fjordline.com



NAVIGATING THROUGH A **PANDEMIC**

ANNUAL REPORT **2020**



Navigating through a pandemic

Looking back at 2020, it was in many ways a year of unforeseen significant challenges and changes to our business. The onset of the coronavirus (COVID-19) pandemic caused 2020 to be an unprecedented year.

Throughout 2019 and in the first 10 weeks of 2020, Fjord Line delivered the strongest performance including growth in our history and was on a strong development path, while the rest of the year brought traffic to a near halt caused by the global COVID-19 pandemic. The pandemic impacted all of Fjord Lines businesses and during this challenging year, our focus was within the strict government-imposed travel restrictions to secure a responsible business continuity for our customers, and the health and safety of our employees and customers.

Despite the challenges presented by travel restrictions, which essentially locked down all travel since March 2020, Fjord Line maintained an essential and critical ferry operation - operating in freight-only mode - between Kristiansand in Norway and Hirtshals in Denmark. During the peak summer season, the Group was able to resume close to normal operations on the routes between Norway and Denmark, however with a 30 percent self-imposed capacity reduction to be compliant with guidelines and regulations to prevent the spread of the Corona virus.

The pandemic has emphasised the key role Fjord Line plays in society by providing services between coastal communities and we are proud of the role we play in connecting Norway and Europe, also during the global pandemic. Fjord Line has also taken necessary and critical actions to reduce the spread of the virus in line with the advice from health authorities.

I want to thank Fjord Line's employees for your courageous response to the global pandemic, and the crisis and challenges it created for our company. We have made changes to the way we operate, and our employees have adapted to the changes. They have demonstrated courage and commitment - and always with a strong focus on securing the health and safety of our customers and colleagues. Your ability to continuously being innovative and develop our business in a fast changing and challenging business environment is crucial when we now take Fjord Line successfully to the next level.

On behalf of Fjord Line, I want to extend my gratitude to our stakeholders for your crucial commitment and confidence in Fjord Line – owners, long-term lenders, customers, business partners, and governments – especially through the critical COVID-19 compensation schemes. Our stakeholders continuous support is crucial when steering Fjord Line successfully through the next phases of the global pandemic and to secure the future development of the company.

The year of 2020 has shown that Fjord Line is a viable and resilient ferry company, and an important employer in the Nordic labour market, able to respond to changes in the greater business environment, our customers' demands and adapt to circumstances that affect our operations.

The global pandemic and the consequences continue to play a significant role for Fjord Line in 2021 and we will continue to take necessary actions to reduce the spread of the virus. Our priority remains the health and safety of our employees, our customers, and the environment.



The ambition for Fjord Line is very clear; we are prepared and will be ready to operate and deliver high quality customer services to meet the market demand as ferry travel begins to recover.

Fjord Line was well positioned before the global pandemic and continue to be well positioned for the future especially by:

- Strong and committed owners with large ambitions for the future development of Fjord Line.
- Engaged employees focused in delivering strong, high quality, and unique sustainable customer experiences and value creation.
- Market leading position within environmental and sustainable solutions including modern tonnage and strong strategic focus on responsible business operations – ESG (Environmental, Social and Governance).

We want to continue to be a leading contributor towards sustainable and innovative ferry operations to the benefits of our customers, stakeholders and our society.

Welcome onboard!

Thank you for your continued support.



Brian Thorsted Hansen, CEO

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We aim to become
Scandinavia's best, most loved
and profitable ferry company





THIS IS FJORD LINE

FJORD LINE IN BRIEF

Fjord Line is Norway's second largest shipping company for international passenger traffic and freight transportation between Norway, Sweden and Denmark. The company was founded in 1993 and is a relatively young ferry company on a significant growth path with a 21% market share (2019).

The global COVID-19 pandemic affected Fjord Line significantly in 2020. The strict government-imposed travel restrictions throughout Norway, Sweden and Denmark significantly impacted the shipping companies' operating international passenger traffic. In Fjord Line, our main focus in our operations during the pandemic have been to secure the health and safety of our employees and customers.

The pandemic impacted all of Fjord Line's businesses and during this challenging year our main priorities have been – and continue to be – to secure a responsible business continuity for our customers. We will develop our business in order to remain a viable and resilient company.

During these challenging and extraordinary times, Fjord Line maintained an essential and market critical ferry line - operating in freight-only mode between Kristiansand and Hirtshals. Through this important operation, Fjord Line have kept a vital supply chain and sea bridge between Norway and Continental Europe open. We see this as an important part of our societal responsibility.

In a normal year (2019) our 650 employees transport over 1.4 million passengers and 65.500 freights units annually. In 2020, passenger traffic was reduced to around 500,000 passenger and freight reduced to 50.200 units.

Fjord Line operates the ferries MV Bergensfjord and MV Stavangerfjord, which sails between Bergen, Stavanger, Hirtshals and Langesund, MV Oslofjord which sails between Sandefjord and Strömstad, and the newly built HSC Fjord FSTR between Kristiansand and Hirtshals.

The Fjord Line Group is headquartered in Egersund. The company has sales offices in Langesund, Bergen, Stavanger, Kristiansand and Hirtshals in Denmark. The marketing department is located in Sandefjord.

OUR VISION AND MISSION

Fjord Line's vision is to become Scandinavia's best, most loved and profitable ferry company. Fjord Line is based on sound business values. Everything we do is with vigour, responsibility, respect, and commitment and we strive to give our customers a real sense of joy, passion, and outstanding service - every time.

Fjord Line's mission is to move people; not just physically, but also emotionally. However, moving people has been difficult in 2020. At the peak of the crisis, 90 percent of our business disappeared. Despite this, Fjord Line has proven its resilience and maintained our commitment to deliver safe and sustainable ferry operations.



> Through strong efforts to develop a modern fleet, Fjord Line will continue to evolve to meet the expectations of both customers, stakeholders, and society

RESPONSIBLE MARITIME TRAVEL

Fjord Line is committed to use and currently take advantage of new technology to meet requirements for lowering our CO2-emissions. Through strong efforts to develop a modern fleet, Fjord Line will continue to evolve to meet the expectations of both customers, stakeholders, and society.

In 2021, Fjord Line's brand-new catamaran, HSC Fjord FSTR, will start operation between Kristiansand and Hirtshals. The ship replaces HSC Fjord Cat and operates with 32% less GHG emissions per passenger. With its 2 hours and 15 minutes across Skagerak, HSC Fjord FSTR is the fastest alternative at sea between Norway and Continental Europe. The capacity is 1200 passengers and more than 400 vehicles, a doubling in capacity compared to HSC Fjord Cat.

Our sister ships, MV Bergensfjord and MV Stavangerfjord, are powered by eco-friendly LNG (Liquid Natural Gas). This innovative technology provides significant environmental benefits. The exhaust fumes from the on-board LNG-engines has virtually no sulphur and soot content and consequently emit no visible smoke. Compared to diesel engines, carbon emissions are 23% lower when using LNG-engines, and nitrogen oxides (NOx) emitted are reduced by as much as 91%. This eco-friendly technology also contributes to significantly less noise than from large diesel-engines. Due to this new and eco-friendly technology, the sister ships received the highest ESI (Environmental Ship Index) in 2015. This was achieved in competition with approximately 3,200 other ships.

The sister ships produce their own electricity by converting waste heat from the exhaust gas into steam-generated energy. Thus, MV Bergensfjord and MV Stavangerfjord cover their electricity needs for cabins and public spaces and could hardly have a smaller carbon footprint!

An important priority for Fjord Line within responsible maritime travel is also to continue to be prepared for the future needs and demands - including to be ahead of future expected emission regulations. This is one of the reasons why, in March 2015, we started using one of the world's most modern fuel plants in Risavika Port outside Stavanger. The system consists of a 650 m long underground pipeline transporting the eco-friendly LNG fuel from the factory via the terminal in Risavika to our ships. This process almost eliminates carbon emission from the LNG fuel transportation and also reduces time spent in the harbour by each of our ships. Fjord Line is the first ferry company in Europe to supply its ships with LNG in this way.

During the pandemic, extensive work has been carried out on the sister ships. We have completed an energy saving program that reduces emissions by 5 percent on MV Bergensfjord and MV Stavangerfjord.

We are strongly committed to continue our investment in energy efficiency and eco-friendly services to meet the market demands and secure our market leading position within environmental, sustainable, and high-quality services.

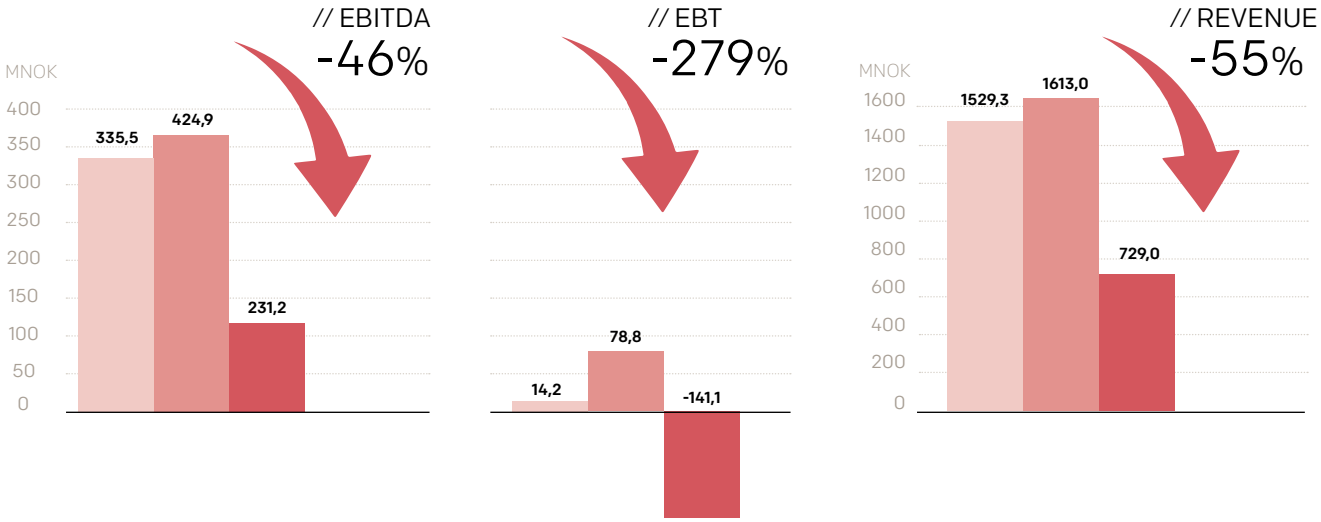
ENVIRONMENTAL BENEFITS
by choosing to travel with
Fjord Line instead of by road

100% less SO_2	**98%** less PM	**91%** less NO_2	**23%** less CO_2



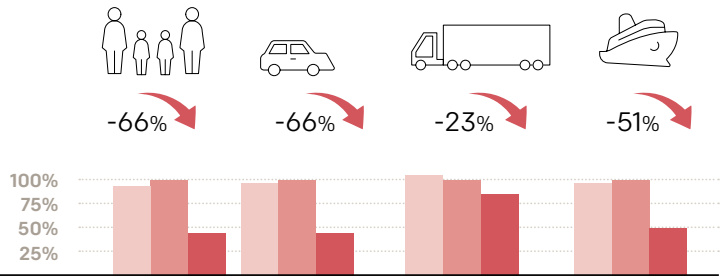
2018 2019 2020

Financials

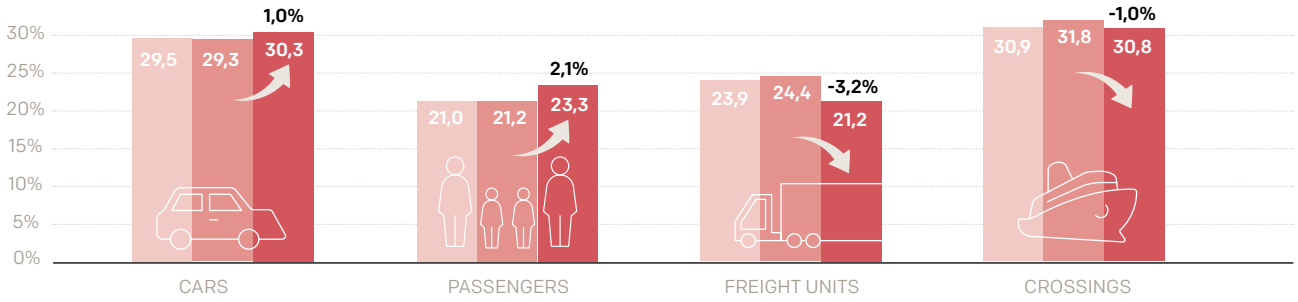


Volumes

	2018	2019	2020
Passengers	1 386 700	1 429 900	484 500
Cars	417 000	436 800	149 400
Freight units	66 200	65 500	50 200
Crossings	3 330	3 441	1 676



Market shares



The market is defined as all volumes on routes between Norway-Denmark and Norway-Sweden. Source: Shippax

FJORD LINES' **ROUTES** AND **WESSELS**

MV Bergensfjord



MV Stavangerfjord



HSC Fjord Cat



Wessel sold in August 2020!

HSC Fjord FSTR

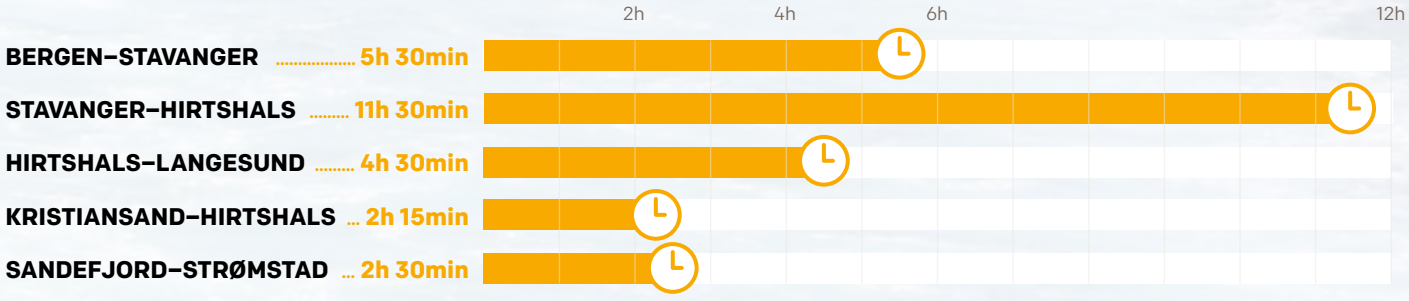


New vessel summer 2021!

MV Oslofjord



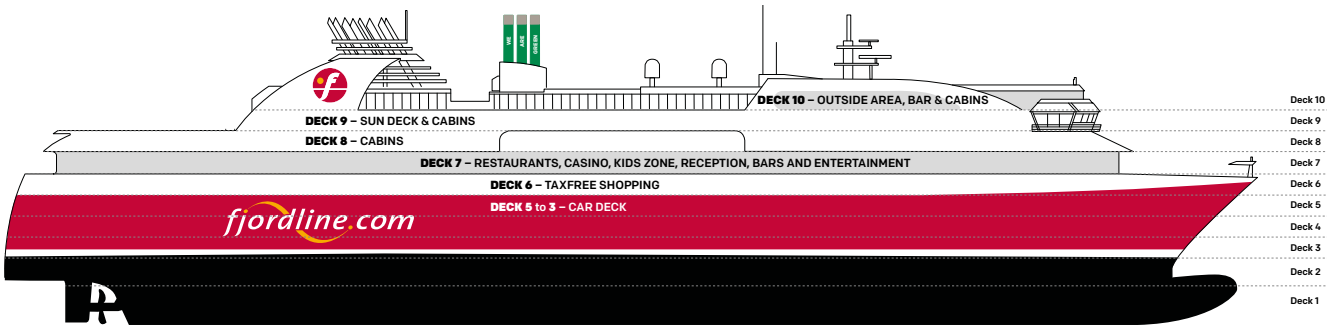




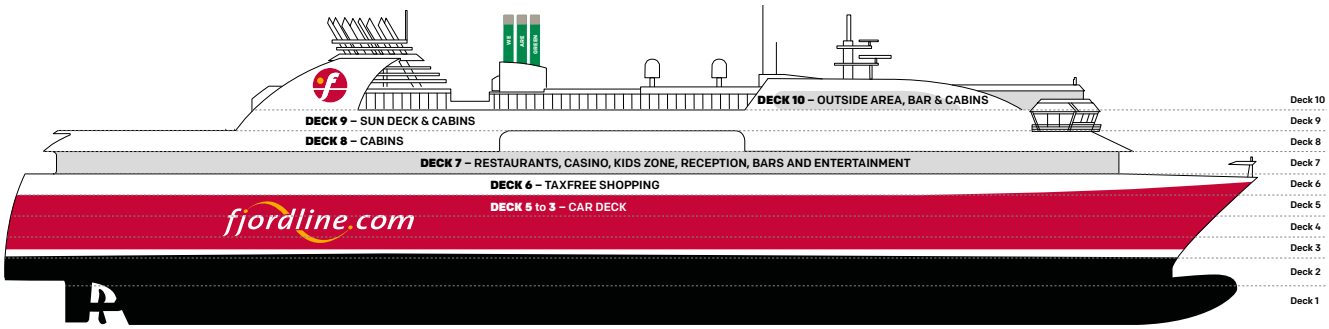
OUR SHIPS **FACTS**

	INFORMATION	*MV Stavangerfjord/ MV Bergensfjord*	*MV Oslofjord*	*HSC Fjord FSTR*
GENERAL	Built	SF 2013/ BF2014	1993/2015	2021
	Guests	1500	1350	1200
	Seats	214	1350	1200
	Cabins	370	–	–
	Handicap cabins	4	–	–
	Beds	1370	–	–
	Cars	600	370	410
	Loading meters car deck	1400	1740	1818
	Crew	70–100	70	22
	Range – fully bunkered	2500 NM	2350 NM	780 NM
	Length	170 m	134 m	109 m
	Width	28 m	24 m	30,5 m
	Height	42 m	41,2 m	29 m
	Draught	6,5 m	5,7 m	3,75m
	Horse power	30.000 PS	15.700 PS	51.495 PS
	Maximum speed	25 knots	18 knots	40,5 knots
	Standard speed	21,5 knots	16 knots	37 knots
	Travel time	from 4,5–18 hrs	2 hrs 30 min	2 hrs 15 min
	Gross tonnage	25.000	17.851	11.888
	Currency	DKK	NOK	DKK
	MMSI number	219347000/219348000	219002929	220574000
RESTAURANTS	Commander Buffet	362 seats / 620m²	130 seats / 385m²	–
	Oasis Garden Café	139 seats / 178m²	314 seats / 590m²	–
	Grieg Brasserie	62 seats / 100m²	–	–
	Fjord Lounge	189 seats / 390m²	–	–
	Pier 42 Sportsbar	104 seats / 105m²	–	–
	Fjord of Coffee	–	286 seats / 430m²	–
	Fjord of Beach Bar	–	42 seats / 100m²	–
	Sun Bar	–	286 seats / 465m²	–
	Sky Bar	–	120 seats / 400m²	–
	Bungalow snacks and drinks	–	202 seats / 360m²	–
	Lounge	–	–	184 seats / 420 m²
	Bistro	–	–	186 seats / 345 m²
	Café	–	–	404 seats / 575 m²
FACILITIES	Taxfree	500m²	1800m²	280 m²
	Casino	Yes	Yes	–
	Terrace on deck 3	–	58 seats / 170m²	–
	Conference Area	5 rooms / 56–154m²	–	–
	Dog Hotel – cages	4 medium / 70x100x75 4 large / 100x100x75 4 extra large / 120x100x160	4 cages / 1m³	–
	Kids Area	Yes	Yes	Yes

