



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

| | |
|----------------------|---------------------------------|
| Organisasjonsnummer: | 910 310 895 |
| Organisasjonsform: | Aksjeselskap |
| Foretaksnavn: | FJORD LINE AS |
| Forretningsadresse: | Elganeveien 1 4373 EGRERSUND |

Regnskapsår

| | |
|-------------------------|-------------------------|
| Årsregnskapets periode: | 01.01.2020 - 31.12.2020 |
|-------------------------|-------------------------|

Konsern

| | |
|---------------------------|----|
| Mørselskap i konsern: | Ja |
| Konsernregnskap lagt ved: | Ja |

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

| | |
|--|---------------|
| Bekreftet av representant for selskapet: | Peter Frølich |
| Dato for fastsettelse av årsregnskapet: | 28.04.2021 |

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, 18.08.2022



Resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---|-------------|---------------------|----------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Sales revenues | 13, 16 | 672 565 000 | 1 583 417 000 |
| Other operating income | 13 | 34 819 000 | 35 036 000 |
| Salgsinntekt | | | 0 |
| Sum inntekter | | 707 384 000 | 1 618 453 000 |
| Kostnader | | | |
| Cost of goods | | 123 186 000 | 371 196 000 |
| Wage costs | 17 | 80 701 000 | 98 906 000 |
| Depreciation of property, plant and equipment and intangible assets | 1, 2 | 12 827 000 | 9 966 000 |
| Nedskrivning av varige driftsmidler og immaterielle eiendeler | 1 | 14 724 000 | 0 |
| Other operating expenses | 3, 6, 7, 17 | 659 036 000 | 996 704 000 |
| Sum kostnader | | 890 474 000 | 1 476 772 000 |
| Driftsresultat | | -183 090 000 | 141 681 000 |
| Finansinntekter og finanskostnader | | | |
| Annen renteinntekt | 11, 18 | 107 742 000 | 105 421 000 |
| Sum finansinntekter | | 107 742 000 | 105 421 000 |
| Annen rentekostnad | 16, 18 | 97 039 000 | 83 765 000 |
| Other financial expenses | 9, 16 | 27 537 000 | 9 907 000 |
| Intergroup guarantee expense | 18 | 22 590 000 | 22 077 000 |
| Sum finanskostnader | | 147 166 000 | 115 749 000 |
| Netto finans | | -39 424 000 | -10 328 000 |
| Ordinært resultat før skattekostnad | | -222 514 000 | 131 353 000 |
| Tax expense on ordinary result | 15 | -48 690 000 | 62 330 000 |
| Ordinært resultat etter skattekostnad | | -173 824 000 | 69 023 000 |
| Årsresultat | | -173 824 000 | 69 023 000 |



Resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|--|-------------|---------------------|--------------------|
| Overføringer og disponeringer | | | |
| Transferred to other equity/uncovered loss | | -173 824 000 | 193 681 000 |
| Sum overføringer og disponeringer | | -173 824 000 | 193 681 000 |



Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|--|--------|----------------------|----------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| WEB-project, concept development etc. | 1 | 100 942 000 | 79 550 000 |
| Utsatt skattefordel | 15 | 289 020 000 | 240 330 000 |
| Sum immaterielle eiendeler | | 389 962 000 | 319 880 000 |
| Varige driftsmidler | | | |
| Land plots | | 835 000 | 835 000 |
| Building and plants | 2 | 17 448 000 | 9 561 000 |
| Movables, equipment, improvements ships etc. | 2 | 112 000 | 180 000 |
| Sum varige driftsmidler | | 18 395 000 | 10 576 000 |
| Finansielle anleggsmidler | | | |
| Investering i datterselskap | 4 | 992 441 000 | 992 441 000 |
| Lån til foretak i samme konsern | 11, 18 | 2 024 844 000 | 1 925 653 000 |
| Other investments | 5 | 80 000 | 80 000 |
| Sum finansielle anleggsmidler | | 3 017 365 000 | 2 918 174 000 |
| Sum anleggsmidler | | 3 425 722 000 | 3 248 630 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Inventory | 6 | 20 697 000 | 32 696 000 |
| Sum varer | | 20 697 000 | 32 696 000 |
| Fordringer | | | |
| Trade receivables | 7 | 15 440 000 | 33 095 000 |
| Intergroup balances | 11 | 7 970 000 | 1 828 000 |
| Other current receivables | 8 | 145 738 000 | 24 866 000 |
| Sum fordringer | | 169 148 000 | 59 789 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Bank deposit, cash etc. | 10 | 2 709 000 | 83 425 000 |
| Sum bankinnskudd, kontanter og lignende | | 2 709 000 | 83 425 000 |



Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|--|--------|----------------------|----------------------|
| Sum omløpsmidler | | 192 554 000 | 175 910 000 |
| SUM EIENDELER | | 3 618 276 000 | 3 424 540 000 |
| BALANSE - EGENKAPITAL OG GJELD | | | |
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Share capital | 12, 13 | 544 312 000 | 519 107 000 |
| Beholdning av egne aksjer | 12 | -109 000 | -109 000 |
| Overkurs | 12 | 203 432 000 | 178 227 000 |
| Sum innskutt egenkapital | | 747 635 000 | 697 225 000 |
| Opptjent egenkapital | | | |
| Other equity/Uncovered loss | 12 | 7 089 000 | 180 913 000 |
| Sum opptjent egenkapital | | 7 089 000 | 180 913 000 |
| Sum egenkapital | | 754 724 000 | 878 138 000 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Pensjonsforpliktelser | 17 | 3 283 000 | 2 790 000 |
| Financial leasing | 16 | 11 074 000 | 4 032 000 |
| Received, not recognised contribution | 19 | 83 064 000 | 87 359 000 |
| Sum avsetninger for forpliktelser | | 97 421 000 | 94 181 000 |
| Annen langsiktig gjeld | | | |
| Gjeld til kredittinstitusjoner | 16 | 2 432 052 000 | 2 171 206 000 |
| Sum annen langsiktig gjeld | | 2 432 052 000 | 2 171 206 000 |
| Sum langsiktig gjeld | | 2 529 473 000 | 2 265 387 000 |
| Kortsiktig gjeld | | | |
| Current debt to credit institutions | 16 | 71 705 000 | 0 |
| Leverandørgjeld | | 21 059 000 | 158 870 000 |
| Tax payable | 15 | 0 | 0 |
| Public duties owing | | 4 391 000 | 6 818 000 |
| Kortsiktig konserngjeld | 11, 16 | 134 864 000 | 69 928 000 |



Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---------------------------------|-------------|----------------------|----------------------|
| Other current liabilities | 16 | 102 062 000 | 45 399 000 |
| Sum kortsiktig gjeld | | 334 081 000 | 281 015 000 |
| Sum gjeld | | 2 863 554 000 | 2 546 402 000 |
| SUM EGENKAPITAL OG GJELD | | 3 618 278 000 | 3 424 540 000 |



Konsernets resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---|-------------|---------------------|----------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Sales revenues | 13, 16 | 675 031 000 | 1 583 417 000 |
| Other operating income | 13 | 29 807 000 | 29 567 000 |
| Other gains/losses (net) | 13 | 23 734 000 | 0 |
| Sum inntekter | | 728 572 000 | 1 612 984 000 |
| Kostnader | | | |
| Cost of goods | | 121 073 000 | 371 196 000 |
| Wage costs | 14 | 309 003 000 | 387 208 000 |
| Depreciation of property, plant and equipment and intangible assets | 1, 2 | 262 029 000 | 235 241 000 |
| Nedskrivning av varige driftsmidler og immaterielle eiendeler | 2 | 14 724 000 | 0 |
| Other operating expenses | 5, 6, 14 | 67 308 000 | 429 678 000 |
| Sum kostnader | | 774 137 000 | 1 423 323 000 |
| Driftsresultat | | -45 565 000 | 189 661 000 |
| Finansinntekter og finanskostnader | | | |
| Income from investment in associated company | 3 | 0 | -720 000 |
| Annen renteinntekt | | 2 861 000 | 8 159 000 |
| Other financial income | 3 | 2 011 000 | 0 |
| Sum finansinntekter | | 4 872 000 | 7 439 000 |
| Annen rentekostnad | 12 | 100 357 000 | 84 412 000 |
| Other financial expenses | 3 | 0 | 33 847 000 |
| Sum finanskostnader | | 100 357 000 | 118 259 000 |
| Netto finans | | -95 485 000 | -110 820 000 |
| Ordinært resultat før skattekostnad | | -141 050 000 | 78 841 000 |
| Tax expense on ordinary result | 11 | -48 991 000 | -61 241 000 |
| Ordinært resultat etter skattekostnad | | -92 059 000 | 140 082 000 |
| Årsresultat | | -92 059 000 | 140 082 000 |



