



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	945 757 647
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	FEARNLEY SECURITIES AS
Forretningsadresse:	Dronning Eufemias gate 8 0191 OSLO

### Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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### Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Petter Sjørdahl
Dato for fastsettelse av årsregnskapet:	18.03.2021

### Grunnlag for avgivelse

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

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 31.08.2022



### Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Brokerage and net trading		34 530 000	24 185 000
Issue and advisory activities		180 910 000	77 278 000
Own account trading		990 000	172 000
Other operating revenues		24 179 000	20 737 000
<b>Sum inntekter</b>		<b>240 609 000</b>	<b>122 372 000</b>
<b>Kostnader</b>			
Lønnskostnad		140 527 000	99 845 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		1 830 000	1 762 000
Annen driftskostnad		70 624 000	73 881 000
<b>Sum kostnader</b>		<b>212 981 000</b>	<b>175 488 000</b>
<b>Driftsresultat</b>		<b>27 628 000</b>	<b>-53 116 000</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		0	0
Annen renteinntekt		554 000	2 800 000
Annen finansinntekt		704 000	28 000
<b>Sum finansinntekter</b>		<b>1 258 000</b>	<b>2 828 000</b>
Rentekostnad til foretak i samme konsern		46 000	38 000
Annen rentekostnad		421 000	760 000
Annen finanskostnad		30 396 000	28 054 000
<b>Sum finanskostnader</b>		<b>30 863 000</b>	<b>28 852 000</b>
<b>Netto finans</b>		<b>-29 605 000</b>	<b>-26 024 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-1 977 000</b>	<b>-79 140 000</b>
Skattekostnad på ordinært resultat		7 195 000	-12 819 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-9 172 000</b>	<b>-66 321 000</b>
<b>Årsresultat</b>		<b>-9 172 000</b>	<b>-66 321 000</b>



### Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel		1 040 000	891 000
<b>Sum immaterielle eiendeler</b>		<b>1 040 000</b>	<b>891 000</b>
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		2 363 000	3 820 000
<b>Sum varige driftsmidler</b>		<b>2 363 000</b>	<b>3 820 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap		20 419 000	38 361 000
Investeringer i tilknyttet selskap		72 000	
Andre fordringer		11 015 000	3 629 000
<b>Sum finansielle anleggsmidler</b>		<b>31 506 000</b>	<b>41 990 000</b>
<b>Sum anleggsmidler</b>		<b>34 909 000</b>	<b>46 701 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Accounts receivable		39 726 000	4 129 000
Receivables from investment companies		224 148 000	13 880 000
Andre fordringer		15 438 000	76 167 000
Konsernfordringer		37 347 000	53 877 000
<b>Sum fordringer</b>		<b>316 659 000</b>	<b>148 053 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		409 011 000	89 259 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>409 011 000</b>	<b>89 259 000</b>
<b>Sum omløpsmidler</b>		<b>725 670 000</b>	<b>237 312 000</b>
<b>SUM EIENDELER</b>		<b>760 579 000</b>	<b>284 013 000</b>



### Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		40 200 000	40 200 000
Overkurs		110 080 000	100 000 000
Annen innskutt egenkapital		14 720 000	
<b>Sum innskutt egenkapital</b>		<b>165 000 000</b>	<b>140 200 000</b>
<b>Sum egenkapital</b>		<b>165 000 000</b>	<b>140 200 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		5 962 000	2 474 000
Betalbar skatt		611 000	0
Skyldige offentlige avgifter		10 916 000	11 355 000
Kortsiktig konserngjeld		46 715 000	15 355 000
Annen kortsiktig gjeld		73 303 000	27 551 000
Deposits from customers		441 065 000	67 116 000
Loans and deposits from investment companies		17 007 000	19 967 000
<b>Sum kortsiktig gjeld</b>		<b>595 579 000</b>	<b>143 818 000</b>
<b>Sum gjeld</b>		<b>595 579 000</b>	<b>143 818 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>760 579 000</b>	<b>284 018 000</b>



### Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Brokerage and net trading		44 784 000	29 741 000
Issue and advisory activities		194 005 000	80 773 000
Own account trading		1 296 000	172 000
Other operating revenues		37 397 000	20 719 000
<b>Sum inntekter</b>		<b>277 482 000</b>	<b>131 405 000</b>
<b>Kostnader</b>			
Payroll		170 717 000	116 245 000
Ordinary depreciatino		2 589 000	2 257 000
Other operating costs		88 234 000	87 133 000
<b>Sum kostnader</b>		<b>261 540 000</b>	<b>205 635 000</b>
<b>Driftsresultat</b>		<b>15 942 000</b>	<b>-74 230 000</b>
<b>Finansinntekter og finanskostnader</b>			
Interest income from group companies			
Renteinntekt fra foretak i samme konsern		0	3 000
Annen renteinntekt		662 000	2 848 000
Annen finansinntekt		716 000	28 000
<b>Sum finansinntekter</b>		<b>1 378 000</b>	<b>2 879 000</b>
Rentekostnad til foretak i samme konsern		61 000	38 000
Annen rentekostnad		421 000	760 000
Annen finanskostnad		-2 259 000	1 773 000
<b>Sum finanskostnader</b>		<b>-1 777 000</b>	<b>2 571 000</b>
<b>Netto finans</b>		<b>3 155 000</b>	<b>308 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>19 097 000</b>	<b>-73 922 000</b>
Skattekostnad på ordinært resultat		8 295 000	-12 782 000
<b>Ordinært resultat etter skattekostnad</b>		<b>10 802 000</b>	<b>-61 140 000</b>
<b>Årsresultat</b>		<b>10 802 000</b>	<b>-61 140 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel		1 040 000	891 000
<b>Sum immaterielle eiendeler</b>		<b>1 040 000</b>	<b>891 000</b>
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		2 363 000	3 820 000
<b>Sum varige driftsmidler</b>		<b>2 363 000</b>	<b>3 820 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i annet foretak i samme konsern		20 419 000	38 361 000
Investeringer i tilknyttet selskap		72 000	0
Other long term receivables		11 015 000	3 629 000
<b>Sum finansielle anleggsmidler</b>		<b>31 506 000</b>	<b>41 990 000</b>
<b>Sum anleggsmidler</b>		<b>34 909 000</b>	<b>46 701 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer		39 726 000	4 130 000
Receivables from investemtn companies		224 148 000	13 880 000
Other current receivables		15 438 000	76 168 000
Konsernfordringer		37 348 000	53 877 000
<b>Sum fordringer</b>		<b>316 660 000</b>	<b>148 055 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		409 011 000	89 258 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>409 011 000</b>	<b>89 258 000</b>
<b>Sum omløpsmidler</b>		<b>725 671 000</b>	<b>237 313 000</b>
<b>SUM EIENDELER</b>		<b>760 580 000</b>	<b>284 014 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		40 200 000	40 200 000
Overkurs		110 080 000	100 000 000
Annen innskutt egenkapital		14 720 000	0
<b>Sum innskutt egenkapital</b>		<b>165 000 000</b>	<b>140 200 000</b>
<b>Sum egenkapital</b>		<b>165 000 000</b>	<b>140 200 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Deposits from costumers		441 065 000	67 115 000
Loans and deposits from investement companies		17 008 000	19 967 000
Leverandørgjeld		5 963 000	2 474 000
Betalbar skatt		611 000	0
Skyldige offentlige avgifter		10 916 000	11 354 000
Kortsiktig konserngjeld		46 714 000	15 353 000
Annen kortsiktig gjeld		73 303 000	27 551 000
<b>Sum kortsiktig gjeld</b>		<b>595 580 000</b>	<b>143 814 000</b>
<b>Sum gjeld</b>		<b>595 580 000</b>	<b>143 814 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>760 580 000</b>	<b>284 014 000</b>



# Deloitte.

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To the General Meeting of Fearnley Securities AS

## INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Fearnley Securities AS showing a loss of NOK 9 172 606 in the financial statements of the parent company and profit of NOK 10 801 866 in the financial statements of the group. The financial statements comprise:

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

In our opinion:

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

### *Basis for Opinion*

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

### *Other information*

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

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

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

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Organisasjonsnummer: 980 211 282

Penneo Dokumentnøkkel: ELECW-JC7TH-LCEBE-KL63-76LOT-6L2BG



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Fearnley Securities AS

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

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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.