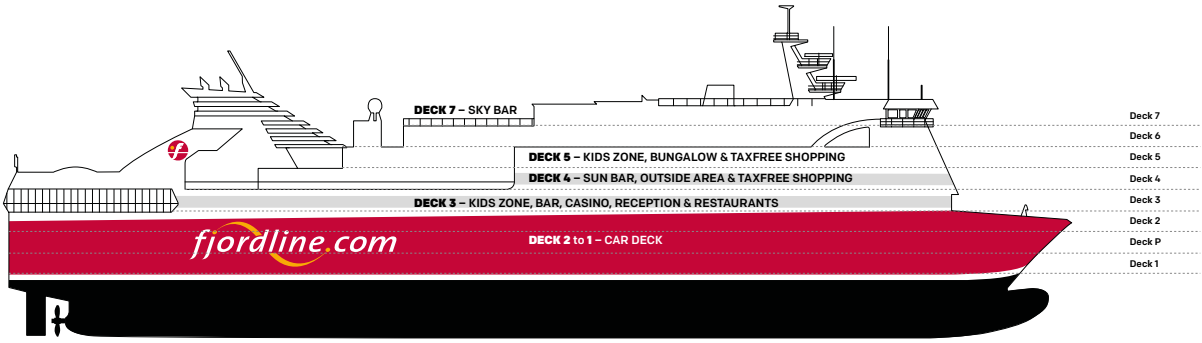
OVERNIGHT CRUISE **MV STAVANGERFJORD**



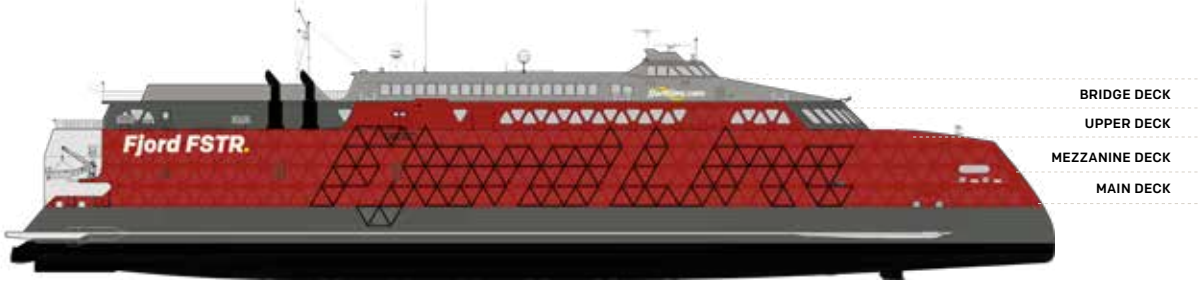
OVERNIGHT CRUISE **MV BERGENSFJORD**



DAY CRUISE **MV OSLOFJORD**



DAY CRUISE **HSC FJORD FSTR**



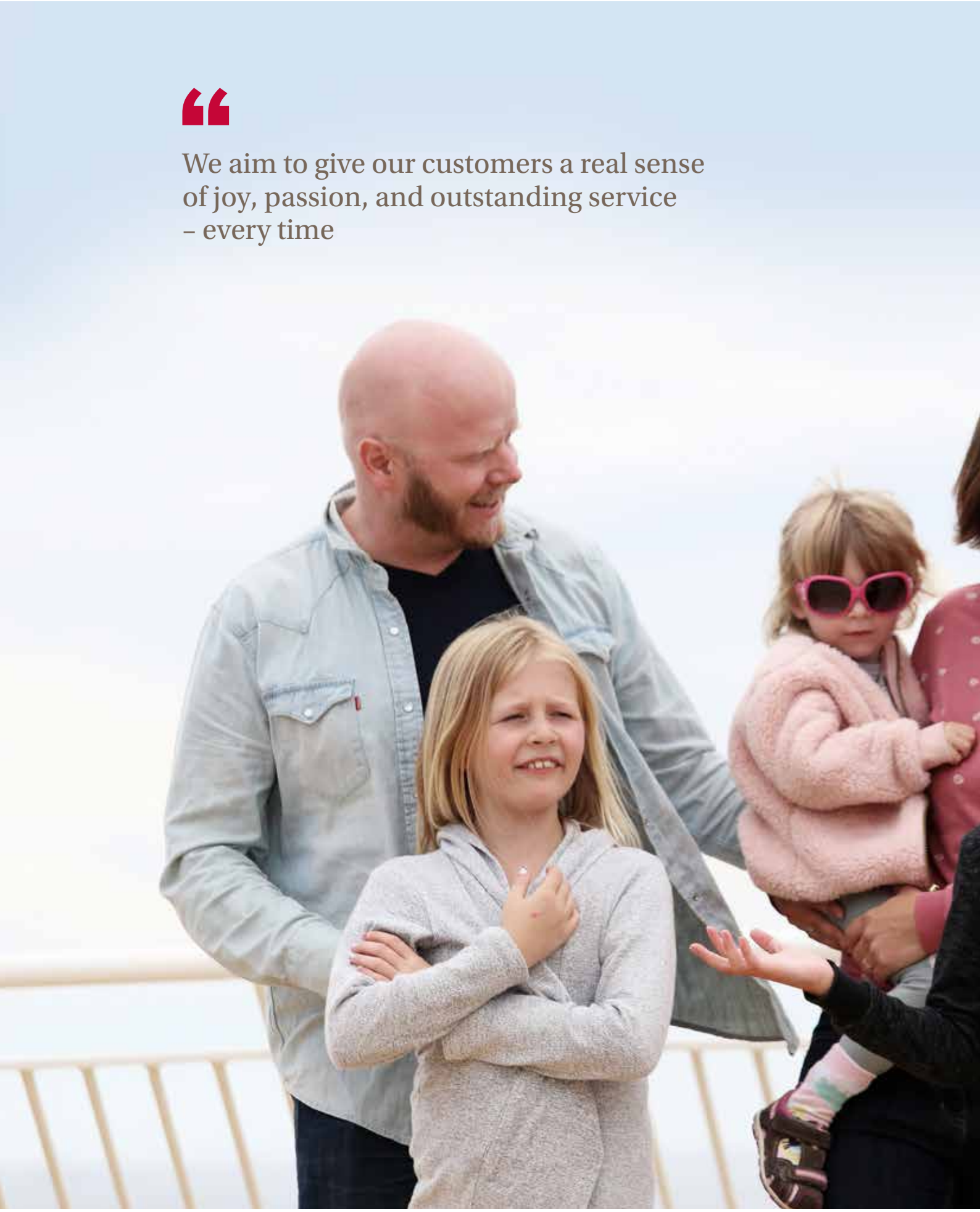


PREPARING FOR A NEW NORMAL



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We aim to give our customers a real sense of joy, passion, and outstanding service – every time





CUSTOMER EXPERIENCES

The government-imposed travel restrictions put an abrupt stop to Fjord Line's passenger traffic and operation. The COVID-19 pandemic required us to make changes. However, we have spent the year purposefully to be best equipped for a reopening of society and our passenger travel services, and to improve the customer experience.

An important priority in 2020 was to serve our customers and stakeholders as well as possible. We had to find and develop completely new ways to communicate and meet our customers, especially through digital channels.

In general, we believe the pandemic has made customers more conscious decision makers. Even more than before, customers now prefer businesses that demonstrate responsible conduct and instil trust through their actions.

The impact of COVID-19 on customer behaviour has been immediate and public safety has become a top priority for companies and costumers alike. We believe that a good customer experience includes a continued focus on individual health and safety requirements.

The key to be preferred – and loved – is the experiences our customers gain through the entire customer journey. The experience – from their impressions of Fjord Line online, booking, through their voyage to their destination, onboard, and even after they have returned home – must be great and unique – and create value for our customers. We work hard to continuously improve our customers' journey and we aim to give our customers a real sense of joy, passion, and outstanding service - every time.

Our loyal customers choose to travel with us again and again which make us optimistic for the future.



BRAND IDENTITY

The further development of a strong brand is a central part of our strategy. We aim to be the preferred choice for our customers.

For Fjord Line, a strong brand identity means that we:

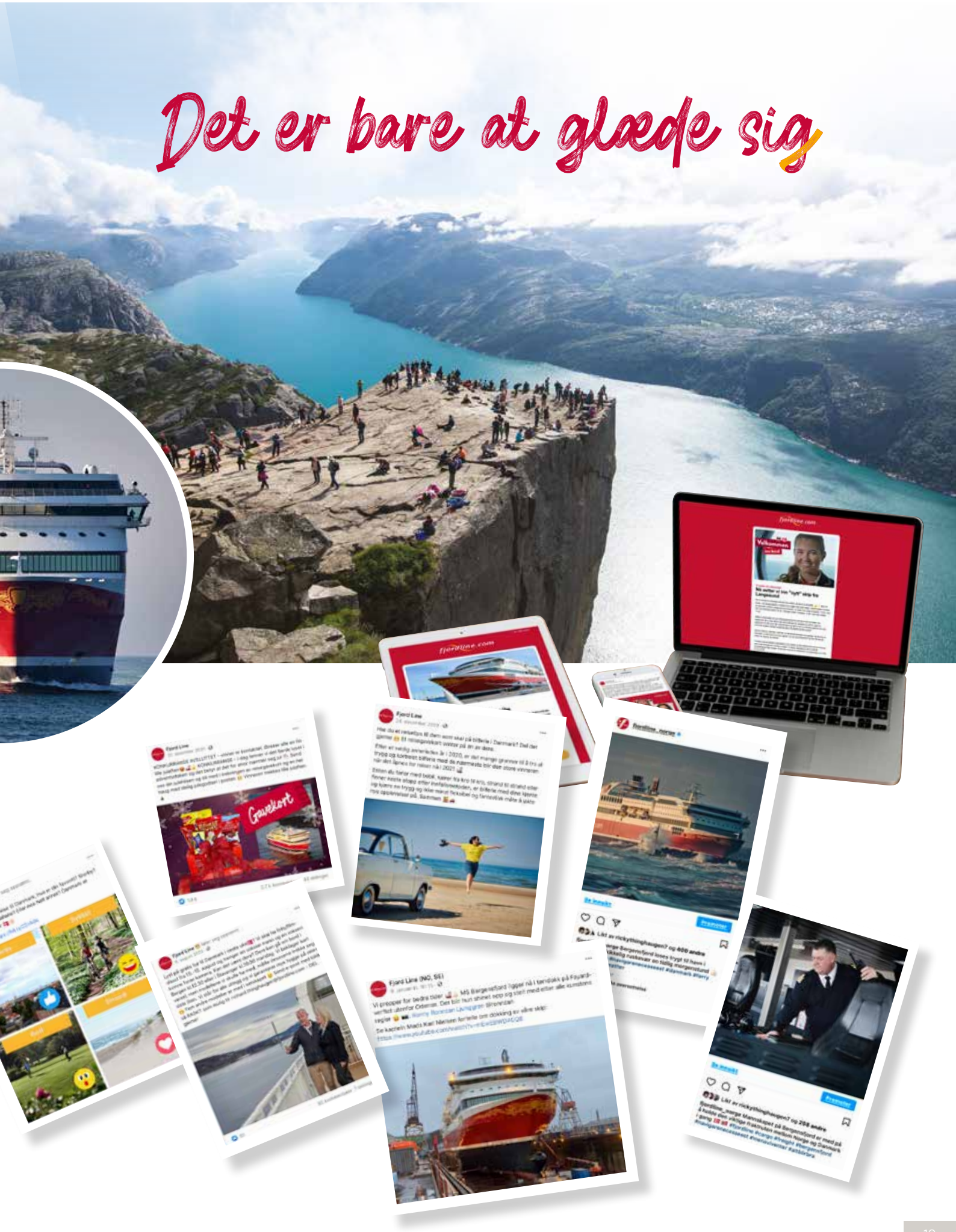
- Communicate our business personality and shape our customers' perceptions of who we are
- Project the expectations and promises we extend to our customers in terms of quality, service, reliability, and trustworthiness
- Create trust and loyalty from those who do business with us
- Help the audience differentiate us from our competitors
- Positively influence our customers' purchasing decisions

> We aim to be the preferred choice for our customers.

During the pandemic we have had less physical contact with our customers than before and consequently we have strengthened the digital dialogue with our customers and partners, for instance by involving our customers via social media and newsletters.



Det er bare at glæde sig





CONNECTING NORWAY AND CONTINENTAL EUROPE

Being a link between Norway and Europe has been important throughout Fjord Line's history. We transport all types of cargo daily - from lorries, semi-trailers and trailers to imported cars.

Offering efficient, precise, flexible and tailored high-quality sea transport is an important part of our business. We take care of the paperwork and provide the service that our customers deserve - they are very important to us and to the business community in Norway and Europe.

The importance of freight traffic, when boarders has been closed during the pandemic, has been reinforced. Fjord Line has been able to offer a reliable freight operation to keep an essential supply line between Norway and Continental Europe open even when the pandemic placed restrictions on passenger traffic.

Trucks with fish have taken the sea route to the Continent, fruit, vegetables, steel and other goods have found their way to Norway through the pandemic with our freight-only mode operations between Kristiansand in Norway and Hirtshals in Denmark. As a freight shipping company, we have an important social responsibility in doing our best to keep vital goods flowing also during a global pandemic.



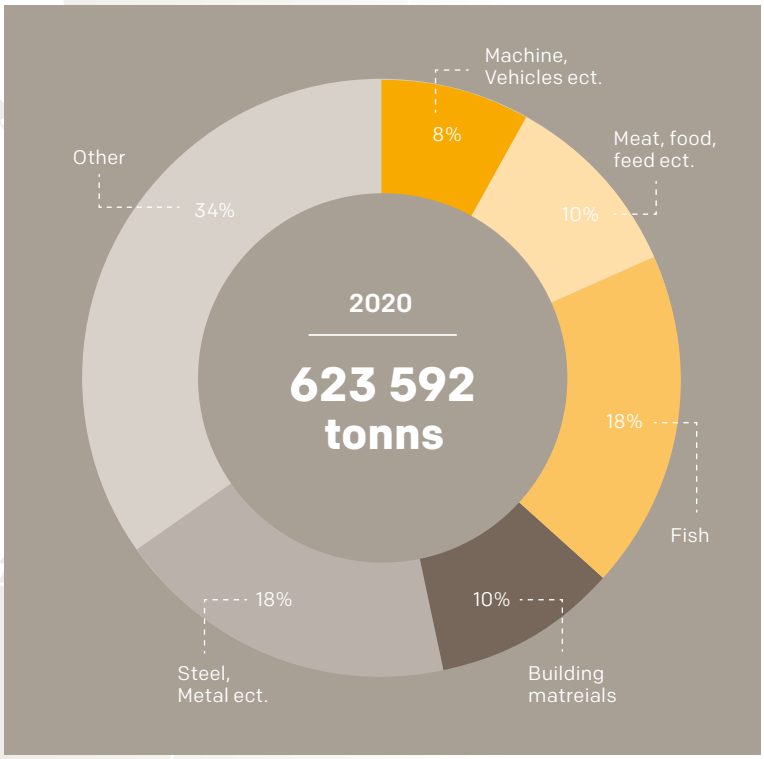








> We are proud of the role we play in connecting Norway and continental Europe.



GOODS	Tonns 2020	%
Other	84	0
Stone, Gravel, Minerals, Cast ect.	25 572	4
Concrete, Cement ect	7 678	1
Machine, Vehicles ect.	**52 722**	**8**
Glass	4 853	1
Paper	22 783	4
Furniture	27 390	4
Building materials	**64 532**	**10**
Groupage	–	0
Moving goods ect.	1 589	0 %
Wood	29 653	5 %
Fish	**109 201**	**18**
Waste	17 145	3
Fruit, Vegables	27 860	4
Animal feed	16 923	3
Flowers, Plants	27 379	4
Animals	555	0
Meat, food, feed ect.	**62 440**	**10**
Oli, asphalt ect.	12 639	2
Steel, Metal ect.	**112 594**	**18**
TOTAL	**623 592**	**100**



DEVELOPING OUR PEOPLE, BUSINESS AND PRODUCTS

Based on our cargo customers' and passengers' needs, we continuously innovate to offer high value products and services.

Having been pioneers within our industry with the use of Liquid Natural Gas (LNG) fuel we see the value our customers place on more sustainable shipping. However, we will not stop at that, and we are currently working on goals and strategies that make sure we operate according to the 1.5-degree goal and IMO's climate ambitions. This will have implications for our operations and investments and will be appreciated by our customers.

In 2020 we have performed extensive maintenance on our vessels - to improve the customer experience. When ships have been in layup, we have seized the opportunity to upgrade both the interior and the exterior; windows have been replaced, the ships have been painted inside and out, interior on board has been refreshed, cabins have received new furniture and renovated bathrooms, and we have made major alterations to our top deck on both MV Stavangerfjord and MV Bergensfjord. Our guests can now experience our new Skybar with more seating, bar and grill.

We have worked to uphold a good dialogue with our employees, including those laid off or put on furloughs during the year 2020. Through partnerships with trade unions and local educational institutions, we have created nearly 200 course activities. 2020 has been a strong year in terms of competence development, which we are convinced will translate to an even better experience for our customers in the years to come.









474
EMPLOYEES

4
SHIPS





MY CARE™ INFECTION PREVENTION READY
VERIFIED BY DNV·GL

Travelling with Fjord Line should always be safe. During the short-term reopening of passenger transport in the summer of 2020, Fjord Line had a strong focus on onboard infection control. Vessels and terminals were MyCare-approved by DNV-GL, so that our guests could travel safely with Fjord Line and so that our employees would be safe at work. The approval means that all our routines, both on board and at check-in and disembarkation, have been carefully reviewed and considered as meeting the rigorous standard. In addition to following the guidelines and instructions set by the health authorities, extra cleaning measures were added in all of Fjord Lines customer service points on land and at sea.





> The state-of-the-art high-tech vessel will operate the route between Hirtshals and Kristiansand

Fjord Line's brand-new catamaran HSC Fjord FSTR was delivered in February 2021. The state-of-the-art high-tech vessel will operate the route between Kristiansand and Hirtshals and will double the capacity on the fastest sea route between Norway and Denmark with its 2 hours and 15 minutes across the Skagerrak.

The experience on board has also been significantly improved compared to HSC Fjord Cat. Passengers can choose between three different restaurants, make use of a separate children's area and enjoy a larger duty-free shop.

The ship is built with several innovative features that improve both its seaworthiness and the guests' comfort on board. For example, HSC Fjord FSTR has a new hull shape that minimizes fuel consumption and also offers a smoother journey when sailing across the Skagerrak.







FACTS HSC FJORD FSTR

Horsepower: 51.495 PS
Knots: 37
Lenght: 109 meter
Width: 30,5 meter
Max passengers: 1 200
Maximum number of cars: 410
Transit time: 2 hours and 15 minutes







DIGITAL MARKETING

In Fjord Line we believe that investing in our customer relationships in times of difficulty will be repaid with customer loyalty. Research has shown that customers are more conscious in their decision-making and increasingly pick brands they deem trustworthy.

With the lack of physical meetings we've used 2020 to become even better at digital marketing to attract new customers and increase loyalty among existing customers. We have improved our search engine optimization (SEO), search engine marketing (SEM), content marketing, content automation, campaign marketing, data-driven marketing, e-commerce marketing, social media marketing, social media optimization, e-mail direct marketing and display advertising.

The Covid-19 pandemic has also amplified the need for easy access to services and information for our customers, and we have used social media and newsletters to maintain a robust communication line with them and other stakeholders during the pandemic. Making sure that all questions are responded to quickly and unambiguously has been an important priority for us this year.

Fjord Club is our way of appreciating those who like to travel with Fjord Line. The number of members in Fjord Club has increased during the pandemic. Our Fjord Club members are our most loyal customers, and we constantly strive to improve our offerings to these customers with the best products at the best terms. Norwegians are by far the largest group, but other nationalities are growing rapidly. With an increase in digital communication to the international market, the number of members from Continental Europe is expected to grow.



FJORD CLUB **MEMBERS**

ALMOST 500 000 PER 31.12.2020





70%	11%	11%	4%	4%
NORWAY	DENMARK	GERMANY	NETHERLANDS	OTHERS



Our single most important contribution to society this year was to take part in stopping the pandemic while continuing the most essential of our activities.

A **DIFFERENT** KIND OF **RESPONSIBILITY**



ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

At Fjord Line we are committed to do our part in curbing global temperature increase to 1.5 degrees and to be a partner to society. Greener and responsible shipping has the potential to reduce emissions from road and air-travel, provide secure and inclusive jobs and contribute to the economy for both society and the owners. 2020 has shown that our operations play a key role in keeping society running, too.

Our single most important contribution to society this year was to take part in stopping the pandemic while continuing the most essential of our activities. Despite strict infection control measures, we were able to operate a transportation route to and from continental Europe through Hirtshals in Denmark and Kristiansand in Norway.

With the reduced activity at sea came the need for furloughs and permanent lay-offs to reduce our cost base and keep the company afloat. As a responsible employer we provided extensive training to our furloughed and laid off staff, nearly 200 different training sessions, in various highly useful skills.

While our ships were sailing a lot less this year, we did not halt our focus on the environment. We took measures to reduce fuel consumption through the continuation of the Group's energy saving program.

Already being a leader within our industry on LNG in half of our fleet, we are now positioning ourselves for the next step in Fjord Line's ESG journey.

