GRIEG MARITIME GROUP

Annual Report 2021

GRIEG MARITIME GROUP

Content

This is Grieg Maritime Group

FRONT PHOTO: CHIEF MATE RONALD A. BORBON
PHOTO THIS PAGE: CAPTAIN JONATHAN E. SISON

Matt Duke

CHIEF EXECUTIVE OFFICER

From our CEO

In this annual report we naturally focus on 2021. However, in writing this in March of 2022, we are deeply saddened to see war in Europe, with a shocking humanitarian crisis unfolding in Ukraine. We sincerely hope a peaceful solution will be found soon.

Whilst the conflict has not directly affected our business operations, we are clearly concerned about the effects of energy prices and the destabilisation of Europe from a broader perspective in 2022 and beyond. We continue to monitor this situation closely.

Casting our gaze back to 2021, it has been another eventful year. We have dedicated ourselves and our strategy to supporting the UN Sustainability Goals for some years now. We saw an opportunity to reshape our business and widen our scope through this sustainability-based strategy work.

2021 was the first full year since we renamed the company “Grieg Maritime Group”, and we have worked systematically to strengthen each of our business units.
To deliver on our strategy, we need to have the best talent. We have focused on strengthening our people and culture, following a pioneering “Sustainable Coworkership” program. In a world of rapid change, we need to make the right decisions and learn quickly from our mistakes. We believe that having a diverse culture that encourages debate and positively challenges the best solutions and business opportunities is better than a pure command-and-control structure.

2021 was a strong year with solid performance across the group. We saw a strengthening of our core Open Hatch market through our Joint Venture, G2 Ocean. We successfully reorganised Grieg Green to account for changing market conditions. Grieg Star provided world-class Ship Management services, bringing several vessels back under internal management.

Grieg Edge successfully signed multiple new business contracts and have been awarded green funding. Our Ship Owning team timed the exit of our conventional bulk investments to deliver profit. With excellent support from our corporate team & IT, we have modernised and digitalised several critical lines of business applications. We are making great strides towards being a truly data-driven business.

This performance is also reflected in our financial results. Grieg Maritime Group’s operating profit increased to USD 53.7m in 2021, with a profit after tax of USD 38.0m. This is our strongest performance for many years, and we use the opportunity to strengthen our foundations, providing a solid platform for future growth.

Despite a commendable performance, there remained plenty of unpredictability and surprises in 2021. We continue to face Covid related challenges on our ships and are grateful that the vast majority of the crew are now fully vaccinated. Crew changes remain expensive, complex and tiring for our loyal sailors. We face offhire situations in port operations and when waiting for Dry Docking.

The general availability and costs of spare parts push our OPEX upwards. At every step of the way, our team work hard to find the best possible and most effective solutions.

Typhoon Rai hit the Philippines at the tail end of the year and caused significant harm to people and their homes. Our employees and the business have provided direct support to the communities affected. A special fund has been utilised to provide extra support to our crew and their families.

In this background and continuing challenges from the pandemic, we thank the professional dedication of our employees, partners, board and owners.

Together, we have led Grieg Maritime Group back into profitability and provided an exciting opportunity for further delivering on our strategy in 2022: Build new sustainable business, ensure world-class operations, take a leading role in the maritime green shift, and implement clear ownership strategies.

Together, those four pillars support our end goal: To create maritime solutions for a better future.

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

A new setup for a new world

Entering 2021, Grieg Star Group ceased to exist to give way for Grieg Maritime Group. The change symbolises a widening of our horizon.

Through 2019 and 2020, Grieg Star Group has undergone a series of smaller and more significant changes. We changed our CEO and Chair of the board; we restructured the organisation; founded Grieg Edge; brought Grieg Green closer into the group. These shifts and adjustments were essential steps in delivering on our strategy.

STRONGER SUSTAINABILITY FOCUS

"At all times, we must ensure we safely deliver on customer expectations and remain competitive in all we do. The maritime sector is evolving, and new threats and opportunities have emerged. The industry must meet the emissions challenges related to climate change. In parallel, we must empower our team to select the right new technology and ways of working. In this backdrop of shifting tides, we also see new busi-

> Our organisation has strong foundations and is now streamlined, possessing the right mindset and structure to participate actively in this exciting future
>
> **MATT DUKE**, CEO

Strongest financial result in a decade

2021 did not only mark a new group set up through the establishing of Grieg Maritime Group as the spearhead for a sustainable business strategy, but the group also delivered its strongest financial result in a decade. "With the improved earnings from operations coupled with proceeds from sale of vessels and lower debt as well as favourable development in ship asset prices and value created in new green ventures, Grieg Maritime Group is financially ready to develop its business activities further", says Annicken Kildahl, CFO in Grieg Maritime Group.

ness opportunities and collaborations that can both improve our performance and develop new business segments," says our CEO, Matt Duke.

"The changes in 2019 and 2020 result from that shift in thinking. Our organisation has strong foundations and is now streamlined, possessing the right mindset and structure to participate actively in this exciting future," Duke adds.

STRATEGIC CHANGE

Our new teams and companies are all part of the broader strategy to use our competency where it matters the most. We have further honed our strategy in line with this change through the year. All the companies in the Grieg Maritime Group are committed to basing their work on these four pillars:

- Build new sustainable business
- Ensure world-class operations
- Take a leading role in the maritime green shift
- Implement clear ownership strategies

A vital part of this is ensuring our organisation is future-proof. We ran several courses for both the management group and the broader organisation throughout the year. The goal is to instil a culture of Sustainable Coworkership and personal and professional development.

THE NEW SET UP

For many years, "Grieg Star" has been the overlying brand for the group, even though Grieg Star AS is the ship management company. The group's name has formally been "Grieg Star Group". To avoid confusion regarding the group's different areas, the group adopted a new name and proudly retained the Star-branding for our ship management company.

Grieg Maritime Group consists of four building blocks:

- Grieg Green: Sustainability services, green recycling, IHM
- Grieg Edge: Maritime innovations and ventures with sustainability as a prerequisite
- Grieg Star: Ship management and owners representative for ships in external management as well as ship manning through Grieg Philippines
- Our ship owning activities, including:
  - Grieg Shipowning: ship ownership within the open hatch and conventional bulk segments, including Grieg Maas, a joint venture with Maas Capital
  - G2 Ocean: a joint venture with Gearbulk within open hatch and bulk shipping

Management team

Matt Duke
CHIEF EXECUTIVE OFFICER

Annicken G Kildahl
CHIEF FINANCE OFFICER

Hege Leirfall Ingebrigtsen
CHIEF HUMAN RESOURCES OFFICER

Vidar Lundberg
CHIEF BUSINESS DEVELOPMENT OFFICER

Kjerstin Hernes
MANAGER PORTFOLIO, STRATEGY AND INNOVATION

Nicolai Grieg
HEAD OF GRIEG EDGE

Atle Sommer
HEAD OF GRIEG STAR

Board of Directors

Camilla Grieg
CHAIR OF THE BOARD

Nada Ahmed
MEMBER OF THE BOARD

Elisabeth Grieg
MEMBER OF THE BOARD

Didrik Munch
MEMBER OF THE BOARD

Kai Grøtterud
MEMBER OF THE BOARD

Rune Birkeland
MEMBER OF THE BOARD

8 DECENT WORK AND ECONOMIC GROWTH

SUSTAINABLE COWORKERSHIP

DEVELOPING THE ORGANISATION

Sustainable coworkership

Our most important asset is our people. To make us even better parts of our team, we train to sustain a good coworkership.

Most management trainings focus on leadership rather than being a boss. Similarly, most companies want their employees to develop the business, not simply execute orders. Employees should actively participate in dialogue, give and receive feedback on their actions and achievement, share knowledge and ideas, ask for support, and listen to others.

SUSTAIN THE CHANGES

We want to ensure that our changes will persist and ideally build over time. We want them to be sustainable. So, we are talking about learning and developing ourselves and the team. It is about accepting that we are different and that diversity is good. And it is about working together to achieve our goals.

That has been the focus of the Sustainable Coworkership programme in Grieg Maritime Group, initiated in August 2021. Through the autumn and winter, every employee in our organisation took part in a ten-hour course to hone our coworker and team player skills. Building world-class operations are one of our strategic pillars, and this programme is vital to achieving that target.

DAY-TO-DAY DEVELOPMENT

The sessions covered teamwork, feedback, motivation, handling challenges, and leading yourself. Between sessions, we paired all employees with a colleague to discuss the issues one on one. Organisational development experts from Solid Utvikling (Solid development) developed the course in collaboration with Grieg Maritime Group.

“Even though we concluded the Sustainable Coworker course in January 2022, we will carry on the work throughout the coming months and years. Developing a solid coworker culture is a crucial part of our organisational development, necessary to meet the changing challenges of our business efficiently” says Hege Leirfall Ingebrigtsen, Grieg Maritime Group’s CHRO.

5 GENDER EQUALITY

17 PARTNERSHIPS FOR THE GOALS

GENDER EQUITY AND DIVERSITY

Our pledge: 40 by 30

Grieg Maritime Group will respond to Wista Norway's "40 by 30" campaign and work for gender equality by having 40% female managers within eight years.

40by30

Equity and diversity have been essential parts of our company policies for years. Of our shore employees, 48% are women. To mirror that, our top management has 43% women. Still, we have work to do to fulfil what we have promised: Of our total pool of managers, only 32% are women.

"WE CAN'T EXCLUDE HALF"

"We always want the best employees and the best teams, which means the right mix of qualifications and experience. We can't get that by excluding at least half of the talent pool," Grieg Maritime Group CEO Matt Duke says.

By signing the WISTA Norway '40 by 30" pledge, we have committed ourselves to:

1. Creating specific goals to increase diversity anchored by management
2. Ensuring that diversity goals are measured, regularly reviewed and published on our company's website
3. Striving towards 40% women in leading positions by 2030

Lower sick leave numbers during the pandemic

Onshore sick leave has dropped by half in the last two years compared to 2019. Increased social distancing and a general focus on hygiene have reduced the typical sick leaves due to winter colds and influenza. During the periods with mandatory home office, we imagine some of our employees have felt unsure if they are sick enough to warrant a sick day and instead chose to work rather than reporting their absence. This may become a challenge with increased use of home office, and is something our HR department focus on preventing.

THE SHE INDEX

The SHE index says something about gender equality in companies in Norway. For 2021 we got a score of 78 pts. While still being high, it is not as high as we want that score to be.

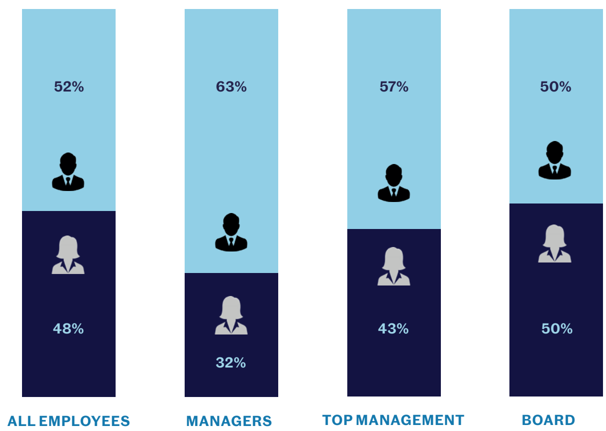
Last year, we saw that we hadn't included all our activities in our reporting. So we did that for 2021, noticing it reduced our score on several parameters. More minor organisational adjustments also resulted in a reduced score. This shows that we have not gotten to a point where we can trust that the way we operate will secure diversity and inclusion. We need to stay focused and sharp to be better.

SHEWORTHY - A NEW INITIATIVE

New statistics show that 1.2% of seafarers in international trade are women. Studies show that 90% of these work within services and hotels, primarily in the cruise industry. Only 10% are officers or ratings.

In Grieg Star, we seek to increase the number of female seafarers. Of our total pool of seafarers, 2.4% are women. Most of these are officers, giving us 6.8% women in operational level officer positions. Still, we feel these numbers are too low and actively recruit more female seafarers.

To prove seafaring can be a fantastic career and improve our attractiveness, we have established a forum for our female seafarers: SheWorthy. The Forum has held two meetings, giving our female colleagues space to discuss challenges and needs. They also give valuable input on, among others, improving the work-life balance of our seafarers, parental leave, and harassment handling.