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We communicate with those charged with governance 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 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.

Oslo, 18 March 2021  
Deloitte AS

Jørn Borchgrevink  
State Authorised Public Accountant (Norway)

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## Jørn Olav Borchgrevink

State Authorised Public Accountant (Norway)

Serienummer: 9578-5999-4-949707

IP: 95.34.xxx.xxx

2021-03-21 17:44:08Z



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## Financial Statement 2020

**Fearnley Securities AS**  
An AS-listed Fearnley company  
Member of the Oslo Stock Exchange

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Bank account (NOK): 5001 06 89500  
Enterprise number: 063 045 257 647 991



## Fearnley Securities

Board of Directors Report 2020

### **The Company**

Fearnley Securities AS ("Fearnley Securities" or the "Company") is a Norwegian full-service securities firm, regulated by The Financial Supervisory Authority of Norway, with membership on the Oslo Stock Exchange, and offices in Oslo and New York. The Company was founded in 1987 on the premise to capitalize on the long maritime traditions, strengths, and resources within the broader Astrup Fearnley Group. Hence the Company's focus has traditionally been on asset heavy energy and maritime-related industries such as shipping, offshore, oil and gas, which in recent years has been successfully expanded to include renewable energy, aquaculture, and real estate.

Effective from January 2020, Fearnley Securities and Fearnley Project Finance AS ("FPF") completed a merger, with the Company as the acquiring entity. FPF was a sophisticated player in the arranging and syndication markets for direct investments in the real estate and shipping projects. During the year the Company has realised commercial and operational synergies and invested in the integration of the two firms. The combined entity provides a wider range of services and products with more diversity, coverage and market penetration which has helped broaden the Company's total offering to its clients.

Today, the Company offers services within brokerage and research of equities and fixed income securities, investment banking, direct investments/project finance products geared towards real estate and shipping, and business management of syndicated projects. Investment banking services include advisory and capital markets transaction services to public and private companies in all phases of growth and transition. The investment banking division has extensive experience from domestic and international equity and debt capital market transactions, private placements, asset backed financing, direct investments, IPOs, M&A, as well as restructurings and recapitalizations. Adding global placing power and deep research capabilities, Fearnley Securities is well positioned to secure successful execution of capital market transactions for its clients.

From its offices in Oslo and New York, with a total of 85 professionals, the Company serves a prominent and diverse group of clients, including leading domestic and multinational corporations, major institutional investors, family-offices, financial sponsors, and select high net worth individuals.

### **Objectives for the operation**

Fearnley Securities aspire to be a preferred and independent capital markets broker and advisor for Norwegian and international investors and companies involved in its core industries, driven by its deep research focus and broad placing power capabilities. The Company has a global approach to research, clients, and markets.

Fearnley Securities has a strong focus on corporate governance, integrity, and high ethical standards. The Company operates in accordance with good business practice and has an open dialogue with regulatory authorities, industry organizations, official agencies, and other stakeholders. The Company's board of directors and executive management have adopted best practice goals and monitoring systems for all aspects of the organisation, performance, and governance so as to earn and deserve the trust and confidence of clients, employees, and the general public.



## **Fearnley Securities**

### **The environment**

The Company's operations are not of a nature that gives rise to pollution of the external environment.

### **Human resources and working environment**

The working environment in the Company is good and the general well-being in the workplace is satisfactory. Absence among employees due to illness is limited, and no accidents or injuries were reported in 2020. During 2020 the Company had 4 cases of Covid-19 infections, all fully recovered, and no spreading of the virus on its premises. The Company implemented comprehensive and strict preventive measures to protect its employees from Covid-19 during 2020, including a limited rotational system and comprehensive use of home-office.

Fearnley Securities is an equal opportunities employer working actively to encourage and secure diversity and team spirit in a workforce with capabilities and mindset tailored to service clients in domestic and international capital markets.

### **Research & development**

The Company's business does not involve research and development, except for the creation of intellectual property related to its financial models, reports, and similar factors. No such element of intellectual property is protected by patents or other arrangements.

### **Comments to 2020 and outlook for 2021**

2020 was a stress test for just about every company in almost every industry. The Fearnley Securities team mastered this test well as both revenues and profits grew significantly in 2020 vs. 2019.

Fearnley Securities' revenues correlate with the general activity in the financial markets, and particularly with activities in the shipping, offshore, and energy related sectors, which are cyclical by nature. It is a key component of the Company's strategy to continuously explore ways and means to secure a robust income base and limit exposure to market fluctuations.

The market conditions for the Company's core sectors were challenging in the first half of 2020 on the back of the outbreak of Covid-19, and the uncertainties caused by the pandemic in global markets. The second half of 2020 showed significantly more active capital markets, especially within renewables. Through a targeted strategic approach over the last years, Fearnley Securities was able to participate in numerous capital markets transactions in Norway, and abroad, within green, sustainable energy industries. During the year, the Company further developed its research product, to become industry leading within renewables - supporting investors and issuers with unique intelligence about green, sustainable industries, as well as companies within these industries.

In parallel with the Company's focus on renewables, its commitment to shipping and offshore remains strong and an integral part of the Company's DNA. Notwithstanding continuing regulatory changes, market volatility and cyclical fluctuations, the Company's fundamental belief in maritime and energy related industries remains firm. Fearnley Securities will maintain and further develop these sectors, while selectively adding new and related areas, to further grow, and to reduce exposure to cyclicity.



## **Fearnley Securities**

Through targeted strategic efforts, the Company will continue to develop – while maintaining and nurturing its strong culture, committed to excellence, integrity among employees and a team-based working environment. It will also seek out opportunities, when appropriate, to join forces with other entities within the Astrup Fearnley Group, to offer clients the benefit of the unique combined expertise and experience of the broader Group.

John Olav Harr has acted as CEO on an interim basis since April 2020. The board of directors expects to appoint a new CEO on a permanent basis during Q2, 2021.

The Company has a sensible and lean cost structure, and a balance sheet, well adapted to its business. With the current business platform - business portfolio, capabilities, assets, and team - the board of directors believes the Company is well positioned and equipped for 2021. However, resurgence in Covid-19 across Europe and North America, has prompted renewed restraints on activity, leaving economic momentum vulnerable into 2021. Hence, until an effective vaccine or treatment is widely distributed, the Company's commercial activities are likely to remain susceptible to periodic setbacks.

### **Financial risk and internal control**

The Company's financial risk is linked to trading on its own account and client trading. The Company does not trade on its own account in any material capacity. Financial risk consists mainly of market risk, credit risk, counterparty risk and settlement risk. The Company has put in place proper internal routine and control procedures and reliable reporting processes, as well as compliance with regulatory requirements. Risk patterns are monitored continuously, and management provides the board of directors with regular reports.

### **Report on the financial accounts**

In 2020, Fearnley Securities had operating revenues of MNOK 241 (2019: MNOK 122). Operating result was MNOK 28 (2019: MNOK -53). Net loss for the year was MNOK -9 (2019: MNOK -66).

The consolidated result for 2020 is a profit before taxes of MNOK 19 (2019: MNOK -74) and a net profit of MNOK 11 (2019: MNOK -61).

The book value of the Company's assets at year-end 2020 was MNOK 761, whereas the Company's liabilities amounted to MNOK 596. The Company's equity was MNOK 165.

The consolidated total assets at year-end 2020 had a book value of MNOK 778. The consolidated liabilities amounted to MNOK 613 and the Group's equity was MNOK 165.

