



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 910 411 616
Organisasjonsform: Aksjeselskap
Foretaksnavn: NORWEGIAN CAR CARRIERS AS
Forretningsadresse: Drammensveien 167
0277 OSLO

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: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Erik Rønning
Dato for fastsettelse av årsregnskapet: 16.06.2021

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, 17.06.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		1 514 335	1 706 478
Sum inntekter		1 514 335	1 706 478
Kostnader			
Lønnskostnad	8,10	1 722 293	1 841 289
Avskrivning på varige driftsmidler og immaterielle eiendeler	3	16 650	16 497
Annen driftskostnad		327 036	461 952
Sum kostnader		2 065 979	2 319 738
Driftsresultat		-551 644	-613 260
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		1 929 500	1 929 500
Renteinntekt fra foretak i samme konsern		963 188	979 080
Annen renteinntekt		2 438	10 874
Annen finansinntekt		148 770	588 702
Sum finansinntekter		3 043 896	3 508 153
Nedskrivning av finansielle eiendeler		34 881 386	5 247 820
Annen rentekostnad			21
Annen finanskostnad		163 219	585 541
Sum finanskostnader		35 044 605	5 833 382
Netto finans		-32 000 709	-2 325 227
Ordinært resultat før skattekostnad		-32 552 353	-2 938 487
Skattekostnad på ordinært resultat	9		
Ordinært resultat etter skattekostnad		-32 552 353	-2 938 487
Årsresultat		-32 552 353	-2 938 487
Totalresultat		-32 552 353	-2 938 487



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	3	85 871	55 229
Sum varige driftsmidler		85 871	55 229
Finansielle anleggsmidler			
Investering i datterselskap	4	74 921 592	105 702 683
Lån til foretak i samme konsern	12	8 040 813	8 040 813
Investeringer i aksjer og andeler		183	183
Sum finansielle anleggsmidler		82 962 588	113 743 679
Sum anleggsmidler		83 048 459	113 798 908
Omløpsmidler			
Varer			
Sum varer		0	0
Fordringer			
Andre fordringer	5	45 694	29 763
Konsernfordringer	12	12 057 587	9 337 125
Sum fordringer		12 103 281	9 366 888
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	809 548	792 834
Sum bankinnskudd, kontanter og lignende		809 548	792 834
Sum omløpsmidler		12 912 829	10 159 722
SUM EIENDELER		95 961 288	123 958 630



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	7	132 219 762	129 972 435
Overkurs		35 964 893	34 212 220
Annen innskutt egenkapital		27 339 483	27 339 483
Sum innskutt egenkapital		195 524 138	191 524 138
Opptjent egenkapital			
Annen egenkapital		-101 029 741	-68 448 681
Sum opptjent egenkapital		-101 029 741	-68 448 681
Sum egenkapital	2	94 494 397	123 075 457
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	8	247 652	187 216
Utsatt skatt	9		
Sum avsetninger for forpliktelser		247 652	187 216
Annen langsiktig gjeld			
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		7 724	7 531
Skyldige offentlige avgifter		168 233	149 137
Kortsiktig konserngjeld		3 551	3 551
Annen kortsiktig gjeld		1 039 731	539 290
Sum kortsiktig gjeld		1 219 239	695 958
Sum gjeld		1 466 891	883 174
SUM EGENKAPITAL OG GJELD		95 961 288	123 958 630



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		27 400 219	37 254 808
Sum inntekter		27 400 219	37 254 808
Kostnader			
Lønnskostnad		1 727 025	1 872 237
Avskrivning på varige driftsmidler og immaterielle eiendeler		15 098 751	14 885 697
Nedskrivning av varige driftsmidler og immaterielle eiendeler		27 070 921	2 174 393
Annen driftskostnad		11 183 753	11 863 690
Sum kostnader		55 080 450	30 796 017
Driftsresultat		-27 680 231	6 458 791
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		1 929 500	1 929 500
Inntekt på andre investeringer		7	10
Renteinntekt fra foretak i samme konsern		975 059	988 605
Annen renteinntekt		26 980	188 999
Annen finansinntekt		14 651 386	25 937 492
Sum finansinntekter		17 582 932	29 044 606
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi		594 768	1 977 420
Rentekostnad til foretak i samme konsern		975 059	988 605
Annen rentekostnad		9 524 267	10 526 161
Annen finanskostnad		16 607 294	27 911 463
Sum finanskostnader		27 701 388	41 403 649
Netto finans		-10 118 456	-12 359 044
Ordinært resultat før skattekostnad		-37 798 687	-5 900 253
Ordinært resultat etter skattekostnad		-37 798 687	-5 900 253
Årsresultat		-37 798 687	-5 900 253



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
Minoritetsinteresser		-2 394 056	-459 378
Årsresultat etter minoritetsinteresser		-35 404 631	-5 440 875
Totalresultat		-35 404 631	-5 440 875
Overføringer og disponeringer			
Udekket tap		-35 404 631	-5 440 875
Sum overføringer og disponeringer		-35 404 631	-5 440 875



Konsernets balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom		869 248	928 577
Skip, rigger, fly og lignende		269 178 237	309 913 893
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		85 871	55 229
Sum varige driftsmidler		270 133 356	310 897 699
Finansielle anleggsmidler			
Investeringer i aksjer og andeler		183	183
Sum finansielle anleggsmidler		183	183
Sum anleggsmidler		270 133 539	310 897 882
Omløpsmidler			
Varer			
Varer		497 312	530 608
Sum varer		0	0
Fordringer			
Kundefordringer		513 427	287 029
Andre fordringer		773 527	1 091 272
Sum fordringer		1 286 954	1 378 301
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		14 208 009	12 596 549
Sum bankinnskudd, kontanter og lignende		14 208 009	12 596 549
Sum omløpsmidler		15 992 275	14 505 458



Konsernets balanse

Beløp i: USD	Note	2020	2019
SUM EIENDELER		286 125 814	325 403 340

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Selskapskapital		132 219 762	129 972 435
Overkurs		35 964 893	34 212 220
Annen innskutt egenkapital		27 339 483	27 339 483
Sum innskutt egenkapital		195 524 138	191 524 138

Opptjent egenkapital

Annen egenkapital		-92 015 590	-56 542 192
Minoritetsinteresser		12 983 066	14 869 871
Sum opptjent egenkapital		-79 032 524	-41 692 321

Sum egenkapital

116 491 614 **149 831 817**

Gjeld

Langsiktig gjeld

Pensjonsforpliktelser		247 652	187 216
Utsatt skatt		27 891	30 941
Sum avsetninger for forpliktelser		275 544	218 157

Annen langsiktig gjeld

Gjeld til kredittinstitusjoner		13 474 648	148 412 371
Øvrig langsiktig gjeld		2 296 849	2 149 193
Sum annen langsiktig gjeld		15 771 497	150 561 564

Sum langsiktig gjeld

16 047 041 **150 779 721**

Kortsiktig gjeld

Gjeld til kredittinstitusjoner		149 284 435	20 772 592
Leverandørgjeld		131 170	160 606
Betalbar skatt		89 092	87 590
Skyldige offentlige avgifter		168 894	149 777
Annen kortsiktig gjeld		3 913 568	3 621 238
Sum kortsiktig gjeld		153 587 159	24 791 803



Konsernets balanse

Beløp i: USD	Note	2020	2019
Sum gjeld		169 634 200	175 571 524
SUM EGENKAPITAL OG GJELD		286 125 814	325 403 340



Skattedirektoratet

Saksbehandler Jan Hoelstad	Deres dato 15.02.2011	Vår dato 01.03.2011
Telefon 22077325	Deres referanse Kurt Petter Lindgren	Vår referanse 2011/172463

Norwegian Car Carriers ASA
Postboks 1590 Vika
0118 OSLO

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for Norwegian Car Carriers ASA, org. nr: 910 411 616

Det vises til deres brev av 15. februar 2011 samt påfølgende e-poster i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Norwegian Car Carriers ASA.

Bakgrunn

Norwegian Car Carriers ASA er et internasjonalt shippingsselskap med hovedvekt på båtfrakt av biler og annet rullende gods. Selskapet opererer derfor i en bransje med sterk internasjonal karakter, og hvor engelsk benyttes ved kommunikasjon både eksternt og internt.

Selskapet er notert på Oslo Børs, men er innvilget dispensasjon fra språkkravet om norsk språk i verdipapirhandelloven § 5-13 ved rapportering til børsen. Selskapet har en viss andel utenlandske eiere, men selskapet jobber aktivt for å øke interessen fra utenlandske investorer.

Selskapet utarbeider og benytter en engelskspråklig versjon av årsregnskap og årsberetning for alle praktiske formål. Den norske versjonen utarbeides kun for å oppfylle regnskapslovens krav. Nyten anses derfor ikke å stå i forhold til kostnadene. Det søkes derfor om dispensasjon.

Skattedirektoratets vurdering og konklusjon

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 m.v., 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 skjævt fordelt informasjon.”

Postadresse Postboks 9200 Grønland 0134 Oslo For elektronisk henvendelse se www.skatteetaten.no	Besøksadresse Se www.skatteetaten.no Org. nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
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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 Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

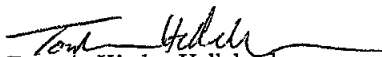
Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapet virksomhet er i en internasjonal bransje og arbeidsspråket er engelsk. Alle sentrale aktører innen den bransje selskapet jobber, antas å måtte beherske og benytte engelsk språk. Selskapet er av Oslo Børs innvilget dispensasjon fra verdipapirhandelloven § 5-13 slik at all kommunikasjon med aksjonærene alt skjer på engelsk språk.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering Norwegian Car Carriers ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

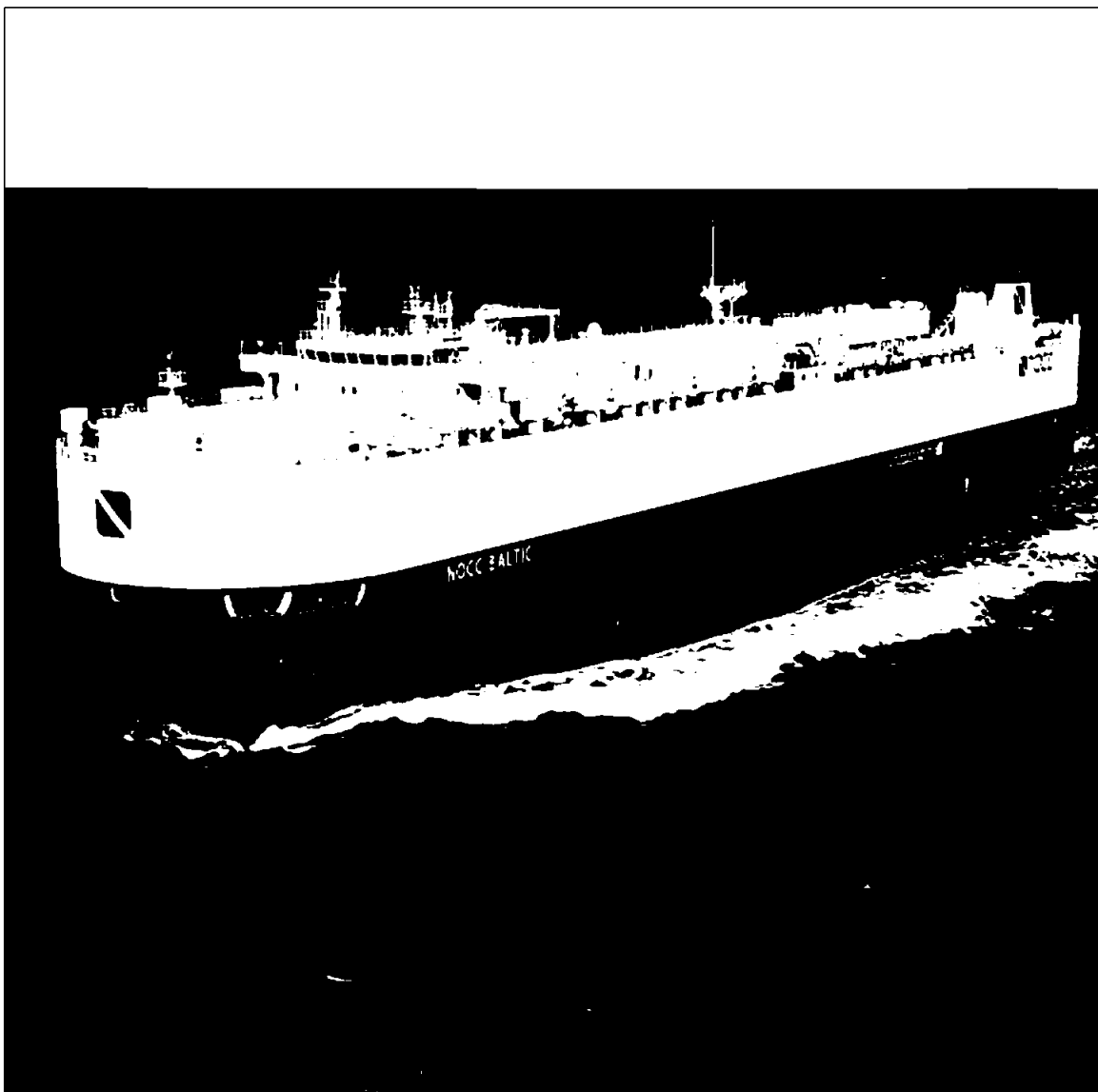

Jan Hjelstad



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ANNUAL REPORT 2020





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BOARD OF DIRECTORS' REPORT

2020 turned into an unprecedented challenging year when the Covid-19 pandemic hit the PCTC market particularly hard, resulting in a 40% reduction in new car sales for the first half of 2020 causing up to about 250 PCTC vessels in lay-up or idle during the first wave of the pandemic. Towards the end of 2020 the PCTC market started the recovery and the 2021 prospects pointed towards a gradual improvement, but with great uncertainty related to both the covid-19 pandemic and world-wide economic developments.

BUSINESS SUMMARY

Norwegian Car Carriers AS ("NOCC" or the "Company") owns and operates a fleet of seven pure car and truck carriers ("PCTC") specially designed for the transportation of cars and other rolling cargo. Commercial management is handled from the Company's office in Oslo, Norway while the technical management, including crewing of the vessels, is outsourced to third party managers.

