GRIEG MARITIME GROUP

Annual Report 2020

GRIEG MARITIME GROUP

Content

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FRONT PHOTO: REANMER BALDOZA

Matt Duke

CHIEF EXECUTIVE OFFICER

A challenging year

Last year was a challenging year for our business and the world as a whole. It presented us many challenges that we overcame thanks to our teams' extraordinary efforts. It showed that robust and resilient foundations coupled with brilliant and talented teams are the best line of defence towards any unexpected black swan event. Our organisation's handling of the pandemic makes us confident that we can overcome any new challenges in the future. On the basis of this commitment, innovation, and professionalism of our organisation, we are now well set to take advantage of the improving markets in 2021.

The Covid-19 pandemic has had an immense impact on society and individuals, and it's lasting effects are still impossible to comprehend. But for some, the loss of loved ones, of their job or home, will forever mark this difficult period. These are unprecedented times, and we shall find a path through them - one step at a time.

For the Grieg Maritime Group, the global lock-down meant significant obstacles in our usual way of doing business. We have been used to travel around the world to visit ships, attend dry dockings or IHM inspections, and meet teams from our global offices. Overnight, we had to find alternative ways of conducting business.

The way our teams have handled this is nothing short of impressive. Still, we are grateful that our previous years' strategy had been completed. Implementing new digital tools during the last months of 2019 provided our business exactly what we needed when the local lock-downs required us to work from home. More so, we see that the pandemic has accelerated our digital transformation.

A larger problem is how many countries have treated seafarers during this pandemic. All the countries in the world are relying on getting food, medicines, and equipment. Still, they have denied those who sail the ships carrying these goods to travel to and from their ship and denying them shore access for medical reasons. These are breaches of human rights. The result is seafarers stuck onboard for up to 13 months and others not being able to support their family because they are not allowed to work. This January, we signed the Neptune Declaration on Seafarer Wellbeing and Crew Change. We hope this initiative will move all countries worldwide to accept seafarers as essential workers.

Due to the reduced economic activity following the pandemic, we see a drop in GHG emissions worldwide. But we know this is not the new normal, and we still have work to do to reach the UN Sustainable Development Goals. As a signatory of the UN Global Compact since 2008, we still stand by the principles. We base our strategy on the Sustainable Development Goals, and we believe it is possible to do so and yet build thriving businesses.

And as an example of that, 2020 saw us establish a new subsidiary: Grieg Edge. Their goal is to identify and develop new business opportunities within shipping and related maritime segments – always with sustainability as a requirement. The team has developed several exciting projects throughout the year, despite the hindrances of the pandemic. And at the end of the year, Grieg Edge received significant project funding from the Norwegian scheme, Pilot E. They confirmed they would support a project to develop an ammonia fuelled ammonia tanker, the MS Green Ammonia.

Financially, 2020 will end as an uncommon year. Despite the pandemic, we almost maintain our revenues from 2019. Both open hatch and conventional bulk have done better than we feared when the pandemic started.

The value of our open hatch fleet has been a discussion point internally for some years. We purchased parts of the fleet at a very high price point in the shipping cycle. We have decided to normalise these values in our books. For our annual accounts, that means a write-down of 83.3 million USD. We find it prudent to mention that this paper write down does not affect our group liquidity, nor does it impact our financial obligations. It should be noted that in the first months of 2021 we are very pleased to see a significant market improvement, and in that regard it is feasible that a portion of the write down will need to be reversed in the next accounting year. The Grieg Maritime Group is living its values: Solid, Open, Proud and Committed.

Our organization

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

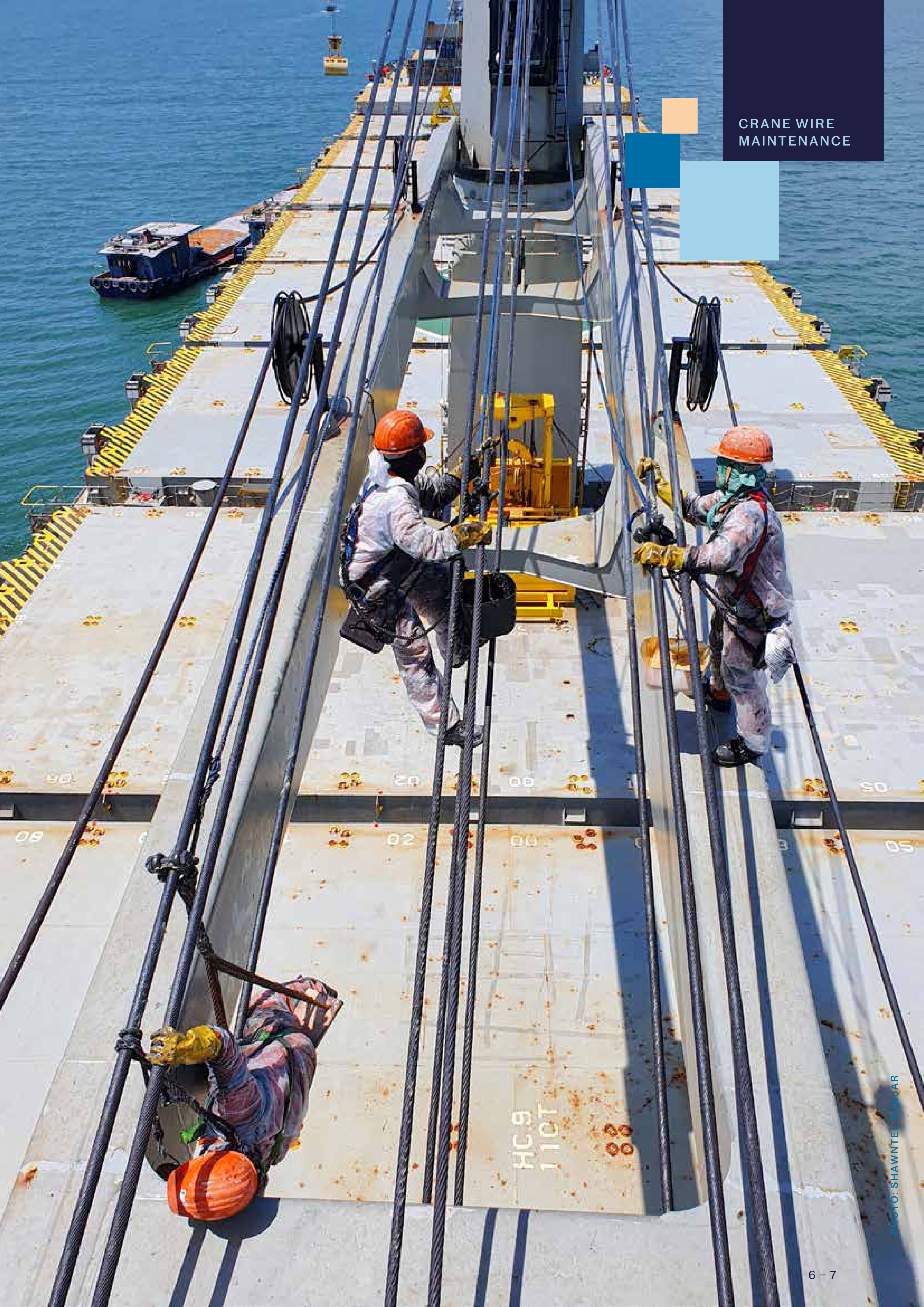
We are honest, exchange ideas and seek to understand and learn from our colleagues.