MATERIAL ASPECTS

We focus on what matters the most. Being a provider of sustainable transportation means analyzing our operations to find the sustainability aspects that matters the most to our business and stakeholders. Through stakeholder dialogue we ensure that a diverse set of perspectives and needs are voiced and understood. Fjord Line's key stakeholders include employees, customers, communities around our harbors and destinations, suppliers, business partners, regulators, lenders, and owners.

Material aspect	Description
Climate change	Greenhouse gas emissions Energy efficiency
Air quality	Emissions to air
Discharge to sea	Spills, ballast water, gray and black water.
Resource management	Materials use, waste and recycling
Health, safety and wellbeing	Personnel and customer safety Employee training and development Health and working environment Infection risk / Covid-19 Employee diversity, inclusion, and equality
Shared value	Economic value generation Employment Business ethics





In DNV GL's report "Assessment of selected alternative fuels and technologies" from 2019 LNG is highlighted as one of the most promising short term fuel solutions for the maritime sector, along with Liquefied Petroleum Gas (LPG), methanol, biofuel and hydrogen. LNG has both less CO2 emissions and less NOx, with no SOx emissions, with very low particle emissions and is the only fuel that is both widely available and sells at an advantageous price point. DNV writes that LNG is "the cleanest fossil fuel available today".

ENVIRONMENTAL

Fjord Line was an early adopter of Liquid Natural Gas (LNG) technology and a pioneer within green shipping, but we need to push further to reduce our impact even more.

PIONEERS IN SUSTAINABLE FUELS

Our fleet has class-leading sustainability profile. MV Bergensfjord and MV Stavangerfjord run on Liquid Natural Gas (LNG) which have 23% lower carbon emissions when compared to diesel engines. Nitrogen oxides (NOx) emissions from these vessels are as much as 91% lower and emissions from Sulphur (SOx) and soot are virtually eliminated. These ships are loaded with fuel in Stavanger in an environmentally friendly manner. LNG is taken from a 650-meter underground pipe directly from the power plant to the terminal and onto our ship. This method reduces spills and avoids the use of trucks to transport the fuel. This method also means the ships can fuel at very high flowrates reducing the time spent in harbor which allows us to reduce fuel consumption during the voyage.

HSC Fjord FSTR and MV Oslofjord run on Marine Gasoil (MGO) which emits considerably less sulphur emissions than traditional marine fuels such as Heavy Fuel Oil (HFO).

To be able to meet the goals of the International Maritime Organization's (IMO) of 50% reduction in GHG emissions compared to 2008 levels we need even greener fuels than LNG. The natural step for Fjord Line is to start exploring next generation fuels – carbon neutral fuels. One of the alternatives we are looking into is biogas. In December 2020 we announced a joint venture to produce liquid biogas (LBG) in Denmark, right next to our harbor in Hirtshals. The facility would be able to serve both trucks and ships with liquid biogas and be a critical enabler for the transition to renewable fuels for the transport sector. For us to be able to meet our high ambitions of being a leader within sustainable shipping this is exactly the type of innovation we like to be part of creating.



> HSC Fjord FSTR has an innovative hull design that reduces drag and fuel consumption.

ENERGY EFFICIENCY

Relying on the right type of fuel is of course the most important factor in reducing emissions of both GHGs and air pollutants. Once the best type of fuel has been chosen, we must also ensure that the consumption is as low as possible That is why we started an energy efficiency program in 2018 that has seen good results. In 2019 MV Bergensfjord was fitted with an AI solution that aids the captain in making the most environmental, economic, and comfortable journey between ports. The system has helped us initially reduce fuel consumption by 5% on MV Bergensfjord. In late 2019 Fjord Line installed the same system on MV Stavangerfjord and expect to see similar results when normal sailing resumes.

MV Bergensfjord and MV Stavangerfjord are both fitted with on-board power stations running on waste-heat recovery. This provides all common areas and cabins with energy without increasing fuel consumption.

MV Oslofjord relies on land-based power when in harbor in Sandefjord. MV Bergensfjord and MV Stavangerfjord do not need any type of land-based power as they are in continuous operation. HSC Fjord FSTR connects to land-based power in Kristiansand.

When Fjord Line ordered HSC Fjord FSTR it was designed with best-in-class technology, including an innovative hull design that reduces drag and fuel consumption. The capacity for people and cargo of HSC Fjord FSTR is also considerably higher than the vessel it replaces, HSC Fjord Cat. The result is an impressive 32% reduction in emissions per passenger compared to HSC Fjord Cat.





Fjord Line contributes towards Sustainable Development Goal number 7, "Affordable and Clean Energy" and number 13" Climate action" by using cleaner fuels, investing in new types of fuel, and reducing energy consumption in our operations. Moving towards a world that relies mostly on renewable energy is essential to protect human wellbeing and ensure sustainable lives for all. At Fjord Line we are proud to say we are pioneers in this field.



Fjord Line contributes towards Sustainable Development Goal number 3, "Good Health and Well-Being", by reducing the amount of air pollutants from our ships. In 2020, an additional and immediate focus became to help stop the spread of the COVID-19 disease. Good health is fundamental to good lives: our employees, customers, and humans in general. It is in our best interest to do our part to contribute towards the well-being for all.

PROTECTING THE OCEANS AND REDUCE WASTE

Protecting the oceans is a primary concern for Fjord Line.

All wastewater and sewage is handled according to the most rigorous standards. Fjord Line is complying with the International Convention for the Prevention of Pollution from Ships (MARPOL). With MV Bergensfjord and MV Stavangerfjord we have gone beyond the MARPOL convention and make sure that all wastewater and sewage goes through an approved treatment system before being released. With MV Oslofjord all wastewater and sewage is collected and handled on shore.

We have a continuous focus on reducing the food waste in our onboard restaurants. For example, we have brought down the volume of uneaten food by encouraging our travelers to only help themselves with what they can eat in a nice and friendly manner. Food waste is being reduced in the galleys as well. Other waste, such as single use plastics and packaging is also being scrutinized. However, in 2020, single use items were used as part of infection control measures.

We collect, sort, separate and take all solid waste to shore for adequate handling after arrival. In general, we are recycling approximately 20% of all our solid waste. Solid waste includes everything from steel to packaging and cardboard.

Fjord Line contributes towards Sustainable Development Goal number 14, "Life Below Water", by reducing emissions to the ocean, reducing the amount of solid waste we produce, recycle what we can and process what remains on land. Debris and pollutants at and under the ocean's surface are detrimental to life in the sea.



WELCOMING NEW REGULATION

Good regulation that ensures equal and predictable business landscape is something we welcome. Fjord Line is monitoring the finalization of the new energy efficiency regulation (EEXI) that will enter into force in 2023. Our goal is of course that all our vessels will be within the requirements. Based on the draft specification and our indicative measurements we are well positioned to handle the new regulations.



SOCIAL

Our social focus in 2020 has been significantly influenced by Covid-19. The pandemic brough with it three highly important tasks for Fjord Line; to help stop the pandemic, keep vital supply chains open and support our staff through difficult times.

STOPPING THE SPREAD OF THE VIRUS

Job number one during the pandemic has been to help stopping the spread of the corona virus through implementing infection control measures according to government regulation, advice, and best practice. We have had no major outbreaks amongst our passengers, crew, or staff.

Fjord Line's ships and terminals were MyCare-approved by DNV-GL in 2020. The framework has been developed to "support companies in assessing, managing and mitigating infection risk in their management systems, business processes and operations". The framework serves as an independent assurance that our routines for infection control are solid and provides confidence for customers and other stakeholders that we take infection risk seriously.

To support infection control during the pandemic we deployed COVID-19 hosts onboard our vessels. They were there to ensure the safety of our passengers and the compliance with strict infection control measures. Our customers gave us positive feedback on their presence onboard. Despite high demand over the summer, we also imposed a 30% capacity reduction to further reduce the risk of an outbreak onboard.

KEEPING VITAL GOODS FLOWING

When the governments introduced lockdowns that virtually eliminated passenger transport between Norway and Denmark, we consolidated our operations to one vital supply-line between Hirtshals and Kristiansand / Stavanger to maintain a critical transport corridor.



Annitta, who has been working with procurement at Fjord Line, took a class in "administrative IT". The course increased her proficiency in Excel to a high level. This will improve her work within Masterdata, and IT systems used within our procurement department.



SUPPORTING OUR CREW AND STAFF

Despite our efforts to retain staff as long as possible it unfortunately became necessary to lay off personnel when the revenue base practically disappeared. In conjunction with this, Fjord Line arranged ca. 200 competency development sessions for our furloughed and laid-off staff. The sessions were carried out in collaboration with unions, local training institutions and regional labor councils.

SAFETY AND SICK LEAVE

Fjord Line is running a program called "No-blame open minded safety culture" and employs a very low threshold for registering accidents. In 2020, 27 work accidents were registered. The majority of accidents were on car deck and in the galley. Of these accidents, zero accidents were considered as serious. These numbers are significantly lower this year compared to last year's (43 incidents) and reflect reduced operational activity due to the pandemic.

Sea- and land-based employees regularly conduct safety and emergency drills including lifeboat drills and evacuation exercises. Functional tests of rescue equipment are regularly carried out onboard the ships. We continuously work to reduce the level of work accidents through training and continuous evaluation of our policies and performance.

The absence due to illness in the Group was 3.56 per cent in 2020 split on 5.23 per cent for seagoing employees and 1,29 per cent for shore employees. This equals an increase of 0.3 per cent points compared with 2019 (3.26 per cent). While there is continuous focus on reducing absence rates, overall absence rates are within targets.

Morten normally works as a waiter in our onboard restaurants and bars. When the pandemic hit he took on new additional tasks. As one of our many diligent Covid-19 hosts he has made sure that all infection control mechanisms and rules were respected onboard. With a friendly voice (and smile behind the facemask) he has helped our customers maintain proper distancing and made sure they disinfected their hands. In addition, Morten has ensured frequent disinfection in high-traffic areas and spots onboard. But most of all, Morten has answered many questions and provided our guests with the confidence to enjoy their voyage despite the ongoing pandemic.



Lars Harry has for a long time wanted a driving license for trucks. As a ship assistant that license gives him the possibility to help driving all the various vehicles onboard; both driverless trucks and through truckmasters.

GOVERNANCE

At Fjord Line, governance of sustainability topics is integrated with overall corporate governance. The Board of Directors has ultimate responsibility for sustainability and monitors ESG, compliance and HSEQ regularly. Group management is responsible for carrying our operations and development in line with the standards set by the Board of Directors. A separate compliance function is responsible for follow up of compliance and ethics. To ensure independence, the Compliance function reports to the CFO with double line reporting directly to Board of Directors. Fjord Line has several mechanisms in place to manage and monitor compliance with external and internal policies and standards.

MANAGEMENT SYSTEMS

The company has a groupwide Safety Management System (SMS) in place. The system is developed in accordance with the international "ISM-code", to ensure safe management and operation of ships and for pollution prevention. In addition, Fjord Line complies with a number of international regulations aimed at ensuring safe and secure maritime passenger transport.

CODE OF CONDUCT

Our code of conduct is founded in human rights as well as the value of diversity and inclusion. It sets out the standards defining how we operate every day and everywhere. The code of conduct governs our relationships with clients, suppliers, stakeholders and each other. It requires all employees to adhere to the highest levels of professional conduct and underpins the reputation and trust Fjord Line commands.

Routines for reporting any breach of our codes of conduct are in place and available for all employees.



Whistleblowers are protected through these routines to ensure that there are no hindrances or risks to file a report.

DIVERSITY AND INCLUSION

Fjord Line is continuously working to avoid any form of discrimination based on gender, age, ethnicity etc., and has a zero tolerance for harassment of any kind.

As per December 31st, 2020, the Group had 87 shore based and 236 seagoing staff, representing a total of 237 males and 86 females. Of the Group's top management comprising nine directors, two are women.

RESPONSIBLE CONSTRUCTION AND SCRAPPING OF VESSELS

Ethical and sustainable reuse of our vessels is of importance to us. In2020 HSC Fjord Cat was sold to German shipping company FRS for continued use on the route



Fjord Line contributes towards Sustainable Development Goal number 5, "Gender Equality", by ensuring equal pay for equal work, work actively against any form of discrimination on the basis of gender, work to balance the workforce with regards to gender, encourage women to take leadership positions and include provisions against harassment in our code of conduct.



Sassnitz-Ystad. When we ordered HSC Fjord FSTR we made sure that it was built according to the Hong Kong international convention for the safe and environmentally sound recycling of ships. This ensures that the ship will not pose any unnecessary risk to human health, safety and to the environment when it reaches end of life.

AVOIDING CORRUPTION

Fjord Line has working procedures to reduce the risk of corruption. Corruption is a risk especially related to large procurements. We reduce this risk through our procurement policy that calls for tender processes for large purchases and an approval processes that ensures that all such purchases are evaluated objectively and by several people. The whistleblower function is open for reports on suspected corruption related to procurement or otherwise.





MALES
73%

FEMALES
27%

323 EMPLOYEES

237 MALES // 86 FEMALES



87 SHORE BASED • 236 SEA GOING STAFF

METRICS



Topic	Metric / KPI	Unit
ACTIVITY		
General	Number of passengers Number of freight units Total distance traveled by vessels	Number 12m equivalents Nm
ENVIRONMENT		
GHG emissions	Gross scope 1 emissions GHG per Nm	CO2-equivalents (metric tons) CO2-equivalents (Kg)
Air quality	NOX emissions SOX emissions	Metric tons Metric tons
Ecological impacts	Number of spills Volume of spills	Number Cubic meters
Water management	Solid waste % recycled	Metric tons %
SOCIAL		
Employee health, safety and wellbeing	Lost time accidents >24 h (LTA) Sick-leave Number of employees per 31.12. Diversity (gender distribution)	Number % Number % women / % men
GOVERNANCE		
Oversight and compliance	Number of ordinary board meetings Number of port state control deficiencies	Number Number





2020	2019	2018
484 542	1 429 947	1 386 720
50 176	65 523	66 166
214 626	358 534	342 165
71 976	119 500	116 537
335	333	341
318	887	851
6	14	13
0	0	0
0	0	0
356	770	803
28%	24%	20%
10	14	10
3,6%	3,3%	3,3%
323	580	655
27% / 73%	36% / 64%	37% / 63%
7	7	7
4	13	27



“We have a continuous focus on reducing the food waste in our onboard restaurants.

RISKS AND OPPORTUNITIES

Sustainability risks and opportunities

Risk	Type	Term	Mitigation
Increased pricing of GHG emissions	Policy	Short	We have invested heavily in a young fleet with industry-leading sustainability profile. Regulation regarding direct pricing of GHG emissions can potentially change. Such regulation could be quota-based (e.g. ETS) or fee-based (e.g. CO2 fee). Fjord Line follows developments in national and international policy discussions closely
High costs to comply with new environmental regulation	Policy	Medium	We may see national or international regulation imposing stricter environmental regulations. Such regulation could include e.g. EU taxonomy and IMO energy efficiency requirement (EEDI and EEXI). With regards to EEXI, based on preliminary specifications, we anticipate that Fjord Line's fleet is well positioned to comply with such regulation in the short to medium term, without need for costly modifications
Reduced demand for tourism travel services due to shift in consumer mindset	Market	Medium	Increasing awareness of environmental footprint may impact tourism-related travel negatively. Transparency is critical and we aim to provide good transparency of our environmental footprint.

Opportunity	Type	Term	Response
Modal shift from road/air to sea transport	Product & service	Short	Sea transport often provides a relative advantage over road/air transportation in terms of environmental footprint
Renewable fuels and infrastructure	Operational	Long	Fjord Line has positive experience from LNG. We now invest in renewable fuels (LBG) and evaluate other alternative fuels from a holistic perspective, including performance, availability, and infrastructure.
Increased demand for ferry travel due to shifting interest from long haul to short distance travel	Market	Short	Increasing customer awareness of environmental footprint may benefit ferry travel at the expense of long distance travel. In addition, the Covid 19-pandemic may permanently impact traveler preferences. Passenger ferries provide good opportunities to maintain social distancing and may be perceived more safe than other modes of transport.

REPORT FROM THE **BOARD** OF **DIRECTORS**





FJORD LINE AS GROUP

THE GROUP

Fjord Line AS is the parent company in the Fjord Line Group. The Group is Norway's second largest shipping company in international passenger traffic and freight transportation between Norway and EU. The Group has one of the youngest and most modern and eco-friendly fleets in the cruise ferry segment in Europe. In 2020 the fleet consisted of four vessels all flying the Danish flag. Two of the Group's cruise ferries undertakes voyages using the environmentally friendly fuel LNG (liquid natural gas), while the other two use MGO (marine gasoil). The Group operates three routes between Norway and Denmark, one route between Norway and Sweden and a domestic route between Bergen and Stavanger. Fjord Line is headquartered in Egersund with operative offices in Hirtshals, Bergen, Stavanger, Kristiansand, Langesund, Sandefjord and Strömstad. Average number of employees (FTE) in the Group during 2020 has been 474 (637 in 2019). With regular and daily departures between seven ports in Norway, Denmark and Sweden, the Group recognizes its important role in the transportation of passengers and goods within Scandinavia and between Norway and the European continent. The global Covid-19 pandemic has had material negative effect on the Scandinavian travel industry and Fjord Line's operations in 2020. Fjord Line transported 484,500 passengers and 50,250 freight units in 2020 – a significant reduction compared to a normal year. The Groups vision is to be the best, most loved and profitable ferry company in Scandinavia. Fjord Line aim to achieve this by providing the best experience in every step of the customer journey - from booking to destination, further strengthen our positioning and brand awareness and finally continue to be in lead within sustainable and cost and energy efficient operations. Everything we do is with vigor, responsibility, respect and commitment.

BUSINESS SEGMENTS

The Groups revenues arises from three main business areas. All ticket revenues within the Group are generated in business area Travel and consists of transport-, cruise-, group-, package-, and conference ticket revenue streams. All onboard revenues are

> With Fjord FSTR, Fjord Line will double its capacity on the crossing between Kristiansand and Hirtshals.



generated within business area Onboard Services and includes revenue streams mainly from the retail and food & beverage operations. Business area Freight generates its revenues from sales and transportation of trucks, trailers, articulated vehicles, specialized or out-sized cargo and on-deck shipments, and from forwarding services.

TONNAGE

The cruise ferries MV Stavangerfjord (2013) and MV Bergensfjord (2014) operate the routes between Bergen – Stavanger – Hirtshals and Hirtshals – Langesund. The cruise ferries are both equipped with fuel efficient LNG-engines, which reduce CO2 emissions and drastically reduce pollutant emissions compared to traditional marine fuels. In 2020 the Group completed an energy saving program (ESP) on these two vessels helping reduce emissions even further – by 5% compared to prior to the program's launch. The Group has used the shutdown during the pandemic to perform maintenance on the vessels, related both to machinery and operation, upgrades of cabins, rebuilding of common areas, painting, replacement of electrical parts such as lights and pumps. The maintenance is well visible to Fjord Line's customers and will improve the customer experience. The day ferry MV Oslofjord (1993/2014) is customized for the route Sandefjord – Strömstad and was put into operation as the company's first vessel on the route on 20 June 2014. In January 2018 the tax-free shopping area of the vessel was expanded and improved and today MS Oslofjord has one of the largest tax-free shops on a day route worldwide. The catamaran HSC Fjord Cat (1998) operated the route Kristiansand – Hirtshals in the summer season 2020. The vessel was sold to the German Shipping Group FRS in August 2020, after 13 years of faithful service under the Fjord Line brand. Fjord Cat will be replaced by the newbuilt high-speed catamaran Fjord FSTR, which was delivered in February 2021. Fjord FSTR will serve increased customer demand for higher capacity and comfort, enable more departures and longer sailing season, and improve environmental efficiency. With Fjord FSTR, Fjord Line will double its capacity on the crossing between Kristiansand and Hirtshals, both in terms of passenger and car capacity as well as increased capability for freight and heavy transport. Representing a new technological standard, Fjord FSTR is equipped with 16 electric vehicle charging stations and is the first passenger ferry in Norway to offer this.



HIGHLIGHTS FROM 2020

The global Covid-19 pandemic has had significant impact on Fjord Line's business operations throughout 2020. In the first months of the year Fjord Line saw the continued effects of the positive and steady underlying operational improvements for the Group from actions taken in 2018 and 2019. After the Covid-19 outbreak in March 2020, the Group has however experienced increasingly adverse effects of the pandemic. The number of travelers has been decreasing in line with government-imposed travel restrictions and border controls. The management team has throughout the year designed and implemented several extensive measures to adjust the cost base in order to protect the Group's cash-flow and to secure sustainable operations. These actions consist among others of temporary changes in Fjord Line's route network and deployment of vessels, as well as layoff of personnel and other robust cost reductions in order to adjust the cost base to the present market demand.