The board of directors is of the opinion that the going concern conditions are in place for the Company and the financial statements have been prepared on this basis. The board of directors believes that the annual accounts give a true picture of the Company's assets and liabilities, financial position, and results as at year end, and is not aware of any company specific events after the date of financial accounts that requires specific mention. However, continued outbreaks and spread of Covid-19 as well as the longer-term economic effects of the pandemic and the measures taken to abate its immediate consequences gives cause for concern due to the unknown consequences on health, trade, and the economy in 2021 and beyond.



**Færnøy Securities**

**Allocation of profits**

Net profit of the Company was MNOK -9, proposed to be allocated as follows:

Transferred to other equity:	MNOK 0
Group contribution paid (after tax):	MNOK 24

Oslo, 31 December 2020 / 18 March 2021

  
Even Matre Svingen  
Chairman

  
Ellen Merete Hanetho  
Board member

  
Lars Jacob Bø  
Board member

  
Rolf Johan Ringdal  
Board member

  
John Olav Harr  
Chief Executive Officer



**Fearnley Securities AS**



**ANNUAL ACCOUNTS FEARNLEY SECURITIES AS**

- \* Annual Report
- \* P&L Statement
- \* Balance sheet
- \* Cash Flow Statement
- \* Notes
- \* Independent Auditor's Report

**Fearnley Securities AS****INCOME STATEMENT - PARENT COMPANY**

<b>OPERATING REVENUES AND COSTS</b>	<b>NOTE</b>	<b>2020</b>	<b>2019</b>
Brokerage and net trading		34 529 980	24 185 017
Issue and advisory activities		180 910 009	77 278 231
Own-account trading		990 719	172 050
Other operating revenues		24 178 836	20 737 463
<b>Total operating revenue</b>	<b>2</b>	<b>240 609 544</b>	<b>122 372 762</b>
Payroll costs	3,1	140 527 498	99 845 787
Ordinary depreciation	4	1 830 478	1 762 400
Other operating costs		70 623 160	73 881 152
<b>Total operating costs</b>		<b>212 981 135</b>	<b>175 489 340</b>
<b>Operating profit/loss</b>		<b>27 628 408</b>	<b>-53 116 578</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Interest income from group companies		0	467
Interest income		554 830	2 800 261
Other financial income		703 517	28 185
Interest costs from companies within the group		-46 571	-38 146
Interest costs		-419 994	-760 063
Other financial costs		-30 396 865	-28 054 551
<b>Net financial profit</b>		<b>-29 605 084</b>	<b>-26 023 848</b>
<b>Profit before tax cost</b>		<b>-1 976 675</b>	<b>-79 140 425</b>
Tax costs	12	7 195 931	-12 819 444
<b>Net income/loss</b>		<b>-9 172 606</b>	<b>-66 320 981</b>
<b>PROFIT/LOSS FOR THE YEAR AFTER TAX</b>		<b>-9 172 606</b>	<b>-66 320 981</b>
<b>TRANSFERS</b>			
Group contribution paid (after tax)	9	-23 838 252	-15 197 929
<b>Total transfers</b>		<b>-23 838 252</b>	<b>-15 197 929</b>



**Fearnley Securities AS**

**BALANCE SHEET AS AT 31 DECEMBER - PARENT COMPANY**

ASSETS	NOTE	2020	2019
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Deferred tax advantages	12	1 040 482	890 671
<b>Total intangible assets</b>		<b>1 040 482</b>	<b>890 671</b>
<b>Tangible fixed assets</b>			
Inventory and office machines	4	2 962 965	3 820 224
<b>Total tangible fixed assets</b>		<b>2 962 965</b>	<b>3 820 224</b>
<b>Financial assets</b>			
Investments in subsidiaries	5	20 418 513	38 361 268
Investments in shares	6	72 470	0
Pension funds	10	0	0
Other long term receivables		11 015 385	3 629 432
<b>Total financial fixed assets</b>		<b>31 506 369</b>	<b>41 990 700</b>
<b>Total fixed assets</b>		<b>34 909 815</b>	<b>46 701 596</b>
<b>Current assets</b>			
<b>Receivables</b>			
Accounts receivable		39 726 378	4 129 870
Receivables from investment companies		224 147 802	13 879 746
Receivables from companies within the group	11	37 347 757	53 877 300
Other current receivables		15 437 919	76 167 915
<b>Total receivables</b>		<b>316 659 857</b>	<b>148 054 830</b>
Bank deposits	7	409 011 488	89 259 309
<b>Total current assets</b>		<b>725 671 344</b>	<b>237 314 140</b>
<b>TOTAL ASSETS</b>		<b>760 581 160</b>	<b>284 015 736</b>

**Fearnley Securities AS****BALANCE SHEET AS AT 31 DECEMBER - PARENT COMPANY**

EQUITY AND LIABILITIES	NOTE	2020	2019
<b>Equity</b>			
<b>Contributed equity</b>			
Share capital (10,050 shares at NOK 3,000)	8,9	40 200 000	40 200 000
Share premium		110 080 000	100 000 000
Other subscribed equity		10	10
<b>Total contributed equity</b>		<b>150 280 010</b>	<b>140 200 010</b>
<b>Retained earnings</b>			
Other equity	9	14 719 990	0
<b>Total retained earnings</b>		<b>14 719 990</b>	<b>0</b>
<b>Total equity</b>	9	<b>165 000 000</b>	<b>140 200 010</b>
<b>Liabilities</b>			
<b>Provision for commitments</b>			
Deferred tax	12	0	0
<b>Total provision for commitments</b>		<b>0</b>	<b>0</b>
<b>Current liabilities</b>			
Liabilities to suppliers		5 962 780	2 474 285
Deposits from customers		441 065 254	67 115 527
Loans and deposits from investment companies		17 007 702	19 967 141
Liabilities to companies within the group	11	46 714 932	15 352 535
Tax payable	12	611 238	0
Payable public duties		10 915 955	11 355 089
Other current liabilities		73 303 299	27 551 149
<b>Total current liabilities</b>		<b>595 581 160</b>	<b>143 815 726</b>
<b>Total liabilities</b>		<b>595 581 160</b>	<b>143 815 726</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>760 581 160</b>	<b>284 015 736</b>

Oslo, 31 December 2020 / 18 March 2021

Even Matre Engelsen

Chairman

Ellen Merete Hanetho

Board member

Lars Jakob Bø

Board member

Rolf Johan Ringdal

Board member

John Olav Harr

Chief Executive Officer

**Fearnley Securities AS****CASH FLOW STATEMENT - PARENT COMPANY**

	2020	2019
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES</b>		
Ordinary result before tax	-1 976 675	-79 140 425
Tax paid in the period	611 238	-317 447
Ordinary depreciation	1 830 478	1 762 400
Items classified as investment or financing activities	0	-122 879
Change in shareholding	-72 470	26 679 386
Changes in inter-company balances	47 891 939	-58 417 516
Changes in accounts receivable	-35 596 509	2 081 825
Changes in trade accounts payable	3 488 495	-7 050 872
Changes in other current assets and other liability items	269 603 085	-64 559 945
<b>Net cash flow from operational activities</b>	<b>285 779 582</b>	<b>-179 085 473</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Payment for purchase of other investments	0	-180 452
<b>Net cash flow from investment activities</b>	<b>0</b>	<b>-180 452</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipt of equity	25 000 000	0
Payment of group contributions	32 810 848	0
Receipt of group contributions	-23 838 252	4 228 205
<b>Net cash flow from financing activities</b>	<b>33 972 596</b>	<b>4 228 205</b>
Net change in bank deposits, cash and cash equivalents	319 752 178	-112 811 861
Bank deposits, cash and cash equivalents as at 01/01	89 259 310	202 071 171
<b>Bank deposits, cash and cash equivalents as at 31/12.</b>	<b>409 011 488</b>	<b>89 259 310</b>



**Fearnley Securities AS**

**Notes to the parent company accounts 2020**

**Note 1 Accounting principles**

The annual accounts have been prepared in accordance with the provisions of the Accounting Act. The accounting principles are described below:

*Revenue recognition*

Income is entered into the accounts when it is earned, that is to say when the demand for payment occurs. This occurs when the service is performed. Income is entered into the accounts at the value of the remuneration on the date of transaction. Brokerage income for buying and selling financial instruments is entered as income on the trading date.