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



CRANE WIRE
MAINTENANCE

PHOTO: SHAWNTEL AGUJAR

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

Atle Sommer
HEAD OF GRIEG STAR

Petter Heier
HEAD OF GRIEG GREEN

Nicolai Grieg
HEAD OF GRIEG EDGE

Kjerstin Hernes
MANAGER PORTFOLIO, STRATEGY AND INNOVATION

Board of Directors

Camilla Grieg
CHAIR OF THE BOARD

Sirine Fodstad
MEMBER OF THE BOARD

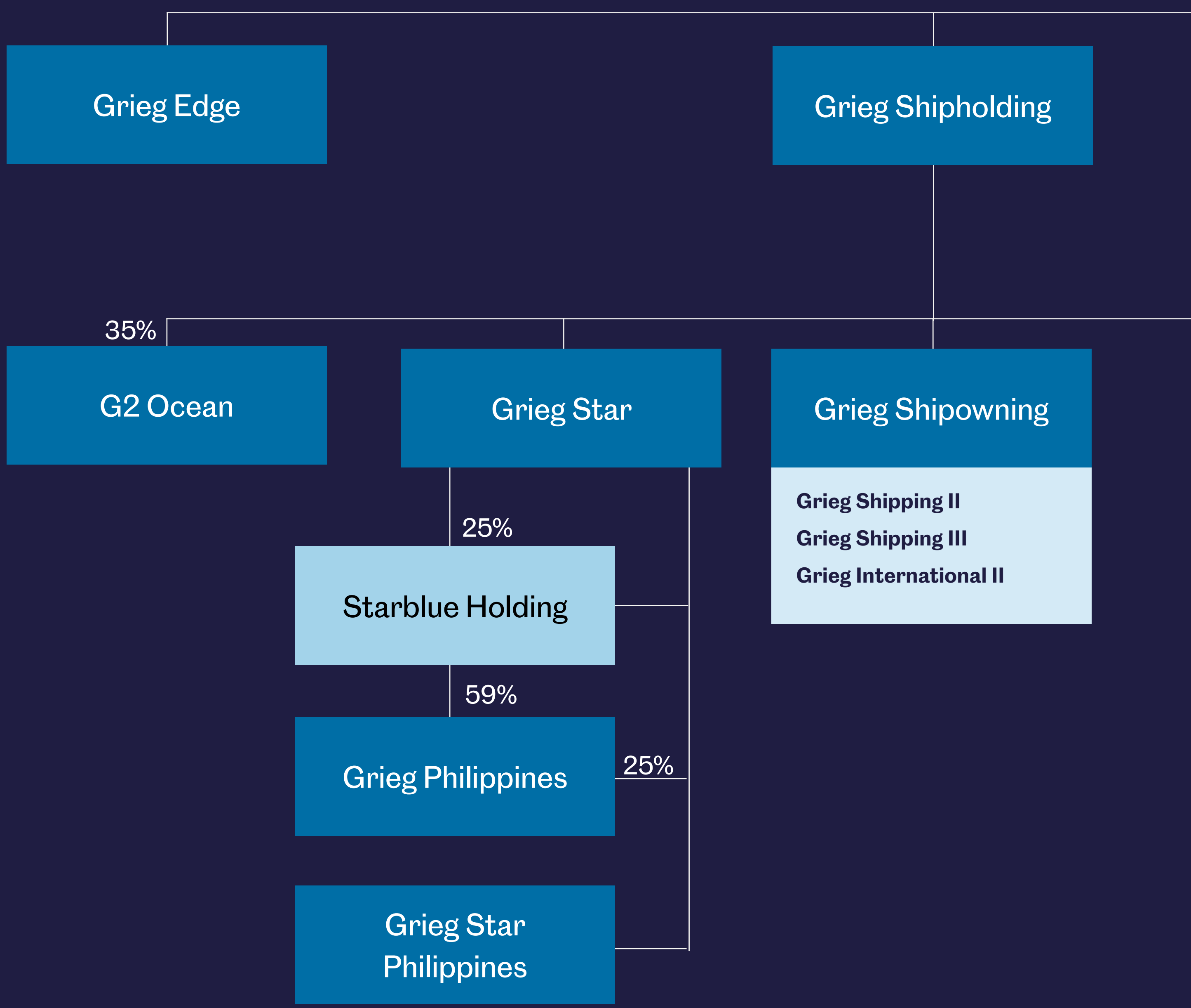
Elisabeth Grieg
MEMBER OF THE BOARD

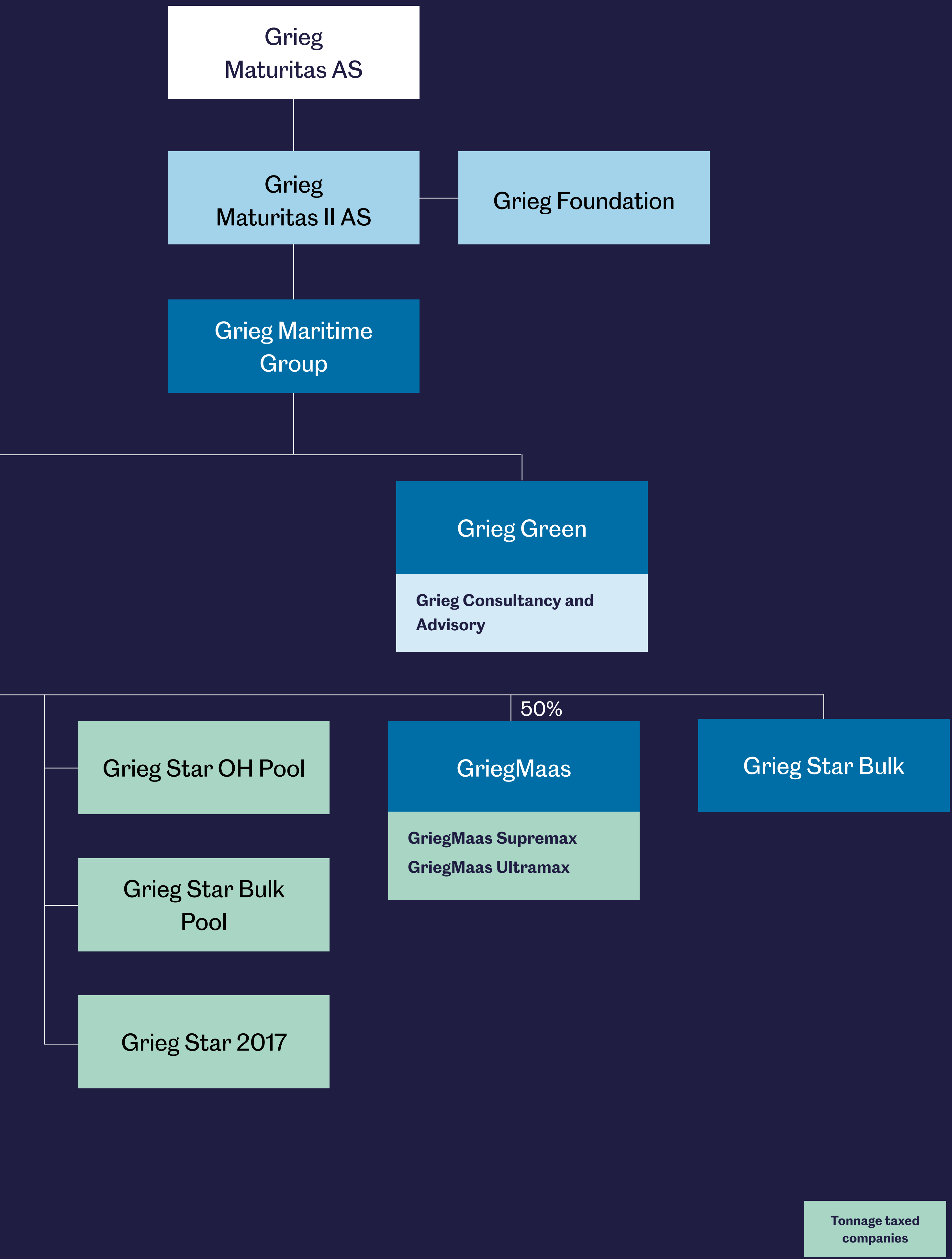
Didrik Munch
MEMBER OF THE BOARD

Kai Grøtterud
MEMBER OF THE BOARD

Rune Birkeland
MEMBER OF THE BOARD

Group structure




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

ESG-status - the numbers

			2020	2019
ENVIRONMENT	CLIMATE RISK AND CLIMATE FOOT-PRINT	Scope 1 GHG (Direct emissions of CO2 equivalents, metric tonnes)	442,675	464,653
		Scope 2 GHG (Indirect emissions of CO2 equivalents, metric tonnes)	2,627	3,422
		EEOI (Energy Efficiency Operational Indicator)	10,730	10,865
		AER (Annual Efficiency Ratio)	5.61	5.93
		Energy consumed, gigajoules	5,828,000	6,224,985
		Energy consumed: Heavy Fuel Oil %	84%	81%
		Energy consumed: renewable/low-carbon %	0,01%	0,01%
	AIR POLLUTION	SOx emissions, metric tonnes	869	3,434
		NOx emissions, metric tonnes	13,794	14,487
		Particular matter emissions	NA	NA
	SHIP RECYCLING	Number of ships recycled	1	2
		Number of ships recycled according to EU SRR	1	2
	ECOLOGICAL IM-PACTS	Days in marine protected areas	NA	NA
		Number of oil spills	0	3
		Aggregated tonnes potentially harmful oil spills	0	0,4
SOCIAL	ACCIDENTS, SAFE-TY AND LABOUR RIGHTS	LTIF	0.21	0.86
		BoD % women	50%	60%
		Top management % women	38%	40%
		Management % women	35%	31%
		Employees total % women	46%	47%
		Seafarers top management % women	0.1%	0.1%
		Seafarers management % women	0.9%	0.4%
		Seafarers % women	2.8%	1.4%
		PSC Deficiencies	1.19	1.40
		PSC Detentions	-	3
		Marine casualties	-	3
		Marine casualties, very serious %	-	-
		Marine casualties, deaths	-	-
		Sick leave shore	0.8%	1.6%
GOVERNANCE	BUSINESS ETHICS	Number of calls at ports that have the 20 lowest rankings in Transparency International's Corruption Perception Index	0	19
		Number of incidents where bribes have been requested.	3	7
		Total monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and/or regulations	0	0

2018	2017	2016	2015	2014	Comments	Ref
459,138	445,300	525,700	522,968	506,657		GRI 305-1; SDG 13
NA	NA	NA	NA	NA	Not measured before 2019	GRI 305-2; SDG 13
11,765	13,377	13,846	11,632	10,127	Scope 1 divided by transport work	GRI 305-4; SDG 13
					Not calculated before 2019	
NA	NA	NA	NA	NA	Not measured before 2019	GRI 302-1; SDG 13
NA	NA	NA	NA	NA	Not measured before 2019	GRI 302-1; SDG 13
NA	NA	NA	NA	NA	Not measured before 2019	GRI 302-1, SDG 13
3,561	3,494	3,870	3,465	3,557		MARPOL Annex VI Reg. 14
14,319	13,590	15,959	15,551	15,702		GRI 305-7; SDG 3; MARPOL Annex VI Reg. 13/14
NA	NA	NA	NA	NA	Not measured	GRI 305-7; SDG 3; MARPOL Annex VI Reg. 13/14
-	-	1	4	1		EU 1257/2013; SDG 8, 12, 14
-	-	1	4	1	According to extended inter-pretation of Hong Kong conv before 2019	EU 1257/2013; SDG 8, 12, 14
NA	NA	NA	NA	NA	Not measured	SDG 14; GRI 304-2
-	-	-	-	-		SDG 14; GRI 306-3
-	-	-	-	-		SDG 14; GRI 306-3
1.73	1.89	2.44	1.46	2.80		GRI 403-9; IMO ISM Code; SDG 8
60%	50%	50%	50%	50%		GRI 405-1; SDG 5, 10
38%	38%	44%	44%	33%		GRI 405-1; SDG 5, 10
36%	43%	19%	19%	25%		GRI 405-1; SDG 5, 10
46%	49%	39%	41%	41%		GRI 405-1; SDG 5, 10
-	-	-	-	-		GRI 405-1; SDG 5, 10
0.3%	0.1%	-	-	-		GRI 405-1; SDG 5, 10
1.2%	0.6%	0.5%	0.2%	-		GRI 405-1; SDG 5, 10
1.12	1.22	0.80	0.78	0.90		SDG 8, 14
2	2	1	-	-		SDG 8, 14
5	10	3	2	6		SDG 8
-	-	-	-	-		SDG 8
-	-	-	-	-		SDG 8
1.3%	1.6%	3.0%	2.2%	-	No formal records of global sick leave in 2014	SDG 8
NA	NA	NA	NA	NA	Not measured before 2019	SDG16
-	-	9	2			SDG16
0	0	0	0	-		SDG16

Directors' report 2020
Grieg Maritime Group (consolidated)

The Business

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

PHOTO: JHOMAR CORDIAL

Areas of operation

Owner of the commercial operator G2 Ocean

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

4000	31	1500+
Port calls in a year	Open Hatch vessels	IHMs completed

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

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

> At the core of the business is managing and developing the fleet, providing an efficient commercial operations toolbox.

Green recycling, IHM and asbestos removal

Grieg Green is one of the world's largest providers of services associated with environmentally sound recycling of vessels and offshore rigs as well as Inventory of Hazardous Materials ("IHM"). Eight of the largest Class Societies have approved its services, and the company obtained its ISO 9001 certification from Lloyds's Register in 2020. Grieg Green works closely with pre-approved shipyards in Europe, Turkey, India, China and Indonesia, and is committed to continuously develop its yard portfolio in other parts of the world to readily provide environmentally and safe recycling. They have completed more than 120 recycling projects as well as 1500+ IHMs.

Maritime innovation

Grieg Maritime Group established the subsidiary Grieg Edge in early 2020. Grieg Edge has a mandate and strategy to identify and develop new business opportunities within the maritime segment, emphasising the green transition and sustainability in general.

Annual accounts

The rapid spread of Covid-19 cases and its devastating effects on human lives and livelihoods will forever define 2020.

While the pandemic's impact has been very uneven across industries, evidence shows that businesses' individual fates are not necessarily preordained by the industry they are in, but rather how the Company takes steps early to improve its resiliency. Grieg Maritime Group has used 2020 to restructure its operations to transform the business for future growth in a digitalised and decarbonised world. Simultaneously, the Group has worked to ensure sufficient liquidity for the Company to withstand the pandemic's adverse effects.