OUR OPERATIONS IN 2020

The first months of 2020 showed continued improvements both on the revenue and cost side, following the strong development from previous years. Bookings for the summer high season were solid and indicated a record high activity level. However, as the pandemic broke out in March, Fjord Line experienced material adverse effects. As of 17 March, The Group had cancelled all ordinary passenger sailings as a direct consequence of the pandemic



and restrictions imposed by national authorities. To ensure the flow of goods between Norway and EU, the Group established an emergency route, primarily for cargo, with two daily departures in each direction between Kristiansand and Hirtshals. In addition, the Group sailed two weekly round trips to Stavanger to serve the west coast market in Norway and to bunker fuel from the LNG plant in Risavika. During the peak summer season, the Group was able to resume close to normal operations on the routes between Norway and Denmark, however with a 30 percent self-imposed capacity reduction to be compliant with guidelines and regulations to prevent the spread of the Corona virus. As new national travel restrictions were imposed in September 2020, Fjord Line's routes and sailings were again discontinued at the end of October. As of 31.12.2020 no other routes than the emergency cargo route is in operation. The route between Norway and Sweden has not been operated since the Covid-19 outbreak. All of Fjord Line's vessels have had longer or shorter periods in hot-lay up during 2020. In 2020 the Group transported 484,500



passengers, compared to 1.4 million passengers in 2019, a reduction of 66 percent. The number of passenger vehicles decreased to 149,400 from 436,900. The Group transported 50,200 freight units compared to 65,500 freight units in 2019, a reduction of approx. 23 percent. The freight units' figure for 2019 represent four ferries in regular operation, while the 2020 figure is largely affected by the pandemic.

SIGNIFICANT REDUCTION IN REVENUES AND ACTIVITY

While 2019 entered the books as the record year in line with the positive and steady development of Fjord Line, 2020 has proved to be the most challenging year in the history of the Group. The financial consequences caused by the pandemic have been significant and are evident in the financial reporting for 2020. The Group has experienced a 55 percent revenue reduction to MNOK 729 mill for the year 2020. In certain periods with very limited travel activity the Group's revenues have been reduced by as much as 90 percent compared to 2019. Despite extensive cost cut and operational efficiency measures and governmental aid packages, the Group experienced a negative result before tax for MNOK 141 in 2020, compared to a profit of MNOK 79 in 2019.

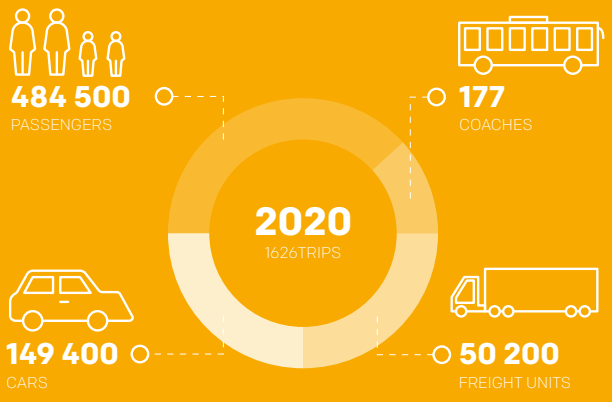
ROBUST FINANCIAL RESTRUCTURING

The Group have secured a robust financial restructuring through negotiations with senior lenders 30.04.2020 and 17.02.2021 that will provide the Group with a robust financial runway. The financial restructuring consists of owner contributions, new bank loans as well as postponement of interests, guarantee premium and instalments. The Group has also renegotiated all financial covenants under the current loan agreements to be compliant with these going forward. Fjord Line has in addition received cash support totaling MNOK 269 for 2020 from the Norwegian government's Business Compensation Scheme.

474
EMPLOYEES

4 SHIPS

OUR TRAVELLERS
This year in numbers



21.2%
FREIGHT UNIT MARKET SHARE

23.3%
PASSENGER MARKET SHARE

30.3%
PASSENGER VECICHLE MARKET SHARE



FINANCIAL PERFORMANCE IN 2020

The Group's operating income was MNOK 729 in 2020, compared to MNOK 1,613 in 2019. The Group's operating expenses ex. depreciation were MNOK 497 in 2020, compared to MNOK 1,188 in 2019.

The Group's operating result (EBIT) in 2020 shows a loss of MNOK 46, compared to a profit of MNOK 190 in 2019.

Further on, the Group's net financial expenses are MNOK 95 in 2020, compared to corresponding expenses of MNOK 111 in 2019.

Result before tax for the Group was a loss of MNOK 141 in 2020, compared to a profit of MNOK 79 in 2019. Result after tax was a loss of MNOK 92 in 2020, compared to a profit of MNOK 140 in 2019.

The parent company Fjord Line AS` result before tax was a loss of MNOK 223 in 2020, compared to a profit of MNOK 131 in 2019. Fjord Line's loss of MNOK 174 after tax is proposed transferred to uncovered loss. Subsequently the book equity of the parent company amounts to MNOK 755.

Fjord Line AS has accumulated basis for deferred tax asset of MNOK 1 092, which implies a deferred tax asset (22 per cent) of MNOK 240 at full capitalization. Based on the positive development of the company pre Covid-19 and the long-term future prospects, the Board of Directors has recognized the full capitalized deferred tax asset in the balance sheet in 2020.

The Board of Directors finds the profit development pre Covid-19 satisfactory, and that the result in 2020



is significantly affected by the ongoing Covid-19 situation.

CASH FLOW AND FINANCIAL STRUCTURE

The Group's liquid funds have increased by MNOK 27 in 2020 compared to an increase of liquid funds of MNOK 41 in 2019. The increase consists of the following main elements:

- Cash flow from operational activities: MNOK -15 (MNOK 495 in 2019).
- Cash flow from investing activities: MNOK -50 (MNOK -132 in 2019).
- Cash flow from financing activities: MNOK 92 (MNOK -322 in 2019).

The Group's total balance sheet value is MNOK 4,035 per 31 December 2020, compared to MNOK 3,816 per 31 December 2019. Fjord Line AS' total balance sheet is, however, MNOK 3,618 per 31 December 2020 compared to MNOK 3,425 per 31 December 2019. Interest bearing debt made MNOK 2,533 per 31 December 2020 compared to MNOK 2,234 per 31 December 2019.

The group's equity is MNOK 1,212 per 31 December 2020, compared to an equity of MNOK 1,189 per 31 December 2019.

The Group's liquid funds made MNOK 188 per 31 December 2020, including an unused credit facility of MNOK 35.

FINANCIAL AND OPERATIONAL RISKS

Exchange rate and interest rates
Per December 31.12.2020 the Group has interest bearing debt of MNOK 2,533, including loan in EUR/DKK, constituting in total MNOK 2,122. The Group is exposed to interest risk and currency risk on these loans. The risk is, however, partly eliminated through the fact that parts of the liabilities are hedged through fixed interest rate agreement, and that parts of Fjord Lines revenues are in EUR/DKK.

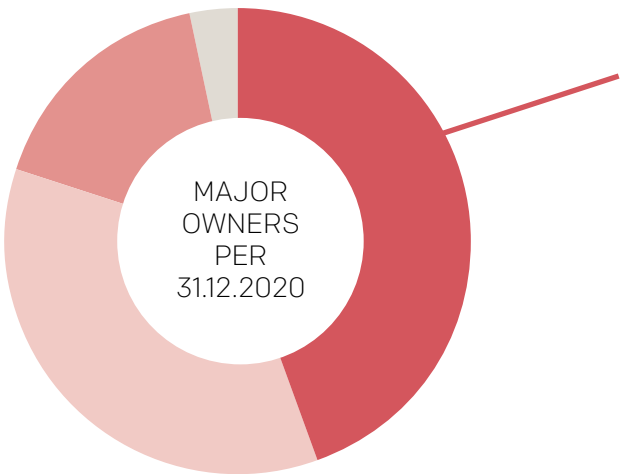
The Group is to some extent exposed to currency risk, but this risk is partly eliminated since revenues and expenses are denominated in both EUR/DKK, as well as NOK. The Group is also exposed to fluctuations in the exchange rate of USD through purchase of fuel.

Price variations of bunker
The Group is exposed to general fluctuations in bunkers- and LNG prices, but a significant part of the risk is eliminated through hedging contracts for LNG and MGO. The Group has per 31.12.2020 entered into hedging contracts with maturity in 2021 for both LNG and MGO.

Covenants
Per 31.12.20 the Group had financial debt covenants connected to EBITDA, liquidity and booked and value adjusted equity. Several financial covenants are waived due to the ongoing Covid-19 pandemic. The company's Board of Directors and management are continuously monitoring the financial debt covenants, and per 31 December 2020 the company is in compliance with all active covenants. Reference is however made to further information given in paragraphs "Robust financial restructuring" above.

Market
The ongoing Covid-19 pandemic has significant implications for the ferry business, and the market is heavily affected by government-imposed travel restrictions. The Board of Directors expects overall demand to gradually recover to pre-Covid-19 levels as travel restrictions are lifted. Fjord Line's customer base comprises a diversified mix of customer segment, which reduces risk related to individual markets.





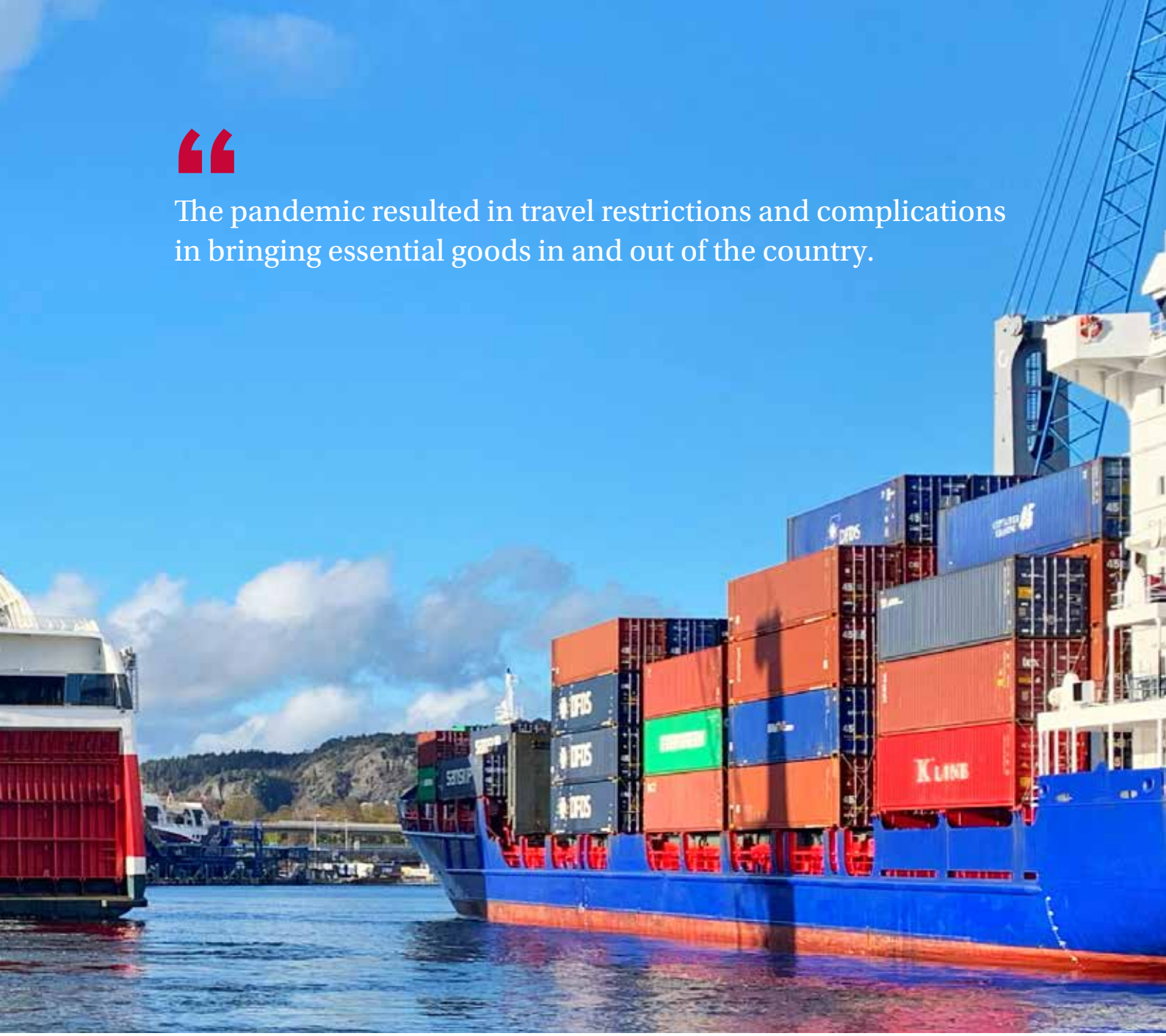
SHAREHOLDERS

The Group's major owners per 31.12.2020 were as follows:

- Ferd AS 44.6%,
- Kontrari AS 35.6 %,
- Kontrazi AS 16.6 %
- Other 3.2 %.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Our code of conduct is founded in human rights as well as the value of diversity and inclusion. We have a zero tolerance of harassment of any kind. Routines for reporting any breach of our codes of conduct are in place and available for all employees. Whistle-blowers are protected through these routines to ensure that there are no hindrances or risks to file a report.



> The pandemic resulted in travel restrictions and complications in bringing essential goods in and out of the country.

Fjord Line has working procedures to reduce the risk of corruption. Corruption is a risk especially related to large procurements. We reduce this risk through our procurement policy that calls for tender processes for large purchases and an approval processes that ensures that all such purchases are evaluated objectively and by several people is in place. The whistle-blower function is open for reports on suspected corruption.

Fjord Line's single most important contribution to society this year was to take part in stopping the pandemic while continuing the most essential of the Group's activities. By working with the government and health authorities, taking measures and with the good help of the staff and customers Fjord Line have been without any major outbreaks on-board or amongst the staff.

The pandemic resulted in travel restrictions and complications in bringing essential goods in and out of the country. Despite strict infection control measures Fjord Line were able to operate a transportation route to and from continental Europe through Hirtshals in Denmark and Kristiansand in Norway.

In an effort to mitigate adverse effects on employees affected by the Covid-19 situation, Fjord Line collaborated with governments in Norway and Denmark, labor organizations, and employee representatives to organize 196 different training sessions for furloughed and permanently laid-off staff. The Group provided training on skills such as project management, truck certificates, waiter/bartender training that will be valuable to the employees in the future.



> Fjord FSTR, will operate with 32% less GHG emissions



EXTERNAL ENVIRONMENT

Fjord Line operates a business which causes pollution of the external environment. The company complies with applicable laws and regulations in the area and wishes to minimalize the pollution for instance through measures that reduce the emission of NOx.

While Fjord Line's ferries were sailing a lot less this year, the Group did not halt its focus on the environment. In 2020 the Group completed an energy saving program (ESP) on MV Stavangerfjord and MV Bergensfjord which reduced relative emissions by 5% compared to prior to the program's launch.

The Group sold HSC Fjord Cat and the new catamaran that replaces it, Fjord FSTR, will operate with 32% less GHG emissions per passenger/freight unit.

HSEQ AND TAKING CARE OF OUR EMPLOYEES

2020 was a special year for all, and the COVID-19 pandemic had significant implications, also for the Fjord Line staff. The pandemic and the government-imposed travel restrictions called for a need for extensive furloughs and permanent layoffs, of the workforce. The Fjord Line crew and staff have shown tremendous dedication and willingness to keep Fjord Line afloat. Fjord Line has provided training and help to the best of its ability and according to the help that has been provided by the Norwegian and Danish government.

The year 2020 has been utilized increase competence and develop the organization. Fjord Line arranged 196 training sessions on highly useful skills for





our laid off staff, in collaboration with unions, local training institutions and regional labor councils. Before the pandemic hit in March 2020, Fjord Line were able to train 20 of the managers though the internal leadership program "Leading Fjord Line" and 292 individual certificates were renewed. Employee satisfaction in Fjord Line is measured biannually rather than on a yearly basis. By doing so the Group makes sure to have enough time spans between measurements to focus on effective, long term action plans. Initiatives to reduce the level of sick leave and increased engagement are among the continuous focus areas of our employee satisfaction strategy.

Fjord Line is running a "No Blame Open Minded Safety Culture Program" to make the organization resilient and sustainable. The company has therefore focused on vigilance and that every incident must be reported, regardless of severity. In 2020 27 work accidents were registered. The majority of accidents were on car deck and in the kitchen. Of these accidents, 0 accidents were considered as serious. The number of work accidents is significantly lower this year compared to last year's (43 incidents), but at the same time the company has had a reduced operation due to the pandemic. Fjord Line continuously work to reduce the level of work accidents through several initiatives. Sea- and land-based employees regularly conduct safety and emergency drills including lifeboat drills and evacuation exercises, and functional tests of rescue equipment are regularly carried out onboard the ships.

A guideline for systematic follow-up on sick leave was introduced in 2017. The absence due to illness in the Group was 3.56 per cent in 2020 split on 5.23 per cent for seagoing employees and 1,29 per cent for shore employees. This equals an increase in total absence due to illness of 0,3 per cent compared with 2019 (3,26). While there is continuous focus on reducing absence rates, overall absence rates are considered within targets.

GENDER EQUALITY

As per 31.12.2020, the Group had 87 shore-based and 236 seagoing staff, representing a total of 237 males and 86 females. In Fjord Line AS the equivalent number of employees was 41, including 24 men and 17 women.

The company is continuously working to avoid discrimination based on gender, age, ethnicity etc. both with respect to existing and new employments.

Of the Group's top management comprising 9 employees, 2 employees are women. The Board of Directors in Fjord Line are composed of 5 men and 1 woman. Based on an assessment of number of employees and job category the Board of Directors have not found it necessary to implement special measures with respect to gender equality. The Group will, however, continuously focus on this topic.

EVENTS AFTER THE BALANCE SHEET DAY

In February 2021 the Group secured a robust financial restructuring through negotiations with senior lenders and guarantors that will provide the Group with a robust financial runway, continuing the support given by financial partners in April 2020 (reference made to the paragraphs above).

As of March 2021, MV Oslofjord is reflagged from the Danish DIS register to the Norwegian NOR register.

The Group`s newbuilt high-speed catamaran Fjord FSTR was delivered in February 2021, providing Fjord Line with increased capacity and passenger comfort on the route between Kristiansand and Hirtshals. Fjord FSTR entered in 2018 a loan agreement with the Australian export finance body EFA, and the financial liability is financially recognized from date of delivery.

It is the Board of Directors' opinion that the Group is financially and operationally prepared to resume normal operations once the government-imposed travel restrictions are lifted.

OUTLOOK

From March 2020, the Covid-19 situation has affected the Groups business significantly, reference made to the paragraphs above. The further consequences are still not clear due to the uncertainty that still exists with respect to the development of the pandemic, vaccine programs and the government-imposed travel restrictions.

Fjord Line has however strong and committed long-term owners which implies that the management team has good conditions to implement the strategy set by the Board of Directors. Fjord Line is well positioned and has a positive outlook. The Group has had several years of positive development leading up to the Covid-19 outbreak. The Board of Directors is confident that measures taken by the management throughout this challenging year will further improve on this positive trend.

The Group is not involved in any litigations.

GOING CONCERN

Based on the information above regarding the events after the balance sheet day and in accordance with the Accounting Act § 3-3a it is confirmed that the financial statements for 2020 have been prepared under the assumption of going concern.

Egersund 28.04.2021

Peter Frølich
Chairman of the Board

Kristian Eikre
Board Member

Kristian Falnes
Board Member

Frode Teigen
Board Member

Heidi Nag Flikka
Board Member

Kaj Frederiksen
Board Member

Brian Thorsted Hansen
Managing Director



“

Fjord Line is well positioned and has a positive outlook.