2020 started on a promising note with forecasted demand growth combined with non-growth in the PCTC fleet. Unfortunately, the year turned out to be very challenging with the outbreak of Covid 19. The PCTC market was severely hit resulting in up to 250¹ out of about 670 vessels being idle or in lay-up at the peak in May 2020. The market picked up somewhat during the fall and vessels gradually returned to the market, however trading at very low rates in the beginning and firming somewhat during the last part of the year. At the end of the year most of the laid-up vessels had returned to the market and only about 25 vessels were ideling or still in lay-up.

NOCC had two vessels in lay-up for a period during the year.

The NOCC fleet managed to trade without any Covid 19 incidents. The pandemic impacted the operation of the vessels as crew changes became challenging and inspections difficult. Despite the challenges, NOCC managed to dry-dock one vessel at time and at budget, and there were no Covid infections on board any of the vessels.

NOCC posted a consolidated net loss after tax of USD 37.8 million for 2020 compared to a net loss of USD 5.9 million for 2019.

As per 31 December 2020, NOCC had total assets of USD 286 million and a book equity ratio of 41 % down from 46 % the previous year.

NOCC owns a modern fleet, has an efficient organization and is well positioned for an expected market recovery.

ANNUAL ACCOUNTS

The annual accounts have been prepared on a going concern basis and, in the opinion of the Board, the accounts provide an accurate representation of the Company's business. The Board confirms that the going concern assumption has been met. The Company has obtained an exemption from the Norwegian Accounting Act (§ 3-4), and will only issue its annual report in English. Numbers in parenthesis refer to the previous year (2019).

NOCC – GROUP

Income statement

For the full year 2020 NOCC's charter income was USD 27.4 million, down from USD 37.3 million the previous year.

The vessel operating expenses amounted to USD 10.8 million down from USD 11.2 million the previous year. The reduction reflects a somewhat higher operating expenses in 2019 on one vessel as well as general reduction in lube oil expenses related to reduced activity and ideling of vessels. Administration costs for the year was USD 2.1 million down from USD 2.5 million the previous year. The decline is due to reduced travel expenses as a result of Covid 19, continued focus on administrative expenses as well as weakening NOK versus USD.

EBITDA for the year was USD 14.5 million compared to USD 23.5 million the previous year.

¹ Hesnes weekly report



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Ordinary depreciation was USD 15.1 million (USD 14.9 million). There was an impairment loss of USD 27.1 million on the fleet compared to a loss of USD 2.2 recognised in 2019.

Net financial items amounted to USD - 10.1 million (USD - 12.4 million) of which net unrealized loss from financial instruments was USD 0.6 million (USD 2.0 million) due to market-to-market adjustments of interest rate derivatives. Interest expenses during the year were USD - 9.5 million (USD -10.6 million). The decrease is mainly due to reduced labor rate.

Loss after tax was USD 37.8 million compared to a loss of USD 5.9 million in 2019.

Statement of financial position as at 31 December 2020

Total assets at the end of the year were USD 286.1 down from USD 325.4 million the previous year. Book value of the vessels was USD 260.1million (USD 309.9 million), the decrease reflects ordinary depreciation of USD 15.1 million, impairment loss of USD 27.1 million as well as reclassification of NOCC Kattegat as vessels held for sale (USD 9.1 million). Cash and equivalents were USD 14.2 million compared to USD 12.6 million at the end of 2019.

Total long-term liabilities at the end of the year were USD 16.0 million (USD 150.8 million). The decrease reflects the maturity of the NOCC Corporate loan facility in November 2021, and thus the entire outstanding loan under this facility is booked as short term. The NOCC loan facility was renegotiated and maturity extended with two years in April 2021. The long term portion booked at the end of 2020 is the NOCC Atlantic loan facility which has maturity in 2022.

Current liabilities amounted to USD 153.6 million reflecting the maturity date for the NOCC Corporate facility (USD 24.8 million).

The consolidated book equity as of 31 December 2020 was USD 116.5 million (USD 149.8 million). Excluding minority interests, the book equity attributable to NOCC's shareholders as per end 2020 was USD 103.5 million (USD 135.0 million). In 2020 NOCC issued 12,500,000 new shares against a settlement of USD 4,000,000. After the share issue the outstanding number of shares in the Company was 503,571,891 shares.

Cash flow

Cash flow from operations during the year was USD 14.4 million compared to USD 23.4 million for 2019.

Interest paid during the year was USD 9.6 million compared to USD 10.6 million in 2019.

Net cash flow from investment activities was USD -1.3 million mainly related to the dry dock of Glovis Companion, compared to USD -2.9 million in 2019.

Net cash flow from financing activities was USD -1.9 million compared to USD -14.9 million in 2019. In 2020 NOCC negotiated its agreement with its banks. The amendment included deferral of these instalments against a USD 4 million share issue. As a result of the deferral of instalments USD 6.2 million were repaid under the loan facility compared to USD 20.8 million in 2019.

The net change in cash was USD 1.6 million (USD -5.0 million), and cash at end year amounted to USD 14.2 million (USD 12.6 million).

Parent Company – Norwegian Car Carriers AS

Total operating income for the parent company, Norwegian Car Carriers AS, was in 2020 USD 1.5 million (USD 1.7 million). Total operating expenses were USD -36.9 million (USD 7.6 million) with a corresponding operating loss of USD USD 35.4 million (USD 5.9 million). Net financial items were USD -2.9 million (USD 2.9 million), while interest income from group companies was USD 1.0 million (USD 1.0 million). The result after tax for 2020 was USD -32.6 (USD -2.9 million).

It is proposed that the result for 2020 of USD -32.6 million is added to other equity. As per 31 December 2020, the parent company had Other Equity of USD -101 million.

MARKET 2020

The increasing new car sales trend experienced during the second half of 2019 was anticipated to continue into 2020. However, the car industry was early hit by the outbreak of Covid 19. The Corona outburst had severe impact on the demand for PCTC vessels. In the first period, the Korean car manufactures had to shut down due to lack of supplies from China. Later when the production of parts in China re-started, the Corona virus had a direct impact on the Korean work force, forcing the car manufactures to shut down again. As the Corona virus continued to spread throughout the world it severely impacted both the production of cars as well as demand for new cars. The weak new car sales continued through the summer, and started a gradual recovery during the second half of 2020. The year ended with a total decline in new car sales of about 21% compared to 2019, corresponding to about a 15 million reduction in new cars sales.

New car sales in China was down by -4% (24m), USA -15% (14m), Western Europe -24% (12m), Japan -12% (5m), Eastern Europe -6% (4m), Brazil/Argentina -27% (2m), Canada -20% (2m), Korea +6% (2m) and remaining regions - 21% (12m).[1].

The abrupt decline in the new car sales and export, had a severe impact on the PCTC market, resulting in very low market activity causing owners to idle and place vessels in lay-up. In May as much as 37%, corresponding to about 250 vessels were either idling or in lay-up. As the new car sales gradually improved during the second part of 2020, the PCTC fleet was gradually employed. Firstly, at very weak rates, but gradually improving as more and more vessels were employed. At the end of the year, about 4% of the fleet was ideling or laid up corresponding to about 25 vessels.

The charter rates for Large (Panamax) and Medium (Midsized) size vessels started the year at USD 17,000 and 12,000 respectively. As the pandemic evolved, the rates fell dramatically and for those vessels that were able to find employment were quoted at USD 9,000 and USD 7,000 per day for Panamax and Midsized vessels respectively. As the market gradually improved during the second half of the

[1] Source: LMC Auto January 2021.



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year, the rates improved and ended at USD 15,500 and USD 12,500 per day for Panamax and Midsized vessels respectively.

In December 2019 about 11 vessels were available for charter from tonnage providers the coming 30 days, by June 2020 the number was 56 and by the end of the year it had declined to 9 vessels.

During the year 7 newbuildings were delivered and 21 vessels exited the world fleet. The net world fleet capacity (measured in terms of CEU) decreased by -2% and the fleet stood at 678 vessels by the end of 2020.

The newbuilding activity in 2020 was low, as one newbuilding was ordered (a dual fuel PostPanamax). At the end of 2020 the order-book counted 11 newbuildings (2% of existing fleet in terms of capacity) scheduled for delivery in 2021 and onwards. This orderbook is the lowest recorded during the last 30 years.

One noteworthy observation is that 7 of the newbuildings currently on order (64% of orderbook) is for vessels which can use LNG for propulsion on the main engine. There are currently only 5 LNG fueled vessels in the existing car carrier fleet.

EMPLOYMENT OF VESSELS

Norwegian Car Carriers (NOCC) is a tonnage provider which owns and manages a fleet of seven vessels for the transportation of cars and other rolling cargo. The vessels are employed under charterer contracts with car carrier operators for various lengths. During 2020 five of the vessels were chartered out on time charter while two were chartered out on bare boat charter. Six vessels were re-employed during the year.

As a result of the Covid 19 outbreak, the Company experienced a substantial increase in off-hire in 2020. A total of 361 commercial off-hire days were recorded in 2020 including two vessels in cold layup for a period, compared to 24 days in 2019.

OPERATION OF THE FLEET

The technical management including crewing of the fleet has been outsourced to third party managers. Wallem Ship Management (Hong Kong) is handling the technical management of NOCC Oceanic, NOCC Atlantic, NOCC Kattegat and Glovis Companion, while Wilhelmsen Ship Management (S. Korea) is handling Asian King. Liberty Passion and Liberty Peace are chartered out on bareboat contracts, and thus NOCC is not handling the daily technical operation of the vessels.

The technical condition and performance of the fleet is closely monitored, and the technical performance was satisfactory during 2020, with no major technical incidents during the year. Glovis Companion was dry-docked in China "remotely controlled" in June at time and on budget. Total technical off-hire days in 2020 was 25 days (of which 24 days was related to dry docking) compared to 53 days in 2019 of which 52.5 days were related to dry-docking.

FINANCING

NOCC has two outstanding debt facilities, the NOCC Corporate loan agreement and the NOCC Atlantic debt facility.

The NOCC Corporate loan agreement matures in November 2021. As of April 2020, the Company negotiated an amendment to the loan agreement of which USD 4 million of new equity was injected in the Company against deferral of three quarterly installments and a Cash Sweep arrangement.

The NOCC Atlantic debt facility matures June 2022, a similar amendment was negotiated for the NOCC Atlantic debt facility, of which USD 1.1 million was injected against deferral of three quarterly instalments.

The Company was in compliance with all its financial covenants as per 31 December 2020.

RISK FACTORS

NOCC is exposed to several risk factors that can affect the Company's results. The risk factors can be divided into the following main components: market risk, operational risk and financial risk. Such risks are normally related to volatility in charter income, charter defaults, unforeseen operational events, operating expenses and unforeseen capital expenditure requirements, fluctuations in interest- and foreign exchange rates, as well as financing risk related to new capital expenditure requirements and refinancing of existing credit facilities.

Market Risk

Market risk relates to supply of PCTC vessels and the demand seaborne transportation of light vehicles. Historically, the car carrier segment has proven less volatile than certain conventional shipping segments, but this has changed over the last couple of years. The PCTC market was exceptionally hit after the outbreak of the Covid 19. The market risk for NOCC is primarily related to utilization and rates obtained in connection with the chartering of the vessels. The Company is striving to mitigate market risk by employing the vessels on long-term charters when satisfactory employment contracts are obtainable.

During prolonged periods of reduced demand for car carrier tonnage, there is a risk that the Company will be unable to employ the vessels without incurring idle time between charters and that the rates obtained are unsustainable.

Operational risk

The Company is focused on delivering strong operational performance for the fleet and is striving towards operational excellence. Despite the Company's high degree of pre-emptive maintenance, there is a risk for equipment failure. Even though the Company obtains loss of hire insurance for contracts over a certain length, a technical breakdown will affect the earnings for a period of at least 14 days (deductible).

Risk related to changes in laws and regulation

The Company's operation and vessels are subject to international environmental laws and regulations which have become more stringent in recent years. Although the Company is doing its utmost to comply, changes in laws and regulations may expose the Company.



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Financial risk

New investments are typically financed from equity proceeds injected by the shareholder as well as debt obtained primarily from Norwegian and international banks. The Company is exposed to financing risk related to potential new investments and refinancing of existing debt. At the end of the year, the Company's Corporate loan facility matured within 12 months, and thus the Company was exposed to refinancing risk. As of the end of the year, the Company was renegotiating with its banks for a two-year extension of its Corporate Loan Facility. There is no guarantee that future debt financing can be raised at attractive terms.

Interest rate risk

The Company's bank loans are generally subject to floating interest rates. For 2021 54% of the interest rate exposure has been fixed through interest rate swaps under which floating interest payment obligations have been converted into fixed rate. For the period 2021-2022, on average 32% of the interest rate exposure is fixed.

Currency risk

Revenues, operating expenses, assets and liabilities are denominated in USD and the only foreign exchange risk is related to administrative expenses, which are primarily in NOK. A 10% fluctuation in the USD/NOK exchange rate has approx. 1.5% impact on the projected EBITDA of the Company for 2021.

Counterparty risk

NOCC generally has solid counterparties and the counterparty risk is considered manageable. The focus on credit and counterparty risk is increasing during times of weaker market conditions. All of the Company's charterers are current on their payments under the charter contracts.

Liquidity risk

The shipping market is capital intensive. Insufficient liquidity will severely impact the ability to operate. The Company's approach to manage liquidity risk is to ensure, as far as possible that it will have sufficient liquidity at all times to meet its obligations. The Company evaluates its capital structure and explores various options to safeguard liquidity. The Company has a minimum liquidity covenant in its credit facility.

ORGANIZATION

The Company's administration is located in Oslo. The Company employed nine full time staff in 2020. The sick leave during 2020 amounted to 57 days (27 days) or 2.75% of the total working days. The Company has not been affected by serious work-related accidents during the year. As per 31 December 2020, one out of nine employees was a woman (equivalent to 11%). The working environment is regarded as good. The organization is considered to be well-qualified, staffed at a minimum and cost-effective level to perform the tasks within its remit. As per 31 December 2020, the Board of directors consisted of six members, including one woman (equivalent to 17%).

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORTING (ESG)

The Board and Management at NOCC is committed to operate the Company in a responsible manner in order to be sustainable. The aim is to manage the Company in a way which generates long-term profitability in combination with care for the environment, the people involved in our business as well as the society at large.

The maritime industry is subject to comprehensive global regulations governed by IMO, ISO, regional (e.g. EU) and National bodies and Port States. Increased attention is observed from the larger community including finance through "Poseidon Principles" and EU with "Taksonomi" (sustainable economic activity).