Although the annual result is impacted by the pandemic, with a lower financial result than foreseen at the outset of 2020, there were many bright spots and new learnings throughout the year which brought the Group forward; Income from green services increased more than 50% compared to 2019. Several new data

PROTECTIVE GEAR AGAINST VIRUS IS THE NEW NORMAL ONBOARD

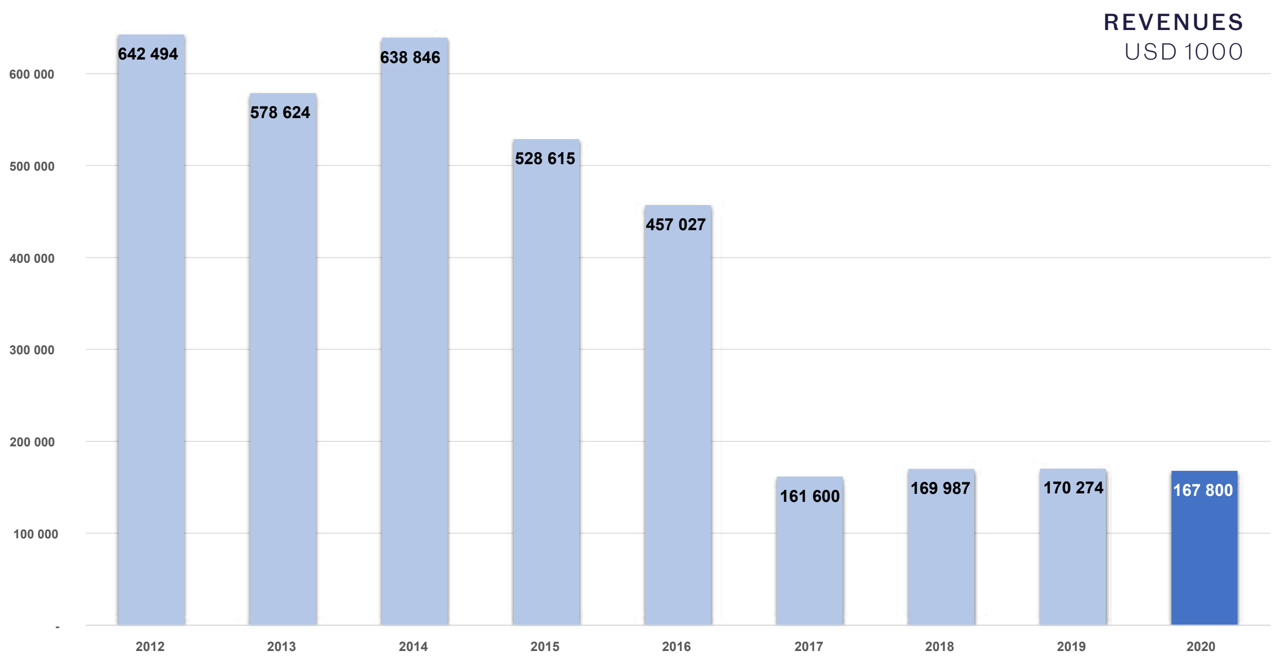
processes and vessel technologies were implemented to improve competitiveness and operating capabilities. In parallel, new business concepts were assessed, of which some may be developed as essential parts of Grieg Maritime Group's business activities going forward. These achievements were delivered by a dedicated and motivated organisation, while simultaneously managing the day-to-day business, with record low injury rates and no-one infected by the Coronavirus onboard or ashore.

> Income from green services increased more than 50% compared to 2019

Grieg Maritime Group company and consolidated accounts and proforma accounts

On December 30th 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. Grieg Maritime Group AS' result for 2020 is a reflection of that these transactions took place at the end of a financial year. The company profit before and after tax for 2020 is USD 4.2m, which is dividend from subsidiaries. The consolidated profit for 2020 is USD 0.0m. The company's total assets were USD 280.0m at year end 2020, and with an equity ratio of 99%, which is a reflection of that the company's assets are primarily shares in daughter companies.

Although Grieg Maritime Group AS is a new holding company, its activities are a continuation of an existing business. To be able to show relevant and comparable figures over time, a proforma consolidated income statement has been prepared, as if the transactions had been completed on January 1st 2020 and 2019. This proforma income statement is shown in Note 2 of the Annual Accounts, and all references to the 2020 and 2019 result figures in the following refers to this proforma result.



IN 2017, GRIEG STAR GROUP ENTERED A JOINT VENTURE WITH GEARBULK, ESTABLISHING G2 OCEAN. THE REVENUE OF THE COMMERCIAL PART OF THE OPERATIONS IS FROM THAT POINT SHOWN IN G2 OCEAN'S ACCOUNTS.

Earnings, operations and result

Grieg Maritime Group's revenues consist mainly of freight income, which is accounted for as time charter hire for its fleet of vessels. Other income is primarily related to green services. Despite all the challenges of Covid-19, the Group almost maintained its total group revenues from the previous year, with 2020 revenues reaching USD 167.8m (USD 170.3m). Whilst an increase in the number of vessel trading days is part of the explanation, both open hatch earnings and income from green services turned out far better than feared at the outset of the pandemic. With China being an important market, its lockdown was severely felt in the first quarter. Earnings improved, however, throughout the year as the world adjusted to the new normal. The Group kept the vessels run safely and ramped up on remotely delivered IHM services. It was all greatly helped by new digital tools. G2 Ocean executing their covid-19 action plan was also valuable support for the improved earnings.

Total operating costs before depreciations and write-downs increased to USD 124.5m in 2020 (USD 116.5m) due to a higher activity level in all business segments. Being the single largest cost item in the Group, the vessels' operating expenses were unchanged at USD 67.7m (USD 67.6m), despite more vessel operating days in 2020. Included in this amount was almost USD 3m in additional costs related to Covid-19, such as increased crew travel costs and accommodation and other safety measures such as hardship allowance for personnel staying extra time onboard. On a positive note, there was less need for dry-docking provisions as fewer open hatch vessels were due for a special survey in 2020. Time charter costs increased in 2020 to USD 38.1m (USD 32.9m), mainly as the Company chartered in new vessels as part of a process of changing the composition of the bulk TC fleet into a younger and more competitively priced long-term fleet. Payroll and administration costs increased in 2020 to USD 18.6m (USD 16.0m) given the strategic decision to grow the Group's green services and investing resources in green maritime innovation.

-7,3

RESULT 2019
BEFORE TAX IN MUSD

-105.1

RESULT 2020
BEFORE TAX IN MUSD

Based on slightly reduced revenues which did not fully reflect the higher activity level, given Corona market effects, coupled with higher operating expenses, the Group's EBITDA decreased in 2020 to USD 43.3m (USD 53.8m).

Group depreciation charges were unchanged in 2020, at USD 40.4m (USD 40.4m). As part of the annual close, an impairment testing of the open hatch fleet was carried out using the discounted cash flow method. The impairment testing resulted in a write-down of USD 83.3m of the fleet's book value, including a write-down of goodwill, to achieve better harmonisation with the fleet's fair market value. The Group has also written down the book value for the 50% owned bulker with USD 5.4m. Although the write-down reduces the equity ratio to 40% (47%), it has no real material impact on the Group's financial strength, solidity, operations, or partners' interests. With this, Grieg Maritime Group's operating profit decreased to minus USD 85.8m in 2020 vs USD 13.4m in 2019.

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

In total, Grieg Maritime Group's result before tax in 2020 was minus USD 105.1m versus minus USD 7.3m in 2019. The after-tax result is minus USD 105.3m for 2020 (USD -8.0m).

HAPPY CREW IN DRY DOCK

Despite all the challenges of Covid-19, the Group almost maintained its total group revenues from the previous year, with 2020 revenues reaching USD 167.8m (USD 170.3m).

Balance sheet, financial situation and cash flow

Based on net cash flows from operations of USD 26.6m, cash flow from investments of USD 5.1m and a net cash flow of minus USD 27.3m from financing activities, net change in liquid funds in 2020 was minus USD 4.5m (all figures based on the proforma 2020 result). Long-term interest-bearing debt year-end 2020 was USD 377.5m (USD 401.0m). The Group refinanced some of the credit facilities financing the open hatch fleet in late 2020, which increased its liquidity buffer. This was done at the same main terms and conditions as usual for Grieg's shipping operations. While open hatch managed through Covid-19 without any need of financial assistance, with its financial covenants met at all times, the bulkers gained from being granted some flexibility in its debt repayments.

Group book equity was USD 272.8m at year-end 2020 (USD 381.8m). By the end of 2020, Grieg Maritime Group had total assets of USD 674.3m (USD 806.7m). The reduction is mainly related to fixed assets, which were reduced from USD 738.5m in 2019 to USD 612.1m in 2020. Current assets accounted for USD 62.2m (USD 68.1m) at year-end 2020, where liquid funds constituted USD 44.4m (USD 51.7m).

