

Fjord1

ANNUAL REPORT 2020



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About Fjord1

- Safe and stable operations
- Company Values
- Key figures
- From the CEO
- 2020 in brief
- Fjord1 and strategy
- Operations and segments
- Management team
- Board of Directors
- Corporate governance

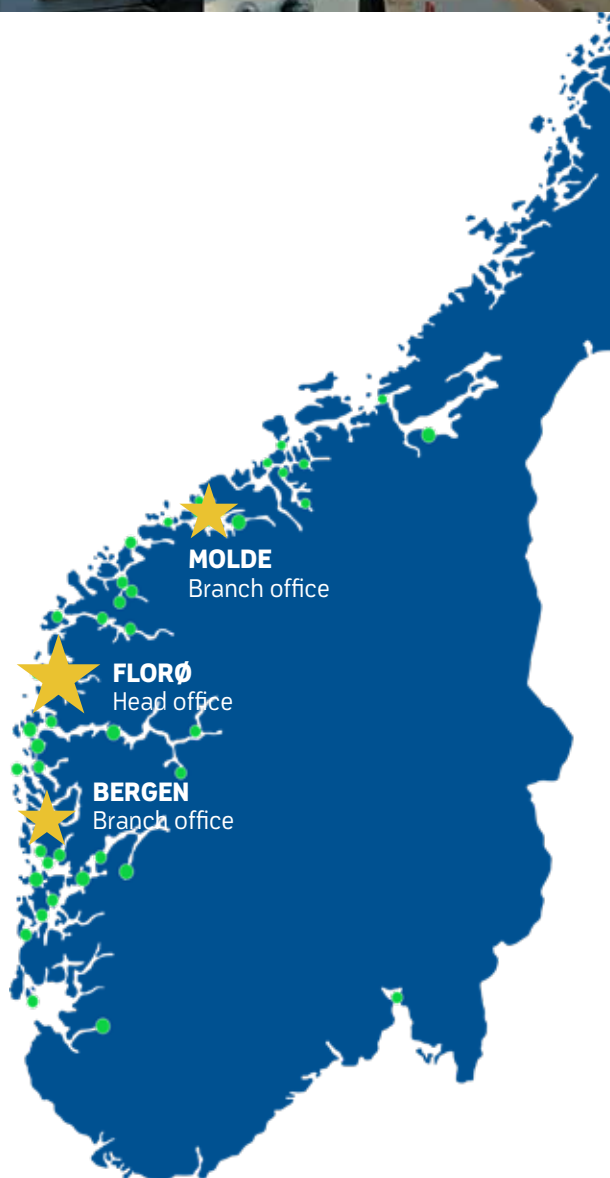


ABOUT FJORD1

Fjord1's core business is the operation of ferry services. The company also engages in passenger boat services, catering and tourism. Fjord1 is Norway's leading ferry operator, carrying more than 16 million passengers in 2020. Fjord1 makes use of world-class cutting-edge technology to meet requirements for zero emissions and electrically powered vessels in new contract tenders. As a result of this, the company has also been working to install the necessary quayside charging systems.

2020 saw the largest expansion in ferry operations in the company's history. In addition to the commencement of four new ferry contracts and new 22 routes, the fleet renewal programme 2017-2020 was completed and the switch to electrification continued apace. The company took delivery of seven fully hybrid-electric vessel and completed several electrification retrofits in 2020.

Through continuous efforts to develop a world-class fleet, it is Fjord1's vision to be the best for eco-friendly and reliable transport. Fjord1 aims to be an attractive employer, a secure company to invest in, a preferred business partner and an operator which carries passengers safely across Norway's fjords.



SAFE AND STABLE OPERATIONS

Fjord1 has a zero vision for loss of life, injuries, environmental harm or material damage. The company safeguards its employees, customers

and suppliers, while taking responsibility as a provider of services that are vital for the inhabitants of Norway's coastal communities.

To ensure safe and reliable operations, Fjord1 prioritises the following:



A dynamic safety management system, with emphasis on continuous improvement and corrective actions.



A shared philosophy, whose cornerstone is the overall use of resources.



A clear emphasis on the environment, efforts to continuously reduce emissions to the marine environment, use of eco-friendly technology and procedures for the handling of environmentally harmful substances.



Responsibility and authority that is clearly defined and communicated.



Organisational development to optimally align competence with needs.



An inclusive management that emphasises the development and involvement of each individual employee.

COMPANY VALUES

The company's values reflect who the employees are and how they work.



CHEERFUL



PROFITABLE



OPEN AND HONEST



WORKING TOGETHER
AND TEAM SPIRIT



RELIABLE AND KEEPS
ITS PROMISES



PROUD

KEY FIGURES



WORKFORCE

1149



VESSELS

83



PASSENGERS

16,025 MILLION



VEHICLES

8,948 MILLION



REVENUES

3,1 BILLION



BALANCE SHEET

10,3 BILLION



EQUITY

2,4 BILLION



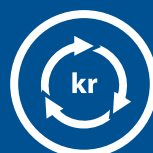
BEFORE TAX

206 MILLION



EBITDA

1,063 BILLION



INVESTMENTS

1,4 BILLION

The company safeguards its employees,
customers and suppliers.





FROM THE CEO

2020 was a challenging year for all of us, with Covid-19 changing everyone's daily lives through strict public health guidelines and government-imposed restrictions. Despite this, Fjord1 continued to operate safely and reliably thanks to efforts of our workforce. I would therefore like to send a huge vote of thanks to our employees, customers and suppliers, who have worked with us to ensure that Fjord1 has been able to keep operating normally and safely during this difficult time.

Fjord1 is Norway's leading provider of coastal transportation services, with a market share of approximately 47 per cent of the ferry market. At the beginning of 2020, Fjord1 started operations on 22 new ferry routes. Our total contract portfolio is worth NOK 24 billion and offers exciting commercial opportunities. At the same time, it confers on us a considerable corporate social responsibility as a provider of essential transport services in coastal Norway.

In 2020, the company, like many others, was affected by the Covid-19 pandemic. Our main priorities have been to secure the safety and welfare of our employees and customers, and maintain stable and reliable operations. Fjord1 has complied with the public health guidelines issued by national and local authorities, and has fulfilled its responsibility to maintain safe and punctual ferry services. Despite a reduction in traffic compared with 2019, Fjord1 still carried almost 16 million passengers and 9 million vehicles in 2020. The company has linked local communities together through safe and reliable transport solutions.

Since Fjord1's contracts are gross contracts, the pandemic has had little financial impact on the Ferry segment. However, the Catering segment suffered a sharp reduction in demand, due to Covid-related travel restrictions and temporary closures. As a result of a significant downturn in revenue, staff were furloughed and costs reduced in the Catering segment.

The Tourist segment was hard hit by domestic and international travel restrictions, with very limited activity in the low-season and a reduced offering for the domestic market over the summer season. As a result, this segment made a loss in 2020, despite governmental support under Covid-19 compensation schemes.

Due to the start-up of new ferry contracts, revenues increased by 14 per cent to NOK 3.1 billion in 2020, in line with expectations. The EBITDA margin increased from 30 per cent in 2019 to 34 % in 2020, due to lower operating costs. Operating profit rose by 24 per cent to NOK 491 million in 2020.

We expect more moderate growth in 2021, although cost improvements will continue to support operating margins.

In 2020, Fjord1 completed its fleet renewal programme, which commenced in 2017. The fleet now comprises 83 vessels, a growing number of which are electrically powered.

The completion of the vessel renewal programme and infrastructure investments will reduce investments and debt going forward, which also will support growth in profit before tax and net profit.

The company remains committed to its long-term strategy of being a leading player in the Norwegian ferry market and providing safe, reliable and environmentally friendly transport services to its customers. Early in 2021, Fjord1 won two new contracts in Northern Norway, which will boost the company's contract portfolio – a continuous process at Fjord1. The company's solid long-term contract portfolio and exciting long-term prospects in the eco-tourism sector offer a strong platform for the further development of the company.

We are looking forward to an eventful 2021, and hope we will soon get back to the way things used to be!



Dagfinn Neteland
CEO Fjord1

First quarter

On 1 January 2020, Fjord1 started operating four new contracts and 22 new routes. With effect from 1 January, the company started operating the following new contracts: Nordmørspakken, Romsdalspakken, Indre Sunnmøre, and Hordaland Rutepakke 2. In addition, six new routes were included in the already commenced contracts Hordaland Rutepakke 1 and Sulapakken.

From the same date, 250 new employees joined Fjord1 as a result of taking over the new routes, while five new vessels were delivered in the first quarter.

Towards the end of the first quarter, the first cases of Covid-19 were also diagnosed in Norway. The pandemic impacted Fjord1 operations and the most important priorities linked to this situation have been to safeguard the company's

employees, customers and suppliers, and ensure stable operations. The company shuttered its onboard kiosk sales in the second half of March to limit the spread of the coronavirus.

Fjord1 has at all times endeavoured to act responsibly and in compliance with national guidelines in order to deliver as expected the society-critical services it provides.

Second quarter

Fjord1 won the tender competition for a three-year contract to operate the Festvåg-Misten ferry service in Nordland County. Preparations for the takeover commenced shortly after the contract was awarded. Fjord1 started operating the service on 1 January 2021.

Fjord1 led the national introduction of the AutoPASS ferry payment solution, and was

granted a dispensation by the county councils to introduce automated vehicle payment when manual ticket sales were stopped in March in an effort to contain the spread of the virus. Other ferry companies subsequently adopted Fjord1's solution. The company has continued its in-house efforts relating to the further development of AutoPASS as a payment solution.

The Covid-19 pandemic affected day-to-day operations as a result of fewer passengers and kiosk customers. Strict travel restrictions resulted in losses from joint ventures and associates in the tourism segment.

JANUARY

- Delivery was taken of MF Florøy and MF Grip.

FEBRUARY

- Delivery was taken of MF Bømlafjord.
- Fjord1 prepared to implement measures after the authorities announced that a serious viral epidemic was expected.

MARCH

- Fjord1 requested passengers to remain in their vehicles during ferry crossings to reduce the risk of the coronavirus spreading. Manual ticket sales were discontinued, and all catering outlets shuttered. Additional cleaning was introduced, both on board the ferries and at Fjord1's offices.
- Fjord1 took delivery of two new ferries within three days: MF Sildafjord and MF Smøla.
- Fjord1 became the first ferry operator in Norway to be certified to ISO 50001: Energy Management System.

APRIL

- Fjord1 led the national development of AutoPASS for ferries after manual ticket sales were halted on 15 March.
- Employees were praised for zero incidents relating to health, safety and the environment in April.

MAY

- Havilafjord (part of the Havila group of companies) increased its stake in Fjord1 after Perestroika (owned by Frederick Mohn) sold its shareholding in Fjord1. The acquisition was undertaken in conjunction with the US investment fund Vision Ridge.
- Fjord1 relaxed its coronavirus-related precautions, and several of its kiosks were reopened.

JUNE

- Delivery was taken of MF Møringen.
- The ferry company Møre og Romsdal Fylkesbåter (MRF) marked the centenary of its establishment.
- Fjord1 is a major employer of young people and takes on many seasonal workers each summer. Despite a different "Covid summer", Fjord1 was able to offer many summer jobs, both aboard ship and on shore.

Third quarter

Fjord1 launched its "Safety Improvement Programme 2020–2021". The purpose of this programme is to build an even stronger safety culture across the whole company. The two-year programme, which encompasses all employees, covers topics included in the ISM Code.

Several major refits got underway. During this period, both MF Romdsalsfjord and MF Korsfjord started a comprehensive process to convert from LNG to battery-hybrid propulsion systems.

Delivery was taken of MF Stangvikfjord, the last newbuild vessel due for delivery in 2020.

Fourth Quarter

In October, Fjord1 was awarded the contract to operate the "Nordøyane" service. The contract is scheduled to commence on 1 January 2022. The contract has a one-year duration.

Fjord1 continued to electrify more of its ferry services. Ferry charging facilities have now been installed at 24 quays. At the close of the year, electricity was the primary source of energy

for 17 vessels in service on ten routes. This contributes to a noticeable reduction in CO₂ and NOx emissions.

A bareboat agreement for MF Fanafjord was signed with a German company. MF Fanafjord will go into operation in Germany from 1 February 2021, and will change its name to Greenferry I.

From the start of 2021, Fjord1 will begin operating under a new contract in Nordland County. At the same time, Fjord1 will stop operating the Molde–Vestnes route.

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

- 15% growth in traffic and record sales of traditional "sveler" in July. Fjord1 had a good summer season despite the pandemic.

- Fjord1 took delivery of MF Stangvikfjord.
- Through the trainee programme arranged through the organisation Framtidsfylket, Fjord1 took on two new trainees, who will spend a year working in administrative positions.

- A new Safety Director was appointed. Eilert Nøttingnes took up this position on 1 January 2021.

- The electrification continues with several projects approaching completion, including three vessels that are under construction. In addition, a new vessel is under construction in Turkey, with delivery in 2021.

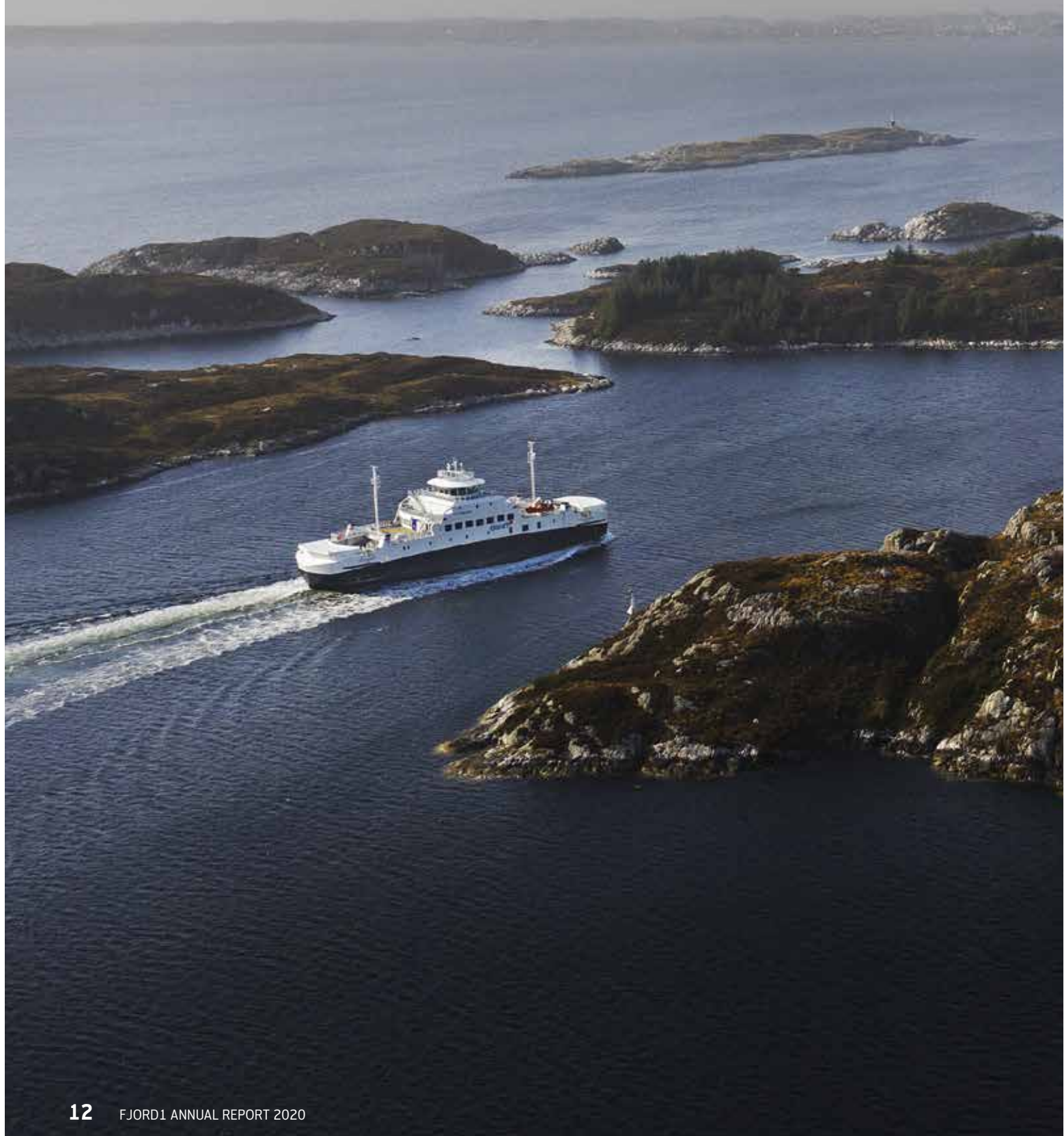
- Fjord1 started replacing its safety management platform TQM with EQS and the training period commenced. The plan is to have the new system fully implemented by the end of the first quarter 2021.

- In the fourth quarter, four new charging stations came into use. Fjord1 operates as normal during the new wave of Covid-19, and the company fulfilled its obligations as a supplier of critical transport infrastructure in coastal Norway.

2020

- YEAR IN SUMMARY

MF Fedjebjørn at
Fedje - Sævrøy



On 1 January 2020, Fjord1 started operating four new contracts and 22 new routes.



Activities that promote growth and profitability are prioritised in line with the company's strategy and financial goals.



FJORD1 AND STRATEGY

Fjord1's overarching strategy is to continue to be Norway's leading ferry company, with a strong contract portfolio going into the future. Activities that promote growth and profitability are prioritised in line with the company's strategy and financial goals.

The company is building for the future, and has developed a modern fleet of ferries that are designed to provide safe, reliable and eco-friendly transport. At the close of 2020, Fjord1 had 30 electrically powered vessels, which will

contribute to substantially lower emissions going forward. In line with the rest of society, Fjord1 is conscious of its social responsibility for the environment and prudent use of energy.

As part of an overarching strategy process, efforts have been made to develop Fjord1 through a clear emphasis on management, employee follow-up and development.

Fjord1 has defined goals to guide its strategy:



Fjord1 shall achieve sound financial results, a healthy operational performance and quality in all its processes.



Fjord1's brand/identity shall be distinguished by its modernisation, innovation and quality.



Fjord1 shall have the most skilled and motivated employees in its segment.



Fjord1 shall constantly develop leaders and employees at all levels of its organisation.



Fjord1 shall be the leading company in the segment, in which focus on safety and positive customer experiences shall characterise its day-to-day activities.



OPERATIONS AND SEGMENTS

Ferry services

Fjord1 operates ferry services in Norway, mostly on the country's west coast.

In 2020, Fjord1 operated four of the ten busiest routes in Norway and is Norway's largest provider of ferry services.

RESULTS FOR THE FERRY SEGMENT 2020



REVENUE

2,8 BILLION



EBITDA

997 MILLION



BEFORE TAX

530 MILLION

List of vessels

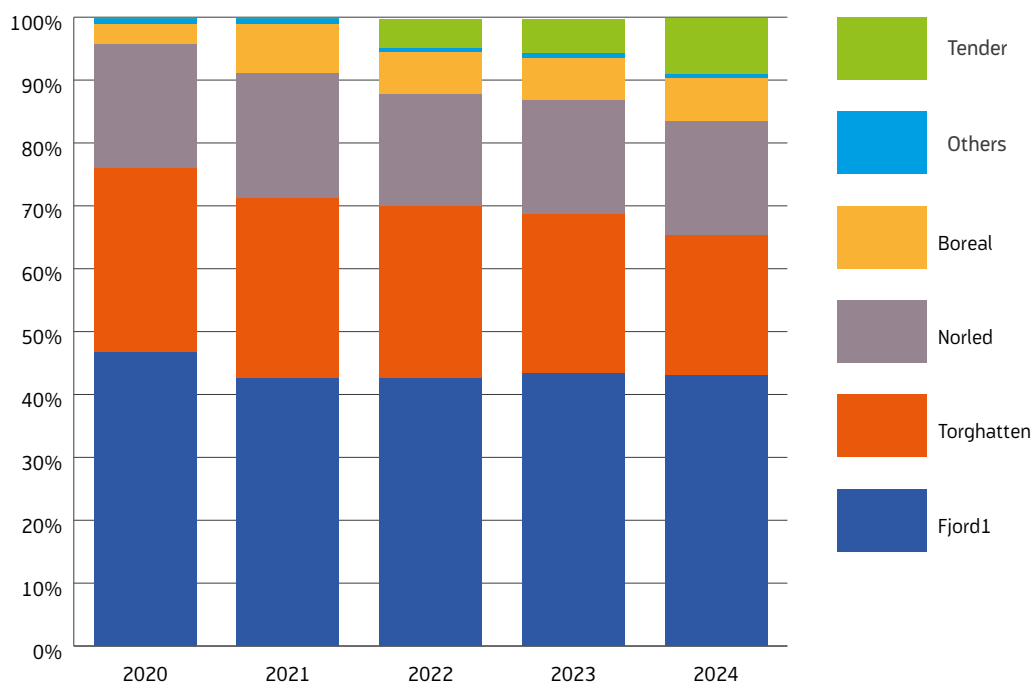
Vessel	Year built	PCE	Vessel	Year built	PCE
Driva	1963	29	Årdal	2008	105
Bolsøy	1971	38	Vågsøy	2008	31
Veøy	1974	50	Davik	2009	45
Sykkylvsfjord	1975	35	Moldefjord	2009	128
Kvernes	1976	25	Fannefjord	2010	128
Aurland	1977	35	Korsfjord	2010	128
Solnør	1977	36	Lifjord	2010	110
Aukra	1978	36	Norangsford	2010	120
Eid	1978	35	Romsdalsfjord	2010	128
Nordmøre	1978	52	Boknafjord	2011	240
Sunnfjord	1978	46	Hjørundfjord	2011	120
Bjørnsund	1979	61	Storfjord	2011	120
Geiranger	1979	35	Edøyfjord	2012	50
Stordal	1979	51	Hornelen	2016	60
Stryn	1979	81	Losna	2016	60
Solskjel	1981	35	Gloppefjord	2017	120
Sogn	1982	110	Eidsfjord	2017	120
Sognefjord	1984	64	Møkstrafjord	2018	130
Dalsfjord	1986	28	Husavik	2018	45
Sulafjord	1986	106	Horgefjord	2018	120
Selje	1986	58	Austrått	2018	50
Rauma	1988	73	Vestrått	2018	50
Romsdal	1988	73	Hadarøy	2018	120
Gulen	1989	90	Kommandøren	2018	120
Svanøy	1992	89	Suløy	2019	120
Ivar Aasen	1997	70	Giskøy	2019	120
Lærdal	1997	77	Rovdehorn	2019	120
Glutra	2000	120	Samlafjord	2019	130
Nordfjord	2001	54	Skopphorn	2019	120
Eira	2002	100	Hillefjord	2019	83
Volda	2002	80	Eresfjord	2019	120
Julsund	2004	99	Tustna	2019	80
Dryna	2005	35	Fedjebjørn	2019	50
Harøy	2005	35	Florøy	2020	83
Lote	2006	120	Grip	2020	80
Bergensfjord	2006	212	Bømlafjord	2020	50
Stavangerfjord	2006	240	Sildafjord	2020	83
Fanafjord	2007	212	Smøla	2020	50
Mastrafjord	2007	240	Møringen	2020	50
Raunefjord	2007	212	Stangvikfjord	2020	50

Passenger boats	Built	Passengers
Fjordglytt	2000	81
Sylvarnes	2000	70
Tansøy	2006	96
Ships under construction	Scheduled delivery	PCE
TBN 1	Q3- 2021	120

THE 10 ROUTES WITH THE HIGHEST TRAFFIC VOLUMES IN 2020

ROUTE	OPERATOR	PCE (IN THOUSANDS)
Moss - Horten	Torghatten	3 529
Mortavika - Arsvågen	Fjord1	2 685
Halhjem - Sandvikvåg	Torghatten	1 841
Molde - Vestnes	Fjord1	1 502
Mannheller - Fodnes	Norled	1 197
Festøya - Solavågen	Norled	1 107
Hareid - Sulesund	Fjord1	1 104
Lavik - Oppedal	Norled	1 101
Sykkylven - Magerholm	Fjord1	1 061
Flakk - Rørvik	Torghatten	1 009

MARKET SHARE BY PCE (INCL. CONTRACTS NOT AWARDED)



CONTRACT BASE

Contract	Vessels	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Bognes-Skarberget og Drag-Kjøpsvik	3															
Indre Sunnmøre	12															
Romsdalspakken	5															
Nordmørspakken	6															
Halsa-Kanestraum	3															
Sulapakken	5															
Hordaland Rutepakke 1	8															
Hordaland Rutepakke 2	6															
Brekstad-Valset	2															
Mortavika-Arsvågen	6															
Anda-Lote	2															
Fv Sogn og Fjordane	5															
Festvåg-Misten	1															
Nordøyane	2															
Svelvik-Verket	1															
Sølsnes-Åfarnes	1															
Romsdalspakken	5															
Nordmørspakken	7															





In 2020, Fjord1 operated four of the
ten largest routes in Norway.

MF Møkstra fjord at
Krokeide-Hufthamar



Passenger boat services

Fjord1 operates local passenger boat services on the west coast of Norway. The company owns three passenger boats and combined passenger/car vessels, and leases a further seven from an external subcontractor. Some of the vessels carry only foot passengers, while others carry both foot passengers and vehicles.

2020 was the final year of the initial contract period on the passenger boat routes. However, after the exercise of options, the contracts will run until 30 April 2022.

The company owns 49 per cent of Partsrederiet Kystekspresen ANS, which operates an express boat service from Kristiansund to Trondheim, Brekstad to Trondheim og from Vanvikan to Trondheim.

RESULTS FOR THE PASSENGER BOATS 2020



REVENUE

120 MILLION



EBITDA

65 MILLION



BEFORE TAX

13 MILLION



The company owns three passenger and combi boats, and leases seven passenger and combi boats from subcontractors.



Vision of the Fjords
at Nærøyfjorden

Activity picked up in July,
with a notable increase in
Norwegian customers in spite
of Covid-19.



Tourism

Fjord1 has interests in several tourist companies, which all provide fjord-based travel experiences. The company has a long tradition of providing fjord-based travel experiences, and has in recent years expanded the business by entering strategic partnerships, whose services, marketing and operations complement each other.

The Tourism segment was negatively affected by the severe restrictions on both international and domestic travel that were imposed in response to the Covid-19 pandemic. Activities were shut down in mid-March and remained closed through April and most of May. Some services reopened in late May, while others resumed at the start of the domestic holiday season in June. Activity picked up in July, with a notable increase in Norwegian customers as well as some international customers following the cautious reopening of borders. However, activity returned to low levels after the summer holiday period.

Growth in the Tourism segment will depend on the lifting of travel restrictions both domestically and internationally, and a gradual return to normal travel patterns. Fjord1 and its subsidiaries and joint ventures in the Tourism segment are monitoring the situation closely and have sought to mitigate its negative effects by changing their offering to cater more for a domestic audience.

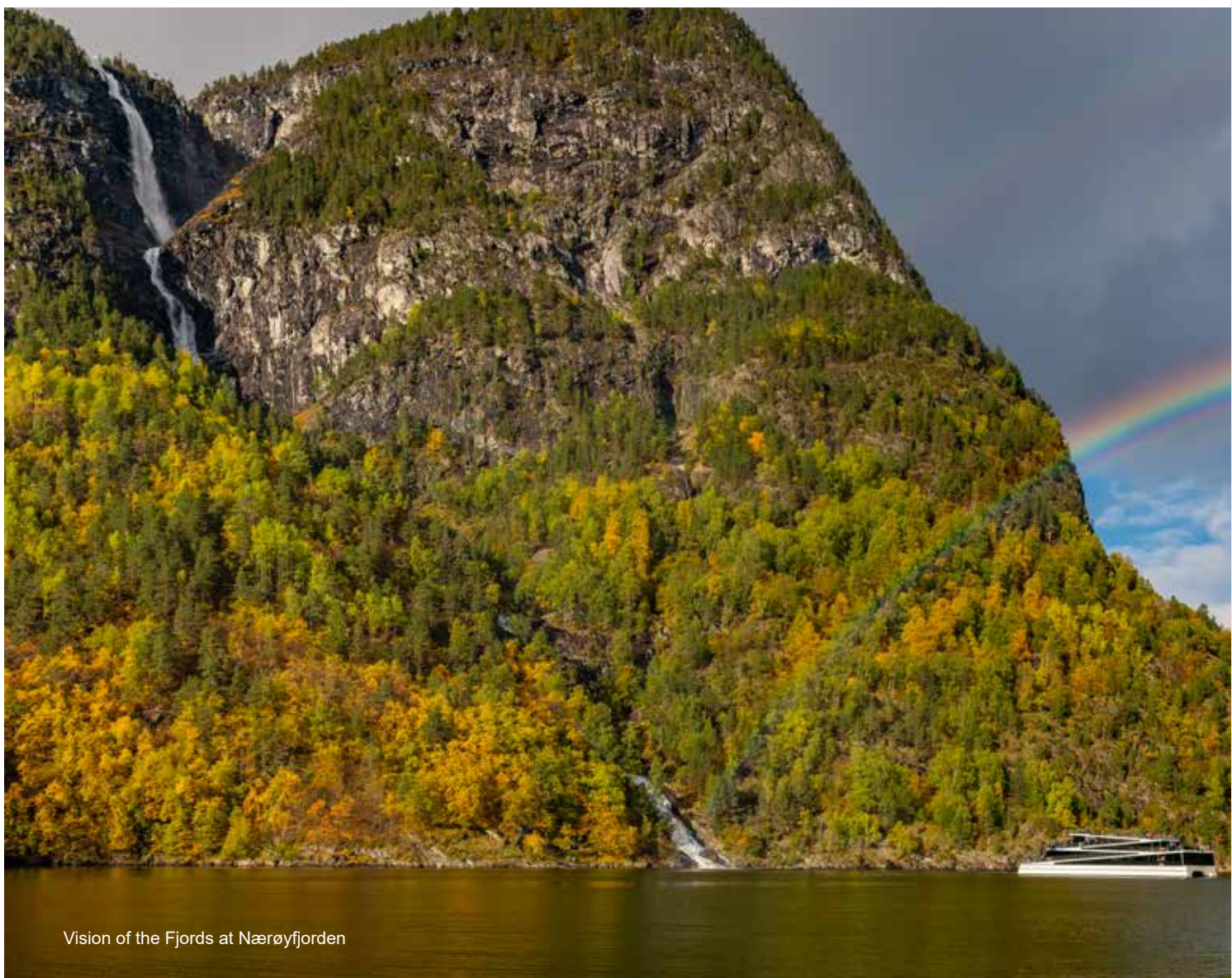
Fjord Tours Group AS

Fjord Tours Group AS was established in 2019. The object of Fjord Tours Group is to foster growth in the local tourist industry, creating local job opportunities, and to achieve better coordination between national, regional and local operators in the sector. Fjord1 and Vy-gruppen each own 50 per cent of the company's shares.