*Main rule for valuing and classifying assets and liabilities*

Assets intended for long term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that are to be repaid within a year are classified as current assets. Corresponding criteria are used as the basis for classifying current and non-current liabilities.

Fixed assets are valued at original cost, but impaired to fair value if the decrease in value is expected to be other than transitory. Fixed assets with a limited economic life are systematically depreciated.

Current assets are valued at the lower of acquisition cost and fair value. Current liabilities are posted to the balance sheet at their nominal value at the time of creation. Current liabilities are not written up to fair value as a result of a change in interest rate.

Certain items are valued according to other principles as reported below.

*Long-term shareholdings*

Long-term shareholdings are valued at the lower of average acquisition cost and fair value on the date of balance.

*Financial assets*

Financial instruments included in the trading portfolio and traded in an efficient market are valued at the fair value on the date of balance. Other financial instruments are valued at the lower of average acquisition cost and fair value on the date of balance.

Income connected with repurchase agreements and reverse repurchase agreements with a duration of less than one month is regarded as accrued at the time of entering into the agreement.

*Investments in subsidiaries*

The company's investment in Fearnley Securities Inc. has been entered according to the cost method. The investment is written down to the fair value if the impairment in value is not expected to be transitory. Received dividend and other distributions from the company are recognised as operating income.

*Receivables and liabilities*

Accounts receivable/receivables from investment companies and other receivables are entered at face value. Balances with clients and investment companies are presented at gross value. Provisions for losses on claims are made on the basis of an individual assessment of each receivable. In addition, for the remaining accounts receivable a provision is made to cover anticipated losses.



**Fearnley Securities AS**

**Notes to the parent company accounts 2020**

*Cash and bank deposits etc.*

Cash and bank deposits etc. include cash, bank deposits and other liquid assets with a due date less than three months from acquisition. Client funds are not included in the balance sheet.

*Pensions*

Defined contribution plans are accrued according to the matching principle. Contributions for the year to the pension scheme are expensed.

*Taxes*

Tax costs are matched with the profit before tax. Tax in respect of equity transactions, such as group contributions, is entered against equity.

Tax costs consist of tax payable (tax on the year's direct taxable income) and change in net deferred tax. Deferred tax and deferred tax assets are presented net on the balance sheet.

*Foreign currency*

Monetary items in foreign currencies are valued at the exchange rate on the date of balance.

**Note 2      Operating Income**

	2020	2019
Brokerage and net trading	34 529 980	24 185 017
Issue and advisory activities	180 910 009	77 278 231
Own-account trading	990 719	172 050
Other operating revenues	24 178 836	20 737 469
<b>Total</b>	<b>240 609 544</b>	<b>122 372 767</b>



## Fearnley Securities AS

### Notes to the parent company accounts 2020

#### Note 3 Payroll costs, number of employees, remuneration, loans to employees etc.

	2020	2019
Salaries and holiday pay	117 175 813	74 871 981
Employer's contribution/ financial tax	14 941 935	16 310 568
Pension costs	8 297 709	8 663 238
Other benefits	112 041	0
<b>Total</b>	<b>140 527 498</b>	<b>99 845 787</b>

Average employment (full time equivalents) 64,4 63,0

	2020	2019
<b>Remuneration to CEO</b>		
Remuneration to previous CEO	2 916 667	4 885 189
Other remuneration to the previous CEO	534 600	3 636
Remuneration to new CEO	2 321 871	2 720 726
Other remuneration to the new CEO	0	378 998
<b>Total</b>	<b>5 773 138</b>	<b>7 988 549</b>

#### The Board of Directors

NOK 600,000 has been expensed as fees to the board of directors in 2020 and NOK 375,000 in 2019.

#### Auditor

Remuneration to Deloitte AS and cooperating companies is divided as follows:

	2020	2019
Statutory audit	308 100	284 600
Other certification services	39 000	54 600
Tax advice	0	0
<b>Total</b>	<b>347 100</b>	<b>338 600</b>

Remuneration to auditor is presented without VAT

#### Determining management salaries at Fearnley Securities AS

Fearnley Securities AS' remuneration policy shall be aligned with the company's business strategy and shall at all times be consistent with its risk tolerance and long-term interests as these are defined in the company's policy and guidelines for risk management and internal control. The company's remuneration policy also follows the legislative requirements defined by the remuneration scheme for specifically identified staff such as senior executives, employees with responsibilities of significant importance for the company's risk exposure, employees with supervisory duties and employee representatives.

Employees are paid in accordance with individual contracts of employment. Fearnley Securities has established certain main principles for the company's remuneration strategy.

These principles generally apply, but will have different applications in the different remuneration schemes, business areas and job categories. Fearnley Securities have strong focus on certain common values and business principles. These values are of such fundamental importance for the company's business that compliance and contribution to the values and business principles are an integrated part of the company's compensation scheme. Fearnley Securities value extraordinary individual performance, but has an overall focus on team orientation. One profit center and one team is basis for our compensation principles.

The company's remuneration scheme currently consists of the following main elements; fixed remuneration, variable remuneration, pension and insurance schemes, benefits and expenditure allowance.



**Fearnley Securities AS**

**Notes to the parent company accounts 2020**

The Company's CEO appoints an Executive Committee. The remuneration to the Executive Committee is based on the same basic principles for remuneration that is applied to all employees of the Group.

General principles for the allocation of variable compensation are decided by the Board of Directors after recommendations from the Compensation Committee. The preliminary variable compensation is resolved by the Executive Committee and finally decided by the CEO. Variable compensation to individual members of the Executive Committee is decided by the CEO after taking advice from the Compensation Committee. The compensation of the CEO is proposed by the Compensation Committee and approved by the Board of Directors. Members of Executive Committee are all defined as specifically identified staff. Variable compensation to specifically identified staff is subject to various deferral mechanisms consistent with applicable rules and regulations. In 2020, specifically identified staff had a combined fixed remuneration in accordance with contracts of employment of NOK 13,537,849. For 2020, NOK 4,275,465,- were paid for the combined variable remuneration for specifically identified staff.

The CEO and members of the Executive Committee participate in pension schemes according to the same conditions as other partners and employees.

**Note 4 Fixed assets**

	Inventory, office and computer equipment
Purchase price 01/01	23 586 319
Disposal/scrapped	0
Impairment	0
Acquisitions, bought fixed assets	0
<b>Purchase price 31/12</b>	<b>23 586 319</b>
<b>Accumulated depreciation 31/12</b>	<b>-21 223 354</b>
<b>Book value as at 31/12</b>	<b>2 362 965</b>
Annual depreciation	1 830 478
Economic lifetime	4-5 years
Depreciation plan	Straight line

**Note 5 Subsidiaries**

Company	Book value	Result	Equity	Consolidated (yes/no)	Registered office	Voting % and Ownership Interest
Fearnley Securities Inc	16 179 761	-14 717 918	12 420 061	Yes	New York	100,00 %
Fearnley Business Mgmt AS	4 124 183	3 920 389	7 444 545	Yes	Oslo	100,00 %
Fearnley Real Estate AS	30 000	428 336	458 336	Yes	Oslo	100,00 %
FF Eiendomsinvest AB	84 569	-	84 569	No	Oslo	100,00 %
<b>Total subsidiaries</b>	<b>20 418 513</b>	<b>-10 969 193</b>	<b>20 407 511</b>			



**Fearnley Securities AS**

**Notes to the parent company accounts 2020**

**Note 6 Investments in shares**

	Number of shares	Booked value	Market value
Other		72 470	0
<b>Book value 31/12</b>		<b>72 470</b>	<b>0</b>

The company holds NOKm 324 million in client assets (financial instruments) with third parties, while client responsibility amounts to NOK 324 million (financial instruments).