RECYCLING OF SHIP AT EU APPROVED YARD IN TURKEY

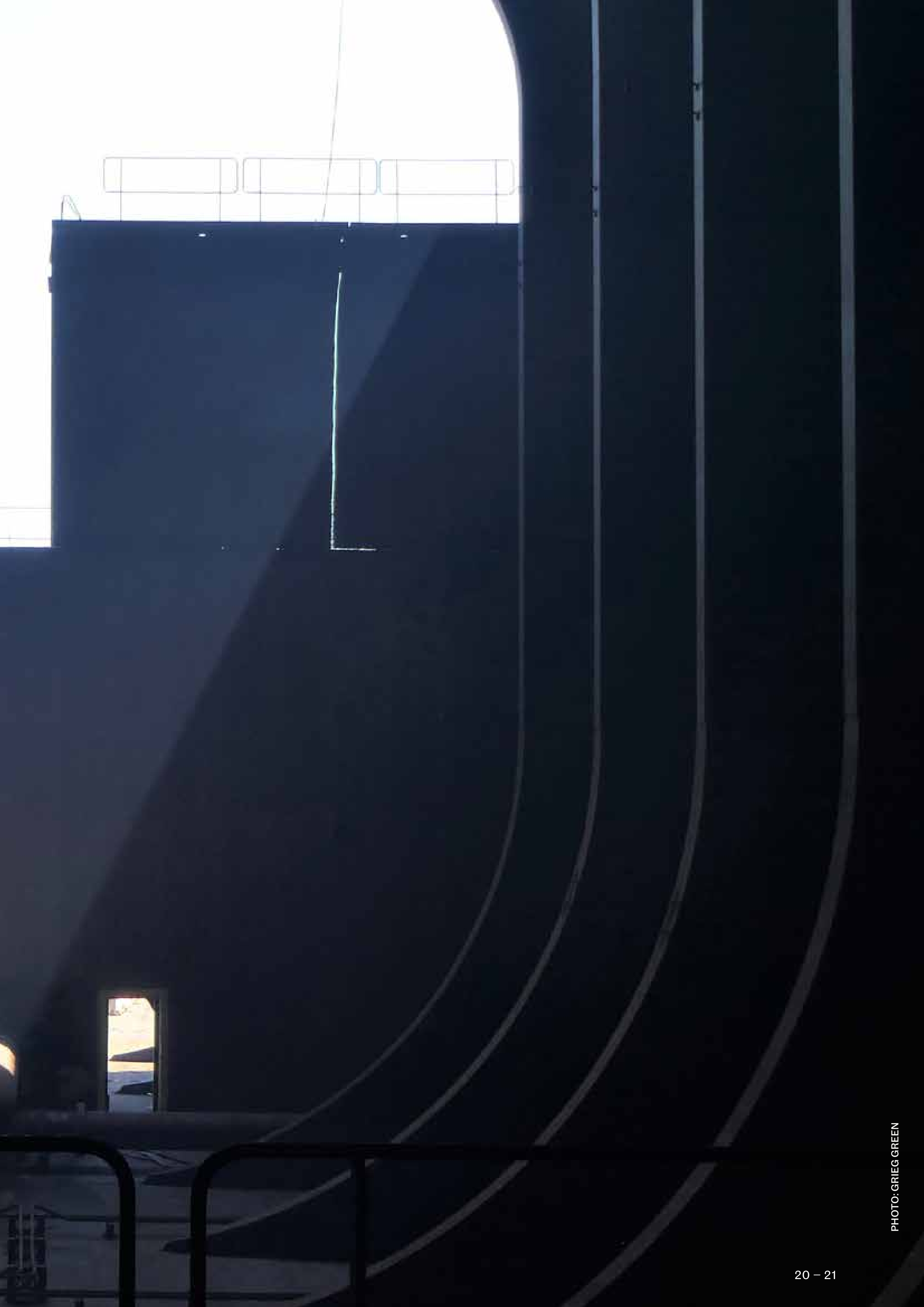


PHOTO: GRIEG GREEN

SEAFARERS HAVE BEEN HIT HARD BY THE EFFECTS OF THE PANDEMIC SHUT-DOWNS

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 carefully followed governmental advice throughout the pandemic, being swift to set up its employees with home offices, which still is the normal working practice for shore personnel. During the pandemic period, the management has worked to ensure that its leaders have regular team meetings with their employees. The administration has also set up recurring and short network training sessions with an external coach and a working environment survey. The management's focus has been on communicating with the leaders and collaborating with the employee representatives to improve the overall working environment.

Although 2020 brought increased activities in Grieg Green, which continued to grow, and the establishment of Grieg Edge, the total number of employees in Grieg Maritime Group was reduced by year-end 2020 to 744 employees (829) as the Group outsourced ship management for 13 out of 36 vessels. This affected both the shipping organisation onshore in the Philippines and Norway and, not least, sailing personnel. At the end of 2020, 640 (720) were at sea, and 104 (109) were shore-based, of which 57 (59) in Norway and 47 (50) abroad.

Health, environment and safety

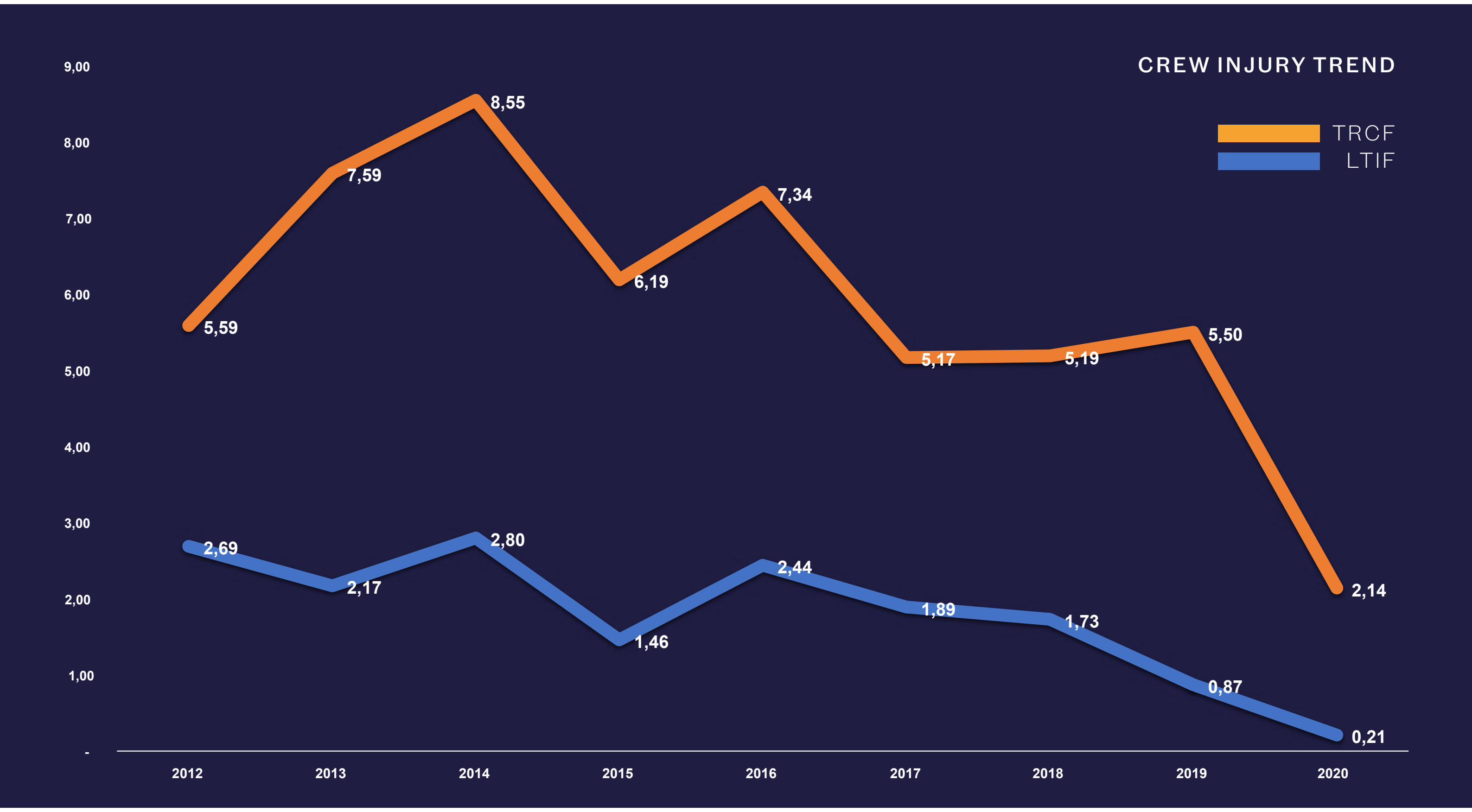
Grieg Maritime Group maintains an overview of sick leave per laws and regulations. In 2020, the registered sick leave for the global onshore organisation was 0.8% (1.6%). Sick leave for the Norwegian based employees went from 2.7% down to 0.3%, and from 0.4% to 0.2% in the offices abroad. There were no cases of onshore employees infected by the Coronavirus. Many where, however, from time to time in quarantine as part of precautionary measures, but they could still work from home.

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

> The injury statistic in 2020 is historic low, with an LTIF of 0.21 (0.87) and a TRCF of 2.14 (5.5).

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

PHOTO: IVY ALAMAR



FIRE DRILL

PHOTO: SHAWNTEL AGUJAR

Focus on pro-active safety of managing the Group's vessels have had a high focus in 2020, and several necessary improvements have been made to support this task. Examples of this are restructuring the categorisation for pro-active reporting in the Safety Management System and introducing Pro-Active Safety Dashboards, enabling monitoring of status and acting on potential situations before escalation. Any report of conditions or incidents with high negative potential has been subject to investigation for learning, improvement and experience sharing. Finally, monthly Safety Focus reports from the HSEQ department on Injuries and Inspections with all reports containing tutorial with examples on good pro-active reporting routines have been valuable.
With the Covid-19 pandemic starting already in January, ship management has put much effort into implementing effective barriers to protect the seafarers against the Coronavirus. Robust procedures were made both for pro-active measures but also for contingency situations in case of disease onboard. During 2020 there was not a single incident of Covid-19 outbreak onboard any Grieg Maritime Group controlled vessels. Unfortunately, several seafarers were infected, either in the Philippines or during travel, but the robust crew change routines prevented them from bringing the virus onboard. There are no reports of any of these crew members taking seriously ill.

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

2.8%

Female seafarers

46%

Landbased female employees

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. At year-end 2020, the land-based workforce reflected a gender distribution of 46% (47%) women and 54% (53%) men. 35% (33%) of the onshore management positions is held by females, and 38% (40%) within the top management team are women. Grieg Star trains female cadets for officer positions on its vessels. In 2020, 18 (14) out of the 640 (720) seafarers were women, with one (1) holding a senior management position.

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

STAR LYGRA AT BAHIA CONCEPCION ANCHORAGE, LIRQUEN, CHILE

PHOTO: REANMER BALDOZA

External environment

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

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

Grieg Maritime Group's participation in ongoing R&D programs is part of meeting its environmental ambitions. An example of this is the SFI Smart Maritime project, enabling the Norwegian maritime cluster to be world-leading in 2025 in environmentally friendly shipping. The project has eight years duration, with expected completion in 2023. Exploration of new technologies and digitalisation is encouraged, as it enables better insight and more efficient operations. Several applications and initiatives were launched in 2020, as the Rayven contingency reporting tool, a process for remote dockings and the "red team" project together with G2 Ocean and Gearbulk, resulting in a significant reduction of fuel oil use.

Grieg Green's environmentally sound recycling service 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.

Sustainability

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

Grieg Maritime Group has for several years worked with the UN's Sustainable Development Goals. Particularly high on the agenda are the seven SDGs targeted as material to the Group's business activities as: "4. Quality Education", "5. Gender Equality", "9. Industry, Innovation and Infrastructure", "12. Responsible Consumption and Production", "13. Climate Action", "14. Life Below Water" and "15. Life on Land". For reporting on progress for 2020, the Group has continued to apply the Norwegian Shipowners Association guidelines on sustainability reporting, aiming to show relevant and consistent reporting over time.

STAR JUVENTAS AND STAR LUSTER TOGETHER IN PORT

Risk and compliance

Risk management is vital to protect people, the environment and the business' assets.

0

Calls to ports in the 20 most corrupt nations

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

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

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

The Group's financial and market risk are mainly composed of risks related to development in freight rates, ship values, currencies, and interest rates. Several of these risks are strongly correlated to macro-economic development. The open hatch fleet's earnings are, to a large extent, linked to long term cargo contracts. This implies that revenues are less volatile than in the spot market and that changing market conditions generally have a delayed effect on the results. The dry bulk activity is exposed to spot market movements.

> During 2020, a sharp focus has been to be prepared to handle various Covid-19 related challenges.