CONSOLIDATED **FINANCIAL** STATEMENTS

- **Income statement**
- **Statement of comprehensive incom**
- **Balance sheet**
- **Cash flow statement**
- **Accounting policies**
- **Notes**



Annual accounts

FJORD LINE AS – GROUP

CONSOLIDATED INCOME STATEMENT

(1,000 NOK)

	Note	Group 2020 Simplified IFRS	Group 2019 Simplified IFRS
Income/net gains			
Sales revenues	13, 16	675,031	1,583,417
Other operating income	13	29,807	29,567
Other gains/losses (net)	13	23,734	0
Total		**728,572**	**1,612,984**
Operating expenses:			
Cost of goods		121,073	371,196
Wage costs	14	309,003	387,208
Depreciation of property, plant and equipment and intangible assets	1, 2	262,029	235,241
Other operating expenses	5, 6, 14	67,308	429,678
Write-downs of tangible and intangible assets	2	14,724	0
Total operating expenses		**774,138**	**1,423,323**
Operating result		**-45,566**	**189,661**
Financial items:			
Interest income		2,861	8,159
Other financial income	3	2,011	0
Income from investment in associated company	3	0	-720
Interest expenses	12	-100,357	-84,412
Other financial expenses	3	0	-33,847
Net financial items		**-95,486**	**-110,820**
Ordinary result before tax		**-141,052**	**78,841**
Tax expense on ordinary result	**11**	**-48,991**	**-61,241**
Ordinary result after tax		**-92,061**	**140,082**
Result for the year		**-92,061**	**140,082**
Distribution of result group:			
Majority's share of result		-92,061	140,082
Non-controlling interests' share of result			
Total		**-92,061**	**140,082**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(1,000 NOK)

Result for the year, cf. above		**-92,061**	**140,082**
Items that may be subsequently reclassified to profit or loss			
Change in value of financial instruments used as hedges	**17**	-7,822	-23,138
Currency translation differences		72,168	12,789
Total		**64,346**	**-10,349**
Comprehensive income for the year, net of tax		**64,346**	**-10,349**
Total comprehensive income for the year		**-27,716**	**129,733**



FJORD LINE AS – GROUP

CONSOLIDATED BALANCE SHEET

(1,000 NOK)

Assets	Note	Group 2020 Simplified IFRS	Group 2019 Simplified IFRS
Fixed assets			
Intangible assets			
Deferred tax asset	11	327,236	275,430
Other intangible asset	1	90,653	79,550
Total intangible assets		**417,889**	**354,980**
Property, plant and equipment			
Ships	2, 18	2,851,183	2,879,399
Prepayment ships	2	263,467	234,714
Buildings, plants etc.	2	119,222	65,962
Right of use assets	2	33,830	30,146
Total property, plant and equipment	**2**	**3,267,702**	**3,210,221**
Financial fixed assets			
Derivatives	17	0	208
Investment in associated company	4	0	10,036
Other non current receivables		0	9,900
Other investments	4	80	80
Total financial fixed assets		**80**	**20,224**
Total fixed assets		**3,685,671**	**3,585,425**
Current assets			
Inventories	**5**	**21,409**	**33,534**
Receivables and derivatives			
Trade receivables	6	15,573	33,298
Other current receivables	7, 16	155,073	37,453
Derivatives	17	4,500	146
Total receivables and derivatives		**175,146**	**70,897**
Bank deposit, cash etc.	**8**	**152,606**	**126,013**
Total current assets		**349,160**	**230,444**
Total assets		**4,034,831**	**3,815,870**

Equity

	Note	Group 2020 Simplified IFRS	Group 2019 Simplified IFRS
Paid-in equity			
Share capital	9, 10	544,312	519,107
Own shares	9	-109	-109
Share premium account	9	203,432	178,227
Total paid-in equity	**9**	**747,634**	**697,225**
Other equity controlling interests			
Other equity	9	464,197	491,912
Total		**464,197**	**491,912**
Total equity controlling interests		**1,211,831**	**1,189,137**
Non-controlling interests	9	0	0
Total equity	**9**	**1,211,831**	**1,189,137**

Liabilities

Non-current liabilities/non-current provisions			
Deferred tax		751	0
Leasing liability	2, 12	65,232	46,711
Non-current debt to credit institutions etc.	12	2,460,158	1,941,834
Pension liability (net)	14	3,283	2,790
Derivatives	17	60,416	74,416
Total non-current liabilities/non-current provisions		**2,589,840**	**2,065,751**
Current liabilities			
Current portion of non-current liabilities to credit institutions	12	7,989	245,412
Current portion of leasing debt	2, 12	0	0
Derivatives	17	38,418	17,459
Trade payables		32,259	129,497
Tax payable	12	0	714
Public duties owing		4,391	6,818
Other current liabilities	15	150,102	161,082
Total current liabilities		**233,160**	**560,982**
Total liabilities		**2,823,000**	**2,626,733**
Total equity and liabilities		**4,034,831**	**3,815,870**

Egersund 28.04.2021

Peter Frølich
Chairman of the Board

Kristian Eikre
Board Member

Kristian Falnes
Board Member

Frode Teigen
Board Member

Heidi Nag Flikka
Board Member

Kaj Frederiksen
Board Member

Brian Thorsted Hansen
Managing Director

FJORD LINE AS – GROUP

CASH FLOW STATEMENT

(1,000 NOK)

	2020	2019
Cash flows from operational activities		
Operating result	-45,566	189,661
Taxes paid in the period	-714	-1,379
Depreciation	256,230	235,241
Write-down	14,724	0
Gain/loss from sale of property, plant and equipment/intangible assets	-23,734	0
Change in inventories	12,125	-10,702
Change in trade receivables	-99,894	36,336
Change in trade payables	-97,238	44,799
Change in financial assets at fair value over profit or loss	0	0
Change in other accruals	-30,459	690
Net cash flows from operational activities	**-14,526**	**494,645**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and received grants	103,187	0
Purchase/manufacturing of property, plant and equipment/intangible assets	-130,907	-120,536
Prepayment assets	-10,271	-19,567
Interest received	-12,500	8,159
Sale of subsidiary (less cash in subsidiary)	0	0
Net cash flows from investing activities	**-50,491**	**-131,943**
Cash flows from financing activities		
Raising of interest bearing debt	168,500	0
Repayment of non-current interest bearing debt	-96,758	-237,749
Interest paid	-30,542	-84,412
Cash contribution share issue (net)	50,409	0
Net cash flows from financing activities	**91,610**	**-322,161**
Net change in cash and cash equivalents	**26,593**	**40,541**
Cash and cash equivalents at the beginning of the period	126,013	85,472
Currency translation cash and cash equivalents	0	0
Cash and cash equivalents at the end of the period	**152,606**	**126,013**
Specification of cash reserves at the end of the period		
Bank deposit and cash	152,606	126,013


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Accounting policies

FJORD LINE AS – GROUP

Below are stated significant Accounting Policies used in the preparation of the consolidated financial statements. The consolidated financial statements have been prepared in accordance with simplified IFRS (International Financial Reporting Standards).



Consolidation and investment in associated companies

The consolidated financial statements comprise the parent company Fjord Line AS and the subsidiaries, Fjord Line GmbH (Germany), Next Green Energy AS, Hirtshals LNG AS, Fjord Line Danmark A/S, Fjord Skibsholding I A/S, Fjord Skibsholding II A/S, Fjord Skibsholding III A/S, Fjord Skibsholding IV A/S and Fjord Skibsholding V A/S. The six last mentioned companies are domiciled in Denmark and are 100% owned subsidiaries.

Subsidiaries are entities where the group has the power to govern the entity's financial and operational policies (control).

When the group disposes of a subsidiary/ ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Intercompany transactions, balances etc. have been eliminated in the consolidated financial statements.

For consolidation purposes the Danish companies are considered to have functional currency in DKK and German subsidiaries EUR.

Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are deferred tax assets, residual value of ships, useful life of ships, capitalization and depreciation of periodic maintenance and provision for incurred costs.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The specific accounting policies for the group's main revenue generating activities are as follows:

Transportation/ticket:
Ticket revenue is recognized over time when the actual transport is executed. The rote and crossing from start point to the end destination is fairly short and within 24 hours.

The portion of the sales income, which relates to future service work is reflected in the balance sheet as unearned income from the sale and is then recognised in line with the service work performed. This prepayment is normally not discounted because of a short period from pre-payment to executing of the transport.

Tax-free sale:
Tax-free sale is recognized as point in time.

Food and beverage sale:
Food and beverage sale are recognized as point in time.

Government grants

Government grants related to Covid-19 is recorded as reduction of other operating expenses. All periods applied for government grant in 2020 is included in the financial statement.

Business combinations

The acquisition method is used to account for business combinations. The consideration transferred for the acquisition comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Classification and valuation of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's installment has been classified as current liabilities.

Intangible assets

Expenses for intangible assets are reflected in the balance sheet when it is considered likely that the future financial benefits relating to the asset will be received by the company and the acquisition cost of the asset can be reliably measured.

Property, plant and equipment

Property, plant and equipment are reflected in the balance sheet and depreciated over the assets' expected useful life on a straight-line basis. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset.

The group's ships with associated additions etc. are owned by the Danish subsidiaries. The book value of ships is calculated based on acquisition cost, less depreciation and impairment, if any. Facilities under construction are capitalized in line with assumed progress.

Investments/expenses that are not included in the contract, as inspection costs, costs connected to project organisation, legal costs, financing costs and other related costs are considered as part of the acquisition cost and recorded in the balance sheet.

Grants from the NOx-fund related to investments are recorded/accrued in line with the depreciation profile of the assets that the grants relate to. The accrual is classified as reduction of depreciation cost in the income statement. NOx-grants not recognised over profit or loss are classified as reduction of ship values in the balance sheet.

The book values of the group's ships and other operating assets are individually tested for impairment when events or changes in circumstances indicate that the book value is no longer present. If such indications occur and book value exceeds recoverable amount, then the asset is impaired to recoverable amount.

Periodical maintenance of ships

The ships are decomposed into ship/ship furnishing and periodical maintenance for depreciation purposes. They are depreciated straight-line over a defined useful life. An assumed residual value of the ships at the expiry of the useful life is taken into consideration. The ships must continuously be presented for control, which implies regular docking and classification.

Periodical maintenance is recognised in the balance sheet in connection with docking and depreciated till next assumed docking.

Leases

Lease contracts where the group is a lessee are capitalized. Upon commencement of the lease the right-to-use asset is recognized at cost being the present value of the lease payments in the contract as defined by IFRS 16 in addition to initial direct costs. The corresponding lease liability is recognized in the balance sheet at present value using the interest rate implicit in the lease, if that rate can be readily determined, or else the lessee's incremental borrowing rate. The lease liability is subsequently increased by the effective interest in the lease and reduced by payments made. The lease liability is also reassessed subsequently if the payments or the interest rate changes. The change in liability is added to or deducted from the right-of-use asset.

The right-of-use asset acquired under leases is depreciated over the asset's useful life or the lease term, if shorter, if the lease does not transfer ownership at the end of the lease term, or there is no purchase option that is in the money. The right-of-use asset is tested for impairment for similar assets owned by the entity.

Inventories

Inventories of purchased goods are valued at the lower of acquisition cost according to the FIFO principle and net realisable value. Net realisable value is the estimated selling price in ordinary activities deducted estimated sales expenses.

Capitalized interest rates

Interest relating to facilities under construction or other qualifying assets are capitalized as part of the cost of the asset in accordance with IAS 23 Borrowing Cost.

Receivables, financial assets and financial liabilities

Financial assets

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Dividends on financial assets at fair value through profit or loss and fair value through other comprehensive income are recognized in profit or loss as part of revenue when the group's right to receive payments is established.

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on other financial assets are calculated using the effective interest method and recognized in profit or loss as revenue.

Impairment

For accounts receivables, the lifetime credit loss is recognized upon initial recognition of the asset. For other debt instruments, twelve months estimated credit loss is recognized upon initial recognition. When a significant increase in the expected credit loss is observed, lifetime credit losses is estimated and recognized.

Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Trading derivatives are classified as a current asset or liability.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss through other comprehensive income in the periods when the hedged item affects profit or loss (for instance when the hedged interest rate payment that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments may not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in net other financial income and expenses.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss

over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates («the functional currency»). The consolidated financial statements are presented in NOK, which is the functional currency of the parent company and the group's presentation currency.

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

(ii) The income statement shall be converted at the exchange rate at the time of the transaction. As an approach to this, average rates are used for the accounting period unless it is large single transactions or the exchange rate have varied so much that the approach does not give a true picture.

(iii) All resulting exchange differences are recognised in other comprehensive income and specified separately.

Transactions in foreign currency are translated to the functional currency at the current exchange rate at the transaction date.

Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The Danish ship owning companies are subject to the Danish tonnage tax regime.

Pensions

A defined contribution plan is a pension plan under which the group pays fixed contributions to an insurance company. The group has no legal or constructive obligations once the contributions have been paid. The contributions are recognised as wage costs. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date.



Notes

FJORD LINE AS – GROUP

Note 1 // Intangible assets – Group

(Figures in TNOK)

	Intangible assets in progress	WEB-project	Other intangible assets	TOTAL (exclusive of deferred tax asset)
Acquisition cost 31.12.2019	15,746	77,498	1,903	95,146
Completed projects 2020	2,942	25,305	925	29,173
Addition 2020	-10,237	1,305	-877	-9,809
Disposal 2020	0	0	0	0
Acquisition cost 31.12.2020	**8,451**	**104,108**	**1,951**	**114,510**
Accumulated write-down 31.12.2019	0	0	0	0
Accumulated depreciation 31.12.2019	0	9,136	669	9,805
Book value 31.12.2019	15,746	68,362	1,234	85,342
Accumulated write-down 31.12.2020	4,824	0	0	4,824
Accumulated depreciation 31.12.2020	0	18,267	765	19,032
Book value 31.12.2020	**3,627**	**85,842**	**1,186**	**90,653**
Write-down in the year	4,824	0	0	4,824
Depreciation intangible assets in the year	0	9,131	96	9,350
Total depreciation and write-down 2020	**4,824**	**9,131**	**96**	**14,174**

Completed projects in 2020 are projects relates to development of websites and moving WEB platform, with a depreciatcion period of 5 years.

The remaining projects relates to development of ERP system in general, group booking, development of Carres, on board portal and BI.
The depreciation period is 5 years.

Note 2 // Property, plant and equipment – group

(Figures in TNOK)

Figures for 2020 below

Property, plant and equipment (figures in TNOK)	Prepaid ships	Buildings, plant etc.	Spare parts, operating movables, reconstruction premises etc.	Right of use assets	Ships, incl. periodical maintenance, furnishing etc.	Total property, plant and equipment
Acquisition cost 31.12.2019	234,714	101,230	337	44,975	4,060,082	**4,441,338**
Addition 2020	28,753	58,318	0	7,818	73,061	**167,949**
Transfer	0	0	0	0	0	**0**
Disposal 2020	0	-3,139	0	0	-67,541	**-70,680**
Translation differences	0	1,050	0	-806	208,662	**208,906**
Acquisition cost 31.12.2020	**263,467**	**157,459**	**337**	**64,152**	**4,274,264**	**4,747,514**
Accumulated write-down 31.12.2019	0	0	0	0	0	**0**
Accumulated depreciation 31.12.2019	0	35,268	0	10,845	1,181,020	**1,226,771**
Book value 31.12.2019	**234,714**	**65,962**	**337**	**33,325**	**2,879,062**	**3,214,567**
Accumulated write-down 31.12.2020	0	0	0	0	0	**0**
Accumulated depreciation 31.12.2020	0	38,574	0	18,158	1,423,081	**1,479,813**
Book value 31.12.2020	**263,467**	**118,884**	**337**	**33,830**	**2,851,183**	**3,267,702**
Depreciation property, plant and equipment in the year	0	3,306	0	7,313	242,061	**252,680**
Write-down property, plant and equipent in the year	0	0	0	0	0	**0**
Depreciation period (completed operating assets)		5 - 20 years	3 - 5 years		See description below	
Depreciation plan		Linear	Linear		Linear	

Grant not recognised through profit or loss per 31.12.2020 is TNOK 129.319 (TNOK 134.109 per 31.12.2019).

Grant not recognised through profit or loss is recognised as a reduction of the acquisition cost per 31.12.
The grant is accrued/recognised in line with the depreciation profiles of the related ships and classified as reduction of depreciations.

Depreciation and book value of the ships per 31.12.2020
The Fjord Line group has 3 ships in the business at the reporting date;
1) "MS Oslofjord" (formerly MS Bergensfjord). This ship was under reconstruction in 2014 and has sailed in the route Sandefjord-Strømstad since 20 June 2014 .
2) "MS Stavangerfjord". This ship was delivered in July 2013.
3) "MS Bergensfjord". This ship was delivered in February 2014.

MS Oslofjord:
In connection with Fjord Line starting up the sailing of a new route between Sandefjord and Strømstad in June 2014 MS Oslofjord was subject to a comprehensive reconstruction at the yard STX Raumo (Finland) in 2013/2014. Approx. 300 mill NOK was invested in the reconstruction of the ship.
Carrying value for the ship including periodical maintenance is TNOK 402.263.

Both the ship and ship furnishing are depreciated linearly over 15 years, with estimated salvage value 20 MNOK per June 2029.
Ship furnishing is depreciated over 1 - 5 years. Periodical maintenance /docking is depreciated over 1 - 10 years.

MS Stavangerfjord
MS Stavangerfjord is depreciated linearly over 35 years, with salvage value 50 MNOK. Remaining depreciation period per 31.12.2020 is 27,5 years.
Carrying value for the ship including periodical maintenance is TNOK 1.123.457 pr 31.12.2020.

Ship furnishing is depreciated over 5 - 20 years. Periodical maintenance/docking is depreciated linearly over 1 - 10 years.

MS Bergensfjord
The ship itself is depreciated linearly over 35 years, with salvage value 50 MNOK. Remaining depreciation period per 31.12.2020 is approx. 28 years.
Carrying value for the ship including periodical maintenance is TNOK 1.207.499 pr 31.12.2020.

Periodical maintenance/docking and furnishing are depreciated linearly over 5 - 15 years.

HSC Fjord Cat:
Fjord Line entered into an agreement with the German shipping group FRSLine to sell HSC Fjord Cat in 2020.
Last day of operation for HSC Fjord Cat in Fjord Line was August 23rd and handover to new buyers took place August 25th.

Note 3 // Financial items – group

(Figures in TNOK)

Other financial income and other financial expenses comprise the following:

Other financial income	**2020**	**2019**
Foreign exchange gains, intergroup receivables	22	0
Foreign exchange gains, loan in Euro/DKK	23,831	17,951
Other foreign exchange gains	22,182	0
Other financial income	6,417	0
Total	**52,452**	**17,951**

Other financial expenses	**2020**	**2019**
Foreign exchange loss, including loan in Euro/DKK	0	11,354
Foreign exchange loss, intergroup receivables	25,956	17,667
Derivatives not included in hedge accounting	22,664	20,989
Other financial expenses	1,821	1,788
Total	**50,441**	**51,798**

Foreign exchange gains/foreign exchange loss intergroup receivables
Fjord Line AS has non-current interest bearing receivables on the Danish subsidiaries amounting to a total of TNOK 2.005.886 per 31.12.2020 (TNOK 1.897.343 per 31.12.2019)
This has been eliminated in the consolidated financial statements.
The receivables are denominated in DKK. Foreign exchange loss on these receivables was TNOK 108.498 in 2020 (Foreign exchange gain TNOK 14.092 in 2019).
A specific installment plan for the loans the subsidiaries have to their parent company has not been established, however, the subsidiaries will use free liquidity for repayment.

Note 4 // Investments in associated companies and other investments – group

Visit Sørlandet AS
In 2010 Fjord Line AS acquired shares amounting to TNOK 50 in Visit Sørlandet AS. After 2010 there has been neither additions nor disposals.
The investment is recognised in accordance with the cost method. There has not been any write-down of the holding of shares neither in 2020 nor in 2019.

Visit Telemark AS
Fjord Line AS invested TNOK 30 in Visit Telemark AS in 2016. The investment is recognised in accordance with the cost method. No write-down has been made.

Green LNG A/S
In 2020 Fjord Line AS acquired additional shares in Next Green Energy A/S, total amount invested is TDKK 932.
Green LNG A/S is consolidated from the acquisition date in 2020. No write-down has been made.

Hirtshals LNG A/S
In 2015 Fjord Line group sold 50% of the shares in Hirtshals LNG A/S to Skangass AS.
Prior to this sale Hirtshals LNG A/S was a 100% owned subsidiary of Fjord Line Danmark A/S.
At the date of sale the balance sheet of Hirtshals LNG A/S consisted mainly of an LNG-tank. The compensation was determined based on a value of the plant of 25 MNOK.
During 2020 Fjord Line group acquired the remaining 50 % of the shares in Hirtshals LNG. Total amount invested is TDKK 18.948.
Hirtshals LNG A/S is consolidated from acquisition date in 2020. No write-down has been made.