SUNRISE AT SEA

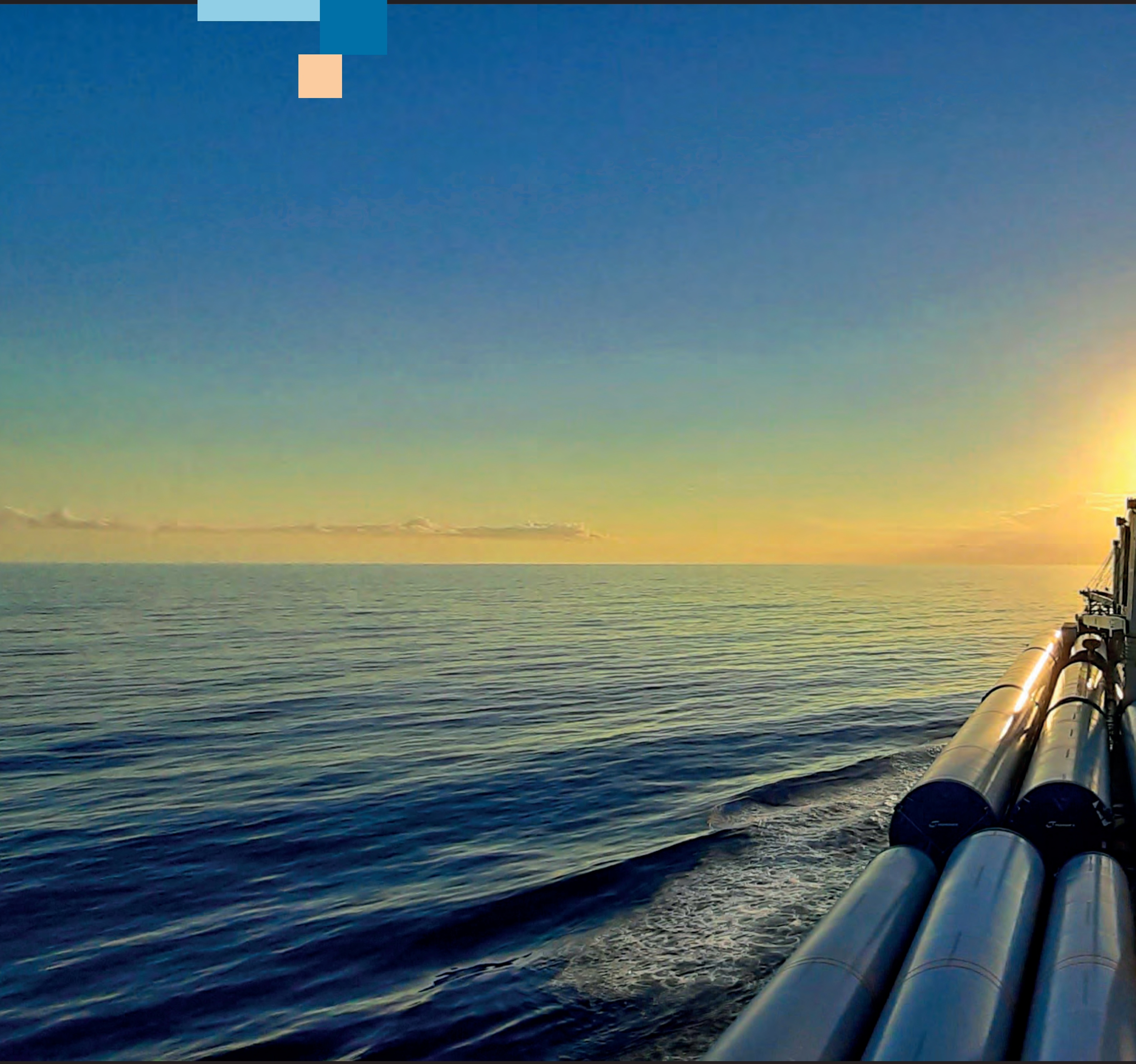


PHOTO: 3/O REANMER JEAN BALDOZA

VISION

Creating maritime solutions for a better future

OUR VALUES

Solid

We contribute to a stable economic foundation and thus ensure business continuity.

Proud

We contribute to the welfare of our society, nationally and internationally.

Open

We are honest, exchange ideas and seek to understand and learn from our colleagues.

Commited

We care about the job we do, work environment and the people around us.

OUR BUSINESS AREAS

- Ship owning
- Shipping
- Ship management
- Sustainability services
- Future Business

SEAFARERS MAINTAINING THE G2 OCEAN LOGO ON THE FUNNEL.

PHOTO: 30 J C TERUEL

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

KEEPING SAFE

3/O REANMER JEAN BALDOZA

Learning from incidents

We have had a tight focus on investigation and learning points after both near-miss situations and incidents in the last years. Our investigators dug deep to find what caused one of our vessels to have an oil spill to the sea in May 2021. The sulphur marine gas oil (LSMGO) spilt as the ship was in international waters in the Pacific Sea on its way from China to North America. The findings resulted in technical improvements on the actual vessel and fleet-wide changes to procedures.

Navigating a pandemic

Throughout 2021, the Covid-19 pandemic continued to challenge our people and ways of operating.

As the Covid-19 pandemic entered its second year, we knew what to expect. Our new policies, guidelines, and operating methods made us push through. Still, the toll on our crew and colleagues grew with every lock-down, rumour, and obstacle.

"The employees' well-being has been essential," says VP People and Performance Jannicke Steen.

"The pandemic challenged our crew's mental health," echos Senior Maritime HR Advisor Oddbjørn Lange.

COVID PROCEDURES AND POLICIES

Throughout 2020 and 2021, we managed to keep the Covid-19 infection away from the ships we manage. An essential factor in this was strict procedures, good guidelines, and a responsible crew. Our HSEQ-team and our Maritime HR-team implemented several of these as early as March 2020.

The procedures assured that all vessels had personal and collective protective equipment. Guidelines for correct use of personal protective equipment (PPE) and behaviour to mitigate the risk of infection were made available for the crew onboard and crew in Manila travelling on board. Strict procedures for PPE use and restrictions for external personnel coming on board the vessels have been in force throughout the pandemic.

85% FULLY VACCINATED

Our Manila team also implemented a strict quarantine regime for all planned crew changes. All our seafarers needed to stay in quarantine facilities for up to two weeks before and after their contracts. To ease the

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PHOTO: 30 JC TERUEL

TOTAL ENGINE OVERHAUL IN DRYDOCK

boredom and improve mental health, we conducted various campaigns to promote proper nutrition, physical activity, and prevent sickness and mental health issues.

Even if over 85% of our seafarers were fully vaccinated by the end of 2021, Omicron affects us. Vaccination has dramatically reduced the risk of seafarers getting seriously ill from Covid-19. Still, the commercial losses due to Covid-19 onboard ships continue to be severe, especially in Asian ports.

CREW CHANGE AND QUALITY

The pandemic continued to challenge our crew change operations as it did in 2020. Our rotation of top management did not go as planned, with Masters and Chief Engineers not always joining the vessel scheduled for. In periods, closed countries and unstable flight con-

85%	0	67%
Seafarers fully vaccinated	Covid infections onboard own ships	of all technical inspections handled "remote"

nections forced us to postpone crew changes, leading some of our crew to stay on board for up to 12 months.

Naturally, due to Covid-19 we experienced that online training replaced traditional face-to-face training. Still, we managed to do most of the planned and required training during the year. We developed further the Learning Management System (LMS) where we can conduct external and internal training and courses. LMS turned out to be a handy tool for training, and we will develop it further.

ONSHORE

The constant changing situation onshore made a work-from-home culture more ingrained in the organisation. With society opening up, the focus is on how to transition employees back to the office. We see that flexibility is important to the employees, and flexible work arrangements is now a part of our structure.

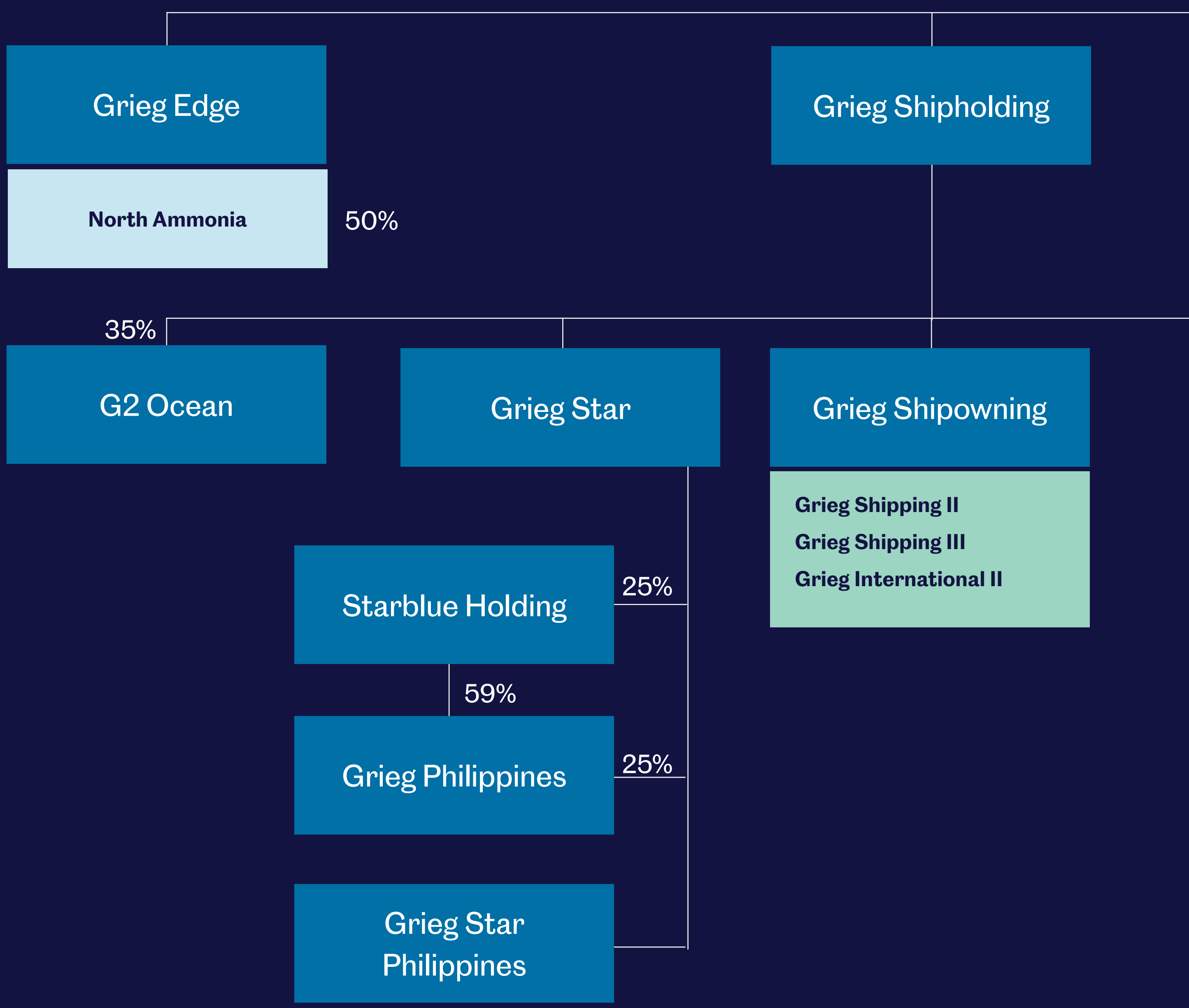
Many of our employees have worked from home for long periods. Some have even had to stay at home since the pandemic started. To ensure continued unity, we engaged our teams in various virtual activities: quizzes, presentations, workshops, online operational briefings, virtual celebrations, coffee breaks etc.

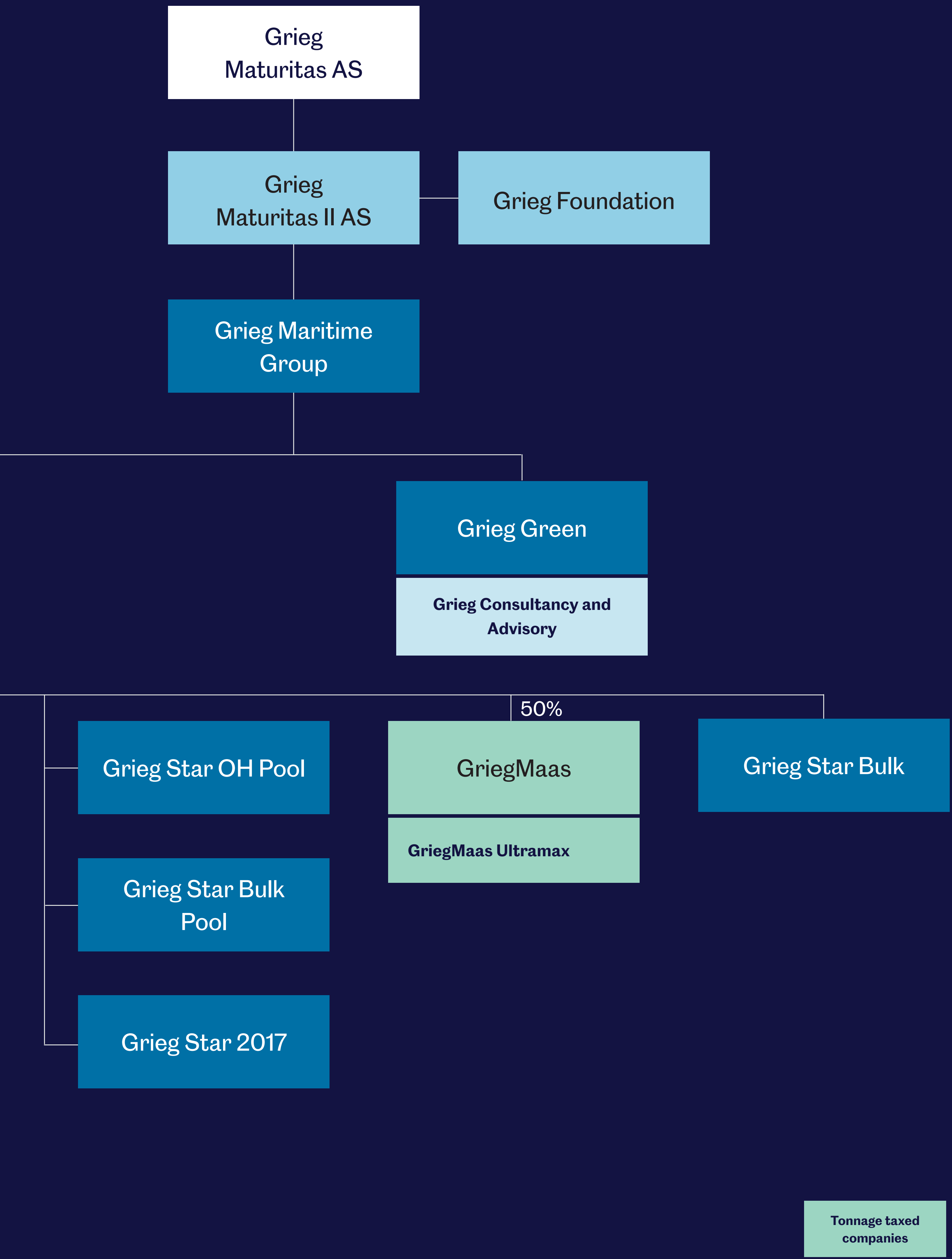
Pandemic consequences for our ship management:

- Two of three planned dry dockings postponed to 2022 due to delays in trade
- Of 30 technical inspections, only ten were done in person by the Vessel Manager. The rest were done remotely using iAuditor Check Lists
- We successfully took over the management of two vessels through the first quarter, despite Covid-restrictions.
- Spare parts often delayed from supplier
- Logistics challenges due to rescheduling and port congestions
- Lack of access to air transport for necessary spare parts and goods.
- Quarantine requirements in many countries made it difficult to visit vessels.

PHOTO: 3O JC TERUEL

Group structure




Grieg Maturitas AS
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Grieg Foundation
Grieg Maritime Group
Grieg Green
Grieg Consultancy and Advisory
50%
Grieg Star OH Pool
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Grieg Star Bulk
GriegMaas Ultramax
Grieg Star Bulk Pool
Grieg Star 2017
Tonnage taxed companies

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

PHOTO: JESSA MAY CAINDAY

DAMAGES AFTER TYPHOON RAI

The night the typhoon hit

On the 16th of December 2021, just a few days before Christmas, the super typhoon "Rai" hit the Philippines. Our employees immediately stepped up to help their colleagues in need.

Typhoon Rai hit the Philippine island of Bohol shortly after sunset. Engine Fitter Cirilo Bongato was sailing onboard the Star Kirkenes. His wife Fritzie and 21-year-old daughter Jahzeel May prepared for a restless night at home in the small town of Baclayon at Bohol. Heavy storms are not a stranger to the area, but they did not expect the force that was about to hit them.

Typhoon Rai ravaged the Philippines over several days in December 2021, affecting millions of people in island communities across the Visayas and Mindanao. Classified as a Category 5 Typhoon, Rai brought violent winds with guts reaching 230 kph at its peak, destroying multiple provinces.

ROOF COLLAPSED

On Bohol, Bongatos' neighbour knocked on the door about an hour after the typhoon hit their town. A fallen coconut tree had damaged their house entirely. They spent the night with the Bongatos. All they could do was sit quietly, listen to the rain, and watch out for any damages throughout the night.

Parts of the roof collapsed due to the heavy rainfall and the gusty winds. Inside, the floor was filled with water. Thankfully, the daughter's room remained dry, and this is where they spent the night and the following nights. At dawn, around 3 a.m., the typhoon passed, and the rains and winds calmed down.

WATER AND ELECTRICITY OUT

After the storm, all communication lines were down. It took Mrs Bongato four days before she could inform her husband that they were safe. It became a very dim and dark holiday season with electricity and water gone.

The family was able to purchase a few items to celebrate Christmas but mainly thought about how lucky they were to be alive and healthy. It became difficult to get water with electricity out until mid-February. Luckily one of Mrs Bongato's colleagues at the school where is works as a teacher had their water supply intact. The Bongatos used to go there every day to fetch water. To communicate and stay updated, they charged their phones in the car.

COWORKERS' ASSISTANCE

The Bongatos were not the only Grieg employees affected by the typhoon. We initiated our contingency plans right after the typhoon. Our Grieg Philippines and Grieg Star Philippines team immediately started to contact over 450 seafarers and their families to know their status. While we had no reports of personnel injuries, the feedback revealed a great need for help, particularly to aid with the rebuilding of damaged houses.

Immediately, we opened the calamity fund to extend financial assistance to those who need to rebuild. Grieg Star established the fund after typhoon Haiyan in 2013, with funding from our seafarers onboard and employees in Norway and the Philippines. Now, the Grieg employees added to the fund, with further aid from the company.

Still, through those first days, the focus was on initial relief. Our team in the Philippines were able to deliver relief bags with essential goods. Sixty-three Grieg seafarers and families residing in Cebu and Bohol, two of the worst-hit provinces, received water, rice, and canned goods. The distribution was made possible through the kind assistance of Mrs Sandra Rosaroso (wife of Capt. James Rosaroso), Third Officer Shawntel Agujar, and Ms Jessa May Cainday.

GETTING BACK TO NORMAL

The Bongatos were among those who got the Grieg relief bags and relief goods from government organizations. Both helped them get through the first rough weeks, and Mrs Bongato expressed her thanks to the company and her husband's colleagues.

JESSA MAY CAINDAY (LEFT W/SUNGLASSES) AND SHAWNTEL AGUJAR (RIGHT W/RED BAG) WERE TWO OF OUR TEAM WHO ENSURED OUR AFFECTED COWORKERS' FAMILIES GOT INITIAL RELIEF PACKAGES.

By late March, there were still damages to be fixed, but the house was restored to give shelter from the rain as much as possible. Mrs. Bongato focused on restoring their bedroom with the help of the calamity fund assistance. Upon our visit, she showed us the works done on the ceiling, roofing and flooring. The funds were also spent on restoring the roof above their bathroom.

Her father bought a generator not too long after the typhoon to help with the dismantling of the damaged roof, which needed electricity.

Engine Fitter Bongato will finally be home from his contract on Star Kirkenes in mid-April.

FRITZIE AND JAHZEEL MAY BONGATO

ATTITUDE IS
EVERYTHING

PHOTO: 30 JC TERUEL

“WE WILL RESTORE OUR OCEANS”

Less plastic waste - one piece at the time

Reduced usage of single-use plastics is essential to us. But it is equally meaningful to make sure we handle the remaining plastic waste sustainably.

In 2020, each of our ships used on average of 7.31 plastic water bottles each day. The same year, we started distributing multi-use bottles and installing water bottle filling stations onboard. The measures derived from our commitment to reducing the use of single-use plastic on board. By the end of 2021, we had reduced the use of water bottles by over 35 per cent.

JOINING BIMCO FOR BUSINESS-WIDE EFFORT

Reducing the usage of plastic bottles are among the measures we will share with the business as a whole as we join Bimco’s working group to reduce plastic waste from shipping.

In the autumn of 2021, our plastic projects team contacted Bimco to get some information. Dr Bev Mackenzie, Bimco’s Manager Marine Environment, was so impressed by our insights and measures that she invited us to join Bimco in their informal workgroup. Our Maritime Auditor & Investigator Marlén Mellingen will represent Grieg Star in the group.

“The group will explore relevant issues around reduc-

ing disposable plastic onboard ships and then develop a campaign. The campaign aims to phase out disposable plastic bottles and replace them with sustainable alternatives or onboard systems that provide safe, good-quality drinking water," Mellingen says.

HANDLING THE WASTE SUSTAINABLY

Reducing single-use plastic is not as simple onboard as one should think. Many consumables come in plastic containers, even if suppliers work hard to find alternatives. A vast amount of plastic in the oceans is waste from land, blown or transported by rivers to the sea.

So, in 2021 we set forth to make sure we landed our plastic waste in countries with adequate plastic waste systems in place. It has been challenging to find good data on which lands are "green" and which should be avoided. In the end, we managed to define a list and set a target of landing 75% of our waste in "green" countries.

WASTE COMPACTORS INSTALLED

To succeed, several of our vessels would have to transport their waste longer than they used to. To make that possible, we started installing waste compactors onboard. And by the end of 2021, we see that we succeeded by a good margin: 83% was landed in countries with proper waste handling systems.
For 2022, our landing goal is the same, but we plan on reducing the volume of plastic waste by 20% compared to 2021.

Reducing the amount of plastic litter in the oceans is a shared responsibility and requires a collective effort. We will continue to do our part and gladly share our experience.

Sharing plastic waste experience

Throughout 2021, parts of the International Atomic Energy Agency (IAEA) focused on ocean plastic pollution. In September, our VP Shared Services, Eli Vassenden, spoke on behalf of Grieg Star during an IAEA round-table conference on the topic - as one of the very few representatives from the private sector. "We are the ones operating out there, with hands-on experience. It was nice to be allowed to talk about how we handle plastic waste as a shipping company," she said.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

Sustainability in financial investments

Group Maritime Group takes an active and responsible approach also to our financial investment. The Group's financial portfolio is invested in sustainable investments as there is no contradiction between being sustainable and being profitable. The portfolio is invested in companies that adopt the UN Sustainable Development Goals, have low carbon footprints and also achieve a high sustainability score.

Partnering up for decarbonisation

Partnerships have proven to be a vital ingredient for reaching our decarbonisation goals.

Working with other companies has always been a natural part of how we work, being firm believers in sharing knowledge. In 2021, we kick-started a vital project with our partners Gearbulk and G2 Ocean: the Decarb Taskforce.

The Decarb Taskforce aims to provide the foundation for setting the correct short- and long-term targets for reducing greenhouse gas emissions. Further, the Decarb Taskforce will identify operational, commercial, and technical initiatives to reduce emissions and implement these with support from allocated internal resources. Grieg Maritime Group's Kjerstin Hernes leads the task force.

AMMONIA RETROFIT PILOT

Another industry partnership was formed through Green Shipping Program and culminated in Grieg Star taking the lead in a new pilot. The pilot is a feasibility study on retrofitting one of our L-class Open Hatch vessels to be fuelled by green ammonia.

Partners are all key players in the value chain, from cargo owner and world's leading eucalyptus pulp producer Suzano to the world's biggest Open Hatch shipping company G2 Ocean, technology companies, insurers, financiers and others.

The pilot will include evaluating a business case for green ammonia fuel and whether green ammonia is viable as a fuel for deep-sea shipping. The partners will explore commercial, technical, infrastructure and financial workstreams. Grieg will be the pilot owner, with DNV as the pilot facilitator.

"If the shipping world is going to achieve its decarbonising goals, we need to include solutions for the existing fleet and actively and practically address the challenges. We must solve the decarbonisation challenge. Emission reductions matter the most in deep-sea shipping, and through this pilot, we will be a part of the solution," says Head of Grieg Star, Atle Sommer.

DEDICATED TEAM

Grieg Star has always had experts focusing on fuel efficiency and decarbonisation throughout the years. Last year saw us putting extra efforts into studying new technology and expected regulatory changes. This team of five continues on this journey in 2022, with the team leader now re-titled "VP Technology and Decarbonisation".

Partnerships are vital in this work as well, and the team members are active members of a series of initiatives. Besides, one team member works half-time for Grieg Edge on their MS Green Ammonia project. That way, we ensure knowledge transfer between the Grieg companies.

ONE POSSIBLE DESIGN FOR MS GREEN AMMONIA

ILLUSTRATION: LMG MARIN/SPLINE AS

GRIEG EDGE

Moving into new pastures

We can use the ocean for so many things, like creating freshwater or ammonia. Grieg Edge has invested in both the last year.

KRISTINE FREDRIKSEN, CEO OCEAN OASIS

Grieg Edge has divided its operations into two main areas:

- Developing new business based on our group's competence, mainly within short-sea, offshore wind, and energy and infrastructure.
- Investing and partnering with tech startups within the maritime business, in the company's business segment we call "Ocean Ventures".

PARTNERING UP

As an example of the first, Grieg Edge announced last August during Arendalsuka that we seek to build a green ammonia factory. The venue was not accidental: the project is a joint venture with energy and industry expert Arendals Fossekompani. Our goal is to build a full-scale factory in Arendal, a town in the southern parts of Norway.

The partners formalised the joint venture through a new company: North Ammonia AS. Our own Chief Business Development Officer, Vidar Lundberg, is CEO of the company. The first employee is already working to realise the plans, and the company has also secured development funding from Enova.