NOCC follows developments through its membership in the Norwegian Shipowners Association (with its "zero emissions vision") and in cooperation with classification societies. NOCC is responsible through its ownership of a fleet of vessels (PCTCs), but have in effect delegated much responsibility to third party Technical Managers who are responsible for crew and maintenance of the vessels.

NOCC is evaluating the governance policy of Technical Managers during the selection process and as part of our continuous evaluation of our Technical Managers.

The NOCC vessels are chartered out to operators and thus NOCC does not control the vessels movements, loading conditions and operation, however, NOCC aims to charter the vessels out to reputable charterers with a commitment to environmental sustainability and social responsibility.

CLIMATE AND ENVIRONMENTAL RESPONSIBILITY

Emission and energy reduction

Deep sea, oceangoing freight is a significant contributor to greenhouse gas emissions globally: primarily CO₂, NO_x and SO_x. The main source of CO₂ emissions is bunker fuel. Although this is a major source of emissions, seaborne transportation is in most cases far more fuel efficient per unit transported than most other transport sectors.

However, there have been global regulations of the shipping industry such as Marpol, Solas and IMO since the 1970s.

As a "tonnage provider", NOCC does not have direct control of the operation of the vessel (amount of cargo on board, fuel purchase, ordered speed, weather routing etc). These factors influence the emissions pr. transported unit to a large extent, but are beyond the control of NOCC. As such, NOCC are focusing on the factors where we can make a difference.

NOCC is actively evaluating how to improve the fuel efficiency of its vessels. In 2014 the Company completed a major vessel conversion to improve energy efficiency. NOCC has also installed a trim and speed optimization tool on one vessel to enable the crew to optimize the trim of the vessel with a view to optimize its fuel consumption and to allow for a corresponding reduction in CO₂ emissions. When ordering new vessels in 2015, the fuel efficiency of the various vessel designs was among the important and decisive factors. In 2016, a vessel performance monitoring system was implemented, and data collection has started with a view to build a database on which valuable information on the operations of the vessels may be retrieved to improve operational efficiency and reduce fuel consumption. In 2019



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a satellite transmission system was installed on one vessel and testing of data transmissions commenced.

As part of the Company's sustainability and digitalization goals, NOCC has upgraded one vessel with full data streaming capabilities. The goal is to use the data streaming to improve the efficiency of the vessel operation and thus improve the environmental footprint of the vessel.

In connection with the IMO 2020 regulations NOCC evaluated the options in order to comply with the new regulations, and resolved to burn compliant fuel rather than install scrubbers onboard the vessels. The usage of compliant fuel has substantially reduced the SOx emissions compare to the bunker burned prior to the implementation of IMO 2020 regulations.

The technical managers are committed through their own policies to work towards a reduced environmental footprint and to conserve the environment through compliance with requirements.

NOCC will continue to strive to reduce its environmental footprint going forward and prepare for new and stricter emissions requirements going forward.

As a part of the Company's sustainability goals NOCC have, through its technical managers, introduced various KPI's in order to better monitor and improve towards a more efficient and sustainable operation of its vessels.

2020 KPI development

Average vessel (MT)	2018	2019	2020
HFO	9 855	9 903	6 961*
MDO	1 214	1 336	571
CO2	33 822	42 843	23 588
Sox	470	616	70
Nox	1 023	1 264	475

* Compliant fuel (low sulphure)

Although the development in 2020 is going in the right direction, it should be taken into consideration that 2020 was a year with low activity, high number of waiting days and two vessels being in cold lay up for a long period. Thus the 2019 and 2020 numbers are not directly comparable. However, the majority of the Sox reduction is a result of burning compliant fuel in 2020.

Biodiversity and marine pollution

All vessels have ballast water to manage stability and trim of the vessel. The transfer of invasive species in ballast water is a source of environmental contamination through transportation of organism from one eco system to another. As a result, international and national regulations have been implemented to limit the risk of containment. NOCC fully complies with all regulations. Ballast water treatment system is installed on a number of vessels. The remaining vessels will receive the systems as required by the regulations (at first renewal of their IOPP-certificate).

There are strict international maritime laws regulating on board waste management to prevent disposal of garbage at sea. This is regulated through MARPOL Annex V. NOCC, through their technical managers have continuous effort towards improving on board waste management with the aim to reduce the total environmental impact of the vessels. Each

vessel has its own Garbage Record Book tracking waste treatment ensuring that waste is safely treated and to secure high level of recycling. Furthermore, technical managers are taking actions to actively manage and encourage suppliers to focus on reducing the usage of plastic wrapping.

NOCC, through its technical managers, is fully committed to comply with all applicable regulations related to waste management and has introduced KPI's related to waste management to track the development to steadily improve its environmental footprint. However, comparison between two years may not be a reliable performance indicator as a lot of the waste is driven by specific operational or cargo needs and should not be reduced to zero. The average amount of waste produced per vessel should track downward over an extended period. NOCC believes that waste management is important in order to reduce the environmental impact for the vessels, furthermore that the Company and its technical managers should strive to improve and strengthen the effort towards this going forward.

2020 KPI Development

	2018	2019	2020
Garbage landed cbm*	75	77	55
BWTS installed	0	1	1

*Average per vessel

Accidental spills and emergency preparedness

The technical managers of the vessels are responsible for the emergency preparedness of the vessels. This is conducted through an emergency preparedness plan which includes focus on drills, ensuring regular emergency, fire and lifeboat drills as well as verifying that adequate supplies of effective tools and materials are maintained onboard each vessel to respond to oil spills or other emergencies.

If an environmental emergency does occur, the technical managers Emergency Response Plan is effectuated enabling a quick respond enabling efficient focus on the human capital as well as minimizing environmental impact.

All the NOCC vessels are enrolled in DNVGL Emergency Response Service with 24/7 direct access to experienced experts who are ready to give support with correct decision making.

Ship Recycling

The recycling of vessels is a potential source of contamination of the environment. NOCC is aware of the environmental aspects relating to the recycling of vessels and therefore takes necessary precautions when selling vessels for recycling. The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (the "Hong Kong Convention") has been ratified by Norway, and NOCC is committed to following the standards set out therein and the guidelines established by the Norwegian Shipowners Association.

SOCIAL RESPONSIBILITY



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The on-shore staff and crew onboard the vessels are key resources for the Company. The safety, health and well-being of the staff and crew employed by the Company are key factors for the Company's success and highly prioritized to attract highly-qualified and motivated employees.

As a part of the Company's ESG focus, the employee handbook is on a regular basis reviewed in order to improve the Company's sustainability procedures.

The technical management, including crewing of the vessels, has been outsourced to third party managers. The managers are reputable, highly-qualified and experienced with the management of PCTCs and are accredited with ISO certifications and Green Awards. Furthermore, the technical managers have their own social responsibility policy committing to provide a safe, secure, healthy and environmental responsible workplace, as well as support to seafarers families wellness and welfare.

NOCC was an early mover in giving the crew on our vessels access to Internet. In this way they can keep closer and more frequent contact with their family and friends ashore while they are serving on board our vessels. This has been perceived as a very positive initiative

Health and safety

Compliance procedures are followed and monitored by our in-house technical department and ship managers according to internal and external rules and regulations. NOCC has a 'zero vision' approach when it comes to accidents regarding the operation of the fleet. The attention to and performance of the safety management of the crew and other employees are part of the KPIs which have been implemented for NOCC's management.

Furthermore, the technical managers have introduced "Stop Work" authority to ensure safe operation.

2020 KPI development

	2018	2019	2020
Fatal accidents	0	0	0
LTI *	0	0	1

*LTI – Loss Time Incident

Labor rights

The crew onboard the vessels are sourced primarily from the Philippines, Ukraine and India. International and local legislation is adhered to by the Company and its technical managers, including the Maritime Labor Convention (2006) which sets out the rights of the seafarers when it comes to, for example, general working conditions, payment of wages, working hours and rest, right to medical care and annual leave. Furthermore, each vessel has its own safety and work environment committee monthly to check proper personal protective equipment (PPE), to discuss safety and work environment agenda as well as concluding debriefing related to crew disembarking and tracking crew retention and satisfaction.

Diversity and equal opportunity

NOCC believes in equal opportunity. The Company employed nine full time staff in office in Oslo of which one was female (equivalent to 11%). As per 31 December, the Board of Directors consisted of six members, including one female (equivalent of 17%). The Company is aware of the

imbalance and will work towards improving the ratio in the future.

Security of assets and People

Shipping routes in high-risk areas (e.g. risk of piracy) require a greater focus on security practices. The PCTC vessels have an advantage due to its high speed as well as high freeboard which makes it difficult to capture /enter a vessel at sea. However, when a vessel is scheduled to enter a defined high-risk area, the procedures of the latest version of "Best Management Practice" is strictly followed.

Furthermore, NOCC emphasize the obligation to participate in rescue operations at sea when life is at risk. In September 2019 NOCC participated in an almost 3 days search operation related to the crew from a tow vessel which sank in the Atlantic Ocean.

GOVERNANCE

Anti-corruption

As an industry, shipping is exposed to corruption and the demand of facilitation payments. NOCC has developed and implemented a Code of Conduct, which applies to all employees. The Code of Conduct states that: "all employees of NOCC shall be opposed to and will contribute to counteract all forms of corruption. Accepting or offering bribes of any nature by any NOCC employee is prohibited". The Code of Conduct specifically states that it is prohibited by any NOCC employee to pay to obtain something we do not have a legal entitlement to, even in cultures where such payments are commonplace.

The Technical Managers have their own Anti Bribery Policy committing them to a zero tolerance approach to bribery as well as strict actions to report demand for bribe.

STRATEGY

The main strategy for NOCC is to create shareholder value through efficient, high quality and customer oriented service to the major global car carrier operators. The Company will continue to evaluate opportunities with focus on creating sustainable value for its shareholders.

OUTLOOK

The demand for car carrier tonnage is dependent upon the volumes of cars and other rolling cargo transported by the sea, which again is dependent upon the development in the world economy and commodity prices. Additional factors are geographical production and transport patterns of light vehicles. These factors combined with the current PCTC fleet capacity and supply of vessel will determine the market balance going forward.

The demand for PCTC vessels has been weak for several years due to periods of oversupply of PCTC vessels as well as periods with weak economic growth, low commodity prices, trade wars and in 2020 the outbreak of the Covid 19 pandemic.

New car sales and subsequently demand for PCTC vessels is strongly correlated to economic growth. 2021 started challenging due to continued restrictions and uncertainties related to Covid 19. At the time of writing, despite the start of the World-wide vaccine program, there is still great uncertainty linked to the transition toward normality.



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However, estimates points towards a normalization during the second part of 2021.

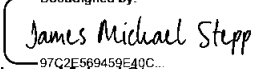
We have seen a gradual PCTC market recovery during the second part of 2020 which has continued into 2021. Market analysts estimate that the recovery will continue in 2021 and onwards, but that the new car sales will not reach 2019 level before 2023. However, as mentioned above, the market development will be dependent upon the development of Covid 19.

From a historical perspective, the newbuilding orderbook was low even before the Corona outburst. Basis a gradual

recovery trajectory with expected lower demand and substantial idling of the PCTC fleet, analyst expects recycling of vessels will continue to be high in 2021, resulting in an overall fleet reduction of about -1% in 2021.

As a result of the continued uncertainties related to the Covid 19 pandemic, NOCC continue to do its outmost in order to preserve its liquidity including re-negotiated and extending its agreement with its Banks until 2023. Even though the short-term outlook looks challenging, NOCC believes that the market will continue to gradually recover when the Corona impact is contained.

Oslo, 5 May 2021

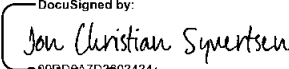
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Board Member

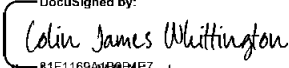
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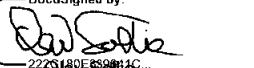
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Chairman

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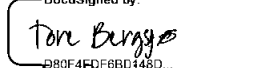
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Board Member



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NOCC Group

Consolidated Income statement

(USD 1 000)

OPERATING REVENUE AND EXPENSES	Note	2020	2019
OPERATING INCOME			
Charter income		27 332	37 193
Other income		68	61
Total income	Note 3	27 400	37 255
OPERATING EXPENSES			
Depreciation	Note 8	(15 099)	(14 886)
Operating expenses vessels	Note 4	(10 762)	(11 212)
Impairment	Note 8	(27 071)	(2 174)
Other operating and administrative expenses	Note 4,5	(2 149)	(2 524)
Total operating expenses		(55 080)	(30 796)
OPERATING PROFIT/(LOSS)		(27 680)	6 459
FINANCIAL INCOME AND EXPENSES			
Other financial income	Note 6	27	189
Net gain/(loss) on foreign exchange	Note 6	(26)	28
Unrealised gain/(loss) on financial instruments	Note 6,15	(595)	(1 977)
Interest and other financial expenses	Note 6	(9 524)	(10 598)
NET FINANCIAL ITEMS		(10 118)	(12 359)
PROFIT/(LOSS) BEFORE TAX		(37 799)	(5 900)
Taxes	Note 7	0	0
PROFIT/(LOSS) AFTER TAX		(37 799)	(5 900)
Profit/(loss) attributable to:			
Non-controlling interest		(2 394)	(459)
Shareholders of the parent company		(35 405)	(5 441)

NOCC Group

Consolidated statement of comprehensive income

(USD 1 000)

	Note	2020	2019
PROFIT/(LOSS) AFTER TAX		(37 799)	(5 900)
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of pension plan	Note 5	(69)	21
Total comprehensive income/(loss) for the year		(37 867)	(5 879)
Total comprehensive income attributable to			
Shareholders of the parent company		(35 473)	(5 420)
Non-controlling interest		(2 394)	(459)
Total comprehensive income/(loss) for the year		(37 867)	(5 879)



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NOCC Group

Consolidated statement of financial position as at 31 December

(USD 1 000)

ASSETS	Note	2020	2019
LONG-TERMASSETS			
Long-term operating assets:			
Right of use assets - lease	Note 8, 18	869	929
Other assets	Note 8	86	55
Vessels	Note 8	260 100	309 914
Total long-term operating assets		261 055	310 898
<hr/>			
Total financial fixed assets		0	0
<hr/>			
TOTAL FIXED ASSETS		261 056	310 898
<hr/>			
CURRENT ASSETS			
Non-current asset held for sale	Note 8	9 078	0
Accounts receivable and other current assets	Note 10	1 784	1 902
Current derivatives	Note 15	0	6
Cash and cash equivalents	Note 11	14 208	12 597
TOTAL CURRENT ASSETS		25 070	14 505
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TOTAL ASSETS		286 126	325 403