Note 5 // Inventories and fuel expenses – group

(Figures in TNOK)

	2020	**2019**
Fuel	2,365	3,136
Goods for resale	19,936	27,370
Other items, including key-cards etc.	1,608	3,028
Total inventories at acquisition cost 31.12.	**23,909**	**33,534**
Write-down 31.12.	2,500	0
Total book value of inventories 31.12.	**21,409**	**33,534**

Write-down of TNOK 2.500 has been made of the inventory per year-end.

Expenses related to fuel are classified as other operating expenses in the income statement.
This amounts to TNOK 139.607 in 2020 (TNOK 170.716 for 2019).

Note 6 // Trade receivables – group

(Figures in TNOK)

	2020	2019
Trade receivables at nominal value 31.12.	18,770	35,495
Provisions for bad debts 31.12.	-3,197	-2,198
Trade receivables 31.12.	**15,573**	**33,297**
Change provisions for bad debts in the year	1,000	0
Actual bad debts in the year	2,497	856
Received on receivables previously written off	0	0
Loss on bad debts	**3,497**	**856**

Bad debts are included in the item "other operating expenses" in the income statement.

Note 7 // Other current receivables – group

(Figures in TNOK)

Other receivables	**2020**	**2019**
Refund from the Norwegian government in regard to The Business Compensation Scheme*	121,442	0
Refund from public authorities, including VAT receivable	3,744	2,607
Prepaid expenses, incl. insurance ships	20,799	19,829
Other receivables	9,088	15,017
Other current receivables 31.12.	**155,072**	**37,453**

*The Business Compensation Scheme is part of the Norwegian government's measures to mitigate the financial effects of the coronavirus situation and the infection control measures for enterprises with a drop in revenue of at least 30% compared to the same month in the year before. Fjord Line is eligible for compensation in regard to forskrift 21. desember 2020 nr. 3085 § 4-5. Receivable is for the application period September/October, and November/December of 2020.

Note 8 // Restricted funds – group

(Figures in TNOK)

	2020	2019
Restricted tax deduction funds per 31.12.:	2,141	3,481

The tax deduction funds are deposited on separate bank accounts.

Note 9 // Changes in equity – group

(Figures in TNOK)

	Share capital	Own Shares	Share premium account	Other equity, not recognised in income statement	Retained earnings	Non-controlling interests	Total equity
Equity 01.01.2019	**519,107**	**-9**	**178,227**	**190,513**	**171,567**	**0**	**1,059,403**
Net income 2019					140,082		140,082
Other comprehensive income 2019				-10,347			-10,347
							0
Equity 31.12.2019	**519,107**	**-9**	**178,227**	**180,166**	**311,649**	**0**	**1,189,137**
Net income 2020					-92,061		-92,061
Other comprehensive income 2020				64,346			64,346
Sale of own shares							
Increase of capital	25,205		25,205				50,409
Equity 31.12.2020	**544,312**	**-9**	**203,432**	**244,512**	**219,588**	**0**	**1,211,831**



Note 10 // Share capital and shareholders' information – group

The share capital is NOK 544.311.962,50 per 31.12.2020, and consists of 217.724.785 shares each NOK 2,50. All shares have equal rights.

The major shareholders per 31.12.2020

	Owner share
Ferd AS	44.6%
Kontrari AS	35.6%
Kontrazi AS	16.6%
Others, including own shares *)	3.2%
Total	**100.0%**

*) Fjord Line AS has a total of 10.764 own shares per 31.12.2020.

The major shareholders per 31.12.2019

	Owner share
Ferd AS	44.6%
Kontrari AS	34.8%
Kontrazi AS	17.4%
Arne Teigen	1.1%
Moly AS	0.8%
Others, including own shares *)	1.3%
Total	**100.0%**

*) Fjord Line AS has a total of 10.664 own shares per 31.12.2019.

Note 11 // Taxes – group

(Figures in TNOK)

Calculation of deferred tax/deferred tax asset allocated to the Norwegian activity

Temporary differences	**31/12/2020**	**31/12/2019**	**Change**
Fixed assets	8,961	4,786	-4,175
Receivables	-3,197	-2,197	1,000
OCI hedging account	-94,332	-79,314	15,018
Gain/loss account	6,900	8,626	1,725
Inventory	-2,500	0	2,500
Other differences, including accounting accruals	-80,707	-81,413	-706
Total	**-164,875**	**-149,512**	**15,362**
Carry forward loss	-1,243,185	-1,022,210	220,975
Basis for deferred tax (-deferred tax asset)	**-1,408,060**	**-1,171,722**	**236,338**
22% of the basis	-309,773	-257,779	51,994
Deferred tax (-deferred tax asset) recognised in the balance sheet	**-309,773**	**-257,779**	**51,994**
Deferred tax asset not recognised in the balance sheet	0	0	

Payable tax recognised in the balance sheet per 31.12.2020 connected to the Norwegian activity makes TNOK 0 (TNOK 0 per 31.12.2019).

Foreign subsidiaries

The Danish shipowning companies are under Danish law connected to a tonnage tax system and have calculated taxable income based on these conditions. Further on, the Danish subsidiaries are jointly taxed. Tax 2020 for the Danish subsidiaries is TNOK 0 due to negative taxable income (TNOK 1.003 in 2019). The Danish subsidiaries received taxable grants in 2015. This was reflected in payable tax recognised in the balance sheet, TNOK 17.480 per 31.12.2015 which was allocated to the Danish subsidiaries.
As the grants are recognised as a reduction of the ships' acquisition cost, the grant is recognised through gains/losses in line with the depreciation of the ships. The grant is considered not to be comprised by IAS 12. Therefore a deferred tax asset corresponding to payable tax connected to the grant was recognised in the balance sheet upon receipt of the grant in 2015. This deferred tax asset is being reversed over the depreciation period of the ships.
Net book value of deferred tax asset per 31.12.2020 and 31.12.2019 relating to foreign subsidiary is listed below.
The main element of this net amount (TNOK 17.463 per 31.12.2020) is thus connected to the mentioned grants.

Specification of tax expense	**2020**	**2019**
Change in deferred tax asset connected to the Norwegian activity	-51,994	-79,779
Payable tax connected to the Norwegian activity (partially owned subsidiary)	0	0
Payable tax connected to foreign subsidiaries	0	714
Change in deferred tax asset connected to foreign subsidiaries	-188	755
OCI hedging account	3,304	17,449
Other adjustments, including foreign exchange translation differences	-113	-380
Tax expense	**-48,991**	**-61,241**

Specification of payable tax	**2020**	**2019**
Payable tax connected to the parent company	0	0
Payable tax connected to partially owned Norwegian subsidiary	0	0
Payable tax connected to foreign subsidiaries	0	714
Payable tax recognised in the balance sheet 31.12.	**0**	**714**

Specification of deferred tax asset	**2020**	**2019**
Deferred tax asset connected to parent company*)	289,020	240,330
Deferred tax asset connected to partly owned Norwegian subsidiary	0	0
Deferred tax asset connected to OCI hedging account	20,753	17,449
Deferred tax asset connected to foreign subsidiaries (net)	17,463	17,651
Deferred tax asset recognised in the balance sheet 31.12.	**327,236**	**275,430**

Reconciliation of tax expense for the group	**2020**	**2019**
22% of result before tax	-31,031	17,345
Change of deferred tax asset not recognised in the balance sheet connected to the Norwegian activity	0	-92,405
Tax recognized through other comprehensive income	-15,018	17,449
25% (27%) of not taxable income foreign subsidiaries etc.	0	0
Impact of changed tax rate in Norway	0	0
Other permanent differences (net) including different tax rate between the countries	-2,941	-3,630
Tax expense	**-48,990**	**-61,241**

*) Fjord Line AS has accumulated basis for deferred tax asset of TNOK 1.313.728 per 31.12.2020.
This implies a deferred tax asset (22 %) of TNOK 289.020 at full capitalisation.

The Board of Directors following a concrete assessment of the future prospects of Fjord Line AS (Group), under the basis of the net income from the two years prior to Covid-19, found that it has convincing evidence that future earnings will justify capitalization of the deferred tax asset in full. The argument is sustained by the positive operating results in the recent years. This combined with the current plans in long term business plans indicates that we have convincing evidence that we can at least have equivalent earnings in the years to come post Covid-19 as shown in 2019 and this has been taken into account in the assessment.

Note 12 // Liabilities – group

(Figures in table TNOK)

Non-current interest bearing debt per 31.12.	2020	2019
Debt to credit institutions etc.	2,460,158	1,941,834
Debt connected to leasing contracts recognised in the balance sheet	65,232	46,711
Total non-current interest bearing debt 31.12. excl. of first year's installment	**2,525,390**	**1,988,545**

Current interest bearing debt per 31.12.	2020	2019
Debt to credit institutions (overdraft facilities)		
Current portion of debt to credit institutions	7,989	245,412
Current portion of leasing debt	0	0
Total current interest bearing debt 31.12.	7,989	245,412
Total book value of interest bearing debt 31.12.	**2,533,379**	**2,233,957**

Fjord Line AS had an unused overdraft facility of MNOK 35 per 31.12.2020 (unused overdraft facility of MNOK 35 MNOK per 31.12.2019).
Per 31.12.2020 the company has a positive balance on the overdraft facility account of 191,8 MNOK (111,6 MNOK per 31.12.2019).
The subsidiary Fjord Line DK A/S has an unused overdraft facility of 3 MDKK (3 MDKK per 31.12.2019).

Interest bearing debt to credit institutions (incl. leasing) - distributed on currency per 31.12.2020 (figures in 1,000)

Currency	Nominal currency	Exchange rate	Book value in NOK 31.12.2020	
NOK	299,777	1.000	299,777	
DKK	468,498	1.407	659,223	
Euro	150,366	10.470	1,574,379	
TOTAL			**2,533,379**	incl. first year's installment

Interest bearing debt to credit institutions (incl. leasing) - distributed on currency per 31.12.2019 (figures in 1,000)

Currency	Nominal currency	Exchange rate	Book value in NOK 31.12.2019	
NOK	129,522	1.000	129,522	
DKK	423,530	1.320	559,144	
Euro	156,663	9.864	1,545,290	
TOTAL			**2,233,956**	incl. first year's installment

The Group have secured a robust financial restructuring through negotiations with senior lenders 30.04.2020 and 17.02.2021 that will provide the Group with a significant financial runway until May 2022. The financial restructuring consists of owner contributions, new bank loans as well as postponement of interests, guarantee premium and instalments. The Group has also renegotiated all financial covenants under the current loan agreement to be compliant with these going forward.

Borrowing in Euro and DKK
Borrowing in Euro and DKK is recognised in the balance sheet at current exchange rate per 31.12.2020 and 31.12.2019, cf. the table above.
Foreign exchange loss/gain in 2020 related to non-current borrowing in Euro and DKK is 23,8 MNOK.
Foreign exchange loss in 2019 related to non-current borrowing in Euro and DKK is 17,9 MNOK.

Book value per 31.12. for the Euro-borrowings and DKK is as follows in NOK (figures in TNOK):	2020	2019
Principal amount:	2,245,565	2,118,529
Amortization effect of the borrowings, incl. guarantee commission	-11,963	-14,095
Book value per 31.12.	**2,233,602**	**2,104,434**

Borrowing in DKK
Borrowing in DKK 31.12.2020 consists of a non-current loan to Danica Pension of TNOK 562 840. Total available loan facility is MDKK 400.
The loan facility is issued in its entirity in 2018 and the debt in DKK to Danica Pension amounts to MDKK 400.

Loan agreement and financial covenants
In 2018 Fjord Line group entered into a loan agreement with the Australian export finance body EFA(former EFRIC) about financing the purchase of a new catamaran to operate the route Kristiansand- Hirtshals.
Fjord Line group stands as the formal borrower also during the construction period, but as a result of the entered agreement with EFA and the contractor of the catamaran Austal-group will Fjord Line not be required to pay interest or instalments in the construction period together with an additional agreement that in the event of a default of debt, will EFA seek full coverage from Austal before they can seek coverage of the debt from Fjord Line group.

This results in Fjord Line not considering itself as the primary responsible of the debt during the construction period and thus derecognize the debt in accordance with IFRS 9.
The expected delivery of the catamaran is Q2 2021. Upon delivery all related financial liabilities will be recognized and Fjord Line will be considered as the primary responsible of the debt.

Installment plan non-current interest-bearing debt to credit institutions/mortgage loan, leasing debt and bond loan

(Figures in TNOK)	2020	2021	2022	2023	2024
Annual installments	96,301	11,824	316,292	902,510	230,819
Remaining loan per 31.12.	**2,448,894**	**2,437,070**	**2,120,778**	**1,218,268**	**987,449**

Book value of mortgaged assets 31.12.2020:

Ships	2,851,183
Prepaid ships	263,467
Receivables	15,440
Inventories	21,409
Total	**3,151,499**

Note 13 // Operating income and other gains/losses – group

(Figures in TNOK)	2020	2019	
Sales revenues			
Ticket income	280,242	581,303	
Sales income etc. onboard	215,300	765,506	
Cargo income	171,618	213,326	
Other	7,871	23,282	
Total sales revenues	**675,031**	**1,583,417**	**A**
Other operating income	**29,807**	**29,567**	**B**
Other gains/losses (net)			
Gain on sale of fixed assets*	23,734	0	
Gain by transfer of subsidiary to associated company	0	0	
Loss from exit subsidiary	0	0	
Unrealized gain derivatives (value change recognised in income statement), cf. note17	0	0	
Total other gains/losses (net)	**23,734**	**0**	**C**
Total operating income and other gains/losses (net)	**728,572**	**1,612,984**	**A+B+C**

*Gain on the sale of HSC Fjord Cat in 2020 has been recognized in the income statement with TNOK 23.734.



Note 14 // Wage costs, number of employees, remunerations, loans to emloyees etc. – group

(Figures in table below in TNOK)

Wage costs	**2020**	**2019**
Wages, incl. feeding crew, social costs etc.	256,858	320,595
Payroll tax and other public duties related to wages	17,796	24,456
Pension costs etc.	17,155	16,474
Other remunerations	17,194	25,683
Total	**309,003**	**387,209**

Average number of man-labour years in the group during the accounting year 2020 has been 474 (637 in 2019)

Remunerations for CEO and the Board of Directors (figures in TNOK)	**2020**	**2019**
Wages CEO incl. Bonus	3,200	2,800
Other remuneration CEO	571	290
Board of Directors' fee	950	1,288

The figures above do not include the option program. See below for further information.
No loan or gurarantee has been provided for CEO or any of the members of the Board of Directors.
The CEO is included in the company's pension agreement, cf mentioned below.
According to the agreement, 20% of gross salary is allocated annually and the liability amounts to per 31.12.2020 TNOK 2.272 (TNOK 1.897 per 31.12.2019).

The chief executive officer is entitled to a severance payment equivalent to 12 months' salary without the right to holiday pay and pension rights, commencing at the time of expiry of notice period, when the resignation is at the request from the company. The Expiry of the notice period was 12.10.2020, the CEO is as such entitled to severance pay until 12.10.2021.

Pensions
The company has taken on a pension savings agreement on behalf of the former and the present CEO and another two individuals.
The market value of the contributions/assets was TNOK 3.101 per 31.12.2020 (TNOK 3.101 per 31.12.2019).
Gross liability per 31.12.2020 is calculated to TNOK 6.383 related to these persons (TNOK 5.891 per 31.12.2019).
Net liability is thus TNOK 3.283 per 31.12.2020 (TNOK 2.790 per 31.12.2019), and is classified as pension liability in the balance sheet.

In addition the company has established a defined contribution pension scheme for its employees.
The company pays fixed contributions to an insurance company. The company has no further obligations to pay once the contributions have been paid.
The contribution constitutes from 2% to 4% of the employees' salary.

Auditor
Auditor's fee relates to the following services (exclusive of vat):
(Figures in TNOK)

	2020	**2019**
Audit services - group auditor	674	633
Audit services other auditors	746	864
Accounting and tax related consultancy group auditors	49	75
Accounting and tax related consultancy other auditors	214	436
Certification services/agreed-upon control procedures group auditor	297	11
Certification services/agreed-upon control procedures other auditors	0	200
Other services	186	193
Total auditor's fee	**2,165**	**2,412**

Note 15 // Other current liabilities – group

(Figures in table TNOK)

Other current liabilities per 31.12:	**2020**	**2019**
Incurred costs regarding wages/pay etc. (Denmark)	29,308	42,193
Prepayment from customers	75,106	70,771
Incurred interests and guarantee commission	18,958	18,409
Provision for other incurred costs	26,730	29,708
Other current liabilities 31.12.	**150,102**	**161,080**

Note 16 // NOx-grants – group

The ship "MS Stavangerfjord" was delivered in July 2013, and the ship "MS Bergensfjord" was delivered in January 2014.
Because the ships are gas powered (LNG), with related low emission, Fjord Line AS was granted a contribution from the NOx-fund.
Per 31.12.2014 contributions of MNOK 147,2 in total were paid to Fjord Line AS connected to these projects.
As a condition for the grant Fjord Line AS has been obliged to use "MS Stavangerfjord" and "MS Bergensfjord" in NOx-liable waters for at least 2 years from time of delivery.

Fjord Line AS received 0 MNOK in NOx-grants in 2020 (0 MNOK in 2019).

In the 2020-accounts MNOK 4,8 of the grants have been recorded (5,1 MNOK in 2019). The amount is classified as reduction of depreciation in the income statement.
The recording of the NOx-grants through profit or loss is accrued in line with the depreciation profile of the operating assets that the grants relate to.

Below is a list of accounting values (figures in TNOK)

Grants received 2019	0
Total received grant 31.12.2019	166,809
Grants recognised through profit and loss 2019	-5,181
Accumulated grants recognised through profit and loss 31.12.2019	-32,700
Grants received, not recognised through profit and loss 31.12.2019	**134,109**
Grants received 2020	0
Total received grant 31.12.2020	166,809
Grants recognised through profit and loss 2020	-4,790
Accumulated grants recognised through profit and loss 31.12.2020	-37,490
Grants received, not recognised through profit and loss 31.12.2020	**129,319**

Note 17 // Derivatives – group

Fjord Line has the following financial contracts connected to fuel:
i) MGO (Marine Gas Oil), delivery in 2020 - 2021
ii) LNG (the ships Bergensfjord and Stavangerfjord), delivery in 2020 - 2021

The derivatives are recognised in the balance sheet at fair value at the time of entering into the contracts and then continuously at fair value.
Derivatives entered prior to 2018 are not included as part of the recognised hedge and the value change is recognised through profit and loss as "other financial expences".

Items not included in the company's recognised hedge have the following values at the balance sheet date:
Derivatives related to MGO has delivery in the period 2020-2021.
Fair value of these derivatives per 31.12.2020 is TNOK 0 (TNOK - 146 per 31.12.2019).

The derivatives related to LNG has delivery in the period 2020 -2021.
Fair value of these derivatives per 31.12.2020 is TNOK 2 (TNOK -5.209 per 31.12.2019).

The contract entered during 2018, 2019 and 2020 are entirely considered as hedges and are recognised as follows.

The derivatives related to MGO has delivery in the period 2020-2021.
Fair value of these derivatives per 31.12.2020 is TNOK -13.257 (TNOK - 10.068 per 31.12.2019)

The derivatives related to LNG has delivery in the period 2020-2021.
Fair value of these derivatives per 31.12.2020 is TNOK 4.498 (TNOK - 5.499 per 31.12.2019)

The group has also entered into a interest rate hedge agreement related to its external financing. As described in the accounting principle note, the group follows hegde accounting linked to these contracts. At the balance sheet date, the net value of future contracts amounts to TNOK - 85.577 (TNOK -70.890 per 2019) and is classified as long-term debt.

Note 18 // Subsequent Event

The Group has since March 2020 experienced increasingly adverse effects of the Covid-19 outbreak. The outbreak has developed rapidly, and the situation affects Fjord Lines business significantly as the number of travelers has been decreasing in line with the respective Governments closing of borders as well as implementation of other travel restrictions in order to reduce the spread of the virus. This situation has the highest priority in the Group and the management team has designed and implemented several extensive measures in order to immediately adjust the cost base in order to protect the Groups cash-flow, by eliminating all cash-negative operations this extraordinary situation has brought about.

These actions consist among others of temporary changes in our route network and deployment of vessels, as well as layoff of personnel and other robust cost reductions in order to adjust the cost base to the present market demand. The Group has established an emergency route, primarily for cargo, to ensure the flow of goods between Norway and the EU with two daily departures in each direction between Kristiansand and Hirtshals. To ensure the flow of goods between Norway and EU, the Group established an emergency route, primarily for cargo, with two daily departures in each direction between Kristiansand and Hirtshals. In addition, the Group sailed two round trips a week to serve the west coast market in Norway and to bunker fuel from the LNG plant in Risavika.

