resultat etter skattekostnad		-105 264 000	-7 972 000



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
Result from operation held for sale		4 000	
Årsresultat		-105 260 000	-7 972 000



Konsernets balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	13	2 481 000	2 645 000
Goodwill			2 929 000
Sum immaterielle eiendeler		2 481 000	5 574 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5	518 000	518 000
Skip, rigger, fly og lignende	5	595 820 000	717 156 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	5	42 000	108 000
Sum varige driftsmidler		596 380 000	717 782 000
Finansielle anleggsmidler			
Investeringer i aksjer og andeler	7	5 263 000	5 975 000
Andre fordringer		7 909 000	9 209 000
Sum finansielle anleggsmidler		13 172 000	15 184 000
Sum anleggsmidler		612 033 000	738 540 000
Omløpsmidler			
Varer			
Varer		2 307 000	3 470 000
Sum varer		2 307 000	3 470 000
Fordringer			
Andre fordringer		9 913 000	12 883 000
Konsernfordringer	11	5 398 000	79 000
Sum fordringer		15 311 000	12 962 000
Investeringer			
Andre markedsbaserte finansielle instrumenter	8	13 967 000	26 759 000
Sum investeringer		13 967 000	26 759 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		29 434 000	24 938 000



Konsernets balanse

Beløp i: USD	Note	2020	2019
Sum bankinnskudd, kontanter og lignende		29 434 000	24 938 000
Sum omløpsmidler		61 019 000	68 129 000
SUM EIENDELER		673 052 000	806 669 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

100 000 aksjer a NOK 100	2.12	15 899 000	24 621 000
Annen innskutt egenkapital		215 210 000	337 397 000
Sum innskutt egenkapital		231 109 000	362 018 000

Opptjent egenkapital

Annen egenkapital		41 983 000	19 830 000
Sum opptjent egenkapital		41 983 000	19 830 000

Sum egenkapital

273 092 000 **381 848 000**

Gjeld

Langsiktig gjeld

Pensjonsforpliktelser	15	4 497 000	4 198 000
Sum avsetninger for forpliktelser		4 497 000	4 198 000

Annen langsiktig gjeld

Gjeld til kredittinstitusjoner	10	318 758 000	338 205 000
Øvrig langsiktig gjeld	10	58 703 000	62 757 000
Sum annen langsiktig gjeld		377 461 000	400 962 000

Sum langsiktig gjeld

381 958 000 **405 160 000**

Kortsiktig gjeld

Leverandørgjeld		970 000	2 360 000
Betalbar skatt	13	409 000	429 000
Skyldige offentlige avgifter		1 103 000	985 000
Utbytte	2	3 516 000	3 756 000
Kortsiktig konserngjeld	11	454 000	27 000



Konsernets balanse

Beløp i: USD	Note	2020	2019
Annen kortsiktig gjeld		11 550 000	12 104 000
Sum kortsiktig gjeld		18 002 000	19 661 000
Sum gjeld		399 960 000	424 821 000
SUM EGENKAPITAL OG GJELD		673 052 000	806 669 000



DIRECTORS' REPORT 2020 GRIEG SHIPHOLDING AS – CONSOLIDATED

THE BUSINESS

With its group of companies, Grieg Shipholding builds on more than 135 years of marine experience as part of the Grieg Group conglomerate. Through Grieg Shipowning and Grieg Star, the Company develops world-class ship owning and ship management operations. All the Group's vessels trade in G2 Ocean, the world largest open hatch shipping company, controlled jointly with Gearbulk. The Group focus on long-term competence development both onboard and ashore, not only in-house but also through partnerships. As per year end 2020, the Company has offices in the Philippines and Oslo, with headquarters in Bergen.

Areas of operation

Owner of the commercial operator G2 Ocean

In 2017, Grieg and Gearbulk combined their two organisations' commercial expertise, establishing G2 Ocean. Today, the joint venture is the largest deep-sea breakbulk carrier globally, with a fleet of about 125 vessels, trading in one open hatch and one dry bulk pool. With 15 locations worldwide, G2 Ocean serves 32 trade routes on six continents and makes over thousands of port calls in more than 60 countries each year. Offering sustainable shipping solutions is at the heart of its operations when delivering efficient, flexible, reliable, innovative, and high-quality services to customers worldwide. The commodities transported, mainly under Contracts of Affreightments, are wood pulp and other forest products, aluminium, steels, granite, and industrial minerals as well as project cargo like windmills and other non-unitised cargos.

Owner and manager of specialised open hatch and conventional dry bulk vessels

At year-end 2020, the Group controlled a fleet of 31 (30) open hatch vessels with an average age of 14 (13) years. The specialised ships, equipped with gantry or swing cranes and box-shaped holds, are constructed to offer a versatile transportation concept delivering superior cargo care through advanced handling and loading operations. At the core of the business is managing and developing the fleet, providing an efficient commercial operations toolbox. Using an extensive range of systems and digitalised tools, highly skilled and experienced employees ensure that the ships are at their very best and the operations according to all stakeholders' requirements. Grieg Star, the Group's internal ISO 9001 DNV certified ship management organisation, is primarily in charge of managing the open hatch ships. At the same time, the conventional dry bulk vessels have external ship managers. The dry bulk activity consisted at year-end 2020 of six (six) geared supramax/ultramax vessels, owned by GriegMaas, a 50/50 joint venture with Maas Capital, and four (three) modern ultramax vessels chartered in long term. The bulkers have an average age of 5 (4) years and are operated in the spot and period market by G2 Ocean.



Grieg Maritime as new shareholder of Grieg Shipholding, Grieg Green and Grieg Edge
At the end of 2020, Grieg Shipholding sold also its shares in Grieg Green, one of the world's largest providers of services associated with environmentally sound recycling of vessels and offshore rigs as well as Inventory of Hazardous Materials ("IHM"). The shares in the newly established subsidiary Grieg Edge, having a mandate to identify and develop new green business opportunities within the maritime segment, was distributed to Grieg Maritime Group as dividend. Both activities were sold to Grieg Maritime Group, which also have become Grieg Shipholding AS' new 100% shareholder. The result from activities that were sold are accounted for in the annual accounts as result from operations held for sale

ANNUAL ACCOUNTS

The rapid spread of Covid-19 cases and its devastating effects on human lives and livelihoods will forever define 2020. While the pandemic's impact has been very uneven across industries, evidence shows that businesses' individual fates are not necessarily preordained by the industry they are in, but rather how the Company takes steps early to improve its resiliency. Grieg Maritime Group and Grieg Shipholding have used 2020 to restructure its operations to transform the business for future growth in a digitalised and decarbonised world. Simultaneously, one has worked to ensure sufficient liquidity for the Company to withstand the pandemic's adverse effects.

Although the annual result is impacted by the pandemic, with a lower financial result than foreseen at the outset of 2020, there were many bright spots and new learnings throughout the year which brought the Group forward. . These achievements were delivered by a dedicated and motivated organisation, while simultaneously managing the day-to-day business, with record low injury rates and no-one infected by the Coronavirus onboard or ashore.

Earnings, operations and result

Grieg Shipholding Consolidated revenues consist mainly of freight income, which is accounted for as time charter hire for its fleet of vessels. Despite all the challenges of Covid-19, the Group almost maintained its total revenues from the previous year, with 2020 revenues reaching USD 160.4m vs. USD 170.3m in 2019. The main reason for the reduced number compared to 2019 is due to that Grieg Green is being accounted for as an operation held for sale. Whilst an increase in the number of vessel trading days is part of the explanation open hatch earnings turned out far better than feared at the outset of the pandemic. With China being an important market, its lockdown was severely felt in the first quarter. Earnings improved, however, throughout the year as the world adjusted to the new normal and the Group kept its vessels operate safe. The Group was also greatly helped by new digital tools. G2 Ocean executing their covid-19 action plan was also valuable support for the improved earnings.

Total operating costs before depreciations and write-downs increased to USD 117.3m in 2020 (USD 116.5m) due to a higher activity level in both open hatch and dry bulk. Being the single largest cost item in the Group, the vessels' operating expenses were unchanged at USD 67.7m (USD 67.6m), despite more vessel operating days in 2020. Included in this amount was almost USD 3m in additional costs related to Covid-19, such as increased crew travel costs and accommodation and other safety measures such as hardship allowance for personnel staying extra time onboard. On a positive note, there was less need for dry-docking provisions as fewer open hatch vessels were due for a special survey in 2020. Time charter costs increased in 2020 to USD 38.1m (USD 32.9m), mainly as the Company chartered in new vessels as part of a process of changing the composition of the



bulk TC fleet into a younger and more competitively priced long-term fleet. Payroll and administration costs decreased in 2020 to USD 11.5m (USD 16.0m), which is partly explained by a favourable currency effects, but also due to the accounting treatment of activities held for sale.