**Note 7 Bank deposits**

NOK 4.267.795 of bank deposits are restricted tax deduction funds

NOK 286,184,348 of bank deposits are tied up as security in connection with share loans.

The company also holds NOKm 87 million in client assets (bank deposits) with third parties.

**Note 8 Share capital and shareholder information**

As at 31 December 2020, the share capital of the parent company consists of the following share classes:

	No.	Nominal value	Book
Ordinary shares	10 050	4 000	40 200 000
<b>Total</b>	<b>10 050</b>	<b>4 000</b>	<b>40 200 000</b>

Fearnley Securities AS is a wholly-owned subsidiary of Astrup Fearnley Capital Markets AS.

	A-shares	Ownership interest	Voting %
Astrup Fearnley Capital Markets AS	10 050	100,00 %	100,00 %
<b>Total</b>	<b>10 050</b>	<b>100,00 %</b>	<b>100,00 %</b>

**Note 9 Equity**

	Share capital	Share premium	Other paid-in equity	Other equity	Total retained earnings
Equity as at 01/01	40 200 000	100 000 000	10	0	140 200 010
Change in equity this year due to merger:		10 060 000	5 300 000	9 620 000	25 000 000
Annual profit				-9 172 606	-9 172 606
Group contribution paid (after tax)				-23 838 252	-23 838 252
Group contribution received (after tax)				32 810 848	32 810 848
<b>Equity as at 31/12</b>	<b>40 200 000</b>	<b>110 060 000</b>	<b>5 300 010</b>	<b>9 419 990</b>	<b>165 000 000</b>

According to general accepted accounting principles, negative "Other equity" is set off against "Other paid-in equity". "Other paid-in equity" consists of group contributions given by Astrup Fearnley AS.



## Fearnley Securities AS

### Notes to the parent company accounts 2020

#### Note 10 Defined contribution pension

The enterprise is obliged to have an occupational pension scheme under the Pension Act relating to mandatory occupational pension and has a pension scheme that satisfies the requirements in this Act.

The company's defined contribution pension scheme has been organised in accordance with the Act relating to defined benefit pensions. In 2020, the company has paid NOK 8,3 million (NOK 8,6 million in 2019) incl. Employers fee.

The company's defined contribution pension scheme comprises 64 employees.

#### Note 11 Outstanding accounts with companies within the same group, etc.

Other receivables	2020	2019
Astrup Fearnley AS	32 810 830	53 395 689
Fearnleys AS	0	0
Fearnley Offshore AS	0	24 000
Fearnley Offshore Supply AS	80 513	9 000
Fearnley Business Management AS	1 414	18 000
Fearnley Real Estate	4 455 000	
Fearnley Project Finance AS	0	490 411
<b>Total</b>	<b>37 347 757</b>	<b>53 877 300</b>

  

Other current liabilities	2020	2019
Astrup Fearnley AS	46 714 932	15 257 489
Fearnleys Japan	0	0
Fearnley Offshore AS	0	0
Fearnleys AS	0	95 047
<b>Total</b>	<b>46 714 932</b>	<b>15 352 536</b>



## Fearnley Securities AS

## Notes to the parent company accounts 2020

## Note 12 Tax costs

Annual tax costs are arrived at thus:	2020	2019
Tax payable	611 238	0
Tax on paid/received group contribution	6 723 608	-11 418 673
Change in deferred tax	-158 916	-1 013 550
Other Changes	0	-71 998
Refund on R&D investment	0	-315 223
<b>Tax cost on profit for the year</b>	<b>7 185 931</b>	<b>-12 819 444</b>

Tax payable on balance sheet	2020	2019
Tax payable on balance sheet	611 238	0
Excess / insufficient provisions previous years	0	0
Group contribution paid	0	0
<b>Tax payable on balance sheet</b>	<b>611 238</b>	<b>0</b>

Reconciliation from nominal to actual tax rate:	2020	2019
Profit before tax	-3 976 679	-78 140 425
Nominal tax rate	25,00 %	25,00 %
Anticipated income - Norwegian nominal tax rate	-894 169	-19 785 106
<b>Tax effects of:</b>		
Non-deductible costs	8 260 279	7 439 900
Income not liable for tax	-570 180	-87 017
Effect of changed tax rules	0	0
Other Changes	0	-71 998
Refund on R&D investment	0	-315 223
<b>Tax costs</b>	<b>7 185 931</b>	<b>-12 819 443</b>
Effective tax rate	-364,04 %	16,20 %

## Specification of tax effect on temporary differences and forwardable loss

Temporary differences:	2020	2019
Fixed assets	1 297 027	744 692
Net pension assets	0	0
Receivables and liabilities	2 878 199	2 878 196
Profit and loss account	-13 300	-16 626
Other temporary differences	0	0
Forwardable loss	0	0
<b>Net temporary differences</b>	<b>4 161 926</b>	<b>3 606 262</b>
Nominal tax rate	25,00 %	25,00 %
Net deferred tax obligation /asset	1 040 481	901 565
Off balance sheet tax asset	-	-
<b>Net deferred tax obligation/asset in the balance sheet</b>	<b>1 040 481</b>	<b>901 565</b>



## Fearnley Securities AS

### Notes to the parent company accounts 2020

#### Note 13 Capital adequacy (NOK 1,000)

	2020	2019
Net subordinated capital	156 027	113 796
Credit, counter-party and value loss risk	204 250	79 608
Settlement risk	455	0
Position, currency and merchandise risk (market risk)	47 108	41 281
Operational risk (standard method)	519 928	450 519
Calculation basis	771 741	571 408
Capital ratio	21 %	25 %
	2020	2019
Share capital	40 200	40 200
Premium	110 080	100 000
Other subscribed equity	0	0
Other equity	14 720	0
<b>Total core capital</b>	<b>165 000</b>	<b>140 200</b>
<b>Additional capital</b>		
Paid/received group contribution (not included in the capital adequacy)	-8 973	-26 404
Over-funding of pension obligations	0	0
<b>Total deductions</b>	<b>-8 973</b>	<b>-26 404</b>
<b>Total subordinated capital</b>	<b>156 027</b>	<b>113 796</b>

Fearnley Securities AS shall at all times have responsible capital adequacy, which is at least eight per cent of the calculation basis for credit, market and operational risk. The capital requirement has been calculated as responsible capital divided by the calculation basis.

Fearnley Securities AS' equity only consists of core capital.

Fearnley Securities AS wants to conduct its business with a low risk profile. This is reflected in low exposure limits, the product range offered, as well as the customer based. Clearly defined decision-making processes, authorisation systems and exposure limits have been established. The risk management function monitors the risk within each business area. Fearnley Securities AS is exposed to market, credit, liquidity, operational and currency risk.

Fearnley Securities AS is exposed to fluctuations in the value of proprietary trading as part of the investment services and settlement with customers. The board of directors has established internal control procedures that have been prepared to monitor financial market risk and ensure good follow-up. To facilitate settlement of transactions, in some case, Fearnley Securities AS may borrow shares or finance purchase, which helps Fearnley Securities AS to face the risk that buyer or seller does not fulfil their obligations. Settlement risk is limited as the company caters primarily for institutional customers and high net worth individuals.

Currency exposure is mainly related to settlement of customer transactions. In the Norwegian market, settlement is 1 trade date plus two business days (T+2). This may vary in foreign markets, but is mainly T+2.