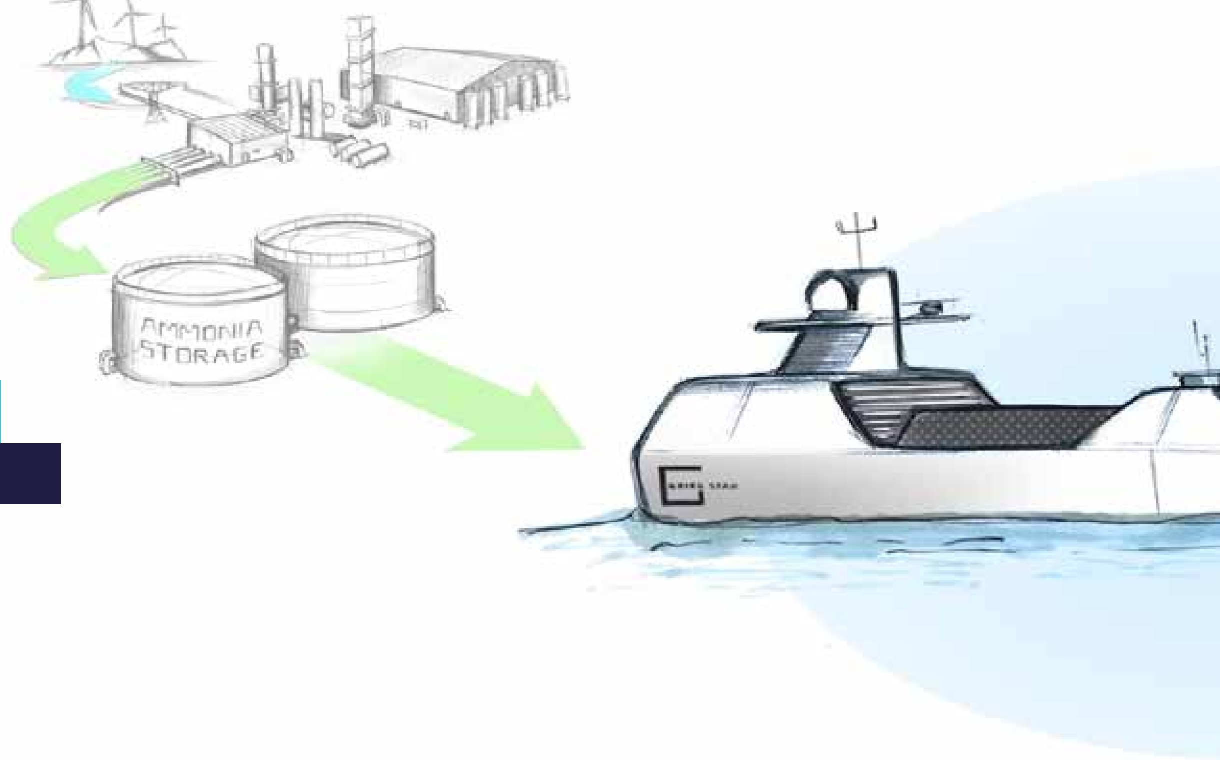
Changing equity prices and interest rates affect the Group's financial investments and loans. The financial portfolio is managed under a long-term strategy reflecting Grieg Maritime Group's business principles and risk capacity to ensure that Group can withstand market fluctuations. There are policies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

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

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


STAR ISTIND
APPROACHING
PORT OF GDYNIA,
POLAND

PHOTO: POITR LEWANDOWSKI



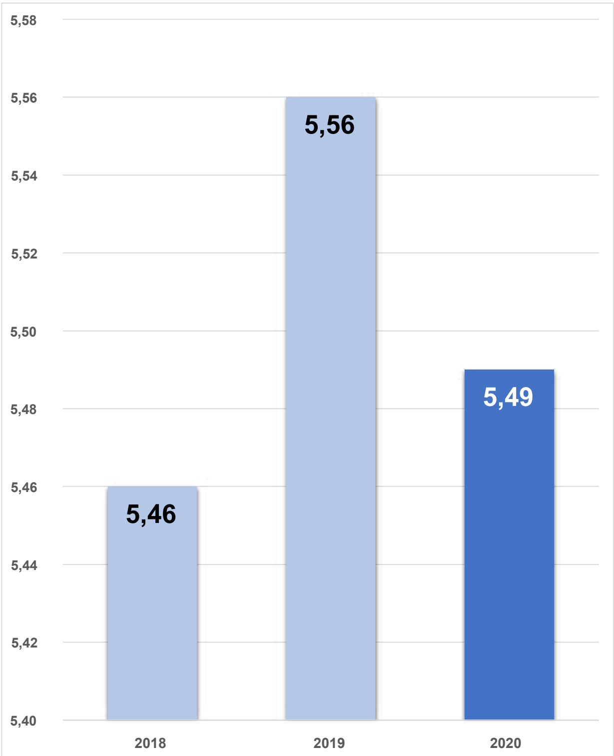
THE MS GREEN AMMONIA IS SET TO BE LAUNCHED IN 2024

The market and outlook

2020 was a year for the history books where Covid-19 materially affected private behaviour and consumption, and general business cycles.

DRY BULK TRANSPORTED WORLDWIDE

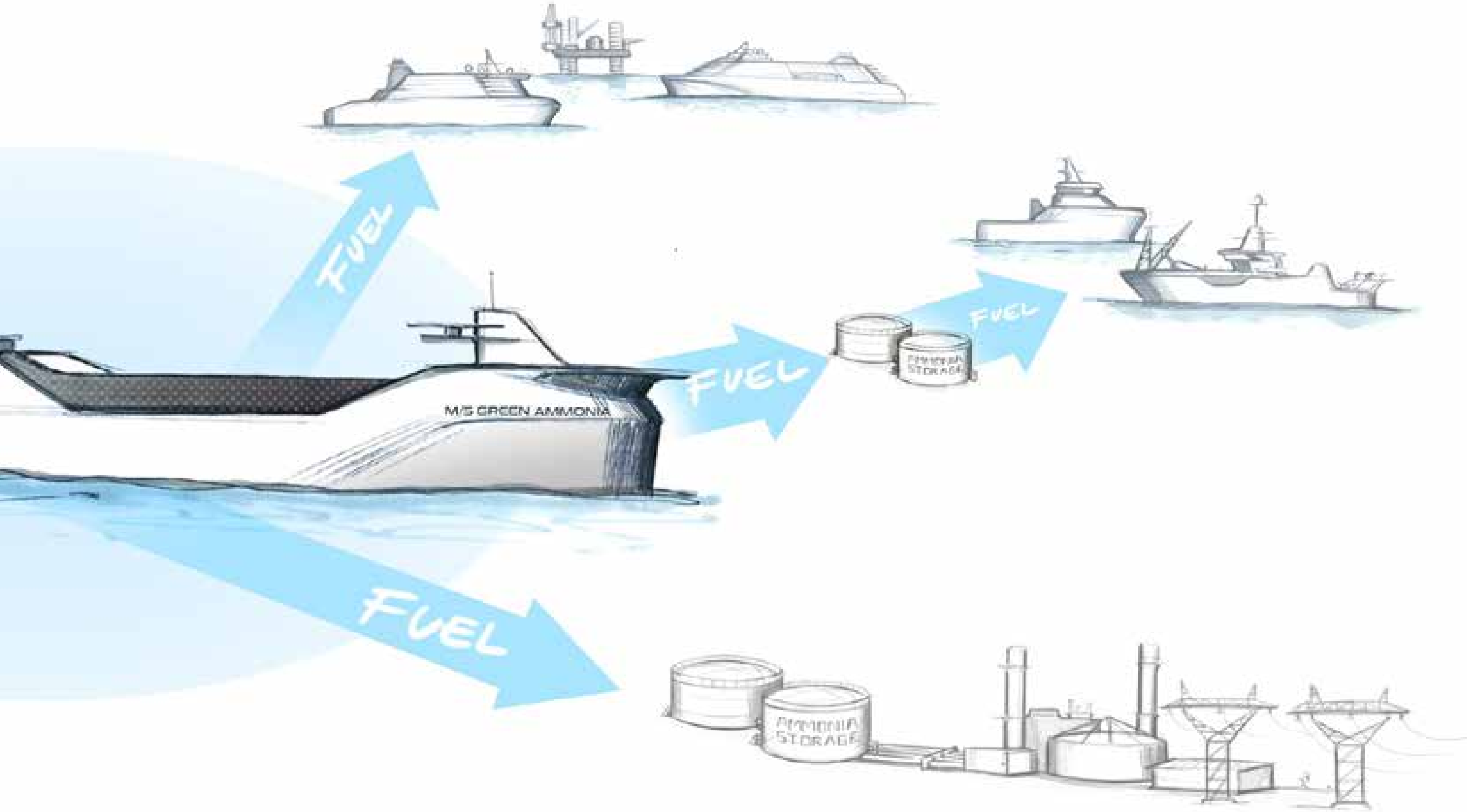
IN BILLION TONNES



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

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

Regarding open hatch, the negative impact on global trade was less severe in 2020 than initially thought. Some key commodities like market pulp and paper &



board faired well, whereas others like soda ash and steel suffered. Going forward, the overall outlook for world market pulp demand looks solid and is expected to continue with stable growth in seaborne volumes, primarily from the Americas to Asia. With increased project cargo volumes, the vessels' commercial manager G2 Ocean remains optimistic about current and next years' performance. Therefore, Grieg Maritime Group expects improved earnings in its core business in 2021 and beyond.

With the increased concern of environmental issues, the focus on the use of non-hazardous materials in ship design, building and operation is growing. IHM has, due to regulations, become a market of its own and is now one of Grieg Green's primary activities. Despite the challenges brought on by the pandemic as travel restrictions, projected IHM was completed with the help of an in-house designed application, customer portal and a fully integrated system generated by Salesforce. On-premise surveys were made possible due to the Company's hubs of experienced surveyors in key locations worldwide.

On the forefront to provide a more comprehensive array of environmental services, Grieg Green delivered its first Asbestos Maintenance and Management Plan and Asbestos Removal in 2020. Environmental Mapping, Radiation Surveys and Decommissioning Services are areas currently being developed. In 2021, Grieg Green is also taking an essential role in recycling its first naval vessel, the frigate Helge Ingstad, including the IHM.

Grieg Edge's focus and capacity were somewhat lower than expected in 2020 due to the effects the pandemic had on the overall shipping markets. Several exciting opportunities and business concepts did nevertheless emerge during the year, with several developed ship concepts. One of the initiatives is the Berlevåg project and MS Green Ammonia. The project was in December 2020 awarded a total of MNOK 46 in government support from Innovasjon Norge and Forskningsrådet. The funds will be allocated to the continued development of a green ammonia tanker, distributing green ammonia to end users along the Norwegian coast and using green ammonia as fuel. The vessel, MS Green Ammonia, is currently planned

> During 2020, a sharp focus has been to be prepared to handle various Covid-19 related challenges.

for delivery in 2024. Another focus area during 2020 was the development of compressed hydrogen concepts, mainly related to the short sea bulk segment. Grieg Edge is experiencing a significant inflow of relevant projects and investment opportunities and expects several to materialise in 2021.

A part of the Grieg Group

Grieg Maritime Group is part of the Grieg Group, established in 1884. The Grieg Group is family-owned, where the Grieg family owns 75% and the Grieg Foundation 25%. The Grieg Group focuses on three core business areas: Shipping and logistics, seafood and investments. Structured as a family-owned business, together with strong company culture and dedicated employees, gives the Grieg Group the ability to view their business from a long-term perspective and be responsive to changes in the business environment. Through the benevolent Grieg Foundation, the Grieg Group contributes substantial amounts to a wide range of activities, creating economic and social values.