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NOCC Group

Consolidated statement of financial position as at 31 December

(USD 1 000)

EQUITY AND LIABILITIES	Note	2020	2019
EQUITY			
Share capital	Note 19	132 220	129 972
Share premium reserve		35 965	34 212
Other paid-in capital		27 339	27 339
Retained earnings		(92 016)	(56 542)
Non-controlling interest		12 983	14 850
Total equity		116 492	149 832
LONG-TERM LIABILITIES			
Deferred tax	Note 7	28	31
Pension liability	Note 5	248	187
Long-term debt	Note 12	13 475	148 412
Lease obligation	Note 12, 18	917	939
Long-term derivatives	Note 15	1 380	1 211
Total long-term liabilities		16 047	150 780
CURRENT LIABILITIES			
Current portion of long-term debt	Note 12	149 284	20 773
Other current liabilities	Note 13	3 622	3 779
Derivatives	Note 15	422	3
Public duties payable		258	237
Total current liabilities		153 587	24 792
TOTAL LIABILITIES		169 634	175 572
TOTAL EQUITY AND LIABILITIES		286 126	325 403

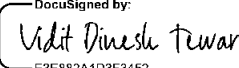
Oslo, 5 May 2021

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Board Member

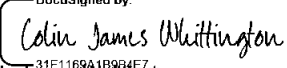
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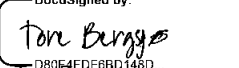
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Jon Christian Syvertsen
Chairman

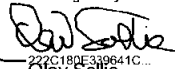
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CEO



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NOCC Group

Consolidated statement of cash flows

(USD 1 000)

	2020	2019
Cash flow from operating activities		
Cash flow from operations	14 443	23 421
Interest paid	(9 637)	(10 641)
Cash flow from operating activities	4 806	12 780
Cash flow from investment activities		
Purchase of fixed assets	Note 8 (1 342)	(3 083)
Interest received	Note 6 24	185
Net cash flow from investment activities	(1 318)	(2 899)
Cash flow from financing activities		
Issue of ordinary shares	4 000	6 000
Repayment of lease liabilities	(151)	(147)
Repayment of loans	(6 253)	(20 773)
Capital paid-in from Non-controlling interests	527	
Net cash flow from financing activities	(1 876)	(14 920)
Net change in cash, cash equivalents and drawing facilities utilised	1 611	(5 039)
Cash and cash equivalents at 1 Jan	12 597	17 636
Cash and cash equivalents at 31 Dec	Note 11 14 208	12 597

CASH FLOW FROM OPERATIONS

Profit/-(loss) before income tax	(37 799)	(5 900)
Adjusted for:		
Depreciation	Note 8 15 099	14 886
Impairments	Note 8 27 071	2 174
Increase/decrease in pension funds	Note 5 (29)	(48)
Financial costs	Note 6 9 524	10 598
Other financial income	Note 6 (27)	(189)
Unrealized currency (gain)/loss	Note 6 26	(28)
Unrealised value change financial instruments	Note 6 595	1 977
Change in working capital		
Customer receivables and other receivables	118	1 210
Due to suppliers and other short-term debt	(136)	(1 260)
Cash flow from operations	14 443	23 421
Restricted cash deposits included in cash holdings	Note 11 703	1 190



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NOCC Group

Consolidated statement of changes in equity

(USD 1 000)	Equity belonging to shareholders of the Company							
	Share capital	Share premium reserve	Other paid in capital	Capital increase unregistered	Retained earnings	Total	Non-controlling interests	Total
Equity 31 Dec 2018	124 686	33 498	27 339	0	(51 122)	134 402	15 309	149 711
2019								
Profit/-(loss) after tax					(5 441)	(5 441)	(459)	(5 900)
Other comprehensive income								
Remeasurement of defined benefit plan					21	21		21
Total comprehensive income	0	0	0	0	(5 420)	(5 420)	(459)	(5 879)
Transactions with shareholders:								
Issue of shares	5 286	714				6 000		6 000
Total transactions with shareholders	5 286	714		0		6 000		6 000
Equity 31 Dec 2019	129 972	34 212	27 339	0	(56 542)	134 982	14 850	149 832
2020								
Profit/-(loss) after tax					(35 405)	(35 405)	(2 394)	(37 799)
Other comprehensive income								
Remeasurement of defined benefit plan					(69)	(69)		(69)
Total comprehensive income	0	0	0	0	(35 473)	(35 473)	(2 394)	(37 867)
Transactions with shareholders and non-controlling interests:								
Issue of shares	2 247	1 753				4 000		4 000
Capital paid-in from non-controlling interests							528	528
Total transactions with shareholders	2 247	1 753		0		4 000	528	4 528
Equity 31 Dec 2020	132 219	35 965	27 339	0	(92 015)	103 509	12 983	116 492



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The notes in the list above are presented in the following pages and are an integral part of the financial statements.



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Note 1 Accounting Principles

The office of Norwegian Car Carriers AS is located at Drammensveien 167, Oslo.

PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of Norwegian Car Carriers (the "Parent Company") and all the subsidiaries (the "Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared at historical cost except for financial instruments, which are measured at fair value, and financial assets and -liabilities which are measured at amortized cost. The consolidated financial statements are presented in USD, rounded to the nearest thousand unless otherwise stated.

The income statement is specified according to the nature of the individual income and cost items.

SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

Preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. The estimates and assessments are based on previous experience and other factors that are considered to be reasonable and prudent under the circumstances. The assessments form the basis for evaluating the book value of assets and liabilities which is not possible using other available sources. Actual results may differ from the estimates. The main areas of estimate uncertainty on the balance sheet date, and which involve a risk of material change in the financial statements in the carrying value of assets and liabilities in the subsequent financial year, are discussed below.

Depreciation of vessels

Depreciation is based on management's estimates of the useful lives of the vessels and the residual value of the vessels less the costs associated with scrapping. The estimates may change due to changes in scrap values, technological developments, competition, as well as environmental and statutory requirements. Management reviews annually the future useful lives of the vessels taking into consideration the factors referred to above. In case of change in useful life and/or residual value, the depreciation of the vessels is adjusted prospectively.

Impairment testing of fixed assets

The Group assesses whether there is any need to adjust the value of its assets at each reporting date. Fixed assets are evaluated for any impairment where there are indications that future earnings or fair value may not justify the assets' balance sheet value. The value in use is compared with fair value less cost to sell.

On each reporting date, management assesses whether there are any indications of value impairments related to

non-financial assets. Whether there is a requirement to write down the book value of the vessels is assessed based on a) vessel value appraisals obtained from two independent ship brokers, b) the discounted estimated cash flows from the vessels, based on the net result before financial items over the useful lives of the vessels and their expected residual value after 30 years in operation. The cash flows are based on existing contracts as well as estimated future cash flows from new contracts. MSI forecasts for future TC rates, and a Weighted Average Cost of Capital (WACC) of 8.8% has been applied to calculate the present value of the cash flows.

CONSOLIDATION PRINCIPLES

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at the balance sheet date.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies etc.

An entity is consolidated in the consolidated financial statements from the date the Group acquires control over the entity. Correspondingly, the entity is removed from the consolidated financial statements when control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Intercompany transactions, intra-group accounts and unrealised Group gains are eliminated in the consolidated financial statements. Unrealised losses are also eliminated unless the transaction clearly shows that the asset transferred has a reduced value. Accounting principles used by subsidiaries have been changed where this has been necessary to ensure uniform accounting practice in the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.



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When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized 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. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

INCOME RECOGNITION

Income is recognized when an agreement has been signed, the service has been delivered, the income has been determined and is possible to quantify, claims are undisputed and when other obligations have been fulfilled.

Charter income

The type of contracts the Group has with its customers are either a time charter contract or a bareboat charter contract. Both types of contracts have a lease element and this type of revenue is accounted for as leases under IFRS 16. A time charter contract will also include a service component which can include operation and maintenance of the vessel. The service component will be within the scope of IFRS 15. The volume of services provided are usually stable throughout the leasing period, and revenue will therefore be recognised on a linear basis over the lease term

Expenses incurred between the end of a charter party contract and the start up of the next charter party contract are expensed if the expenses are not directly related to the new charter party contract.

SEGMENT REPORTING The Group has one business area: international shipping within the car carrier and ro-ro segment. The Group's internal reporting does not distinguish between different segments.

RELATED PARTIES

Parties are regarded as being related if one party has the opportunity to directly or indirectly exercise control over the other party or has material influence over the other party's financial or operational decisions. Parties are also related if they are subject to common control or subject to common material influence. All transactions are based on the arm's-length principle (estimated market value).

SHARES AND SHARE PREMIUMS

Ordinary shares are classified as equity. Expenses that are directly related to the issue of new shares or options, less tax, are entered as a reduction in the consideration received under equity capital.

FOREIGN EXCHANGE TRANSACTIONS

Functional currency and presentation currency

The Group's presentation currency is USD. This is also the parent company's functional currency. Accounting transactions that are undertaken by the respective Group

companies are registered in the currency that is normally used in the financial environment in which the entities operate (functional currency).

Transactions and balance sheet items in foreign currencies

Foreign currency transactions are converted to the functional currency at the rate on the transaction date. Realised currency gains or losses on settlement and conversion of monetary items in foreign currencies to the rate of the balance sheet date, are posted to the income statement under "Net gain/(loss) on foreign exchange".

Group companies

The results and the financial position of a subsidiary or associated company using a functional currency different from the Group's presentation currency is converted using the following procedure:

(a) assets and liabilities in each balance sheet presented (including comparable figures) are converted at the closing rate on the relevant balance sheet date,

(b) income and expenses in each income statement (including comparable figures) are converted at the exchange rate on the dates of the transactions. The average exchange rate may in some circumstances be used if it does not deviate significantly from the exchange rate at the transaction date, and

(c) translation differences are posted against the comprehensive revenue and specified under equity as a separate item.

On the sale of all or parts of a foreign business, the associated translation differences are reclassified from the comprehensive income as part of the gain or loss on sale and presented as part of gain/(-loss) under operating income.

PROVISIONS

Provisions are accounted for when the Group has a liability, whether legal or constructive, that follows from past events, and it is likely that there will be a financial settlement as a result of the event, and the liability can be reliably estimated.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

Current assets and current liabilities include items that fall due for payment within one year after the balance sheet date. The current portion of long-term debt is classified as short-term debt. Financially motivated share investments are classified as current assets, while strategic investments are classified as fixed assets.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash holdings, bank deposits, other short-term and especially on-going investments that will be redeemed within three months from the original time of placement. Cash and cash equivalents are entered at nominal value in the balance sheet. Restricted



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funds are included. Bank overdrafts are shown under borrowings in current liabilities on the balance sheet.

CURRENT ASSETS

Short-term customer receivables are posted at par value less provisions for lifetime expected credit losses.

Stocks of lubeoil and bunkers are recognized in the balance sheet at cost, using the first-in/first-out method (FIFO).

FIXED ASSETS – VESSELS AND EQUIPMENT

Fixed assets are recognized in the statement of financial position at historical cost less accumulated depreciation and write-downs. The historical cost of an asset in the Group is kept in the functional currency associated with the asset and all accounting entries related to the asset take place in the functional currency before conversion to the presentation currency described above. In the case of rebuilding contracts, the cost price includes all costs incurred in the development and construction process, including construction supervision costs and other technical costs. In the case of vessels acquired, the cost price includes costs directly related to the purchase of the vessel. Depreciation is calculated on a linear basis after taking into account the asset's scrap value and costs related to scrapping. Estimates related to the lifetime and scrap value are reviewed at each reporting date. Vessels and equipment have an expected economic life of 10-30 years.

Ordinary repair and maintenance costs are posted to the financial statements when incurred. In accordance with IAS 16, docking costs are capitalized. Capitalization takes place when the docking has been completed and is depreciated over the period until the next expected inspection. Any remaining capitalized amount from previous inspections is expensed.

Write-down of assets

Fixed assets are assessed for indications of impairment on each reporting date and always when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. When assessing the need for a write-down, the assets are grouped at the lowest level where there exist identifiable and independent cash flows. The write-down is calculated as the difference between the carrying value and the amount that is considered to be recoverable. The recoverable amount is the higher of the asset's net sale price and the value in use for the company. The value in use is calculated based on discounting the future cash flows that are expected to be generated from the asset. When it is estimated that the fair value is lower than the carrying value, the assets is written down to the recoverable amount. Write-downs posted in earlier periods are reversed only if there are changes in the estimates that are used to calculate the recoverable amount. However, the reversal amount may only be of such a size that the carrying value after the reversal as a maximum corresponds to the value the asset would have been carried at if the write-down had not been made. Such reversals are to be posted to the income statement.

LEASES

The Group has adopted IFRS 16 from 1 January 2019 using the modified retrospective approach. The comparative information presented for 2018 is not restated. The details of the changes in accounting policies are disclosed below.

As a lessee:

As a lessee, the Group leases office spaces and other equipment from external parties. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of use assets and lease liabilities for all leases, except those with less than 12 months of lease term and other low value assets.

As a lessor:

The Group leases vessels on time charter contracts or bare boat contracts to external parties. The Group classifies these leases as operating or finance leases based on its assessment of whether the Group transferred substantially all the risks and rewards incidental to ownership of the leased assets to the lessees. The accounting policies applicable to the Group as a lessor are not significantly different from those under IAS 17. The Group has assessed that there are no adjustments on transition to IFRS 16 for lease arrangements in which it acts as a lessor.

INVESTMENTS AND FINANCIAL ASSETS

The Group classifies financial assets based on the business model in which they are managed and their contractual cash flows. The Group has financial assets measured at fair-value through profit or loss (FVTPL) and at amortized cost.

1. Financial assets at fair value over profit or loss: Financial assets at fair value over profit or loss are financial assets held for trading purposes. A financial asset is classified in this category if it is primarily acquired with a view to providing a gain from short-term price fluctuations. Derivatives are classified as held for trading. Hedge accounting has not been applied. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

2. Financial assets and liabilities measured at amortized cost: Financial assets classified in this category are customer receivables and other receivables, held to maturity in a business model whose objective is to collect contractual cash-flows and with cash-flow characteristics being solely payment of principal and interest. Financial liabilities are in general measured at amortized cost. The financial assets and - liabilities are classified as current unless they fall due more than 12 months after the balance sheet date.