WATER SCARCITY

One of our first investments within our Ocean Ventures

Working together at Arendalsuka

August 2021 marked the first time the Grieg Group and subsidiaries attended the largest Norwegian political gathering, Arendalsuka, in force. Grieg representatives took the stage on eight different occasions. Grieg Maritime Group talked about ZEEDS/Berlevåg-project and MS Green Ammonia and launched North Ammonia. The joint effort of the Grieg Group secured a noticeable presence.

segment is Ocean Oasis, a tech startup we joined as a partner and investor in May 2021. The Norwegian start-up targets carbon-free freshwater production using innovative offshore technology. That is a perfect fit for Grieg Edge's investment strategy.

Nearly 1.5 billion people live in areas with high or extremely high water vulnerability. With population growth and climate change, water scarcity will affect over half the world's population by 2050.

"Our vision is a world without water scarcity. Our mission is to provide sustainable and affordable freshwater, tackling one of the most significant global challenges in the years to come. We are confident that we can supply water competitively to coastal communities and businesses in many locations worldwide," said CEO of Ocean Oasis, Kristine B. Fredriksen.

PERFECT FIT

Ocean Oasis is now close to two years old. Still, the minds behind the idea have been working on realising the technology for almost a decade.

"In the Grieg Maritime Group, we say we will create maritime solutions for a better future. And that is what Kristine and her team in Ocean Oasis are planning: to create a better future. Their ability to create a business while solving a fundamental worldwide problem using non-carbon energy is a perfect fit for our investment policy," says Head of Grieg Edge, Nicolai Grieg.

Grieg Edge has not only invested in Ocean Oasis but will also be an active partner. Kjerstin Hernes, our Manager Portfolio, Strategy & Innovation is part of Ocean Oasis Board of Directors on behalf of Grieg Edge. Furthermore, Ocean Oasis will be able to draw on the expertise of the Grieg Maritime Group.

PROTOTYPE READY IN 2022

Ocean Oasis has secured support from Innovation Norway and The Research Council of Norway in several rounds. The European Innovation Council (EIC) Accelerator awarded Ocean Oasis 2.5 million euros in January. Other prominent investors are Kristin and Johan Odfjell through Planet 9 Venture, former Statoil/Equinor CEO Harald Norvik, Grethe and Sjur Thorsheim, FemInvest and Stefano Bernardi through Atomico's angel program.

Last year, Ocean Oasis started building the prototype in China, with Grieg Star's experts as representatives at the yard. The prototype will be installed in the Canary Islands in 2022.

THROWING THE MOORING LINE

PHOTO: 30 JC TERUEL

8 DECENT WORK AND ECONOMIC GROWTH

GRIEGMAAS:

A successful partnership concluded

Maas Capital and Grieg Maritime Group decided to conclude our partnership following a successful bulk adventure in December.

Throughout 2021, GriegMaas sold all its conventional bulk vessels, playing up to the company's fulfilment.

OPPORTUNISTIC APPROACH

Maas Capital and Grieg Maritime Group established GriegMaas in 2018 to jointly invest in conventional bulk vessels. Their primary vessel types would be supramaxes and ultramaxes. From the beginning, the partners agreed on an opportunistic approach, seeking to benefit from an expected increase in vessel values.

Within a few days in November and December, GriegMaas concluded agreements to sell the remaining four bulk vessels in its pool: Star Crios, Star Damon, Star Artemis and Star Eos. The two owners agreed it is natural to conclude the partnership and dissolve GriegMaas after delivering the last of the four ships to its new owner. The new owners took over their vessels in 2022.

BEYOND INITIAL EXPECTATIONS

With two vessels sold in the summer and the remaining four by the end of the year, the partners were happy to see the strategy pay off as expected.

"We are pleased that the conclusion of GriegMaas delivered beyond our initial expectations for this investment case. Conventional bulk is a market where we have solid knowledge, allowing us to participate in this type of limited asset play. Our main business remains Open Hatch, which we consider an industrial shipping engagement," says Grieg Maritime Group CEO, Matt Duke, and added:

"Still, these sales provide equity to further invest in sustainable opportunities with Grieg Edge, decarbonisation, and digitisation transformation in the whole of the Grieg Maritime Group."

For Grieg, discontinuing GriegMaas means we no longer own any conventional bulkers. Still, we remain in the bulk sector through some selected long-term time-charters.

Young Sustainable Innovators

Why is shipping so reluctant to cooperate on the decarbonisation of the existing fleet? Participating in the UN Global Compact's Young Sustainable Innovators Program (YSIP), Project Eneginеer Ragnhild Høvik and Manager Portfolio, Startegy and Innovation Kjerstin Hernes found a solution. After presenting their solution, the Norwegian UNGC jury sent the Grieg Maritime Group team to the YSIP Solution Showcasing 2021. The showcasing was fully digital during the UN General Assembly Week in September.

PHOTO: RONALD BORBON

A DIFFERENT YEAR:

New waters for Grieg Green

A shipwrecked frigate in Norway and an FPSO from Singapore gave Grieg Green new experiences in 2021.

The collision and sinking of the frigate "KNM Helge Ingstad" in 2018 was a dramatic part of Norwegian maritime history. The frigate collided with the tanker "Sola TS" on the 8th of November, capsized and eventually sank. The Norwegian navy handed Norscrap West the contract on recycling the ship.

A SELDOM CONSULTANCY TASK

Grieg Green usually act as the previous owner's representative and follow up on the on-site daily work. We are an independent company aiming to help customers and yards worldwide achieve the high standards required to keep people and our environment safe.

But at the beginning of 2021, Norscrap West contacted us and offered to assist them. Working as consultants was a new experience to us, but given the project's extraordinary nature, we readily accepted.

Throughout 2021, our team has consulted on environmental evaluation, Inventory of Hazardous Materials, assistance with the Ship Recycling Plan and progress plan, follow up of HazMats during the process, and project reporting. This was the first naval vessel project we have been involved in, and we were excited to test our systems up against a new kind of customer.

February 2022, the recycling was finalised. In total, the metal from the frigate weighs over 5000 metric tonnes.

SOUTHEAST ASIAN TRIALS

The last few years have seen several Southeast Asian recycling yards improving their processes, following Hong Kong Convention. Grieg Green has monitored the situation over several years. So it was with confidence we took on the recycling of the FPSO "Berge Helene" in April 2021.

"Berge Helene" was a floating storage/production unit of 274,333 deadweight-ton capacity built in France in

1976 and converted to an FPSO in Singapore in 2005. The vessel was 372 meters long, 52 meters wide and had a depth of 27.4 meters. It was flagged and registered in Singapore, classed by DNV GL and had been in lay-up in Singapore since August 2018.

The owner, BW Offshore, chose to nominate Grieg Green to act as representatives to be on-site at the recycling yard to monitor progress, compliance with environmental and safety regulations, and that the ship recycling plan was applied.

The recycling yard, Priya Blue shipyard in India, is certified to ISO standards and has a Class NK Statement of Compliance under the Hong Kong Convention. Throughout the process, our experts make sure to help the yard ensure compliance and send weekly reports to BW Offshore. And as soon as the project is finalised, we'll send a final report to document every step of the sustainable recyling of the vessel.

Always sustainable ship recycling

Grieg Maritime Group has had an unambiguous philosophy regarding recycling for over 20 years. We will always recycle our vessels sustainably. That philosophy made us establish Grieg Green twelve years ago. Most of the time, recycling your ship sustainably will cost you money. To us, though, that is not an excuse to not do what is right.

ESG-status - environment

			2021	2020	
Environment	Climate Risk and Climate footprint*	Scope 1 GHG (Direct emissions of CO2 equivalents, metric tonnes)	763 486	442 675	4
		Scope 2 GHG (Indirect emissions of CO2 equivalents, metric tonnes)	115,5	87,2	
		Scope 3 GHG (metric tonnes)	3331,2	2539,9	
		EEOI (Energy Efficiency Operational Indicator)	10,81	10,7	
		AER (Annual Efficiency Ratio)	6,28	5.61	
		GHG emission management			Nor
		Climate Risk Reporting			Nor
		Energy consumed, gigajoules	10 081 242	5 828 000	6 2
		Energy consumed: Heavy Fuel Oil %	87%	84%	
		Energy consumed: renewable/low-carbon %	0,01%	0,01%	
		Sulphur emissions			Nor
		Percentage of the fleet that has scrubbers installed	0%	0%	
		Target percentage of the fleet that will have scrubbers installed	0%	0%	
	Air pollution*	SOx emissions, metric tonnes	1934	869	
		NOx emissions, metric tonnes	22 904	13 794	
		Particular matter emissions, metric tonnes	NA	NA	
		Volatile organic compounds, metric tonnes	NA	NA	
		Black carbon emissions, metric tonnes	NA	NA	
	Ship recycling	Recycling Ships Policy			Nor
		Number of ship recycled	1	1	
		Number of ships recycled according to EU SRR	1	1	
	Ecological Impacts	Days in marine protected areas	NA	NA	
		Number of oil spills from own and charted vessels	1	0	
		Aggregated tonnes potentially harmful oil spills	14	0	
		Waste generated			Nor
		Total waste generated (metric tonnes)			
		Plastic landed to shore facilities (cubic meters and not compressed)	264	364	
		Percentage of total amount of plastic waste that was landed to shore (cubic meters and not compressed)	89	84	

* The emissions calculations include all the fleet: 42 vessels in total (it includes own vessels with on house technical management, vessels under external management and vessels under LTTC). Furthermore for the emissions calculations there has been considered all the sea activities, manoeuvring, anchoring etc. and not only sea passage.

2019	2018	2017	Comments	GRI	SASB	SDG
-64 653	459 138	445 300	From 2021 also included emissions from owned/leased vessels under external technical management and LTTC vessels. Total fleet: 42 vessels	GRI 305-1	SASB TR-MT-110a.1	3/12/13/14/15
98,8	NA	NA	From 2021 also included emissions from Shanghai Office.	GRI 305-2		3/12/13/14/15
3414,7	NA	NA	Scope 3 only includes emissions from employees' business trip. Working on assessing the GHG emissions accross the entire value chain. Increase in 2021 due to covid travel restriction in 2020	GRI 305-3		3/12/13/14/15
10,9	11,8	13,4	Scope 1 divided by transport work. For 2021 it is calculated based on the total consumption of all activities while previous years we only used the consumption for the sea passage.	GRI 305-4		13
5.93			For 2021 It is calculated based on the total consumption of all activities while previous years we only use the consumption for the sea passage.	GRI 305-4		13
ı Metric			We are currently able to measure the total consumption on all the vessels. Our short term strategy consists on having dashboards to have an online view and make sure that we are compliant with all the requirements. The long term goal is to be Net 0 by 2050.	GRI 305-5	SASB TR-MT-110a.2	13
ı Metric			Not implemented. On Company's progress improvement list	GRI 201-2		13
224 985	NA	NA	Energy consumed from the Offices and total fleet (42 vessels)	GRI 302-1	SASB TR-MT-110a.3	7/8/12/13
81%	NA	NA	Includes HFO and LFO	GRI 302-1	SASB TR-MT-110a.3	7/8/12/13
0,01%	NA	NA	The renewable/low-carbon energy consumed comes from Bergen and Oslo Offices	GRI 302-1	SASB TR-MT-110a.3	7/8/12/13
ı Metric			We are using compliant fuel			
0%			We considered compliant fuel as a better option for our fleet			
0%			We considered compliant fuel as a better option for our fleet			
3 434	3 561	3 494	From 2021 also included emissions from owned/leased vessels under external technical management and LTTC vessels. Total fleet: 42 vessels	GRI 305-7	SASB TR-MT-120a.1	3
14 487	14 319	13 590	From 2021 also included emissions from owned/leased vessels under external technical management and LTTC vessels. Total fleet: 42 vessels	GRI 305-7	SASB TR-MT-120a.1	3
NA	NA	NA	Not measured but we plan on starting reporting on them within the next years	GRI 305-7	SASB TR-MT-120a.1	3
NA	NA	NA	Not measured	GRI 305-7	SASB TR-MT-120a.1	3
NA	NA	NA	Not measured	GRI 305-7	SASB TR-MT-120a.1	3
ı Metric			Procedure for recycling at strictest applicable requirement: EU SRR and according to extended interpretation of HK Convention. Demolition and Recycling of vessels supervised by Grieg Green that only collaborates with what they consider top Ship Recycling Facilities that follow thier strict recycling policies. The facilities are monitored and audited regularly and must be ISO 9001, ISO 14001 and ISO 45001 ceritified as well as adhere to the Hong Kong Convention and EU Ship Recycling Regulation.			8/12/14
2	-	-	Policy to recycle at strictest applicable requirement: EU SRR			8/12/14
2	-	-	All the ships have been recycled according to extended interpretation of Hong Kong Convention before 2019			8/12/14
NA	NA	NA	We currently follow guidelines from local authorities, especially during the whale season in Canada.	GRI 304-2	SASB TR-MT-160a.1	6/14/15/
3	-	-	Diesel Oil spill during internal transfer in a Star vessel	GRI 306-3	SASB TR-MT-160a.3	3/12/15
0,4	-	-	Diesel Oil spill. No report of damage to the marine life.	GRI 306-3	SASB TR-MT-160a.3	3/12/15
ı metric			Garbage management plan in place for all vessels	GRI 306-1 and GRI 306-3a		3/12/15
			We are measuring it and we are currently working on digitizing the logs. Further data will be available in the upcoming years	GRI 306-1 and GRI 306-3a		
483	NA	NA	In 2021 compared to 2019 there has been a 24% reduction of plastic (the fleet reduction has been taken into consideration for this calculation).	GRI 306-1 and GRI 306-3a		3/12/16
85	NA	NA	Improvement respect other years. We have landed more waste and reduced the plastic incineration	GRI 306-1 and GRI 306-3a		3/12/17