Going Concern

The Board of Directors confirms that the annual accounts have been prepared based on the going concern assumption and that this assumption is valid. The consideration is based on the Group's financial position and expectations of future earnings. The Board believes that the submitted annual accounts give a correct picture of the results, cash flows and economic situation.

No events that affect Grieg Maritime Group's financial position have taken place after the balance sheet date.

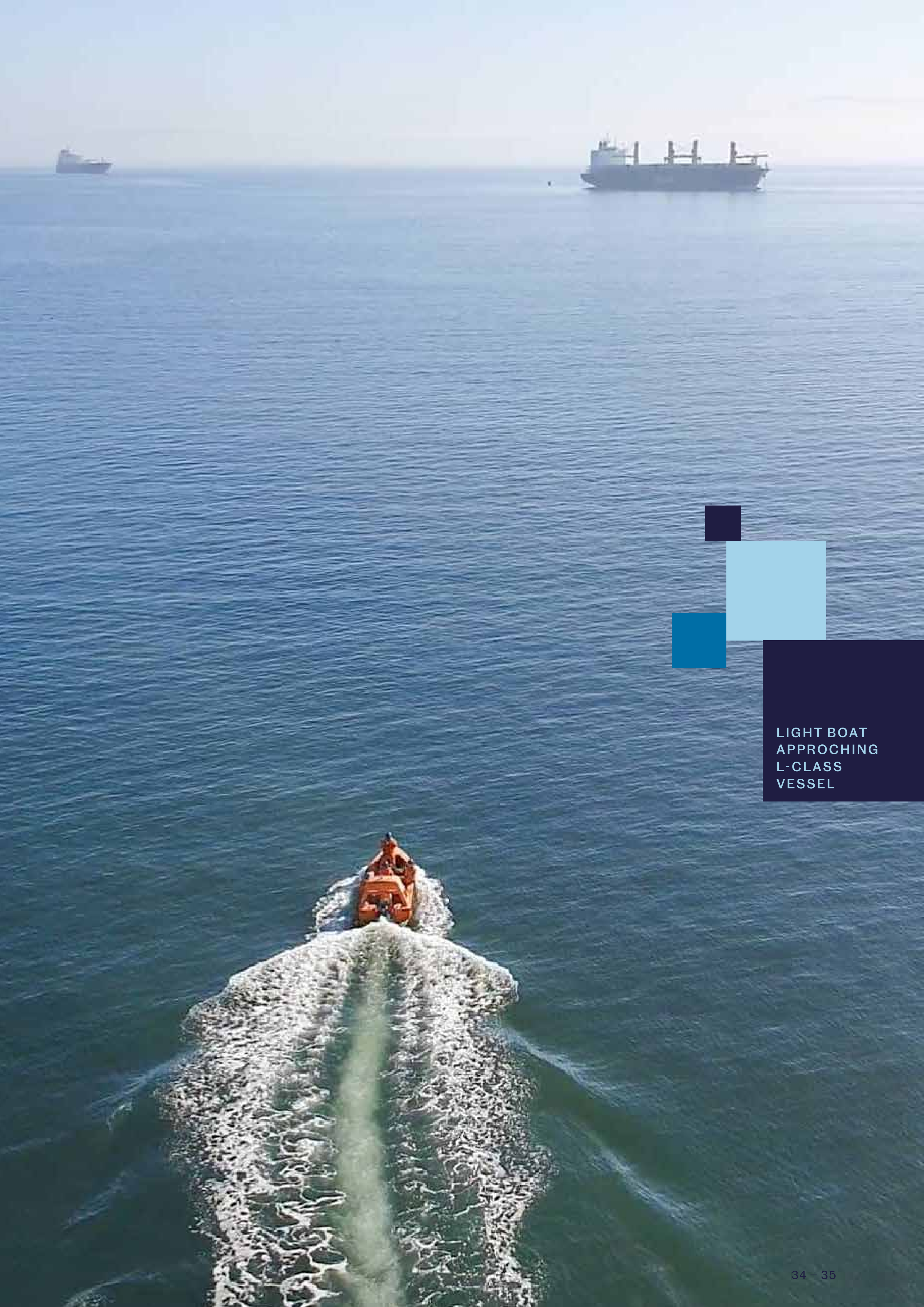
The Board would like to thank all employees for their extra ordinary efforts during a very challenging year. The true value of the business is dependent on the world class performance of its people at land and sea. The Board is particularly impressed with the velocity, positivity and curiosity shown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

BERGEN, 18 MARCH 2021
THE BOARD OF DIRECTORS OF
GRIEG MARITIME GROUP AS

sign	*sign*	*sign*
Camilla Grieg CHAIR OF THE BOARD	Sirine Fodstad MEMBER OF THE BOARD	Didrik Munch MEMBER OF THE BOARD
sign	*sign*	*sign*
Elisabeth Grieg MEMBER OF THE BOARD	Kai Grøtterud MEMBER OF THE BOARD	Rune Birkeland MEMBER OF THE BOARD

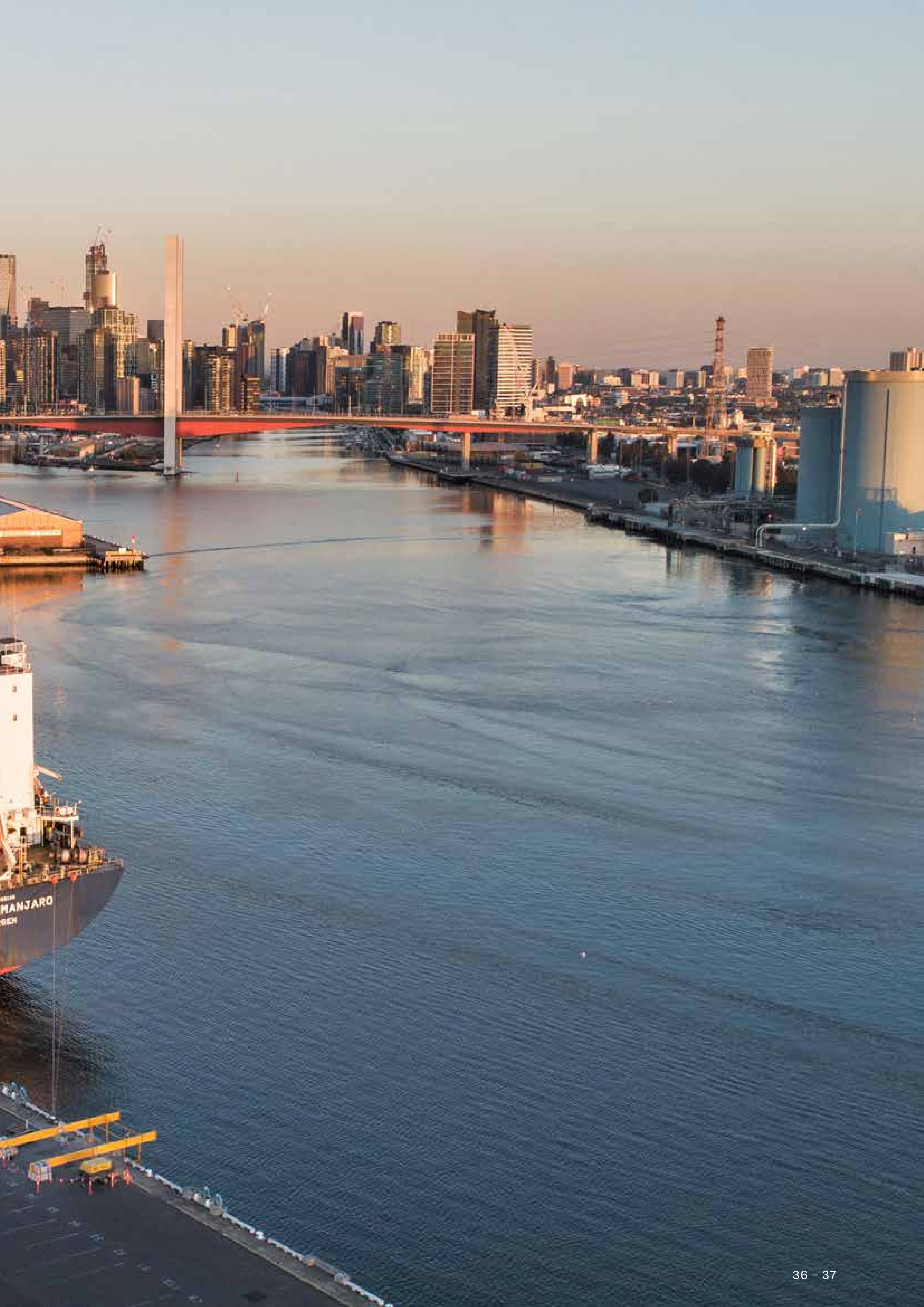
sign

Matthew Robert Cagienard Duke
CEO



LIGHT BOAT APPROCHING L-CLASS VESSEL

STAR
KILIMANJARO
IN MELBOURNE



ONE OF FEW VESSEL VISITS FROM ONSHORE PERSONELL IN 2020

INCOME STATEMENT

GRIEG MARITIME GROUP AS				GRIEG MARITIME GROUP CONSOLIDATED	
(figures in usd 1000)				(figures in usd 1000)	
2020	**2019**	**Note**		**2020**	**2019**
			Revenues		
			Operating revenue	-	-
-	-		Other income	-	-
-	-		**Total revenues**	-	-
			Operating expenses		
-	-		Vessel operating expenses	-	-
-	-		Terminal costs	-	-
-	-	19	TC and BB-hire	-	-
		14,15	Payroll and social security expenses	-	-
		11,16	Other operating expenses	-	-
		4,5	Depreciation	-	-
-	-		Write-downs	-	-
-	-		**Total operating expenses**	-	-
-	-		**Operating profit**	-	-
			Financial items		
		11	Interest income	-	-
			Interest income group	-	-
			Other financial income	-	-
		10	Interest expenses	-	-
		11	Interest expenses group	-	-
4 146			Dividend from subsidiaries	-	-
-			Writedown shares in subsidiaries	-	-
			Other financial expenses	-	-
			Result on investment in associated company	-	-
-		8	Change in value of financial investments	-	-
-		8	Realized return on market-based fin. Investm.	-	-
			Gain/loss on foreign exchange	-	-
4 146	-		**Net financial items**	-	-
4 146	-		**Profit before tax**	-	-
		13	**Tax**	-	-
4 146	-		**Profit for the year**	-	-
3 516			**Proposed dividend**		
			Group contribution		
631	-		**To or (from) other equity**		
4 146	-				