Based on reduced revenues which did not fully reflect the higher activity level, given Corona market effects, coupled with higher operating expenses, the Group's EBITDA decreased in 2020 to USD 43.1m (USD 53.8m).

Group depreciation charges were unchanged in 2020, at USD 40.4m (USD 40.4m). As part of the annual close, an impairment testing of the open hatch fleet was carried out using the discounted cash flow method. The impairment testing resulted in a write-down of USD 83.3m of the fleet's book value, including a write-down of goodwill, to achieve better harmonisation with the fleet's fair market value. The Group has also written down the book value for the 50% owned bulker with USD 5.4m. Although the write-down reduces the equity ratio to 41% (47%), it has no real material impact on the Group's financial strength, solidity, operations, or partners' interests. With this, Grieg Shipholding consolidated operating profit decreased to minus USD 86.0m in 2020 vs USD 13.4m in 2019.

Net financial items were minus USD 19.3m in 2020 (USD -20.7m). The positive development was mainly a result of lower interest expenses which decreased to USD 19.7m (USD 22.4m) based on debt repayments but also due to a positive effect of a lower Libor rate.

In total, Grieg Star's result before tax in 2020 was minus USD 105.3m versus minus USD 7.3m in 2019. The after-tax result is minus USD 105.3m for 2020 (USD -8.0m) as well as the total profit for the year including result from operations held for sale.

Balance sheet, financial situation and cash flow

Based on net cash flows from operations of USD 26.6m (USD 36.2m), cash flow from investments of USD 5.1m (USD 27.6m) and a net cash flow of minus USD 27.3m (minus USD 48.7m) from financing activities, net change in liquid funds in 2020 was USD 4.5m (USD 15.1m).

Long-term interest-bearing debt year-end 2020 was USD 377.5m (USD 401.0m). The Group refinanced some of the credit facilities financing the open hatch fleet in late 2020, which increased its liquidity buffer. This was done at the same main terms and conditions as usual for Grieg's shipping operations. While open hatch managed through Covid-19 without any need of financial assistance, with its financial covenants met at all times, the bulkers gained from being granted some flexibility in its debt repayments.

Group book equity was USD 273.1m at year-end 2020 (USD 381.8m). By the end of 2020, Grieg Shipholding consolidated had total assets of USD 673.1m (USD 806.7m). The reduction is mainly related to fixed assets, which were reduced from USD 738.5m in 2019 to USD 612.0m in 2020. Current assets accounted for USD 61.0m (USD 68.1m) at year-end 2020, where liquid funds constituted USD 43.4m (USD 51.7m).¹

¹ Grieg Shipholding AS' company accounts for 2020 shows a result after tax of minus USD 97.8m (minus USD 4.6m) of which USD 98.3m is write down of share in subsidiaries. Total assets year end 2020 is USD 302.9m (USD 429.5m). Its 88% equity ratio reflects that the Company's main assets are shares in subsidiaries.



WORKING ENVIRONMENT AND OCCUPATIONAL HEALTH

The Board considers conditions related to the working environment and health to be good. The workforce is stable, and absence rates and the number of injuries are low. The Group has carefully followed governmental advice throughout the pandemic, being swift to set up its employees with home offices, which still is the normal working practice for shore personnel. During the pandemic period, the management has worked to ensure that its leaders have regular team meetings with their employees. The administration has also set up recurring and short network training sessions with an external coach and a working environment survey. The management's focus has been on communicating with the leaders and collaborating with the employee representatives to improve the overall working environment.

The total number of employees in Grieg Shipholding consolidated was reduced by year-end 2020 to 710 employees (829), primarily as the Group outsourced ship management for 13 out of 36 vessels. This affected both the shipping organisation onshore in the Philippines and Norway and, not least, sailing personnel. At the end of 2020, 640 (720) were at sea, and 70 (109) were shore-based, of which 45 (59) in Norway and 25 (50) abroad. The reduction on shore is also influenced by the discontinuing of Grieg Green and Grieg Edge as group companies.

Health, environment and safety

The Group maintains an overview of sick leave per laws and regulations. In 2020, the registered sick leave for the global onshore organisation was 1.0% (1.6%). Sick leave for the Norwegian based employees went from 2.7% down to 1.4%, and from 0.4% to 0.3% in the offices abroad. There were no cases of onshore employees infected by the Coronavirus. Many where, however, from time to time in quarantine as part of precautionary measures, but they could still work from home.

Records also showed no (0) injuries onshore in 2020. Besides medical follow-ups, the Group encourages and facilitates participation in physical activities for its personnel to stay fit. Input from employee surveys and appraisal dialogues serve as one of many inputs to management. In 2020, this resulted in, amongst others, increased internal communications as Town Hall Meetings on Teams and online physical training.

As in the six previous years, there were no fatal accidents at sea in 2020. The positive Lost Time Injury (LTIF) and Total Recordable Cases (TRCF) trend in 2019 continued throughout 2020. In 2020 there were no (3) serious injuries that led to repatriation in Grieg Star's managed fleet, while 8 (5) persons were sent home because of illness. They had only report of one lost-time injury where the crew could not work the next day. The injury statistic in 2020 is historic low, with an LTIF of 0.21 (0.87) and a TRCF of 2.14 (5.5).

Focus on pro-active safety of managing the Group's vessels have had a high focus in 2020, and several necessary improvements have been made to support this task. Examples of this are restructuring the categorisation for pro-active reporting in the Safety Management System and introducing Pro-Active Safety Dashboards, enabling monitoring of status and acting on potential situations before escalation. Any report of conditions or incidents with high negative potential has been subject to investigation for learning, improvement and experience sharing. Finally, monthly Safety Focus reports from the HSEQ department on Injuries and Inspections with all reports containing tutorial with examples on good pro-active reporting routines have been valuable.



With the Covid-19 pandemic starting already in January, ship management has put much effort into implementing effective barriers to protect the seafarers against the Coronavirus. Robust procedures were made both for pro-active measures but also for contingency situations in case of disease onboard. During 2020 there was not a single incident of Covid-19 outbreak onboard any Grieg Shipholding controlled vessels. Unfortunately, several seafarers were infected, either in the Philippines or during travel, but the robust crew change routines prevented them from bringing the virus onboard. There are no reports of any of these crew members taking seriously ill.

To Grieg, innovation is the key to sustainability. This is why the Group is involved in several research initiatives as it may result in more sustainable ways to build and operate ships in the future. Part of this is also to develop the company culture into embrace thinking differently, based on a belief that it is the human capital that will make businesses sustainable in the future. To achieve this, investment in competence development and diversity has been crucial. The Group has established Grieg Star Academy, with, amongst others, training for innovation with a course called "Dare Disrupt" and "The next step of Microsoft 365".

Equal opportunities

Grieg Shipholding does not accept discrimination in any form. The business operations are to be conducted based on principles of equality and respect. At year-end 2020, the land-based workforce reflected a gender distribution of 54% (47%) women and 46% (53%) men. 42% (33%) of the onshore management positions is held by females, and 38% (40%) within the top management team are women. Grieg Star trains female cadets for officer positions on its vessels. In 2020, 18 (14) out of the 640 (720) seafarers were women, with one (1) holding a senior management position.

Partly as inspiration from participating in the SHE Index, the Group endorsed a gender equity policy in late 2019. In 2020 principles were set out to ensure that the Group maintains a gender equity-based approach to its operations. This will be communicated internally and externally vs partners and suppliers.

EXTERNAL ENVIRONMENT

Grieg Shipholding envisions a future with no harmful emissions to air, sea, and land. The path to this is long, but, as a responsible business, the Group is committed to walking the talk. Shipping, transporting about 90% of world trade, is statistically the least environmentally damaging mode of transport when taking productivity into the equation. Still, emissions of greenhouse gases (GHG) from shipping constitutes about 2.5% of global emissions. In 2018, the IMO's Marine Environment Protection Committee (MEPC) adopted a new strategy to reduce GHG emissions from ships. Their vision is to reduce total annual GHG emissions by at least 50% by 2050, compared to 2008. The IMO targets align with the Group's environmental strategy and long-term goals towards 2030, aiming to be compliant or exceed any regulations before their due dates.

Four vessels had ballast water treatment plants installed during the year, which increases the number of completed installations to 11 ships so far. This project will be completed for all ships by the end of 2023, while the entire fleet has obtained their IHM. After implementing measures to eliminate single-use plastic on board, a 30% reduction of plastic disposal was also achieved in 2020.