Fjord Tours Group will offer seamless and sustainable round trips in Norway, primarily using various types of public transport. The company offers complete package tours throughout Norway to both the national and international market. Its primary target group is the leisure traveller.

Fjord Tours Group owns 74 per cent of the shares in Fjord Tours AS and 30.5 per cent of the shares in Geiranger Fjordservice AS.

Geiranger Fjordservice AS aims to make Geiranger an attractive tourist destination, with visitors being offered experiences on the fjord and activities in the local area. The company's primary product is the passenger boat service that provides sightseeing trips on the Geirangerfjord. Geiranger Fjordservice also offers bicycle and car rental services, and provides transport services, guided tours and a variety of other activities.



Vision of the Fjords at Nærøyfjorden

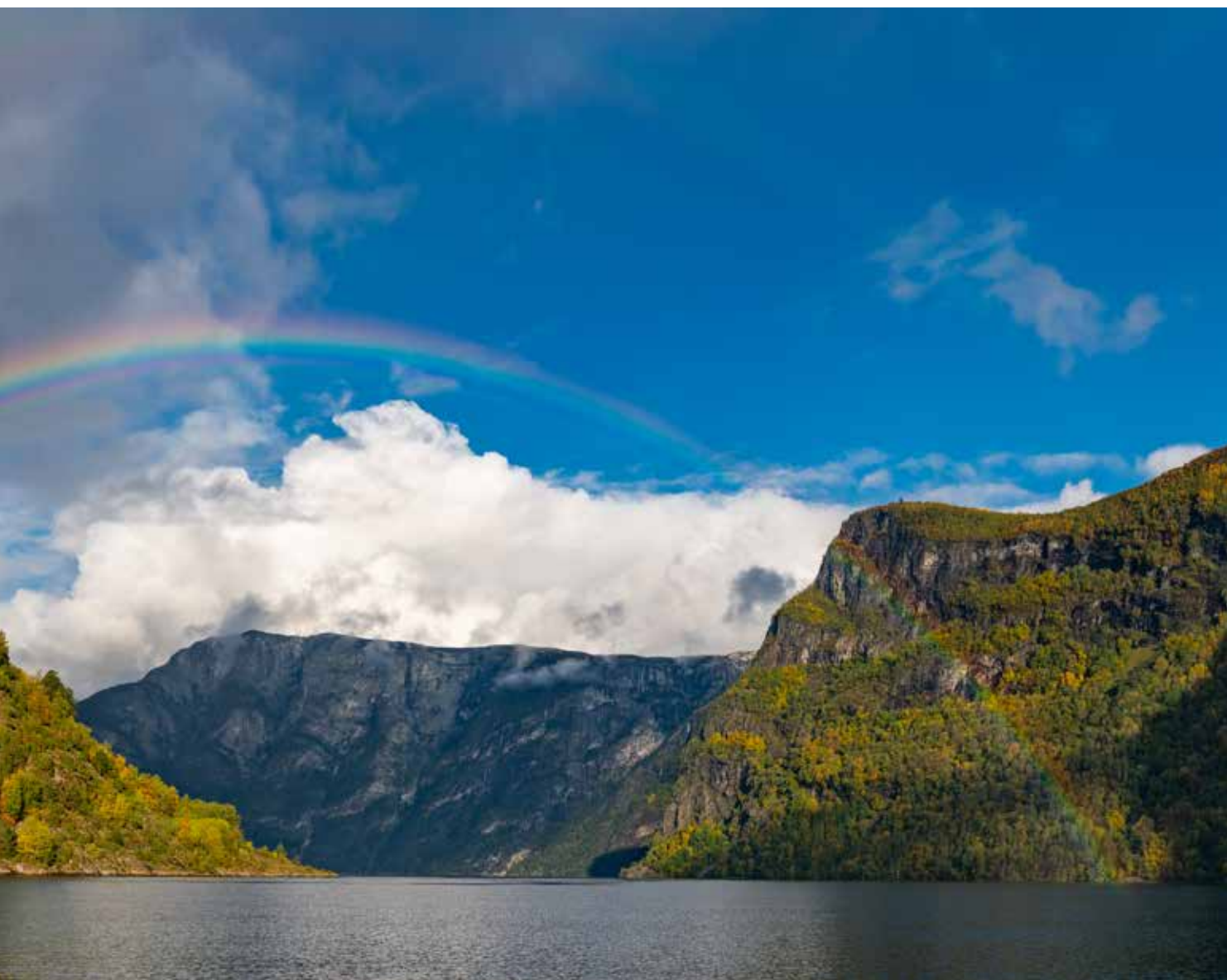
The Fjords

The Fjords provides unique experiences to tourists wishing to explore the Norwegian fjords. The company operates passenger boat and ferry services in the World Heritage Site fjords Nærøyfjord and Geirangerfjord, as well as Sognefjord, Hardangerfjord and Lysefjord.

In July, The Fjords took delivery of its third unique passenger catamaran – Legacy of the Fjords. Both Legacy of the Fjords and its sister ship Future of the Fjords are fully electric, while Vision of the Fjords is a battery-diesel hybrid. Future of the Fjords was the world's first fully electric passenger boat made from carbon fibre.

With specially designed vessels and a focus on product development, the company has attracted a great deal of attention both in Norway and abroad. The vessels have been specially built for sightseeing in the Norwegian fjords. Their unique design was inspired by the fjord-side mountain paths.

The company was established in 2015 by Fjord1 and Norway's Best AS as a 50/50 joint venture. The company is a long-term investment, in whose development the environment and sustainability play a key role.



RESULTS FOR THE TOURISM SEGMENT 2020



REVENUE

22 MILLION



EBITDA

-16 MILLION



BEFORE TAX

-18 MILLION



Catering

Through Fjord1's in-house catering concept, Ferdamat, the company provides a range of high-quality foods on board its ferries. The food is made from quality produce and has a visual expression that is recognisable for customers on all Fjord1 routes. The food served by the company is freshly made on board or by local producers, thereby ensuring a high-quality result.

Fjord1 is working continuously to renew its offering by launching new products and staging promotions and tempting special offers. In addition, the company is keen to offer products that take account of various food allergies and preferences, such as vegetarian and organic products. Fjord1's staffed kiosks offer gluten and lactose-free alternatives. Furthermore, all types of coffee are freshly brewed using whole, organically grown beans, bearing the "Fairtrade" label. Fjord1

also wishes to offer a wider range of sustainable products. In recent years, more such products have been introduced in the Catering segment.

Fjord1's signature catering product is the traditional pancake known as a "svele". In 2020, the company sold around 550,000 sveler. This is less than in previous years, but is still a substantial number considering the challenges posed by the Covid-19 pandemic.

New technology is also being used in the Catering segment, with Fjord1 leading the way. Fjord1 opened its first self-service kiosk in 2018. In 2020, it had a total of 36. The self-service concept has been a success, with both Fjord1 and its customers appreciating this round-the-clock service.



Fjord1 has “full service” or self-service kiosks aboard the majority of its vessels, which ensures that most of the company’s passengers are able to buy something to eat and drink while on board. In addition, the staffed kiosks also have self-service tills, which means that passengers can

still make purchases even out of hours. These till solutions also relieve some of the pressure during busy periods, which leads to less queuing and more satisfied customers.

RESULTS FOR CATERING 2020



REVENUE

85 MILLION



EBITDA

10 MILLION



BEFORE TAX

7 MILLION



FJORD1'S MANAGEMENT TEAM



DAGFINN NETELAND
CEO

Dagfinn Neteland has been CEO of Fjord1 since January 2017. He also served in this capacity in 2014–2015. Neteland has held various positions in the transport and banking sectors. In addition, he has served as CEO at Tide ASA, HSD ASA and Gjensidige Vest, and was regional manager at Nordea.

Current directorships and executive positions:

CEO: F1 Administrasjon AS, Fjord1 ASA, Dato Invest AS
Chair: Dato Invest AS, Norheimsund Skiheis AS, Presis Vegdrift AS, Baneservice AS
Director: Geiranger Fjordservice AS, Fjord Tours AS, Fjord Tours Group AS, Janus Holding AS



ANNE-MARI SUNDAL BØE
CFO

Anne-Mari Sundal Bøe has been CFO at Fjord1 ASA since December 2013. She has previous experience as group chief accountant at INC Invest AS and as a senior manager at PWC. Bøe has a Master's degree in economics from the Norwegian School of Economics and Business Administration (NHH)

Current directorships and executive positions:

CFO: Fjord1 ASA
CEO/Chair: Fanafjord AS
Chair: F1 Administrasjon AS
Director: Nye Fanafjord AS, Fjord Tours Group AS, Fjord Tours AS, The Fjords DA, The Fjords Fartøy I DA, The Fjords Fartøy II DA, The Fjords Fartøy III DA, Widerøe AS, Widerøe's Flyveselskap AS, Evoy AS



ANDRÉ HØYSET
COO

André Høyset has been COO since March 2017. Høyset served as acting CEO at Fjord1 in 2016 and has 25 years' experience from various positions within the company. Høyset has a Master's degree in information technology and a higher diploma in economics and business administration.

Current directorships and executive positions:

COO: Fjord1 ASA

Chair: Kolkaia Vest 1

Director: F1 Administrasjon AS, Widerøe AS, Widerøe's Flyveselskap AS, NHO Sjøfart, Maritimt Opplæringskontor Sør-Vest

Deputy director: Geiranger Fjordservice AS



NILS KRISTIAN BERGE
DIRECTOR OF TECHNOLOGY & PROJECTS

Nils Kristian Berge has been with Fjord1 since January 2018. He has a Master's degree in Naval Architecture and more than 30 years' experience of the shipping industry. Berge has previously served as CEO of Arab Shipbuilding and Repair Yard (ASRY), COO at Utkilen AS and Technical Director at Laurin Maritime Inc. He has also held several other management positions at ship-owning companies and shipyards.

Current directorships and executive positions:

Director of Technology & Projects: Fjord1 ASA

Owner: Berge Consult

Chair: The Fjords DA, Fjord-2 Fjord Cruises AS, The Fjords Fartøy I DA, The Fjords Fartøy II DA, The Fjords Fartøy III DA

Deputy director: Widerøe AS, Widerøe Flyselskap AS, Fjord Tours AS



EILERT NØTTINGNES
SAFETY DIRECTOR
(FROM 4.1.2021)

Eilert Nøttingnes started as Safety Director in Fjord1 in January 2021. Nøttingnes has previous experience from similar positions in GC Rieber Shipping, Wilson Ship Management and Seatrans Ship Management. Nøttingnes has a bachelor's degree in management and nautical science from the Naval Academy in Bergen. He also has a degree in operational risk management from Gjøvik University College.

Current directorships and executive positions:

Security director: Fjord1 ASA



FJORD1'S BOARD OF DIRECTORS



VEGARD SÆVIK
CHAIR

Vegard Sævik has been a member of the board since 2011. He served as Vice Chair until 2016 and has chaired the Board since July 2017. Sævik is employed by Havila AS as Deputy CEO, and serves on the boards of various companies. He currently chairs the board of Havyard Group ASA. He has a Bachelor's degree from the BI Norwegian Business School.

Current directorships and executive positions:

CEO: Havborg 1 Eiendom ANS, Havborg 1 Invest AS, Ohi Eiendom AS, Havblikk Eiendom AS, Havila Invest AS, Innidimman AS, Tangen 7 Invest AS, Havila Ariel AS
Contact person: Sæviking AS, Chair: Hav Group ASA, Havyard Group ASA, Never No AS, Fjord1 ASA, Innidimman AS, Nordic Mediatech AS,
Director: Räftevold Hotel AS, Sæviking AS, Hotell Ivar Aasen AS, Havilafjord AS, Bakkar og Berg Media AS, Havila Kystruten AS, Eiendom Hornindal AS, Havila Hotels AS, Hardhaus AS, Havborg 1 Eiendom ANS, Havborg 1 Invest AS, Havila Holding AS, Siva Sunnmøre AS, Ohi Eiendom AS, Havblikk Eiendom AS, Havila Invest AS, Tangen 7 Invest AS, Sævard DA, Havila Ariel AS, Brattholm Invest AS, Frøystad Eiendom AS, Havila AS
Deputy director: Volstad Seismic AS, Deep Cygnus AS, Geo Caspian AS, Deep Cygnus Operation AS, Geo Caspian Operation AS, Grand Canyon 2 AS, Volantis Operation AS, Grand Canyon Operation 3 AS, Grand Canyon 3 AS, Grand Canyon 3 Ks, Endeavour Operation AS, Volstad Maritime AS, Volstad Offshore AS, Volstad Subsea AS, Volstad Maritime Dis i AS, Volstad Maritime Dis II AS, Volstad Management AS, Fosnavåg Vekst AS, Deep Cygnus Ks
Participant with shared liability: Sævard DA



PER SÆVIK
DIRECTOR

Per Sævik has been a full member of Fjord's Board of Directors since 2014. From 2011 until that time, he acted as a board observer. He has over 50 years' experience of the operation and management of fishing and supply vessels, and is currently CEO of Havila AS and Havilafjord AS. Sævik was also a member of the Norwegian parliament (Stortinget) for a four-year period. He currently chairs and serves as a director on the boards of several companies, including companies in the Havila Group.

Current directorships and executive positions:

CEO: Havilafjord AS, Havila Hotels AS, Havila Holding AS, Pison AS, Havila AS. Hh Offshore AS, Sævard DA. Chair: Sæviking AS, Bratholm AS, Havyard Ship Invest AS, Havilafjord AS, Havila Kystruten AS, Hh Offshore AS, Havila Hotels AS, Havblikk Eiendom AS, Pison AS, Sævard DA, Fosnavåg Vekst AS, Havila Ariel AS, Brattholm Invest AS, Fosnavåg Parkering AS, Director: Räftevold Hotel AS, Hotell Ivar Aasen AS, Wf Holding AS, Vest Nord Group AS, Eiendom Hornindal AS, Fjord1 ASA, Shincon AS, Ocean Europe AS, Northsea Psv AS, Deputy director: Havgapet AS, Hardhaus AS, Innidimman AS, Norminor AS, Participant with shared liability: Sævard DA



SIRI HATLAND
DIRECTOR

Siri Hatland was elected to the Board of Directors at the 2018 AGM. She has worked in the maritime industry for most of her working life. From 2000 until her retirement in August 2017, Hatland was CEO of Kystrederiene (Norwegian Coastal Shipowners Association, formerly Fraktefartøyenes Rederiforening).

Current directorships and executive positions:

Director: Fjord1 ASA



BIRTHE CECILIE LEPSØE
DIRECTOR

Birthe Cecilie Lepsøe has 20 years' experience of financial management, consulting and membership of the boards of capital-intensive enterprises, e.g. in the banking, shipping, offshore and property sectors. Lepsøe runs her own consulting firm and has been an Associate Partner at Vest Corporate Advisors since 2017.

Current directorships and executive positions:

CEO: Cebima AS
Associate Partner: Vest Corporate Advisors AS
Director: Fjord1 ASA, Smedvig Eiendom AS, Belships, Smedvig Capital AS, Smedvig AS



REUBEN MUNGER
DIRECTOR

Reuben Munger is the founder and Managing Partner of Vision Ridge Partners LLC, a leading sustainable investment fund. He founded the company in 2008. He was previously a partner at The Baupost Group LLC, a hedge fund with total assets of over NOK 30 billion.

Munger has more than 20 years' experience of investing in Norway, Europe in general and the USA. He gained a BA in Politics and Economics and a BSc in Business Administration from Washington and Lee University, completing his studies with magna cum laude honours.

Current directorships and executive positions:

Managing partner: Vision Ridge Partners

Director: Fjord1 ASA, Guzma Energy Inc, Key Capture Inc, GSSG Solar LLC, League of Conservation Voters, Securing Americas Future Energy



TERJE HALS
DIRECTOR

Terje Hals has been a member of Fjord1's Board of Directors since the 2019 AGM. He represents the employees. Hals is employed at Fjord1 ASA as a sailor and has more than 40 years' experience in Fjord1.

Current directorships and executive positions:

Director: Fjord1 ASA



ATLE OLAV TROLLEBØ
DIRECTOR

Atle Olav Trollebø has been a member of Fjord1's Board of Directors since 2008. He represents the employees. Trollebø is employed at Fjord1 ASA as a ship's captain and has 20 years' experience in Fjord1.

Current directorships and executive positions:

Director: Fjord1 ASA



THOMAS RAKSTANG
OBSERVER

Thomas Rakstang has been a member of Fjord1's Board of Directors since July 2016. Rakstang is employed as a chief engineer and has 20 years' experience in Fjord1.

Current directorships and executive positions:

CEO: Erak AS, Director: Erak AS.

Observer: Fjord1 ASA

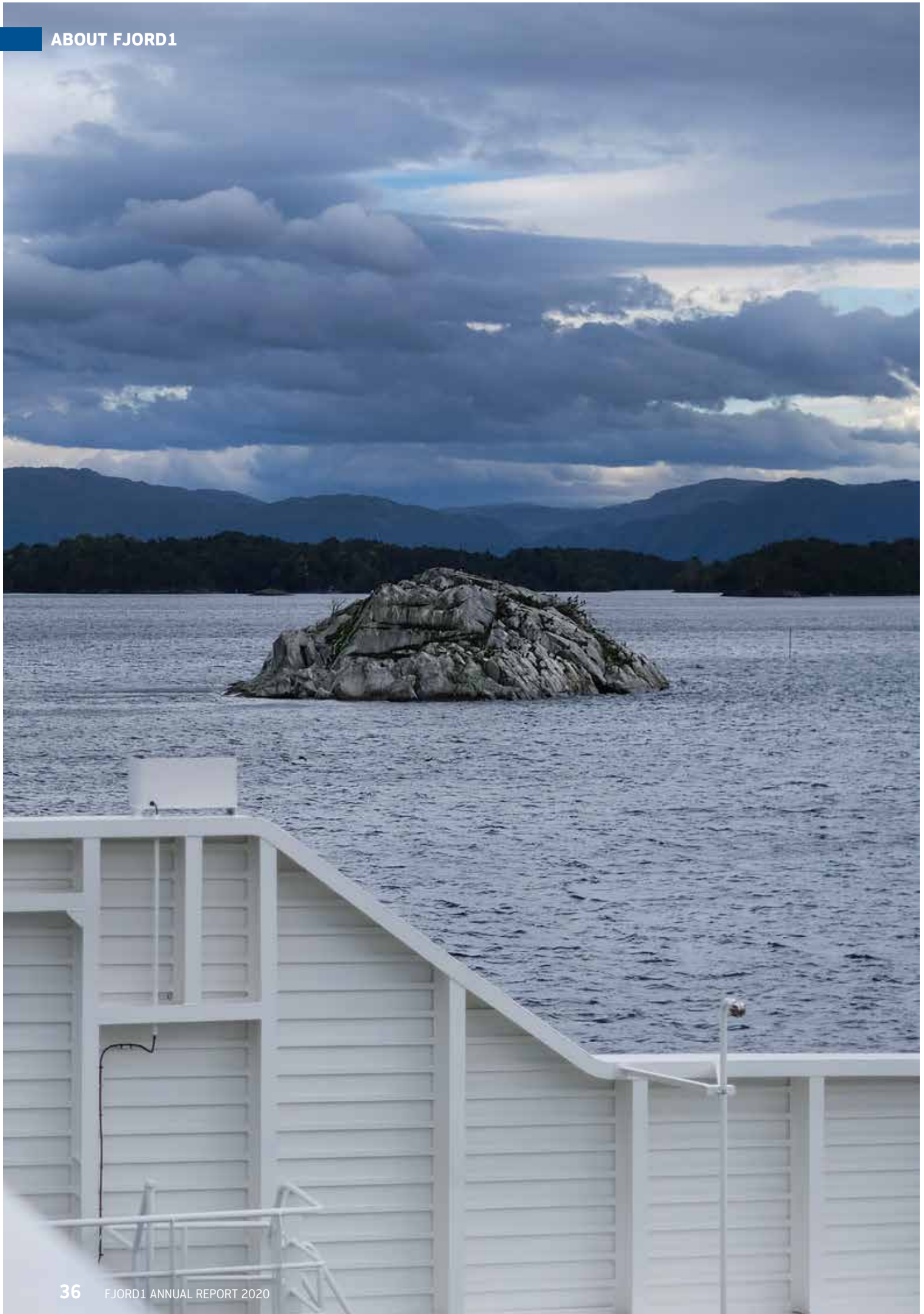


DANIEL NEDRELID
OBSERVER

Daniel Nedrelid has been a member of Fjord1's Board of Directors since the 2019 AGM. Nedrelid is employed at the Customer Service Centre, located at the company's administration in Florø and has 36 years of experience in Fjord1.

Current directorships and executive positions:

Observer: Fjord1 ASA,





Corporate governance 2020

CORPORATE GOVERNANCE 2020

Fjord1 ASA values good corporate governance, since this reinforces shareholder confidence in the company and improves shareholder value through effective management and better communication between the Board of Directors and the company's shareholders. The purpose of corporate governance at Fjord1 is to manage operating risks, secure the highest possible value creation and ensure effective and sustainable use of the company's resources for the benefit of shareholders, employees and society at large.

1. Corporate governance framework and reporting

The principles and practices underpinning Fjord1's corporate governance are based on the Norwegian Code of Practice for Corporate Governance, which was last revised on 17 October 2018. The Code of Practice rests on laws and stock market regulations, and may be viewed at www.nues.no, the website of the Norwegian Corporate Governance Board. We apply the Code of Practice using the "comply or explain" approach. In other words, we explain any deviations from the Code in our practice of corporate governance.

The Board of Directors formally adopted guidelines for corporate governance on 15 August 2017, when the company was listed on the Oslo Stock Exchange. The guidelines include instructions for the Board of Directors, Audit Committee and Nomination Committee, as well as the company's dividend policy, regulations for handling insider information, guidelines for investor relations and codes of conduct. The corporate governance framework is reviewed and discussed by the Board every year.

In this report, we present our corporate governance principles and practices in accordance with section 3-3b of the Norwegian Accounting Act and describe how Fjord1 complies with the Norwegian Code of Practice for Corporate Governance. This report forms part of the Annual Report. The Board is of the opinion that Fjord1 complied with the Norwegian Code of Practice for Corporate Governance in 2020.

This presentation follows the structure of the Code of Practice.

2. The business

Fjord1's core business is to operate ferry routes and provide associated catering services at various points along the fjords of Norway. The company also provides passenger boat services and is increasingly involved in eco-friendly tourism in Norway. The company carried around 16 million passengers and 8.9 million vehicles in 2020. The Group's operations comply with Article 2 of the company's Articles of Association:

"The company's purpose is to engage, either on its own or through full or partial ownership in other businesses, in activities related to transport, communication and tourism."

The company's Articles of Association may be viewed on our website.

The Board has established a strategy and risk profile, and set goals for the company within the framework of Article 2. The objective is to ensure that resources are used in an effective and responsible manner, which creates value for shareholders, employees and society at large. The company's strategy, risk profile and goals are evaluated and revised by the Board at least once a year. This review usually takes place in connection with Fjord1's annual strategy meeting. Due to Covid-19, the board has not succeeded in conducting this annual strategy meeting in 2020. Fjord1's strategy and goals are

discussed on page 15 of the Annual Report, which may be viewed on the company's website, www.fjord1.no.

Fjord1's vision is to be the safest and most attractive provider of environmentally friendly ferry and passenger boat transport services for customers, contract principals and other partners. The company is conscious of its corporate social responsibility for the environment and the local communities in which we operate along the Norwegian coast. The company has established guidelines for corporate social responsibility, human rights, labour rights, equality and non-discrimination, psychosocial working conditions, protection of the external environment and corruption prevention, pursuant to the Norwegian Accounting Act. These matters are described in more detail under Corporate Social Responsibility on page 57 of the Annual Report.

3. Share capital and dividends

SHARE CAPITAL

The company has a share capital of NOK 250 000 000 divided between 100 000 000 shares, each with a nominal value of NOK 2.50.

EQUITY AND CAPITAL STRUCTURE

As at 31 December 2020, the company's equity stood at NOK 2,427 million. This corresponds to 23.5 per cent of total assets, and gives a debt ratio of 3.26.

The company made investments in ferries and associated infrastructure in 2020. At the same time, the company received payment for completed infrastructure assets and NOx compensation. As a result, net interest-bearing debt decreased in 2020. Net interest-bearing debt is expected to fall further in 2021 due to lower investments and the sale of infrastructure.

The Board of Directors considers the company's capital structure to be satisfactory with respect to its goals, strategy and risk profile.

DIVIDEND

The Board has adopted a dividend policy, which states to pay a dividend of up to 50 per cent of the net profit for the year. The dividend must be seen in light of the company's financial strength, growth and result development.

The Board of Directors has due to the uncertain situation related to Covid-19 made the decision to postpone the dividend for 2019. The general meeting in Fjord1 authorized the Board to approve the distribution of dividend until the next annual general meeting. Capital tied up in infrastructure, postponed completion and financial settlement are reasons why the authorization is not used.

Fjord1 made a profit in 2020 of NOK 163 million, which would normally lead the Board to propose a dividend of NOK 81.5 million. However, Fjord1 still remains affected by the Covid-19 pandemic and the wide-ranging measures imposed by the authorities to limit the spread of infection in Norway. The Board of Directors believes it is advisable to postpone dividends until further notice.

AUTHORISATION FOR THE PURCHASE OF SHARES

The AGM held on 12 May 2020 authorised the Board to purchase treasury shares with a nominal value of up to NOK 3 million, in connection with the employee share purchase scheme and the incentive scheme for senior executives. If the company purchases more shares than needed for these schemes, they shall be sold in the market or cancelled by writing down the company's share capital. The Board determines

how the treasury shares shall be procured and disposed of. This authorisation is valid until the 2021 AGM, which must be held no later than 30 June 2021.

The AGM held on 12 May 2020 authorised the Board to purchase treasury shares with a nominal value of up to NOK 10 million. The shares procured under this authorisation shall be used only for cancellation through the writing down of share capital, see Section 12-1 of the Norwegian Public Limited Liability Companies Act. This authorisation is valid until the 2021 AGM, which must be held no later than 30 June 2021.

No treasury shares were purchased in 2020. At the close of the year, the company owned 90,402 treasury shares, the same number as at the start of the year. Further details of these transactions may be found in Note 13 to the annual financial statements.

AUTHORISATION TO INCREASE SHARE CAPITAL

The AGM held on 12 May 2020 authorised the Board to increase the company's share capital by up to NOK 25 million through the issue of up to 10 million new shares, in one or more tranches. The Board had requested such authorisation because it deemed it expedient to be able to continuously assess the need to issue new shares and/or obtain a further capital injection. This authorisation has not been exercised. The authorisation is valid until the 2021 AGM, which must be held no later than 30 June 2021.

DEVIATION

The Code of Practice states that the purchase of treasury shares and capital increases should be explained and restricted to defined purposes. In principle, the Board concurs with the Code of Practice, but considers that a certain degree of latitude is required. As long as the authorisations are clearly limited in time and scope, such decisions should be added to the Board's mandate to manage, instead of being obliged to convene an extraordinary general meeting of shareholders.

4. Equal treatment of shareholders and transactions with related parties

SHARE SUBSCRIPTION PREFERENCE RIGHTS

Existing shareholders have a preferential right to subscribe to any new shares issued, unless that right is waived by the general meeting or a general meeting has authorised the Board to waive share subscription preference rights. All decisions to waive preference rights must be explained and announced through a stock market notice.

TRADING IN TREASURY SHARES

Transactions involving the company's own shares (e.g. treasury shares and buyback programmes) shall be carried out either via the Oslo Stock Exchange's trading system or at the prevailing price on the Oslo Stock Exchange. Should the company's shares have limited liquidity, the company shall consider other ways of ensuring the equal treatment of all shareholders.

In 2020, the company purchased no treasury shares via the Oslo Stock Exchange's trading system. See section 3, "Share capital and dividend". The company does not currently have an active buyback programme.

TRANSACTIONS WITH RELATED PARTIES

The Board shall ensure that the arm's-length principle is applied in connection with non-immaterial transactions between the company and shareholders, entities owned by shareholders, board members, senior executives or parties closely related thereto. This is explained in more detail in the Board's mandate and the company's Code of Conduct.

In the event of non-immaterial transactions with any of the parties mentioned above, which do not require the approval of a general meeting pursuant to the Norwegian Public Limited Liability Companies Act, the Board shall – as a general principle – consider from case to case whether an assessment by an independent third party should be obtained. Transactions with related parties must always be carried out at arm's length and on market terms. If the transaction is carried out as a substantial tender process with at least three participants, no independent valuation will be obtained from a third party. This is because, in such cases, internal guidelines are deemed to be sufficient to secure arm's-length performance and market terms. Independent assessments are obtained in those cases where this is required by law.

The Board's mandate states that each individual board member must, objectively and continuously, assess and, if necessary, disclose all general conflicts of interest and conflicts relating to specific matters under discussion.

Havilafjord AS, Havilafjord Holding AS and Havilafjord Holding 2 AS owned 84.96 per cent of Fjord1's shares at the close of 2020. Havilafjord's AS shares in Fjord1 ASA have been pledged as security for a senior bond loan in the amount of NOK 1,000 million, which was issued by Havilafjord AS.

Havilafjord AS is owned by Havila Holding AS. Havyard Holding AS owns 40.35 per cent of the shares in Havyard Group ASA, which owns 100 per cent of the shipyard Havyard Ship Technology AS (HST). Fjord1 ASA awarded HST two contracts, each encompassing five newbuild vessels, in 2017 and 2018. Fjord1's investments relating to these contracts totalled NOK 573,8 million in 2020. All newbuild contracts are awarded in accordance with Fjord1's tender guidelines, which require at least three bidders. The board members concerned have taken no part in the decision-making processes leading up to the award of contracts.

The company lists transactions with related parties in its interim reports. A complete list of transactions with related parties in 2020 may be found in Note 18 to the annual financial statements.

5. Freely negotiable shares

The company is listed on the Oslo Stock Exchange. The company's Articles of Association place no limitations on shareholders' ownership, trading or voting rights.

6. General Meetings of Shareholders

ABOUT THE GENERAL MEETING

The general meeting of shareholders (GM) is the company's highest decision-making body. The Board of Directors has overall responsibility for supervising and following up the day-to-day management and operation of the company. The Board makes it possible for the GM to be an effective meeting place for shareholders by ensuring that information concerning it is open, timely and available to all shareholders.

PARTICIPATION AND EXECUTION

General meetings of the company are convened by means of a written notice to all shareholders whose address is known. When documents to be considered by the GM have been made available to shareholders on the company's website, the Norwegian Public Limited Liability Companies Act's provision requiring documents to be sent to shareholders does not apply. This waiver also applies to documents which must by law be included in or attached to the notice announcing the GM. A shareholder may nevertheless request that case documents relating to the GM be sent to them by post. This is provided in Article 7 of the company's Articles of Association.

All shareholders who are registered in the Norwegian Central Securities Depository (VPS) will receive the GM notice and are entitled to submit proposals and vote in person or by proxy. The Board shall ensure that case documents contain detailed, complete and specific information, such that shareholders can take a position on all the matters to be considered by the GM. Each individual matter and each individual candidate for election shall be voted on separately.