BALANCE SHEET

GRIEG MARITIME GROUP AS				GRIEG MARITIME GROUP CONSOLIDATED	
(figures in usd 1 000)				(figures in usd 1 000)	
2020	2019	Note		2020	2019
			ASSETS		
			FIXED ASSETS		
			Intangible fixed assets		
-	-	4	Contracts	-	0
-	-	4	Goodwill	91	0
-	-	13	Deferred tax asset	2 497	0
-	-		Total intangible assets	2 589	0
			Tangible assets		
-	-	5	Fixtures and fittings, other equipment	42	0
-	-	5	Other property	518	0
-	-	5.10	Vessels	595 820	0
-	-		Total fixed tangible assets	596 380	0
			Fixed financial assets		
276 518		6	Investments in subsidiaries	-	-
		7	Investments in shares	5 266	0
			Long term receivables group companies		
		11	Long term receivables associated	4 200	0
		9	Long term receivables	3 709	0
276 518	-		Total fixed financial assets	13 175	0
276 518	-		Total fixed assets	612 143	0
			CURRENT ASSETS		
			Accounts receivable		
3 516		11	Receivables from group companies	369	0
		11	Receivables from associated companies	1 464	0
	-		Inventory	2 307	0
			Other receivables	13 603	0
3 516	-		Total receivables	17 742	0
-	-	8	Market-based investments	13 967	0
		17	Bank deposits, cash in hand, etc	30 460	0
3 516	0		Total current assets	62 169	0
280 034	-		TOTAL ASSETS	674 312	0

GRIEG MARITIME GROUP AS				GRIEG MARITIME GROUP CONSOLIDATED	
(figures in usd 1 000)				(figures in usd 1 000)	
2020	**2019**			**2020**	**2019**
			EQUITY AND LIABILITIES		
			EQUITY		
			Paid-in capital		
1 164		12	Share capital (100 000 shares à NOK 100)	1 164	0
274 723		3	Other paid-in capital	274 723	0
275 888	0		Total paid-in capital	275 888	0
			Retained earnings		
631		3	Other equity	-3 072	0
631	0		Total retained earnings	-3 072	0
276 518	0	3	Total equity	272 816	0
			LIABILITIES		
			Provisions		
		15	Pension liabilities	4 497	0
0	0		Total provisions	4 497	0
			Long-term liabilities		
-	-	10	Liabilities to financial institutions	318 758	0
		10	Other long-term liabilities	58 703	0
			Liability to group companies	-	-
-	-		Total long-term liabilities	377 461	0
			Current liabilities		
		11	Liabilities to group companies	454	0
		11	Liabilities to associated companies	1 217	0
			Accounts payable	1 362	0
			Public duties payable	1 192	0
3 516		3	Dividend	3 516	0
	-	13	Taxes payable	409	0
			Other short-term liabilities	11 389	0
3 516	0		Total current liabilities	19 539	0
3 516	0		Total liabilities	401 496	0
280 034	0		TOTAL EQUITY AND LIABILITIES	674 312	0

BERGEN, 18 MARCH 2021, THE BOARD OF DIRECTORS OF GRIEG MARITIME GROUP AS

sign
Camilla Grieg
CHAIR OF THE BOARD

sign
Sirine Fodstad
MEMBER OF THE BOARD

sign
Elisabeth Grieg
MEMBER OF THE BOARD

sign
Kai Grøtterud
MEMBER OF THE BOARD

sign
Didrik Munch
MEMBER OF THE BOARD

sign
Rune Birkeland
MEMBER OF THE BOARD

sign
Matthew Robert C. Duke
CEO

CASH FLOW STATEMENT

Parent (TUSD)		Consolidated (TUSD)
2020	**Cash flow from operations**	**2020**
4 146	Profit before income taxes	-
-	Change in liabilities dividend	3 515
4 146	**Net cash flow from operations**	**3 515**
	Cash flow from investments	
-276 518	Aqusition of shares in subsidaries	-
-276 518	**Net cash flow from investments**	**-**
	Cash flow from financing	
-	Proceeds from long term loan	-
275 887	Capital increase	-
-3 515	Dividend	-3 515
272 372	**Net cash flow from financing**	**-3 515**
-	**Net change in cash and cash equivalents**	**-**
-	Cash and cash equivalents at establishment	30 460
-	**Cash and cash equivalents at the end of the period**	**30 460**

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

OPERATING REVENUES

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

CLASSIFICATION AND VALUATION OF BALANCE SHEET ITEMS

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

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

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

INTANGIBLE ASSETS

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

ASSET IMPAIRMENTS

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The Group's open hatch vessels are sailing in a pool, which are market and operated by G2 Ocean AS.
The bulk activities, with chartered and owned vessels controlled by respectively Grieg Star Bulk AS and Grieg Maas AS is marketed and operated by G2O Ocean in a 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. The open hatch fleet and the bulk fleet are therefore considered to be the respective cash-generating units.

FIXED ASSETS

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

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

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

STOCKS OF INVENTORIES

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

RECEIVABLES

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

SHORT-TERM INVESTMENTS

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

FOREIGN CURRENCY

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

FOREIGN EXCHANGE HEDGING

Derivatives purchased in order to reduce currency risk are treated as hedging transactions for accounting purposes. Gains and losses on foreign exchange contracts are therefore recognised in the same period as the hedged transactions occur.

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

INTEREST RATE HEDGING

Interest rate hedging contracts are recognised and classified in the same way as the related mortgage loan. The interest received/paid under the contract is therefore recognised in the interest period in question and is included in interest expenses for the period.

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

FREIGHT RISK HEDGING

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

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

PENSIONS

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

For the defined benefits plans, pension costs and pension commitments are calculated on a straight line earnings profile basis, based on assumptions related to the discount rate, future salary regulation, 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 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

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

In Grieg Shipholding AS' cash pool, Grieg Star AS, Grieg Star 2017 AS, Grieg Star Bulk and Grieg Star Bulk Pool AS 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 2020. Substantial items, if any are recalculated to the exchange rate on the day the transaction is accomplished. Conversion differences related to exchange rates are posted against the equity.

COMPANY	"REGISTERED OFFICE"	OWNERSHIP
Grieg 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, tonnage taxed	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	100%
GriegMaas is a group which comprises the following companies:		
GriegMaas Supramax AS - shipowning company, tonnage taxed	Bergen	50%
GriegMaas Ultramax AS - shipowning company, tonnage taxed	Bergen	50%

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. Corresponding figures 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 01.01.19.

	2020	2020 proforma	2019 proforma
Revenues			
Operating revenue		159 118	160 156
Other income		8 585	10 118
Sale of fixed assets		55	0
Total revenues	**0**	**167 758**	**170 274**
Operating expenses			
Vessel operating expenses		67 724	67 618
TC and BB-hire		38 122	32 875
Payroll and social security expenses		9 329	9 111
Other operating expenses		9 294	6 862
Depreciation		40 443	40 380
Write-down		88 660	0
Total operating expenses	**0**	**253 572**	**156 846**
Operating profit	**0**	**-85 814**	**13 428**
Financial items			
Interest income		335	985
Interest income consolidated		29	0
Other financial income	0	298	0
Interest expenses		-19 711	-22 400
Other financial expenses		-56	-815
Result on investment in associated company		-667	468
Change in value of financial investments		-305	855
Realized return on market-based fin. investm.		588	1 070
Gain/loss on foreign exchange		224	-887
Total financial items	**0**	**-19 266**	**-20 724**
Profit before tax	**0**	**-105 080**	**-7 297**
Tax	**0**	**-181**	**-675**
Profit for the year	**0**	**-105 261**	**-7 972**

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				
Capital November 2020	3			3
Capital increase December 2020	1 161	274 723	0	275 885
Profit for the year			4 146	4 146
Provision for dividends			-3 516	-3 516
Equity at 31.12	**1 164**	**274 723**	**631**	**276 518**

GROUP

Figures in USD 1 000

Changes in equity	Share capital	"Other paid-up equity"	"Other equity"	Total
Equity at 01.01				
Capital November 2020	3			3
Capital increase December 2020	1 161	274 723		275 885
Profit for the year				
Provision for dividends			-3 516	-3 516
Other changes			444	444
Equity at 31.12	**1 164**	**274 723**	**-3 072**	**272 816**

Note 4 Intangible assets

GROUP

Figures in USD 1 000

Intangible assets	Research and development	Goodwill	Contracts	Total
Acquisition costs at 01.01		7 791	17 529	25 319
Additions	119		0	119
Disposals		0	0	0
Acquisition cost at 31.12	119	7 791	17 529	25 438
Accumulated depreciation at 31.12	28	7 242	16 462	23 732
Accumulated write-downs		549	1 068	1 617
Book value at 31.12	91	0	0	91
Depreciation	28	389	923	1 339
Depreciation period	3 years	20 years	20 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	

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

The research and development is related to Grieg Green AS

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 5 Fixed assets

GROUP

Figures in USD 1 000	Vessels	Docking	New buildings	Total
Acquisition cost at 01.01	1 231 990	47 008		1 278 998
Additions	6 922	5 320		12 242
Reclassification		0		0
Disposals		5 662		5 662
Acquisition cost at 31.12	1 238 912	46 666		1 285 578
Accumulated depreciation at 31.12	576 522	26 380		602 902
Accumulated write-downs	86 858			86 858
Book value at 31.12 *)	575 532	20 286		595 820
Share of financial lease:				63 751
Depreciation charge for the year	38 965	7 756		46 721
Impairment loss	86 858	0		86 858
Depreciation plan	Straight-line	Straight-line	None	
Depreciation period	25-30 years	5 years		

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

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 6 Subsidiaries

GROUP

Figures in USD 1 000

Subsidiary	"Denomi-nated in"	Registered office	Ownership / voting rights	Equity 2020 (100%)	Result 2020(100%)	Book value (100%)
Grieg Shipholding AS *	USD	Bergen|	100%	270 592	-92 391	275 888
Grieg Shipping II AS	USD	Bergen	100%	147 395	-57 170	
Grieg International II AS	USD	Oslo	100%	64 801	-29 267	
Grieg Shipping III AS	USD	Bergen|	100%	6 078	432	
Grieg Shipowning AS **	USD	Bergen	100%	213 206	-85 498	
Grieg Star OH Pool AS	USD	Bergen	100%	8	-2	
Grieg Star AS	USD	Bergen	100%	488	215	
Grieg Star 2017 AS	USD	Bergen	100%	11 005	997	
Grieg Star Bulk AS	USD	Bergen	100%	2 856	-5 392	
Grieg Star Bulk Pool AS	USD	Bergen|	100%	11	-0	
Grieg Edge AS	USD	Bergen|	100%	-906	-827	0
Grieg Green AS	USD	Bergen	100%	630	830	631
Book value at 31.12						**276 518**

* Grieg Shipholding AS owns 100% of Grieg Shipowning AS, Grieg Star Bulk AS and 50% of GriegMaas AS. USD 98.3 m of the result is write-down of the shares in Grieg Shipowning AS, Grieg Star Bulk AS and Grieg-Maas AS.