Grieg Shipholding's participation in ongoing R&D programs is part of meeting its environmental ambitions. An example of this is the SFI Smart Maritime project, enabling the Norwegian maritime



cluster to be world-leading in 2025 in environmentally friendly shipping. The project has eight years duration, with expected completion in 2023. Exploration of new technologies and digitalisation is encouraged, as it enables better insight and more efficient operations. Several applications and initiatives were launched in 2020, as the Rayven contingency reporting tool, a process for remote dockings and the "red team" project together with G2 Ocean and Gearbulk, resulting in a significant reduction of fuel oil use.

SUSTAINABILITY

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

The Group has for several years worked with the UN's Sustainable Development Goals. Particularly high on the agenda are the seven SDGs targeted as material to the Group's business activities as: "4. Quality Education", "5. Gender Equality", "9. Industry, Innovation and Infrastructure", "14. Life Below Water" and "15. Life on Land". For reporting on progress for 2020, the Group has continued to apply the Norwegian Shipowners Association guidelines on sustainability reporting, aiming to show relevant and consistent reporting over time.

RISK AND COMPLIANCE

Risk management is vital to protect people, the environment and the business' assets. Managing risk is also essential for value creation and an integrated part of the Group's governing model. Grieg Shipholding's key risks relate to its operational activities, market and financial risk, compliance and regulatory framework, as well as security, cyber and climate risks. Strategy, policy development and risk-mitigating, all play vital roles in managing and reducing these risks.

During 2020, a sharp focus has been to be prepared to handle various Covid-19 related challenges. Several rounds of risk assessments were carried out throughout the year, resulting in multiple measures.

In respect of operational risk, adhering to the requirements of being ISO 14401 compliant for both ship management and green services is a prerequisite. An Emergency Preparedness Team convenes whenever an incident occurs. The team carry out drills regularly to ensure that the organisation is fit for its purpose. Carrying out safe crew changes has been a top priority in 2020 and avoiding unwanted contact when loading and discharging the vessels around the world.

The Group's financial and market risk are mainly composed of risks related to development in freight rates, ship values, currencies, and interest rates. Several of these risks are strongly correlated to macro-economic development. The open hatch fleet's earnings are, to a large extent, linked to long term cargo contracts. 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. The dry bulk activity is exposed to spot market movements.



Changing equity prices and interest rates affect the Group's financial investments and loans. The financial portfolio is managed under a long-term strategy reflecting the Group's business principles and risk capacity to ensure that Group can withstand market fluctuations. There are policies to reduce interest rate risk related to the fleet's funding arrangements and currency exposure. Continued focus on cost reduction by lowering financial gearing continues to pay-off as the vessels' cash-break-even level was reduced further in 2020. However, with the pandemic taking its toll on earnings, liquidity risk is still high on the Board's attention list.

Grieg Shipholding assumes counterparty risk in several areas of its business. Issues related to credit risk as well as sanctions regulations are part of the daily business. The Maritime Anti-Corruption Network (MACN) membership is one tool to fight and report corruption and facilitation payments actively.

Identifying, understanding, and acting to reduce the Group's security risks, particularly cyber threats, has been in focus also in 2020. The Group's IT department exposed all employees to a phishing attempt exercise, which gave valuable learning. Going forward, strong attention will be given to climate transition risk, where assessing and defining a decarbonisation roadmap for the Group's vessels will be central.

THE MARKET AND OUTLOOK

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

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

Regarding open hatch, the negative impact on global trade was less severe in 2020 than initially thought. Some key commodities like market pulp and paper & board fared well, whereas others like soda ash and steel suffered. Going forward, the overall outlook for world market pulp demand looks solid and is expected to continue with stable growth in seaborne volumes, primarily from the Americas to Asia. With increased project cargo volumes, the vessels' commercial manager G2 Ocean remains optimistic about current and next years' performance. Therefore, Grieg Maritime Group expects improved earnings in its core business in 2021 and beyond.

A PART OF THE GRIEG GROUP

Grieg Shipholding is part of the Grieg Group, established in 1884. The Grieg Group is family-owned, where the Grieg family owns 75% and the Grieg Foundation 25%. The Grieg Group focuses on three core business areas: Shipping and logistics, seafood and investments. Structured as a family-owned business, together with strong company culture and dedicated employees, gives the Grieg Group the



ability to view their business from a long-term perspective and be responsive to changes in the business environment. Through the benevolent Grieg Foundation, the Grieg Group contributes substantial amounts to a wide range of activities, creating economic and social values.

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 Group's financial position and expectations of future earnings. The Board believes that the submitted annual accounts give a correct picture of the results, cash flows and economic situation. No events that affect Grieg Shipholding's financial position have taken place after the balance sheet date.

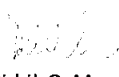
The Board would like to thank all employees for their extra ordinary efforts during a very challenging year. The true value of the business is dependent on the world class performance of its people at land and sea. The Board is particularly impressed with the velocity, positivity and curiosity shown right across the organisation, in finding and working in new and quite often digital ways. Their tremendous efforts have ensured that Grieg Maritime Group is well positioned to take advantage of the market upturn experienced at the start of 2021 and remained safe and secure during the darkest moments of 2020.

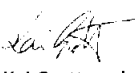
Bergen, 18 March 2021


The Board of Directors of
Grieg Shipholding AS



Rune Birkeland
Board Member


Camilla Grieg
Chair


Didrik O. Munch
Board Member


Kai Grøtterud
Board Member


Elisabeth Grieg
Board member


Sirine Fodstad
Board member


Matthew Robert Cagienard Duke
CEO



GRIEG SHIPHOLDING AS			GRIEG SHIPHOLDING GROUP CONSOLIDATED		
(figures in usd 1000)			(figures in usd 1000)		
2020	2019	Note	2020	2019	
			INCOME STATEMENT		
			Revenues		
			Operating revenue	159,118	160,156
6,025	5,815		Other income	1,294	10,118
<u>6,025</u>	<u>5,815</u>		Total revenues	160,412	170,274
			Operating expenses		
-	-		Vessel operating expenses	67,724	67,618
-	-		Terminal costs	-	-
-	-	19	TC and BB-hire	38,122	32,875
2,993	3,087	14, 15	Payroll and social security expenses	6,514	9,111
4,344	4,428	16	Other operating expenses	4,985	6,862
52	117	4, 5	Depreciation	40,416	40,380
-	-	4, 5	Write-downs	88,660	-
<u>7,388</u>	<u>7,631</u>		Total operating expenses	246,420	156,846
<u>-1,363</u>	<u>-1,816</u>		Operating profit	-86,008	13,428
			Financial items		
270	232		Interest income	330	985
1,595	2,126	11	Interest income group	46	-
	54		Other financial income	298	-
-3	-14	9	Interest expenses	-19,710	-22,400
-774	-1,089	11	Interest expenses group	-	-
500			Dividend from subsidiaries	-	-
-98,299	-3,620		Writedown shares in subsidiaries	-	-
-4			Other financial expenses	-56	-815
			Result on investment in associated company	-667	468
-	-198	8	Change in value of financial investments	-305	855
-	603	8	Realized return on market-based fin. Investm.	588	1,070
62	-1,036		Gain/loss on foreign exchange	209	-887
<u>-96,654</u>	<u>-2,942</u>		Net financial items	-19,268	-20,724
<u>-98,017</u>	<u>-4,758</u>		Profit before tax	-105,276	-7,297
234	187	13	Tax	12	-675
<u>-97,783</u>	<u>-4,571</u>		Profit for the year	-105,264	-7,972
			Result from operation held for sale	4	
			Total profit for the year	-105,260	-7,972
4,146			Proposed dividend		
			Group contribution		
-101,929	-4,571		To or (from) other equity		
<u>-97,783</u>	<u>-4,571</u>				



GRIEG SHIPHOLDING AS

(figures in usd 1 000)

2020	2019	Note
-	-	4
-	-	4
1,019	785	13
1,019	785	
26	75	5
518	518	5
-	-	5
543	593	
217,294	308,722	6
25,817	30,222	7
33,857	45,857	11
4,200	5,250	11
541	525	9
281,710	390,576	
283,272	391,954	
16,523	14,771	11
0	7	11
-	-	
237	1,317	
16,760	16,096	
-	-	8
2,836	21,462	17
19,597	37,557	
302,869	429,511	

GRIEG SHIPHOLDING GROUP CONSOLIDATED

(figures in usd 1 000)

BALANCE SHEET

ASSETS

FIXED ASSETS

Intangible fixed assets

Contracts	-	1,991
Goodwill	0	939
Deferred tax asset	2,481	2,645
Total intangible assets	2,481	5,574

Tangible assets

Fixtures and fittings, other equipment	42	108
Other property	518	518
Vessels	595,820	717,156
Total fixed tangible assets	596,380	717,781

Fixed financial assets

Investments in subsidiaries	-	-
Investments in shares	5,263	5,975
Long term receivables group companies		
Long term receivables associated	4,200	5,250
Long term receivables	3,709	3,959
Total fixed financial assets	13,172	15,184