The Board wishes to enable as many shareholders as possible to participate in GMs. Shareholders may give notice of their intention to attend the GM by post, e-mail or their VPS account. Shareholders must declare their intention to attend the GM no later than four days before the meeting's scheduled date. Shareholders who are unable to attend the GM in person are urged to be represented by proxy. Shareholders will be able to vote by proxy on each matter to be considered.

As a rule, the representatives from the Board and chair of the Nomination Committee will attend the GM. The Board's chair will normally chair the GM, but the Board shall make it possible for the GM to choose an independent chair.

In 2020, the Annual General Meeting (AGM) was held on 12 May, with 68.46 per cent of the shareholders in attendance. The company complied with the procedures described above in 2020. However, due to the Covid-19 situation, the shareholders were encouraged to vote electronically and not physically attend the AGM. The AGM's minutes have been made available on the company's website and published via a stock market notice after the AGM was concluded.

7. Nomination Committee

Article 6 of the company's Articles of Association requires it to have a Nomination Committee. Committee members must be either shareholders or acting on behalf of the shareholders.

Guidelines for the work of the Nomination Committee, its composition and membership criteria, have been drawn up. These guidelines were adopted by the AGM of 7 July 2017.

The AGM elects the Nomination Committee's chair. Committee members are elected for a term of two years and may be re-elected once. Nomination Committee members shall be independent of the company's Board and senior executives, and they shall ensure that the interests of all shareholders are upheld. The Nomination Committee's chair is elected by the AGM, which also determines the fee payable to committee members.

The Nomination Committee is tasked with proposing candidates for election to the Board and providing guidance on the fees paid to members of the Board and its sub-committees, including the Nomination Committee. The reason for each candidate's proposal shall be provided separately. Proposals must include relevant information about the candidates and an assessment of whether they are independent of the company's Board and senior management. Proposals must be supported by the company's largest shareholders. All shareholders are entitled to propose candidates for elected office.

The Nomination Committee's proposals to the AGM will be made available to the Board four weeks before the AGM takes place. Proposals must meet the prevailing requirements for the Board's composition, pursuant to statute and regulation.

As at 31 December 2020, the Nomination Committee comprised: Anders Tallerås (chair) and Nina Skage. The committee's members were re-elected for a further two-year period in May 2019. Both members are independent of the Board and the company's senior management.

8. Composition of the Board and its independence

Pursuant to Article 5 of Fjord1's Articles of Association, the company's Board of Directors shall have between five and nine members. The Board's chair and shareholder-elected members are elected by the GM, on the basis of a proposal from the Nomination Committee. Board members are encouraged to own shares in the company.

The composition of Fjord1's Board is determined by the company's need for competence, capacity and diversity. The company's employees shall elect two board members and two observers, in accordance with the prevailing agreement. The Board shall be composed in a way that ensures it can act independently of special interests and work efficiently as a collegial body in the best interests of all shareholders.

No shareholder-elected board members take part in the company's day-to-day management. The Board's mandate contains criteria against which to assess its members' independence. No shareholder-elected board member is employed by or has performed work for Fjord1.

The Board has five shareholder-elected members.

Vegard Sævik and Per Sævik are two of four owners of the major shareholders Havilafjord AS and Havilafjord Holding AS, through the holding company Havila Holding AS. Havila Holding AS owns 40.35 per cent of the shares in Havyard Group ASA, which owns 100 per cent of Havyard Ship Technology AS. Havyard Ship Technology AS has supplied numerous vessels to the company. Vegard Sævik and Per Sævik are therefore not considered independent of the company's major shareholders and its most important business associates.

Reuben Munger is the founder and Managing Partner of Vision Ridge Partners, LLC. A fund managed by Vision Ridge Partners has provided financing to Havilafjord Holding AS in connection with the latter's purchase of shares in Fjord1. Vision Ridge Partners and Havilafjord jointly own 88.81 per cent of the shares in Fjord1. Reuben Munger is therefore not considered independent of the company's major shareholders. Reuben Munger has no agreements, business relations or informal arrangements with Havyard Ship Technology AS or other important business associates of the company, and is considered to be independent of important business associates.

Siri Hatland and Birthe Cecilie Lepsøe are both considered independent of the company's major shareholders and its most important business associates.

Thus, two of the shareholder-elected board members are independent of the company's major shareholders, while three of the five shareholder-elected board members are independent of the company's most important business associates.

On 14 May 2020, it was announced that Perestroika AS had agreed the sale of its shares in Fjord1 ASA to Havilafjord Holding 2 AS. Since this transaction, Havila controls 84.96 million shares in Fjord1 ASA through Havilafjord AS, Havilafjord Holding AS and Havilafjord Holding 2 AS. This represents 84.96 per cent of Fjord1's share capital. This acquisition was financed by Vision Ridge Partners. Together, Havila and Vision Ridge Partners control 88.8 per cent of the company's share capital. The Board must take care to protect the interests of the company's minority shareholders now that the majority owner has increased its stake in the company.

A total of eight ordinary and two extraordinary board meetings were held in 2020. Extraordinary board meetings are normally held in connection with tender competitions.

A total of eight ordinary and two extraordinary board meetings were held in 2020. Extraordinary board meetings are normally held in connection with tender competitions.

Name	Role	Consider independent of main shareholders	Consider independent of material business contracts	Served since	Term expires	Participation in Board meetings 2020	Shares in Fjord1 (direkct/indirect)
Vegard Sævik	Chair	No	No	2018	2022	7	*
Per Sævik	Member	No	No	2019	2021	8	*
Siri Hatland	Member	Yes	Yes	2018	2022	8	-
Birthe Cecilie Lepsø	Member	Yes	Yes	2020	2021	8	-
Reuben Munger	Member	No	Yes	2020	2021	6	-
Atle Olav Trollebø	Member	Yes	Yes	2019	2021	8	1 400
Terje Hals	Member	Yes	Yes	2019	2021	8	-
Thomas Rakstang	Observer	Yes	Yes	2019	2021	8	-
Daniel Nedrelid	Observer	Yes	Yes	2019	2021	8	457
Hege Sævik Rabben	Substitute	No	No	2019	2022	1	*
Bjørn Sørli	Substitute	Yes	Yes	2019	2021	0	290
Anne-Mone Strandmann	Substitute	Yes	Yes	2019	2021	0	-
Reidar Tangen	Substitute	Yes	Yes	2019	2021	0	624
Karl-Andreas Grinde Pedersen	Substitute	Yes	Yes	2019	2021	0	318
Ole Kjell Eidem	Substitute	Yes	Yes	2019	2021	0	624
Anders Gjestad	Substitute	Yes	Yes	2019	2021	0	-

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9. The Board's endeavours

The Board is elected by the shareholders and has overall responsibility for the Group's management as well as supervising its day-to-day operations. The Board's chair shall ensure that the Board performs its work effectively and correctly.

The Norwegian Public Limited Liability Companies Act regulates the Board's tasks and duties, including its responsibility to ensure the proper organisation of the company's activities. In addition, the Board has adopted a mandate for its activities which covers, among other things, guidelines for decision making and a clear division of responsibilities between the Board and the CEO, including the CEO's accountability to the Board. This mandate is revised annually.

The Board's mandate requires each board member to, objectively and continuously, assess whether they have interests which could affect the matters the Board is set to consider. The purpose of this practice is to ensure that board decisions are taken on an impartial basis. If a board member or member of the company's senior management must be deemed incompetent with respect to a particular decision, that person shall not take part in the decision-making process. This also applies to the Board's chair.

The Board performs an annual assessment of its results and competence, which it lays before the Nomination Committee. The assessment covers the work undertaken by the Board and its sub-committees, as well as the contribution made by each individual board member. The most recent such assessment was performed in 2021.

AUDIT COMMITTEE

The Audit Committee is elected by the Board and comprises three board members. At least one committee members should have experience from accounting, financial management or auditing. The majority of the Audit Committee must be independent board members. The company's auditor attends Audit Committee meetings at the committee's request.

The Audit Committee is a preparatory and advisory body with respect to the Board. Its main tasks are to:

- Prepare the Board's follow-up of the financial reporting process.
- Monitor the company's internal control and risk management system.
- Liaise with the company's auditor with respect to the annual financial statements.
- Monitor and assess the independence and objectivity of the auditor with respect to the company, including the extent to which services other than the auditing services provided by the auditor constitute a threat to the auditor's independence and objectivity with respect to the company.

The Audit Committee comprises Vegard Sævik, Siri Hatland and Birthe Cecilie Lepsøe. Vegard Sævik is the chairman of the audit committee. Birthe Cecilie Lepsøe was elected on 24 February 2020. Birthe Cecilie Lepsø and Siri Hatland are considered independent board members. The Audit Committee held five meetings in 2020, and liaised regularly with the company's auditor on matters concerning the auditing of Fjord1's financial statements.

REMUNERATION COMMITTEE

The principles and strategies relating to the remuneration of the company's senior management are determined by the Board. The Board has assessed the need for a Remuneration Committee, but has concluded that such matters may be dealt with by the full Board.

Details of the remuneration paid to senior management in 2020 may be found in Note 19 to the annual financial statements.

10. Risk management and internal control

The Board is responsible for ensuring that the company has a dedicated system for risk management and internal control. This system is intended to contribute towards effective financial and operational risk management, including relevant reporting pursuant to law. Each year, the Board evaluates the company's risk management and internal control system in connection with the annual strategy meeting.

The risk management and internal control system describes roles and responsibilities, processes and procedures, tools, documentation and standards, including an assessment of the value created for shareholders, employees and society at large. Among other things, the company has established internal procedures to ensure detailed and reliable reporting of the company's financial and operational performance. As part of the control of operating profit/loss and risk, the company has project risk

monitoring procedures to enable effective project risk management and ensure good planning, management, execution and financial follow-up of projects such as the construction of new vessels.

Fjord1's consolidated financial statements have been prepared in accordance with prevailing IFRS regulations. The Board receives periodic reports on the company's financial performance and updates on the status of the Group's most important individual projects. In addition, quarterly financial reports are prepared and approved by the Board prior to their publication. The auditor attends meetings of the Board and Audit Committee in connection with the presentation of the company's preliminary annual financial statements.

The company has established whistleblowing procedures which enable employees to anonymously report any suspicions of illegal or unethical behaviour.

The most important risk factors are described in the Board of Directors' report.

11. Remuneration of board members

The AGM determines the annual fees payable to members of the Board, on the basis of a recommendation from the Nomination Committee. The fees shall reflect the board members' level of responsibility, competence and time spent, and the complexity of the company. Members of board sub-committees receive an additional remuneration. The remuneration of board members is not performance-related, and no share options are granted to board members. In 2020, the company's board members received a total remuneration of NOK 2 million. Further details concerning the remuneration of board members may be found in Note 19 to the annual financial statements.

As a rule, none of the Board's members perform tasks for the company over and above their board membership. Should they do so, the full Board will be notified thereof. The remuneration payable for such additional tasks must be determined by the Board. In 2020, no shareholder-elected board member performed any tasks for the company over and above their board membership.

12. Remuneration of executives

The remuneration paid to senior company executives is intended partly to ensure that they remain with the company and partly to ensure a strong performance culture that creates value for the shareholders over time.

In 2020, the Board drew up and complied with guidelines for the remuneration of senior company executives. These guidelines were disclosed to the AGM on 12 May 2020, as Case No. 6 "Consideration of the Board's statement on the determination of salary and other benefits for senior company executives". The statement on the determination of salary and other benefits for senior company executives was made available to shareholders on the company's website prior to the AGM. The statement distinguishes clearly between advisory guidelines and binding provisions. The AGM of 12 May 2020 approved both the advisor guidelines and the binding provisions.

The remuneration payable to senior company executives comprises a fixed basic salary and normal pension and insurance arrangements, a variable salary and an incentive scheme. The variable remuneration is a bonus based on the achievement of individual performance targets. The bonus is capped at six months' basic salary.

Details concerning the remuneration of senior company executives may be found in Note 19 to the annual financial statements.

13. Information and communication

The company's investor relations guidelines are based on the IR guidelines issued by the Oslo Stock Exchange, whose latest version dates from July 2019. In addition to the equal treatment of investors, the candid, precise and timely communication of the company's financial results and other information underpins Fjord1's communications policy. The Board has adopted guidelines for investor relations, which regulate communications with and activities intended for investors.

The primary purpose of the communication of financial information is to highlight the company's long-term goals and potential, including strategies, value-adding elements and important risk factors. All important documents, such as annual and interim financial reports as well as important items of news, are published as notices on the Oslo Stock Exchange. The information is also available on the company's website. Information is published in both Norwegian and English. The company's quarterly reports are normally presented by the CEO on the date they are published, at an open and public event, as recommended by the Oslo Stock Exchange.

The company maintains a continuous dialogue with investors and financial analysts at conferences and other events. Before publication of the quarterly reports, the company maintains a 30-day "quiet period". During this period, the company does not engage in discussions with investors or analysts. The CEO and the CFO are the proper points of contact for investors and analysts.

14. Takeovers

The company's Articles of Association place no restrictions on the purchase of shares in the company. In the event of a potential takeover, the Board will help ensure that all the company's shareholders are treated equally, and that the Group's day-to-day operations are not unnecessarily disturbed. The Board will help ensure that shareholders have enough information and time to form an opinion on the takeover bid. If a bid is made for the company's shares, the Board will publish its assessment of the bid and issue a recommendation to shareholders about whether they should accept it or not.

The Board's assessment should take into account the effect any such acquisition will have on the company's long-term value creation, in keeping with the Norwegian Code of Practice for Corporate Governance.

15. Auditor

The company's external auditor, PwC, was selected at the AGM and is independent of the company.

The Board ensures that the auditor describes the main aspects of the audit plan, which is shared with the Audit Committee once a year. The auditor will also attend board meetings where the annual financial statements are to be addressed. At least once a year, the auditor will review Fjord1's internal control system with the Audit Committee. This includes visible weaknesses and improvement proposals.

At least once a year, the auditor attends a board meeting without members of company management being present. Each year, the auditor provides the Board with a written assurance that it meets the independence requirement for auditors.

The Board notifies the AGM of the fee payable to the auditor, broken down in to audit and non-audit services. The company will consider such non-audit services on a case-by-case basis to ensure the auditor's independence.

As a society-critical enterprise, Fjord1 has operated safely and responsibly, while protecting its employees, customers and business partners.



Covid-19

- Reduced traffic volume
- Public health restrictions
- Catering
- Good management



COVID-19

Fjord1 has been closely monitoring developments in the Covid-19 situation, and has at all times complied with the government's national guidelines. The company's highest priority has been to protect the safety and health of its employees and passengers.

At the beginning of 2020, Fjord1 established a working group to manage and coordinate the company's response to the pandemic. This group was operative from February, and was therefore active before the government shut down large parts of Norway in March. The working group has met on a weekly basis and/or more frequently as required throughout 2020.

By means of close communications with its principals, wide-ranging public health restrictions and our employees' willingness to adapt and change, the company has minimised the negative consequences. Nevertheless, there is no doubt that handling the situation has been challenging and resource-intensive, and has required everyone to learn fast. The wide-ranging public health restrictions, both national and international, also had a major impact on the progress of our business partners and suppliers. This in turn delayed delivery of several newbuilds and completion of the quayside ferry charging systems, resulting in a delay in the electrification

of a number of ferry routes.

A number of administrative staff have worked from home through the year. Decisions to work from home have been made in light of the prevailing local and/or national situation, and the individual employee's assessment of their underlying health risk. At the company's head office in Florø and its office in Molde, the bulk of the employees came in to work throughout 2020, while employees at the office in Bergen have worked from home for long periods during the year.

With regard to in-house canteen arrangements, external meetings and other professional and social events at the three offices, Fjord1 has complied with the prevailing government recommendations and directives.

At a time of frequent and unexpected change, the ability to prioritise, make decisions and collaborate with clients has been more important than ever before. Looking back, Fjord1 considers that it has succeeded in doing so through joint efforts. The measures that were introduced on board the company's vessels support the national public health restrictions, while ensuring predictability and a stable scheduled service for travellers.

REDUCED TRAFFIC VOLUME

Shortly after society went into lockdown in March, large parts of the traffic volume disappeared on the majority of routes. The reduction was greatest on routes with little commercial traffic and a high proportion of tourists and leisure travel. On a great many routes, traffic was more than halved in the first few months after lockdown.

Since the vast majority of operational contracts are gross contracts, the risk of lost revenue relates primarily to the Catering and Tourism segments. However, there remain a few routes

where Fjord1 still bears the risk relating to ticket revenues, so-called net contracts. A compensation scheme for net contract routes was negotiated during the year.

The substantial fall in passenger numbers caused several clients to consider cancelling a large portion of the contractually agreed sailing schedule.

These cancellations came to an end at different points in time through the spring, and normal service resumed at the end of June.

PUBLIC HEALTH RESTRICTIONS

Throughout the period, it was important for Fjord1 to help protect against infection on board all its vessels. In consultation with its clients, therefore, Fjord1 quickly decided to shutter the staffed kiosks, stop sales from self-service tills, encourage passengers to remain in their vehicles, provide onboard infection prevention information,

furnish the vessels with hand sanitiser dispensers, increase the intensity of cleaning, remove hot-air hand dryers, stop using payment control cards, and develop and implement new vehicle ticketing technology based on automatic number plate recognition.

CATERING

When the lockdown was imposed in mid-March, Fjord1 shuttered all its staffed and unstaffed kiosks. The company furloughed the vast majority of the kiosk workforce in addition to sales and promotions managers.

Fjord1 started a gradual reopening of self-service kiosks from the end of April. From mid-May, the staffed kiosks were also gradually reopened. Additional glass screens were installed between staff and customers at all the staffed kiosks. Extra-intensive cleaning routines were also

introduced in the kiosk and passenger areas as part of the effort to prevent the spread of Covid-19.

When the kiosks were reopened at the end of April, sales were modest. However, they rose steadily towards a good July, since much of the population holidayed in Norway. When the schools went back in mid-August, many of these travellers disappeared and sales fell.

GOOD MANAGEMENT

As a society-critical enterprise, Fjord1 has operated safely and responsibly, while protecting its employees, customers and business partners. Fjord1 has a strong financial base, with a broad

portfolio of contracts, which has enabled it to hold a steady course, develop and grow in an otherwise difficult period.

The company attaches considerable importance to the further development of its response to unwanted incidents.



Safety and emergency response

- Safety management system
- Emergency response
- Healthy working environment

SAFETY AND EMERGENCY RESPONSE

Safety is fundamental to Fjord1. Throughout 2020, the company continued to strengthen its safety culture through both barrier management and awareness-raising. A combination of procedures and technology aims to prevent unintended consequences caused by technical or human error.

In 2020, Fjord1 launched its “Safety Improvement Programme”. The objective is to create uniform actions and compliance with the system.

Safety management system

Fjord1 has a dynamic and structured safety management system that is certified in accordance with the ISM Code. Emphasis is here placed on development through risk management. This provides the company with a basis for corrective measures, improvements and learning from experience. The system helps to ensure effective and appropriate routines by means of which the vessels may be operated safely, the recurrence of incidents may be prevented and the competence of staff onshore and at sea may be improved.

The system is a tool to enable Fjord1, through routines and procedures, to reach its health,

safety and environmental goals. The company records and measures developments with respect to injuries and incidents, and these indicators are used to implement measures to reduce the number of accidents. Automatic monitoring and alarm systems have been installed aboard all vessels.

Fjord1 is working systematically to reduce the number of incidents, since we have recorded a slight increase on the year before. Safety is always the company’s first priority, and this is ensured through compliance with procedures and the barrier management system.

Emergency response

Fjord1 has a duty to arrange emergency response exercises on land and aboard its vessels. It must also participate in national and local emergency response exercises. The objective is to better equip its vessel crews and onshore emergency response organisation to deal with an emergency situation. By making itself available and playing an active role in such exercises, the company helps to strengthen the emergency response capability both locally and nationally.

Fjord1 wishes to have an effective emergency response organisation in order to deal with any incident that may arise. The company attaches considerable importance to the further development of its response to unwanted

incidents. The purpose of the emergency response group is to provide support for vessels experiencing an emergency situation, to limit harm to life, the environment and material assets.

Fjord1’s emergency response group holds regular exercises, whose performance is subsequently evaluated, in order to maximise its capacity to deal with different situations. The exercises are based on realistic scenarios and emphasise the interaction between the emergency response group, the vessel’s crew and the rescue service. An important aspect of the training exercises is to practise handling the media and caring for the families and next-of-kin of those involved.



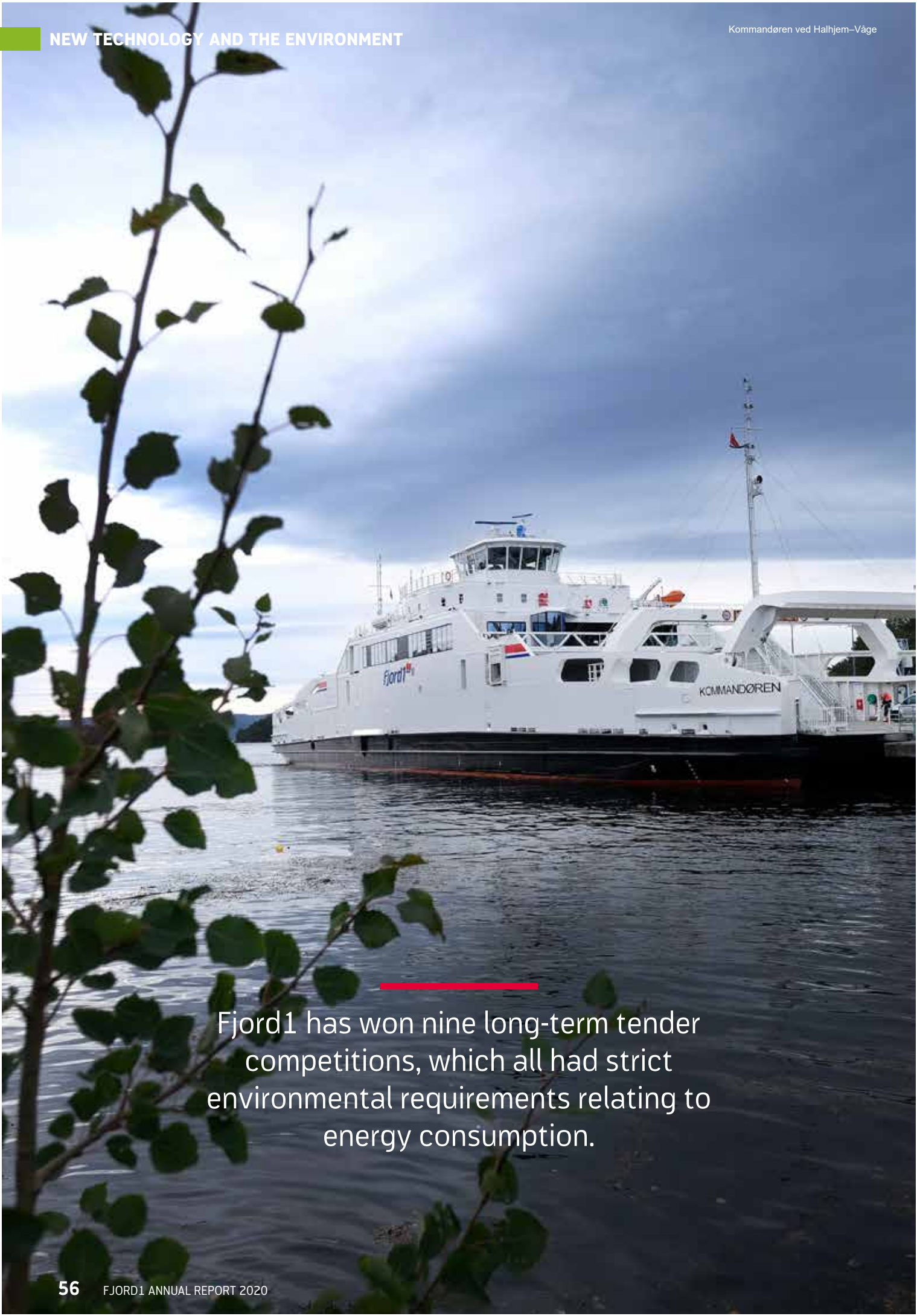
HEALTHY WORKING ENVIRONMENT

Through a focus on safety, combined with systematic and targeted efforts relating to occupational health, the company aims to prevent its employees from suffering work-related injury or illness. No one shall become ill from working at Fjord1, and the company's goal is to avoid all forms of work-related absence. Follow-up and adaptation are therefore an important feature of day-to-day working life.

An inclusive and inspiring working environment, characterised by mutual respect and equality, is important. At Fjord1 there is zero tolerance for harassment or behaviour that may be perceived as threatening or demeaning. The company

strives actively to create an inclusive and inspiring working environment based on mutual respect and equality.

Reducing the sickness absence rate is a continuous process that will also demand systematic efforts in the years ahead. The rate of absenteeism rose in 2020 for a variety of complex reasons. In 2021, therefore, Fjord1 will continue to closely follow-up its employees. Going forward, it will focus on preventive measures, individual workplace adaptation and follow-up.



Fjord1 has won nine long-term tender competitions, which all had strict environmental requirements relating to energy consumption.



New technology and the environment

- Tender competitions with environmental requirements
- New technology in 2020
- Newbuilds and conversions
- Charging stations
- Energy certification ISO500001:2018
- Sustainability
- Development and new tasks
- Introduction of AutoPASS



COMPETITION

The electrification of Fjord1's ferry operations is well underway. This is a journey that started in 2015 with the Norwegian Storting's historic vote to include requirements for zero-emission technology in future public tenders for ferry and express boat services. The county councils and the Norwegian Public Roads Administration included this requirement in the many tender competitions that were announced in the subsequent period, thereby paving the way for the rapid development of zero-emission technology and the implementation of electrically powered vessels in the ferry sector.

Fjord1 has won nine long-term tender competitions, which all had strict environmental requirements relating to energy consumption, CO₂ and NO_x emissions, as well as how much of the energy consumed was to derive from electrical power. This has resulted in the largest renewal of the fleet in the company's history. In addition to building new vessels, the company is responsible for building charging facilities at quaysides where the ferries dock.

In the period from 2017 until the present day, the company has been kept extremely busy developing solutions, building vessels, installing quayside ferry charging infrastructure and putting the new technology into operation.

These contracts with environmental requirements have changed Fjord1 at all levels and in all areas. Organisational adjustments have been made to participate in competitions for new contracts and to realise and operate the contracts the company is awarded. Efforts include competence development, new systems and data capture. Fully electric vessels require the installation of charging infrastructure on shore, which has resulted in new enterprises becoming relevant as ferry operators.

However, the most important factor is not the technology or any organisational adjustments – it is the employee. With Fjord1's portfolio of environmental contracts, the key to fulfilling our obligations is stable operations using electricity as the energy carrier.



NEW TECHNOLOGY IN 2020

The new ferries are powered by electricity, and this is stored on board in massive battery packs. The energy to be used for the crossing is topped up at the quayside while the ferry is being unloaded and reloaded. The quayside charging system is connected to the power grid, which supplies the vessel with energy. The amount of power drawn off during charging can be extremely high. For this reason, the company has commissioned the upgrade of the power distribution network at many quaysides to ensure they have the necessary capacity.

For the ferry contracts it has been awarded, Fjord1 has chosen a vessel concept under which they can run fully electric or, if required, operate regardless of whether they receive power from on shore. This is a redundant system, which nevertheless allows the vessel to continue providing a normal scheduled service in the event of an onshore power outage. It does not, however, mean that Fjord1 can choose to use energy sources other than electricity from the grid when this is available.

NEWBUILDS AND CONVERSIONS

The delivery of MF Stangvikfjord in the third quarter marked the conclusion of the 2017–2020 fleet renewal programme. A total of 25 new battery-hybrid ferries have been delivered and put into operation since December 2017. In addition, the company has converted five conventional ferries to full battery-hybrid propulsion and upgraded their overall standard to meet contractual requirements.

During 2020, the company took delivery of seven new ferries. MF Florøy and MF Sildafjord were delivered by the Sefine Shipyard in Turkey. They operate on the Ranavik–Skjersholmane and Gjermundshamn–Årsnes routes respectively. MF Grip was delivered by the Cemre Shipyard in Turkey, and operates on the Seivika–Tømmervåg route along with its sister ship MF Tustna.

Havyard Ship Technology in Leirvik, Sogn, which delivered four vessels to the company in 2020, initiated debt settlement proceedings in February. This made the completion of the last four vessels challenging in itself, while the Covid-19 pandemic added to the complexity. The vessels were delivered in the period from March to August. MF Bømlafjord operates on the Langevåg-Buavåg route. MF Møringen and MF Smøla operated on the Edøya-Sandvika route, while MF Stangvikfjord operates on the Kvanne-Rykkjem route.

Three of the LNG-powered vessels in the “Moldefjord series” will be converted to fully electric-hybrid propulsion to operate on the Halså-Kanestraum route. Westcon Yards in Florø won the contract. MF Romsdalsfjord and MF Korsfjord were completed in 2020, and MF Moldefjord will be completed during the first quarter of 2021.

Charging Stations

An electrically powered ferry requires charging, and the prospective ferry service provider was given responsibility for developing, building and operating ferry charging systems as part of the tender. This is something entirely new, and the design and construction of charging stations has faced Fjord1 with a steep learning curve.

The charging station is tailored to the vessel(s) in service on a particular route. Charging is an automated process once initiated from the vessel. The ferry charging system typically consists of a charging plug tower located on the quayside near the ferry and a technical building housing the electrical systems, electronics and, if the power grid does not have sufficient capacity, a battery bank. Communication between the vessel and the station is wireless, and the charging time is tailored to the sailing schedule.

In the county council contracts, the county council takes ownership of the charging stations at a price agreed in the contract. Fjord1 is responsible for operating and maintaining the charging stations throughout the contract period.

At the close of 2020, 24 charging stations were in operation and a further 15 stations will go into operation at the start of 2021. This makes Fjord1 the leading enterprise with respect to the operation of electric ferries and their associated charging stations.

ENERGY CERTIFICATION ISO50001:2018

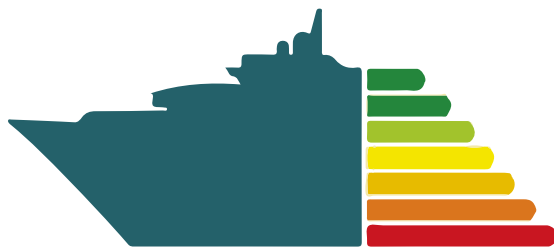
Fjord1 and its energy management system were certified in accordance with ISO 50001:2018 by DNV-GL in March 2020.

The ISO standard helps the company to set up its energy management system in an effective manner. It contains requirements and suggestions

with regard to processes and procedures, based on over 20 years of management systems experience. At the core of the system lies “continuous improvement”, which encourages the organisation to never stop learning and to aim for ever lower emission levels.