Accounting and measurement:

Normal purchases and sales of investments are entered at the date of the agreement, which is the date the Group undertakes to buy or sell the asset. All financial assets that are not accounted for at fair value over profit or loss are carried initially at fair value with the addition of transaction costs. Financial assets that are carried at fair value over profit or loss are entered on acquisition at fair value and the transaction costs are posted to the result. Investments are



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removed from the balance sheet when the rights to receive cash flows from the investments cease or when these rights have been transferred and the Group has substantially transferred all risks and all gain potential from ownership. Financial assets and liabilities measured at amortized cost are measured using the effective interest rate method.

Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognized in profit and loss. Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Accounting for derivatives

All derivatives are according to IFRS 9 deemed to be held for trading and are measured at fair value through profit or loss (FVTPL). Subsequently the item is re-valued through the profit and loss on each reporting date.

As at 31 December 2020, the Group had no derivative transactions that qualified for hedge accounting under IFRS 9. A change in value of derivative transactions is thus posted immediately in the income statement.

LOANS

Borrowings are initially recognized net of transaction costs incurred, and are subsequently accounted for at amortised cost using a simplified effective interest rate method. The difference between the proceeds and the redemption value is

recognized in the income statement over the term of the loan as part of the effective interest rate.

Premiums or discounts and transaction costs are taken into account in calculating the amortised cost when using the effective interest rate method.

BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

DIVIDENDS

Dividends proposed by the board are recognized as a liability in the financial statements when approved by shareholders in the general meeting.

PENSION LIABILITY

The Group has a defined benefit-based pension scheme. A benefit-based pension scheme defines the employee's right to agreed future pension benefits normally dependent on factors such as age, number of years of service and salary.

The liability is carried as the present value of pension liabilities on the balance sheet date less the fair value of pension funds allocated for payment of benefits together with corrections for non-recorded estimate differences and costs related to previous periods' pension accrual. The pension liability is calculated annually by independent actuaries based on a linear earnings model. The present value of the defined benefit obligation is determined by discounting the estimated future cash out flows using the market yield on government bonds, on the balance sheet date as there is no market for similar, high-quality corporate bonds in Norway that have terms of maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from new information and changes in actuarial assumptions are posted to other comprehensive income in the period in which they arise.

The Group has a defined contribution plan for some of its employees. The contributions are recognized as employee benefit expenses when they are due.

TAX

The tax charges in the income statement consist of tax payable and change in deferred tax. The annual tonnage tax is classified as other administration expenses in the financial statement.

Deferred income tax is calculated with 22%, using the liability method, on all temporary differences between the tax base of financial items, their carrying value for financial reporting



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purposes, their carrying value for financial reporting purposes as well as any financial tax losses carried forward.

Deferred tax/deferred tax asset is calculated on all differences between accounting and tax values of assets and liabilities except for:

- temporary differences related to investments in subsidiaries, associated companies or jointly controlled businesses when the temporary differences will be reversed and this is not expected to happen in the foreseeable future.

Tax payable and deferred tax is accounted for directly against equity to the extent that the tax items relate to equity transactions.

Deferred tax on underlying temporary differences related to participatory companies within the Norwegian tax area is included in the tax calculation. If a participatory company is to be sold, this will not give rise to a tax effect.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, and

that the temporary differences can be deducted from this profit. Deferred tax is presented net in the balance sheet.

POST-BALANCE SHEET EVENTS

New information after the balance sheet date about the Group's financial position on the balance sheet date is included in the annual financial statements. See note 20 for detailed information. Events after the balance sheet date that do not affect the Group's financial position at the balance sheet date, but which will affect the Group's financial position in the future, are stated if these are material.

CHANGES TO ACCOUNTING POLICIES, NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

These consolidated financial statements have been prepared in accordance with all mandatory standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact.



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Note 2 Significant accounting estimates and judgements

The Group makes certain estimates, judgements and assumptions related to forecast. There is a significant risk that the actual condition will deviate from the estimated assumptions. Estimates and forecasts that will represent a significant risk of material changes to the balance sheet values of fixed assets during the next financial year are discussed below.

(a) Estimated useful life of vessels

The group applies a 30 years useful life for the vessels which is the basis for the depreciation profile. In cases where vessels are used for longer periods than their estimated useful lives these are subsequently entered in the balance sheet at the estimated residual value plus any periodic docking.

(b) Estimated residual value of vessels

The vessels are depreciated to an estimated residual value. The residual value is calculated using the price of steel on 1 January in the financial year less estimated demolition costs. The steel price is obtained from ship brokers based on recent recycling transactions involving similar vessels.

The residual value is calculated based on the lightweight of the vessels. As per 31 December 2020, the aggregate lightweight of the vessels was 115,768 tons. The lightweight of the vessels is multiplied by the steel price to derive the total scrap value. The below estimates of steel price have been applied in the Group's depreciation tables during the period 2014-2020:

	2020	2019*	2018	2017	2016	2015	2014
USD/ton	400	425	450	250	250	450	450
		*Average					

The table below shows the Group sensitivity to fluctuations in steel price – other factors remaining constant:

	Increase/reduction in steel price	Effect on profit/(loss) before tax (USD 1 000)
2020	+/- 10 %	237/(237)
2019	+/- 10 %	224/(224)

(c) Impairment tests

Management assesses whether there are any indicators of impairment at each reporting date. Each vessel is regarded as a separate cash generating unit and thus the impairment testing is performed on each vessel separately. The vessels are tested for impairment when there are indicators that the carrying amounts may not be recoverable based on a) vessel value appraisals obtained from two independent ship brokers, b) the discounted estimated cash flows from the vessels, basis the net result before financial items over the useful lives of the vessels and their expected residual value after 30 years' operation. The cash flows take into consideration the existing contracts as well as estimated future cash flows from new contracts. MSI forecasts are used as basis for future TC rates. The budgeted net result is the company's best estimate of future earnings, costs, off-hire and docking over the remaining life of the vessel plus the residual value. A Weighted Average Cost of Capital (WACC) of 7.3% has been applied in order to calculate the present value of the cash flows. A write down of the vessel's book value will take place if both the FVLCTS (fair value less cost to sell) and the VIU (value in use) are lower than the book value of the vessel.

The table below shows the Group sensitivity to fluctuations in WACC and OPEX in impairment testing – other factors remaining constant:

		Effect on impairment in USD 1 000.	
		Increase 1%	Decrease 1%
WACC	+/- 1.0%	(6 200)	+10 000
OPEX	+/- 1.0%	(3 900)	+ 4 100

(Positive amount indicates lower amount to be written down.)

Except for art in the office (not significant), the Group did not hold any intangible assets as of 31 December 2020.



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Note 3 Operating segments

The Group's business is organised into one reporting segment. Operating income is categorized according to the domicile of the contractual counterparty. In 2020 two customers each represented more than ten per cent of the operating income, and total turnover for these customers was USD 22.0 million, compared to 33.7 million in 2019.

The operating income can be related to the following countries:
(USD 1 000)

	2020	2019
Japan	20	0
Korea	11 305	23 641
USA	11 343	10 084
Liberia	3 366	3 468
Norway	738	61
United Arab Emirates	629	0
Total operating income	27 400	37 255

The Group's vessels are flagged in the following countries:
(USD 1 000)

Book value vessels	2020	2019
Norway	66 538	73 660
Marshall Islands	91 641	113 906
USA	111 000	122 348
Total book value vessels - incl. vessel held for sale	269 178	309 914

Note 4 Other operating- and administrative expenses

(USD 1 000)

	2020	2019
Operating expenses vessels		
Crew expenses	(5 250)	(5 570)
Technical operating expenses	(2 856)	(3 074)
Insurance	(926)	(934)
Pre-operating expenses	(653)	(635)
Other operating expenses	(1 077)	(998)
Total	(10 762)	(11 212)
Administrative expenses		
Salaries/holiday pay ¹⁾	(1 347)	(1 549)
Employment tax	(197)	(221)
Legal fees	(43)	(25)
Other professional fees	(27)	(32)
Other operating expenses	(333)	(487)
Tonnage tax	(83)	(80)
Total	(2 030)	(2 394)
Pension costs:		
Defined benefit plan	(75)	(83)
Defined contribution plan	(44)	(48)
Total administrative expenses	(2 149)	(2 524)

¹⁾Reference is made to note 16 for detailed information of the remuneration to the CEO. The average number of employees during the year was 9.

Specification of auditor fees*	2019	2019
Audit fee	(45)	(40)
Other attestation services	(1)	(2)
Tax consultancy services	(1)	(3)
Other services	0	0
Total	(47)	(45)

*All amounts are excluding VAT.



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Note 5 Pensions

The Group has two pension plans, one defined benefit plan and one defined contribution plan. Both plans provide benefits to members in the form of a pension payable for a defined period when reaching the retirement age. The level of benefits provided depends on length of service of each member, their salary in the final years and the amount of benefits from the social security system leading up to retirement. The liability is covered through Storebrand Livsforsikring AS. The defined benefit plan was closed on 30 October 2012 and employees hired after this date will benefit from a defined contribution plan. The Company's pension scheme meets the requirements of the law on compulsory occupational pension. All former pensioners were bought out of the contract as per 31 March 2016. On the same date it was also undertaken a reorganization of the disability pension of the contract, and this resulted in a release of liability and reserves. The disability pension will in the future not be part of the actuarial calculation and is now a pure risk coverage that should not be capitalized.

Economic assumptions used as a basis for the calculation:

(USD 1 000)	2020	2019
Discount rate	1,70 %	2,30 %
Expected rate of compensation increase	2,25 %	2,25 %
Expected rate of pension increase	0,00 %	0,05 %
Increase of social security base amount (G)	2,00 %	2,00 %

The actuarial assumptions relating to demographic factors are based on assumptions generally applied to insurance (Table K2013BE for 2020 and Table K2013BE for 2019)

Average remaining service period	12,00	13,00
Payroll tax / social security tax	14,10 %	14,10 %
Actives total	3	3
Pensioners total	0	0

	2020	2019
Service cost	79	77
Interest cost on accrued pension liabilities	4	6
Net pension costs in period	83	83

Net liability (assets) at beginning of period	2 438	2 369
Service cost	76	74
Interest costs on accrued pension liabilities	27	27
Past service cost	0	0
Settlement	0	0
Payroll tax / social security tax on employers contribution	(12)	(13)
Benefits paid	0	0
Remeasurements loss/(gain)	93	(18)
Net liability/(assets) at the end of period	2 622	2 438

Fair value of assets at beginning of period	2 251	2 134
Return on pension funds	19	18
Settlement	0	0
Contribution from employer	93	110
Payroll tax / social security tax on employers contribution	(12)	(13)
Benefits paid	0	0
Remeasurement (loss) gain	24	2
Fair value of assets at end of period	2 375	2 251

Funded status (underfunded)	(248)	(187)
Net assets/(liability) recognised in the BS at the end of period	(248)	(187)

Net assets/(liability) recognised in the BS at the beginning of period	(187)	(235)
Pension cost	(84)	(83)
Employer contribution incl. payroll tax and currency effect	93	110
Remeasurement (loss) gain	(69)	21
Net assets/(liability) recognised in the Balance Sheet end period	(248)	(187)



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Note 6 Financial items

(USD 1 000)	2019	2019
Other financial income		
Interest income	27	189
Total interest and other financial income	27	189
Net gain/(loss) on foreign exchange	(26)	28
Unrealized gain/(loss) on financial instruments		
Unrealized value increase/(decrease) interest rate swap agreements	(595)	(1 977)
Total unrealized gain/(loss) on financial instruments	(595)	(1 977)
Interest and other financial expenses		
Interest expenses mortgage debt	(9 206)	(10 278)
Interest expenses capitalized	0	0
Other financial expenses	(318)	(320)
Total interest and other financial expenses	(9 524)	(10 598)
Net financial items	(10 118)	(12 359)

Note 7 Tax

With effect from 2012 all subsidiaries owning qualifying assets entered the Norwegian tonnage tax regime according to tax code §8-10, where there is a final tax exemption for shipping income. The tax exemption includes operating profit and gain on income. Net financial income will be taxed at the ordinary tax rate of 22%.

In order to qualify for the Norwegian tonnage tax regime, tonnage taxed companies can principally not engage in any business other than charter and operation of owned or chartered vessels.

Norwegian tonnage taxed companies are obliged to pay an annual moderate tonnage tax, based on the net registered tonnage. Tonnage tax is presented as operating cost. See note 4.

Income at entry USD 1 327 893 (NOK 7 391 581) was booked against gain/loss account, and minimum 20% is taxable income per year. Current tax liability of USD 27 565 (NOK 218 268) was recognised as deferred tax in the financial statement. Current years financial result is calculated according to tax code § 8-10 to 8-20.

The applicable tax rate for calculating the payable tax was 22% for 2019 and remained 22% for 2020.
The applicable tax rate for calculating deferred tax/(deferred tax benefits) was 22% for 2019 and 22% for 2020.

(USD 1 000)	2020	2019
Tax on income as a result of entering the Norwegian tonnage tax regime		
Gain account opening balance	141	178
Taxable part of income (20%) at exchange rate USD/NOK year end	24	38
Gain account balance 31 December at USD/NOK exchange rate year end	116	141
Deferred tax on gain account balance (22% tax rate in 2020, 22% tax rate in 2019)	28	31
Tax payable on taxable part (22% tax rate in 2020) at USD/NOK exchange rate year end	6	8
Total deferred tax liabilities and payable tax 31 December	34	39
Basis for other deferred tax / tax benefits	2020	2019
Loss carried forward	(24 160)	(19 773)
Deferred tax benefits (22% in 2019 and 2020)	5 315	4 350
Deferred tax benefit has not been recognized in the balance sheet.		
Taxes in the Profit & Loss statement	2020	2019
Tax payable	6	8
Changes in deferred tax (tax benefits)	(6)	(8)
Total tax (tax income)	0	0
Taxable net financial profit/(loss)	(3 747)	(1 598)
Tonnage tax	83	80



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(USD 1 000)

Deferred tax and deferred tax benefits - ordinary taxed company	Deferred tax benefit	Change	Deferred tax
			benefit
	OB 2020	2020	CB 2020
Deferred tax asset/(liability)			
Operating assets	0	(3)	(3)
Receivables and liabilities	(546)	40	(506)
Gains and losses account	(30)	5	(25)
Pensions	41	13	54
Other differences	80	6	86
Loss carried forward	1 672	(382)	1 290
Net deferred tax asset benefit/(liability)	1 217	(321)	896
Of which not recognised	1 217		896
Deferred tax asset / (liability) in the balance sheet	0		0

(USD 1 000)

Deferred tax and deferred tax benefits - ordinary taxed company	Deferred tax benefit	Change	Deferred tax
			benefit
	OB 2019	2019	CB 2019
Deferred tax asset/(liability)			
Operating assets	1	(1)	0
Receivables and liabilities	(528)	(18)	(546)
Gains and losses account	(38)	8	(30)
Pensions	52	(11)	41
Other differences	81	(1)	80
Loss carried forward	2 234	(562)	1 672
Net deferred tax asset benefit/(liability)	1 801	(585)	1 217
Of which not recognised	1 801		1 217
Deferred tax asset/(liability) in the balance sheet	0		0

The basis for deferred tax (tax benefit) is calculated based on differences that exist at the end of the accounting year between accounting and tax values. Temporary differences relating to the Group's vessels held in partnerships are not included in the Group's presentation of deferred tax and deferred tax liabilities.