Total fixed assets

612,033 **738,540**

CURRENT ASSETS

Accounts receivable

Receivables from group companies	5,398	79
Receivables from associated companies	1,464	633
Inventory	2,307	3,470
Other receivables	8,449	12,250
Total receivables	17,617	16,434

Market-based investments

13,967 26,759

Bank deposits, cash in hand, etc

29,435 24,937

Total current assets

61,019 **68,130**

TOTAL ASSETS

673,052 **806,669**



GRIEG SHIPHOLDING AS

(figures in usd 1 000)

2020	2019
15,899	15,899
<u>215,210</u>	<u>215,210</u>
<u>231,109</u>	<u>231,109</u>
35,968	137,897
<u>35,968</u>	<u>137,897</u>
267,077	369,006
794	630
-	-
<u>794</u>	<u>630</u>
-	-
819	1,125
<u>18,708</u>	<u>18,342</u>
<u>19,527</u>	<u>19,467</u>
10,128	34,669
	335
55	318
505	257
3,516	3,756
	-
1,268	1,075
<u>15,471</u>	<u>40,408</u>
35,792	60,505
<u>302,869</u>	<u>429,511</u>

GRIEG SHIPHOLDING GROUP CONSOLIDATED

BALANCE SHEET

(figures in usd 1 000)

	2020	2019
EQUITY AND LIABILITIES		
EQUITY		
Paid-in capital		
2.12 Share capital (100 000 shares à NOK 100)	15,899	24,621
Other paid-in capital	<u>215,210</u>	<u>337,397</u>
Total paid-in capital	<u>231,109</u>	<u>362,018</u>
Retained earnings		
Other equity	<u>41,983</u>	<u>19,830</u>
2 Total retained earnings	<u>41,983</u>	<u>19,830</u>
Total equity	<u>273,092</u>	<u>381,848</u>
LIABILITIES		
Provisions		
15 Pension liabilities	4,497	4,198
Deferred tax		
Total provisions	<u>4,497</u>	<u>4,198</u>
Long-term liabilities		
10 Liabilities to financial institutions	318,758	338,205
10 Other long-term liabilities	58,703	62,757
11 Liability to group companies	-	-
Total long-term liabilities	<u>377,461</u>	<u>400,962</u>
Current liabilities		
11 Liabilities to group companies	454	27
11 Liabilities to associated companies	1,217	552
Accounts payable	970	2,360
Public duties payable	1,103	985
2 Dividend	3,516	3,756
13 Taxes payable	409	429
Other short-term liabilities	<u>10,334</u>	<u>11,552</u>
Total current liabilities	<u>18,003</u>	<u>19,661</u>
Total liabilities	<u>399,960</u>	<u>424,820</u>
TOTAL EQUITY AND LIABILITIES	<u>673,052</u>	<u>806,669</u>

Bergen, 18th of March 2021
The Board of Directors Grieg Shipholding Group AS

Camilla Grieg
Chair

Elisabeth Grieg
Board member

Didrik O. Munch
Board member

Rune Birkeland
Board member

Silje Fodstad
Board member

Kai Grøtterud
Board member

Matthew R. C. Duke
CEO



		Cash flow statement Grieg Shipholding Group			
Consolidated			Parent		
2020	2019	Cash flow from operations	2020	2019	
-105 261	-7 747	Profit before income taxes*	-98 017	-4 758	
-	-	Unpaid tonnage tax classified as operating expenses	-	-	
-429	-484	Taxes paid in the period	-	-	
-	-1 037	Gain/loss from sale of market based investments and subsidiaries	-	-405	
45 909	48 592	Depreciation incl docking	52	117	
299	-450	Pension costs without cash effect	-142	-440	
-	-468	Share of (profit)/loss from associates	-	-	
-	-3 302	Gain/loss from sale of fixed assets	-	-	
-	-	Writedown shares in subsidiaries	98 299	3 620	
88 660	-	Impairment of fixed assets	-	-	
1 163	243	Change in inventory	-	-	
-1 390	-2 340	Change in trade creditors	-263	601	
-5 100	18 413	Change in group debtors	-1 745	4 164	
1 091	-13 434	Change in group creditors	-24 875	-8 602	
3 039	-247	Change in public debt and other short term debt	441	-164	
-1 365	-1 561	Change in other provisions	1 483	4 914	
26 616	36 179	Net cash flow from operations	-24 768	-952	
		Cash flow from investments			
-	80 277	Proceeds from sale of fixed assets	-	-	
-10 632	-68 882	Purchase of fixed assets	-2	-18	
12 248	16 175	Proceeds from sale of market based investments	-	10 533	
-75	-10	Purchase of market based investments	-	-	
498	-	Net change related to companies held for sale	-	-	
-	-	Proceeds sale of subsidiaries	-	5 317	
3 100	-	Shares in subsidiaries and associated company	-3 115	-20 294	
5 139	27 560	Net cash flow from investments	-3 117	-4 462	
		Cash flow from financing			
-	71 253	Proceeds from long term loans	-	-	
-23 501	-116 123	Repayment of long term loans	-	-	
-	-	Proceeds from long-term Group loans	30 109	4 701	
-3 756	-3 798	Payment of dividend	-3 756	-3 798	
-27 257	-48 668	Net cash flow from financing	26 353	903	
4 498	15 070	Net change in cash and cash equivalents	-1 532	-4 511	
24 937	9 867	Cash and cash equivalents at the beginning of the period	4 908	9 419	
29 435	24 937	Cash and cash equivalents at the end of the period	3 377	4 908	
		Cash and cash equivalents at the end of the period consists of:			
		Bank deposits	3 377	4 908	
29 435	24 937	Bank deposits cash pool agreement within the Grieg Star Group	-	-	

*Included companies held for sale



Grieg Shipholding Group cons
Notes to the financial statements 2020

Note 1 Accounting principles

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

Subsidiaries

On December 30th 2020, Grieg Maritime Group AS, a newly established company in the Grieg Group, acquired all shares in Grieg Shipholding AS (previously Grieg Star Group AS), Grieg Green AS and Grieg Edge AS.

Subsidiaries are posted in the company accounts applying the cost method. The investment is stated at historical cost of the shares unless a write-down has been necessary. The investment is written down to fair value when the reduced value is due to causes which are not deemed to be temporary. Write-downs are reversed when the grounds for the write-down no longer exist.

Dividends and other distributions are recognised in the year in which they are provided for in the accounts of the subsidiary. If the dividend exceeds the profit after the acquisition, the surplus amount represents repayment of the capital investment and the distributions are deducted from the amount of the investment in the balance sheet.

Investment in joint ventures and associated companies

Investments in associated companies are stated according to the cost method in the company accounts and according to the equity method in the group accounts. Investments in 50/50% joint ventures are stated according to the gross method.

Operating revenues

Operating revenues are entered as income at the time of delivery. The time of delivery is understood to mean the time of transfer of risk and control related to the delivery.

Classification and valuation of balance sheet items

Current assets and current liabilities relate to items which mature within one year from the date of purchase. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of historical cost and fair value. Current liabilities are carried at nominal value at the date of issue. Fixed assets are valued at historical cost, but are written down to recoverable amount in the event of impairment which is not deemed to be temporary.

Long-term liabilities are carried at the nominal amount at the establishment date.

Intangible assets

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

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 Group's open hatch vessels are sailing in a pool, which are market and operated by G2 Ocean AS.

The bulk activities, with chartered and owned vessels controlled by respectively Grieg Star Bulk AS and Grieg Maas AS is marketed and operated by G2O Ocean in a supramax/ultramax pool.

Having the vessels sailing in a pool means that the operational use of the vessels, including optimization 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 open hatch fleet and the bulk fleet are therefore considered to be the respective cash-earnings of other vessels in the pool. The open hatch fleet and the bulk fleet are therefore considered to be the respective cash-generating units.

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.

Improvements are capitalised and depreciated in pace with the asset involved. Docking costs are capitalised and depreciated over the period to the next scheduled dry-docking. Depreciation of the docking is classified as an operating expense.

Grieg Shiphold Group notkonsern 2020



Grieg Shipholding Group cons
Notes to the financial statements 2020

The recoverable amount of an asset is measured whenever there is an indication that an asset may be impaired, written-down and the asset is stated at the lower of the recoverable amount and the cost price less any write-down. The write-down is reversed when the grounds for the write-down no longer exist.

Stocks of inventories

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

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.

Short-term investments

Short-term investments in shares and mutual funds are regarded as part of the financial trading portfolio and are stated at fair value at year-end. Dividends received and other distributions are entered as income under other financial income.