SEEMP

SEEMP (Ship Energy Efficiency Management Plan) is a statutory plan that all larger vessels are required to have in place. Fjord1 has its own plan that is tailored to its vessels and their operation. These plans are key to achieving better energy consumption and reduced emission levels. Here, initiatives and opportunities for more energy-efficient operations are identified. Some of the most common topics include optimising the crossing speed, maintaining correct trim and proper maintenance of auxiliary systems.





SUSTAINABILITY

The main areas of sustainability that Fjord1 prioritises are sustainable use of resources and a good working environment, as well as sound business ethics. Environmental, financial and social factors are part of Fjord1's business and are included in all parts of the company's day-to-day operation.

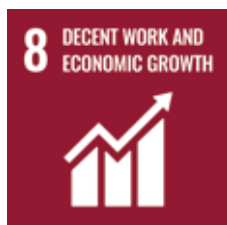
Fjord1 has integrated the UN's Sustainable Development Goals into its corporate strategy. In 2019, the company identified the most relevant SDGs, where further efforts and opportunities

to make a difference are greatest. Fjord1 is spearheading the development of eco-friendly tourism and ferry operations in and around the fjords of western Norway and elsewhere in the country.

In 2020, the main focus was to complete the electrification of the fleet. Fjord1 will continue to pursue its long-term strategy of being the best provider of eco-friendly transport in the years to come.



The graphic below shows an example of how Fjord1 can contribute to the Sustainable Development GOALS:



By safeguarding requirements when entering into major purchasing agreements, and by taking a local and long-term approach to purchasing practice nationally.



By contributing to innovation with the company's own initiatives, investing in new solutions, testing new forms of energy and investing in infrastructure locally.



By reducing use of fossil energy sources, reducing/stopping environmental destruction, reducing food waste and carrying out sustainable procurements.



By increasing the number of environmentally friendly ferries and reducing the company's total greenhouse gas emissions.



By reducing unnecessary emissions and impact on local ecosystems, and taking steps to ensure that waste does not end up in the sea.



By working with different players on innovation and to develop new solutions.

DEVELOPMENT AND NEW TASKS

Fjord1 is a competence-driven workplace, both on shore and aboard its vessels, and has a wide range of employment categories. Both the requirements in the new ferry contracts and the pace of technological development require measures and programmes to develop the organisation and strengthen its competence accordingly.

Fjord1 is constantly searching the labour market for new employees with the right competence, particularly for administrative positions in

the fields of technology, innovation and the environment. However, it is equally important to focus on developing the existing workforce and furnishing employees with new competence. Fjord1 follows the principle “attract – retain – develop”, and constantly focuses on how its staff can become even better. An important point here is to facilitate and encourage internal recruitment across the company.

New employees and many opportunities

Fjord1 has started up a number of new ferry routes, and as part of the “business takeover” nearly three hundred new employees joined Fjord1 from the previous operators.

In 2020, Fjord1 recruited a total of 12 new employees to permanent positions in its administration. Five of these were management positions, four of which were filled internally. This provides an extremely high level of competence across the company.

In 2020, Fjord1 developed a digital onboarding programme for all new employees. The programme is available via the “Fjord1 School” (a suite of in-house training courses).

For many years, the company has been working systematically to develop managers and employees at all levels in the organisation. In 2020, Fjord1 embarked on a new round of its leadership development programme for all managers in administrative positions.

Training establishment

Fjord1 always has a number of people in training positions within the deckhand and ship’s engineering fields. In 2020, Fjord1 employed 65 apprentices. During the year, however, a total of 91 apprentices trained with the company. In addition, the company trained a total of 18 cadets.

Apprentices and cadets are important for Fjord1, which aims to be a good place to train for a maritime career. In recent years, Fjord1 has also taken on apprentices in the fields of ICT and administration.

Fjord1 is an active participant in the trainee programme staged by the organisation

Framtidsfylket. In 2020, the company took on two trainees in the finance and technology department. The scheme is part of the company’s long-term recruitment strategy, and some of the company’s current key resources started their careers at Fjord1 through the trainee programme.

Fjord1 works closely with a variety of maritime academies and has positive experience with students working aboard our vessels for shorter periods during their studies. Given the pandemic, however, the company was obliged to temporarily halt this practice in 2020..



Responsible for ticketing in Fjord1, Lars Inge Myklebust has contributed greatly to the development of today's Autopass solution.

INTRODUCTION OF AUTOPASS

Fjord1 has been involved in the development of the AutoPASS payment system since 2018. With effect from 1 January 2020, AutoPASS was installed as a permanent payment solution on all routes in the new contracts "Hordaland Rutepakke 1" and "Hordaland Rutepakke 2" in Vestland County. These 11 ferry routes were thus the first in Norway with a permanent AutoPASS system.

Scarcely two months later, on 15 March, manual ticket sales were stopped due to Covid-19

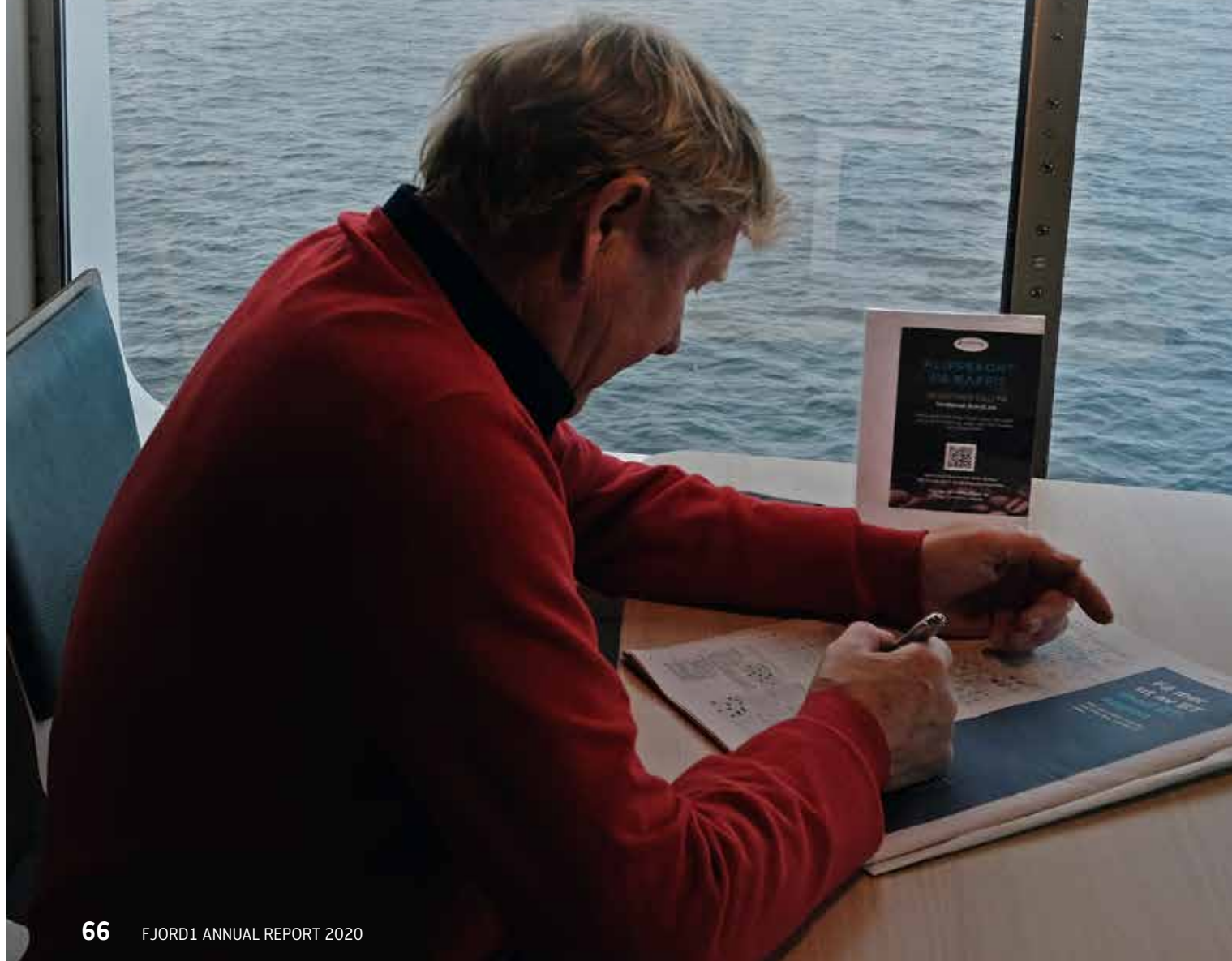
restrictions. Fjord1 was the only ferry operator to have a functioning ticket sales solution, which was adopted by the rest of the ferry industry shortly afterwards.

Despite the fact that AutoPASS was introduced on all ferry crossings as an emergency measure in extraordinary circumstances and with only a temporary dispensation from the authorities, Fjord1 continued to further develop and improve processes to enable the solution to work on a permanent basis.

Fjord1 was the only ferry operator to have a functioning ticket sales solution, which was adopted by the rest of the ferry industry shortly afterwards.



In 2020, Fjord1's CO₂ emissions were reduced by 7% compared to 2019.





Statistics and numbers

- Safety and regularity targets and results 2020
- Women and apprentices
- Statistics and graphs

SAFETY AND REGULARITY TARGETS AND RESULTS 2020



LOST-TIME INJURIES

PER MILLION HOURS WORKED

TARGET: 3
RESULT: 5,52



SICK LEAVE

MEASURED IN PERCENT

TARGET: 4,9
RESULT: 7,02



PASSENGER INJURIES

PER MILLION PASSENGERS

TARGET: 0,3
RESULT: 0,33



COLLISIONS

PER 100.000 PORT CALLS

TARGET: 0
RESULT: 1,06



POLLUTION

NUMBER OF INCIDENTS

TARGET: 0
RESULT: 6



DRUG TESTS

POSITIVE UNANNOUNCED ALCOHOL/DRUGS TESTS

TARGET: 0
RESULT: 0



CUSTOMER COMPLAINTS

PER 100.000 PASSENGERS

TARGET: 3,9
RESULT: 5,8



WOMEN AND APPRENTICES

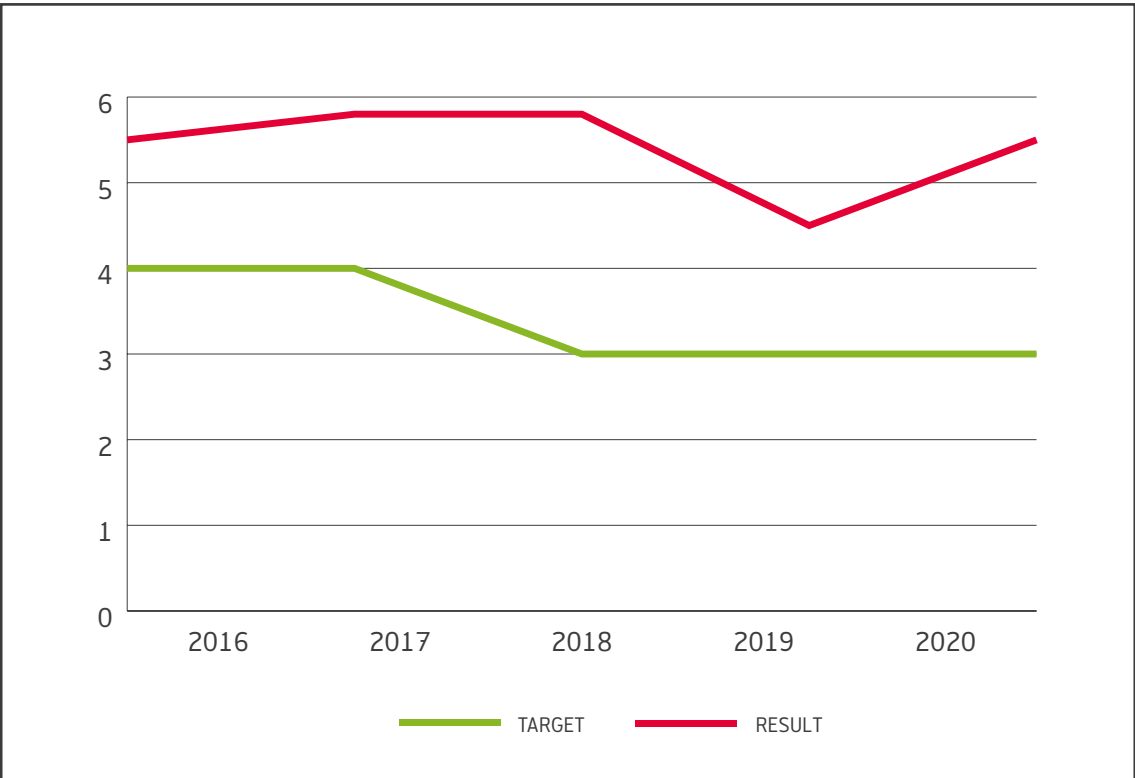
Women in the workforce in 2020

- Women employed ashore: 37,1% (women hold 46 out of 124 positions)
- Women employed aboard ship: 10% (women hold 94 out of 974 positions)
- Women employed in leading position aboard ship (captain, middle management): 3% (women hold 19 out of 570 positions)
- Women employed in leading positions ashore (senior and middle management): 28% (women hold 9 out of 32 positions)
- 2 women on the board (out of 7 board members in total)

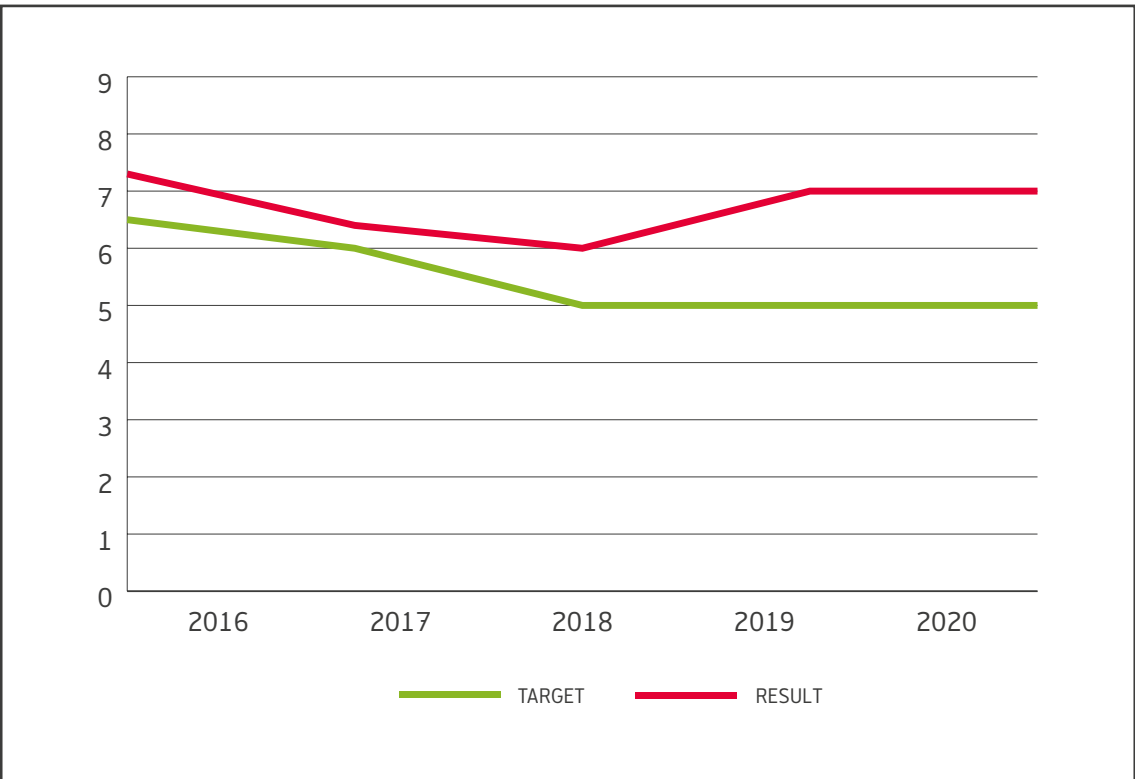
Apprentices

- First half of 2020: 65 apprentices (10 female apprentices and 2 female cadets)
- Second half of 2020: 93 apprentices (8 female apprentices and 2 female cadets)

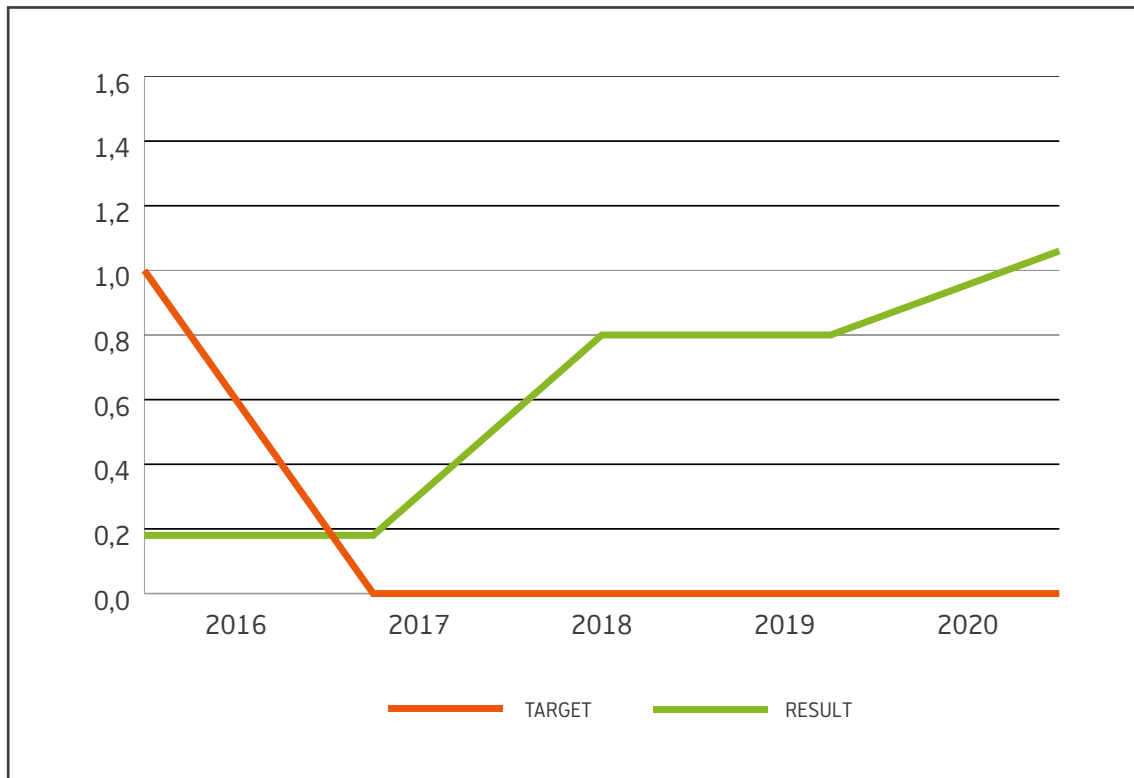
No. of injuries resulting in absence per million working hours



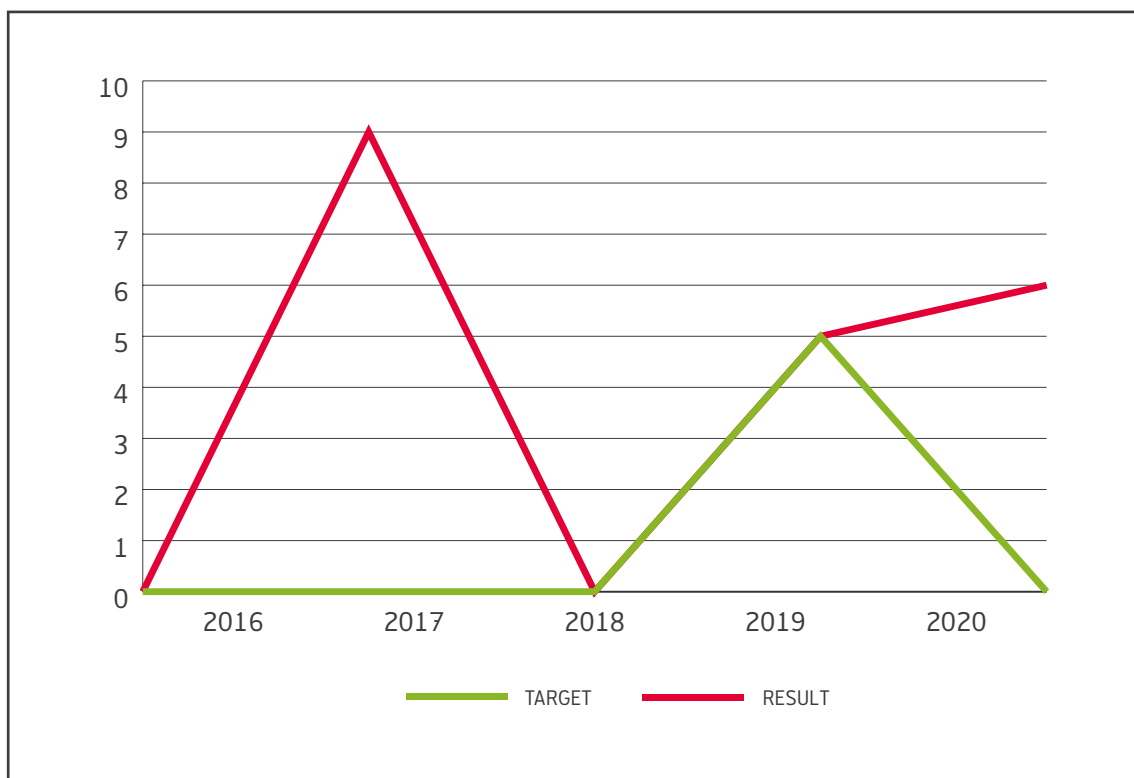
Sick leave (%)



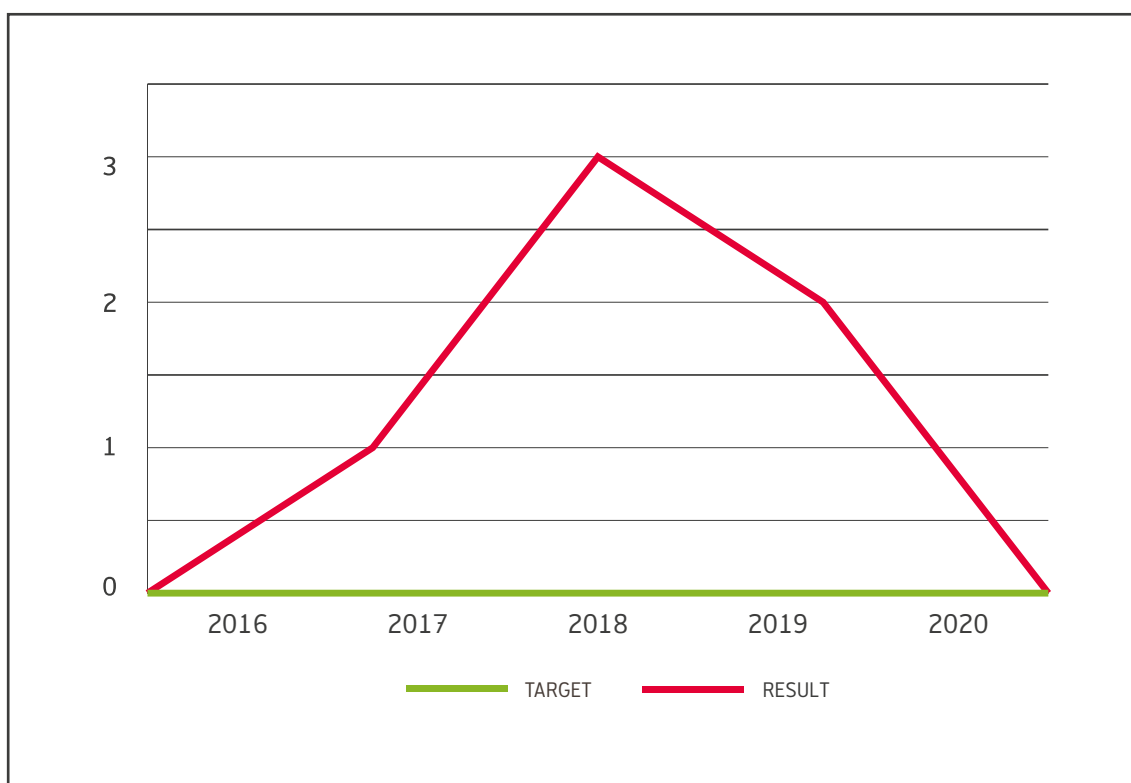
No. of allisions per 100,000 port calls



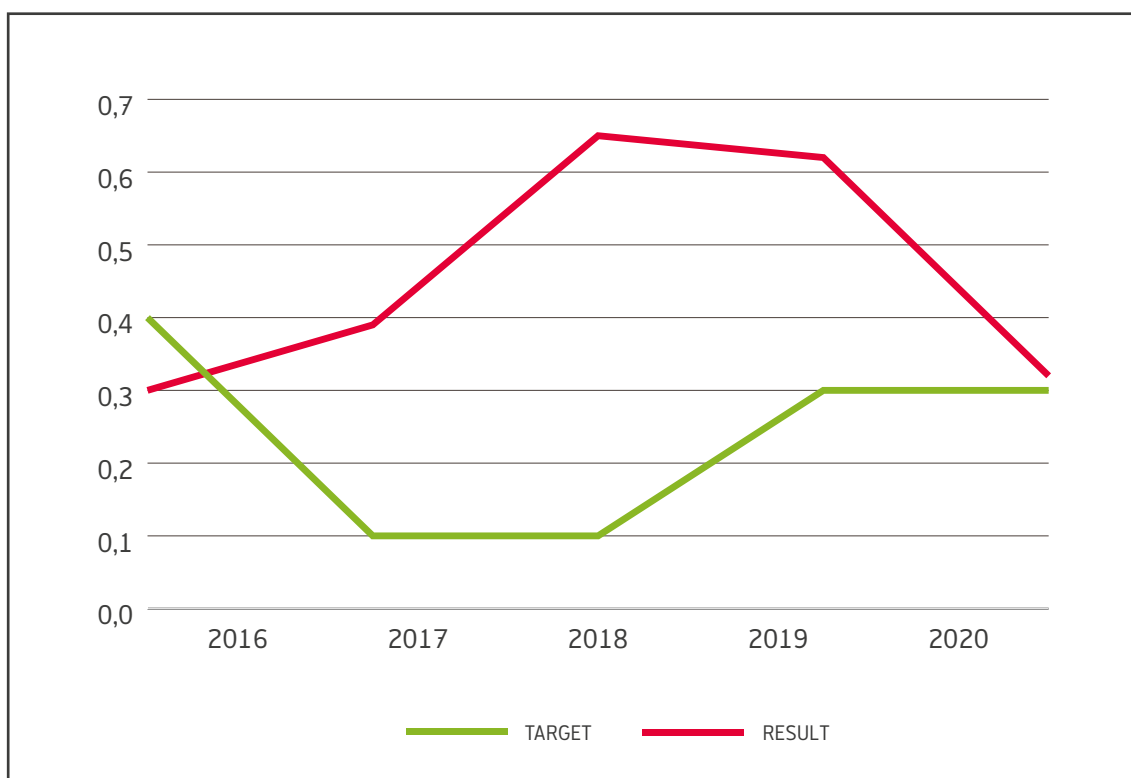
No. of pollution incidents



No. of positive unannounced drug tests



No. of passenger injuries per million passengers carried



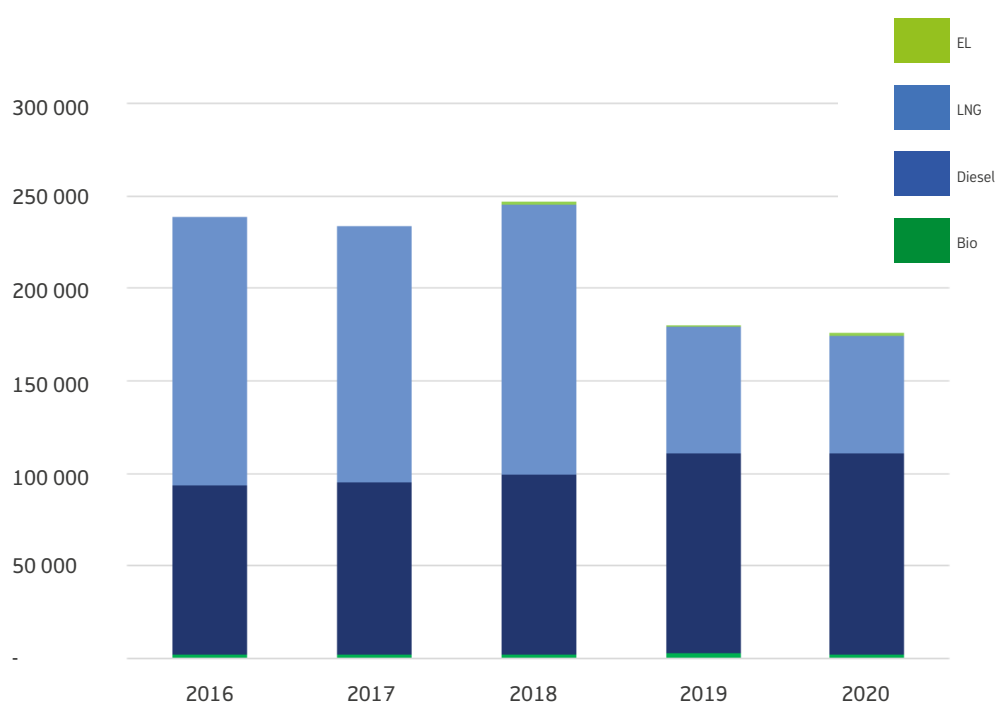
CO₂ emissions and sources (tonnes)

Figure: In 2020, Fjord1's CO₂ emissions were reduced by 7% compared to 2019. Route production increased at the same time by approx. 10% distance sailed. Increased electrification and energy efficiency means that emissions are reduced overall. Delays in electrification of the newly started ferry connections due to Covid-19, means that the reductions throughout the year are not at the expected level.