**Fearnley Securities AS**

**Notes to the parent company accounts 2020**

**Note 14 Merger**

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During December 2019, it was resolved by the board of directors of Astrup Fearnley AS that Fearnley Securities and Fearnley Project Finance AS should initiate a merger, with the Fearnley Securities as the acquiring entity. The merger was approved by the boards of the two companies in January 2020, and was completed in March 2020. Fearnley Securities and Fearnley Project Finance have complementary business areas, and the merger will enable a larger combined entity where both companies' products can be distributed through a larger network. The merger was done with the use of the accounting continuity method. Shares in both companies are fully owned by Astrup Fearnley Capital Markets AS.



**Fearnley Securities Group**



**CONSOLIDATED FINANCIAL STATEMENTS 2020**

- \* **P&L Statement**
- \* **Balance Sheet**
- \* **Cash Flow Statement**
- \* **Notes**

**Fearnley Securities Group****INCOME STATEMENT - GROUP**

<b>OPERATING REVENUES AND COSTS</b>	<b>NOTE</b>	<b>2020</b>	<b>2019</b>
Brokerage and net trading		44 784 069	29 741 135
Issue and advisory activities		194 005 237	80 772 761
Own-account trading		1 296 508	172 050
Other operating revenues		37 396 796	20 718 876
<b>Total operating revenue</b>	<b>2</b>	<b>277 482 610</b>	<b>131 404 822</b>
Payroll costs	3,9	170 716 915	116 245 018
Depreciation	4	2 589 144	2 257 796
Other operating costs		88 234 001	87 133 069
<b>Total operating costs</b>		<b>261 540 060</b>	<b>205 635 883</b>
<b>Operating profit/loss</b>		<b>15 942 551</b>	<b>-74 231 062</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Interest income from group companies		13	467
Interest income		661 899	2 849 321
Other financial income		716 323	28 185
Interest costs from companies within the group		-60 743	-38 146
Interest costs		-421 801	-760 063
Other financial costs		2 259 143	-1 771 445
<b>Net financial profit</b>		<b>3 154 835</b>	<b>308 318</b>
<b>Profit/loss before tax cost</b>		<b>19 097 885</b>	<b>-73 922 743</b>
Tax costs	11	8 295 520	-12 782 234
<b>Net income/loss</b>		<b>10 801 866</b>	<b>-61 140 510</b>
<b>PROFIT/LOSS FOR THE YEAR AFTER TAX</b>		<b>10 801 866</b>	<b>-61 140 510</b>
<b>TRANSFERS</b>			
Allocated to other equity		-10 801 866	61 140 510
<b>Total transfers</b>	<b>8</b>	<b>-10 801 866</b>	<b>61 140 510</b>

**Fearnley Securities Group****BALANCE SHEET AS AT 31 DECEMBER - GROUP**

<b>ASSETS</b>	<b>NOTE</b>	<b>2020</b>	<b>2019</b>
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Deferred tax advantages	11	<u>934 605</u>	<u>858 726</u>
<b>Total intangible assets</b>		<u>934 605</u>	<u>858 726</u>
<b>Fixed assets</b>			
Inventory and office machines	4	<u>3 922 900</u>	<u>4 187 164</u>
<b>Total tangible fixed assets</b>		<u>3 922 900</u>	<u>4 187 164</u>
<b>Financial assets</b>			
Investments in shares	5	<u>1 822 470</u>	<u>-0</u>
Other long term receivables		<u>27 460 579</u>	<u>7 281 809</u>
<b>Total financial fixed assets</b>		<u>29 283 049</u>	<u>7 281 809</u>
<b>Total fixed assets</b>		<u>34 137 554</u>	<u>12 327 699</u>
<b>Current assets</b>			
<b>Receivables</b>			
Accounts receivable		<u>51 633 283</u>	<u>9 546 821</u>
Receivables from investment companies		<u>224 147 822</u>	<u>13 879 746</u>
Receivables from companies within the group	10	<u>36 363 138</u>	<u>53 877 300</u>
Other current receivables		<u>13 366 351</u>	<u>73 382 615</u>
<b>Total receivables</b>		<u>325 680 560</u>	<u>150 686 482</u>
<b>Investments</b>			
Cash and bank deposits etc.	6	<u>437 790 066</u>	<u>104 347 189</u>
<b>Total current assets</b>		<u>763 470 626</u>	<u>255 033 671</u>
<b>TOTAL ASSETS</b>		<u>779 608 180</u>	<u>267 361 370</u>

**Fearnley Securities Group****BALANCE SHEET AS AT 31 DECEMBER - GROUP**

EQUITY AND LIABILITIES	NOTE	2020	2019
<b>Equity</b>			
<b>Contributed equity</b>			
Share capital	7	40 200 000	40 200 000
Share premium		110 080 000	100 000 000
Other subscribed equity		10	10
<b>Total contributed equity</b>		<b>150 280 010</b>	<b>140 200 009</b>
<b>Retained earnings</b>			
Other equity	8	14 258 513	-19 811 352
<b>Total retained earnings</b>		<b>14 258 513</b>	<b>-19 811 352</b>
<b>Total equity</b>		<b>164 538 523</b>	<b>120 388 658</b>
<b>LIABILITIES</b>			
<b>Provision for commitments</b>			
Deferred tax	11	0	0
<b>Total provision for commitments</b>		<b>0</b>	<b>0</b>
<b>Current liabilities</b>			
Liabilities to suppliers		6 560 833	2 474 286
Deposits from customers		441 065 254	67 115 527
Loans and deposits from investment companies		17 007 702	19 967 141
Liabilities to companies within the group	10	52 025 054	15 352 535
Tax payable	11	611 238	39 806
Payable public duties		12 117 152	11 355 089
Other current liabilities		83 665 161	30 668 328
<b>Total current liabilities</b>		<b>613 052 395</b>	<b>146 972 713</b>
<b>Total liabilities</b>		<b>613 052 395</b>	<b>146 972 712</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>777 590 919</b>	<b>267 361 369</b>

Even Matre Ejlingsen

Chairman

Oslo, 31 December 2020 / 18 March 2021

Ellen Merete Hanetho

Board member

Lars Jacob Be

Board member

Rolf Johan Ringdal

Board member

John Olav Harr

Chief Executive Officer

**Fearnley Securities Group****CASH FLOW STATEMENT - GROUP**

	2020	2019
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES</b>		
Ordinary result before tax	19 097 385	-73 922 743
Ordinary depreciation	2 589 144	2 257 796
Effect of currency changes	-624 596	75 104
Change in shareholding	0	26 679 386
Changes in inter-company balances	54 206 695	-58 417 516
Changes in accounts receivable	-42 276 462	-2 631 910
Changes in trade accounts payable	4 086 548	-7 050 872
Changes in other current assets and other liability items	254 173 976	-64 555 138
<b>Net cash flow from operational activities</b>	<b>291 252 690</b>	<b>-177 565 894</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Payment for purchase of fixed assets	1	-193 988
Payment for purchase of other investments	-1 822 470	0
<b>Net cash flow from investment activities</b>	<b>-1 822 469</b>	<b>-193 988</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipt of equity	25 000 000	0
Payment of group contributions	32 810 848	0
Receipt of group contributions	-23 838 252	66 454 064
<b>Net cash flow from financing activities</b>	<b>33 972 596</b>	<b>66 454 064</b>
<b>Effects of currency rate changes on bank deposits, cash and equivalents</b>	<b>0</b>	<b>0</b>
Net change in bank deposits, cash and cash equivalents	323 402 817	-111 305 818
Bank deposits, cash and cash equivalents as at 01/01	104 347 189	215 653 007
<b>Bank deposits, cash and cash equivalents as at 31/12.</b>	<b>427 750 005</b>	<b>104 347 189</b>



**Fearnley Securities Group**

**NOTES TO THE GROUP ACCOUNTS 2020**

**Note 1 Accounting principles**

The accounts have been prepared in accordance with the provisions of the Accounting Act. The accounting principles are described below:

*Revenue recognition*

Income is entered into the accounts when it is earned, that is to say when the demand for payment occurs. This occurs when the service is performed. Income is entered into the accounts at the value of the remuneration on the date of transaction. Brokerage income for buying and selling financial instruments is entered as income on the trading date.