Konsernets resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---------------------|-------------|-------------|-------------|
|---------------------|-------------|-------------|-------------|



Konsernets balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|--|-------|----------------------|----------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Other intangible asset | 1 | 90 653 000 | 79 550 000 |
| Utsatt skattefordel | 11 | 327 236 000 | 275 430 000 |
| Sum immaterielle eiendeler | | 417 889 000 | 354 980 000 |
| Varige driftsmidler | | | |
| Buildings, plants etc. | 2 | 119 222 000 | 65 962 000 |
| Ships | 2, 18 | 2 851 183 000 | 2 879 399 000 |
| Prepayment ships | 2 | 263 467 000 | 234 714 000 |
| Right of use assets | 2 | 33 830 000 | 30 146 000 |
| Sum varige driftsmidler | | 3 267 702 000 | 3 210 221 000 |
| Finansielle anleggsmidler | | | |
| Investeringer i tilknyttet selskap | 4 | 0 | 10 036 000 |
| Other investments | 4 | 80 000 | 80 000 |
| Derivatives | 17 | 0 | 208 000 |
| Other non current receivables | | 0 | 9 900 000 |
| Sum finansielle anleggsmidler | | 80 000 | 20 224 000 |
| Sum anleggsmidler | | 3 685 671 000 | 3 585 425 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Inventories | 5 | 21 409 000 | 33 534 000 |
| Sum varer | | 21 409 000 | 33 534 000 |
| Fordringer | | | |
| Trade receivables | 6 | 15 573 000 | 33 298 000 |
| Other current receivables | 7, 16 | 155 073 000 | 37 453 000 |
| Derivatives | 17 | 4 500 000 | 146 000 |
| Sum fordringer | | 175 146 000 | 70 897 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Bank deposit, cash etc. | 8 | 152 606 000 | 126 013 000 |



Konsernets balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|------|----------------------|----------------------|
| Sum bankinnskudd, kontanter og lignende | | 152 606 000 | 126 013 000 |
| Sum omløpsmidler | | 349 161 000 | 230 444 000 |
| SUM EIENDELER | | 4 034 832 000 | 3 815 869 000 |

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

| | | | |
|---------------------------------|-------|--------------------|--------------------|
| Share capital | 9, 10 | 544 312 000 | 519 107 000 |
| Beholdning av egne aksjer | 9 | -109 000 | -109 000 |
| Overkurs | 9 | 203 432 000 | 178 227 000 |
| Sum innskutt egenkapital | | 747 635 000 | 697 225 000 |

Opptjent egenkapital

| | | | |
|---------------------------------|---|--------------------|--------------------|
| Other equity | 9 | 464 197 000 | 491 912 000 |
| Sum opptjent egenkapital | | 464 197 000 | 491 912 000 |

| | | | |
|------------------------|--|----------------------|----------------------|
| Sum egenkapital | | 1 211 832 000 | 1 189 137 000 |
|------------------------|--|----------------------|----------------------|

Gjeld

Langsiktig gjeld

| | | | |
|--|-------|--------------------|--------------------|
| Pensjonsforpliktelser | 14 | 3 283 000 | 2 790 000 |
| Utsatt skatt | | 751 000 | 0 |
| Lesasing liability | 2, 12 | 65 232 000 | 46 711 000 |
| Derivatives | 17 | 60 416 000 | 74 416 000 |
| Sum avsetninger for forpliktelser | | 129 682 000 | 123 917 000 |

Annen langsiktig gjeld

| | | | |
|-----------------------------------|----|----------------------|----------------------|
| Gjeld til kredittinstitusjoner | 12 | 2 460 158 000 | 1 941 834 000 |
| Sum annen langsiktig gjeld | | 2 460 158 000 | 1 941 834 000 |

| | | | |
|-----------------------------|--|----------------------|----------------------|
| Sum langsiktig gjeld | | 2 589 840 000 | 2 065 751 000 |
|-----------------------------|--|----------------------|----------------------|