No. of ferries and fuel mix

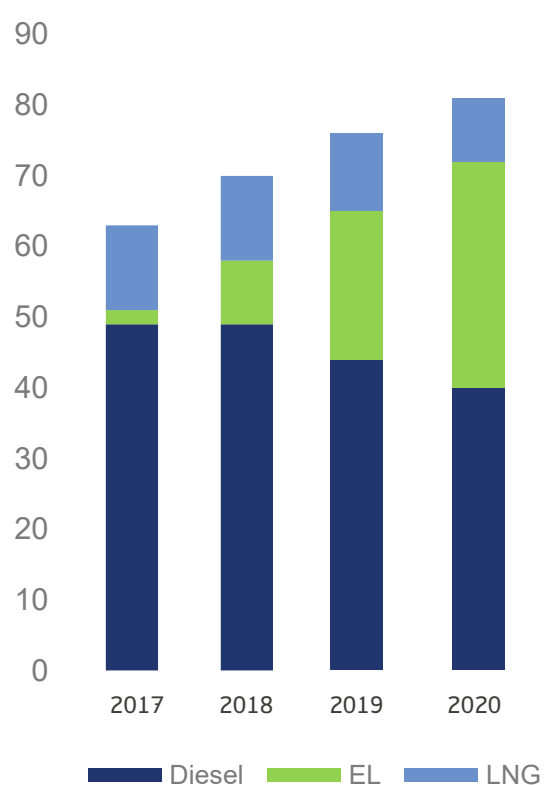
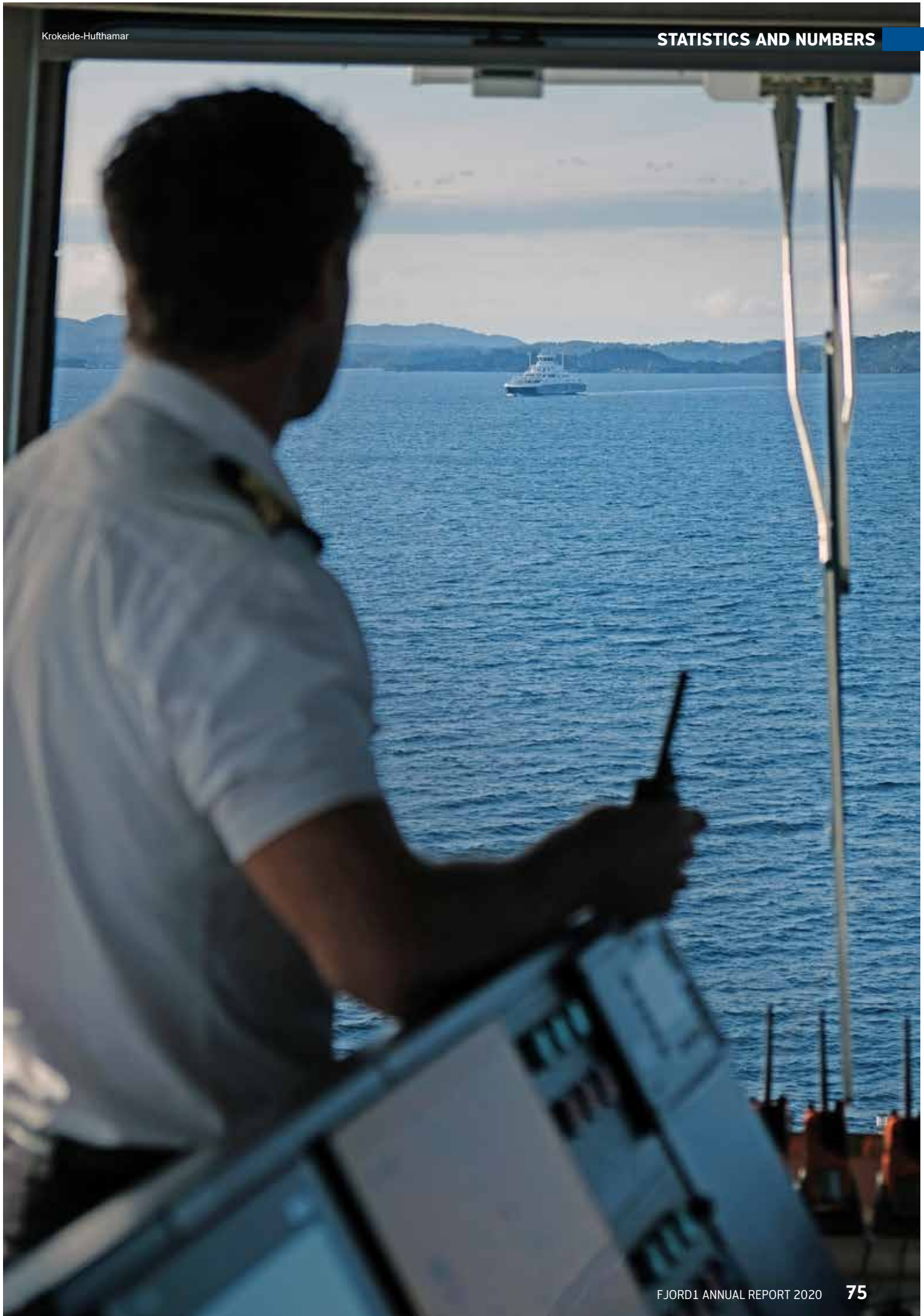
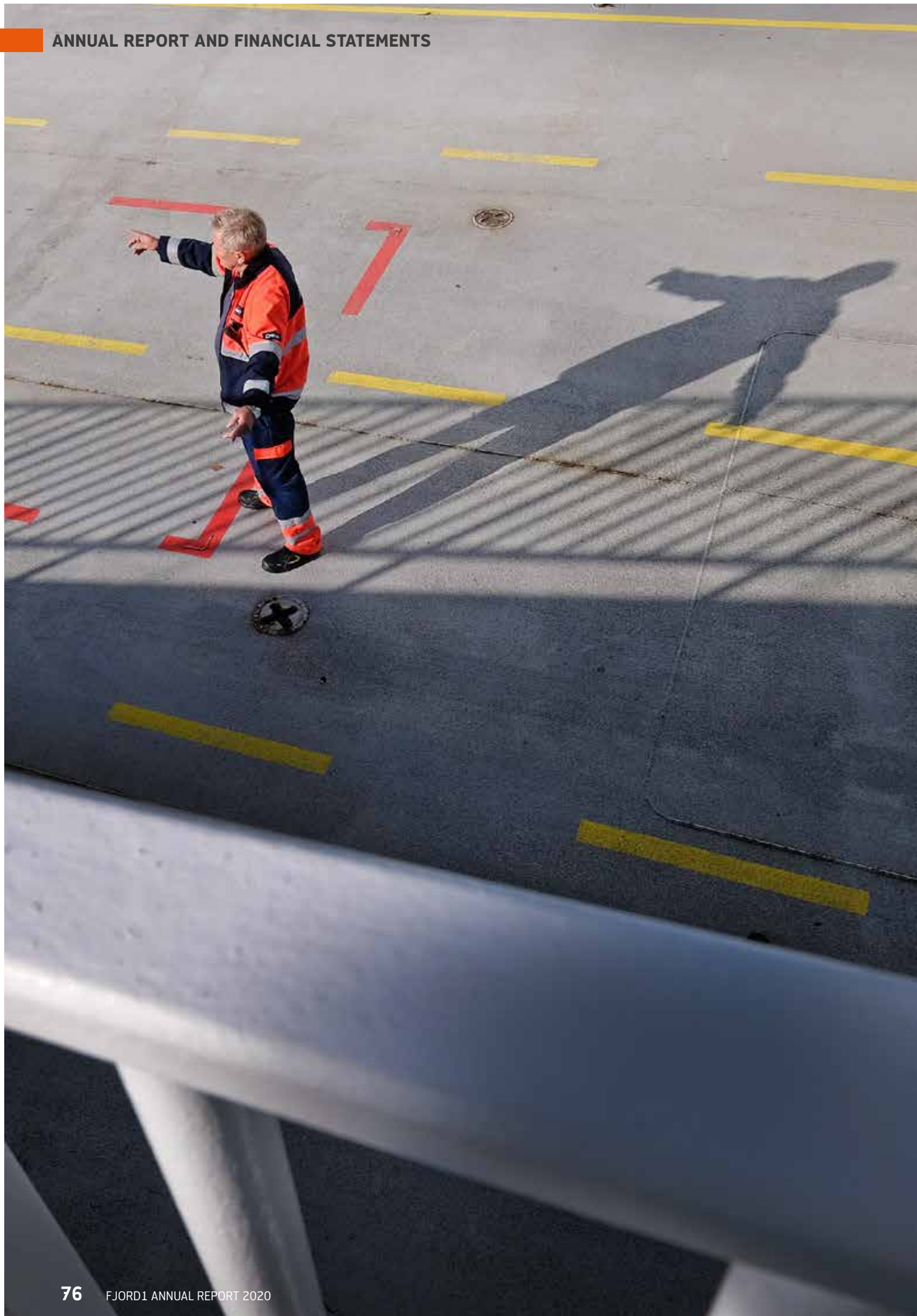


Figure: With the delivery of 7 number of ferries that will have electricity as the primary energy source, 40% of the fleet of Fjord1 will be electric ferries at the end of 2020.







Annual report and financial statements

- Group overview - introduction
- Operational performance
- Financial performance
- Revised consolidated annual financial statements
- Shareholder information
- Risks and uncertainty factors
- Events after the reporting date
- Outlook
- Consolidated financial statements 2020
- Parent company financial statements 2020
- Statements from the Board and CEO
- Statement from the independent auditor

GROUP OVERVIEW - INTRODUCTION

Fjord1's vision is to be the safest and most attractive provider of environmentally friendly ferry and passenger boat services for customers, contract principals and other partners.

Fjord1's values are: cheerful, open and honest, reliable and keeping all promises, profitable, proud, working together and team spirit. These values reflect the company and the way it does business. They are also used as a guide for all employees in the performance of their day-to-day tasks both internally and externally. Our values have been selected by the employees and are firmly embedded at every level of the company.

They guide the company's endeavours to achieve six primary objectives:

- be the best at environmentally friendly transport.
- provide our owners with stable, good returns on their invested capital.
- keep the promises we make to our customers.
- treat our employees in a way that makes people want to work for us.
- be a preferred partner for our clients.
- deliver solid financial results, healthy business operations and quality in all processes.

Fjord1 plays a vital role in Norway's coastal transportation infrastructure, linking local communities by means of safe, reliable and environmentally friendly transportation solutions. From 1 January 2021, Fjord1 operates 38 ferry routes, with associated catering services, at various points along Norway's fjords. The routes are operated by a fleet of 80 vessels, a large and growing proportion of which are electrically powered. Fjord1 also operates regional passenger boats services and has a growing involvement in eco-friendly tourism in Norway. In 2020, Fjord1 transported a total of 16.025 million passengers and 8.948 million vehicles.

Headquartered in Florø, Fjord1 has regional offices in Molde and Bergen.

Fjord1's main priorities during the Covid-19 pandemic have been to protect the safety and welfare of its employees, customers and suppliers, and to safeguard its operational capabilities. The company has acted responsibly and in compliance with national and local regulations and recommendations, and has remained fully operational to fulfil its responsibilities as the provider of essential transport services in coastal Norway.

Due to public health restrictions relating to the Covid-19 pandemic, the volume of traffic decreased in 2020. Since the company's contracts are mainly gross contracts, this has had a limited financial impact on the Ferry and Passenger Boat segments. The loss of revenue in the Catering segment has been followed up with cost-cutting measures. The Covid-19 pandemic has been challenging for the Tourism segment, and many activities closed in mid-March. The segment has been affected by low capacity utilisation through 2020, as a result of the loss of international tourists and national travel restrictions.

In 2020 Fjord1 started several new ferry contracts, worked with the completion of the fleet renewal programme and further electrification of the fleet. Hybrid-electric vessel emit about 40 per cent of the fleet, which makes the company one of the most environmentally friendly ferry companies in the world.

Due to the company's contract structure and long-term contract portfolio, worth NOK 24.1 billion, Fjord1 and its subsidiaries (the Group) have been well equipped to navigate the uncertain market environment in 2020. The Group reported a total revenue of NOK 3,118 million in 2020. This was 14 per cent higher than in 2019. EBITDA came to NOK 1,063 million, corresponding to an EBITDA margin of 34 per cent. The Group made a net profit after tax of NOK 163.5 million. More information concerning the 2020 financial results may be found in the Financial Performance section of this report and in the consolidated annual financial statements in the Annual Report.

OPERATIONAL PERFORMANCE

The Fjord1 Group has four reporting segments: Ferry, Passenger Boats, Catering and Tourism. Here follows a brief presentation of the Group's main segments and their results. For further details, please see Note 3 to the consolidated annual financial statements.

FERRY

Fjord1 continues to be a leading provider of ferry services in Norway, with a market share of around 47 per cent, measured by the number of private car units (PCUs) transported. With effect from January 2021, the company operates ferry routes under 15 contracts, compared with 14 contracts in 2019.

The increase in operating revenue in 2020 was largely attributable to the start-up of the new contracts Indre Sunnmøre, Romsdalspakken, Nordmørspakken, Hordaland Rutepakke 1 and Hordaland Rutepakken 2.

The level of service provided in 2020 was regulated by agreements with county councils and the Norwegian Public Roads Administration. Covid-19 restrictions caused a decrease in demand for ferry services. The number of ferry departures operated under some contracts was reduced in parts of 2020, in agreement with the contract principals. Fjord1 retained the contracted revenues, while savings benefited the contract principals. As a result, the overall financial impact has been limited in the Ferry segment.

In the second quarter of 2020, Fjord1 won a new three-year contract, and the company started operating the Festvåg-Misten route in Nordland County on 1 January 2021. The company has a solid portfolio of ferry contracts, which is expected to generate considerable revenues going forward. After the end of the year, the company was awarded a ten-year contract for the Drag-Kjøpsvik and Bognes-Skarberget ferry routes in Nordland County. These routes are scheduled to go into operation in 2022. An overview of the company's contract portfolio at the close of 2020 can be found on page 19 in the Annual Report.

The delivery of MS Stangvikfjord in the third quarter completed the newbuild programme. This is the last of 25 new vessels delivered over the past four years.

Fjord1 has started converting three vessels from LNG to hybrid-electric propulsion. Two of the vessels have already been delivered, and the third is scheduled for delivery in mid-April 2021. A hybrid-electric vessel is under construction in Turkey. It is scheduled for delivery in August 2021. At the close of 2020, Fjord1 had 80 ferries, and the fleet is gradually transitioning to low-emission or zero-emission technology. In this way, the company will reduce future CO₂ and NO_x emissions, thereby reducing Fjord1's environmental footprint.

The ferry industry and Fjord1 are contributing to the technological shift from fossil fuels to zero emissions by introducing battery solutions for ferries in Norway. Direct emission and fuel costs will decrease as the new and upgraded vessels are put into operation.

Ferry (NOK million)	2020	2019
Revenue	2 881	2 445
EBITDA	997	740
<i>EBITDA-margin</i>	34 %	30 %
EBIT	530	378
<i>EBIT-margin</i>	18 %	15 %

PASSENGER BOATS

Fjord1 operates ten express boats in Sogn og Fjordane. The company owns three of the vessels, while seven are under charter until the end of April 2022. The company also owns 49 per cent of Partsrederiet Kystekspresen ANS, which operates an express boat service from Kristiansund to Trondheim, Brekstad to Trondheim og Vanvikan to Trondheim.

The higher revenues in 2020 mainly reflect index regulation of contract terms, which produced better results in both Fjord1's own operations and in associated companies compared with the year before.

Passenger Boats (NOK million)	2020	2019
Revenue	120	115
Associates	6	2
EBITDA*	64	56
<i>EBITDA-margin**</i>	49 %	47 %
EBIT	13	2
<i>EBIT-margin**</i>	5 %	0 %

*EBITDA including associates

** Excluding associates

CATERING

The company's Catering segment provides catering services to passengers travelling on ferries or passenger boats.

Revenue in the Catering segment fell by 37 per cent in 2020. This reflects a reduced service offering due to Covid-19, as well as low passenger numbers in the first half of the year. Staffed cafeterias were shuttered for most of the second quarter, but gradually reopened during the summer. The role of the company's self-service solutions increased.

The company has implemented tough cost-cutting measures to compensate for the revenue shortfall and has succeeded in adjusting staffing and cost levels correspondingly. This has softened the financial impact, although the Catering segment posted a lower profit for the year.

Catering (NOK million)	2020	2019
Revenue	85	135
EBITDA	10	15
<i>EBITDA-margin</i>	12 %	11 %
EBIT	7	10
<i>EBIT-margin</i>	9 %	8 %

TOURISM

Fjord1's activities in the Tourism segment are carried out through both wholly owned and partly owned companies, with associated companies making up a significant part of the overall exposure. With one hybrid-electric and two fully electric vessels, Fjord1 is at the forefront of developments in eco-friendly tourism in the fjords of Western Norway. The three vessels are linked to The Fjords, in which Fjord1 has a 50 per cent shareholding. An overview of the Group's shareholdings may be found in Note 4 to the consolidated annual financial statements.

The Tourism segment was also significantly affected by Covid-19 in 2020, due to the restrictions on both international and domestic travel through most of the year. The business's operations were forced to close in mid-March and kept essentially closed until mid-June.

While activity picked up in July, demand returned to low levels after the Norwegian summer holiday season.

Financial losses through the year were partly offset by payments received under government compensation schemes instituted to mitigate the effects of the Covid-19 restrictions.

Tourism (NOK million)	2020	2019	2018
Revenue	22	18	20
Associates	(15)	0,4	16
EBITDA*	(16)	0,3	18
<i>EBITDA-margin</i>	i.m.	i.m.	i.m.
EBIT	(18)	(18)	14
<i>EBIT-margin</i>	i.m.	i.m.	i.m.

*EBITDA incl. associates EBITDA margins and EBIT margins are not meaningful, given that earnings in the segment derive primarily from associates

FINANCIAL PERFORMANCE

DECLARATIONS REGARDING THE FINANCIAL STATEMENTS

The following sections provide an overview of the Group's and the parent company's 2020 results. The Board of Directors believes that the financial statements provide a fair and correct view of the Group's and the parent company's financial development and results for 2020 and the financial position at year end.

GOING CONCERN

Pursuant to section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the prerequisites for assuming the business to be a going concern have been met. This assumption is based on the preparations of the accounts, forecasts and budgets for 2021, and the Group's long-term outlook.

REVISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

(2019 FIGURES IN BRACKETS)

PROFIT AND LOSS

In 2020, the Group's total revenue amounted to NOK 3,118 million (NOK 2,724 million). EBITDA came to NOK 1,063 million (NOK 818 million), resulting in an EBITDA margin of 34 per cent (30 per cent). EBIT totalled NOK 491 million (NOK 396 million). The Group made a net profit for the year of NOK 163 million (NOK 209 million).

The 14 per cent revenue increase was in line with the estimate, issued by the company in late 2019, of a 10–15 per cent revenue increase. The year's revenues and results were boosted by the start-up of new contracts on 1 January 2020. Overall operating costs increased by 7 per cent in 2020. This was due to new contracts with a better EBITDA margin. Investments in the electrification of ferry operations resulted in higher depreciation. EBIT rose by 24 per cent compared with 2019.

Net financial expenses increased to NOK 284.5 million in 2020 (NOK 142.9 million), largely due to interest expenses deriving from the investment programme and negative contributions from the associate WF Holding AS.

Fjord1 therefore made a profit before tax of NOK 207 million for 2020, compared with NOK 253 million in 2019. Tax amounted to NOK 43 million, resulting in a net profit of NOK 163 million for 2020. This compares with a net profit of NOK 209 million in 2019.

Earnings per share on an ordinary and fully diluted basis came to NOK 1.63 in 2020, compared with NOK 2.09 in 2019.

FINANCIAL POSITION

At the close of 2020, total assets amounted to NOK 10,339 million (NOK 9,240 million). The increase in non-current assets relates to investments in new vessels, vessel conversions and infrastructure.

The equity ratio stood at 23 per cent (25 per cent) at the close of the year. Equity increased by NOK 157 million to NOK 2,427 million (NOK 2,269 million).

At the close of the year, the Group had non-current liabilities of NOK 5,893 million (NOK 4,912 million), and current liabilities of NOK 2,019 million (NOK 2,059 million). The increase in overall liabilities is a result of investments in vessels and infrastructure, which were largely financed via bank loans. Net interest-bearing debt will be reduced in 2021 through improved cash flow, a lower investment rate and the sale of infrastructure assets. Further details may be found in Note 15 to the consolidated annual financial statements.

The Board of Directors considers the Group's financial position to be satisfactory.

CASH FLOW

In 2020, net cash flow from operating activities totalled NOK 907 million (NOK 324 million), reflecting higher revenues from new contracts and positive changes in net working capital.

Net cash flow from investing activities totalled NOK 1,435 million in 2020 (NOK 2,359 million). This figure is net of NOK 235 million in total NOx compensation received during the year. Net interest expenses are expected to fall in line with developments in net interest-bearing debt. Net cash flow from financing activities totalled NOK 446 million in 2020 (NOK 2,247 million). This mainly reflects a reduction in borrowing compared with the year before. The company expects a negative cash flow from financing activities going forward. Cash flow from operating activities and proceeds from the sale of infrastructure assets will be used to repay loans.

The net change in cash and cash equivalents came to NOK -82 million in 2020. Cash and cash equivalents at year-end totalled NOK 402 million (NOK 484 million).

The Board of Directors considers the Group's liquidity to be satisfactory.

REVISED ANNUAL FINANCIAL STATEMENTS FOR THE PATENT COMPANY (2019 figures in brackets)

PROFIT AND LOSS

In 2020, the parent company's total revenue amounted to NOK 3,116 billion (NOK 2,737 billion). EBIT came to NOK 489 million (NOK 369 million). Net profit for the year totalled NOK 208 million (NOK 240 million).

FINANCIAL POSITION

At the close of 2020, total assets came to NOK 9,910 million (NOK 8,967 million). The increase in non-current assets relates to investments in new vessels, vessel conversions and infrastructure.

The parent company had a total equity of NOK 2,266 million (NOK 2,059 million). The total equity ratio came to 23 per cent (23.0 per cent) at year end.

At the close of the year, the parent company had non-current liabilities of NOK 5,905 million (NOK 5,376 million), and current liabilities of NOK 841 million (NOK 902 million).

The Board of Directors considers the parent company's financial position to be satisfactory.

CASH FLOW

In 2020, net cash flow from operating activities totalled NOK 795 million (NOK 189 million). Net cash flow from investing activities totalled NOK 1,398 million (NOK 2,246 million). Net cash flow from financing activities totalled NOK 510 million (NOK 2,323 million).

In 2020, the net change in cash and cash equivalents came to NOK -93 million. Cash and cash equivalents at year-end totalled NOK 373 million (NOK 465 million).

The Board of Directors considers the parent company's liquidity to be satisfactory

OTHER INVESTMENTS

Fjord1 owns 34 per cent of the shares in WF Holding AS, which owns 100 per cent of the shares in Widerøes Flyveselskap AS. The Widerøe Group engages in air transport and associated technical and ground services. The airline operates 40 aircraft on more than 50 routes in Norway and abroad. Fjord1's share of the company's profit/loss is classified as a contribution from associates under financial items. The Widerøe Group has been affected by the travel restrictions and public health precautions initiated in response to the Covid-19 pandemic. This resulted in a contribution of NOK 20.4 million in 2020 (NOK -0.6 million).

DIVIDEND

Fjord1's underlying long-term business provides for a balanced, shareholder-friendly and long-term dividend policy.

It is the company's policy to pay a dividend of up to 50 per cent of the Group's net profit for the year. The payment of any dividend is assessed in light of the Group's financial position. The company's capital structure is tailored to the Group's strategy and risk profile. Decisions regarding dividend payments will be made by the General Meeting of Shareholders, based on a proposal by the Board of Directors.

ALLOCATION OF THE PARENT COMPANY'S NET PROFIT

In 2020, Fjord1 ASA, the Group's parent company, reported revenues of NOK 3,116 million (NOK 2,737 million). Operating profit totalled NOK 488 million (NOK 369 million), while the year's net profit came to NOK 208 million (NOK 240 million). The parent company's annual financial statements are disclosed in the Annual Report.

In 2020, due to the uncertainty caused by the Covid-19 situation, the Board decided to postpone any decision relating to a dividend payout for 2019. Fjord1's Annual General Meeting authorised the Board of Directors to decide on the payment of a dividend at any point up until the forthcoming AGM. The Board has made no decision concerning the payment of a dividend for 2020. The Board considers that the Covid-19 situation and its impact on Fjord1 to be such that any decision regarding dividends should be postponed until further notice.

In the meantime, the Board recommends that the parent company's net profit for the year, in the amount of NOK 208 million, be transferred to other equity to safeguard the company's liquidity and total assets.

CORPORATE SOCIAL RESPONSIBILITY

Fjord1 is conscious of its corporate social responsibility, which it upholds through its values and ethical guidelines. The company's corporate social responsibility reports follow the guidelines issued by the Oslo Stock Exchange for corporate social responsibility reporting and Section 3-3 of the

Norwegian Accounting Act. Fjord1 ASA's report on corporate social responsibility is included in the company's Annual Report for 2020.

SAFETY

Fjord1's vision is to be the safest and most attractive provider of environmentally friendly ferry and passenger boat services for customers, contract principals and other partners. This vision underpins the Group's safety goals. The Group has high safety standards and requirements, which are clearly communicated through the company's procedures, policies and safety targets.

Further details relating to safety may be found on page 53 of the Annual Report.

ENVIRONMENTALLY FRIENDLY

Fjord1's vision underpins the Group's environmental ambition, which is to provide the most environmentally friendly ferry and passenger boat services. Electric ferries made up 40 per cent of the fleet at the close of 2020, making Fjord1 one of the most environmentally friendly ferry companies in the world. The Group expects the transition to low-emission and zero-emission technology to continue. Fjord1 monitors its emissions to sea and air closely. The Group complies with applicable environmental legislation and regulations. The Group's main source of greenhouse gas emissions is fuel combustion. With respect to Fjord1's new contracts, the contract principals require energy consumption to come from low-emission or zero-emission technology. As vessels with low-emission or zero emission propulsion become fully operational, average emissions per passenger transported are expected to decrease. The company expects the installation of vessel charging infrastructure to be gradually completed in 2021. As a result, more of the company's ferry routes will become fully electrically powered. As is the case for most electricity in Norway, the electricity used to power Fjord1's vessels is generated from renewable sources. The Group expects to continue converting existing vessels to electrical propulsion.

PEOPLE

The Group's employees are its most important resource. Fjord1's ambition is to have the most satisfied employees in the industry. At the close of 2020, the company had 1,169 full-time employees, compared with 1,156 in 2019. Fjord1's culture is built on its values: cheerful, open and honest, reliable and keeping our promises, profitable, working together and team spirit, and proud.

Employee satisfaction is important for Fjord1, and the company systematically focuses on and follows up employee health and the working environment. In 2020, the sickness absence rate was 7.6 per cent, compared with 6.9 per cent the year before. The Group will continue to follow up employees' sickness absence with the objective of reversing the trend through preventive initiatives, individual adaptation of the work situation and close follow-up of employees. An employee survey is planned in 2021.

The Group is working to increase workplace diversity, including a better gender balance. At the close of 2020, women made up 37 per cent of the overall workforce and 10 per cent of those working afloat. The low percentage of women is linked to the fact that fewer women choose a maritime career. It is the Group's policy that there shall be no discrimination with respect to recruitment, salaries or professional development. Fjord1 wishes to be perceived as an inclusive workplace, and has a dedicated plan for this. The Group's goal is to ensure that there is no discrimination in the workplace.

Corporate Governance

Reference is made to the separate Corporate Governance report on page 37 of the Annual Report for 2020.

SHAREHOLDER INFORMATION (2019 FIGURES IN BRACKETS)

As at 31 December 2020, Fjord1 ASA had 100.0 million shares outstanding, divided between 1,773 (3,724) shareholders. Fjord1 has bought back 90,402 treasury shares. This is unchanged since last year and corresponds to 0.09 per cent of all shares outstanding.

The 20 largest shareholders controlled 97.7 per cent (91.4 per cent) of the total number of shares outstanding at the close of the year. Havila Holding AS, through Havilafjord AS and Havilafjord Holding AS, represented 85 per cent of the outstanding share capital in Fjord1 at year end. An updated list of the top 20 shareholders is available under Investor Relations on Fjord1's website.

In 2020, Fjord1's share price varied from NOK 31.70 to NOK 46.50. The final price at 31 December was NOK 43.00, compared with NOK 36.60 at the close of 2019.

A total of 71.9 million shares, or 71.9 per cent of the overall number of shares outstanding, were traded during the period. Shares worth a total of NOK 3,130 million were traded during the year, with the average daily volume worth NOK 6.6 million.

RISKS AND UNCERTAINTY FACTORS

The Group is exposed to various types of operational, financial and market risk, which are monitored and assessed on a continual basis. The public health measures implemented to contain the Covid-19 pandemic, and their expected economic consequences, have highlighted the risks facing the company throughout 2020.

During this situation, Fjord1 has protected the safety and welfare of both employees and customers, and fulfilled its responsibilities as the provider of essential transport services. Fjord1 has remained fully operational, although the scope of its ferry and passenger boat services has been temporarily reduced at the request of the public contract principals. The Group's long-term contracts with county councils and the Norwegian Public Roads Administration are based primarily on capacity and the departure schedule, rather than actual traffic volume. As a result, the revenue stream has been largely unaffected by the fall in traffic volume caused by the current travel restrictions.

The government's measures to contain Covid-19 have affected the progress of onshore infrastructure projects required for the electrification of the ferry fleet. For example, the installation of quayside charger towers requires technical personnel from international suppliers. Delayed completion of the electrification infrastructure postpones the release of government-funded NOx compensation for the vessels, public infrastructure

As described in the 2019 Annual Report, Fjord1 was exposed to risks related to vessel deliveries. However, the company completed the 2017-2020 newbuild programme with a final delivery in August.

The vessel renewal programme and electrification infrastructure projects have entailed significant investments over the past few years. The sale of infrastructure projects and the release of public funds related to the electrification process were projected to lower interest-bearing debt through 2020. Delays in this process put pressure on the minimum equity ratio in the company's bank and bond financing arrangements, although both the banks and bondholders agreed to amendments to loan agreements that reduce the risk of covenant breaches. Net interest-bearing debt will further decrease in 2021 through improved EBITDA, lower investments and sale of infrastructure projects.

Activities within the smaller Catering and Tourism segments have been badly hit by the Covid-19 situation, although the company has to a large degree managed to adjust activity and cost levels to current demand in the Catering segment. Although activity in the Catering segment is expected to return once restrictions are lifted, the situation has increased the risk of a more permanent change in consumer behaviour.

Developments in the Tourism segment will also depend on the lifting of travel restrictions both domestically and internationally, and a gradual return to normal travel patterns. Fjord1 and its subsidiaries and joint ventures in the Tourism segment are monitoring the situation closely, and have sought to mitigate its negative effects by changing their offering to cater more for a domestic market. The company remains confident in the long-term outlook for its eco-friendly Tourism concepts.

Further details concerning the Group's risk management may be found in Note 12 to the consolidated annual financial statements.

EVENTS AFTER THE REPORTING DATE

On February 12 2021, Fjord1 announced that it had won the contract to operate the Bognes–Skarberget and Drag–Kjøpsvik routes in Nordland County. The contract is for the period December 1 2022 until November 30 2032, with an option to prolong for 18 months.

OUTLOOK

Fjord1 believes there will be continued high demand for safe, environmentally friendly and reliable transport in coastal regions also in the future. Fjord1 assesses new tender opportunities in the Norwegian market on an ongoing basis, as well as opportunities outside of Norway. Fjord1's strong contract portfolio is worth NOK 24.1 billion through 2033, excluding options and index regulation, which offers a solid platform for profitable growth.