*Main rule for valuing and classifying assets and liabilities*

Assets intended for long term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that are to be repaid within a year are classified as current assets. Corresponding criteria are used as the basis for classifying current and non-current liabilities.

Fixed assets are valued at original cost, but impaired to fair value if the decrease in value is expected to be other than transitory. Fixed assets with a limited economic life are systematically depreciated.

Current assets are valued at the lower of acquisition cost and fair value. Current liabilities are posted to the balance sheet at their nominal value at the time of creation. Current liabilities are not written up to fair value as a result of a change in interest rate.

Certain items are valued according to other principles as reported below.

*Financial assets*

Financial instruments included in the trading portfolio and traded in an efficient market are valued at the fair value on the date of balance. Other financial instruments are valued at the lower of average acquisition cost and fair value on the date of balance.

*Receivables and liabilities*

Accounts receivable/receivables from investment companies and other receivables are entered at face value. Balances with clients and investment companies are present gross. Provisions for losses on claims are made on the basis of an individual assessment of each receivable. In addition, for the remaining accounts receivable a provision is made to cover anticipated losses.



## Fearnley Securities Group

### NOTES TO THE GROUP ACCOUNTS 2020

*Cash and bank deposits etc.*

Cash and bank deposits etc. include cash, bank deposits and other liquid assets with a due date less than three months from acquisition. Client funds are not included in the balance sheet.

*Pensions*

Defined contribution plans are accrued according to the matching principle. Contributions for the year to the pension scheme are expensed.

*Taxes*

Tax costs are matched with the profit before tax. Tax in respect of equity transactions, such as group contributions, is entered against equity.

Tax costs consist of tax payable (tax on the year's direct taxable income) and change in net deferred tax. Deferred tax and deferred tax assets are presented net on the balance sheet.

*Foreign currency*

Monetary items in foreign currencies are valued at the exchange rate on the date of balance.

**Note 2 Operating Income**

	2020	2019
Brokerage and net trading	44 784 069	29 741 135
Issue and advisory activities	194 005 237	80 772 761
Own-account trading	1 296 508	172 050
Other operating revenues	37 396 796	20 718 876
<b>Total</b>	<b>277 482 610</b>	<b>131 404 822</b>
<b>Per geographic market:</b>		
Norway	268 081 881	122 372 762
USA	9 400 729	9 032 060
<b>Total</b>	<b>277 482 610</b>	<b>131 404 822</b>



## Fearnley Securities Group

### NOTES TO THE GROUP ACCOUNTS 2020

#### Note 3 Payroll costs, number of employees, remuneration, loans to employees etc.

	2020	2019
Salaries and holiday pay	142 294 524	88 906 202
Employer's contribution/ financial tax	16 574 256	16 310 568
Pension costs	9 932 403	8 663 238
Other benefits	1 915 732	2 465 011
<b>Total</b>	<b>170 716 915</b>	<b>116 345 018</b>

Average employment (full time equivalents) 84,8 70,0

	2020	2019
<b>Remuneration to CEO</b>		
Remuneration to previous CEO	2 916 667	4 885 189
Other remuneration to the previous CEO	534 600	3 636
Remuneration to new CEO	2 321 871	2 720 726
Other remuneration to the new CEO	0	378 998
<b>Total</b>	<b>5 773 138</b>	<b>7 988 549</b>

#### The Board of Directors

NOK 600,000 has been expensed as fees to the board of directors in 2020 and NOK 375,000 in 2019.

#### Auditor

Remuneration to Deloitte AS and cooperating companies is divided as follows:

	2020	2019
Statutory audit	636 950	483 200
Other certification services	100 100	100 250
Tax advice	0	0
<b>Total</b>	<b>737 050</b>	<b>583 450</b>

Remuneration to auditor is presented without VAT

#### Determining management salaries at Fearnley Securities AS

Fearnley Securities AS' remuneration policy shall be aligned with the company's business strategy and shall at all times be consistent with its risk tolerance and long-term interests as these are defined in the company's policy and guidelines for risk management and internal control. The company's remuneration policy also follows the legislative requirements defined by the remuneration scheme for specifically identified staff such as senior executives, employees with responsibilities of significant importance for the company's risk exposure, employees with supervisory duties and employee representatives.

Employees are paid in accordance with individual contracts of employment. Fearnley Securities has established certain main principles for the company's remuneration strategy.

These principles generally apply, but will have different applications in the different remuneration schemes, business areas and job categories. Fearnley Securities have strong focus on certain common values and business principles. These values are of such fundamental importance for the company's business that compliance and contribution to the values and business principles are an integrated part of the company's compensation scheme. Fearnley Securities value extraordinary individual performance, but have an overall focus on team orientation. One profit center and one team is basis for our compensation principles.

The company's remuneration scheme currently consists of the following main elements; fixed remuneration, variable remuneration, pension and insurance schemes, benefits and expenditure allowance.



Fearnley Securities Group

NOTES TO THE GROUP ACCOUNTS 2020

The Company's CEO appoints an Executive Committee. The remuneration to the Executive Committee is based on the same basic principles for remuneration that is applied to all employees of the Group.

General principles for the allocation of variable compensation are decided by the Board of Directors after recommendations from the Compensation Committee. The preliminary variable compensation is resolved by the Executive Committee and finally decided by the CEO. Variable compensation to individual members of the Executive Committee is decided by the CEO after taking advice from the Compensation Committee. The compensation of the CEO is proposed by the Compensation Committee and approved by the Board of Directors. Members of Executive Committee are all defined as specifically identified staff. Variable compensation to specifically identified staff is subject to various deferral mechanisms consistent with applicable rules and regulations. In 2020, specifically identified staff had a combined fixed remuneration in accordance with contracts of employment of NOK 19,537,849. For 2020, NOK 4,275,465,- were paid for the combined variable remuneration for specifically identified staff.

The CEO and members of the Executive Committee participate in pension schemes according to the same conditions as other partners and employees.

Note 4 Fixed assets

	Inventory, office and computer equipment
Purchase price 01/01	26 050 704
Disposal/scrapped	0
Impairment	0
Acquisitions, bought fixed assets	0
Purchase price 31/12	26 050 704
Accumulated depreciation 31/12	-22 127 805
Book value as at 31/12	3 922 900
Annual depreciation	2 589 144
Economic lifetime	4 years
Depreciation plan	Straight line

Note 5 Investments in shares

	Number of shares	Booked value	Market value
		0	0
Other		1 822 470	0
Book value 31/12		1 822 470	0

The group holds NOKm 324 million in client assets (financial instruments) with third parties, while client responsibility amounts to NOKm 324 million (financial instruments).



**Fearnley Securities Group**

**NOTES TO THE GROUP ACCOUNTS 2020**

**Note 6 Bank deposits**

NOK 4,740,177 of bank deposits are restricted tax deduction funds

NOKn 288,184,348 of bank deposits are tied up as security in connection with share loans.

The group also holds NOK 87 million in client assets (bank deposits) with third parties.

**Note 7 Share capital and shareholder information**

As at 31 December 2020, the share capital of the parent company consists of the following share classes.