Kortsiktig gjeld

| | | | |
|---|----|------------|-------------|
| Current portion of non-current liabilities to credit institutions | 12 | 7 989 000 | 245 412 000 |
| Leverandørgjeld | | 32 259 000 | 129 497 000 |



Konsernets balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---------------------------------|-------------|----------------------|----------------------|
| Tax payable | 12 | 0 | 714 000 |
| Public duties owing | | 4 391 000 | 6 818 000 |
| Other current liabilities | 15 | 150 102 000 | 161 082 000 |
| Derivatives | 17 | 38 418 000 | 17 459 000 |
| Sum kortsiktig gjeld | | 233 159 000 | 560 982 000 |
| Sum gjeld | | 2 822 999 000 | 2 626 733 000 |
| SUM EGENKAPITAL OG GJELD | | 4 034 831 000 | 3 815 870 000 |



Skatteetaten

| | | |
|-------------------------------|-------------------------------|--|
| Vår dato 09.01.2020 | Din/Deres dato 11.11.2019 | Saksbehandler Lars Waailorp |
| 800 80 000 Skatteetaten.no | Din/Deres referanse | Telefon 32212244 |
| Org.nr 974761076 | Vår referanse 2019/6697039 | Postadresse Postboks 9200 Grønland 0134 OSLO |

FJORD LINE AS
Postboks 513
4379 EGRSUND

Att. Rickard Ternblom

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Fjord Line AS, org.nr. 910 310 895

Vi viser til deres brev av 11. november 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Fjord Line AS. Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Fjord Line AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Fjord Line AS er hovedsakelig eid av profesjonelle/institusjonelle investorer. Selskapet driver rederivirksomhet knyttet til innenriks og utenriks person- og godstransport. Selskapet har både utenlandske og norske kunder og leverandører. Selskapet har en gradvis konvertering av internt forretningsspråk til engelsk. Ved fornyelse av tonnasje stilles det krav fra utenlandske verft om årsregnskap og årsberetning på engelsk.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives,



f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet hovedsakelig er eid av profesjonelle/institusjonelle investorer. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



KPMG AS
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Postboks 57
4064 Stavanger

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Fax
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Enterprise 935 174 627 MVA

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 |
| Åta | Finnsnes | Molde | Straume |
| Arendal | Hamar | Skien | Tromsø |
| Bergen | Haugesund | Sandefjord | Trondheim |
| Bodo | Knaarvik | Sandnessjøen | Tynset |
| Drammen | Kristiansand | Stavanger | Ålesund |



Fjord Line AS

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



Fjord Line AS

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



Report from the Board of Directors

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 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.



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 % and 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.

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.

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 minimize 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 through 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

Heidi Nag Flikka
Board Member

Kaj Fredriksen
Board Member

Frode Teigen
Board Member

Brian Thorsted Hansen
Managing Director

**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 | |
| 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 31.12.2020 Simplified IFRS | Group 31.12.2019 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 |



Consolidated balance sheet (1,000 NOK)

| EQUITY AND LIABILITIES | Note | Group 31.12.2020 Simplified IFRS | Group 31.12.2019 Simplified IFRS |
|---|-------------|---|---|
| EQUITY | | | |
| 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 | - |
| 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

Frode Teigen
Board Member

Kristian Eikre
Board Member

Brian Thorsted Hansen
Managing Director

Kaj Frederiksen
Board Member

Kristian Faines
Board Member

Heidi Nag Flikka
Board Member



Cash flow statement - group (TNOK)

| | 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 |



Accounting policies - Fjord Line 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 route 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 hyper-inflationary 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.