The Group have secured a robust financial restructuring through negotiations with senior lenders 30.04.2020 and 17.02.2021 that will provide the Group with a robust financial runway. The financial restructuring consists of owner contributions, new bank loans as well as postponement of interests, guarantee premium and instalments. The Group has also renegotiated all financial covenants under the current loan agreement to be compliant with these going forward. Fjord Line has in addition received cash support totaling MNOK 269 for 2020 from the Norwegian government's Business Compensation Scheme.

Fjord Line is well positioned, and the Board of Directors is confident that measures taken by the management throughout this challenging year will contribute to the positive underlying development that the Group experienced pre-Covid-19.
The Board of Directors concurs with the management team and has a positive outlook and expect the Group to further improve on the pre Covid-19 results in the years to come.

PARENT COMPANY **FINANCIAL** STATEMENTS

- **Income statement**
- **Balance sheet**
- **Cash flow statement**
- **Accounting policies**
- **Notes**



Annual accounts

FJORD LINE AS – PARENT COMPANY

Income statement

(1,000 NOK)

	Note	Parent company 2020 NGAAP	Parent company 2019 NGAAP
Operating income:			
Sales revenues	14	672,565	1,583,416
Other operating income	14, 19	34,819	35,036
Total operating income	**14**	**707,384**	**1,618,452**
Operating expenses:			
Cost of goods		123,186	371,196
Wage costs	17	80,701	98,906
Depreciation of property, plant and equipment and intangible assets	1, 2	12,827	9,966
Write-downs of tangible and intangible assets	1	14,724	0
Other operating expenses	3, 6, 7, 17	659,036	996,704
Total operating expenses		**890,473**	**1,476,773**
Operating result		**-183,089**	**141,679**
Financial items:			
Interest income	11, 18	107,742	105,421
Intergroup guarantee expense	18	-22,590	-22,077
Interest expenses	16, 18	-97,039	-83,765
Other financial expenses	9, 16	-27,537	-9,907
Net financial items		**-39,425**	**-10,329**
Ordinary result before tax		**-222,514**	**131,351**
Tax expense on ordinary result	**15**	**-48,690**	**-62,330**
Ordinary result after tax		**-173,824**	**193,681**
Result for the year		**-173,824**	**193,681**
Allocation of the result			
Transferred to other equity/uncovered loss		-173,824	193,681
Total		**-173,824**	**193,681**



Balance sheet

FJORD LINE AS – PARENT COMPANY

per 31 December 2020
(1,000 NOK)

Assets	Note	Parent company 2020 NGAAP	Parent company 2019 NGAAP
Fixed assets			
Intangible assets			
WEB-project, concept development etc.	1	100,942	79,550
Deferred tax asset	15	289,020	240,330
Total intangible assets		**389,962**	**319,880**
Property, plant and equipment			
Land plots		835	835
Buildings and plants	2	17,448	9,561
Movables, equipment, improvements ships etc.	2	112	180
Total property, plant and equipment	**2**	**18,396**	**10,576**
Financial fixed assets			
Investment in subsidiary	4	992,441	992,441
Financial receivables	11, 18	2,024,844	1,925,653
Other investments, incl. shares in associate	5	80	80
Total financial fixed assets		**3,017,364**	**2,918,174**
Total fixed assets		**3,425,723**	**3,248,630**
Current assests			
Inventory	**6**	**20,697**	**32,696**
Receivables			
Trade receivables	7	15,440	33,095
Intergroup balances	11	7,970	1,828
Other current receivables	8	145,738	24,866
Total receivables		**169,148**	**59,789**
Bank deposit, cash etc.	**10**	**2,709**	**83,425**
Total current assets		**192,555**	**175,910**
Total assets		**3,618,277**	**3,424,540**

Equity

	Note	Parent company 2020 NGAAP	Parent company 2019 NGAAP
Paid-in equity			
Share capital	12, 13	544,312	519,107
Own shares	12	-109	-109
Share premium account	12	203,432	178,227
Total paid-in equity	**12**	**747,634**	**697,225**
Retained earnings			
Other equity/Uncovered loss	12	7,089	180,913
Total retained earnings		**7,089**	**180,913**
Total equity	12	**754,724**	**878,138**

Liabilities

Non-current liabilities/non-current provisions			
Non-current debt to credit institutions etc.	16	2,432,052	2,171,206
Received, not recognised contribution	19	83,064	87,359
Financial leasing	16	11,074	4,032
Pension liability	17	3,283	2,790
Total non-current liabilities/non-current provisions		**2,529,473**	**2,265,387**
Current liabilities			
Current debt to credit institutions	16	71,705	0
Trade payables		21,059	158,870
Tax payable	15	0	0
Public duties owing		4,391	6,818
Intergroup balances	11, 16	134,864	69,928
Other current liabilities	16	102,062	45,399
Total current liabilities		**334,081**	**281,015**
Total liabilities		**2,863,554**	**2,546,402**
Total equity and liabilities		**3,618,277**	**3,424,540**

Egersund 28.04.2021

Peter Frølich
Chairman of the Board

Kristian Eikre
Board Member

Kristian Falnes
Board Member

Frode Teigen
Board Member

Heidi Nag Flikka
Board Member

Kaj Frederiksen
Board Member

Brian Thorsted Hansen
Managing Director



The catamaran HSC Fjord Cat (1998) was sold to the German Shipping Group FRS in August 2020, after 13 years of faithful service under the Fjord Line brand.

Cash flow statement

FJORD LINE AS – PARENT COMPANY

per 31 December 2020
(1,000 NOK)

	2020	2019
Cash flows from operational activities		
Result before tax expense	-222,514	131,351
Taxes paid in the period	0	0
Depreciation	12,827	9,966
Write-downs	14,724	0
Change in inventories	11,999	-3,294
Change in trade receivables	17,655	10,484
Change in trade payables	-137,811	76,733
Gain/loss from sale of operating assets/intangible assets	0	0
Change in other accurals, incl. net agio and non-current balances	180,228	-13,165
Net cash flows from operational activities	**-122,892**	**212,074**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	0	0
Purchase/manufacturing of property, plant and equipment/intangible assets	-46,530	-23,593
Loan to subsidiary	-21,987	62,053
Investment in subsidiary	0	0
Net cash flows from investing activities	**-68,517**	**38,460**
Cash flows from financing activities		
Raising of interest bearing debt (net)	157,042	0
Change in current debt to credit institutions	0	0
Payment of interest bearing debt	-96,758	-237,749
Cash contribution share issue (net)	50,409	0
Net cash flows from financing activities	**110,693**	**-237,749**
Net change in cash and cash equivalents	**-80,716**	**12,785**
Cash and cash equivalents at the beginning of the period	83,425	70,640
Cash and cash equivalents at the end of the period	**2,709**	**83,425**
Specification of cash reserves at the end of the period		
Bank deposit and cash	2,709	83,425

Accounting policies

FJORD LINE AS – PARENT COMPANY

The financial statements have been prepared in accordance with the Accounting Act and generally accepted accounting principles in Norway.

Sales revenues

Sale of goods is recognised in the income statement at the time of delivery. Time of delivery means the time of transfer of risk and control connected to the delivered goods. Services, including sale of travels and freight, are recognised as executed. The portion of the sales income, which relates to future service work is reflected in the balance sheet as unearned income from the sale and is then recognised in line with the service work performed.

Classification and valuation of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities.
Current assets are valued at the lower of acquisition cost and net realizable value. Current liabilities are reflected in the balance sheet at nominal value on the establishment date. Fixed assets are valued at acquisition cost. Property, plant and equipment whose value will deteriorate are depreciated on a straight line basis over the asset's estimated useful life. The fixed assets are subject to impairment to net realizable value if a value reduction occurs which is not believed to be temporary. The impairment is reversed to the extent that the reason for the impairment is no longer
present. Non-current liabilities are reflected in the balance sheet at nominal value at the establishment date.

Intangible assets

Expenses for intangible assets are reflected in the balance sheet when it is considered likely that the future financial benefits relating to the asset will be received by the company and the acquisition cost of the asset can be reliably measured.



Property, plant and equipment

Property, plant and equipment are reflected in the balance sheet and depreciated over the assets' expected useful life on a straight-line basis provided they have an expected useful life of more than 3 years and a cost price exceeding NOK 15,000. Direct maintenance of an asset is recognised under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements are determined based on the asset's condition at the acquisition date.

Leasing

A leasing agreement is classified as financial or operational lease in accordance with the contents of the individual agreement. The agreement is classified as financial lease if the major part of financial risk and control connected to the underlying lease object has been transferred to the lessee. Other leasing agreements are classified as operational.

Operational assets in leasing agreements assessed as financial lease are activated in the balance sheet at the value of the compensation in the leasing agreement and depreciated as property, plant and equipment. The principal portion of the leasing liability is recorded as non-current liabilities. The liability is reduced with lease paid less deduction for calculated interest expense. The lease payments are treated as an operating expense which is distributed over the total leasing period for agreements that are classified as operational.

Subsidiaries, associated companies and joint ventures

Subsidiaries, associated companies and joint ventures are assessed in accordance with the cost method in the company accounts. The investment is valued at acquisition cost for the shares, unless impairment has been necessary. Dividend from the subsidiaries is recognised as income to the extent accumulated dividend exceeds accumulated result in the owner period.

Inventories

Inventories of purchased goods are valued at the lower of acquisition cost according to the FIFO principle and fair value. A write-down is made for any foreseeable obsoleteness.

Trade receivables

Trade receivables and other receivables are reflected in the balance sheet at nominal value after deduction of provision for bad debts. Provision for bad debts is made based on individual assessment of each receivable.

Current investments

Current investments (including shares and derivatives valued as current assets) are considered to be trading portfolio and are valued at fair value at the balance sheet date. Unrealized gain/loss is recognised in the income statement under financial items. Dividend and other contributions are recognised as other financial income.

Hedging

Derivatives valued as hedging are recognised in the balance sheet at acquisition cost. This corresponds to fair value at the time of entering into the derivative contracts. The derivatives are recognised through profit or loss when delivered and classified in the income statement on the same line as the underling hedging object.

Monetary items in foreign currency

Monetary items in foreign exchange are valued at the exchange rate at the end of the accounting year. Hedge accounting is not used. Transactions in foreign currency are converted into the functional currency (NOK) at the current exchange rate at the transaction date.

Further information is disclosed in notes to the financial statement.

Tax

The tax expense in the income statement comprises both payable taxes for the period and changes in deferred tax/deferred tax asset. Maximum deferred tax asset is calculated based on 23% of total basis for the temporary differences existing between accounting and tax values at the end of the accounting year and carry forward loss for tax purposes. Deferred tax asset is recognised in the balance sheet to the extent that carry forward loss for tax purposes and other positions are expected to be used against future earnings. Further information is disclosed in notes.

NOx-fund grants

Grants from the NOx-fund related to investments are recognised in the income statement/accrued in line with the depreciation profile of the operating assets that the grants relate to. Grants not recognised in the income statement have been recognised as non-current liabilities/allocation. Further information about accounting treatment and numerical effects is disclosed in notes to the financial statements.

Government grants

Government grants related to Covid-19 is recorded as reduction of other operating expenses. All periods applied for government grant in 2020 is included in the financial statement.

Pensions

A defined contribution plan is a pension plan under which the group pays fixed contributions to an insurance company. The group has no legal or constructive obligations once the contributions have been paid. The contributions are recognised as wage costs. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date.

Cash flow statement

The cash flow statements are reported gross from investing and financing activities, whereas the accounting result is reconciled against net cash flow from operational activities. Cash and cash equivalents include cash and bank deposits.

Notes

FJORD LINE AS – PARENT COMPANY

Note 1 // Intangible assets – parent company

(Figures in TNOK)

	Intangible assets in development	WEB-projects etc.	Financial Leasing	Other intangible assets	Total intangible assets
Acquisition cost 31.12.2019	15,746	77,498	4,346	1,903	99,492
Additions 2020	2,942	25,305	7,818	925	36,991
Completed projects 2020	-10,237	1,305	0	-877	-9,809
Disposal 2020					0
Acquisition cost 31.12.2020	**8,451**	**104,108**	**12,164**	**1,951**	**126,674**
Accumulated write-down 31.12.2019	0	0	0	0	0
Accumulated depreciation 31.12.2019	0	9,136	362	669	10,168
Book value 31.12.2019	15,746	68,362	3,984	1,234	89,326
Accumulated write-down 31.12.2020	4,824	0			4,824
Accumulated depreciation 31.12.2020	0	18,267	1,876	765	20,908
Book value 31.12.2020	**3,627**	**85,842**	**10,289**	**1,186**	**100,942**
Write-down in the year	4,824	0	0	0	4,824
Depreciation in the year	0	9,131	1,514	96	10,863
Total depreciation and write-down 2020	**4,824**	**9,131**	**1,514**	**96**	**15,687**

Completed projects in 2020 are projects relates to development of websites and moving WEB platform, with a depreciatcion period of 5 years.

The remaining projects relates to development of ERP system in general, group booking, development of Carres, on board portal and BI.
The depreciation period is 5 years.

Note 2 // Property, plant and equipment – parent company

(Figures in TNOK)

Property, plant and equipment (figures in TNOK)	Land plots	Terminal, buildings	Equipment, machinery onshore etc.	Means of transport	Total property, plant and equipment
Acquisition cost 31.12.2019	835	11,573	12,920	337	**25,665**
Addition 2020	0	8,011	1,861	0	**9,872**
Disposal 2020	0	0	-2,244	0	**-2,244**
Acquisition cost 31.12.2020	**835**	**19,584**	**12,537**	**337**	**33,294**
Accumulated write-down 31.12.2019	0	0	0	0	**0**
Accumulated depreciation 31.12.2019	0	8,805	3,972	157	**13,064**
Book value 31.12.2019	**835**	**2,768**	**6,704**	**180**	**10,487**
Accumulated write-down 31.12.2020	0				**0**
Accumulated depreciation 31.12.2020	0	9,363	5,310	224	**14,898**
Book value 31.12.2020	**835**	**10,221**	**7,227**	**113**	**18,396**
Depreciation in the year	0	558	1,338	67	**1,964**
Write-down in the year	0	0	0	0	**0**
Depreciation period (completed operating assets)	N/A	5 - 10 years	3 - 5 years	5 years	
Depreciation plan	Does not depreciate	Linear	Linear	Linear	

Note 3 // Leasing expenses and transactions with related parties – parent company

Expensed lease of operating assets not recognised in the balance sheet for 2020 and 2019 (operational lease)

(Figures in TNOK)

Operating assets	**Expensed lease 2020**	**Expensed lease 2019**
Lease of premises and similar *)	19,550	16,959
Lease of ships, including crew	583,135	552,169
Other leasing cost	24,872	24,547

*) Leasing expenses and similar: For 2020 leasing expenses of TNOK 1.821 to company controlled by owners.
(TNOK 1.578 in 2019). The leasing conditions are market conditions.

Note 4 // Investments in subsidiaries – parent company

(Figures in TNOK)

The investments in subsidiaries are accounted for in accordance with the cost method.
Accounting values are presented below (figures in TNOK).

Subsidiary	**Time of acquisition**	**Business address**	**Owner share/voting share**	**Cost price 31.12.2020**	**Book value 31.12.2020**	**Book value 31.12.2019**
Fjord Line Danmark A/S	2006	Danmark	100%	13,753	13,753	13,753
Fjord Skibsholding I A/S	2007	Danmark	100%	268,986	224,987	224,987
Fjord Skibsholding II A/S	2008	Danmark	100%	150,362	109,849	109,849
Fjord Skibsholding III A/S	2010	Danmark	100%	310,368	310,368	310,368
Fjord Skibsholding IV A/S	2010	Danmark	100%	332,843	332,842	332,842
Fjord Skibsholding V A/S	2017	Danmark	100%	642	642	642
Fjord Line GmbH	2008	Tyskland	100%	201	0	0
TOTAL				**1,077,155**	**992,441**	**992,441**

Fjord Line GmbH was discontinued in 2019

Income from investment in subsidiaries and write-down 2020
No dividend has been approved from Fjord Line AS' subsidiaries in 2020.

Income from investment in subsidiaries and write-down 2019
No dividend has been approved from Fjord Line AS' subsidiaries in 2019.

Background for difference between cost price and carrying value of the shares in FSH I and FSH II:
In 2008 the shares in FSH II were written down by TNOK 20 291.
In 2009 the shares in FSH I were written down by TNOK 39 246 and the shares in FSH II were written down by TNOK 8 000
In 2009 also TNOK 4.754 in dividend from FSH I and TNOK 12 222 in dividend from fra FSH II were recognised as reduction of carrying value of shares.

Note 5 // Investments in other shares/parts – parent company

In 2010 Fjord Line AS acquired shares amounting to TNOK 50 in Visit Sørlandet AS. After 2010 there has been neither additions nor disposals.
The investment is recognised in accordance with the cost method. There has been no write-down in 2020 or 2019.

In addition Fjord Line AS invested TNOK 30 in Visit Telemark AS in 2016. The investment is recognised in accordance with the cost method. Nor has write-down been made on this investment.

Note 6 // Inventories and fuel expenses – parent company

(Figures in TNOK)

Inventories	2020	2019
Fuel	2,365	3,136
Goods for resale	19,936	27,370
Other items, including key-cards etc.	896	2,190
Total inventories at acquisition cost 31.12.	**23,197**	**32,696**
Write-down 31.12.	2,500	0
Total book value of inventories 31.12.	**20,697**	**32,696**

Write-down of TNOK 2.500 has been made of the inventory by year end.

Expenses related to fuel are classified as other operating expenses in the income statement.
For 2020 this amounts to TNOK 139.607 (TNOK 170.716 in 2019)

Fjord Line has the following financial contracts related to fuel:
i) MGO (Marine Gas Oil), delivery in 2021.
ii) LNG (The ships Bergensfjord and Stavangerfjord), delivery in 2021.
The derivatives are considered as hedging in the accounts, and unrealized gain/loss is not recognised in the balance sheet.
Gain and/or loss related to the contracts are recognised over profit or loss at delivery/realization.

Note 7 // Trade receivables and bad debts – parent company

(Figures in TNOK)	2020	2019
Trade receivables at nominal value 31.12.	26,608	37,120
Provisions for bad debts 31.12.	-3,197	-2,197
Book value trade receivables 31.12.	**23,411**	**34,923**
Change in provisions for bad debts in the year	1,000	0
Actual bad debts in the year	2,497	856
Received on receivables previously written off	0	0
Expensed loss on bad debts	**3,497**	**856**

Bad debts are included in the item "other operating expenses" in the income statement.

Note 8 // Other receivables – parent company

(Figures in TNOK)

Other receivables	2020	2019
Refund from public authorities, including vat owing.*	2,114	2,603
Prepaid expenses etc.	22,126	22,263
Refund from the Norwegian government in regard to The Business Compensation Scheme**	121,498	0
Other receivables 31.12.	**145,738**	**24,866**

*) Per 31.12.2020 the company has recognised TNOK 1.679 in the balance sheet relating to VAT due to the company in Norway (TNOK 1.922 per 31.12.2019).
**) The Business Compensation Scheme is part of the Norwegian government's measures to mitigate the financial effects of the coronavirus situation and the infection control measures for enterprises with a drop in revenue of at least 30% compared to the same month in the year before. Fjord Line is eligible for compensation in regard to forskrift 21. desember 2020 nr. 3085 § 4-5. Receivable is for the application period September/October, and November/December of 2020.

Note 9 // Other financial income and other financial expenses – parent company

(Figures in TNOK)

Other financial income and other financial expenses comprise the following:

Other financial income	**2020**	**2019**
Foreign exchange gain, intergroup loan, cf. note 11	0	17,951
Foreign exchange gain related to non-current foreign exchange loan	0	0
Other foreign exchange gain	19,666	6,447
Other financial income	79	125
Total	**19,745**	**24,524**

Other financial expenses	**2020**	**2019**
Foreign exchange loss, intergroup receivables, cf. note 11	23,697	11,354
Foreign exchange loss, including non-current loan in Euro and DKK	22,664	17,667
Other financial expenses	921	5,410
Total	**47,282**	**34,431**

Note 10 // Restricted funds – parent company

(Figures in TNOK)

	2020	**2019**
Restricted tax deduction funds per 31.12.:	2,141	3,481

The tax deduction funds are deposited on separate bank accounts.