Foreign currency

Consolidated accounts are reported in USD. Financial statements denominated in other currency than USD are recalculated against USD at the average exchange rates and the balance sheet at the exchange rate at year end. Monetary items denominated in foreign currency are valued at the year-end exchange rate against USD. Exchange rate per 31.12.2020 is NOK/USD: 8.5326. Currency gain or loss from operation and monetary items in foreign currencies are posted at the exchange rate of the relevant date of balance. Transactions in foreign currencies are restated at the foreign transaction rate.

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 occur.

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 question and is included in interest expenses for the period.

Unrealised gain/loss on the hedging contracts is not posted on the balance sheet.

Freight risk hedging

Forward Freight Agreements (FFA) are recognised and classified in the same way as the related operating income. The freight received/paid under the contract is therefore recognised in the same period as the hedged transactions occur.

Unrealised gain/loss on the FFA contracts is not posted on the balance sheet.

Pensions

The Group's main pension scheme is a defined contribution plan. Moreover, the Group has continued some defined benefit plans.

For the defined benefits plans, pension costs and pension commitments are calculated on a straight line earnings profile basis, based on assumptions related to the discount rate, future salary regulation, pensions and benefits under the National Insurance scheme, the future return on pension fund assets and actuarial assumptions about mortality, voluntary withdrawals etc. Pension fund assets are recognised at fair value and deducted from net pension commitments in the balance sheet. Changes in commitments due to changes in pension plans are spread over the expected remaining period of service. The same applies to estimated deviations and changed circumstances in so far as they exceed 10% of the larger of the pension commitment and the pension fund assets (corridor). In the balance sheet, the schemes are treated separately with pension fund assets booked as financial assets and pension commitments as a financial liability. Pension commitments in the balance sheet include Employers' National Insurance contributions.

For the defined contribution plans, the Group makes contributions to an insurance company. The Group has no further payment obligations once the contributions have been paid. Contributions are charged as payroll expenses. Any prepaid deposits are recorded as an asset in the balance sheet to the extent that the deposits can be offset against future payments.

Grieg Shiphold Group notertiseren 2020



Grieg Shipholding Group cons
Notes to the financial statements 2020

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 operating cost.

Taxes

The tax charge in the profit and loss account includes taxes payable for the period and changes in deferred tax. Deferred tax is calculated at 22% (with effect from January 1st 2019) based on the temporary differences that exist between accounting and tax values, and taking account of the tax loss carried forward at the end of the financial year. Tax enhancing and tax reducing temporary differences which are reversed or can be reversed in the same period have been set off. The net deferred tax advantage is posted in the balance sheet where it is expected that this can be utilized. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and losses carried forward, is based on estimates of future of earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Grieg Shipping III AS, Grieg Shipping II AS, Grieg International II AS, GriegMaas AS, GriegMaas Supramax AS and GriegMaas Ultramax AS are shipowning companies which are taxed under the Norwegian tonnage tax system pursuant to chapter 8 of the Taxation Act. The European Surveillance Authority has approved the Norwegian tonnage tax regime for a new 10 year period from January 1st 2018, with some adjustments.

Estimates

When preparing the annual accounts in accordance with good accounting practice, the 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.

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 no major exchange rate risk be converted into a known amount and maturing less than three months from the transaction date.

Group account cash pool agreement

As per 31.12.20 the Group account cash pool agreement with Grieg Shipholding AS as a Group Account Holder, has been divided into two cash pool agreements. Grieg Shipholding AS is the Group Account Holder for one of the agreements, and Grieg Grieg Shipowning AS for the other agreement. While this setup was established in the bank on January 8th, the agreement to divide into two cash pools was entered into December 20th, and as such deemed to be effective by year end 2020.

In Grieg Shipholding AS' cash pool, Grieg Star AS, Grieg Star 2017 AS, Grieg Star Bulk and Grieg Star Bulk Pool AS are included. In Grieg Shipowning AS' cash pool, Grieg Shipping II AS, Grieg International II AS, Grieg Shipping III AS and Grieg Star OH Pool AS are included.

Under these agreements, 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 balance in the balance sheet statement of respectively Grieg Shipholding AS and Grieg Shipowning AS, as Group Account Holders. Participating companies' share of aggregated cash balance are recognised as intercompany balances in each participating company's balance sheet.

Grieg Shiphold Group notet teksten 2020



Grieg Shipholding Group cons
Notes to the financial statements 2020

Consolidation

The consolidated accounts include the subsidiaries specified below and show the parent company and subsidiaries as a single enterprise. Shares in subsidiaries are eliminated using the purchase method. Shares in subsidiaries are set off in an amount corresponding to the book value of equity attributable to the shares at the date of purchase. Any difference arising on elimination is assigned to specific assets. Excess values that cannot be assigned to specific assets are posted as goodwill and amortised over the expected lifetime. Intra-group transactions and balances are eliminated. Conversion of subsidiaries with a currency other than USD is for items in the balance sheet recalculated at the exchange rate at year end. Profit & loss is recalculated at the average exchange rate in 2020. Substantial items, if any are recalculated to the exchange rate on the day the transaction is accomplished. Conversion differences related to exchange rates are posted against the equity.

COMPANY	REGISTERED OFFICE	OWNERSHIP
Grieg Shipholding AS - shipping holding company	Bergen	100 %
Grieg Shipowning AS - shipowning holding company,	Bergen	100 %
Grieg Star AS - ship management company	Bergen	100 %
Grieg Star 2017 AS - administration company	Bergen	100 %
Grieg Star Bulk AS - shipowning company	Bergen	100 %
Grieg Star Bulk Pool AS - pool company	Bergen	100 %
Grieg Star OH Pool AS - pool company	Bergen	100 %
Grieg Maas AS - shipowning holding company	Bergen	50 %
Grieg Shipowning is a group which comprises the following companies:		
Grieg Shipping II AS - shipowning company, tonnage taxed	Bergen	100 %
Grieg International II AS - shipowning company, tonnage taxed	Oslo	100 %
Grieg Shipping III AS - shipowning company, tonnage taxed	Bergen	100 %
GriegMaas is a group which comprises the following companies:		
GriegMaas Supramax AS - shipowning company, tonnage taxed	Bergen	50 %
GriegMaas Ultramax AS - shipowning company, tonnage taxed	Bergen	50 %

Grieg Shiphold Group notert koncern 2020



Grieg Shipholding Group cons
Notes to the financial statements 2020

Note 2 Result from discontinued operations

At 30.12.20 the shares in Grieg Green AS and Grieg Edge AS were transferred to Grieg Maritime Group AS, as dividend and sale transaction.

The result from these companies in the period 01.01-30.12 are therefore presented as "result from operations held for sale".

The results from their operations are presented net as "result from operations held for sale" in the income statement.

	2020
Operating revenue	
Other income	7 346
Total operating income	7 346
Operating expenses	
Payroll and social security expenses	2 815
Other operating expenses	4 309
Depreciation	28
Total operating expenses	7 152
Operating profit	194
Financial items	
Interest income	4
Interest expenses	0
Gain/loss on foreign exchange	15
Net financial items	19
Profit before tax	194
Tax	193
Profit for the year	1

Note 3 Equity

PARENT COMPANY

Figures in USD 1 000

Changes in equity	Share capital	Other paid-up equity	Other equity	Total
Equity at 01.01	15 899	215 210	137 897	369 006
Profit for the year			-97 783	-97 783
Provision for dividends			-4 146	-4 146
Other changes				0
Equity at 31.12	15 899	215 210	35 968	267 077

GROUP

Figures in USD 1 000

Changes in equity	Share capital	Other paid-up equity	Other equity	Total
Equity at 01.01	24 621	337 397	19 829	381 848
Profit for the year			-105 261	-105 261
Provision for dividends			-3 516	-3 516
Other changes			21	21
Equity at 31.12	24 621	337 397	-88 927	273 092

Grieg Shiphold Group notert konsern 2020



Grieg Shipholding Group cons
Notes to the financial statements 2020

Note 4 Intangible assets

GROUP

Figures in USD 1 000

Intangible assets	Goodwill	Contracts	Total
Acquisition costs at 01.01	7 791	17 529	25 319
Additions		0	0
Disposals	0	0	0
Acquisition cost at 31.12	7 791	17 529	25 319
Accumulated depreciation at 31.12	7 242	16 462	23 704
Accumulated write-downs	549	1 068	1 617
Book value at 31.12	0	0	0
Depreciation	389	923	1 312
Depreciation period	20 years	20 years	
Depreciation plan	Straight-line	Straight-line	

The goodwill is related to the purchase of Grieg International II AS and is depreciated over the expected useful life of the company's vessels. Contracts above represent excess values related to the vessels' contracts of affreightment through the participation in the G2 Ocean pool. At year-end 2020 the remaining goodwill and contract value were written off as part of an impairment assessment of the Group's open hatch vessels.