Note 1 Intangible assets – group

(Figures in the table 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 |
| 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 | | 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 the table 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 equipment 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-Stromstad 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 Stromstad 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:

| | 2020 | 2019 |
|---|---------------|---------------|
| Other financial income | | |
| Foreign exchange gains, intergroup receivables | 22 | |
| Foreign exchange gains, loan in Euro/DKK | 23 831 | 17 951 |
| Other foreign exchange gains | 22 182 | |
| Other financial income | 6 417 | |
| Total | 52 452 | 17 951 |
| Other financial expenses | | |
| Foreign exchange loss, including loan in Euro/DKK | | 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 making. 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 2,5 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)

| | 2020 | 2019 |
|---|----------------|---------------|
| Other receivables | | |
| 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 | 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% |
| Kontrazi 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% |
| Kontrazi 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 acornals | -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 | | -92 405 |
| Tax recognized through other comprehensive income | -15 018 | 17 449 |
| 25% (27%) of not taxable income foreign subsidiaries etc. | | |
| Impact of changed tax rate in Norway | | 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 in 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 instalment | 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 |
| 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 entirety 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. note 20 | 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 recognised in the income statement with TNOK 23.734.

Note 14 Wage costs, number of employees, remunerations, loans to employees etc. - group

(Figures in table below in TNOK)

| | 2020 | 2019 |
|--|----------------|----------------|
| Wage costs | | |
| 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 guarantee 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 other 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 TNOK)

| | 2020 | 2019 |
|--|----------------|----------------|
| Other current liabilities per 31.12: | | |
| Incurring costs regarding wages/pay etc. (Denmark) | 29 308 | 42 193 |
| Prepayment from customers | 75 106 | 70 771 |
| Incurring 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-labile 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) Marine Gas
- 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 expenses".

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 hedge 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.



Fjord Line AS - 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 |

**Fjord Line AS - Balance sheet per 31 December
(1,000 NOK)**

| ASSETS | Note | Parent company 31.12.2020 NGAAP | Parent company 31.12.2019 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 assets | | | |
| 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 |

**Fjord Line - Balance sheet per 31 December
(1,000 NOK)**

| EQUITY AND LIABILITIES | Note | Parent company 31.12.2020 NGAAP | Parent company 31.12.2019 NGAAP |
|---|-------------|--|--|
| EQUITY | | | |
| 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 BoardKaj Frederiksen
Board MemberFrode Teigen
Board MemberKristian Falnes
Board MemberKristian Eikre
Board MemberHeidi Nag Flikka
Board MemberBrian Thorsted Hansen
Managing Director



Cash flow statement - parent company (TNOK)

| | 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 accruals, 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 | |
| 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 obsolescence.

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 underlying 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.



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 | | -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 | | | -2 244 | | -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 | Expensed lease |
|----------------------------------|----------------|----------------|
| | 2020 | 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 Sorlandet 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)

| | 2020 | 2019 |
|---|---------------|---------------|
| Inventories | | |
| 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 2,5 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 |
| 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)

| | 2020 | 2019 |
|--|----------------|---------------|
| Other receivables | | |
| 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:

| | 2020 | 2019 |
|--|---------------|---------------|
| Other financial income | | |
| Foreign exchange gain, intergroup loan, cf. note 11 | | 17 951 |
| Foreign exchange gain related to non-current foreign exchange loan | | |
| Other foreign exchange gain | 19 666 | 6 447 |
| Other financial income | 79 | 125 |
| Total | 19 745 | 24 524 |
| Other financial expenses | | |
| 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 - 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 | | 25 205 | | 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 | | -100 | | | -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)

| | 2020 | 2019 |
|--|----------------|------------------|
| Operating income distributed on income area | | |
| 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 20 | 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

| | 31.12.2019 | 31.12.2020 | Change |
|--|-------------------|-------------------|----------------|
| Temporary differences | | | |
| 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:

| | 2020 | 2019 |
|--|-----------------|----------|
| Taxable result | | |
| 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 equity | 0 | 0 |
| Application of carry forward loss | 0 | -128 258 |
| Taxable result | -221 939 | 0 |

| | 2020 | 2019 |
|--|----------------|----------------|
| Reconciliation of tax expense | | |
| 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 |

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



Note 16 Liabilities - parent company

(The figures in the table below is in TNOK)

| | 2020 | 2019 |
|---|------------------|------------------|
| Non-current interest bearing debt per 31.12. | | |
| 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. | | |
| Debt to credit institutions (overdraft facilities) | 71 705 | 0 |
| Other current interest 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 an additional agreement that in the event of a default of debt, will EFIC seek full coverage from Austal before they can seek coverage of the debt from Fjord Line AS. This results in Fjord Line considering the significant risk of the debt as transferred 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 of employees, remunerations, pension etc. - parent company

(Figures in table below 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 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-labile 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.