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

Note 7 Investments in shares

GROUP

Figures in USD 1 000

	Registered office	Ownership	Book value
Incentra (co-operative)	Oslo	2.7%	2
Grieg Philippines Inc.	Makati City	25%	51
Star Blue Holding Inc	Makati City	25%	10
Grieg Star Philippines Inc.	Makati City	100%	200
UACC Ross Tanker DIS	Oslo	3%	183
G2 Ocean Holding AS (joint venture)	Bergen	35%	4 819
Book value at 31.12			**5 266**

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

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

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

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

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

Note 8 Marked based investments

GROUP

Figures in USD 1 000

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

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

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

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	2020	2019
Other loans	72	68
Deposit on office rent	541	525
Total	**613**	**593**
Other long term receivables	3 096	3 365
Total	**3 096**	**3 365**

Note 10 Interest-bearing debt

GROUP

Figures in USD 1 000

MORTGAGE LOANS

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

LOAN COVENANTS

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

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

	2020	2019
Mortgage loans (1st priority)	318 758	338 205
Total	318 758	338 205

Of which long -term debt with maturity later than 5 years	**2020**	**2019**
Debt to credit institutions	0	0
Total	**0**	**0**

Balance value of mortgaged assets	**2020**	**2019**
Vessels	526 998	621 004
New building contracts (booked as receivables)	0	0
Total	**526 998**	**621 004**

Other long term debt	**2020**	**2019**
Financial leasing	57 572	61 197
Other long term debt	0	1 559
Total other long term debt	**57 572**	**62 757**

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 11 Related parties

PARENT COMPANY

Figures in USD 1 000

Other receivables	**2020**	**2019**
Grieg Shipholding AS (dividend)	3 516	
Total	**3 516**	**0**

Other current liabilities	**2020**	**2019**
Grieg Maturitas II AS (dividend)	3 516	
Total	**3 516**	**0**

GROUP

Figures in USD 1 000

Other short-term receivables	**2020**	**2019**
Joachim Grieg Star KS		
Grieg Shipbrokers Serv. KS	7	29
Grieg Maturitas II AS	1	5
Grieg Kapital AS	1	4
Grig Strat. Serv. AS		5
Grieg Investor AS	8	35
Grieg Maas AS	352	0
Total	**369**	**79**

Other short-term liablilities	**2020**	**2019**
GriegMaas Supramax AS	142	0
GriegMaas Ultramax AS	301	0
Grieg Group Resources AS	3	12
Grieg Investor AS	8	15
Grieg Gaarden AS		1
Total	**454**	**28**

Transactions with related parties- proforma	**2020**	**2019**
Office services from Grieg Group Resources AS to the Group	304	367
Office and parking rental agreement between the Group and Grieg Gaarden AS	411	574
Commission agreement and compensation between the Group and Grieg Shipbrokers Val.	186	191
Commission agreement between the Group and Grieg Shipbrokers	28	96

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	**2020**	**2019**
Fixed assets		
Early retirement		
Pensions		
Net temporary differences	-	
Tax losses carried forward		
Basis for deferred tax/(deferred tax assets)	**-**	
Deferred tax/deferred tax assets	-	
Deferred tax/(deferred tax assets) in the balance sheet	**-**	

Basis for taxation, change in deferred tax and tax payable

Profit before tax	4 146	
Permanent differences	(4 146)	
Basis of tax charge for the year	-	
Change in temporary differences		
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	4 146	
Calculated tax 22%	912	
Tax expense	-	
Difference	**912**	
The difference consist of:		
22% of permanent differences	-912	
Change in deferred tax due to change in tax rate	0	
Change in deferred tax due to change in tax rate	0	
Other differences	0	
Sum explained differences	**-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

	2020	30.12.2020 (at est)
Tax expense consists of:		
Tax payable on taxable income	-	-
Change in deferred tax	-	-
Deferred tax benefit not shown in the balance sheet	-	-
Group contribution, tax effect	-	-
Adjustment with respect of prior years	-	-
Tax expense (income)	**-**	**-**
Tonnage tax (classified as an operating expense in the income statement):		
Deferred tax:		
Long-term debt	-	-
Fixed assets	(177)	
Shares in subsidiaries	(78)	
Early retirement	(819)	
Pension	(3 542)	
Other temporary differences	5 841	
Financial instruments and other short-term investments	556	
Profit/loss account	466	
Tax loss carry forwards	(73 405)	
Basis for deferred tax/(deferred tax assets)	(71 158)	
Deferred tax/(deferred tax assets)	(15 655)	
Deferred tax assets not recognised in the balance sheet	13 158	
Deferred tax/(deferred tax assets) recognised in the balance sheet	(2 497)	
Tax payable consists of:		
Taxable financial income for companies under Chapter 8 of Taxation Act		
Profit before tax subject to ordinary income tax		
Permanent differences		
Changes in differences included in the basis for deferred tax/deferred tax assets		
Group contribution		
Changes in deficit and remuneration brought forward		
Basis of tax charge for the year		
Current tax payable of net income		
Tax payable period before establishment	25	
Tonnage tax	384	397
Tax prepaid		
Effect of Group contribution	-	-
Tax payable in the accounts	409	484

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

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

GROUP

Figures in USD 1 000

Payroll expenses	**2020**	**2019**
Salary including bonus	6 779	5 906
Employer’s national insurance contributions	773	726
Pension costs	791	509
Other remuneration	986	1 306
Total	**9 329**	**8 447**
The number of employees on shore at 31.12	104	109
The number of sailing personnel at 31.12	640	720

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

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 15 Pensions

PARENT COMPANY

The company has no employees

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 31.12.2020, hereof 19 persons received pension in 2020.

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

Defined benefit pension scheme	2020	2019
Current service cost	5	6
Interest cost	249	321
Expected return on plan assets	(317)	(407)
Social security	(9)	(11)
Administrative expenses	72	77
Plan change through profit/loss	92	(38)
Actuarial (gains) / losses	80	19
Net pension expenses	**172**	**(33)**

	2020	2019
Contribution based pension scheme		
Payments to the contribution based pension scheme (Norway)	493	505
Pension abroad	-	-
Sum	**493**	**505**
Total pension cost	**665**	**471**

Economic assumptions:

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

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

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

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

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

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 16 Auditor's fee

GROUP

Figures in USD 1 000

Auditor's fee

Group auditor	**2020**	**2019**
Statutory audit	117	113
Tax advisory fee (incl. technical assistance)	28	28
Tax advisory fee (incl. techincal ass. with tax return)	25	17
Total fee to Group auditor excl. v.a.t.	**170**	**158**

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 17 Restricted bank deposits

GROUP

Figures in USD 1000

	2020	2019
Other restricted deposits	**585**	**380**

Note 18 Financial market risk

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

INTEREST RATE RISK

The Group's long term debt and some of its lease agreements are at floating interest rate terms, exposing the company to interest rate risk in both short and long term. The Group's strategy is to hedge parts of its interest rate exposure by utilizing interest rate swap agreements. Gains and losses arising from interest rate swaps are recognised in the same period as the related interest expense.

At 31.12.20 the Group held interest swap agreements of USD 209.4m. Total unrealised MTM value, not recognised in the balance sheet, was USD 11m.

FOREIGN EXCHANGE RISK

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

FREIGHT RISK

Forward Freight Agreements (FFA) are from time to time used as a risk management instrument in order to smooth out freight volatility. The FFA contrats are settled as an adjustment of operating income. At 31.12.20, the company had not entered into any Forward Freight Agreements (FFA).

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

Note 19 Operating lease agreements

GROUP

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

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

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

Note 20 Guarantee

GROUP

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

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

Summarised consolidated financial information 2020 joint ventures:

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

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.

To the General Meeting of Grieg Maritime Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

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 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

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

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

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

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

Basis for Opinion

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

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Other information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

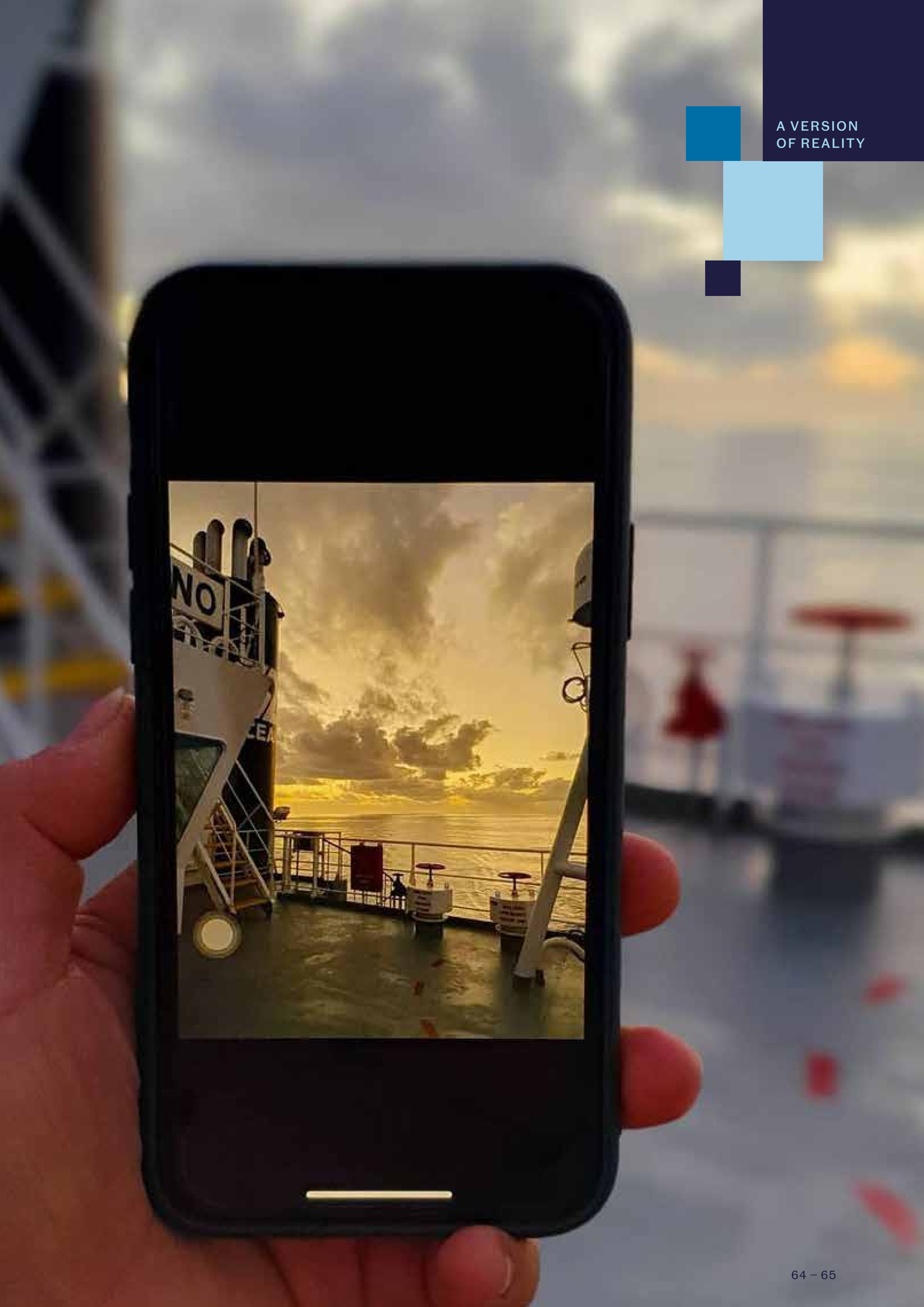
Opinion on Registration and Documentation

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

Bergen, 18 March 2021
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant

(This document is signed electronically)



FROM AN EU APPROVED RECYCLING YARD IN TURKEY