Vessels included: Kai Xuan, Star Artemis, Star Athena, Star Crios, Star Dalmatia, Star Damon, Star Eos, Star Eracle, Star Grip, Star Hansa, Star Harmonia, Star Herdla, Star Hidra, Sta Isfjord, Star Ismene, Star Istind, Star Japan, Star Java, Star Juventas, Star Kilimanjaro, Star Kinn, Star Kirkenes, Star Kvarven, Star Laguna, Star Lima, Star Lindesnes, Star Livorno, Star Loen, Star Lofoten, Star Louisiana, Star Luster, Star Lygra, Star Lysefjord, Star Maia, Star Majesty, Star Minerva, Star Navarra, Great Forrest, Star Nike and Star Pathfinder

GRI: Global Reporting Initiative
SSAB: Sustainability Accounting Standards Board
SDG: UN Sustainable Development Goals

ESG-status - social and governan

Social	Accidents, Safety and Labour Rights	LTIF	0,71	0,21	
		BoD % women	50%	50%	
		Top management % women	42,9%	38%	
		Management % women	26,7%	35%	
		Employees total % women	48,4%	46%	
		Seafarers top management % women	0,9%	0,1%	
		Seafarers management % women	6,8%	0,9%	
		Seafarers % women	2,4%	2,8%	
		Labour Rights			Non
		PSC Deficiencies	1,03	1,19	
		PSC Detentions	1	-	
		Marine casualties	3	-	
		Marine casualties, very serious %	0	-	
		Marine casualties, deaths	0	-	
		Sick leave shore	0,9%	0,8%	
Governance	Business Ethics	Corruption risk	0	0	
		Facilitation payments	1	3	
		Total monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and/or regulations	9000 EUR	0	
		Business Ethics Policies			Non
	ESG Governance	Policies, Guidelines and Targets			Non

nce

0,86	1,73	1,89	Follow Intercargo standard calculation and definition.	GRI 403-9	SASB TR-MT-320a.1	3/8/16
60%	60%	50%	Equal balance between men and women	GRI 405-1		5/8/10
40%	38%	38%	Increase compared to before is due to the esbablishment of Grieg Maritime Group new Top Management Team.	GRI 405-1		5/8/10
31%	36%	43%	The drop respect to previous years is because we also included China and Philippines management	GRI 405-1		5/8/10
47%	46%	49%	Stable in the last 5 years	GRI 405-1		5/8/10
0,1%	-	-	It includes the following employee' category: Captain, Chief Mate, Chief Engineer and 2nd Engineer.	GRI 405-1		5/8/10
0,4%	0,3%	0,1%	It includes the following employee's category: 2nd Officer, 3rd Officer, Junior 3rd Officer, 3rdEngineer, 4th Engineer and Junior 4th Engineer	GRI 405-1		5/8/10
1,4%	1,2%	0,6%		GRI 405-1		5/8/10
metric			Policies/Guidelines on: Flexible Working, Human Rights Policy, Korn Ferry Hay Benefit Grading, Parental/Extended Leave, Gender Equity Policy, Anti-Harrassment and Bullying Policy, Employee Code of Conduct, Ethical Guidelines and Whistleblowing Policy			
1,40	1,12	1,22	Lowest number of PSC Deficiencies (average) received in the last 5 years		SASB TR-MT-540a.3	8/14
3	2	2	Detention in Canada December 2021		SASB TR-MT-540a.3	8/14
3	5	10	2 injuries that resulted into repatriation and 1 diesel oilsplill		SASB TR-MT-540a.1	8
-	-	-	No very serious marine casualties		SASB TR-MT-540a.1	8
-	-	-	No marine casualties that resulted in death		SASB TR-MT-540a.1	8
1,6%	1,3%	1,6%	Decrease considerable in the last 2 years possibly due to the pandemic and working from home			8
19	NA	NA	Not measured before 2019		SASB TR-MT-510a.1	16
7	-	-	One case in India. It didn't have any serious repercussions.			16
0	0	0	Fine for exceding allowable sulphur limit in port due to residual fuel contamination	GRI 2-27	SASB TR-MT-510a.2	16
metric			Ethical Guidelines and Sanctions Policy in place. The AML and ABC policy are expected soon to be implemented. We are part of the MACN Group (Maritime Anticorruption Network)	GRI 2-27	SASB TR-MT-510a.2	16
metric			Policies/Guidelines in place on Corporate responsibility Commitment, Business Ethics, ESGReporting, Gifts and Hospitality, Suppliers Code of Conduct, Whistle Blowing channel and Privacy Policy for processing peronal data.	GRI 205-2		16

GRI: Global Reporting Initiative
SSAB: Sustainability Accounting Standards Board
SDG: UN Sustainable Development Goals

Camilla Grieg

CHAIR OF THE BOARD

DIRECTORS' REPORT 2021

GRIEG MARITIME GROUP AS – CONSOLIDATED

THE BUSINESS

With its group of companies, Grieg Maritime Group builds on more than 135 years of marine experience, being part of the Grieg Group conglomerate. The Company innovates and delivers sustainability services to the maritime industry through its subsidiaries Grieg Edge and Grieg Green, while Grieg Shipholding provides world-class shipping through its activities in Grieg Shipowning, Grieg Star and G2 Ocean. The Group is long-term in its business approach, with a strong focus on sustainability, competence development and operational excellence, all key for developing new and existing business – on its own and together with partners. The Group has offices in Manila, Shanghai, and Oslo, with headquarters in Bergen.

AREAS OF OPERATION

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

At year-end 2021, Grieg Shipowning controlled a fleet of 31 (31) open hatch vessels having an average age of 14 (14) years. They are specialised ships equipped with gantry or swing cranes and box-shaped holds, constructed to offer a versatile transportation concept that delivers superior cargo care through advanced handling and loading operations. The ships are traded by G2 Ocean, the world's largest open hatch shipping company, which Grieg Shipholding controls jointly with Gearbulk. With 32 trades routes and several thousands of port-calls in more than 60 countries each year, G2 Ocean delivers efficient, 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, industrial minerals, and project and non-unitised cargos like windmills. Grieg Star is the ship management organisation handling the daily operation of the vessels. It is also a driving force in developing the fleet to changing market requirements. Highly skilled and experienced employees ensure safe and reliable operations and are essential to succeed with the ongoing transition to emission-free shipping. By year-end, the conventional dry bulk activity consisted of 2 (6) ultramax vessels, owned by Grieg-Maas, a joint venture with Maas Capital, and 3 (4) modern ultramax vessels on long term charter. The bulkers have an average age of 4 (5) years and are also operated by G2 Ocean.

Green services

Grieg Green is a world-leading provider of services for environmentally friendly recycling of ships, rigs, and oil & gas units; and delivers other green solutions like Inventory of Hazardous Materials and Asbestos Removal. The company is ISO 9001 certified and approved by all the major class societies. Grieg Green works only with pre-approved shipyards, mainly in Europe but also in selected places in Asia, and is committed to continuously developing its yard portfolio in other parts of the world.

Maritime innovation

Grieg Edge is a dedicated innovation unit established to identify and develop new business within the green transition in the maritime industry. After two years of operations, assessing numerous business prospects and new ideas, and collaborating with partners as Arendal Fossekompani in the North Ammonia joint venture or venturing on building the world's first green ammonia fueled tanker, several investments have been made. More are in the pipeline in the company's four targeted business segments: short sea, offshore wind, energy & infrastructure, and ocean ventures.

ANNUAL ACCOUNTS

While Covid-19 continues to hamper and challenge Grieg Maritime Group's daily operations, the world's return to a more normal, together with the effects from pent up demand, brought strong market earnings to the shipping activities, which for 2021 deliver their strongest result in a decade. Pleasing is also the rising call to action to move towards a zero-emission world, bringing green business opportunities to Grieg Edge as it builds its reputation and partnerships. The enterprise value of this is likely to be considerable, although not yet visible in the financial accounts as the company is in a development phase. The restructuring of Grieg Green, carving out a revised but sustainable strategy to reflect changing market needs, has been among the more challenging changes of 2021.

Based on good overall results from the operational activities, topped with profit from the sale of dry bulk vessels, Grieg Maritime Group delivers a consolidated profit before tax for 2021 of USD 38.0m (USD -105.1m)[1]. With improved asset values and strengthened liquidity, the Group is equipped to develop its business activities in the coming year.

Earnings, operations and result

Grieg Maritime Group's revenues consist mainly of freight income, which is accounted for as Time Charter ("TC") hire. Other income comes partly from green services and gains from the sale of fixed assets. The latter was a noticeable contributor to the overall 2021 result, as the Grieg Maas JV sold four vessels during the year. With improved freight markets for both dry bulk and open hatch, the total group revenue was USD 214.0m in 2021 (USD 167.3m). The increase in shipping revenues more than offset fewer vessel trading days and lower income from green services. A significant driver of the improvement in freight earnings was not only higher demand for transportation of consumer products and goods for infrastructure development but reduced productivity in ports due to Covid-19 restrictions, tying up a considerable part of the trading fleet when waiting for a berth.

Total operating costs before depreciations and write-downs increased to USD 131.3m in 2021 (USD 124.5m). The single largest cost item, vessel operating costs, rose to USD 76.5m (USD 67.7m). The increase was due to more vessel operating days but also caused by vessel upgrades and repairs and extraordinary costs for coping with Covid-19 related to increased crew travel costs, quarantine hotels and price increases on spare parts and forwarding costs. TC and BareBoat Charter ("BBC") costs decreased in 2021 to USD 34.1m (USD 38.1m), as some of the existing charter agreements were converted from TC to BBC as well as profit realisation of a long-term dry bulk TC. Payroll and administration costs increased to USD 20.6m (USD 18.6m), given a higher activity level and the average number of employees throughout the year. With improved revenues and increased operating expenses, EBITDA almost doubled to USD 82.7m in 2021 (USD 43.3m).

Depreciation costs decreased to USD 33.2m in 2021 (USD 40.4m). The main reason for this is the effect of the write-down carried out on the open hatch fleet in 2020. However, last year's write-down of USD 4.1m on the GriegMaas dry bulk vessels has been reversed in the 2021 accounts. Including depreciation and write-downs, Grieg Maritime Group's operating profit increased to USD 53.7m in 2021 versus minus USD 85.8m in 2020.

Net financial items were minus USD 15.7m in 2021 (USD -19.3m). The positive development is mainly a result of lower interest expenses which decreased to USD 17.9m (USD 19.7m) due to debt repayments and the positive effect of a lower Libor rate. In total, Grieg Maritime Group's result before tax in 2021 is USD 38.0m (USD -105.1m), and the after-tax result is USD 38.0m (USD -105.3m).

Balance sheet, financial situation and cash flow

Based on net cash flows from operations of USD 67.1m (USD 26.6m), cash flow from investments of USD 22.6m (USD 5.1m) and a net cash flow of minus USD 51.4m (-USD 27.3m) from financing activities, the net change in liquid funds in 2021 was USD 38.3m (-USD 4.5m).

Long-term interest-bearing debt, including financial leases, was at year-end 2021 USD 329m (USD 377.5m) given ordinary debt repayments and sale of bulk vessels. One credit facility was refinancing over the year, being based on the same terms and conditions as usual for Grieg's ship financing agreements. The Group's financing banks are all first-class lenders. There are no refinancing needs in the coming year.

Group equity was USD 288.4m at year-end 2021 (USD 273.5m), improving the equity ratio to 44% (40%). By the end of 2021, Grieg Maritime Group had total assets of USD 656.2m (USD 674.3m), of which the shipping fleet constitutes 81% and liquid funds 14% of the

1: The 2020 figures referred to through the Directors Report are based on proforma consolidated figures which have been calculated to present comparable figures over time, ref Note 2 of the Notes to the Financial Statements.

balance sheet. Current assets account for USD 105.9m (USD 62.2m), of which liquid funds is USD 93.8m (USD 44.4m).[2]

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. Grieg Maritime Group has followed governmental advice throughout the pandemic, having most of its shore-based employees working remotely from home offices through most parts of the year. During this period, the management has increased focus on keeping employees updated on the business and receiving relevant training and competence development. Areas covered include lectures like; "If we are to handle pressure, we have to remove stress", mandatory Microsoft 365 courses, media and management training, and personal development sessions on sustainable coworkership.