(USD 1 000)

Reconciliation of effective tax rate	2020	2019
Profit/(loss) before tax	(37 799)	(5 900)
Tax income calculated on the result before tax	8 316	1 298
Tax effects of:		
- Adjusted tax - tonnage taxed companies	(8 908)	(1 799)
- Effect of change in tax rate	0	0
- Change in deferred tax benefit, not recognised	321	585
- Permanent differences	4	(3)
- Other differences	267	(80)
Tax income (expense) in the profit and loss statement	0	0



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Note 8 Fixed assets

(USD 1 000)

	Right of Use Assets	Other assets	Vessels	Docking	Total vessels	Vessel held for sale incl. Docking	Total
1 January 2019							
Acquisition cost		148	424 365	9 046	433 411	0	433 559
Acquisition cost - non depreciable		5	0	0	0		5
Accumulated depreciation and write downs		(84)	(102 894)	(6 758)	(109 652)		(109 736)
Recognition of Right of Use Assets on initial application of IFRS 16	1 046	0	0	0	0		1 046
Adjusted book value 1 January 2019	1 046	69	321 472	2 288	323 760	0	324 874
Accounting year 2019							
Book value 1 Jan	1 046	69	321 472	2 288	323 760	0	324 874
Additions	0	3	323	2 757	3 080	0	3 083
Depreciation	(118)	(16)	(13 119)	(1 633)	(14 752)		(14 886)
Impairments		0	(2 174)	0	(2 174)		(2 174)
Book value 31 December 2019	929	55	306 502	3 412	309 914	0	310 898
31 December 2019							
Acquisition cost	1 046	151	424 689	10 603	435 292	0	436 489
Acquisition cost - non depreciable	0	5	0	0	0		5
Accumulated depreciation and write downs	(118)	(100)	(118 187)	(7 190)	(125 378)		(125 596)
Book value 31 December 2019	929	55	306 502	3 412	309 914	0	310 898
Useful life	4-9 years	3-5 years	30 years	2.5-5 years			
1 January 2020							
Acquisition cost	1 046	151	424 689	10 603	435 292	0	436 489
Acquisition cost - non depreciable	0	5	0	0	0	0	5
Accumulated depreciation and write downs	(118)	(100)	(118 187)	(7 190)	(125 378)	0	(125 596)
Adjusted book value 1 January 2020	929	55	306 502	3 412	309 914	0	310 898
Accounting year 2020							
Book value 1 Jan	929	55	306 502	3 412	309 914	0	310 898
Reclassification ¹⁾	0	0	(15 236)	(1 014)	(16 250)	16 250	0
Additions	63	47	274	1 020	1 295	0	1 405
Depreciation	(123)	(16)	(12 367)	(1 255)	(13 622)	(1 337)	(15 099)
Impairments	0	0	(21 236)	0	(21 236)	(5 835)	(27 071)
Book value 31 December 2020	869	86	257 937	2 164	260 100	9 078	270 133
31 December 2020							
Acquisition cost	992	198	409 727	10 609	420 336	9 078	430 604
Acquisition cost - non depreciable	0	5	0	0	0	0	5
Accumulated depreciation and write downs	(123)	(117)	(151 791)	(8 445)	(160 236)	0	(160 476)
Book value 31 December 2020	869	86	257 937	2 164	260 100	9 078	270 133
Useful life	4-9 years	3-5 years	30 years	2.5-5 years			

1) The vessel NOCC Kattegat was sold in February 2021, and classified as "Held for sale" as per year end 2020 as it was agreed sold prior to year-end.

Write-down fixed assets

Current year's impairment charge of USD 27.071 million relates to all vessels except Asian King. The vessels NOCC Arctic and NOCC Baltic were written down to market value by year end. Further to this, the vessels NOCC Oceanic, Glovis Companion and NOCC Atlantic were written down to Value-in-use by year end. The vessel NOCC Kattegat was written down to expected sales price. The Impairment charge booked in 2019 (NOCC Kattegat) was USD 2.174 million.

Current year's addition - vessels

Current year vessel addition represent BWTS (Ballastwater Treatment System) for the vessel Glovis Companion.

Current year's docking addition

Docking addition for 2020 was USD 1.020 million. The docking addition was mainly for the vessel Glovis Companion. The docking addition in 2019 was USD 2.757 million.

Mortgages

All vessels owned by the Group have been mortgaged as security for bank loans. Please refer to Note 12.



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Note 9 Subsidiaries

See below the overview of the entities in the Norwegian Car Carriers AS Group:

Name	Country ¹⁾	Ownership/voting rights%	
		2020	2019
Wholly-owned subsidiaries:			
NOCC Shipowning AS	Norway	100 %	100 %
NOCC Atlantic AS	Norway	100 %	100 %
NOCC Asian King AS	Norway	100 %	0 %
NOCC Finance AS	Norway	100 %	0 %
Other subsidiaries:			
NOCC Atlantic DIS	Norway	53,75 %	53,75 %

¹⁾ Oslo is the business address for all the subsidiaries

Note 10 Account receivables and other current assets

(USD 1 000)

Account receivables and other current assets	2020	2019
Prepaid costs	501	833
Prepaid insurance premiums	261	230
Accrued swap interest	0	0
Stocks of luboil, bunkers ¹⁾	497	531
Bunkers/MDO for sale	0	0
Other current receivables ²⁾	513	298
Insurance claims ³⁾	0	7
VAT receivables	11	4
Total	1 784	1 902

¹⁾ Stocks of luboil and bunkers are recognized in the balance sheet at cost, using the first-in/first-out method (FIFO).

²⁾ At year-end 2020 the expected credit losses on trade receivables calculated under the simplified expected credit loss model is based on the average historical loss rate for the latest five years of 0.0%, following the fact that NOCC the latest five years has not realised any credit losses on trade receivables. All outstanding trade receivables were not due as per 31 December 2020.

³⁾ Insurance claims in connection with vessel damage are recognised at best estimate of recoverable amounts from the insurance company.

(USD 1 000)

Book value of the Group's Other long-term and current receivables by currency*:	2020	2019
NOK	47	31
USD	1 240	1 341
Total	1 287	1 372

* Excluding stocks of luboil and bunkers



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Note 11 Cash and cash equivalents

(USD 1 000)

Bank deposits with restrictions (included in cash and cash equivalents)	2020	2019
Tax withholding funds	82	75
Restricted accounts	621	1 116
Total bank deposits with restrictions	703	1 190

In the cash flow statement, cash and cash equivalents consist of the following:

(USD 1 000)

Cash and cash equivalents (including restricted amounts)	14 208	12 597
Total	14 208	12 597

Amounts held on restricted accounts relate to office lease guarantees, cash held by NOCC Atlantic DIS on a debt service retention account and minimum liquidity.

Note 12 Debt

SECURED DEBT

2020

Specification of secured debt

(USD 1 000)

Company	Vessel	Currency	Long-term Debt (>1 year)	Short-term Debt (< 1 year)	Nominal interest 31 Dec 2020	Fixed/ floating interest	Maturity
NOCC Shipowning AS ¹⁾	Fleet financing	USD	-	146 244	4,7 %	partly fixed	Nov 2021
NOCC Atlantic DIS ²⁾	NOCC Atlantic	USD	13 475	3 040	4,0 %	floating	June 2022
Total			13 475	149 284			

As per 31 December 2020, the proportion of fixed rate debt represented 45.6% of the interest-bearing debt. The variable proportion of the interest-bearing debt have 3 months rollover/repricing dates.

The bank debt facilities contain financial covenants including minimum value clause, adjusted equity, minimum asset coverage and minimum cash and positive working capital. The borrowers were in compliance with all financial covenants in the respective loan agreements on the balance sheet date.

The difference between book-value and actual value of interest bearing debt is immaterial. The debt is measured to be in level 2. See note 15 for description of the level.

Reconciliation debt to Cash-flow statement

(USD 1 000)

Company	Bank	Currency	Initial amount - BOY	Non-cash changes	Reimbursed principal during the year	Outstanding at year-end
NOCC Shipowning AS	DnB Bank/Nordea	USD	151 955	(218)	(5 493)	146 244
NOCC Atlantic DIS	NBC	USD	17 230	45	(760)	16 515
Norwegian Car Carriers AS	Lease obligation	NOK	939	129	(151)	917
			170 123	(44)	(6 404)	163 676



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NOCC Group

2019

Specification of secured debt

(USD 1 000)

Company	Vessel	Currency	Long-term	Short-term	Nominal interest	Fixed/	Maturity
			Debt (> 1 year)	Debt (< 1 year)	31 Dec 2019	floating interest	
NOCC Shipowning AS ¹⁾	Fleet financing	USD	134 223	17 733	5,5 %	partly fixed	Nov 2021
NOCC Atlantic DIS ²⁾	NOCC Atlantic	USD	14 190	3 040	5,7 %	floating	June 2022
Total			148 412	20 773			

As per 31 December 2019, the proportion of fixed rate debt represented 55.5% of the interest-bearing debt. The variable proportion of the interest-bearing debt have 3 months rollover/repricing dates.

The bank debt facilities contain financial covenants including minimum value clause, adjusted equity, minimum asset coverage and minimum cash and positive working capital. The borrowers were in compliance with all financial covenants in the respective loan agreements on the balance sheet date.

The difference between book-value and actual value of interest bearing debt is immaterial. The debt is measured to be in level 2. See note 15 for description of the level.

IFRS 16 was mandatorily implemented on 1 January 2019. Please refer to note 18 for further information regarding this.

Reconciliation debt to Cash-flow statement

(USD 1 000)

Company	Bank	Currency	Initial application IFRS 16	Initial amount - BOY	Non-cash changes	Reimbursed principal during the year	Outstanding at year-end
NOCC Shipowning AS	DnB Bank/Nordea	USD		169 884	(196)	(17 733)	151 955
NOCC Atlantic DIS	NIBC	USD		20 201	69	(3 040)	17 230
Norwegian Car Carriers AS	Lease obligation	NOK	1046		39	(147)	939
			1046	190 085	(88)	(20 920)	170 123

Note 13 Other current liabilities

USD (1 000)

	2020	2019
Accrued swap interest	307	33
Prepaid charter hire	0	434
Accrued costs	467	436
Debt to charterer	1 688	1 320
Due to suppliers	1 160	1 555
Total	3 622	3 779



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NOCC Group

Note 14 Financial risk management

Risk management overview

The Group is exposed to financial risks such as market risk, credit risk and liquidity risk. Market risk comprise three types of risk: interest rate risk, foreign currency risk, and price risk.

In order to reduce and mitigate these risks, the management periodically reviews and evaluates the most important financial market risks. When a risk factor is identified, measures may be taken to reduce the specified risk. When deemed appropriate, the financial market risks are mitigated by applying derivative products for hedging purposes. If derivative transactions are entered into, only recognized ordinary derivative instruments are applied. It is the policy of the management to execute financial derivative transactions with recognised financial institutions only. None of the derivative transactions entered into by the Group are designated as accounting hedges, and hedge accounting is not applied.

Interest rate risks

The Group has applied derivatives only for the purpose of managing risks related to fluctuations in interest rates. The treatment of financial derivatives for accounting purposes is further discussed in note 15 for the Group.

Foreign exchange risks

The functional currency of the Group is in USD as most of the revenues, expenses, assets and liabilities are denominated in USD. The foreign exchange exposure is primarily related general and administrative expenses which is in NOK. The available liquidity is primarily held in USD and, to a lesser extent in NOK. As per 31 December 2020 the Group has not entered into any foreign exchange rate derivatives.

Price risk

The Group will normally have very limited exposure to risks associated with bunkers price fluctuations since the supply of fuel is for charterers account when the vessel is on contract. The Group has not entered into any bunker derivatives.

Net foreign exchange gains and losses recognized in the profit and loss account:

(USD 1 000)	2020	2019
Net gain/(loss) on foreign exchange (note 6)	(26)	28
Total	(26)	28

Interest rate risk

The Group is exposed to interest rate fluctuations primarily related to the Group's long-term debt obligations. In order to reduce the interest rate risk, the Group has adopted a strategy to hedge a portion of the interest rate exposure associated with the long-term debt by entering into interest rate swaps.

Depending on developments in interest rates and certain internal guidelines, the Group enters into hedging transactions with a view to fix 50-70% of the interest rate exposure. The interest rate risk is assessed using a dynamic model which takes into account different scenarios based on refinancing, alternative financing and hedging.

As per 31 December 2020, the Group had entered into interest rate swap agreements for a total nominal value of USD 75.0 million, under which the Group received a floating interest rate and paid a fixed rate.

As per 31 December 2020, the proportion of fixed rate debt represented 45.6% of the interest-bearing debt. The variable proportion of the interest-bearing debt have 3 months rollover/repricing dates.

The following table illustrates the sensitivity in the Group's profit before tax from given fluctuations in interest rates (interest swap included), all other factors held constant.

(USD 1 000)	Increase/reduction in loan interest	Effect on result before tax
2020	+ / - 1 %	+/- 896
2019	+ / - 1 %	+/- 793

During 2020 and 2019 the Group's borrowings at a variable rate were denominated in USD. The impact on the Group's equity is immaterial. See detailed information of borrowings in Note 12 - Debt



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Credit risk

Credit risk occurs in transactions with financial instruments, cash deposited with banks and financial institutions in addition to risks related to customer receivables and other short-term receivables. The Group deals primarily with recognized and creditworthy third parties. There have been very few disputes, if any, with customers regarding payment and fulfilment of contractual terms. Customer receivables are monitored continuously and the Group's risk of loss on receivables is considered low. There is also credit risk related to loans to associated companies. The maximum exposure is limited to the book value of the financial assets including derivatives. The maximum exposure related to customer receivables is deemed to be equal to be the book value of customer receivables; see Note 10 - Other long-term receivables, account receivables and other current assets.