The company expected new ferry routes to generate 10–15 per cent revenue growth in 2020, and achieved 14 per cent higher revenues during the year. As expected, the new and upgraded vessels led to an improvement in EBITDA margins, whereas the corresponding higher depreciation generated stable EBIT margins for the full year 2020.

The company expects more moderate revenue growth in 2021, with cost improvements continuing to support operating margins. Net interest-bearing debt will decrease as a result of positive cash flows from operating activities, lower investments and the sale of infrastructure assets.

CONSOLIDATED FINANCIAL STATEMENTS 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AMOUNTS IN NOK THOUSANDS	NOTE	2020	2019
Revenue	3	3 086 160	2 662 750
Other income	3, 5	31 611	61 066
Total income		3 117 771	2 723 816
Purchased goods and fuel		(404 143)	(448 891)
Personnel expenses	7, 14, 19	(1 096 041)	(994 061)
Other operating expenses	8	(545 615)	(465 568)
Total operating expenses		(2 045 799)	(1 908 519)
Share of profit/(loss) from associates	4	(9 026)	2 550
Operating profit before depreciation and impairment (EBITDA)		1 062 946	817 846
Depreciation	11, 16	(525 807)	(419 344)
Impairment	11	(48 935)	(67 717)
Reversal of impairment	11	3 105	65 160
Total depreciation and impairment		(571 637)	(421 901)
Operating profit (EBIT)		491 308	395 945
Share of profit/(loss) from other associates	4	(41 958)	26 629
Interest income	12	2 514	2 616
Interest expense	12	(214 897)	(168 002)
Other financial items, net	8	(30 127)	(4 223)
Net financial income/(expenses)		(284 468)	(142 980)
Profit/(loss) before tax		206 839	252 965
Income tax (expense) / income	9	(43 374)	(43 861)
Profit/(loss) for the year		163 466	209 104
Attributable to:			
Parent company owners		162 985	208 608
Non-controlling interest		481	497
Basic earnings per share (in NOK)*	10	1,63	2,09
Diluted earnings per share (in NOK)*	10	1,63	2,09

*Based on weighted average number of shares outstanding. Reference is made to note 10 and 13 regarding earnings per share and share capital.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN NOK THOUSANDS	NOTE	2020	2019
Profit/(loss) for the year		163 466	209 104
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Share of other comprehensive income of associates accounted for using the equity method - net of tax	4	(1 813)	-
Items that will not be reclassified to profit or loss:			
Share of other comprehensive income of associates accounted for using the equity method - net of tax	4	-	2 826
Actuarial gain/(loss) on pension obligations - net of tax	14	(4 300)	(744)
Total		(6 113)	2 082
Total other comprehensive income for the year, net of tax		(6 113)	2 082
Total comprehensive income for the year		157 353	211 186
Attributable to:			
Parent company owners		156 872	210 690
Non-controlling interest		481	497

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS IN NOK THOUSANDS	NOTE	31.12.2020	31.12.2019
ASSETS			
Non current assets			
Deferred tax assets	9	166 593	37 399
Property, plant and equipment	11	8 491 947	7 559 294
Right-of-use assets	16	87 067	40 354
Investments in associates	4	436 506	481 455
Other non-current financial assets	12	4 895	4 671
Total non-current assets		9 187 008	8 123 174
Current assets			
Inventories		20 204	22 457
Derivative financial instruments	12	-	-
Trade receivables	12	309 429	139 162
Other current receivables	12	264 345	293 970
Cash and cash equivalents	12	401 836	484 081
		995 814	939 669
Assets classified as held for sale	11	156 340	177 372
Total current assets		1 152 154	1 117 041
Total assets		10 339 162	9 240 216
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	13	250 000	250 000
Share premium		360 924	360 924
Treasury shares	13	(3 617)	(3 617)
Retained earnings		1 814 481	1 657 612
Total equity attributable to owners of the parent		2 421 788	2 264 918
Non-controlling interests		5 226	4 745
Total equity		2 427 014	2 269 663
Non-current liabilities			
Borrowings	12, 15	4 747 106	4 179 391
Derivative financial instruments	12	6 890	6 829
Non-current lease obligations	16	24 518	9 050
Net employee defined benefit liabilities	14	32 289	13 104
Other non-current liabilities	5	335 391	127 476
Deferred tax liabilities	9	746 639	575 798
Total non-current liabilities		5 892 832	4 911 649
Current liabilities			
Borrowings	12, 15	1 157 972	1 196 796
Derivative financial instruments	12	1 175	1 274
Current lease obligations	16	64 255	31 490
Trade and other payables	12	146 923	202 521
Current income tax liabilities	9	617	664
Social security and other taxes		102 128	107 186
Other current liabilities	12	546 245	518 973
Total current liabilities		2 019 315	2 058 904
Total liabilities		7 912 148	6 970 553
Total equity and liabilities		10 339 162	9 240 216

THE BOARD OF DIRECTORS OF FJORD1 ASA

Florø, 30 march 2021



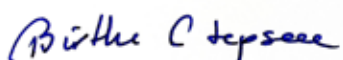
Vegard Sævik
Chairman



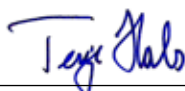
Per Rolf Sævik
Board member



Siri Hatland
Board member



Birthe Cecilie Lepsøe
Board member



Terje Hals
Board member



Reuben Aguilar Samuets Munger
Board member



Atle Olav Trollebø
Board member



Dagfinn Neteland
CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the parent

Amounts in NOK thousands	Share capital	Share premium	Treasury shares*	Retained earnings	Total	Non- controlling interest	Total equity
Balance at 01.01.2019	250 000	360 924	(2 079)	1 716 796	2 325 640	5 795	2 331 436
Profit/(loss) for the period	-	-	-	208 608	208 608	497	209 104
Other comprehen- sive income for the year	-	-	-	2 082	2 082	-	2 082
Total comprehensive inco- me for the year	-	-	-	210 690	210 690	497	211 186
Aquisition of treasury shares	-	-	(1 537)	-	(1 537)	-	(1 537)
Dividends paid	-	-	-	(269 874)	(269 874)	(1 548)	(271 422)
Other contributions to owners	-	-	-	-	-	-	-
Transactions with owners	-	-	(1 537)	(269 874)	(271 411)	(1 548)	(272 959)
Balance at 31.12.2019	250 000	360 924	(3 616)	1 657 612	2 264 919	4 745	2 269 663
Balance at 01.01.2020	250 000	360 924	(3 616)	1 657 612	2 264 919	4 745	2 269 663
Profit/(loss) for the period	-	-	-	162 985	162 985	481	163 466
Other comprehensive income for the year	-	-	-	(6 113)	(6 113)	-	(6 113)
Total comprehensive income for the year	-	-	-	156 872	156 872	481	157 353
Aquisition of treasury shares	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Other contributions to owners	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Balance at 31.12.2020	250 000	360 924	(3 616)	1 814 481	2 421 788	5 226	2 427 014

*See note 13.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK thousands	Note	2020	2019
Operating activities			
Profit before tax		206 839	252 965
Adjustments for:			
Depreciation and impairment	11, 16	571 637	421 901
Interest expense - net		212 383	165 386
Change in fair value of financial instruments	12	(38)	28 703
Non-cash post-employment benefit expense		19 184	(10 159)
Gain on disposal of property, plant and equipment		2 826	(4 267)
Gain on realisation of investments in shares		-	(31 103)
Share of profit from associates and joint ventures		50 985	(29 178)
Change in working capital:			
Trade receivables		(170 267)	(42 632)
Inventories		2 253	1 641
Trade payables		(55 597)	(83 228)
Other accruals		266 550	(125 883)
Cash generated from operations		1 106 755	544 146
Interest paid		(201 311)	(149 448)
Interest received		2 514	2 616
Income tax paid		(1 044)	(73 676)
Net cash from operating activities		906 914	323 637
Investing activities			
Purchases of property, plant and equipment	11	(1 427 915)	(2 399 132)
Purchase of shares incl. joint ventures		(11 000)	(38 696)
Proceeds from dividends from associates		3 151	11 742
Proceeds from sale of property, plant and equipment	11	1 298	63 153
Net proceeds/(investments) from other non-current financial assets		(225)	4 059
Net cash used in investing activities		(1 434 690)	(2 358 875)
Financing activities			
Proceeds from borrowings	12	1 210 506	2 042 306
Repayment of borrowings	12	(700 126)	(236 211)
Payment of lease obligation	16	(64 852)	(65 410)
Acquisition of treasury shares	13	-	(1 537)
Proceeds from short-term borrowings	12	-	1 320 000
Repayment of short-term borrowings	12	-	(540 900)
Dividends		-	(271 422)
Net cash used in financing activities		445 529	2 246 827
Net change in cash and cash equivalents		(82 247)	211 589
Cash and cash equivalents 01.01.		484 081	272 492
Cash and cash equivalents at 31.12.		401 836	484 081

NOTE 1**ACCOUNTING PRINCIPLES****GENERAL INFORMATION**

Fjord1 ASA and its subsidiaries (together 'the Group') operates passenger ferries and other passenger boats in Norway. The Group's core business is concentrated at sea transportation through its operation of ferries and express passenger boats, in addition to on-board catering operation. Fjord1 ASA is incorporated and domiciled in Norway, and is listed on the Oslo Stock Exchange. The address of its registered office is Strandavegen 15, 6900 Florø, Norway.

These consolidated financial statements were approved by the Board of Directors on 30 March 2021.

These consolidated financial statements have been audited.

BASIS FOR PREPARATION

These consolidated financial statements of Fjord1 ASA for the year ended December 31, 2020, have been prepared in accordance with International Financial Reporting Standards (IFRS).

GOING CONCERN

The Group has adopted the going concern basis in preparing its consolidated financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing ferry contracts and other service contracts, debt service and obligations under existing newbuilding contracts. Forecasts take into consideration expected future net income from assets under construction. After making such assessments, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, and derivative instruments, which are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material - amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The Group also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018-2020 Cycle.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING**Subsidiaries**

(i) Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described below in the section "Impairment of assets".

(iv) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Fjord 1 ASA.

PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes 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 recognised 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 recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Fjord1 ASA is deemed to be the chief operating decision maker.

FOREIGN CURRENCY TRANSLATION**Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian kroner, which is Fjord 1 ASAs functional and presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

REVENUE RECOGNITION

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service.

The specific accounting policies for the groups main types of revenue are as follows;

(i) Sale of goods: The Group offers certain catering services related to its ferry operations where revenue is recognised when the item is sold to a customer.

(ii) Sale of tickets: Revenue from sale of tickets are recognised as revenue when it is sold to a customer. For prepaid travel cards, revenue is deferred and recognised when utilised.

(iii) Revenue from ferry contracts: The group derives revenue from operating ferries and passenger boats on behalf of public authorities. There are two types of contract: "

- Gross contracts, where the Group receives a fixed annual index-adjusted fee. "The amount received each year depends on the planned number of voyages. "Number of voyages is used as a measure of progress. The index used to adjust the" transaction price compensates for price changes on input factors required to operate the vessels. The variability in transaction price caused by the index is allocated to the year to which the adjustment relates. If the index increases throughout the contract period, revenue will therefore increase year by year. The Group receives monthly/quarterly payments from the public authority, while ticket fees collected from passengers are transferred to the public authority each month.

- Net contracts, where the Group assumes the risk related to passenger volume and receives a fixed fee from the contractor in addition to revenues from sale of tickets to passengers. The fixed fee from the public authority is recognised over the contract period using number of passengers as a measure of progress. The contracts will usually have the same index adjustments as for the contracts above. The ticket revenues are a variable component of the transaction price, which is recognised as revenue on a voyage-by-voyage basis.

The Group is entitled to compensation for lost revenue when the customer introduced a new tariff structure compared to assumptions outlined in the tender for certain ferry contracts. The parties are yet to agree on the final calculation of the compensation. The compensation is considered to be a variable consideration, where the most likely amount of consideration is recognised as revenue in the financial statements. A variable consideration is only recognised to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

INCOME TAX

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

LEASES

The Group's leasing policy is described in note 16.

IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each period.

CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 12 for further information about the group's accounting for trade receivables and credit risk.

INVENTORIES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 12 for further information about the group's accounting for trade receivables and credit risk.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest of the principal amount

outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, employee loans and other non-current receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Finansielle egedelar til verkeleg verdi over resultatet vert rekneskapsført i balansen til verkeleg verdi med netto endringar i verkeleg verdi innrekna i resultatrekneskapen. Kategorien inkluderer derivat og eigenkapitalinstrument som konsernet ikkje ugjenkalleleg har valt å klassifisere til verkeleg verdi over OCI.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred substantially all the risks and rewards of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
- Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments." purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has no designated hedges as the derivatives used by the Group does not qualify for hedge accounting.

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

PROPERTY, PLANT AND EQUIPMENT

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are disclosed in note 11.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 11)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

ASSETS HELD FOR SALE

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured such as age, years of service and compensation.

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

BORROWING COSTS

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

EMPLOYEE BENEFITS

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans. All pension schemes are in accordance with the requirements in the Norwegian Act relating to mandatory occupational pensions.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

EARNINGS PER SHARE

(i) Basic earnings per share;

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding shares issued during the year and excluding treasury shares (note 10)

(ii) Diluted earnings per share;

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTE 2

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

1) RECOGNITION OF VARIABLE CONSIDERATION

The Group is entitled to compensation for lost revenue when the customer introduced a new tariff structure compared to assumptions outlined in the tender for certain ferry contracts. The following variable consideration has been recognised:

- For the period 2014 - 2016: NOK 375,58 million
- For the period 2017 - 2018: NOK 98,22 million
- For the period 2019: NOK 35,90 million

Per 31.12.2020 the Group has a receivable relating to the variable consideration of NOK 78.22 million. The Group is currently negotiating the final settlement of compensation for the period 2014-2019. The variable consideration recognised has been determined based on what the Group considers to be the most likely amount of revenue, and thus the final outcome of the negotiations with the client may result in a compensation that differ from what the Group has recognised as variable consideration.

2) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is an indication that the assets may be impaired. If any indication exists, or when annual impairment testing is required by IFRS, the Group estimates the assets' recoverable amount.

An impairment loss recognised in prior periods for the assets other than goodwill shall be reversed if, and only if, there has been a change in estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount is increased to the recoverable amount of the impaired assets.

The carrying amount of the Group's vessels represents a significant share of the total assets in the statement of financial position. Consequently, policies and estimates linked to the vessels have a significant impact on the Group's

financial statements.

The Group has determined that impairment indicators existed at the reporting date. As a result, the Group has performed impairment assessments at 31 December 2020. Further, the Group has determined that there are indications that impairment losses recognised in prior periods no longer exist or have decreased at the reporting date, thus the recoverable amounts of such assets have been estimated at 31 December 2020.

The impairment test is based on fair value less costs of disposal. Each ferry contract, including designated vessels for the ferry contract, is determined to be a cash-generating unit (CGU). When calculating fair value, the Group use cash flow projections for the remaining contract period and estimate residual values at the end of each contract. Forecasted cash flows are based on the latest EBITDA forecast taking into account the contract terms and forecasted operating expenses, together with forecasted maintenance capital expenditures.

At the end of the contract period, the Group has estimated a realisable value of each vessel. The realisable value is based on the average of two external broker estimates obtained at the balance sheet date adjusted for inflation and expected depreciation during the remaining contract period. The broker valuations are based on the basis of "willing seller and willing buyer" and on a contract free basis.

The total of the present value of the contract and the present value of the estimated realisable values at the end of the contract period are deemed to be the Group's estimate of the vessels fair value less costs of disposal.

The Weighted Average Cost of Capital (WACC) is used as a discount rate in the calculation of the present value of the contracts, and reflects a normalised capital structure for the industry. The WACC represents the rate of return the Group is expected to pay to its sources of finance for cash flows with similar risks. Cash flows are calculated after tax and discounted with an after tax discount rate. The nominal WACC used in the calculations is 6%.

Sensitivity analysis have been carried out for the key assumptions in the assessment, including WACC, EBITDA and residual value.

Reference is made to note 11 for further details.



Photo: Øystein Torheim, Frequency.no

NOTE 3**SEGMENT INFORMATION**

The Group provides ferry- and passengerboat services, catering and tourism services. Operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker. The segment reporting to the chief operating decision-maker does not include a segment balance or segment cash flow. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Board examines the Group's performance from a type of services perspective. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The group has four reportable segments :

- Ferry
- Passengerboats
- Catering
- Tourism

No operating segments have been aggregated to form the above reportable segments. Financing (including finance costs, finance income and profit or loss from the interest in Widerøe) and income taxes are managed on a group basis and are not allocated to operating segments.

All Group activities are carried out in Norway. There are no customers representing more than 10% of revenue.

Year ended 31 december 2020

Amounts in NOK thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Income							
External customers	2 881 207	119 973	85 339	21 596	3 108 116	9 655	3 117 771
Total income	2 881 207	119 973	85 339	21 596	3 108 116	9 655	3 117 771
Operating expenses excluding depreciation and impairment	(1 884 022)	(61 379)	(74 950)	(22 291)	(2 042 642)	(3 158)	(2 045 799)
Share of profit/(loss) from associates	-	6 314	-	(15 340)	(9 026)	-	(9 026)
EBITDA	997 185	64 908	10 390	(16 035)	1 056 448	6 497	1 062 946
Depreciation	(467 576)	(52 225)	(3 021)	(1 526)	(524 349)	(1 457)	(525 806)
(Impairment)/Reversal of impairment	(45 831)	-	-	-	(45 831)	-	(45 831)
Segment profit	529 609	12 683	7 368	(17 561)	532 099	5 039	491 308

Year ended 31 December 2019

Amounts in NOK thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Income							
External customers	2 444 602	114 665	135 276	17 827	2 712 370	11 445	2 723 816
Total income	2 444 602	114 665	135 276	17 827	2 712 370	11 445	2 723 816
Operating expenses excluding depreciation and impairment	(1 705 857)	(61 210)	(120 701)	(17 889)	(1 905 657)	(2 862)	(2 862)
Share of profit/(loss) from associates	-	2 151	-	399	2 550	-	2 550
EBITDA	738 745	55 606	14 575	337	809 263	8 583	3 817 846
Depreciation	(359 072)	(53 533)	(3 868)	(1 265)	(417 738)	(1 606)	(419 344)
(Impairment)/Reversal of impairment	(2 557)	-	-	-	(2 557)	-	(2 557)
Segment profit	377 116	2 073	10 707	(928)	388 968	6 977	395 945

Reconciliation to Consolidated profit/(loss) for the year

	2020	2019
Segment profit	491 308	395 945
Share of profit from other associates	(41 958)	26 629
Interest income	2 514	2 616
Interest expense	(214 897)	(168 002)
Other financial items, net	(30 127)	(4 223)
Income tax (expense)	(43 374)	(43 861)
Group profit	163 466	209 104

See note 5 for a further breakdown of segment revenue.

NOTE 4 INTERESTS IN OTHER ENTITIES

MATERIAL SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held

directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of entity	Place of business	Ownership interest held by the Group	Ownership interest held by non-controlling interests	Principal activities
F1 Administrasjon AS	Florø	100 %	0 %	Group administration
Fana fjord AS	Florø	100 %	0 %	Holding company
Nye Fana fjord AS	Florø	100 %	0 %	10% is held by Fana fjord AS, 100% controller by the Group
Bolsønes Verft AS	Molde	100 %	0 %	Shipyard
Måløy Reisebyrå AS	Måløy	100 %	0 %	Travel agency
ÅB Eigedom AS	Årdal	66 %	34 %	Owner of property
Hareid Trafikkterminal AS	Hareid	63 %	37 %	Owner of property

INTERESTS IN ASSOCIATES

Set out below are the associates of the Group as at 31 December 2020 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares,

which are held directly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	% of ownership interest	Nature of relationship	Measurement method	31.12.2020	31.12.2019
The Fjords DA	50,0 %	Associate	Equity method	6 399	13 312
The Fjords Fartøy I DA	50,0 %	Associate	Equity method	16 655	15 853
The Fjords Fartøy II DA	50,0 %	Associate	Equity method	20 146	19 805
The Fjords Fartøy III DA	50,0 %	Associate	Equity method	17 135	15 841
Partsrederiet Kystekspresen ANS	49,0 %	Associate	Equity method	29 229	25 066
Sognefjorden Farty I AS	50,0 %	Associate	Equity method	579	579
WF Holding AS**	34,0 %	Associate	Equity method	281 797	325 569
Fjord Tours Group AS*	50,0 %	Associate	Equity method	64 568	65 434
Investments in joint ventures and associates				436 508	481 455

*Fjord Tours Group was founded in 2019. The entity is a joint-venture between Fjord1 ASA and Vygruppen AS. A capital increase was performed in medio 2019 where Fjord1 ASA transferred its existing shares in Fjord Tours AS and Geiranger Fjordservice AS and made a cash payment of NOK 26.4 million. Fjord1 ASA recognised a gain of NOK 31.1 million (ref. note 8) in relation to the transaction as a financial income in the statement of profit and loss for the financial year of 2019.

**WF Holding AS holds 100% of the shares in Widerøe's Flyveselskap AS. The company is controlled by Torghatten ASA, who prepare consolidated accounts where WF Holding AS is included. The consolidated accounts for Torghatten ASA is available at its head office in Havnegata 40, 8900 Brønnøysund. Consequently, Fjord1's share of underlying profit or loss in Widerøe is 34%.



Photo: Øystein Torheim, Frequency.no

COMMITMENTS AND CONTINGENT LIABILITIES IN RESPECT OF ASSOCIATES AND JOINT VENTURES

As an unlimited liability partner in The Fjords DA, The Fjords Fartøy I DA, The Fjords Fartøy II DA and The Fjords Fartøy III DA, the Group is jointly liable with respect to all liabilities concerning these entities.

SUMMARISED FINANCIAL INFORMATION FOR ASSOCIATES AND JOINT VENTURES

The tables below provide summarised financial information for those joint ventures and associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised balance sheet	The Fjords DA		The Fjords Fartøy I DA	
Amounts in NOK thousands	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Cash and cash equivalents	1 362	13 587	1 407	1 022
Other current assets	21 898	23 967	453	855
Total current assets	23 259	37 554	1 860	1 877
Non-current assets	1 836	10 068	81 726	85 590
Trade payables	13 179	5 935	19	503
Other current liabilities	11 376	8 520	3 010	5 241
Total current liabilities	24 555	14 455	3 028	5 743
Borrowings	-	-	47 250	49 350
Other non-current liabilities	-	-	-	-
Total non-current liabilities	-	-	47 250	49 350
Net assets	540	33 167	33 308	32 373
Reconciliation to carrying amounts:				
Opening net assets 1 January	26 622	9 890	31 707	31 485
Profit/(loss) for the period	(33 824)	6 732	1 601	222
Other comprehensive income	-	-	-	-
(Dividends paid)/Capital contribution	20 000	10 000	-	-
Closing net assets 31 December	12 798	26 622	33 308	31 707
Group's share in %	50,0 %	50,0 %	50 %	50 %
Group's share in NOK thousands	6 399	13 312	16 655	15 853
Carrying amount	6 399	13 312	16 655	15 853
Summarised statement of comprehensive income				
Amounts in NOK thousands				
Revenue	89 294	203 101	9 770	8 925
Operating expenses	(119 016)	(185 307)	(1 148)	(1 215)
Depreciation and amortisation	(1 730)	(10 831)	(5 596)	(5 402)
Net financial items	(119)	(231)	(1 425)	(2 086)
Income tax expense	(2 253)	-	-	-
Profit/(loss for the period)	(33 824)	6 732	1 601	222
Other comprehensive income	-	-	-	-
Total comprehensive income	(33 824)	6 732	1 601	222

Summarised balance sheet	The Fjords Fartøy II DA		The Fjords Fartøy III DA	
Amounts in NOK thousands	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Cash and cash equivalents	5 508	4 806	1 657	9
Other current assets	100	54	60	226
Total current assets	5 608	4 860	1 717	235
Non-current assets	114 364	122 909	113 167	51 559
Trade payables	11	44	10	548
Other current liabilities	131	3 892	961	3 194
Total current liabilities	141	3 937	970	3 742
Borrowings	79 538	82 583	79 644	16 427
Other non-current liabilities	-	-	-	-
Total non-current liabilities	79 538	82 583	79 644	16 427
Net assets	40 292	41 250	34 270	31 626
Reconciliation to carrying amounts:				
Opening net assets 1 January	39 609	39 136	31 684	17 502
Profit/(loss) for the period	2 683	473	586	(138)
Other comprehensive income	-	-	-	-
(Dividends paid)/Capital contribution	(2 000)	-	2 000	14 320
Closing net assets 31 December	40 292	39 609	34 270	31 684
Group's share in %	50,0 %	50,0 %	50 %	50 %
Group's share in NOK thousands	20 146	19 805	17 135	15 841
Carrying amount	20 146	19 805	17 135	15 841
Summarised statement of comprehensive income				
Amounts in NOK thousands				
Revenue	13 917	11 957	4 988	-
Operating expenses	(1 154)	(1 205)	(518)	(89)
Depreciation and amortisation	(7 751)	(7 105)	(2 919)	-
Net financial items	(2 329)	(3 175)	(965)	(49)
Income tax expense	-	-	-	-
Profit/(loss for the period)	2 683	473	586	(138)
Other comprehensive income	-	-	-	-
Total comprehensive income	2 683	473	586	(138)

Summarised balance sheet	Partsrederiet Kystekspresen ANS		WF Holding Group	
Amounts in NOK thousands	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Cash and cash equivalents	30 391	22 422	29 485	33 508
Other current assets	8 235	14 664	337 306	583 117
Total current assets	38 626	37 086	366 791	616 625
Non-current assets	115 005	117 181	2 490 129	2 738 063
Trade payables	12 243	15 887	138 029	202 323
Other current liabilities	22 703	9 453	756 949	815 190
Total current liabilities	34 947	25 340	894 978	1 017 513
Borrowings	72 317	-	859 655	1 115 167
Other non-current liabilities	-	77 774	273 472	264 453
Total non-current liabilities	72 317	77 774	1 133 127	1 379 620
Net assets	46 368	51 153	828 813	957 555
Reconciliation to carrying amounts:				
Opening net assets 1 January	51 152	53 804	957 555	870 922
Profit/(loss) for the period	12 886	4 390	(123 407)	78 320
Other comprehensive income	-	-	(5 334)	8 312
(Dividends paid)/Capital contribution	(4 390)	(7 041)	-	-
Closing net assets 31 December	59 648	51 152	828 814	957 555
Group's share in %	49,0 %	49,0 %	34,0 %	34,0 %
Group's share in NOK thousands	29 229	25 066	281 797	325 569
Carrying amount	29 229	25 066	281 797	325 569
Summarised statement of comprehensive income				
Amounts in NOK thousands				
Revenue	154 502	154 391	4 069 168	5 087 789
Operating expenses	(128 882)	(134 029)	(3 718 663)	(4 572 217)
Depreciation and amortisation	(11 085)	(6 673)	(407 288)	(333 743)
Net financial items	(1 648)	(2 283)	(103 131)	(81 203)
Income tax expense	-	-	36 507	(22 306)
Profit/(loss for the period)	12 886	11 406	(123 407)	78 320
Other comprehensive income	-	-	(5 334)	8 312
Total comprehensive income	12 886	11 406	(128 741)	86 632

Summarised balance sheet	Fjord Tours Group AS	
Amounts in NOK thousands	31.12.2020	31.12.2019
Cash and cash equivalents	16 311	99 705
Other current assets	4 129	10 003
Total current assets	20 440	109 708
Non-current assets	243 035	285 154
Trade payables	3 380	37 620
Other current liabilities	6 535	32 696
Total current liabilities	9 915	70 316
Total current liabilities	-	-
Other non-current liabilities	22 065	31 902
Total non-current liabilities	22 065	31 902
Net assets	231 495	292 644
Reconciliation to carrying amounts:		
Opening net assets 1 January	130 868	-
Profit/(loss) for the period	(41 933)	(6 490)
Minority's share of profit/(loss) for the period	(12 422)	(1 568)
Other comprehensive income	-	-
Minority's share of equity	12 422	(67 451)
Contribution in kind	-	202 008
(Utbetalt utbytte)/Kapitalinnskott	-	98 694
Excess value	40 200	(94 325)
Closing net assets 31 December	129 135	130 868
Group's share in %	50,0 %	50,0 %
Group's share in NOK thousands	64 568	65 434
Carrying amount	64 568	65 434
Summarised statement of comprehensive income		
Amounts in NOK thousands		
Revenue	36 782	83 277
Operating expenses	(37 027)	(79 938)
Depreciation and amortisation	(51 328)	(14 914)
Share of profit/(loss) from associates	(610)	-
Net financial items	(556)	677
Income tax expense	(1 615)	2 840
Profit/(loss for the period)	(54 354)	(8 058)
Other comprehensive income	-	-
Total comprehensive income	(54 354)	(8 058)

INDIVIDUALLY IMMATERIAL ASSOCIATES

In addition to the interests in associates disclosed above, the Group also has interests in Sognefjorden Farty I AS that is deemed individually immaterial associate, accounted for using the equity method.

	2020	2019
Carrying amount of immaterial associates	579	579
Profit/(loss) for the period	(38)	(93)

SHARE OF PROFIT /(LOSS) FOR THE PERIOD

Share of profit or loss from associates are recognised in either as part of operating profit/(loss) or as part of net financial items, based on the nature of the ownership in the associates. Associates that are suppliers or customers of the Group are classified as operating activities.

	2020	2019
The Fjords DA	(16 042)	3 366
The Fjords Fartøy I DA	801	111
The Fjords Fartøy II DA	1 342	237
The Fjords Fartøy III DA	293	(69)
Fjord Tours Group AS	(1 733)	(3 245)
Partsrederiet Kystekspresen ANS	6 314	2 151
Share of profit/(loss) from associates classified as operating activities	(9 026)	2 550
WF Holding AS	(41 958)	26 629
Share of profit/(loss) from associates classified as financial items	(41 958)	26 629
WF Holding AS	(1 814)	2 826
Share of profit/(loss) from associates classified as OCI	(1 814)	2 826

NOTE 5

REVENUE FROM CONTRACTS WITH CUSTOMERS

REVEBUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from the operations of ferries and passengerboats. There are two types of contracts:

- Gross contracts where the customer assumes the risk related to passenger volume. The Group receives a fixed annual price-index adjusted fee. The amount received each contract year depends on the planned number of voyages.
- Net contracts where the Group assumes the risk related to passenger volume and receives a fixed fee from the customer in addition to revenue from sale of tickets to passengers.

In the catering segment, revenue is recognised at point in time.