Note 5 Fixed assets

GROUP

Figures in USD 1 000

	Vessels	Docking	New buildings	Total
Acquisition cost at 01.01	1 231 990	47 008		1 278 998
Additions	6 922	5 320		12 242
Reclassification		0		0
Disposals		5 662		5 662
Acquisition cost at 31.12	1 238 912	46 666		1 285 578
Accumulated depreciation at 31.12	576 522	26 380		602 902
Accumulated write-downs	86 858			86 858
Book value at 31.12 *)	575 532	20 286		595 820
Share of financial lease:				63 751
Depreciation charge for the year	38 965	7 756		46 721
Impairment loss	86 858	0		86 858
Depreciation plan	Straight-line	Straight-line	None	
Depreciation period	25-30 years	5 years		

Grieg Shipholding Group notert konsern 2020



Grieg Shipping Group cons.
Notes to the financial statements 2020

	Other property	Machinery, vehicles etc.	Total
Acquisition cost at 01.01	518	1 419	1 937
Additions	0		0
Disposals	0	38	38
Acquisition cost at 31.12	518	1 381	1 899
Accumulated depreciation at 31.12	0	1 339	1 339
Book value at 31.12	518	42	560
Depreciation charge for the year	0	68	68
Depreciation plan	None	Straight-line	
Depreciation period		3-10 years	

Note 6 Subsidiaries

PARENT

Figures in USD 1 000

Subsidiary	Denomi- nated in	Registered office	Ownership / voting rights	Equity 2020 (100%)	Result 2020(100%)	Book value (100%)
Grieg Shipping II AS	USD	Bergen	100 %	147 395	-57 170	
Grieg International II AS	USD	Oslo	100 %	64 801	-29 267	
Grieg Shipping III AS	USD	Bergen	100 %	6 078	432	
Grieg Shipowning AS *	USD	Bergen	100 %	213 206	-85 498	212 484
Grieg Star OH Pool AS	USD	Bergen	100 %	8	-2	11
Grieg Star AS	USD	Bergen	100 %	488	215	711
Grieg Star 2017 AS	USD	Bergen	100 %	11 005	997	1 221
Grieg Star Bulk AS	USD	Bergen	100 %	2 856	-5 392	2 856
Grieg Star Bulk Pool AS	USD	Bergen	100 %	11	-0	12
Book value at 31.12						217 295

* Grieg Shipowning AS owns 100% of Grieg Shipping II, Grieg International II AS and Grieg Shipping III AS
USD 85.7 m of the result is write-down of the shares in Grieg Shipping II AS and Grieg International II AS.



Grieg Shipholding Group cons
Notes to the financial statements 2020

Note 7 Investments in shares

GROUP

Figures in USD 1 000

	Registered office	Ownership	Book value
Incentra (co-operative)	Oslo	2.7%	2
Grieg Philippines Inc.	Makati City	25 %	51
Star Blue Holding Inc	Makati City	25 %	10
Grieg Star Philippines Inc.	Makati City	100 %	200
UACC Ross Tanker DIS	Oslo	3 %	183
G2 Ocean Holding AS (joint venture)	Bergen	35 %	4 817
Book value at 31.12			5 266

Incentra is a non-profit maritime purchasing organisation, which seeks to ensure that the participants have the best possible suppliers of spare parts and consumer goods. Framework agreements have been made with various suppliers on behalf of the organisation.

Grieg Philippines Inc. has been the Group's manning agent in the Philippines since 2009.

UACC Ross Tanker DIS is a part-owned company owned by Grieg Shipholding AS and Grieg Shipowning AS, in total 3%.

Grieg Maas AS, (owned 50% by Grieg Shipholding AS) owns 100% of GriegMaas Supramax AS and Grieg Maas Ultramax AS.

G2 Ocean Holding AS is the holding company of G2 Ocean AS, marketing and operating the Group's vessels in one open hatch pool and one dry bulk pool.

Note 8 Market-based investments

GROUP

Figures in USD 1 000

	Acquisition cost	Market value	Acquisition cost	Market value
	2020	2020	2019	2019
Mutual funds			1 387	1 586
Bonds	5 441	6 471	8 444	9 337
Money market funds	7 162	7 495	15 258	15 836
Book value at 31.12	12 603	13 966	25 089	26 759

	Realised	2020 Unrealised	Total profit/loss
Mutual funds	-67	198	131
Bonds	328	140	468
Money market funds	328	-202	126
Profit/loss from market-based investments	588	136	724

	Realised	2019 Unrealised	Total profit/loss
Mutual funds	289	18	307
Bonds	476	729	1 205
Money market funds	304	106	410
Profit/loss from market-based investments	1 070	855	1 922

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Grieg Shipholding Group cons
Notes to the financial statements 2020

Note 9 Receivables maturing later than one year

GROUP		
Figures in USD 1 000		
	2020	2019
Other loans	72	68
Deposit on office rent	541	525
Total	613	593
<hr/>		
Other long term receivables	3 096	3 365
Total	3 096	3 365

Note 10 Interest-bearing debt

GROUP
Figures in USD 1 000

Mortgage loans

As of 31.12.20, the Group has 10 mortgage loans. All loans are denominated in USD.

Loan covenants

Covenants common to all mortgage loans is that the Group must continue to be controlled by the Grieg family, Grieg Shipowning on a consolidated basis must maintain a minimum of USD M25 / 5% of total interest bearing debt in liquidity and a book equity ratio >25%.

Grieg Shipowning AS is providing guarantees in the amount of USD 20.2m per 31.12.2020 for Grieg International II AS vessels, USD 60.7m for the Grieg Shipping II AS vessels, USD 8.8 for the Grieg Shipping III AS vessel and USD 46.7m for the GriegMaas Ultramax AS vessels. Grieg Shipping II AS and Grieg International II AS is providing guarantees in the amount of USD 198.4 m for Grieg Shipowning AS. The companies have been in compliance with the covenants throughout the year.

	2020	2019
Mortgage loans (1st priority)	318 758	338 205
Total	318 758	338 205
<hr/>		
Of which long-term debt with maturity later than 5 years	2020	2019
Debt to credit institutions	0	0
Total	0	0
<hr/>		
Balance value of mortgaged assets	2020	2019
Vessels	526 998	621 004
New building contracts (booked as receivables)	0	0
Total	526 998	621 004
<hr/>		
Other long term debt	2020	2019
Financial leasing	57 572	61 197
Other long term debt	1 131	1 559
Total other long term debt	58 703	62 757

Grieg Shiphold Group notkonsern 2020



Grieg Shipholding Group cons
Notes to the financial statements 2020

Note 11 Related parties		
PARENT COMPANY		
Figures in USD 1 000		
Other receivables	2020	2019
Grieg Green AS	253	263
Grieg Edge AS	1214	0
Grieg Shipbrokers Serv. KS	7	29
Grieg Star AS	457	12
Grieg Kapital AS	1	4
Grieg Investor AS	8	35
Grieg Maturitas II AS	1	5
Grieg Strat. Services AS		5
Grieg Star Bulk AS		94
Grieg Shipping II AS	989	2277
Grieg International II AS	366	
Grieg Shipping III AS	4	
Grieg Shipowning AS	313	
Grieg Maas AS	703	250
Grieg Star 2017 AS	12 207	11 796
Total	16 523	14 771
Short term receivables associated companies	2020	2019
Fram Marine		7
Total	0	7
Long term receivables group companies	2020	2019
Grieg Shipping II AS	23 138	23 138
Grieg International II AS	8 000	12 600
Grieg Shipowning AS	2 720	10 120
Total	33 857	45 857
Long term receivables associated companies	2020	2019
G2 Ocean AS	4 200	5 250
Total	4 200	5 250
Other current liabilities	2020	2019
Grieg Group Resources AS	3	7
Grieg Star Bulk AS	2 219	7 472
Grieg Star AS	1 116	1 175
Grieg Shipowning AS		3 000
Grieg Shipping II AS		157
Grieg Shipping III AS		1 193
Grieg International II AS		15 427
Grieg Star 2017 AS	6 790	6 237
Total	10 128	34 668
Current liabilities to associated companies	2020	2019
G2 Ocean AS		335
Total	0	335
Long term liabilities	2020	2019
Grieg Star 2017 AS	18 708	18 342
Total	18 708	18 342