Note 11 // Intercompany balance – parent company

(Figures in TNOK)

Assets - current items:	**2020**	**2019**
Receivables on subsidiary related to operation etc.*)	7,970	1,828
Total	**7,970**	**1,828**

Liabilities - current items:		
Net debt to subsidiary related to operation	115,906	51,518
Total	**115,906**	**51,518**

Net current intercompany balance per 31.12 for Fjord Line AS	**-107,936**	**-49,691**

Assets - non-current items

Fjord Line AS has non-current receivables on the Danish subsidiaries of in total TNOK 2.005.886 per 31.12.2020 (TNOK 1.897.343 per 31.12.2019).
The amount is classified as financial fixed assets. The loans are in DKK and are subject to interest calculation (cf. note 18).
Foreign exchange gain on these loans was TNOK 108.498 in 2020 (foreign exchange loss of TNOK 14.092 in 2019), cf. note 9.
No specific installment plan has been determined for the loans, but the subsidiaries will use free liquidity for repayment.

***) Allocation for dividends in the subsidiaries**

The subsidiaries FSH I, FSH III and FSH IV had per 31.12.2020 allocated in total TNOK 0 in dividend for Fjord Line AS, cf note 4.

Note 12 // Equity for 2020 – parent company

(Figures in TNOK)

Changes in equity for 2020	Share capital	Own shares	Share premium account	Other equity/uncovered loss	Total
Equity 31.12.2019	519,107	-109	178,227	180,913	**878,138**
Purchase of own shares	0	0	0	0	**0**
Increase of capital	25,205	0	25,205	0	**50,409**
Net income 2020	0	0	0	-173,824	**-173,824**
Equity 31.12.2020	**544,312**	**-109**	**203,432**	**7,089**	**754,723**

*) Net income 2020 contains a negative tax expense of TNOK 48.690 as a result of the changes in deferred tax asset.

Changes in equity for 2019	Share capital	Own shares	Share premium account	Other equity/uncovered loss	Total
Equity 31.12.2018	519,107	-9	178,227	-12,768	**684,557**
Purchase of own shares	0	-100	0	0	**-100**
Net income 2019	0	0	0	193,681	**193,681**
Equity 31.12.2019	**519,107**	**-109**	**178,227**	**180,913**	**878,138**

*) Net income 2019 contains a negative tax expense of TNOK 62.330 as a result of the changes in deferred tax asset.

Note 13 // Share capital and shareholders' information – parent company

The share capital is NOK 544.311.962,50 per 31.12.2020, and consists of 217.724.785 shares each NOK 2,50. All shares have equal rights.

The major shareholders per 31.12.2020

	Owner share
Ferd AS	44.6 %
Kontrari AS	35.6 %
Kontrazi AS	16.6 %
Others, including own shares*)	3.2 %
Total	**100.0 %**

*) Fjord Line AS has a total of 10.674 own shares per 31.12.2020.

The major shareholders per 31.12.2019

	Owner share
Ferd AS	44.6 %
Kontrari AS	34.8 %
Kontrazi AS	17.4 %
Arne Teigen	1.1 %
Moly AS	0.8 %
Others, including own shares*)	1.3 %
Total	**100.0 %**

*) Fjord Line AS has a total of 10.664 own shares per 31.12.2019.

Note 14 // Operating income – parent company

(Figures in TNOK)

Operating income distributed on income area	2020	2019
Ticket income	280,242	581,303
Sales income etc. onboard - see also note 19	213,702	762,446
Cargo income	171,618	213,326
Recognised/accrued grant from the NOx-fund- see also note 19	4,217	5,469
Other	37,605	55,908
Total	**707,384**	**1,618,452**

Note 15 // Taxes – parent company

(Figures in TNOK)

Specification of deferred tax asset

Temporary differences	**31/12/2019**	**31/12/2020**	**Change**
Fixed assets	4,786	8,961	-4,175
Receivables	-2,197	-3,197	1,000
Gain/loss account	8,626	6,900	1,725
Inventory	0	-2,500	2,500
Pension liabilities	-2,790	-3,283	493
Other differences including accounting accruals	-78,624	-76,461	-2,163
Total	**-70,199**	**-69,580**	**-620**
Carry-forward loss	-1,022,210	-1,244,148	221,939
Basis for deferred tax (-deferred tax asset)	**-1,092,409**	**-1,313,728**	**221,319**
22% of basis	-240,330	-289,020	48,690
Deferred tax (deferred tax asset) recognised in the balance sheet	**-240,330**	**-289,020**	**48,690**

Per 31.12.2020 Fjord Line AS has accumulated basis for deferred tax asset of TNOK 1,313,728.
This implies deferred tax asset (22%) of TNOK 289,020 when recognised in total in the balance sheet.

The Board of Directors following a concrete assessment of the future prospects of Fjord Line AS, under the basis of the net income from the two years prior to Covid-19, found that it has convincing evidence that future earnings will justify capitalization of the deferred tax asset in full. The argument is sustained by the positive operating results in the recent years. This combined with the current plans in long term business plans indicates that we have convincing evidence that we can at least have equivalent earnings in the years to come post Covid-19 as shown in 2019 and this has been taken into account in the assessment.

Specification of taxable result and tax expense:

Taxable result	**2020**	**2019**
Result before tax	-222,514	131,351
Dividends from subsidiaries, not taxable	0	0
Write-down of shares	0	0
Other permanent differences	1,195	5,345
Employee options recognised as expense	0	0
Change in temporary differences	-620	-8,438
Issue expenses, offset against eqiuity	0	0
Application of carry forward loss	0	-128,258
Taxable result	**-221,939**	**0**

Reconciliation of tax expense	**2020**	**2019**
22% of financial result	-48,953	28,897
22% of permanent differences	263	1,176
Impact of change tax rate	0	0
Change of deferred tax asset not recognised in the balance sheet	0	-92,403
Tax expense	**-48,690**	**-62,330**

Specification of tax expense	**2020**	**2019**
Change in deferred tax asset	-48,690	-62,330
Payable tax	0	0
Tax expense	**-48,690**	**-62,330**






OSLOFJORD
SANDEFJORD

Note 16 // Liabilities – parent company

(Figures in the table below is in TNOK)

Non-current interest bearing debt per 31.12.	**2020**	**2019**
Debt to credit institutions etc.	2,443,126	2,171,206
Bond loan		
Total non-current interest bearing debt 31.12.	**2,443,126**	**2,171,206**

Current interest bearing debt per 31.12.	**2020**	**2019**
Debt to credit institutions (overdraft facilities)	71,705	0
Other current interst bearing debt, including debt to owners of the parent company	0	0
Total current interest bearing debt 31.12.	71,705	0
Total book value of interest bearing debt 31.12.	**2,514,831**	**2,171,206**

Fjord Line AS had an unused overdraft facility of MNOK 35 per 31.12.2020 (35 MNOK per 31.12.2019).
Per 31.12.2020 the company has a negative balance on the overdraft facility account of -36,7 MNOK (positive balance of 111,6 MNOK per 31.12.2019).

Non-current interest bearing debt (incl. leasing) - distributed on currency per 31.12.2020 (figures in 1.000)

Currency	**Nominal currency**	**Exchange rate**	**Book value in NOK 31.12.2020**
NOK	275,093	1.000	275,093
Euro	150,366	10.470	1,574,379
DKK	421,899	1.407	593,653
Total non-current interest bearing debt 31.12.			**2,443,126**

Non-current interest bearing debt (incl. leasing) - distributed on currency per 31.12.2019 (figures in 1.000)

Currency	**Nominal currency**	**Exchange rate**	**Book value in NOK 31.12.2019**
NOK	101,867	1.000	101,867
Euro	156,663	9.864	1,545,291
DKK	400,000	1.320	528,080
Total non-current interest bearing debt 31.12.			**2,171,206**

Borrowing in Euro and Danish kroner
Borrowing in Euro and DKK is recognised in the balance sheet at current exchange rate per 31.12.2020 and 31.12.2019, cf. the table above.
Foreign exchange loss/gain in 2020 related to non-current borrowing in Euro and DKK is 124,5 MNOK.
Foreign exchange loss in 2019 related to non-current borrowing in Euro and DKK is 17,9 MNOK.

Book value per 31.12. for the Euro-borrowings and Danish kroner-borrowings as follows in NOK (figures in TNOK):	**2020**	**2019**
Principal amount:	2,168,033	2,073,371
Amortization effect of the borrowings, incl. guarantee commission	-11,963	-14,096
Book value per 31.12.	**2,156,069**	**2,059,275**

Installment plan non-current interest-bearing debt to credit institutions (mortgage loan)

	2019	**2020**	**2021**	**2022**	**2023**
Annual installments*	96,301	10,000	314,468	900,686	228,995
Remaining loan per 31.12.	**2,432,052**	**2,422,052**	**2,107,584**	**1,206,898**	**977,903**

Other current liabilities per 31.12 (figures in TNOK):	**2020**	**2019**
Prepayment from customers	75,106	69,585
Incurred interests and guarantee commission	18,958	18,409
Provision for other incurred costs etc.	26,955	27,332
Other current liabilities 31.12.	**121,020**	**115,327**

Derecognition of financial obligations
Fjord Line AS has entered into a loan agreement with the Australian export finance body EFIC about financing the purchase of a new catamaran to operate the route Kristiansand Hirtshals. Fjord Line AS stands as the formal borrower also during the construction period, but as a result of the entered agreement with EFIC and the contractor of the catamaran Austal-group will Fjord Line not be required to pay interest or instalments in the construction period together with a additional agreement that in the event of a default of debt, will EFIC seek full coverage from Austal before they kan seek coverage of the debt from Fjord Line AS. This results in Fjord Line considering the significant risk of the debt as transfered to another party and thus settled in accordance with NRS 18. The expected delivery of the catamaran is Q2 2021. Upon delivery all related financial liabilities will be recognized and Fjord Line will be considered as the primary responsible of the debt.

Note 17 // Wage costs, number og employees, rumunerations, pensions etc. – parent company

(Figures in the table below is in TNOK)

Wage costs	**2020**	**2019**
Wages, incl. feeding crew etc.	66,112	78,546
Payroll tax	9,818	13,194
Pension costs	1,438	1,589
Other remunerations	3,333	5,577
Total	**80,701**	**98,906**

Average number of man-labour years during the accounting year has been 72,47 in 2020 (117,54 in 2019).

Remunerations for CEO and the Board of Directors (figures in TNOK)	**2020**	**2019**
Wages CEO incl bonus	3,200	2,800
Other remuneration CEO	571	290
Board of Directors' fee	950	1,288

The figures above do not include the option program. See below for further information.
No loan or guarantee have been provided for CEO or any of the members of the Board of Directors.
The CEO is included in the company's pension agreement, cf mentioned below. According to the agreement, 20 % of gross salary is allocated annually and the liability amounts to per 31.12.2020 TNOK 2.272 (TNOK 1.897 as at 31.12.19).

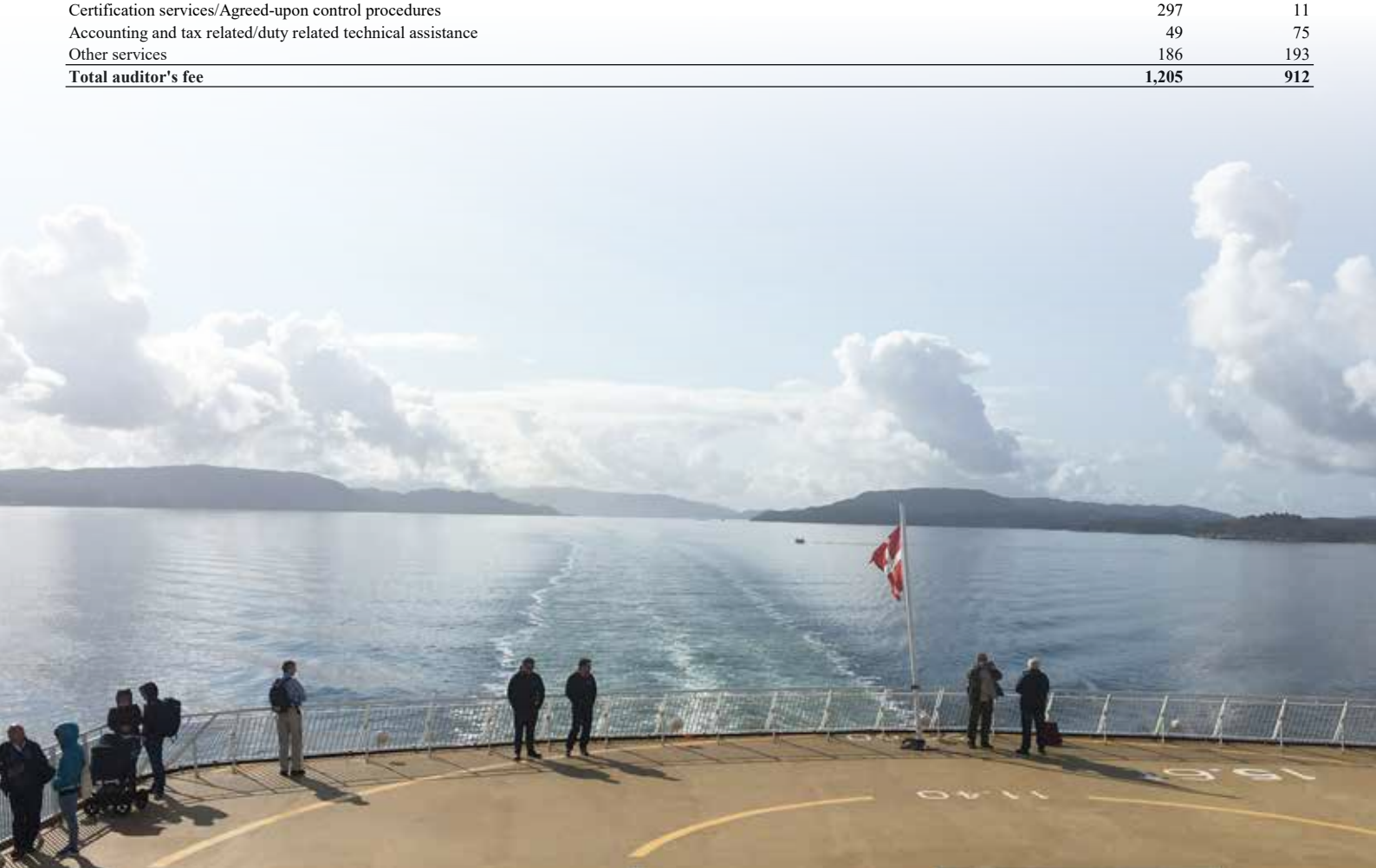
The chief executive officer is entitled to a severance payment equivalent to 12 months' salary without the right to holiday pay and pension rights, commencing at the time of expiry of notice period, when the resignation is at the request from the company. The Expiry of the notice period was 12.10.2020, the CEO is as such entitled to severance pay until 12.10.2021.

Pensions
The company has taken on a pension savings agreement on behalf of the former and the present CEO and another two individuals.
The market value of the contributions/assets was TNOK 3.101 per 31.12.2020 (TNOK 3.101 per 31.12.2019).
Gross liability per 31.12.2020 is calculated to TNOK 6.384 related to these persons (TNOK 5.891 per 31.12.2019).
Net liability is thus TNOK 3.283 per 31.12.2020 (TNOK 2.790 per 31.12.2019), and is classified as pension liability in the balance sheet.

In addition the company has established a defined contribution pension scheme for its employees.
The company pays fixed contributions to an insurance company. The company has no further obligations to pay once the contributions have been paid.
The contribution constitutes from 2% to 4% of the employees' salary.

Auditor
Expensed fee to auditor relates to the following services (exclusive of vat), figures in TNOK:

	2020	**2019**
Audit services	674	633
Certification services/Agreed-upon control procedures	297	11
Accounting and tax related/duty related technical assistance	49	75
Other services	186	193
Total auditor's fee	**1,205**	**912**



Note 18 // Interest income/interest expenses and intergroup guarantee commission – parent company

(Figures in the table below is in TNOK)

Interest income comprises:

	2020	2019
Interest income on loan to subsidiary (intergroup interests)	103,570	97,713
External interest income	4,172	7,708
Total	**107,742**	**105,421**

Interest expenses comprises:

	2020	2019
Interest expenses on loan to subsidiary (intergroup interests)	976	912
External interest expenses	94,741	82,734
Other Interest expense	1,321	119
Total	**97,039**	**83,765**

Non-current intergroup loans are subject to interest calculation in accordance with market conditions. Further information about intergroup loans/balances is disclosed in note 11.

In 2020 Fjord Line AS has expensed an intergroup guarantee cost of TNOK 22.590 (TNOK 22.077 in 2019).
Fjord Line AS has entered into several contracts on loan financing of the group's ships. The shipowning subsidiaries Fjord Skibsholding I, Fjord Skibsholding II, Fjord Skibsholding III, Fjord Skibsholding IV and Fjord Skibsholding V have on their part provided security for Fjord Line AS' liabilities related to the loan contracts.
As a compensation the shipowning subsidiaries have received guarantee commission based on market conditions.

Note 19 // NOx-grant – parent company

The ship "MS Stavangerfjord" was delivered in July 2013, and the ship "MS Bergensfjord" was delivered in January 2014.
Because the ships are gas powered (LNG), with related low emission, Fjord Line AS was granted a contribution from the NOx-fund.
Per 31.12.2014 contributions of MNOK 147.2 in total had been paid to Fjord Line AS connected to these projects.
As a condition for the grant Fjord Line AS was obliged to use "MS Stavangerfjord" and "MS Bergensfjord" in NOx-liable waters for at least 2 years from time of delivery.

In 2020 Fjord Line AS received 0 MNOK in NOx-grants (0 MNOK in 2019).
In the 2020 accounts MNOK 4,2 of the grants was recognised as income (5,5 MNOK in 2019). The amount was classified as other operating income in the income statement. The grants are subject to accrual in line with the depreciation profile of the operating assets to which the grants relate.

Below is a summary of accounting values (figures in TNOK)

Total received grants 31.12.2019	**166,809**
Grants recognised as income 2019	-5,469
Accumulated grants recognised as income 31.12.2019	-79,448
Grants received, not recognised in the income statement 31.12.2019	**87,361**
Grants received 2020	0
Total received grants 31.12.2020	**166,809**
Grants recognised as income 2020	-4,217
Accumulated grants recognised as income 31.12.2020	-83,665
Grants received, not recognised in the income statement 31.12.2020	**83,144**

Note 20 // Subsequent Event – parent company

The Group has since March 2020 experienced increasingly adverse effects of the Covid-19 outbreak. The outbreak has developed rapidly, and the situation affects Fjord Lines business significantly as the number of travelers has been decreasing in line with the respective Governments closing of borders as well as implementation of other travel restrictions in order to reduce the spread of the virus. This situation has the highest priority in the Group and the management team has designed and implemented several extensive measures in order to immediately adjust the cost base in order to protect the Groups cash-flow, by eliminating all cash-negative operations this extraordinary situation has brought about.

These actions consist among others of temporary changes in our route network and deployment of vessels, as well as layoff of personnel and other robust cost reductions in order to adjust the cost base to the present market demand. The Group has established an emergency route, primarily for cargo, to ensure the flow of goods between Norway and the EU with two daily departures in each direction between Kristiansand and Hirtshals. To ensure the flow of goods between Norway and EU, the Group established an emergency route, primarily for cargo, with two daily departures in each direction between Kristiansand and Hirtshals. In addition, the Group sailed two round trips a week to serve the west coast market in Norway and to bunker fuel from the LNG plant in Risavika.

The Group have secured a robust financial restructuring through negotiations with senior lenders 30.04.2020 and 17.02.2021 that will provide the Group with a robust financial runway. The financial restructuring consists of owner contributions, new bank loans as well as postponement of interests, guarantee premium and instalments. The Group has also renegotiated all financial covenants under the current loan agreement to be compliant with these going forward. Fjord Line has in addition received cash support totaling MNOK 269 for 2020 from the Norwegian government's Business Compensation Scheme.

Fjord Line is well positioned, and the Board of Directors is confident that measures taken by the management throughout this challenging year will contribute to the positive underlying development that the Group experienced pre-Covid-19.
The Board of Directors concurs with the management team and has a positive outlook and expect the Group to further improve on the pre Covid-19 results in the years to come.

AUDITORS **REPORT**



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To the General Meeting of Fjord Line AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fjord Line AS, which comprise:

- The financial statements of the parent company Fjord Line 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 Fjord Line AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income and statement of cash flows 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 simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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.

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.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

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 of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, 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 of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 and in the statements on Corporate Governance and Corporate Social Responsibility 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.

Stavanger, 28 April 2021
KPMG AS

Mads Hermansen
State Authorised Public Accountant


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