Disaggregation of revenue from contracts with customers

Year ended 31 December 2020

Amounts in NOK thousands	Ferry	Passenger-boats	Catering	Tourism	Corporate and eliminations	Total
	Norway	Norway	Norway	Norway		
Revenue from external customers	2 881 207	119 973	85 339	21 596	9 655	3 117 771
Timing of revenue recognition						
Over time	2 881 488	119 973	-	21 596	4 889	3 027 948
At a point in time	(281)	-	85 339	-	4 765	89 823
Breakdown of revenue:						
Contract revenue ferry and passenger boats, revenue from gross contracts	2 294 204	117 764	-	-	-	2 411 968
Contract revenue ferry and passenger boats, revenue from net contracts	284 746	-	-	-	-	284 746
Freight of passengers under net contracts	265 878	-	-	-	-	265 878
Sale of food and beverages	-	-	85 339	-	-	85 339
Other revenue	31 385	1 465	-	-	59	32 909
Total revenue	2 876 213	119 229	85 339	-	59	3 080 840
Rental income	1 859	216	-	17 684	815	20 574
Gain/(loss) on disposal of property, plant and equipment	(281)	-	-	-	3 107	2 826
Other income	3 416	528	-	3 912	5 674	13 530
Total other income	4 994	744	-	21 596	9 596	36 930

Year ended 31 December 2019

Amounts in NOK thousands	Ferry	Passenger-boats	Catering	Tourism	Corporate and eliminations	Total
	Norway	Norway	Norway	Norway		
Revenue from external customers	2 444 602	114 665	135 276	17 827	11 445	2 723 816
Timing of revenue recognition						
Over time	2 444 602	112 887	-	-	3 613	2 561 103
At point in time	-	1 778	135 276	17 827	7 833	162 713
Breakdown of revenue:						
Contract revenue ferry and passenger boats, revenue from gross contracts	1 370 867	112 887	-	-	-	1 483 754
Contract revenue ferry and passenger boats, revenue from net contracts	454 607	-	-	-	-	454 607
Freight of passengers under net contracts	567 577	1 599	-	-	-	569 176
Sale of food and beverages	-	-	135 276	-	-	135 276
Other revenue	11 341	27	-	-	8 569	19 937
Total revenue	2 404 392	114 513	135 276	-	8 569	2 662 750
Rental income	32 179	152	-	14 219	879	47 429
Gain/(loss) on disposal of property, plant and equipment	7 099	-	-	-	-	7 099
NOX-refund	932	-	-	-	-	932
Other income	-	-	-	3 608	1 998	5 606
Total other income	40 210	152	-	17 827	2 877	61 066

ASSETS AND LIABILITIES TO CONTRACT WITH CUSTOMERS

The Group has recognised the following assets and liabilities related to contract with customers:

Amounts in NOK thousands	31.12.2020	31.12.2019
Non-current contract liabilities relating to Ferry services	335 391	127 476
Total non-current contract liabilities	335 391	127 476
Current contract liabilities relating to Ferry and passenger-boat services	273 415	417 072
Total current contract liabilities	273 415	417 072
Total contract liabilities	608 806	544 548

All trade receivables are related to IFRS 15 transactions.

UNSATISFIED PERFORMANCE OBLIGATIONS LONG-TERM FERRY CONTRACTS

The following table shows unsatisfied performance obligations resulting from long-term ferry contracts. The amount disclosed do not include variable consideration which is constrained.

Amounts in NOK thousands	2021	2022	2023	2024-2025	2026-2033	Sum
Amount of the transaction price allocated to long-term ferry contracts	2 992 618	2 869 559	2 781 546	4 899 775	9 508 486	23 051 984

The amounts above does not include options.

NOTE 6 CONTINGENCIES**REBATE COMPENSATION**

Fjord1 ASA is entitled to compensation for loss of transport revenue as a consequence of the client changing the conditions for the discount structure and fare zones beyond what was set out in the tender. Since 2010, no final settlement by the client has been made for some contracts. Payments from the client since 2010 have been made subject to conditions. The choice of model used for calculation of compensation, may affect the final level of compensation. As a result, the Group may receive additional compensation or may receive a claim on paid out

preliminary compensation. The Group is in dialogue with the client in regards to determining and settling the final compensation.

See note 2.1.

NOTE 7 PERSONELL EXPENCES

Amounts in NOK thousands	Note	2020	2019
Salaries		853 440	785 442
Social security		113 857	116 760
Pension expenses	14	73 804	45 263
Other benefits		54 940	46 596
Total personnel expenses		1 096 041	994 061
Total personnel expenses		1 257	1 066

Defined benefit pension obligations are covered through insurance companies and KLP. Norwegian entities are obligated to establish a mandatory company pension. This obligation is fulfilled under the current pension plans.

NOTE 8

OTHER INCOME AND EXPENSE ITEMS

This note provides a breakdown of the items included in other operating expenses and other net financial items.

Other operating expenses

Amounts in NOK thousands	Note	2020	2019
Port fees, sanitation and other route related costs		59 715	46 627
Repair and maintenance		260 072	227 965
Vessel operating	16	207 329	166 149
Other operating expenses		18 499	24 828
Total other operating expenses		545 615	465 568

Other financial items

Amounts in NOK thousands	Note	2020	2019
Change in fair value derivatives	12	38	(29 207)
Foreign exchange gains		1 904	2 914
Foreign exchange losses		(1 302)	(520)
Gains/losses regarding realisation investments in shares		-	31 103
Commitment fees		(6 486)	(8 370)
Amendment and coordination fees		(24 328)	-
Other financial income		36	908
Other financial expenses		10	(1 052)
Total other operating expenses		(30 127)	(4 223)

Amendment and coordination fees for 2020 are related to amendment of the financial covenants of the Group's bond loan and borrowings. See note 15.

NOTE 9

INCOME TAX

Specification of tax expense recognised in statement of profit or loss

Amounts in NOK thousands	2020	2019
Tax payable on profit for the year	617	664
Adjustments prior years tax payable	1 110	-
Change in deferred tax/(tax asset)	41 647	43 197
Tax expense recognised in statement of profit or loss	43 374	43 861

Reconciliation of statutory tax rate to effective tax rate:

	2020	2019
Profit before tax	206 839	252 965
Income tax at statutory tax rate	45 505	55 652
Tax expenses recognised in statement of profit or loss	43 374	43 861
Difference	2 131	11 792
Permanent differences	2 131	11 791
Difference	-	-

Specification of basis for deferred tax

	2020	2019
Property, plant and equipment	3 263 059	2 374 476
Receivables	(51)	(965)
Deferred capital gain	70 431	89 714
Shares in partnerships	8 753	(12 114)
Pension liabilities	9 549	17 478
Derivatives	(8 411)	(8 449)
Arrangement fee	42 072	58 442
Deferred revenue	(335 391)	-
Temporary differences	3 050 012	2 518 582
Loss carried forward	(413 438)	(71 312)
Basis for calculation of deferred tax/(tax assets)	2 636 573	2 447 270
Deferred tax/(tax asset)	580 046	538 399
Deferred tax asset recognised in statement of financial position	166 593	37 399
Deferred tax recognised in statement of financial position	746 639	575 798
Net position	580 046	538 399

Reconciliation of change in net deferred tax

	2020	2019
Opening balance	538 399	478 615
Changes recognised in profit or loss	41 647	58 777
Changes recognised in other comprehensive income	-	1 007
Closing balance	580 046	538 399

Temporary differences related to deferred revenue consists of payment for infrastructure which is recognised over the contract period.

NOTE 10

EARNINGS PER SHARE

The basic and diluted earnings per share are the same, as there are no convertible bond loan or stock option plans. Earnings per share is calculated as net result allocated to shareholders for the year divided by the weighted average number of outstanding shares.

Amounts in NOK thousands	2020	2019
Profit/(loss) attributable to equity holders of the company	162 985	208 608
Weighted average number of ordinary shares in issue	99 909 598	99 916 397
Earnings per share in NOK	1,63	2,09

NOTE 11

PROPERTY, PLANT AND EQUIPMENT

2020

Amounts in NOK thousands	Vessel	Periodic maintenance	Vessels under construction	Property	Infrastructure	Infrastructure under construction	Machinery and equipment	Total
Cost price 01.01.	8 799 219	444 860	523 740	173 634	35 339	484 371	218 723	10 679 886
Additions	-	76 560	1 059 668	1 323	-	276 481	13 883	1 427 915
Transferred from vessels/ infrastructure under construction	1 300 243	40 600	-1 340 843	-	402 960	-402 960	-	-
Disposals	-37 986	-9 829	-	-1 679	-	-	-9 274	-58 768
Cost price 31.12.	10 061 476	552 191	242 565	173 278	438 299	357 892	223 332	12 049 033
Accumulated depreciation 01.01.	2 592 606	196 431	-	65 090	1 178	-	178 176	3 033 481
Depreciation for the year	345 201	80 681	-	8 378	16 449	-	11 176	461 885
Disposals	-39 741	-6 957	-	-313	-	-	-3 174	-50 185
Accumulated depreciation 31.12.	2 898 066	270 155	-	73 155	17 627	-	186 178	3 445 181
Accumulated depreciation 01.01.	87 105	-	-	-	-	-	-	87 105
Impairment loss	18 195	-	-	-	-	-	9 709	27 904
Reversal impairment	-3 105	-	-	-	-	-	-	-3 105
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation 31.12.	102 195	-	-	-	-	-	9 709	111 904
Carrying amount 31.12.	7 061 215	282 035	242 564	100 124	420 672	357 892	27 444	8 491 947

2019

Amount in NOK thousands	Vessels	Periodic maintenance	Vessels under construction	Property	Infrastructure	Infrastructure under construction	Machinery and equipment	Total
Cost price 01.01.	7 112 664	337 707	596 138	176 393	-	200 682	201 586	8 625 170
Additions	-	66 220	1 980 805	534	-	319 028	17 137	2 383 724
Transferred from vessels/ infrastructure under construction	1 998 104	55 100	-2 053 204	-	35 339	-35 339	-	-
Disposals	-311 549	-14 167	-	-3 293	-	-	-	-329 009
Cost price 31.12.	8 799 219	444 860	523 739	173 634	35 339	484 371	218 723	10 679 885
Accumulated depreciation 01.01.	2 552 711	142 213	-	56 904	-	-	167 716	2 919 544
Depreciation for the year	273 840	60 362	-	8 258	1 178	-	11 536	355 174
Disposals	-233 945	-6 144	-	-72	-	-	-1 076	-241 237
Accumulated depreciation 31.12.	2 592 606	196 431	-	65 090	1 178	-	178 176	3 033 481
Accumulated impairment losses 01.01.	107 404	-	-	-	-	-	-	107 404
Impairment loss	50 440	-	-	-	-	-	-	50 440
Reversal impairment	-65 160	-	-	-	-	-	-	-65 160
Disposals	-5 579	-	-	-	-	-	-	-5 579
Accumulated impairment losses 31.12.	87 105	-	-	-	-	-	-	87 105
Carrying amount 31.12.	6 119 507	248 429	523 740	108 544	34 161	484 371	40 547	7 559 295
Useful life	10-40 years	5 years		5-33 years	10-15 years		3-10 years	
Depreciation method	Straight line	Straight line		Straight line	Straight line		Straight line	

ADDITIONS

Additions for the period are net of government-funded Nox compensation for the new vessels.

Seven vessels were delivered in 2020: MF Florøy, MF Grip, MF Bømlafjord, MF Smøla, MF Sildafjord, MF Møringen and MF Stangvikfjord. In addition, the Group has one additional vessels under construction as of 31 December 2020.

DISPOSALS

Three vessels were disposed of in 2020: MF Goma, MF Ørsta and MF Tingvoll. In addition, the Group disposed the property Smedsplassen 18, 6940 Eikefjord.

HELD FOR SALE

The vessel MF Fanafjord ("Greenferry I") is held for sale as at 31 December 2020. A fair value adjustment of NOK (21) million has been recognised impairment in 2020. An agreement of financial lease of the vessel has been made with a commencement date at 01.02.2021. Following the commencement of the financial lease, the vessel will be derecognised from assets held for sale.

INFRASTRUCTURE

Infrastructure relates to quay structures and land investments for chargings of the Group's electrical fleet. The structures are customised to fit the Group's vessels and is depreciated over the contract period.

IMPAIRMENT TEST OF VESSELS

The Group has during 2020 identified impairment indicators for the Group's vessels in the Ferry segment. Further, the Group has identified indications that impairment losses recognised in prior periods no longer exist or have decreased at the reporting date.

Due to the identified indicators for the Ferry segment, the Group has conducted impairment tests for its vessels by estimating the recoverable amount. Each ferry contract, and all vessels designated for use under the different ferry contracts, has been identified as separate CGUs (Cash Generating Unit).

When evaluating the potential impairment of the different ferry contracts, the Group has assessed each contract's recoverable amount based on a fair value less costs of disposal. The value in use is not assumed to be significantly higher than fair value. The fair value is based on a calculated net present value of forecasted cash flow under each ferry contract, with a residual value equal to an estimated value of the vessels after the expiration of the different ferry contracts based on two independent broker values. The broker values have been reduced with an estimated sales commission, which is the estimate of the costs of disposal. A reversal of any impairment of vessels in previous periods is recognised when circumstances and evidence indicates that impairment recognised in previous years no longer exists or has decreased. Please refer to note 2 for further information about the estimates and judgements applied. The performed impairment test represents a valuation at level 3 in the fair value hierarchy according to IFRS 13.

Based on impairment tests performed as at 31 December 2020, the Group has recognised an impairment of three contracts and reversal of impairment of one contract:

Impairment of three contracts

As a result of investments exceeding the level of investments in the tender or higher operating costs than expected on some of the Group's contracts, the Group has calculated impairment losses on three contracts. As a result of the calculation, the Group has written down these three contracts to the estimated fair value less costs of disposal. The fair value has been estimated based on the remaining value of the contracts (CGU) and the estimated residual vessel values at the end of the contracts. The recoverable amount for these three contracts are NOK 1.480.353 million.

Reversal of impairment of one contract

For one of the Group's ferry contracts previously calculated impairment losses does no longer exist and thus the previously recognised impairment has been reversed.

The cash flows are discounted using an estimated Weighted Average Cost of Capital (WACC). Cash flows are calculated after tax and discounted with an after tax discount rate. The nominal WACC used in the calculations is 6%.

SENSITIVITY ANALYSIS - IMPAIRMENT TEST

The Group has a portfolio of ferry contracts where the Group has identified the key sensitive assumptions applied in the impairment test to be the discount rate (WACC), Net cash flow from contract and residual value of the vessels at the expiration date of the different ferry contracts. Changes in these assumptions would have considerable effects on the fair value.

	Impairment	Reversal impairment	Net impairment (reversal)
Recognised in statement of profit or loss 2020	27 904	(3 105)	24 799
	Impairment	Change	Impact
WACC increased by 1 percentage point	109 683	84 884	Distirbuted between 4 contracts
WACC increased by 2 percentage point	193 481	168 682	Distirbuted between 4 contracts
Net cash flow from contract decreased by 5%	61 201	36 402	Distirbuted between 4 contracts
Net cash flow from contract decreased by 10%	103 556	78 757	Distirbuted between 4 contracts
Residual value decreased by 5%	50 035	25 236	Distirbuted between 4 contracts
Residual value decreased by 10%	81 225	56 426	Distirbuted between 4 contracts

NOTE 12**FINANCIAL RISK MANAGEMENT, FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group
- specific information about each type of financial instrument
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved
- financial risk management

The Group holds the following financial instruments:

Financial assets

Amounts in NOK thousands	31.12.2020	31.12.2019
Financial assets at amortised cost		
Trade receivables and other receivables	573 774	433 132
Employee loans	105	216
Other non-current receivables	503	169
Cash and cash equivalents	401 836	484 081
Financial assets at fair value through other comprehensive income (FVOCI)	-	-
Financial assets at fair value through profit or loss (FVPL)	4 287	4 272
Derivative financial instruments		
Used for hedging	-	-
Held for trading at FVPL	-	-
Total	980 504	921 869

Financial liabilities

Amount in NOK thousands	31.12.2020	31.12.2019
Liabilities at amortised cost		
Trade and other payables *	693 168	829 344
Borrowings **	5 905 078	5 376 187
Lease liabilities **	88 774	40 540
Derivative financial instruments		
Used for hedging	-	-
Held for trading at FVPL	8 065	8 103
Total	6 695 085	6 254 174

* Excluding non-financial liabilities

** See note 16 for details about the impact from changes in accounting policies.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Trade receivables

Amounts in NOK thousands	31.12.2020	31.12.2019
Current assets		
Trade receivables from contract with customers	309 452	140 098
Loss allowance	(23)	(936)
Total	309 429	139 162

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 1.

(ii) Fair value of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(iii) Impairment and risk exposure

The groups exposure to credit risk and foreign currency risk is limited as the majority of the trade receivables are related to contractual income from public authorities.

Other current receivables

Amount in NOK thousands	31.12.2020	31.12.2019
Prepayments	19 569	179
Insurance claims	10 697	23 085
VAT receivable	11 520	13 474
Accrued revenue	180 950	192 079
Other receivables (ii)	41 610	65 154
Total	264 346	293 970

Other financial assets at amortised cost**(i) Classification of financial assets at amortised cost**

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include the following debt investments:

Amounts in NOK thousands	31.12.2020			31.12.2019		
	Current	Non-current	Total	Current	Non-current	Total
Employee loans	-	3 617	3 617	-	3 617	3 617
Total	-	3 617	3 617	-	3 617	3 617

(ii) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within three years from the end of the reporting period.

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts.

The fair values were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

(iii) Impairment and risk exposure

Impairment of financial assets and the Group's exposure to credit risk is further described below.

The majority of the financial assets at amortised cost are denominated in NOK. As a result, there is limited exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

Financial assets at fair value through profit or loss**(i) Classification of financial assets at fair value through profit or loss**

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are not held for trading
- equity contribution for pension plan membership, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets mandatorily measured at FVPL include the following:

Amounts in NOK thousands	31.12.2020	31.12.2019
Non-current assets		
Unlisted equity securities	855	840
Equity contribution for pension plan membership	3 432	3 432
Total non-current assets	4 287	4 272
Total	4 287	4 272

(ii) Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss:

Amounts in NOK thousands	2020	2019
Fair value gains (losses) on equity investments at FVPL recognised	-	-
in other gains/(losses)	-	-
Total	-	-

(iii) Risk exposure and fair value measurements

Information about the Group's exposure to risk is provided below. For information about the methods and assumptions used in determining fair value, refer to table below.

Cash and cash equivalents

Amounts in NOK thousands	31.12.2020	31.12.2019
Current assets		
Cash at bank and in hand*	401 836	484 081
Deposits at call	-	-
Total available funds	401 836	484 081

*Restricted cash as at 31.12.2020 was NOK 53 thousand and NOK 319 thousand as at 31.12.2019. Nordea Bank and DNB have issued guarantees of NOK 60 million related to payroll tax deductions.

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Amounts in NOK thousands	31.12.2020	31.12.2019
Balances as above	401 836	484 081
Bank overdrafts	-	-
Balances per statement of cash flows	401 836	484 081

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. See note 1 for the Group's other accounting policies on cash and cash equivalents.

Trade and other payables

Amounts in NOK thousands	31.12.2020	31.12.2019
Current liabilities		
Trade payables	146 923	202 521
Prepayments from customers, travel cards	24 686	59 853
Prepayments from customers, ferry cards	250 183	221 622
Accrued salary and holiday pay	155 685	149 190
Other current payables	115 691	88 307
Total	693 168	721 494

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Borrowings**(i) Overview of borrowings**

See note 15 for details.

(ii) Compliance with loan covenants

Fjord1 ASA has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting period, see note 15 for details.

(iii) Fair Value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

(iv) Risk Exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are detailed below.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Amounts in NOK thousands	Liabilities from financial activities		
	Borrowings	Leases	Total
Net debt as at 1 January 2019	2 790 991	105 832	2 896 823
Cash flow changes			
Proceeds from borrowings	2 042 306	-	2 042 306
Repayment of borrowings	(236 211)	-	(236 211)
Payment of lease obligation	-	(65 410)	(65 410)
Proceeds from short-term borrowings	1 320 000	-	1 320 000
Repayment of short-term borrowings	(540 900)	-	(540 900)
Non cash changes			
Acquisitions - leases	-	4 574	4 574
Foreign exchange adjustments	-	-	-
Other changes*	-	1 648	1 648
Net debt as at 31 december 2019	5 376 186	46 644	5 422 830
Cash flow changes			
Proceeds from borrowings	1 210 506	-	1 210 506
Repayment of borrowings	(700 126)	-	(700 126)
Payment of lease obligation	-	(64 852)	(64 852)
Non cash changes			
Acquisition	-	110 635	110 635
Foreign exchange adjustments	-	-	-
Other changes*	18 512	(3 653)	14 858
Net debt as at 31 december 2020	5 905 077	88 773	5 993 851

* Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

FIXED PRICE CONTRACTS FOR PURCHASE OF ELECTRICITY

The Group has entered into fixed-price contracts for purchase of electricity for its own production (ferry operations). The contracts have a duration of 10 years and covers approximately 70% of the Groups yearly estimated consumption.

In accordance with IFRS 9 the contracts are considered an exception from the scope of the standard ("own use"), cf. IFRS 9.2.4. Accordingly, the contracts have therefore not been recognised as assets/liabilities in the financial statements. For fixed-price contracts with a settlement in foreign currency, the embedded derivatives has been recognised in accordance with IFRS 9 and is measured at fair value in the financial statements.

RECOGNISED FAIR VALUE MEASUREMENTS**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At 31. December 2020	NOK1000	NOK1000	NOK1000	NOK1000
Financial assets				
Financial assets at fair value through profit or loss (FVPL)				
Unlisted equity securities	-	-	855	855
Equity contribution for pension plan membership	-	-	3 432	3 432
Total financial assets	-	-	4 287	4 287
Financial liabilities				
Derivative financial instruments				
Held for trading	-	8 065	-	8 065
Total financial liabilities	-	8 065	-	8 065
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At 31. December 2019	NOK1000	NOK1000	NOK1000	NOK1000
Financial assets				
Financial assets at fair value through profit or loss (FVPL)				
Unlisted equity securities	-	-	840	840
Equity contribution for pension plan membership	-	-	3 432	3 432
Derivative financial instruments				-
Held for trading	-	-	-	-
Total financial assets	-	-	4 272	4 272
Financial liabilities				
Derivative financial instruments				
Held for trading	-	8 103	-	8 103
Total financial liabilities	-	8 103	-	8 103

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end for the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps, forward foreign exchange contracts and bunker derivatives is recognised based on "market-to-market" estimates provided by external brokers
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, where the fair values have been determined based on present values.

FINANCIAL RISK MANAGEMENT

The Group's exposed to a range of financial risks, including:

RISK	EXPOSURE ARISING FROM	MEASUREMENT	MANAGEMENT
Market risk - foreign exchange	New building contracts nominated in foreign currencies	Sensitivity analysis	Sensitivity analysis
Market risk - interest rate	Market risk - interest rate	Sensitivity analysis	Interest rate swaps
Market risk - commodity prices	Fuel consumption	Sensitivity analysis	Use of fuel derivatives
Use of fuel derivatives	Investments in equity securities	Investments in equity securities	Holding of equity securities are limited and related to non-listed equity securities. The Group is indirectly exposed to security price risk through its defined employee benefit agreement where part of the plan assets are invested in securities. This risk is managed through investment in diversified portfolios and managed by external insurance companies.
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Aging analysis	Diversification of bank relationships and credit limits
Liquidity risk		Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group's risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risk in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, commodity price risk, use of derivative financial instruments and non-derivate financial instruments, and investment of excess liquidity.

Derivates

Derivates are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, changes in the fair value of the derivate instruments are recognised immediately in profit or loss and are included in other income or other expenses. The Group has the following derivate financial instruments:

	31.12.2020	31.12.2019
Interest rate swaps	-	(1 084)
Foreign exchange rate contracts	(8 065)	(7 020)
	(8 065)	(8 104)

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

Individual receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The credit risk is considered limited as the major customers are the public sector.

CREDIT RISK

The Group's maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Group manage liquidity risk based on 12-months rolling liquidity forecasts.

MATURITIES OF FINANCIAL LIABILITIES

The table below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- (a) all non-derivative financial liabilities
- (b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows

The amounts disclosed in the table are the contractual cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31. december 2020	< 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Trade payables	146 923	-	-	-	-	146 923
Borrowings	591 511	719 889	1 960 508	2 276 000	854 321	6 402 229
Derivatives	585	590	2 228	4 508	154	8 065
Leasing	32 782	32 596	21 406	3 120	1 440	91 344
Total	771 801	753 075	1 984 142	2 283 628	855 915	6 648 561

At 31. december 2019	< 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Trade payables	202 521	-	-	-	-	202 521
Borrowings	200 075	996 721	435 242	2 601 596	1 200 994	5 434 629
Derivatives	81	1 193	872	1 435	4 523	8 103
Leasing	16 200	16 200	15 391	3 180	3 513	54 483
Total	418 877	1 014 115	451 505	2 606 210	1 209 029	5 699 736

NOTE 13

SHARE CAPITAL

Share capital in Fjord1 ASA was 250 000 000 as of 31 December 2020 divided into 100 000 000 shares of nominal value of NOK 2.50 per share.

See list below for information on share capital and the shareholders as of 31 December 2020 and 31 December 2019.

	Number of shares 31.12.2020	Nominal value per share 31.12.2020	Total nominal value 31.12.2020	Voting rights 31.12.2020
HAVILAFJORD AS	55 476 516	2,50	138 691 290	55,5%
HAVILAFJORD HOLDING 2 AS	18 459 849	2,50	46 149 623	18,5%
HAVILAFJORD HOLDING AS	11 023 484	2,50	27 558 710	11,0%
CITIBANK, N.A.	3 850 000	2,50	9 625 000	3,9%
DZ PRIVATBANK S.A.	3 131 680	2,50	7 829 200	3,1%
CLEARSTREAM BANKING S.A.	1 195 989	2,50	2 989 973	1,2%
BROWN BROTHERS HARRIMAN & CO.	1 068 326	2,50	2 670 815	1,1%
PICTET & CIE (EUROPE) S.A.	650 000	2,50	1 625 000	0,7%
SKANDINAVISKA ENSKILDA BANKEN AB	472 264	2,50	1 180 660	0,5%
CITIBANK, N.A.	410 051	2,50	1 025 128	0,4%
GH HOLDING AS	354 020	2,50	885 050	0,4%
HVALSUND MILJØLANDBRUK AS	289 218	2,50	723 045	0,3%
THE BANK OF NEW YORK MELLON	215 000	2,50	537 500	0,2%
EUROCLEAR BANK S.A./N.V.	200 000	2,50	500 000	0,2%
VERDIPAPIRFONDET STOREBRAND	174 318	2,50	435 795	0,2%
BANQUE DE LUXEMBOURG S.A.	174 200	2,50	435 500	0,2%
BANK JULIUS BÄR & CO. AG	160 090	2,50	400 225	0,2%
VERDIPAPIRFONDET KLP AKSJENORGE IN	141 515	2,50	353 788	0,1%
SIX SIS AG	121 812	2,50	304 530	0,1%
FJORD1 ASA	90 402	2,50	226 005	0,1%
NUMBER OF SHARES IN THE 20 LARGEST SHAREHOLDERS	97 658 734	2,50	244 146 835	97,7%
OTHER	2 341 266	2,50	5 853 165	2,3%
TOTAL	100 000 000	2,50	250 000 000	100%

	Number of shares 31.12.2019	Nominal value per share 31.12.2019	Total nominal value 31.12.2019	Voting rights 31.12.2019
HAVILAFJORD AS	51 500 000	2,50	128 750 000	51,5%
HAVILA HYLLE AS	15 000 000	2,50	37 500 000	15,0%
PERESTROIKA AS	7 758 620	2,50	19 396 550	7,8%
CITIBANK, N.A.	3 873 545	2,50	9 683 863	3,9%
DZ PRIVATBANK S.A.	2 962 000	2,50	7 405 000	3,0%
BROWN BROTHERS HARRIMAN (LUX.) SCA	2 211 315	2,50	5 528 288	2,2%
VERDIPAPIRFONDET DNB NORGE	1 923 257	2,50	4 808 143	1,9%
STATE STREET BANK AND TRUST COMP	1 137 627	2,50	2 844 068	1,1%
ARCTIC FUNDS PLC	695 882	2,50	1 739 705	0,7%
CLEARSTREAM BANKING S.A.	653 138	2,50	1 632 845	0,7%
PICTET & CIE (EUROPE) S.A.	650 000	2,50	1 625 000	0,7%
RBC INVESTOR SERVICES TRUST	510 212	2,50	1 275 530	0,5%
VERDIPAPIRFONDET SR-BANK UTBYTTE	454 719	2,50	1 136 798	0,5%
CITIBANK, N.A.	428 595	2,50	1 071 488	0,4%
GH HOLDING AS	357 143	2,50	892 858	0,4%
LANDKREDITT UTBYTTE	328 859	2,50	822 148	0,3%
VERDIPAPIRFONDET NORGE SELEKTIV	263 311	2,50	658 278	0,3%
BNP PARIBAS SECURITIES SERVICES	250 584	2,50	626 460	0,3%
COMMERZBANK AKTIENGESELLSCHAFT	232 050	2,50	580 125	0,2%
EQUINOR PENSJON	207 513	2,50	518 783	0,2%
NUMBER OF SHARES IN THE 20 LARGEST SHAREHOLDERS	91 398 370	2,50	228 495 925	91,4%
OTHER	8 601 630	2,50	21 504 075	8,6%
TOTAL	100 000 000	2,50	250 000 000	100%

TREASURY SHARES

Overview of purchase and sale of treasury shares

2020			
Amounts in NOK thousands	Number of shares	Compensation	Percent of the share capital
Number of treasury shares as of 01.01.	90 402	3 617	1,4 %
Number of treasury shares as of 31.12.	90 402	3 617	1,4 %

2019

Amounts in NOK thousands	Numbers of shares	Compensation	Percent of the share capital
Number of treasury shares 01.01.	46 768	2 079	0,8 %
Sold 20.05.2019	(39 928)	(1 577)	-0,6 %
Accrued June 2019	100 000	3 715	1,5 %
Sold 30.09.19	(16 438)	(600)	-0,2 %
Number of treasury shares as of 31.12.	90 402	3 617	1,4 %

On 12 May 2020, the annual general meeting of Fjord1 ASA resolved to authorise the Board of Directors to acquire own shares in the company. Pursuant to the resolution, Fjord1 may acquire own shares, with a maximum aggregate nominal value of NOK 3,000,000. The maximum and the minimum amount which may be paid per share are NOK 100 and NOK 2.50, respectively. The authorisation is valid until the annual general meeting in 2021, however, no longer than to 31 June 2021.

The Board of Directors of Fjord1 has resolved to initiate a share purchase programme on the basis of this authority. Shares acquired under the programme will be delivered to leading employees of the company pursuant to the established bonus scheme for leading employees, under which 50% of the bonus shall be settled in the form of shares in Fjord1, as detailed in the guidelines for the remuneration

of senior executives presented to and resolved by the annual general meeting on 22 May 2018. The maximum number of shares which may be acquired in the market for distribution to the employees will be 110,000 shares. Fjord1 has engaged Nordea Markets to carry out the share repurchase programme on its behalf.