The total number of employees in Grieg Maritime Group was 666 employees by year-end 2021 (744) as the Group finalised the outsourcing of several vessels to external ship managers, based on a decision made in 2020. 576 (640) employees worked at sea, and 90 (104) were shore-based, of which 35 (47) were in the offices abroad and 55 (57) in Norway. The reduction in shore-based employees results from a restructuring of Grieg Green. In addition to the above figures, there were two temporary positions and three part-time employments in 2021 in the Norwegian entities. Grieg Maritime Group will be subject to the Norwegian Transparency Act entering into force from July 2022.

Health, working environment and safety

Grieg Maritime Group maintains an overview of sick leave per laws and regulations. In 2021, the registered sick leave for the global onshore organisation was 0.9% (0.8%). Sick leave for the Norwegian based employees increased from 0.3% to 0.5%, still being at a low level, and from 0.4% to 1.6% in the offices abroad as there was some long-term leave due to Covid-19 sickness. Besides medical follow-ups, the Group encourages and facilitates participation in physical activities for its personnel to stay fit, and in 2021 there was, among others, a competition where employees were urged to walk or run a certain number of steps every day. A new strategy and process for the annual employee development meeting were implemented with a positive outcome, and an employee survey on ways of working was carried out as part of preparing for returning to the offices after Covid-19.

Records show no (0) injuries onshore in 2021. For the tenth year, there were no fatal accidents at sea. But there were 33 (40) crew injuries, of which two (0) serious, leading to repatriation due to rib contusion and hand injury. The injury statistics for 2021 show a Lost Time Injury Frequency rate of 0.71 (0.21) and Total Recordable Cases of 2.37 (2.14), both slightly higher than in the previous year. Most of the incidents were due to human failures and, as such, a powerful reminder that we will never complete the job to improve the safety culture. With the ongoing Covid-19 pandemic, ship management has put many efforts into implementing effective barriers to protect the seafarers against the coronavirus. Proactive measures related to crew changes and port operations were on several occasions the final, but the effective barrier for not bringing Covid-19 onboard the vessels.

Equal opportunities

Grieg Maritime Group does not accept discrimination in any form. The business operations are to be conducted based on principles of equality and respect, and as part of that, a gender equity policy has been implemented. At year-end 2021, the land-based workforce reflected a gender distribution of 48% (46%) women and 52% (54%) men. Females hold 33% (35%) of the onshore management positions, and 43% (38%) within the top management team are women. Grieg Star trains female cadets for officer positions on the vessels. In 2021, 14 (18) of the 576 (640) seafarers onboard were women, of which 1 (1) was holding a senior position. 3 out of 20 on the cadet program are females. The Board of Director composition is 50/50 men and women, which is un-

2: Grieg Maritime Group AS is the parent and holding company for the consolidated group of companies consisting of Grieg Green, Grieg Edge and Grieg Shipholding with daughter companies. Grieg Maritime Group AS with its corporate functions supplies management services to Group's semi-autonomous business units within strategy, administration, accounting, finance, legal, business and project development as well as IT and HR. The company accounts for 2021 shows a result before tax of USD 19.7m (USD 4.2m) and result after tax of USD 19.7m (USD 4.2m). The results is primarily made out of dividend from its subsidiaries. Total assets per year end 2021 is USD 302.2m (USD 280,0m). A 90% equity ratio (99%) reflects that the company's main assets are shares in subsidiaries.

changed. Women on maternity leave in 2021 took on average 34 weeks leave, while the average number taken out by men employees was 11 weeks. Grieg Maritime Group reports on progress to the SHE Index to ensure that the Group maintains a gender equity-based approach to its operations.

Grieg Maritime Group has implemented a recognised grading system that rates all positions based on required competence, degree of problem-solving, and accountability. As this enables the ability to compare positions across the organisation, it also provides an efficient benchmark to measure variances in payroll and support the work to achieve equal pay across gender and ethnicity for equivalent positions.

EXTERNAL ENVIRONMENT

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

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

The Group's recycling service delivered by Grieg Green includes strict compliance with the Hong Kong International Convention and the EU Ship Recycling Regulation. Both ensure that working conditions are according to ethical standards, that safety and quality procedures are established for all processes, and not least that the environment is protected from hazardous dismantling and waste and warrant equipment suitability and verification. With sustainability as a requirement for its operations, Grieg Edge does not engage in activities that will harm the environment.

SUSTAINABILITY

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

In 2021, Grieg Edge became, for example, an investor and developer of Ocean Oasis, which offers mobile floating desalination of water by using wave power. The ship management operations' work on eliminating single-use plastic onboard continued, albeit being somewhat more challenging due to Covid-19 safety measures, resulting in a 27% (30%) reduction in plastic disposal from Grieg managed vessels, compared to the 2019 baseline.

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

ENTERPRISE RISK AND COMPLIANCE

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

For operational risk, Covid-19 has been among the highest risk also during 2021. With limited ability to travel, it has been another year of not being able to inspect the vessels physically. Although remote technical inspections have taken place, uncertainties around vessel conditions and planning for upcoming dry dockings are higher than usual. Environmental spills and violations are risks always prevailing for shipping operations. Drills are carried out regularly to ensure that the team is prepared for handling various incidents, and whenever an incident occurs, an Emergency Preparedness Team convenes. The risk for accidents at the ship recycling dismantling yards providing decommission services through Grieg Greens is assessed regularly.

The financial and market risks are mainly risks related to development in freight rates, ship values, currencies, and interest rates. Most of these risks are strongly correlated to macro-economic development. The open hatch fleet's earnings are linked to long-term cargo contracts to a large extent. This implies that revenues are less volatile than in the spot market and that changing market conditions have a delayed effect on the results, while the dry bulk activity is more exposed to spot market movements. Varying equity prices and interest rates affect 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 the portfolio can withstand market fluctuations. There are policies to reduce currency exposure and interest rate risk related to the fleet's funding arrangements. As Grieg Edge invests in new business solutions, the risk associated with proof of concept, in terms of technology risk and market entrance risk, is likely to increase.

Counterparty and credit risk, as well as sanctions regulations, are part of the daily business with corresponding routines and systems for control. The Maritime Anti-Corruption Network membership is one of the tools used to fight and report corruption and facilitation payments actively. Reducing the risk for cyber-attacks has had a strong focus also in 2021. Considerable improvements have been made to the IT infrastructure while employees have been trained through interactive tools. Insurance is taken out for the members of the Board and the General Manager for their personal liability for property damage that they may incur in connection with the performance of their duties. The insurance is taken out with an international insurance company with a solid rating.

With the improved financial results, proceeds from the sale of vessels, a lower debt level and an improved market forecast, Grieg Maritime Group's liquidity risk has been significantly reduced during the last 12 months.

THE MARKET AND OUTLOOK

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

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

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

As of the end of 2021, Grieg Green has completed 126

recycling supervision projects, wherein 56% has been for ships and 44% for offshore units and FPSOs. The number may sound small, but most units are scrapped without third-party supervision. Recycling of ships is expected to stay tough in 2022 as in 2021, while for the rig and the FPSO segments, the forecast is better given the visibility of potential scrapping and decommissioning candidates. In 2021, a new service, "Asbestos Management and Removal", was launched as part of broadening the company's sustainability service offering, a work that will continue in 2022 with new products being offered.

In its second year of operations, Grieg Edge focused on operationalising its strategy, assessing a significant number of business concepts leading to several investments and partnerships. With the MS Green Ammonia project, a tanker planned for distributing green ammonia to end users along the Norwegian coast from 2026, and North Ammonia as a supplier of green ammonia, the company has established a good position in the value chain around green ammonia. Another target area is the development of hydrogen concepts related to the short sea bulk segment, which subsequent signing of promising MoUs. Grieg Edge experiences a large inflow of projects and expects to increase its investment in 2022.

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 future earnings expectations. The Board believes that the submitted annual accounts give a correct picture of the results, cash flows and economic situation. No material events that affect the financial position have occurred after the balance sheet date. However, the invasion of Ukraine and subsequent sanctions towards Russia is likely to affect our operations. In addition to witnessing the unfolding of a human catastrophe, the outlook on world economics and safety is more uncertain.

The Board would like to thank all employees for their efforts throughout the year. The business's value depends on the world-class performance of its people whilst working towards the long-term objectives for an emission-free world. Our team's hard work and dedication and our improved financial situation ensure that Grieg Maritime Group is well-positioned to develop its business activities as we advance.

BERGEN, 29TH OF MARCH 2022
THE BOARD OF DIRECTORS OF
GRIEG MARITIME GROUP AS

Camilla Grieg
CHAIR OF THE BOARD

Nada Ahmed
MEMBER OF THE BOARD

Didrik Munch
MEMBER OF THE BOARD

Elisabeth Grieg
MEMBER OF THE BOARD

Kai Grøtterud
MEMBER OF THE BOARD

Rune Birkeland
MEMBER OF THE BOARD

Matthew Robert Cagienard Duke
CEO

GRIEG GREEN
ON IHM SURVEY

INCOME STATEMENT

GRIEG MARITIME GROUP AS				GRIEG MARITIME GROUP CONSOLIDATED	
(figures in usd 1000)				(figures in usd 1000)	
2021	**2020**	**Note**		**2021**	**2020**
			Revenues		
			Operating revenue	198 656	-
2 560	-		Other income	15 313	-
2 560	-		**Total revenues**	213 969	-
			Operating expenses		
-	-		Vessel operating expenses	76 535	-
-	-		TC and BB-hire	34 148	
3 129			Payroll and social security expenses	12 354	
2 353			Other operating expenses	8 243	
		4,5	Depreciation	33 171	
-	-		Write-downs reversed	-4 163	-
5 482	-		**Total operating expenses**	160 289	-
-2 922	-		**Operating profit**	53 680	-
			Financial items		
			Interest income	170	
24		11	Interest income group	385	
			Other financial income	537	
-		10	Interest expenses	-17 926	
-119		11	Interest expenses group	-	
22 677	4 146		Dividend from subsidiaries	-	
-			Writedown shares in subsidiaries	-	
			Other financial expenses	-36	
			Result on investment in associated company	-226	
-		8	Change in value of financial investments	-325	
-		8	Realized return on market-based fin. Investm.	325	
55			Gain/loss on foreign exchange	1 370	
22 637	4 146		**Net financial items**	-15 725	-
19 715	4 146		**Profit before tax**	37 955	-
		12	**Tax**	44	
19 715	4 146		**Profit for the year**	37 999	
22 677	3 516		**Proposed dividend**		
			Group contribution		
-2 962	631		**To or (from) other equity**		
19 715	4 146				


PHOTO: 3O JC TERUEL

BETWEEN THE WIND TURBINE TOWERS

BALANCE SHEET

GRIEG MARITIME GROUP AS

(figures in usd 1 000)

GRIEG MARITIME GROUP CONSOLIDATED

(figures in usd 1 000)

2021	2020	Note		2021	2020
			ASSETS		
			FIXED ASSETS		
			Intangible fixed assets		
-	-	4	Research and development	434	91
-	-	13	Deferred tax asset	2 591	2 497
-	-		**Total intangible assets**	3 025	2 589
			Tangible assets		
-	-	5	Fixtures and fittings, other equipment	13	42
-	-	5	Other property	518	518
-	-	5	Vessels	532 948	595 820
-	-		**Total fixed tangible assets**	533 478	596 380
			Fixed financial assets		
276 518	276 518	6	Investments in subsidiaries	-	-
		7	Investments in shares	7 151	5 933
			Long term receivables group companies		
			Long term receivables associated	3 150	4 200
		9	Long term receivables	3 504	3 709
276 518	276 518		**Total fixed financial assets**	13 806	13 842
276 518	276 518		**Total fixed assets**	550 309	612 811
			CURRENT ASSETS		
			Accounts receivable		
25 560	3 516	11	Receivables from group companies	163	369
			Receivables from associated companies	-	1 464
	-		Inventory	3 388	2 307
			Other receivables	8 589	13 603
25 560	3 516		**Total receivables**	12 141	17 742
-	-	8	**Market-based investments**	25 052	13 967
1 088		17	**Bank deposits, cash in hand, etc**	68 720	30 460
26 648	3 516		**Total current assets**	105 912	62 169
303 166	280 034		**TOTAL ASSETS**	656 222	674 980