Grieg Shiphold Group regnskapsåret 2020



Grieg Shipholding Group cons.
Notes to the financial statements 2020

Transactions with related parties

Company	Type of services	2020	2019
Revenue			
Grieg Star 2017 AS	Management fee	32	61
Grieg Star Bulk AS	Management fee	211	237
	Interest income	14	0
Grieg Star AS	Management, rental and II fee	734	2 540
Grieg Green AS	Rental fee	137	108
Grieg Shipowning AS	Management fee	173	159
	Interest income	313	361
Grieg Shipping II AS	Management and II fee	1 957	1 457
	Interest income	905	1 121
Grieg Shipping III AS	Management and II fee	82	56
Grieg International II AS	Management and II fee	579	445
	Interest income	343	644
Grieg Edge AS	Management, rental and II fee	344	0
	Interest income	17	0
GriegMaas Supramax AS	Management fee	16	312
GriegMaas Ultramax AS	Management fee	17	6
GriegMaas AS	Interest income	3	0
G2 Ocean AS	Rental fee	6	33
Fram Manne AS	Rental	61	81
Grieg Kapital AS	Rental	45	63
Grieg Maturitas II AS	Management and rental fee	106	67
Grieg Shipbrokers KS	Rental	163	187
Grieg Strat. Services AS	Rental	35	45
Grieg Investor AS	Rental	221	255
Other group companies	Service fee	56	45
Total		6 568	8 284
Expenses			
Grieg Star 2017 AS	Interest expense	564	901
Grieg Star AS	Management fee		284

Grieg Shiphold Group notkonsern 2020



Grieg Shipholding Group cons.
Notes to the financial statements 2020

Grieg Star Bulk AS	Interest expense	210	188
Grieg Edge AS	Management fee	5	0
Grieg Maturitas II AS	Service fee	809	223
Grieg Investor AS	Service fee		69
Grieg Group Resources AS	Service and IT fee	125	244
GROUP			
Figures in USD 1 000			
		2020	2019
Other short-term receivables			
Joachim Grieg Star KS			
Grieg Shipbrokers Serv. KS		7	29
Grieg Maturitas II AS		1	5
Grieg Kapital AS		1	4
Grig Strat. Serv. AS			5
Grieg Green AS		3 816	
Grieg Edge AS		1 214	
Grieg Investor AS		8	35
Grieg Maas AS		352	0
Total		5 398	79
		2020	2019
Other short-term liabilities			
GriegMaas Supramax AS		142	0
GriegMaas Ultramax AS		301	0
Grieg Group Resources AS		3	12
Grieg Investor AS		8	15
Grieg Gaarden AS		0	1
Total		454	28
		2020	2019
Transactions with related parties- proforma			
Office services from Grieg Group Resources AS to the Group		304	367
Office and parking rental agreement between the Group and Grieg Gaarden AS		411	574
Commission agreement and compensation between the Group and Grieg Shipbrokers Val.		186	191
Commission agreement between the Group and Grieg Shipbrokers		28	96

Note 12 Share capital and shareholder information

PARENT COMPANY

The share capital consists of	Number of shares	Nominal value	Book value in USD 1 000
A shares	1 035 835	11,59	12009
B shares	334 688	11,59	3 880
Total	1 370 523		15 889

Shareholders at 31.12	No. of A shares	No. of B shares	Total	Ownership
Grieg Maritime Group AS	1 035 835	334 688	1 370 523	100 %

Grieg Shiphold Group notert 2020



Grieg Shipholding Group cons.
Notes to the financial statements 2020

Note 13 Taxes		
PARENT COMPANY		
Figures in USD 1 000		
Tax charge and tax payable in the accounts		
Temporary differences	2020	2019
Fixed assets	(134)	(135)
Early retirement	(819)	(1 125)
Pensions	(794)	(630)
Net temporary differences	(1 747)	(1 890)
Tax losses carried forward	(2 885)	(1 679)
Basis for deferred tax/(deferred tax assets)	(4 632)	(3 569)
Deferred tax/deferred tax assets	(1 019)	(785)
Deferred tax/(deferred tax assets) in the balance sheet	(1 019)	(785)
Basis for taxation, change in deferred tax and tax payable		
Profit before tax	285	(1 138)
Permanent differences	(1 348)	287
Basis of tax charge for the year	(1 063)	(852)
Change in temporary differences	(142)	(400)
Change tax losses carried forward	1 205	1 251
Basis for payable taxes in the income statement	-	-
+/- Group contribution received/given	-	-
Tax loss carried forward	-	-
Taxable income (basis for tax payable in the balance sheet)	-	-
Tax expense consists of		
Tax payable (22% of basis for tax payable in the profit and loss account)	-	-
Under provision of tax in previous year	-	-
Tax cost group contribution	-	-
Currency effects	-	-
Change in deferred tax	(234)	(187)
Change in deferred tax, due to change in tax rate	-	-
Tax charge / (tax income)	(234)	(187)
Reconciliation of the tax expense		
Result before taxes	285	-1 138
Calculated tax 22%	63	-250
Tax expense	-234	-187
Difference	-171	-438
The difference consist of:		
22% of permanent differences	-297	63
Change in deferred tax due to change in tax rate	0	-
Change in deferred tax due to change in tax rate	0	-
Other differences	126	-413
Sum explained differences	-171	-350
Tax payable in the balance sheet		
Tax payable (22% of basis for taxes payable in the profit and loss account)	-	-
Under/over provision for tax payable	-	-
Tax payable in the balance sheet	-	-

Grieg Shipholdt Group notert årsserem 2020



Grieg Shipholding Group cons
Notes to the financial statements 2020

GROUP

Figures in USD 1 000

	2020	2019
Tax expense consists of:		
Tax payable on taxable income	(11)	31
Change in deferred tax	(1)	644
Deferred tax benefit not shown in the balance sheet	-	-
Group contribution, tax effect	-	-
Adjustment with respect of prior years	-	-
Tax expense (income)	(12)	675
Tonnage tax (classified as an operating expense in the income statement):	384	397
Deferred tax:		
Long-term debt	-	-
Fixed assets	(177)	(176)
Shares in subsidiaries	(34)	(77)
Early retirement	(819)	(3 867)
Pension	(3 542)	(630)
Other temporary differences	5 870	1 723
Financial instruments and other short-term investments	556	(370)
Profit/loss account	466	565
Tax loss carry forwards	(73 405)	(44 502)
Basis for deferred tax/(deferred tax assets)	(71 085)	(47 334)
Deferred tax/(deferred tax assets)	(15 639)	(10 413)
Deferred tax assets not recognised in the balance sheet	13 158	7 772
Deferred tax/(deferred tax assets) recognised in the balance sheet	(2 481)	(2 641)
Tax payable consists of:		
Taxable financial income for companies under Chapter 8 of Taxation Act	116	141
Profit before tax subject to ordinary income tax	(83 786)	(1 306)
Permanent differences	84 269	5 353
Changes in differences included in the basis for deferred tax/deferred tax assets	109	(4 047)
Group contribution	(592)	-
Changes in deficit and remuneration brought forward	-	-
Basis of tax charge for the year	116	141
Current tax payable of net income	26	31
Adjustment with respect of prior years	-	-
Tonnage tax	384	397
Tax prepaid	-	-
Effect of Group contribution	-	-
Tax payable in the accounts	409	484

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

Grieg Shipholding Group notkonsern 2020



Grieg Shipholding Group cons.
Notes to the financial statements 2020

Note 14 Payroll expenses, number of employees, remuneration etc.

PARENT COMPANY

Figures in USD 1 000

Payroll expenses	2020	2019
Salary including bonus	1 858	1 794
Employers' national insurance contributions	36	46
Pension costs	299	109
Other remuneration	800	1 138
Total	2 993	3 087

Remuneration to management	CEO	Board
Salary	309	169
Pension costs	16	
Other remuneration	2	

No loans or loan security have been given to the CEO, the members of the board of directors or any related parties. No loans or loan security has been given which individually correspond to more than 5% of the company's equity.

GROUP

Figures in USD 1 000

Payroll expenses	2020	2019
Salary including bonus	4 692	5 906
Employer's national insurance contributions	547	726
Pension costs	710	509
Other remuneration	565	1 306
Total	6 514	8 447

The number of employees on shore at 31.12 70 109

The number of sailing personnel at 31.12 640 720

Salary costs related to sailing personnel (employed by Grieg Philippines and other manning companies) totalled USD 28.9m. The payroll expenses are recognised in the P&L as vessel operating expenses.

Reference is also made to note 2 for the companies Grieg Green AS and Grieg Edge AS.



Grieg Shipholding Group cons.
Notes to the financial statements 2020

Note 15 Pensions

PARENT COMPANY

Figures in USD 1 000

The company has a defined contribution pension scheme for its employees. Premiums are paid monthly to a life insurance company.

Contribution based pension scheme	2020	2019
Payments to the contribution based pension scheme	135	157

Grieg Shipholding Group AS has also a defined benefit scheme for certain employees with a salary above 12 G. Pension costs and commitments depend principally on length of service, salary at retirement and level of National Insurance benefits. This scheme covers one individual. There is also an early retirement scheme for this individual, ref note below for the Group.