The liquidity reserve of the Group is primarily deposited with major banks like Nordea Bank Apb and DNB Bank ASA.

These banks have following long-term credit ratings:

Nordea Bank Apb	AA-	(Standard & Poor's)
DNB Bank ASA	AA-	(Standard & Poor's)

Liquidity risk

The Group monitors the risk of shortage of available capital by carefully following up maturity dates for financial investments, financial assets, and projected cash flows from operations. Careful management of liquidity risk involves maintaining a sufficient holding of cash and tradable securities in order to maintain sufficient liquidity to honour running obligations. The management monitors the liquidity reserve through rolling forecasts based on expected cash flows.

The table below provides details of financial liabilities classified according to the repayment structure. The amounts are undiscounted cash flows, and the classification has been done according contractual maturity.

(USD 1 000)					
31 December 2020	2021	2022-2023	2024-2026	2027 and later	Total
Long-term interest bearing debt	146 921	15 838	0	0	162 759
Lease obligation	112	241	411	153	917
Derivatives	422	1 380	0	0	1 802
Other short-term debt	3 622	0	0	0	3 622
Total	151 078	17 459	411	153	169 101
Interest during the period ¹⁾	9 222	794	57	3	10 076

¹⁾ Including interest under interest rate swaps and interest on lease obligation.

Fair value of interest-bearing debt

Some of the Group's bank loans are subject to interest margins that are currently deemed to be below market levels. The difference between book-value and actual value of interest bearing debt is immaterial.

Capital management

The Group's management has an objective to ensure that the Group maintains a certain solidity in order to support the business and maximise shareholder value. The Group manages its capital structure and makes necessary changes on an ongoing basis according to an assessment of the economic factors, under which the business is operated in the short- to medium term.

Management of the capital structure is carried out through adjusting dividends or issuing new shares. There has been no change to the guideline within this area during 2020.

The Group's policy is to maintain an equity ratio of at least 30 per cent. As per 31 December 2020, the book equity ratio was 40.71% (46.04% as per 31 December 2019).

The book equity ratio is calculated as book equity divided by total assets:

(USD 1 000)		
31 December:	2020	2019
Total equity	116 492	149 832
Assets	286 126	325 403
Equity ratio	40,71 %	46,04 %



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Note 15 Financial instruments

Measurement of fair value

The fair value of unquoted financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices.

The fair value of foreign exchange contracts is set by using the forward rate on the balance sheet date and is set by calculating the present value of future cash flows. In the case of all the above-mentioned derivatives, the fair value is confirmed by the financial institution that the Company has entered into the agreement with. The Group did not have any foreign exchange contracts 31 December 2020.

The following of the company's financial instruments are not valued at fair value: cash and cash equivalents, customer receivables, other receivables and long-term debt.

The book value of cash and cash equivalents is virtually the same as fair value due to the fact that these instruments have short maturity dates. Receivables are recognised at amortised cost less expected credit losses.

The Group classifies fair value measurements by using a fair value hierarchy that reflects the significance of the input that is used in preparing the measurements. The fair value hierarchy has the following levels:

Level 1: the input is quoted prices (unadjusted) in an active market for identical assets or liabilities.

Level 2: the input is prices, other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. calculated from prices).

Level 3: the input to the asset or liability is not based on observable market data (non-observable input).

The following table presents the Group's financial assets and liabilities measured at fair value as per 31 December 2020:

(USD 1 000)	Level 1	Level 2	Level 3
2020			
Assets			
Financial assets at fair value over profit or loss			
- Derivatives held for trading purposes	0	0	0
Total assets	0	0	0
Liabilities			
Financial liabilities at fair value over profit or loss			
- Derivatives held for trading purposes	0	1 802	0
Total liabilities	0	1 802	0

During the reporting period, there were no changes in the fair value measurement that involved transfers between level 1 and level 2. Financial assets and liabilities in level 2 are entered in the balance sheet at market value.

The following table presents the Group's financial assets and liabilities measured at fair value as per 31 December 2019:

(USD 1 000)	Level 1	Level 2	Level 3
2019			
Assets			
Financial assets at fair value over profit or loss			
- Derivatives held for trading purposes	0	6	0
Total assets	0	6	0
Liabilities			
Financial liabilities at fair value over profit or loss			
- Derivatives held for trading purposes	0	1 211	0
Total liabilities	0	1 211	0

Derivatives

(USD 1 000)	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Interest swap agreements ¹⁾	0	1 802	6	1211
Total book values	0	1 802	6	1211

¹⁾ Interest swap agreements

The notional amount of outstanding interest rate swap agreements was USD 75.0 million (2019: USD 108.8 million). As per 31 December 2020 the fixed interest rate for the swaps in effect varied from 2,0% to 3,1% + margin (2019: 1,5% to 2,7%). The floating interest rates are based on 3 months USD Libor.



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(USD 1 000)

Currency	Notional amount		Start date	Maturity date	Fixed rate
	USD				
USD	9 399		February 2013	February 2020	1,54 %
USD	9 399		February 2013	February 2020	1,54 %
USD	15 000		March 2013	March 2020	2,04 %
USD	25 000		January 2017	November 2021	2,02 %
USD	20 000		July 2019	January 2022	2,68 %
USD	20 000		July 2019	January 2022	2,48 %
USD	10 000		March 2020	March 2022	3,13 %

¹⁾ See note 14

Financial instruments by category

As at 31 December 2020	At fair value over profit /loss	At amortized cost	Total
(USD 1 000)			
Assets			
Customer receivables and other receivables (excl. prepayments)	0	524	524
Derivatives	0	0	0
Cash and cash equivalents	0	14 208	14 208
Total Assets	0	14 732	14 732

Liabilities			
Loans	0	161 199	161 199
Derivatives	1 802	0	1 802
Lease obligation	0	917	917
Due to suppliers and other debt	0	2 848	2 848
Total Liabilities	1 802	164 964	166 766

¹⁾ See note 18

As at 31 December 2019	At fair value over profit /loss	At amortized cost	Total
(USD 1 000)			
Assets			
Customer receivables and other receivables (excl. prepayments)	0	301	301
Derivatives	6	0	6
Cash and cash equivalents	0	12 597	12 597
Total Assets	6	12 898	12 904

Liabilities			
Loans	0	167 281	167 281
Derivatives	1 211	0	1 211
Lease obligation	0	939	939
Due to suppliers and other debt	0	2 876	2 876
Total Liabilities	1 211	171 095	172 306



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Note 16 Remuneration and fees

(USD 1 000)	Salary	Other remuneration	Pension cost	Total
Remuneration to senior management 2020				
Olav Sollie, CEO ¹⁾	272	3	9	284
Other members of senior management ²⁾	624	8	53	685
Total remuneration senior management	896	11	62	969
Remuneration to senior management 2019				
Olav Sollie, CEO	261	39	9	309
Other members of senior management ²⁾	593	60	51	704
Total remuneration senior management	854	99	60	1 013

¹⁾ Upon termination of the employment contract, the CEO is entitled to receive his base salary, including agreed benefits, during the 6 months notice period plus a compensation equal to 12 months salary.

²⁾ Chief Financial Officer, Director Chartering and Commercial and Technical Director.

The Board of Directors of the Parent company does not receive any compensation. The chairman of the board is not entitled to any bonus or severance pay. Remuneration and fees are denominated in NOK. In the table above, the average USD/NOK exchange rate is used to convert the figures from NOK to USD.

Note 17 Transactions with related parties

All the companies set out in note 9 are related parties to NOCC. Receivables and transactions between consolidated companies are eliminated in the consolidation and not shown in this note.

The Group invoiced management services to Car Carrier Investments AS, the holding company of Norwegian Car Carriers AS, with a total amount of USD 68 216 in 2020 (USD 61 454 for 2019).

Transactions with related parties are entered into on an arms-length basis and at market terms. Apart from the transactions specified in this note there are no transactions or outstanding amounts of a material nature with related parties.

Note 18 Leases and commitments

The Group has applied IFRS 16 that is effective for annual periods that begin on or after 1 January 2019 using the modified retrospective approach on initial application. This standard is replacing IAS 17. (See note 1.)

The Group has identified two lease contracts where the Group is the lessee and IFRS 16 introduces new or amended requirements with respect to lease accounting:

Office

The Group administration is situated in rented premises in Drammensveien 167 in Oslo, Norway.

In April 2017 the Group renewed the contract for office lease in Drammensveien 167 in Oslo until Q1 2023 with an option for another 5 years.

Office machine

The Group is renting an office machine. The contract expires in Q3 2022.

On transition to IFRS 16, the Group recognised Right-of-use Assets and Lease obligations for these leases. When measuring the Lease obligations, the Group discounted lease payments using the applicable incremental borrowing rate (5.63%).

All the Group's vessels are chartered out on either time charter contracts or bareboat contracts. These contracts are leases where the Group is the lessor and retains substantially all risks and rewards incidental to ownership, and the accounting will remain unchanged according to IFRS 16.



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2020

(USD 1000)	Carrying amount 01.01.2020	Addition	Depreciation ROA	Payment on Lease obligation	Interest expense on Lease obligation	Currency effect	Carrying amount 31.12.2020
Right-of-use Assets	929	63	(123)				869
Lease obligations	(939)	(63)		151	(46)	(20)	(917)

2019

(USD 1000)	Impact of adopting IFRS 16 as at 1 January 2019		Depreciation ROA	Payment on Lease obligation	Interest expense on Lease obligation	Currency effect	Carrying amount 31.12.2019
Right-of-use Assets	1 046		(118)				929
Lease obligations	(1 046)			147	(54)	15	(939)

Payments on Low value asset leases (exempt) amounted to USD 2 in 2020 (USD 2 in 2019). The amounts were booked as administration costs .

Note 19 Share capital and shareholder information

	2020	2019
Total number of shares 1 January	491 071 891	466 071 891
Shares issued	12 500 000	25 000 000
Total number of shares 31 December	503 571 891	491 071 891
Total shares	503 571 891	491 071 891

The share capital consists of:

	Number of shares	Par Value NOK	Share capital USD
Ordinary shares, share capital	503 571 891	1.85	132 219 762

2020: During 2020 the share capital has been increased by NOK 23 125 000.

As per 31 December 2020 the Company had one shareholder. All shares give the same rights in the Company.

List of shareholders with more than 1% interest:

	Total shares	Interest
Car Carrier Investments AS	503 571 891	100,00 %
	503 571 891	

Note 20 Post balance sheet events

In February 2021 the vessel NOCC Kattegat was sold and delivered to new owners.

In April 2021 the Group re-negotiated the existing loan agreement with its banks. The amendment includes new installment schedule, decrease of margin and extension of the tenor by two years, as well as a requirement for USD 6 million in new equity issue. As such, the equity was in April 2021 increased by USD 6 000 000 (NOK 49 800 000).

In April 2021 the Group signed an agreement for sale of the vessel Glovis Companion with delivery in July 2021.

The market for PCTC vessels has continued to improve in 2021. However the outlook is dependent upon the Covid 19 development and the worldwide economic growth. Analysts estimate that Global car sales will increase significantly in 2021 compared to 2020 volumes, which will help stabilizing the demand for PCTC vessels.



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Norwegian Car Carriers AS – Parent Company

Income Statement

(USD 1 000)

OPERATING INCOME AND EXPENSES	Note	2020	2019
OPERATING INCOME			
Other operating income	Note 12	1 514	1 706
Total income		1 514	1 706
OPERATING EXPENSES			
Salaries and other personnel expenses	Note 8,10	(1 722)	(1 841)
Depreciation	Note 3	(17)	(16)
Impairment financial assets	Note 4	(34 881)	(5 248)
Other operating expenses		(327)	(462)
Total operating expenses		(36 947)	(7 568)
OPERATING PROFIT/(-LOSS)		(35 433)	(5 861)
FINANCIAL INCOME AND EXPENSES			
Income from group companies	Note 12	1 930	1 930
Interest income group companies	Note 12	963	979
Interest income		2	11
Net gain/(loss) on foreign exchange		(14)	3
NET FINANCIAL ITEMS		2 881	2 923
PROFIT/(-LOSS) BEFORE TAX		(32 552)	(2 938)
Taxes	Note 9	0	0
PROFIT/(-LOSS) AFTER TAX		(32 552)	(2 938)



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Norwegian Car Carriers AS – Parent Company

Statement of financial position as at 31 December

(USD 1 000)

ASSETS	Note	2020	2019
LONG-TERM ASSETS			
Other assets	Note 3	86	55
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	Note 4	74 922	105 703
Loans to companies in the same group	Note 12	8 041	8 041
Total financial fixed assets		82 963	113 744
TOTAL FIXED ASSETS		83 048	113 799
CURRENT ASSETS			
Receivables on companies in the same group	Note 12	12 058	9 337
Other receivables	Note 5	46	30
Total receivables		12 103	9 367
Cash and cash equivalents	Note 6	810	793
TOTAL CURRENT ASSETS		12 913	10 160
TOTAL ASSETS		95 961	123 959



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Norwegian Car Carriers AS – Parent Company

Statement of financial position as at 31 December

(USD 1 000)

EQUITY AND LIABILITIES	Note	2020	2019
EQUITY			
Paid-in capital			
Share capital	Note 2,7	132 220	129 972
Share premium reserve	Note 2	35 965	34 212
Other paid in capital	Note 2	27 339	27 339
Total paid equity		195 524	191 524
Other equity			
Total equity	Note 2	94 494	123 075
LONG-TERM LIABILITIES			
Pension liability	Note 8	248	187
Deferred tax	Note 9	0	0
Total long term liabilities		248	187
CURRENT LIABILITIES			
Public duties payable		168	149
Other current liabilities		1 051	547
Total current liabilities		1 219	696
TOTAL LIABILITIES		1 467	883
TOTAL EQUITY AND LIABILITIES		95 961	123 959

Oslo, 5 May 2021

DocuSigned by:
James Michael Stepp
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James Michael Stepp
Board Member

DocuSigned by:
Jon Christian Svertsen
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Jon Christian Svertsen
Chairman

DocuSigned by:
Vidit Dinesh Tewari
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Board Member

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Kristine Klaveness
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Kristine Klaveness
Board Member

DocuSigned by:
Colin James Whittington
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Board Member

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Tore Bergsjø
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Tore Bergsjø
Board Member

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Olav Sollie
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Olav Sollie
CEO



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Norwegian Car Carriers AS – Parent Company

Statement of cash flow

(USD 1 000)

	2020	2019
Cash flow from operating activities		
Cash flow from operations	61	(56)
Net cash flow from operating activities	61	(56)
Cash flow from investment activities		
Investment in subsidiaries	(4 000)	(6 010)
Purchase of fixed assets	(47)	3
Interest received	2	11
Net cash flow from investment activities	(4 045)	(5 996)
Cash flow from financing activities		
Issue of ordinary shares	4 000	6 000
Net cash flow from financing activities	4 000	6 000
Net change in cash and cash equivalents	16	(52)
Cash and cash equivalents at 1 January	793	846
Cash and equivalents at 31 December	810	793

CASH FLOW FROM OPERATIONS

Result before tax	(32 552)	(2 938)
Adjusted for :		
Depreciation	17	16
Impairment subsidiaries and associated companies	34 881	5 248
Other financial items	0	0
Interest and other financial income	(2)	(11)
Net foreign exchange items	14	(3)
Change in working capital:		
Customer receivables and other receivables	(2 881)	(2 302)
Due to suppliers and other short-term debt	584	(67)
Cash flow from operations	61	(56)
Restricted cash included in cash balance	213	177



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Norwegian Car Carriers AS – Parent Company

Note 1 Accounting Principles

The office of Norwegian Car Carriers AS is located at Drammensveien 167, Oslo.

PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of Norwegian Car Carriers AS have been prepared in accordance with the Accounting Act 1998 and generally accepted accounting principles in Norway.

The financial statements have been prepared at historical cost, with the exception of financial instruments, which are measured at fair value.

Functional currency and presentation currency

The Company's presentation currency as well as the functional currency is USD. The following exchange rates have been applied NOK/USD:

31 December 2019: 8,8176

31 December 2020: 8,5375

Subsidiaries and associated companies in the Company's financial statements

Except for short term investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are provided through capital increases or when group contributions are made to subsidiaries. Dividends and group contributions exceeding the portion of retained earnings after the date of investment are reflected as a reduction in the cost of the investment. Dividends/group contributions from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividends from other companies are reflected as financial income when it has been approved.

Interests in other limited partnerships

Limited partnership interests that relate to various small investments are entered as financial fixed assets in other enterprises.

Income recognition

Income on delivery of services is valued at the fair value of the consideration. Services are posted to income in line with execution of the contract.

Foreign exchange contracts

Foreign exchange contracts are considered to be monetary items and recorded at fair value with changes in market value recorded in the income statement.

Pension liabilities

The Company is operating a defined benefit-based pension scheme for employees hired on or prior to 31 October 2012. A benefit-based pension scheme defines the employee's right to agreed future pension benefits normally dependent on factors such as age, number of years of service and compensation.

The liability is carried as the present value of pension liabilities on the balance sheet date less the fair value of pension funds allocated for payment of benefits together with corrections for non-recorded estimate differences and costs related to previous periods' pension accrual. The pension liability is calculated annually by independent actuaries, based on a linear earnings model. The present value of the defined benefit obligation is determined by discounting the estimated future cash out flows using the interest rate on covered bonds at the balance sheet date.

For employees hired on or later than 1 November 2012, the Company is operating a defined contribution plan. The contributions are recognized as employee benefit expense when they are due.

Classification of assets and liabilities

Current assets and short-term liabilities include items that fall due for payment within one year after the balance sheet date. Other items are classified as fixed assets/long-term obligations.

Current assets are valued at the lower of acquisition cost and fair value. Short-term debt is entered in the balance sheet at the nominal amount at the time of establishment.

Fixed assets are valued at acquisition cost written down to fair value if the fall in value is expected to be permanent. Long-term liabilities are entered in the balance sheet at the nominal amount at the time of establishment

Short-term investments

Short-term investments (shares and interests valued as current assets) are valued at the lower of average acquisition cost and fair value on the balance sheet date. Dividends received and other distributions from companies are posted to income statement as other financial income.

Tax

The tax charges in the income statement consist of tax payable and change in deferred tax.

Deferred income tax is provided for with a tax rate of 22%, using the liability method on all temporary differences between the tax base of financial items, their carrying value for financial reporting purposes, as well as any financial tax losses carried forward.

The tax position on all differences between accounting and tax values of assets and liabilities are calculated with a resulting deferred tax or deferred tax asset, with the exception of:

- temporary differences related to investments in subsidiaries, associated companies or jointly controlled businesses when the temporary differences will be reversed and this is not expected to happen in the foreseeable future.

The tax increasing and reducing temporary differences that reverse or can reverse in the same periods are netted.

Deferred tax is measured based on the expected future tax rates where temporary differences have arisen, and are entered at nominal value and classified as long-term liabilities in the statement of financial position.

Following a change in the tax legislation in 2005 the tax losses can be carried forward indefinitely.

Due to uncertainties whether tax losses carried forward may be utilized within reasonable time, the Company has not recognized any of its deferred tax assets in the balance sheet.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments that can be converted immediately and with no significant price risk to a specific cash amount, and have a maturity date shorter than three months from establishment.



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Norwegian Car Carriers AS – Parent Company

Note 2 Equity

(USD 1 000)
2020

	Share capital	Share premium reserve	Other paid in equity	Capital increase unregistered	Other equity	Total
Equity 1 January 2020	129 972	34 212	27 339	0	(68 449)	123 075
Issue of shares	2 247	1 753	0	0	0	4 000
Result for the year	0	0	0	0	(32 552)	(32 552)
Group contribution					(29)	(29)
Equity 31 December 2020	132 220	35 965	27 339	0	(101 030)	94 494

2019

	Share capital	Share premium reserve	Other paid in equity	Capital increase unregistered	Other equity	Total
Equity 1 January 2019	124 686	33 498	27 339	0	(65 510)	120 014
Group contribution received					0	0
Result for the year	0	0	0	0	(2 938)	(2 938)
Equity 31 December 2019	129 972	34 212	27 339	0	(68 449)	123 075

Note 3 Fixed assets

(USD 1 000)
2020

Fixed assets	Other assets
Acquisition cost at 1 January	155
Additions	47
Additions - non-depreciable	(0)
Disposal	0
Acquisition cost 31 December	202
Accumulated depreciation 1 January	(100)
Disposal	0
Depreciation for the year	(17)
Accumulated depreciation 31 December	(116)
Net book value 31 December 2020	86

Useful life 3-5 years

2019

Fixed assets	Other assets
Acquisition cost at 1 January	152
Additions	3
Additions - non-depreciable	(0)
Disposal	0
Acquisition cost 31 December	155
Accumulated depreciation 1 January	(83)
Disposal	0
Depreciation for the year	(16)
Accumulated depreciation 31 December	(100)
Net book value 31 December 2020	55

Useful life 3-5 years



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Norwegian Car Carriers AS – Parent Company

Note 4 Investments in subsidiaries and associated companies

(USD 1 000)

Subsidiaries	Registered office	Ownership / voting	Equity	Result 2020	Book value 01.01	Capital increase	Group contr.	Impairm.	Book value
NOCC Shipowning AS	Norway	100,00 %	74 911	(34 781)	105 693	4 000		(34 781)	74 911
NOCC Asian King AS	Norway	100,00 %	5	(57)	5		57	(57)	5
NOCC Finance AS	Norway	100,00 %	5	(43)	5		43	(43)	5
TOTAL SUBSIDIARIES					105 703	4 000	100	(34 881)	74 922

Note 5 Receivables and liabilities

(USD 1 000)

Other receivables	2020	2019
Prepaid expenses	36	27
VAT	10	3
Total other receivables	46	30

Note 6 Cash and cash equivalents

(USD 1 000)

Restricted cash and deposits	2020	2019
Restricted deposits *)	131	102
Tax deduction funds	82	75
Total cash and restricted deposits	213	177
Other bank deposits	596	616
Total cash and cash equivalents	810	793
* Funds serving as security for office lease obligations	106	102

Note 7 Share capital and shareholder information

The share capital consists of:

(NOK)	Number of shares	Par value	Share capital
Ordinary	503 571 891	1,85	931 607 998
Corresponding USD value			132 219 762

For further shareholder information, please refer to note 19 in the Group accounts.



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Norwegian Car Carriers AS – Parent Company

Note 8 Pensions

The company is obliged to provide a service pension scheme under the Norwegian Mandatory Service Pensions Act.

The scheme gives rights to certain future benefits. For employees hired prior to 31 October 2012, the pension scheme is based on a defined benefit plan and the pension will depend on the number of years of employment, the salary level at retirement and the amount of contribution from the Social Security system. The obligation is covered through Storebrand Livsforsikring. For employees hired on 1 November 2012 or later, the pension scheme is based on a defined contribution plan and the pension will depend on the contribution and the return on the contribution up until retirement as well as the contribution from the Social Security system.

Remeasurement costs/-income is recorded in the Income statement in the Financial statements of the parent company, and according to IFRS taken over OCI in the Group accounts. There is otherwise no difference in the pension liabilities between the parent company and the Group, reference is made to note 5 in the Group accounts.

Norwegian Car Carriers AS present its consolidated accounts in accordance with IFRS. Norwegian accounting standard 6A gives the parent company the right to apply IAS 19R in the parent company's accounts when these are presented in accordance with Norwegian accounting standards.

IAS 19R was in the Group accounts implemented over OCI, with retrospective effect back to 2012. This effect was in the accounts of the parent company booked against Other Equity.

There are no other material differences between the treatment of changes in accounting principles between group accounts and parent company. Please refer to the Group accounts for comparable figures related to change of principles.

Note 9 Taxes

(USD 1 000)

Calculation of deferred tax asset

Temporary differences	2020	2019
Operating assets	(15)	(1)
Receivables	(2 298)	(2 480)
Gain and loss account	(112)	(136)
Pensions	248	187
Other differences	389	362
Net temporary differences	(1 788)	(2 067)
Loss carried forward	5 862	7 598
Basis for deferred tax asset	4 074	5 531
22% (22%) deferred tax	1 290	1 217
Of which non-capitalised deferred tax benefit	(1 290)	(1 217)
Deferred tax benefit in the balance sheet	0	0

Basis for tax charge, change in deferred tax and tax payable:

	2020	2019
Result before tax	(32 552)	(2 938)
Result difference currency ¹⁾	(3 142)	5 523
	(35 694)	2 584
Non-deductible expenses/income	37 467	14
Basis of year's tax charge	1 772	2 599
Changes in temporary differences	347	(131)
Basis for tax payable in the profit and loss account	2 119	2 468
+/- Group contributions received/given	(133)	
Taxable income	1 986	2 468

1) Result difference mainly due to impairment of financial asset in USD.



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Norwegian Car Carriers AS – Parent Company

Specification of tax charge:

The tax charge for the year is specified as follows:	2020	2019	2018	2017
Tax payable on the result for the year	(437)	(530)	(506)	(463)
Tax effect on change in deferred loss brought forward	437	530	506	463
Total tax payable	0	0	0	0
Change in deferred tax	0	0	0	0
Tax income/(expense)	0	0	0	0

Explanation why the tax for the year differ from 22% (22%) of profit before tax:

The tax charge for the year is specified as follows:	2020	2019	2018	2017
22% (22%) tax income/(-expense) before tax	7 853	(556)	(594)	(300)
Tax effect non-deductible expenses	(8 243)	(3)	(1)	(2)
Tax effect change in temporary differences	(76)	29	90	(130)
Tax effect on Group contribution	29	0	0	(31)
Change in non-capitalised deferred tax asset	437	530	506	463
Tax income/(expense) in the profit and loss statement	0	0	0	0

Note 10 Operating expenses

(USD 1 000)

Salaries and related costs	2020	2019
Salaries	(1 319)	(1 489)
Employment tax	(204)	(218)
Other benefits	(19)	(22)
Total	(1 543)	(1 729)
Pension costs	(179)	(112)
Total salaries and related costs	(1 722)	(1 841)

For 2020 the number of full-year equivalent employees was 9.

See note 16 to the Group accounts for further information on remuneration to the CEO.

Auditor*	2020	2019
Audit fees	(15)	(16)
Other attestation services	(0)	(1)
Total	(15)	(17)

Audit fee paid in 2020 relates to the audit performed by Deloitte for the fiscal year 2019.

*All amounts excluding VAT

Note 11 Guarantee liabilities

(USD 1 000)

The Company has provided guarantees for the following Group companies:	CURRENCY	AMOUNT
NOCC Shipowning AS*	USD	227 000
Liability for uncalled capital in limited liability subs.	USD	7 450

*Change in guarantee from 23 December 2016.



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Norwegian Car Carriers AS – Parent Company

Note 12 Receivables from group companies etc.

(USD 1 000)

	<u>Long-term receivables</u>		<u>Current receivables</u>	
	2020	2019	2020	2019
Group companies	8 041	8 041	12 058	9 337
Total	8 041	8 041	12 058	9 337

All agreements between Group companies are entered into on an arms length basis on market terms.

The following transactions with related parties were reflected in the accounts of the Company:

	2020	2019
Management fees	1 514	1 706
Guarantee fees	1 930	1 930
Group interests received	963	979
Group interests paid	0	0

Please refer to Note 17 of the Group accounts for further information regarding transactions with related parties.

Note 13 Post balance sheet events

In April 2021 the equity was increased for general purposes by USD 6 000 000 (NOK 49 800 000).

The market for PCTC vessels has continued to improve in 2021. However the outlook is still dependent upon the Covid-19 development and the worldwide economic growth. Analysts estimate that Global sales will increase significantly in 2021 compared to the 2020 volumes, which will help stabilizing the demand for PCTC vessels.



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To the General Meeting of Norwegian Car Carriers AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Norwegian Car Carriers AS, which comprise:

- The financial statements of the parent company Norwegian Car Carriers AS (the Company), which comprise the statement of financial position as at 31 December 2020, the income statement and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Norwegian Car Carriers AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Other information

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

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

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

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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 International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible

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Norwegian Car Carriers AS

for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Oslo, 5 May 2021
Deloitte AS

Reidar Ludvigsen
State Authorised Public Accountant (Norway)

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Reidar Ludvigsen

State Authorised Public Accountant (Norway)

Serienummer: 9578-5997-4-1501479

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