	Number	Nominal amount	Carrying value
Ordinary shares	10 050	4 000	40 200 000
<b>Total</b>	<b>10 050</b>	<b>4 000</b>	<b>40 200 000</b>

Fearnley Securities AS is a wholly-owned subsidiary of Astrup Fearnley Capital Markets AS

	Number	Ownership share	Voting share
Astrup Fearnley Capital Markets AS	10 050	100,00 %	100,00 %
<b>Total</b>	<b>10 050</b>	<b>100,00 %</b>	<b>100,00 %</b>

**Note 8 Equity**

	Share capital	Share premium	Other equity	Total retained earnings
Equity as at 01/01	40 200 000	100 000 000	-19 811 342	120 388 658
Change in equity this year due to merger:		10 080 000	14 920 000	25 000 000
Annual profit			10 801 866	10 801 866
Other changes			-624 597	-624 597
Group contribution paid (after tax)			-23 838 252	-23 838 252
Group contribution received (after tax)			32 810 848	32 810 848
<b>Egenkapital 31.12.</b>	<b>40 200 000</b>	<b>110 080 000</b>	<b>14 256 523</b>	<b>164 536 523</b>



**Fearnley Securities Group**

**NOTES TO THE GROUP ACCOUNTS 2020**

**Note 9 Defined contribution pension**

The enterprise is obliged to have an occupational pension scheme under the Act relating to mandatory occupational pension and has a pension scheme that satisfies the requirements in this Act.

The group's defined contribution pension scheme has been organised in accordance with the Act relating to defined benefit pensions. In 2020, the company has paid NOK 9.9 million (NOK 8.6 million in 2019) incl. Employers fee.

The company's defined contribution pension scheme comprises 86 employees.

**Note 10 Outstanding accounts with companies within the same group, etc.**

<b>Other receivables</b>	<b>2020</b>	<b>2019</b>
Astrup Fearnley AS	36 261 196	53 335 889
Fearnley Offshore AS	0	24 000
Fearnley Offshore Supply AS	80 513	9 000
Fearnley Business Management AS	0	18 000
Fearnley Project Finance AS	0	490 411
<b>Total</b>	<b>36 341 709</b>	<b>53 877 300</b>

  

<b>Other current liabilities</b>	<b>2020</b>	<b>2019</b>
Astrup Fearnley AS	52 023 639	15 257 489
Fearnleys AS	0	95 047
<b>Total</b>	<b>52 023 639</b>	<b>15 352 536</b>



Fearnley Securities Group

NOTES TO THE GROUP ACCOUNTS 2020

Note 11 Tax costs

Annual tax costs are arrived at thus:	2020	2019
Tax payable	611 238	39 806
Tax on paid group contribution	7 745 010	-11 418 673
Change in deferred tax	-59 616	-1 013 550
Refund on R&D investment	0	-315 223
Other changes	-7 115	-74 594
<b>Tax cost on profit for the year</b>	<b>8 295 520</b>	<b>-12 782 234</b>

Break down of tax cost between Norway and abroad:

	Norway		Abroad	
	2020	2019	2020	2019
Tax costs	7 195 931	-12 819 444	-7 996	37 210

Tax payable on balance sheet	2020	2019
Tax payable on balance sheet	611 238	39 806
Excess / insufficient provisions previous years	0	0
Group contribution paid	0	0
<b>Tax payable on balance sheet</b>	<b>611 238</b>	<b>39 806</b>

Reconciliation from nominal to actual tax rate:	2020	2019
Profit before tax	19 687 385	-73 922 743
Nominal tax rate	25,00%	25,00%
Anticipated income - Norwegian nominal tax rate	4 774 346	-18 480 686
<b>Tax effects of:</b>		
Non-deductible costs	568 902	977 203
Income not liable for tax	-570 180	-87 016
Differences in tax rates inside Norway	-151 032	0
Differences in tax rates outside Norway	3 673 482	5 195 486
Refund on R&D investment	0	-315 223
Other Changes	0	-71 998
<b>Tax costs</b>	<b>8 295 520</b>	<b>-12 782 234</b>
Effective tax rate	43,44%	17,29%

Specification of tax effect on temporary differences and forwardable loss

Temporary differences - parent:	2020	2019
Fixed assets	1 297 027	701 116
Receivables and liabilities	2 877 980	2 877 977
Profit and loss account	-13 900	-16 626
Forwardable loss	0	0
<b>Net temporary differences</b>	<b>4 161 707</b>	<b>3 562 467</b>
Nominal tax rate	25,00%	25,00%
Net deferred tax obligation /asset	1 040 427	890 617
Off balance sheet tax asset	0	0
<b>Net deferred tax asset in the balance sheet</b>	<b>1 040 427</b>	<b>890 617</b>

Temporary differences - subsidiary:	2020	2019
Net temporary differences	-423 288	-127 563
<b>Net deferred tax obligation in the balance sheet</b>	<b>-105 822</b>	<b>-31 891</b>



Fearnley Securities Group

NOTES TO THE GROUP ACCOUNTS 2020

Note 12 Capital adequacy (NOK 1,000)

	2020	2019
<b>Net subordinated capital</b>	<b>155 566</b>	<b>93 985</b>
Credit, counter-party and value loss risk	188 278	48 275
Settlement risk	455	0
Position, currency and merchandise risk (market risk)	39 619	22 450
Operational risk (standard method)	603 531	493 472
Calculation basis	831 883	564 197
Capital ratio	20 %	21 %
	2020	2019
Share capital	40 200	40 200
Premium	110 080	100 000
Other subscribed equity	0	0
Other equity	14 259	-19 811
<b>Total core capital</b>	<b>164 539</b>	<b>120 389</b>
Additional capital	0	0
Paid/received group contribution (not included in the capital adequacy)	-8 973	-26 404
Over-funding of pension obligations		0
<b>Total deductions</b>	<b>-8 973</b>	<b>-26 404</b>
<b>Total subordinated capital</b>	<b>155 566</b>	<b>93 985</b>

Fearnley Securities AS shall at all times have responsible capital adequacy, which is at least eight per cent of the calculation basis for credit, market and operational risk. The capital requirement has been calculated as responsible capital divided by the calculation basis.

Fearnley Securities AS' equity only consists of core capital.

Fearnley Securities AS wants to conduct its business with a low risk profile. This is reflected in low exposure limits, the product range offered, as well as the customer based. Clearly defined decision-making processes, authorisation systems and exposure limits have been established. The risk management function monitors the risk within each business area. Fearnley Securities AS is exposed to market, credit, liquidity, operational and currency risk.

Fearnley Securities AS is exposed to fluctuations in the value of proprietary trading as part of the investment services and settlement with customers. The board of directors has established internal control procedures that have been prepared to monitor financial market risk and ensure good follow-up. To facilitate settlement of transactions, in some case, Fearnley Securities AS may borrow shares or finance purchase, which helps Fearnley Securities AS to face the risk that buyer or seller does not fulfil their obligations. Settlement risk is limited as the company caters primarily for institutional customers and high net worth individuals.

Currency exposure is mainly related to settlement of customer transactions.



## Fearnley Securities Group

### NOTES TO THE GROUP ACCOUNTS 2020

#### Note 13 Country-by-country report

	Norway	USA	Total
Revenues	268 081 881	9 400 729	277 482 610
Pre-tax income/loss	33 823 298	-14 725 914	19 097 385
Tax cost/income	8 303 516	-7 996	8 295 520
Other operating revenues	48 135 896	-10 739 100	37 396 796
Average FTE	80	5	85

The Group consist of 4 companies: Fearnley Securities AS (Norway), Fearnley Securities Inc (USA), Fearnley Real Estate AS, Fearnley Business Management AS and Fearnley Maritime Services AS. In 2020 the group did not receive any public subsidies during 2020

#### Note 14 Merger

During December 2019, it was resolved by the board of directors of Astrup Fearnley AS that Fearnley Securities and Fearnley Project Finance AS should initiate a merger, with the Fearnley Securities as the acquiring entity. The merger was approved by the boards of the two companies in January 2020, and was completed in March 2020. Fearnley Securities and Fearnley Project Finance have complimentary business areas, and the merger will enable a larger combined entity where both companies' products can be distributed through a larger network. The merger was done with the use of the accounting continuity method. Shares in both companies are fully owned by Astrup Fearnley Capital Markets AS. Due to the merger the group was also expanded with the subsidiaries of Fearnley Project Finance AS, this including Fearnley Business Management AS, Fearnley Real Estate AS and Fearnley Maritime Services AS.