Defined benefit pension scheme	2020	2019
Current service cost	5	6
Interest cost	48	58
Expected return on plan assets	-56	-67
Social security cost		0
Administrative expenses	18	19
Plan change through profit/loss	92	-38
Actuarial (gains) / losses	80	19
Net pension expenses	186	-4

Assumptions are the same as for the Group, see next page.

Figures in USD 1000	Funded	Unfunded	Total
Distribution by scheme at 31.12.20			
	<i>Committed pensions</i>	<i>Aged 65-67</i>	
Present value of obligations	2 164	381	2 544
Fair value of plan assets	-1 657	-	(1 657)
Surplus (deficit) of pension plans	507	381	887
Actuarial (gains)/losses not recognised	-120	(99)	(218)
Social security	71	54	125
Liability in the balance sheet	459	335	794

Figures in USD 1000	Funded	Unfunded	Total
Distribution by scheme at 31.12.19			
	<i>Committed pensions</i>	<i>Aged 65-67</i>	
Present value of obligations	1 951	236	2 186
Fair value of plan assets	-1 596	-	(1 596)
Surplus (deficit) of pension plans	354	236	590
Actuarial (gains)/losses not recognised	-31	(13)	(43)
Social security	50	33	83
Liability in the balance sheet	374	256	630

GROUP

Grieg Shipholding Group has both defined benefit and defined contribution pension schemes. The Group has also pension schemes for certain employees with salaries in excess of 12G. This pension gives the right to future defined benefits and the obligations are primarily dependent on years of service, salary at retirement and level of national insurance benefits. Pension costs and commitments depend principally on length of service, salary at retirement and level of National Insurance benefits. The scheme covers one individual.

Grieg Star 2017 AS and Grieg Shipholding AS have an early retirement scheme for employees who were in the main pension plan until the decision was made to close it. The early retirement scheme pays 70% of salary at the time reaching the age of

Grieg Shipholding Group notert konsern 2020



Grieg Shipholding Group cons
Notes to the financial statements 2020

65 until 67 years. This scheme is not funded but is financed through operations. Pension liabilities in the balance sheet related entirely to Grieg Star 2017 AS and Grieg Shipholdings AS. The pension scheme covered 63 people as at 31.12.2020, hereof 19 persons received pension in 2020.

All of the pension schemes comply with the Norwegian Accounting Standard for pension costs (NRS 6). When actuarial estimat differences exceed 10% of the higher of the calculated pension commitment, including Employers' National Insurance contributions and pension fund assets, the excess amount is amortised over the remaining pension eaming period.

	2020	2019
Defined benefit pension scheme		
Current service cost	5	6
Interest cost	249	321
Expected return on plan assets	(317)	(407)
Social security	(9)	(11)
Administrative expenses	72	77
Plan change through profit/loss	92	(38)
Actuarial (gains) / losses	80	19
Net pension expenses	172	(33)
	2020	2019
Contribution based pension scheme		
Payments to the contribution based pension scheme (Norway)	493	505
Pension abroad	-	-
Sum	493	505
Total pension cost	665	471

Economic assumptions:

	2020 Norway	2020 Canada	2019 Norway
Discount rate	1,70 %	2,10 %	2,30 %
Anticipated rise in salaries	2,25 %		2,25 %
Anticipated return on pension fund assets	2,70 %		3,80 %
Anticipated increase in National Insurance base rate	2,00 %		2,00 %
Anticipated rise in pensions paid	2,00 %		2,00 %

The actuarial assumptions for 2020 are based on assumptions generally applied within the insurance industry relating to demographic factors.

Figures in USD 1000	Canada Funded	Norway Funded	Norway Unfunded	Consolidated
Distribution by scheme at 31.12.20				
Present value of obligations	1 134	11 557	1 466	14 156
Fair value of plan assets	-188	(9 184)	-	(9 372)
Surplus (deficit) of pension plans	946	2 373	1 466	4 784
Actuarial (gains)/losses not recognised	0	(723)	(7)	(729)
Social security	0	334	107	442
Liability in the balance sheet	946	1 985	1 566	4 496

Grieg Shiphold Group notertjenesten 2020



Grieg Shipholding Group cons.
Notes to the financial statements 2020

Figures in USD 1000	Canada Funded	Norway Funded	Norway Unfunded	Consolidated
Distributed by scheme at 31.12.19				
Present value of obligations	1 092	11 171	1 169	13 432
Fair value of plan assets	-268	(9 511)	-	(9 779)
Surplus (deficit) of pension plans	824	1 660	1 169	3 653
Actuarial (gains)/losses not recognised	0	91	8	98
Social security	0	234	153	387
Liability in the balance sheet	824	1 985	1 330	4 139

Asset Allocation in Norway as of 30.09:	2020	2019
Shares	7,2 %	12,7 %
Bonds	51,2 %	44,9 %
Property	13,6 %	11,1 %
Money market	10,6 %	17,0 %
Other	17,4 %	14,3 %

Note 16 Auditor's fee

PARENT COMPANY

Figures in USD 1 000

Auditor's fee	2020	2019
Statutory audit	18	20
Tax advisory fee (incl. technical assistance)	10	17
Tax advisory fee (incl. technical ass. with tax return)	3	0
Other non-audit services	0	0
Total fee to auditor excl. v.a.t.	31	37

GROUP

Figures in USD 1 000

Auditor's fee	2020	2019
Group auditor	2020	2019
Statutory audit	98	113
Tax advisory fee (incl. technical assistance)	28	28
Tax advisory fee (incl. technical ass. with tax return)	25	17
Total fee to Group auditor excl. v.a.t.	0	151

Referene is also made to note 2 for Grieg Green AS and Grieg Edge AS.

Note 17 Restricted bank deposits

PARENT COMPANY

Figures in USD 1 000

Restricted deposits on the tax deduction account	251	143
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GROUP

Figures in USD 1000

Other restricted deposits	518	380
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Grieg Shiphold Group notkonsern 2020



Grieg Shipholding Group cons
Notes to the financial statements 2020

Note 18 Financial market risk

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

Interest rate risk

The Group's long term debt and some of its lease agreements are at floating interest rate terms, exposing the company to interest rate risk in both short and long term. The Group's strategy is to hedge parts of 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 31.12.20 the Group held interest swap agreements of USD 209.4m. Total unrealised MTM value, not recognised in the balance sheet, was USD 11m.

Foreign exchange risk

The company hedges expenditures in currencies other than USD forward contracts. At 31.12.20 the company had entered into hedging agreements through the use of currency swaps for USD 4.8m. Total unrealised MTM value, not recognised in the balance sheet at 31.12.20, was USD 1.5m.

Freight risk

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

Grieg Maritime Group was established at year end 2020, and the Group income statement complies profit and loss after the establishment. The Group income statement figures stated in this note refers to the illustrative proforma income statement figures as presented in note 2.

Note 19 Operating lease agreements

GROUP

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

	Number of vessels	Duration	Operating lease expense recognised in the year
Bare-boat hire	4	1 - 12 years	USD 11.1 m
Long-term time charter vessels	6	0 - 5 years	USD 27.1 m

Grieg Maritime Group was established at year end 2020, and the Group income statement complies profit and loss after the establishment. The Group income statement figures stated in this note refers to the illustrative proforma income statement figures as presented in note 2.

Note 20 Guarantee

GROUP

Grieg Shipholding AS has issued a performance guarantee for four of the TC vessels hired on long term duration 5.1 years by Grieg Star Bulk AS. The remaining lease debt as of 31.12.2020 is USD 85.7m.

Grieg Shiphold Group notkonsern 2020



Grieg Shipholding Group cons
Notes to the financial statements 2020

Note 21 Interests in joint ventures

Grieg shipholding AS and Gearbulk established a joint venture, G2 Ocean, 2 May 2017. The interest in the joint venture is accounted for using the equity method of accounting.

Reconciliation to carrying amounts:

<i>In USD 1000</i>	2020	2019
Opening net assets 1 January	5 486	8 816
Acquisition cost		
Share of profit	-667	468
Effect of change revenue recognition principal	0	-3 798
Carrying amount at 31 December	4 819	5 486

Summarised consolidated financial information 2020 joint ventures:

<i>In USD 1000</i>	Share of equity	Equity	Profit/loss
G2 Ocean Holding	35 %	17 181	-1 907

Grieg Shiphold Group notert 2020



To the General Meeting of Grieg Shipholding AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grieg Shipholding AS, which comprise:

- The financial statements of the parent company Grieg Shipholding AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Grieg Shipholding AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

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

Basis for Opinion

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

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



Independent Auditor's Report - Grieg Shipholding AS



Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(2)



Independent Auditor's Report - Grieg Shipholding AS



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Bergen, 18 March 2021
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant

(This document is signed electronically)

(3)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name
Haugervåg, Jon

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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