GRIEG MARITIME GROUP AS				GRIEG MARITIME GROUP CONSOLIDATED	
(figures in usd 1 000)				(figures in usd 1 000)	
2021	**2020**			**2021**	**2020**
			EQUITY AND LIABILITIES		
			EQUITY		
			Paid-in capital		
1 164	1 164	3,12	Share capital (100 000 shares à NOK 100)	1 164	1 164
274 723	274 723	3	Other paid-in capital	274 723	274 723
275 888	**275 888**		**Total paid-in capital**	**275 888**	**275 888**
			Retained earnings		
-2 332	631	3	**Other equity**	12 519	-2 404
-2 332	631		Total retained earnings	12 519	-2 404
273 556	**276 518**		**Total equity**	**288 406**	**273 483**
			LIABILITIES		
			Provisions		
		15	Pension liabilities	3 977	4 497
0	**0**		**Total provisions**	**3 977**	**4 497**
			Long-term liabilities		
-	-	10	Liabilities to financial institutions	274 410	318 758
		10	Other long-term liabilities	54 954	58 703
6 009		11	Liability to group companies	-	-
6 009	**-**		**Total long-term liabilities**	**329 364**	**377 461**
			Current liabilities		
125		11	Liabilities to group companies	17	454
			Liabilities to associated companies	1 760	1 217
25			Accounts payable	1 424	1 362
588			Public duties payable	1 459	1 192
22 677	3 516	3	Dividend	22 677	3 516
	-	13	Taxes payable	461	409
186			Other short-term liabilities	6 675	11 389
23 601	**3 516**		**Total current liabilities**	**34 475**	**19 539**
29 610	**3 516**		**Total liabilities**	**367 816**	**401 496**
303 166	**280 034**		**TOTAL EQUITY AND LIABILITIES**	**656 222**	**674 980**

BERGEN, 29 MARCH 2022, THE BOARD OF DIRECTORS OF GRIEG MARITIME GROUP AS

Camilla Grieg
CHAIR OF THE BOARD

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Didrik Munch
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Rune Birkeland
MEMBER OF THE BOARD

Matthew Robert C. Duke
CEO

MAINTENANCE
IS KEY

PHOTO: CAPTAIN JONATHAN E. SISON

CASH FLOW STATEMENT

GRIEG MARITIME GROUP AS

Consolidated (TUSD)			Parent (TUSD)	
2021	**2020**	**Cash flow from operations**	**2021**	**2020**
37 955	-	Profit before income taxes	-2 962	4 146
-	3 515	Change in liabilities dividiend	-	-
-409	-	Taxes paid in the period	-	-
40 240	-	Depreciation incl docking	-	-
-520	-	Pension costs without cash effect	-	-
-12 434	-	Gain/loss from sale of fixed assets	-	-
-4 163	-	Impairment of fixed assets	-	-
1 081	-	Change in inventory	-	-
62	-	Change in trade creditors	25	-
2 720	-	Change in group debtors	633	-
107	-	Change in group creditors	-	-
-4 447	-	Change in public debt and other short term debt	774	-
4 989	-	Change in other provisions	-	-
65 181	**3 515**	**Net cash flow from operations**	**-1 530**	**4 146**
-	-	**Cash flow from investments**		
42 046	-	Proceeds from sale of fixed assets	-	-
-4 373	-	Purchase of fixed assets	-	-
6 427	-	Proceeds from sale of market based investments	-	
-17 771	-	Purchase of market based investments	-	-
-	-	Aqusition of shares in subsidaries	-	-276 518
-1 844	-	Aqusition of shares in associated company	-	-
24 484	**-**	**Net cash flow from investments**	**-**	**-276 518**
-	-	**Cash flow from financing**		
-47 889	-	Proceeds from long term loans		
-	-	Proceeds from long-term Group loans	6 134	-
-	-	Capital increase	-	275 887
-3 516	-3 515	Payment of dividend	-3 516	-3 515
-51 405	**-3 515**	**Net cash flow from financing**	**2 618**	**272 372**
				-
38 260	**-**	**Net change in cash and cash equivalents**	**1 088**	-
-	30 460	Cash and cash equivalents at establishment	-	
30 460	-	Cash and cash equivalents at the beginning of the period	-	-
68 720	**-**	**Cash and cash equivalents at the end of the period**	**1 088**	
		Cash and cash equivalents at the end of the period consists of:		
68 720		**Bank deposits**	**1 088**	

NOTES

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 (GriegMaas) in the company accounts and according to the equity method (G2 Ocean and North Ammonia) 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 suprmaxax/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.

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.

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 31.12.2021 is NOK/USD: 8.8194. 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, penions 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 an 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.

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 chages 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 utillized. 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 (liquidated 2021) 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 Survellance 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

The Group account cash pool agreement with Grieg Shipholding AS as a Group Account Holder, divided into two cash pool agreements. Grieg Shipholding AS is the Group Account Holder for one of the agreements, and Grieg Shipowning AS for the other agreement.

In Grieg Shipholding AS' cash pool, Grieg Star AS, Grieg Star 2017 AS and Grieg Star Bulk AS is 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 is included.

Under these agreements, alle 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 blance are recognised as intercompany balances in each participating company's balance sheet.

Consolidation

The consolidated accounts include the subsidiaries specified below and show the parent company and subsidiaires as a single enterprise. Shares in subsidiaries are eliminated using the purchase method. Shares in subsidiaries are set off in an amount correponding 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 2021. 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 Maritime Group AS - holding company	Bergen	100%
Grieg Shipholding AS - shipping holding company	Bergen	100%
Grieg Shipowning AS - shipowning holding company,	Bergen	100%
Grieg Star AS - ship managment company	Bergen	100%
Grieg Star 2017 AS - administration company	Bergen	100%
Grieg Edge AS - maritime innovation	Bergen	100%
Grieg Green AS - green recycling and certification services	Oslo	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, tonnage taxed	Bergen	50%
Grieg Maritime Group AS which comprises the following companies:		
Grieg Shipholding AS - shipowning holding company		
Grieg Green AS - green recycling and certification services		
Grieg Edge AS - maritime innovation		
Grieg Green is a group which comprises the following companies:		
Grieg Consulting and Advisory Company Ltd - Recycling services	Shanghai, China	100%
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	97%
GriegMaas is a group which comprises the following companies:		
GriegMaas Supramax AS- shipowning company, tonnage taxed (liquidated 2021)	Bergen	50%
GriegMaas Ultramax AS - shipowning company, tonnage taxed	Bergen	50%

Note 2 Proforma

Proforma accounts are prepared to illustrate how income statements had been affected if acquisition of shares in Grieg Shipholding AS, Grieg Green AS and Grieg Edge AS had taken place 01.01.20.

	2021	2020 proforma
Revenues		
Operating revenue	198 656	159 118
Other income	2 879	8 585
Sale of fixed assets	12 434	55
Total revenues	**213 969**	**167 758**
Operating expenses		
Vessel operating expenses	76 535	67 724
TC and BB-hire	34 148	38 122
Payroll and social security expenses	12 354	9 329
Other operating expenses	8 243	9 294
Depreciation	33 171	40 443
Write-down	-4 163	88 660
Total operating expenses	**160 289**	**253 572**
Operating profit	**53 680**	**-85 814**
Financial items		
Interest income	170	335
Interest income consolidated		29
Other financial income	537	298
Interest expenses	-17 926	-19 711
Other financial expenses	-36	-56
Interest expenses group	385	0
Result on investment in associated company	-226	-667
Change in value of financial investments	-325	-305
Realized return on market-based fin. investm.	325	588
Gain/loss on foreign exchange	1 370	224
Total financial items	**-15 725**	**-19 266**
Profit before tax	**37 955**	**-105 080**
Tax	**44**	**-181**
Profit for the year	**37 999**	**-105 261**

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	1 164	274 723	631	276 518
Profit for the year			19 715	19 715
Provision for dividends			-22 677	-22 677
Equity at 31.12	**1 163**	**274 723**	**-2 331**	**273 556**

GROUP

Figures in USD 1 000

Changes in equity	Share capital	Other paid-up equity	Other equity	Total
Equity at 01.01	1 164	274 723	-3 072	272 816
Profit for the year			37 999	37 999
Provision for dividends			-22 677	-22 677
Other changes			268	268
Equity at 31.12	**1 164**	**274 723**	**12 518**	**288 406**

Note 4 Intangible assets

GROUP

Figures in USD 1 000

Intangible assets	Research and development	Goodwill	Contracts	Total
Acquisition costs at 01.01	119			119
Additions	388		0	388
Disposals		0	0	0
Acquisition cost at 31.12	506	0	0	506
Accumulated depreciation at 31.12	73			73
Accumulated write-downs				0
Book value at 31.12	434	0	0	434
Depreciation	45			45
Depreciation period	3 years	20 years	20 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	

The research and development is related to Grieg Green AS and Grieg Edge AS.

Note 5 Fixed assets

Figures in USD 1 000	**Vessels**	**Docking**	**New buildings**	**Total**
Acquisition cost at 01.01	1 169 823	46 666		1 216 489
Additions	1 170	3 203		4 373
Disposals	54 312	3 885		58 197
Acquisition cost at 31.12	1 116 681	45 985		1 162 666
Accumulated depreciation at 31.12	521 389	30 779		552 168
Accumulated write-downs	81 713			81 713
Accumulated write-downs reversed	4 163			4 163
Book value at 31.12	517 742	15 206		532 948
Share of financial lease:				58 379
Depreciation charge for the year	33 097	7 530		40 627
Depreciation plan	Straight-line	Straight-line	None	
Depreciation period	25-30 years	5 years		

	Other property	Machinery, vehicles etc.	Total
Acquisition cost at 01.01	518	1 381	1 899
Additions			
Disposals			
Acquisition cost at 31.12	518	1 381	1 899
Accumulated depreciation at 31.12		1 368	1 368
Book value at 31.12	518	13	531
Depreciation charge for the year		29	29
Depreciation plan	None	Straight-line	
Depreciation period		3-10 years	

Note 6 Subsidiaries

GROUP

Figures in USD 1 000

Subsidiary	"Denominated in"	Registered office	Ownership / voting rights	Equity 2021 (100%)	Result 2021(100%)
Grieg Shipholding AS *	USD	Bergen	100%	261 538	17 139
Grieg Shipping II AS	USD	Bergen	100%	160 280	12 886
Grieg International II AS	USD	Oslo	100%	67 934	3 133
Grieg Shipping III AS	USD	Bergen	100%	7 150	1 073
Grieg Shipowning AS **	USD	Bergen	100%	211 917	-1 319
Grieg Star OH Pool AS	USD	Bergen	100%	(42)	-50
Grieg Star AS	USD	Bergen	100%	571	295
Grieg Star 2017 AS	USD	Bergen	100%	11 587	370
Grieg Star Bulk AS ***	USD	Bergen	100%	5 662	10 176
Grieg Star Bulk Pool AS	USD	Bergen	100%	-39	-50
Grieg Edge AS	USD	Bergen	100%	-1 651	-745
Grieg Green AS	USD	Bergen	100%	-3 009	-3 671
Book value at 31.12					

* Grieg Shipholding AS owns 100% of Grieg Shipowning AS, Grieg Star Bulk AS and 50% of GriegMaas AS.

** Grieg Shipowning AS owns 100% of Grieg Shipping II, Grieg International II AS and 97% of Grieg Shipping III AS

*** Grieg Star Bulk AS owns 3% of Grieg Shipping III AS

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
Grieg Consulting Shanghai	Shanghai	100%	3
UACC Ross Tanker DIS	Oslo	3%	183
Viridis Kapital AS	Oslo	40%	5
Wavefoil AS	Trondheim	1%	117
Green H. AS	Oslo	10%	650
Ocean Oasis AS	Oslo	10%	560
North Ammonia AS (joint venture acc. for using the equity method)	Oslo	50%	461
G2 Ocean Holding AS (joint venture)	Bergen	35%	4 909
Book value at 31.12			7 151

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%.

North Ammonia AS is a joint venture between Grieg Edge and Arendals Fossekompani developing supply of green ammonia.

Grieg Maas AS, (owned 50% by Grieg Shipholding AS) owns 100% of 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 Marked based investments

GROUP

Figures in USD 1 000

	Acquisition cost	Market value	Acquisition cost	Market value
	2021	2021	2020	2020
Mutual funds	3 782	3 866		
Bonds	8 847	9 705	5 441	6 471
Money market funds	11 413	11 482	7 162	7 495
Book value at 31.12	**24 042**	**25 052**	**12 603**	**13 967**

	2021		
	Realised	Unrealised	Total profit/loss
Mutual funds		84	84
Bonds	76	-151	-76
Money market funds	250	-257	-7
Proft/loss from market-based investments	**325**	**-325**	**0**

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

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 9 Receivables maturing later than one year

GROUP		
Figures in USD 1 000	**2021**	**2020**
Other loans	154	72
Deposit on office rent	524	541
Total	**677**	**613**
Other long term receivables	2 827	3 096
Total	**2 827**	**3 096**

Note 10 Interest-bearing debt

GROUP

Figures in USD 1 000

Mortgage loans

As of 31.12.21, the Group has 9 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 19.3m per 31.12.2021 for Grieg International II AS vessel, USD 8.4 for the Grieg Shipping III AS vessel and USD 21.4m for the GriegMaas Ultramax AS vessels. Grieg Shipping II AS and Grieg International II AS is providing guarantees in the amount of USD 248.6m for Grieg Shipowning AS. The companies have been in compliance with the covenants throughout the year.

	2021	**2020**
Mortgage loans (1st priority)	274 410	318 758
Total	274 410	318 758

Of which long-term debt with maturity later than 5 years	**2021**	**2020**
Debt to credit institutions	0	0
Total	**0**	**0**

Balance value of mortgaged assets	**2021**	**2020**
Vessels	466 372	526 998
Total	**466 372**	**526 998**

Other long term debt	**2021**	**2020**
Financial leasing	54 031	57 572
Other long term debt	923	1 131
Total other long term debt	**54 954**	**58 703**

Note 11 Related parties

PARENT COMPANY

Figures in USD 1 000

Other receivables	**2021**	**2020**
Grieg Shipping II AS	363	0
Grieg International II AS	110	0
Grieg Shipping III AS	16	0
Grieg Star AS	32	0
Grieg Edge AS	2156	0
Grieg Shipholding AS	81	0
Grieg Maturitas II AS	125	0
Grieg Shipholding AS (dividend)	22 677	3 516
Total	**25 560**	**3 516**

Other current liabilities	**2021**	**2020**
Grieg Shipholding AS	122	0
Grieg Group Resources AS	1	0
Grieg Maturitas II AS	1	0
Grieg Maturitas II AS (dividend)	22 677	3 516
Total	**22 802**	**3 516**

Long-term liabilities	**2021**	**2020**
Grieg Shipholding AS	6 009	0
Total	**6 009**	**0**

Transactions with related parties

Company	**Type of services**	**2021**	**2020**
Revenue			
Grieg Star 2017 AS	Management fee	35	0
Grieg Star Bulk AS	Management fee	69	0
Grieg Shipholding AS	Management fee	52	0
Grieg Star AS	Management fee	971	0
Grieg Shipowning AS	Management fee	69	0
Grieg Shipping II AS	Management fee	698	0
Grieg Shipping III AS	Managment fee	30	0
Grieg International II AS	Management fee	212	0
Grieg Star Bulk Pool AS	Management fee	35	0
Grieg Star OH Pool AS	Management fee	35	0
Grieg Edge AS	Management fee	149	0
	Interest income	24	0
North Ammonia AS	Management fee	77	0
G2 Ocean AS	Rental fee	28	0
Grieg Maturitas II AS	Management fee	100	0
Total		**2 584**	**0**

		2021	2020
Expenses			
Grieg Shipholding AS	Interest expense	119	0
	Management fee	254	0
	Rental- and IT fee	497	0
Grieg Star AS	Management fee	353	0
Grieg Maturitas II AS	Service fee	1166	0
Total		**2 389**	**0**

GROUP

Figures in USD 1 000

	2021	2020
Other short-term receivables		
Joachim Grieg Star KS		
Grieg Shipbrokers Serv. KS	12	7
Grieg Maturitas II AS	129	1
Grieg Kapital AS	2	1
Grig Strat. Serv. AS	2	0
Grieg Investor AS	19	8
Grieg Maas AS	0	352
Total	**163**	**369**

Other short-term liablilities	**2021**	**2020**
GriegMaas Supramax AS	0	142
GriegMaas Ultramax AS	0	301
Grieg Shipbr. Valuation AS	2	0
Grieg Group Resources AS	4	3
Grieg Investor AS	10	8
Grieg Maturitas II AS	1	0
Total	**17**	**454**

Office services from Grieg Group Resources AS to the Group	309	304
Office and parking rental agreement between the Group and Grieg Gaarden AS	583	411
Commission agreement and compensation between the Group and Grieg Shipbrokers Val.	82	186
Commission agreement between the Group and Grieg Shipbrokers	748	28

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 12 Share capital and shareholder information

PARENT COMPANY

The share capital consists of	Number of shares	Nominal value	Book value in USD 1 000
	100 000	11,64	1 164
Total	**100 000**		**1 164**

Shareholders at 31.12	Number of shares	Total	Ownership
Grieg Maturitas II AS	100 000	100 000	100%
Total	**100 000**	**100 000**	**100%**

Note 13 Taxes

PARENT COMPANY

Figures in USD 1 000

Tax charge and tax payable in the accounts

Temporary differences	2021	2020
Fixed assets		
Early retirement		
Pensions		
Net temporary differences	-	
Tax losses carried forward	(2 955)	
Basis for deferred tax/(deferred tax assets)	**(2 955)**	
Deferred tax/deferred tax assets	(650)	
Deferred tax asset no recognised in the balance sheet	650	
Deferred tax/(deferred tax assets) in the balance sheet	**-**	
Basis for taxation, change in deferred tax and tax payable		
Profit before tax	2 962	4 146
Permanent differences	(7)	(4 146)
Basis of tax charge for the year	2 955	
Change in temporary differences	(2 955)	
Change tax losses carried forward		
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		
Change in deferred tax, due to change in tax rate	-	
Tax charge / (tax income)	**-**	

Reconciliation of the tax expense		
Result before taxes	2 962	4 146
Calculated tax 22%	652	912
Tax expense	-	
Difference	652	912

The difference consist of:		
22% of permanent differences	-2	-912
Change in deferred tax due to change in tax rate		
Change in deferred tax due to change in tax rate		
Deferred tax asset not recognised in the balance sheet	-650	0
Sum explained differences	-652	-912

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	**-**	**-**

GROUP

Figures in USD 1 000

	2021	**2020**
Tax expense consists of:		
Tax payable on taxable income	80	
Change in deferred tax	(64)	
Deferred tax benefit not shown in the balance sheet	-	
Group contribution, tax effect	(60)	
Adjustment with respect of prior years	-	
Tax expense (income)	**(44)**	**-**

Tonnage tax (classified as an operating expense in the income statement):

Deferred tax:		
Long-term debt	-	
Fixed assets	(143)	(177)
Shares in subsidiaries	(77)	(78)
Early retirement	(523)	(819)
Pension	(5 133)	(3 542)
Other temporary differences	3 924	5 841
Financial instruments and other short-term investments	768	556
Profit/loss account	2 358	466
Tax loss carry forwards	(85 958)	(73 405)
Basis for deferred tax/(deferred tax assets)	**(84 784)**	**(71 158)**
Deferred tax/(deferred tax assets)	**(18 652)**	**(15 655)**
Deferred tax assets not recognised in the balance sheet	15 998	13 158
Deferred tax/(deferred tax assets) recognised in the balance sheet	**(2 575)**	**(2 497)**

Tax payable consists of:		
Taxable financial income for companies under Chapter 8 of Taxation Act	90	116
Profit before tax subject to ordinary income tax	(14 728)	(78 616)
Permanent differences	16 568	79 977
Changes in differences included in the basis for deferred tax/deferred tax assets	(3 255)	127
Group contribution		(1 488)
Changes in deficit and remuneration brought forward	1 415	
Basis of tax charge for the year	**90**	**116**
Current tax payable of net income	20	25
Tax payable period before establishment		
Tonnage tax	441	384
Tax prepaid		
Effect of Group contribution	-	
Tax payable in the accounts	**461**	**409**

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 2022.

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

PARENT COMPANY

Figures in USD 1 000

Payroll expenses	**2021**	**2020**
Salary including bonus	2 287	
Employers' national insurance contributions	16	
Pension costs	137	
Other remuneration	688	
Total	**3 129**	**0**

As from 01.04.2021 the management was transferred from Grieg Shipholdings AS to Grieg Maritime Group AS

Remuneration to management	**CEO**	**Board**
Salary	379	202
Pension costs	18	
Other remuneration	1	

As from 01.04.2021 the management was transferred from Grieg Shipholding AS to Grieg Maritime Group AS. 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	2021	2020
Salary including bonus	10 026	6 779
Employer's national insurance contributions	995	773
Pension costs	589	791
Other remuneration	744	986
Total	**12 354**	**9 329**
The number of employees on shore at 31.12	**90**	**104**
The number of sailing personnel at 31.12	**576**	**640**

Salary costs related to sailing personnel (employed by Grieg Philippines and other manning companies) totalled USD 29.9m. The payroll expenses are recognised in the P&L as vessel operating expenses. 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 pro-forma income statement figures as presented in note 2.

Note 15 Pensions

PARENT COMPANY

From 01.04.2021 the employees were transferred from Grieg Shipholding AS to Grieg Maritime Group AS.There are no employees with defined benefit pension in Grieg Maritime Group AS.

GROUP

Grieg Maritime 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 de decision was made to close it. The early retirement scheme pays 70% of salary at the time reaching the age of 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 31.12.2021, hereof 19 persons received pension in 2021.

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 earning period.

Defined benefit pension scheme		
Current service cost	10	5
Interest cost	205	249
Expected return on plan assets	(244)	(317)
Social security	(4)	(9)
Administrative expenses	94	72
Plan change through profit/loss	-	92
Actuarial (gains) / losses	28	80
Net pension expenses	**88**	**172**

Contribution based pension scheme	**2021**	**2020**
Payments to the contribution based pension scheme (Norway)	135	493
Sum	**135**	**493**
Total pension cost	**223**	**665**

Economic assumptions:	**2021**	**2021**	**2020**
	Norway	**Canada**	**Norway**
Discount rate	1,90%	2,80%	1,70%
Anticipated rise in salaries	2,75%		2,25%
Anticipated return on pension fund assets	3,10%		2,70%
Anticipated increase in National Insurance base rate	2,50%		2,00%
Anticipated rise in pensions paid	3,10%		2,00%

The actuarial assumptions for 2021 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 31.12.21				
Present value of obligations	1 030	11 924	1 466	14 156
Fair value of plan assets	-147	(9 173)	-	(9 372)
Surplus (deficit) of pension plans	883	2 750	822	4 455
Actuarial (gains)/losses not recognised	0	(843)	(58)	(901)
Social security	0	382	41	423
Liability in the balance sheet	**883**	**2 289**	**805**	**3 977**

Figures in USD 1000 Distributed by scheme at 31.12.20	**Canada Funded**	**Norway Funded**	**Norway Unfunded**	**Consolidated**
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**

Asset Allocation in Norway as of 30.09:	**2021**	**2020**
Shares	9,7 %	7,2 %
Bonds	46,3 %	51,2 %
Property	13,6 %	13,6 %
Money market	10,6 %	10,6 %
Other	19,8 %	17,4 %

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

Note 16 Auditor's fee

PARENT COMPANY

Figures in USD 1 000

Auditor's fee	**2021**	**2020**
Statutory audit	14	0
Tax advisory fee (incl. technical assistance)	13	0
Tax advisory fee (incl. techincal ass. with tax return)	0	0
Other non-audit services	0	0
Total fee to auditor excl. v.a.t.	27	0

GROUP

Figures in USD 1 000

Auditor's fee	**2021**	**2020**
Statutory audit	149	117
Technical assistance and other attest services	56	28
Tax advisory fee (incl. techincal ass. with tax return)	37	25
Total fee to Group auditor excl. v.a.t.	**242**	**170**

Note 17 Restricted bank deposits

GROUP

Figures in USD 1000

	2021	2020
Other restricted deposits	**938**	**585**

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 31.12.21 the Group held interest swap agreements of USD 206m. Total unrealised MTM value, not recognised in the balance sheet, was USD -4m.

Foreign exchange risk

The company hedges expenditures in currencies other than USD forward contracts. At 31.12.21 the company had entered into hedging agreements through the use of currency swaps for USD 3.8m. Total unrealised MTM value, not recognised in the balance sheet at 31.12.21, was USD -0.077m.

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 contrats are settled as an adjustment of operating income. At 31.12.21, the company had not entered into any Forward Freight Agreements (FFA)

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	6	6 - 12 years	USD 14.6 m
Long-term time charter vessels	4	2 - 5 years	USD 19.5 m

Note 20 Guarantee

GROUP

Grieg Shipholding AS has issued performance guarantees as follows:

		duration	remaining lease debt
Grieg Star Bulk AS	3 TC vessels	5.2 years	65.1m
Grieg International II AS	2 Fin. leasing vessels	12.9 years	77.8m
Grieg Shipping II AS	2 BB vessels	11 years	55.5m

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:

In USD 1000	2021	2020
Opening net assets 1 January	4 819	5 486
Acquisition cost		
Share of profit	-114	-667
Carrying amount at 31 December	**4 705**	**4 819**

Summarised consolidated financial information 2021 joint ventures:

Grieg Edge AS and AFK Energy AS established a joint venture, North Ammonia AS, 25 August 2021. The interest in the joint venture is accounted for using the equity method of accounting.

Reconciliation to carrying amounts:

In USD 1000	2021	2020
Opening net assets 1 January	0	0
Acquisition cost	572	0
Share of profit	-111	0
Carrying amount at 31 December	**461**	**0**

Summarised consolidated financial information 2021 joint ventures:

In USD 1000	Equity	Profit/loss
G2 Ocean Holding	14 256	-327
North Ammonia AS	456	-222

Note 22 Events after the balance sheet day

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

In Q1 2022, two ultramax vessels were delivered to their new owners based on sales agreements entered into Q4 2021. After this the GriegMaas AS JV no longer owns any vessels, and the process of winding up the company and its subsidiary GriegMaas Ultramax AS is thus being initated.

To the General Meeting of Grieg Maritime Group AS

Independent Auditor's Report

Opinion

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

- The financial statements of the parent company Grieg Maritime Group AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Grieg Maritime Group AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,

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

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

Basis for Opinion

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

Other Information

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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Bergen, 29 March 2022

PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant

(This document is signed electronically)

PHOTO: 3M ERICK V ROBLES

GRIEG MARITIME GROUP