See note 19 for an overview of the acquired shares by the Management and the Board of Directors at 31 December 2020 and 31 December 2019.

NOTE 14

PENSION LIABILITIES

DEFINED CONTRIBUTION PENSION PLANS

The Group has defined various contribution plans covering a total of 1,555 persons. The plans entails saving of 3-5% of salary up to 7G, and 8-15% for salary between 7 and 12 G.

In addition, the Group has a pension scheme for seamen covering 1,184 persons.

DEFINED BENEFIT PENSION PLANS

The Group pension schemes covering a total of 184 persons, of which 157 pensioners. The scheme entitles staff to defined future benefits. These are mainly dependent on the number of years of service, the salary level at pensionable age and the size of benefits paid by the national insurance. The liabilities are covered through an insurance company (funded).

Among these, the Group has a defined benefit plan through KLP which covers 113 persons, of which 110 pensioners. The agreement entitles staff to Contractual pension agreement (CPA) benefits from the age of 62 until they are eligible for a national insurance pension when reaching the age of 67. Around 50% of this arrangement is secured through KLP. KLP is not able to separate the secured part of the liability from the unsecured part. Therefore, all liabilities related to CPA are presented as funded obligations.

The defined benefit plan's pension expenses and liabilities are presented according to IAS 19 (revised).

The Group terminated one of its defined benefit pension schemes with effect from 01.01.2020. The scheme covered 1,184 persons in 2019 of which 133 pensioners. The scheme has been replaced with a defined contribution pension plan in 2020.

RISK EXPOSURE

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below.

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to OMF bonds; if plan assets underperform this yield, this will create a deficit. All plans holds a significant portion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

Changes in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk: Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy: The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.



Amounts recognised in statement of financial position:

Amounts in NOK thousands	31.12.2020	31.12.2019
Present value of funded obligations	185 765	234 812
Fair value of plan assets	174 014	242 814
Deficit of funded plans	11 751	(8 002)
Present value of unfunded obligations	16 548	17 018
Total deficit of defined benefit pension plans	28 299	9 016

Amounts recognised in profit or loss

	2020	2019
Defined benefit arrangements	21 505	8 757
Defined contribution arrangements	52 299	36 506
Total pension expenses	73 804	45 263

2020

Amounts in NOK thousands	Funded obligations	Non-funded obligations	Total
Current service cost	891	1 568	2 458
Recognised past service cost	17 474	-	17 474
Service cost	18 365	1 568	19 932
Net interest expense / (income)	547	371	918
Administrative expenses related to management of plan assets	168	-	168
Payroll tax (PT)	213	273	486
Total amount recognised in profit or loss	19 293	2 212	21 505

2019

Amounts in NOK thousands	Funded obligations	Non-funded obligations	Total
Current service cost	5 797	1 635	7 432
Recognised past service cost	-	-	-
Service cost	5 797	1 635	7 432
Net interest expense / (income)	242	427	669
Administrative expenses related to management of plan assets	177	-	177
Payroll tax (PT)	188	291	479
Total amount recognised in profit or loss	6 404	2 353	8 757

Change in defined benefit obligation

Amounts in NOK thousands	Noverdi av forplikting	Noverdi av pensjonsmidla	Sum
At 1 January 2020	251 830	(242 814)	9 016
Service cost	2 458	-	2 458
Interest expense (income)	4 372	(3 748)	624
Past service cost	(63 952)	81 426	17 474
Remeasurements	17 512	(13 694)	3 819
Benefits paid	(9 907)	8 109	(1 798)
Contribution	-	(4 005)	(4 005)
Administrative expenses	-	711	711
Payroll tax	-	-	-
At 31 December 2020	202 314	(174 014)	28 301



Photo: Øystein Tørlheim, Frequentfly.no

Amounts in NOK thousands	Present value of obligation	Fair value of plan assets	Total
At 1 January 2019	265 799	(242 537)	23 262
Service cost	7 443	-	7 443
Interest expense (income)	6 641	(7 156)	(515)
Past service cost	(5 015)	-	(5 015)
Remeasurements	(11 405)	12 149	744
Benefits paid	(11 633)	9 768	(1 865)
Contribution	-	(16 874)	(16 874)
Administrative expenses	-	1 836	1 836
At 31 December 2019	251 830	(242 814)	9 017

Significant actuarial assumptions	2020	2019
Discount rate	1,70 %	2,30 %
Salary growth rate	2,25 %	2,25 %
Expected growth in base social security amount (G)	2,00 %	2,00 %
Estimated return on plan assets	1,70 %	2,30 %
Pension growth rate	0,00 %	0,50 %

NOTE 15

BORROWINGS

NOK in thousands	31.12.2020			31.12.2019		
	Current	Non current	Total	Current	Non current	Total
Secured						
Bank loans	1 157 972	3 750 713	4 908 685	1 196 796	3 188 141	4 384 937
Unsecured						
Bonds	-	996 393	996 393	-	991 250	991 250
Total borrowings	1 157 972	4 747 106	5 905 078	1 196 796	4 179 391	5 376 187

Bank loans are secured by first mortgages over the Group's vessels in 2019 and 2020. Book value of assets pledged as security:

NOK in thousands	31.12.2020	31.12.2019
Vessels	7 061 215	6 119 507
Assets held for sale	156 340	177 372
Total	7 217 555	6 296 879

The Group has complied with its financial covenants during 2019.

The Group issued a bond loan with a nominal amount of NOK 1 billion at 22 November 2017. The bond was listed "at Oslo Stock Exchange in Q2 2018.

The bond loan pays a floating interest coupon consisting of NIBOR 3 months plus 3.5 percent and maturing in November 2022. In June 2020, the equity ratio requirement of 22.5% was extended for a period to and including 30 June 2021 through an amendment to the Bond terms. Additionally, under the amended Bond terms, the bond loan will mature at a price equal to 101 per cent of the nominal amount.

The Group has in February 2018 and in 2019 secured a NOK 6,395 million loan facility with DNB and Nordea, of which a total amount of NOK 6.063 million has been utilised as at 31.12.2020, including guarantees. Part of the facility was utilised for repayment of all existing bank loan facilities at the time. The loan facility was amended in May 2020 where the covenant of an equity ratio above 22.5% was prolonged for the period to and including 30. June 2021.

FINANCIAL COVENANTS

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- NIBD/EBITDA at maximum 5
- Equity ratio above 22.5%

The bond loan agreement include the following financial covenants:

- Minimum equity ratio of 22.5% for the ten quarter period starting 1 January 2019 or 25% at any other point in time
- Minimum liquidity of NOK 75 million

NOTE 16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**Amounts recognised in the balance sheet**

The balance sheet shows the following amounts relating to leases:

Amounts in NOK thousands

Right of use assets	31.12.2020	31.12.2019
Buildings	4 943	5 695
Machinery and equipment	2 926	422
Vessels	79 198	34 237
Total	87 067	40 354

Amounts in NOK thousands

Lease liabilities	31.12.2020	31.12.2019
Current	64 255	31 490
Non-Current	24 518	9 050
Total	88 774	40 540

Amounts in NOK thousands

	2020	2019
Additions to the right-of-use assets	110 635	4 818

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Amounts in NOK thousands

Additions to the right-of-use assets	2020	2019
Buildings	2 769	2 810
Machinery and equipment	1 000	507
Vessels	60 152	60 853
Total	63 922	64 170
Interest expense	2 451	1 648
Expenses relating to short-term leases	1 846	480
Expenses relating to leases of low-value	1 707	1 252
Expenses relating to variable lease payments not included in lease liabilities	-	1 234

Amounts in NOK thousands

	2020	2019
Total cash outflow for leases	64 852	65 410

THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

Fjord1 ASA agreements consist of buildings, cars, vessels used in the operating activities and office machines. Cars usually have a lease period of 5 years, while several of the buildings have a longer time frame. The office machines are leased in a 3-5 year period. Some of the building leases have extension options and this has been taken into account.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Fjord1 ASA, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

VARIABLE LEASE PAYMENTS

The group's leasing portfolio mainly consists of lease of vessels, property and vehicles, and these contracts does not include variable lease payments.

EXTENSION AND TERMINATION OPTIONS

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

RESIDUAL VALUE GUARANTEES

To optimise lease costs during the contract period, the group sometimes provides residual value guarantees in relation to equipment leases.

NOTE 17

COMMITMENTS

CAPITAL COMMITMENTS

Significant capital expenditure contracted but not recognised as liabilities has the following agreed payment structure:

Amounts in NOK thousands	2021	After 2021	Total
Newbuildings and conversions	236 744	-	236 744
Quay structures/land investments	124 333	174 737	299 070
Total	361 077	174 737	535 814

REPAIRS AND MAINTENANCE

Periodic maintenance is related to major inspections and overhaul costs which occur at regular intervals over the life of a vessel, normally every 5 years.

Thus there are commitments for the Group to maintain the vessels' operational ability and compliance with laws and regulations.

NOTE 18

RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

REVENUE FROM RELATED PARTIES

Amounts in NOK thousands

Related party	Relation	2020	2019
The Fjords DA	Associate	26 409	27 614
The Fjords Fartøy I DA	Associate	-	280
The Fjords Fartøy III DA	Associate	304	-
Fjord Tours Group AS	Jointly controlled	-	4
Havyard Production & Sercie sp.z.o	Controlled by the same ultimate owner	-	2
Havyard MMC AS	Controlled by the same ultimate owner	-	2
Havyard Ship Technology AS	Controlled by the same ultimate owner	1 592	408

EXPENSES TO RELATED PARTIES

Related party	Related party	2020	2019
Amounts in NOK thousands			
The Fjords DA	Associate	(6 106)	-
Havyard Ship Technology AS	Controlled by the same ultimate owner	(573 817)	(887 100)
New Havyard Ship Technology AS	Controlled by the same ultimate owner	(526)	-
Havyard Group ASA	Controlled by the same ultimate owner	-	(3)
Havyard Design & Solutions AS	Controlled by the same ultimate owner	(213)	-
Norwegian Electric Systems AS	Controlled by the same ultimate owner	(37 380)	(85 013)
Havila AS	Controlled by the same ultimate owner	(104)	(45)
Havila Holding AS	Owner	(33)	(57)

RECEIVABLES/(LIABILITIES) TO RELATED PARTIES

Related party	Relation	31.12.2020	31.12.2019
Amounts in NOK thousands			
The Fjords DA	Associate	7 089	4 831
New Havyard Ship Technology AS	Controlled by the same ultimate owner	(14)	-
Havyard Ship Technology AS	Controlled by the same ultimate owner	-	(2 744)
Norwegian Electric Systems AS	Controlled by the same ultimate owner	-	(505)
Havyard Production & Service sp.z.o	Controlled by the same ultimate owner	(30)	-

Four ferries have been delivered to Fjord1 ASA from Havyard Ship Technology AS in 2020. Havila Holding AS owns via Havilafjord AS 51.5% of Fjord1 ASA. Havila Holding AS owns 40.4% of Havyard Group ASA which owns 100% of Havyard Ship Technology AS and New Havyard Ship Technology AS. New Havyard Ship Technology AS has carried out repair and remodeling of ferries for Fjord1 ASA for NOK 0.4 million in 2020.

Norwegian Electric Systems AS is owned 100% by Havyard Group ASA, and supplied NOK 35 million related to quay structures/land investments to Fjord1 ASA in 2020.

NOTE 19 REMUNERATION

Executive management
2020:

Amounts in NOK thousands	Salary	Bonus	Payment in kind	Other benefits	Pension costs	Total remuneration	Number of shares
Dagfinn Neteland (CEO)	3 224	750	-	208	1 695	5 877	59 988
Anne-Mari Sundal Bøe (CFO)	1 972	414	-	12	77	2 475	17 939
André Høyset (COO)	1 972	414	-	38	77	2 501	18 005
Deon Mortensen (CTO)*	624	-	-	4	32	660	15 710
Nils Kristian Berge (Technology & Project Director)	1 834	388	-	90	75	2 388	10 720
Total remuneration executive management 2020	9 626	1 966	-	352	1 957	13 901	122 362

Pension obligation CEO as at 31.12.2020

8 300

*CTO until 01.04.2020

The Company's CEO, Dagfinn Neteland, is entitled to a severance pay equal to twelve months' ordinary salary on the Company's termination of his employment, and upon Mr. Neteland's termination of the employment upon certain material changes in control or changes to the business strategy and operations of the Company. No other member of the executive management team or of the Board has any service contract with the Company providing for material benefits upon termination of employment. The CEO has a supplemental defined benefit pension agreement. The annual pension expense linked to this includes the actuarial cost related to this agreement.

The Group Executive Management received a bonus according to the established bonus program.

Board of directors 2020:

Amounts in NOK thousands	Total remuneration	Number of shares
Vegard Sævik (Chairman)	455	*
Per Rolf Sævik (Board member)	225	*
Siri Hatland (Board member)	255	-
Birthe Cecilie Lepsøe (Board member from 24.02.2020)	285	-
Reuben Aguilar Samuels Munger (Board member from 24.02.2020)	225	-
Hege Sævik Rabben (Deputy member from 07.06.2019)	-	*
Atle Olav Trollebø (Employee representative)	225	1 400
Terje Hals (Employee representative from 25.06.2019)	225	-
Anders Gjestad (Vara observer/Employee representative)	-	290
Reidar Tangen (Deputy member/Employee representative)	-	624
Ole Kjell Eidem (Deputy member/Employee representative)	-	624
Karl-Andreas Grinde Pedersen (Deputy member/Employee representative from 25.06.2019)	-	318
Bjørn Sørli (Deputy member/Employee representative from 25.06.2019)	-	290
Anne-Mone Strandmann (Deputy member/Employee representative)	-	-
Thomas Rakstang (Observer/Employee representative)	80	-
Egil Kirkebø (Deputy Observer)	-	-
Daniel Nedrelid (Observer/Employee representative from 25.07.2017 until 19.01.2018 and anew from 25.06.2019)	80	457
Total remuneration Board of directors 2020 **	2 055	4 003

* Owners of shares through other companies: Vegard, Hege and Per Sævik through Havilafjord AS.

** In addition, NOK 80 thousand has been paid to the Board's Election Committee and NOK 6 thousand meeting allowance to the Board's members.

The Company has not granted any loans, guarantees or other commitments to any of its board members or to any member of the executive management team

**Executive management
2019:**

Amounts in NOK thousands	Salary	Bonus	Payments in kind	Other benefits	Pension costs	Total remuneration	Number of shares
Dagfinn Neteland (CEO)	3 350	297	417	161	1 732	5 957	59 988
Anne-Mari Sundal Bøe (CFO)	1 673	198	198	4	74	2 148	17 939
André Høyset (COO)	1 676	198	198	4	74	2 151	18 005
Deon Mortensen (CTO)*	1 570	186	194	4	74	2 028	15 710
Nils Kristian Berge (CPO)	1 562	173	197	4	73	2 009	10 720
Total remuneration executive management 2019	9 831	1 052	1 203	178	2 028	14 292	122 362

Pension obligation CEO as at 31.12.19

6 634

The Company's CEO, Dagfinn Neteland, is entitled to a severance pay equal to twelve months' ordinary salary on the Company's termination of his employment, and upon Mr. Neteland's termination of the employment upon certain material changes in control or changes to the business strategy and operations of the Company. No other member of the executive management team or of the Board has any service contract with the Company providing for material

benefits upon termination of employment. The CEO has a supplemental defined benefit pension agreement. The annual pension expense linked to this includes the actuarial cost related to this agreement.

The Group Executive Management received a bonus according to the established bonus program.

Board of directors 2019:

Amounts in NOK thousands	Total remuneration	Number of shares
Vegard Sævik (Chairman)	513	*
Per Rolf Sævik (Board member)	238	*
Siri Hatland (Board member)	283	-
Fredrik W. Mohn (Board member until 11.12.2019)	238	*
Brita Eilertsen (Board member from 07.06.2019 until 11.12.2019)	143	-
Siri Beate Hatlen (Board member until 07.06.2019)	155	-
Hege Sævik Rabben (Deputy member from 07.06.2019)	12	*
Atle Olav Trollebø (Employee representative)	238	1 400
Terje Hals (Employee representative from 25.06.2019)	113	-
Geir Offerdal (Employee representative until 25.06.2019)	125	290
Reidar Tangen (Deputy member/Employee representative)	-	624
Ole Kjell Eidem (Deputy member/Employee representative)	-	624
Karl-Andreas Grinde Pedersen (Deputy member/Employee representative from 25.06.2019)	-	318
Bjørn Sørli (Deputy member/Employee representative from 25.06.2019)	-	290
Anne-Mone Strandmann (Deputy member/Employee representative until 25.06.2019)	12	-
Thomas Rakstang (Observer/Employee representative)	83	290
Egil Kirkebø (Observer/Employee representative from 19.01.2018 until 25.06.2019)	43	-
Daniel Nedrelid (Observer/Employee representative from 25.07.2017 until 19.01.2018 and anew from 25.06.2019)	40	457
Total remuneration Board of directors 2019 **	2 232	4 293

* Owners of shares through other companies: Vegard, Hege and Per Sævik through Havilafjord AS and Fredrik W. Mohn through Perestroika AS.

** In addition, NOK 40 thousand has been paid to the Board's Election Committee and NOK 12 thousand meeting allowance to the Board's

The Company has not granted any loans, guarantees or other commitments to any of its board members or to any member of the executive management team.

Audit fee

Amounts in NOK thousands	2020	2019
Statutory audit	2 292	2 745
Tax advisory services	49	88
Other services	1 115	1 974
Total	3 456	4 807

NOTE 20**EVENTS AFTER THE REPORTING PERIOD**

Fjord1 ASA was set as the winner of the contract for operating the two connections Bognes-Skarberget and Drag - Kjøpsvik in Nordland on the 12.02.2021. The contract is for the period 01.12.2022 - 30.11.2032, with the option to prolong the contract with 18 months. The contract was signed 08.03.2021.

In addition, The Group has entered into a bareboat agreement with Elbferry GmbH & Co.KG for financial lease of the vessel MF Fanafjord ("Greenferry I") with a duration of 18 months which commenced 01.02.2021. The agreement includes options for both extension of the charter period and purchase of the vessel. Following the commencement of the financial lease the vessel will be derecognised from assets held for sale.



Photo: Øystein Tørrheim, Frequence.no

PARENT COMPANY FINANCIAL STATEMENTS 2020

INCOME STATEMENT 01.01. - 31.12.

AMOUNTS IN NOK THOUSAND	NOTE	2020	2019
Sales	22	384 643	716 228
Contract income, route operations	22	2 696 715	1 941 659
Other income	1, 22	34 782	79 433
Total income		3 116 139	2 737 320
Cost of sales		(31 468)	(51 080)
Personnel expenses	13, 17	(955 985)	(849 272)
Depreciation	1	(448 393)	(340 153)
Impairment	1	(24 799)	14 731
Other operating expenses	8, 18, 19	(1 166 506)	(1 142 459)
Total operating expenses		(2 627 152)	(2 368 233)
Operating profit		488 988	369 087
Income from investment in subsidiaries	2	36 481	36 248
Income from investment in associates	3	3 151	11 742
Interest income from group companies		316	607
Other interest income		2 387	993
Other financial income	3, 18, 20	1 941	43 619
Impairment of financial fixed assets		(20 000)	-
Other interest expenses		(208 407)	(155 558)
Other financial expenses	18, 20	(33 853)	(17 135)
Net financial income/(expenses)		(217 983)	(79 484)
Profit/(loss) before tax		271 004	289 603
Income tax (expense)/income	12	(63 471)	(49 396)
Profit/(loss) for the year		207 534	240 207
Attributable to:			
Other equity		207 534	240 207
Total allocated		207 534	240 207

BALANCE SHEET AS AT 31.12.

AMOUNTS IN NOK THOUSAND	NOTE	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Fixed assets			
Buildings, property, land and infrastructure	1	840 270	587 363
Machinery and equipment	1	964	1 542
Vessels	1, 15	7 530 188	6 826 600
Movables, tools, fixtures and fittings etc.	1	30 406	37 954
Total fixed assets		8 401 828	7 453 459
Financial fixed assets			
Investments in subsidiaries	2	127 766	124 207
Loans to group companies	5, 6	58 700	94 800
Investments in associates	3	318 563	327 562
Investments in shares and units	4	840	840
Bonds and other receivables	5	608	370
Pension funds	13	-	14 733
Total financial fixed assets		506 477	562 512
Total non-current assets		8 908 305	8 015 972
Current assets			
Inventories	7	20 161	22 408
Receivables			
Trade receivables	8	307 304	137 225
Other receivables	8	264 148	291 015
Receivables from group companies	6	37 366	34 754
Total receivables		608 819	462 995
Cash and cash equivalents	15	372 732	465 277
Total current assets		1 001 711	950 680
TOTAL ASSETS		9 910 016	8 966 652

EQUITY AND LIABILITIES

AMOUNTS IN NOK THOUSAND	NOTE	31.12.2020	31.12.2019
EQUITY			
Paid-in equity			
Share capital	10, 11	250 000	250 000
Treasury shares		(3 617)	(3 617)
Share premium		360 924	360 924
Total paid-in equity		607 307	607 307
Retained earnings			
Other equity	11	1 658 784	1 451 251
Total retained earnings		1 658 784	1 451 251
Total equity		2 266 091	2 058 558
LIABILITIES			
Provisions			
Deferred tax	12	557 653	494 182
Other provisions	14	340 214	135 597
Total provisions		897 867	629 778
Other non-current liabilities			
Bond loan	15	996 393	991 250
Current liabilities	15	4 908 685	4 384 937
Total other non-current liabilities		5 905 078	5 376 187
Current liabilities			
Trade payables		146 451	201 136
Social security and other taxes		93 505	96 216
Dividend	11	-	126
Other current liabilities	16	531 284	505 196
Liabilities to group companies	6	69 740	99 455
Total current liabilities		840 980	902 129
Total liabilities		7 643 925	6 908 094
TOTAL EQUITY AND LIABILITIES		9 910 016	8 966 652

The Board of Directors of Fjord1 ASA

Florø, 30 March 2021



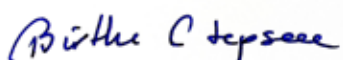
Vegard Sævik
Chairman



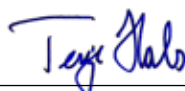
Per Rolf Sævik
Board member



Siri Hatland
Board member



Birthe Cecilie Lepsøe
Board member



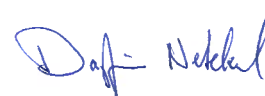
Terje Hals
Board member



Reuben Aguilar Samuets Munger
Board member



Atle Olav Trollebø
Board member



Dagfinn Neteland
CEO

CASH FLOW

AMOUNTS IN NOK THOUSAND	Note	2020	2019
Operating activities			
Profit before tax		271 004	289 603
Adjustments for profit and loss items with no effect on liquidity:			
Depreciation and impairment	1	473 192	325 422
Interest expense, net		206 020	154 565
Income from investment in subsidiaries	2	(36 481)	(36 248)
Income from investment in associates	3	(3 151)	(11 742)
Non-cash post-employment benefit expense		14 733	-
(Gain)/loss on disposal of property, plant and equipment	1	597	(4 350)
(Gain)/loss on realisation of investments in shares	3	-	(40 296)
Impairment of financial fixed assets		20 000	-
Change in working capital:			
Trade receivables		(170 079)	(44 137)
Inventories		2 247	1 641
Trade payables		(54 685)	(82 808)
Other accruals		270 462	(134 494)
Cash generated from operations		993 859	417 156
Interest paid		(201 184)	(155 558)
Interest received		2 387	993
Income tax paid	13	-	(73 676)
Net cash from operating activities		795 063	188 916
Investing activities			
Purchase of vessels and other property, plant and equipment	1	(1 427 614)	(2 328 311)
Purchase of shares incl. associates	3	(11 000)	(38 696)
Proceeds from dividends from subsidiaries	2	317	2 460
Proceeds from dividends from associates	3	3 151	11 742
Proceeds from sale of ships and other property, plant and equipment	1	1 298	63 149
Proceeds from loan receivables (current/non-current), net		(239)	2 221
Proceeds from loan receivables to group companies (current/non-current), net		36 100	41 332
Net cash from investing activities		(1 397 987)	(2 246 103)
Financing activities			
Proceeds from borrowings		1 210 506	3 369 739
Repayment of borrowings		(700 126)	(777 112)
Dividends paid		-	(269 874)
Net cash from financing activities		510 380	2 322 753
Net change in cash and cash equivalents		(92 544)	265 566
Cash and cash equivalents as at 01.01.		465 277	199 711
Cash and cash equivalents as at 31.12.		372 732	465 277

Accounting policies

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

Use of estimates

Preparation of financial statements in accordance with the Norwegian Accounting Act requires the use of estimates. Application of the company's accounting policies further requires the management to exercise judgement. Areas involving significant estimates or a high degree of complexity, and areas where assumptions and estimates are material to the financial statements, are shown in grey in the notes.

Accounting policies for shares in subsidiaries and associates

Subsidiaries are companies where the parent company has control and thereby decisive influence on the company's financial and operational strategy, normally by owning more than half of the voting capital. Companies where Fjord1 ASA owns 20-50% of the voting capital and has a significant influence are defined as associates. For an overview of subsidiaries and associates as at 31 December 2020, see notes 2 and 3.

We value investments in companies at the purchase price of the shares (cost method), unless write-down has been necessary. We recognise group contributions to subsidiaries, after tax, as an increase to the cost of the shares. Dividends/group contributions are recognised as income in the same year as provision is made for this in the financial statements of the subsidiary/associate. If dividends/group contributions significantly exceed the part of the profits that is retained in the company after the purchase, we consider the excess as repayment of invested capital and deduct it from the value of the investment in the balance sheet.

Operating income

Income from the sale of goods is recognised at the time of delivery. Income from services is recognised in line with provision of said services.

Operating income, income from car, passenger and freight services, other operating income and contract payments from public-sector clients are recognised as income in the year in which they are earned.

Contract payments are recognised in the balance sheet as receivables if they are not paid in full by yearend.

Sales of discount cards for passengers and vehicles on ferry routes are recognised at the time of use, with the company being liable for unused value. Unused value is classified as other short-term liabilities in the balancesheet.

Classification and valuation of balance sheet items

We classify assets intended for permanent ownership or use as fixed assets. We classify assets associated with the operating cycle as current assets. Receivables are classified as current assets if they are to be paid back within one year after they were paid out. We apply analogous criteria to liabilities.

Current assets are assessed at the lower of purchase price and fair value. Short-term liabilities in Norwegian kroner are recognised in the balance sheet at their nominal amounts when established.

Fixed assets are valued at purchase price. The purchase price for operating assets with long production times also includes loan costs associated with manufacture of the operating asset. Fixed assets that fall in value are depreciated using the straight-line method over the anticipated useful life.

Assets are written down to fair value in case of impairment, where this is required by the accounting rules. Long-term liabilities in Norwegian kroner are recognised in the balance sheet at their nominal amounts when established. Provisions are discounted if the interest component is material.

Property, plant and equipment

Property, plant and equipment is recognised in the balance sheet and depreciated using the straight-line method over the expected lifetime of the asset if it has an expected lifetime of more than 3 years and a cost price in excess of NOK 15,000. The depreciation term for investments/expenditures/major replacements will follow the operating asset's assumed lifetime. Important operating assets made up of larger components with different lifetimes are broken down into different depreciation periods for the different components.

Maintenance of operating assets is recognised as a cost under operating expenses on an ongoing basis. Capital additions or improvements are added to the operating asset's cost price and depreciated in line with the operating asset. We calculate the difference between maintenance and capital improvements based on the operating asset's technical condition at the time of purchase.

All ships are covered by an annual maintenance programme. Classification costs and maintenance costs are recognised as expenses in connection with the annual maintenance programme, with the exception of main engines, thrusters and associated equipment, and 5-year surveys. Costs for these are capitalised and depreciated over the period up until the next periodic maintenance. The costs are capitalised under Ships and specified in note 1. On delivery of newbuilds, part of the cost price is recognised in the balance sheet as regular maintenance and depreciated at the first regular maintenance.

Leasing

A lease agreement is classified as a financial or operating lease according to the actual content of the individual agreement. If a substantial part of the economic risk and control associated with the leased object has been transferred to the lessee, the agreement is classified as a financial lease. Other lease agreements are classified as operating leases.

Operating assets held under lease agreements regarded as financial leases are capitalised in the balance sheet at the value of the consideration in the lease agreement and depreciated as property, plant and equipment. The instalment component of the consideration is shown as a long-term liability. The total charge is reduced by the lease payments made less calculated interest expenses.

For agreements that are classified as operating leases, the lease payments are treated as an operating expense that is systematically allocated over the entire term of the lease.

Other long-term equity investments

The cost method is applied to investments in other shares etc. We value the investments at the cost price of the shares, unless write-down has been necessary. Investments are written down to fair value if a decrease in value is attributed to reasons not thought to be transitory.

Write-downs are reversed if the basis for the write-down no longer exists. Dividends are initially recognised as financial income once the dividend has been adopted. If the dividends significantly exceed the part of retained earnings after the purchase, the surplus is used to reduce the cost price.

Investments in associates and subsidiaries

Investments in associates and subsidiaries are assessed using the cost method.

Write-down of fixed assets

If there is an indication that the carrying amount of a fixed asset is greater than the fair value, we perform a test for impairment. We assess whether the recoverable amount for the fixed asset related to the associated valuation object is greater than the carrying amount.

The test is performed for the lowest level of fixed assets with independent cash flows.

Recoverable amount is calculated as the higher of the valuation object's value in use and net sales value. Value in use is understood to mean the present value of future cash flows that are expected to arise from the valuation object, while net sales value is defined as the difference between market value on the balance sheet date and estimated selling costs. Where the fixed assets in the valuation object are tied up in contracts and cannot be realised without the opposite party claiming breach of contract, we simply use a value in use as an alternative to recoverable amount.

Future cash flows cover the valuation object's cash flows from operating activities plus the terminal value of the associated fixed asset on expiry of any contracts that may have formed the basis for the valuation object. If the carrying amount is higher than both the sales value and recoverable amount, it is written down to the higher of the two.

Previous write-downs are reversed if the conditions for the write-down are no longer present (except for write-downs for goodwill).

Hedging

The company has not used fair value hedging.

Cash flow hedging

Forward contracts that hedge future incoming and outgoing payments are recognised on realisation of the forward contracts. Any change in value of the hedging instrument is not recognised. The hedging instrument is recognised at the time of the transaction.

The company uses various hedging instruments and fixed-price contracts to secure its cash flows, especially for various kinds of fuel and interest rates. The company assesses the use of hedging instruments relative to the adjustment clauses in the relevant contracts. If the relevant adjustment clauses for a contract are not thought to provide satisfactory cover for price development for the input factor in question, the company can use available hedging instruments to reduce or eliminate the price development risk.

Fuel

The company uses forward contracts in order to reduce the price risk in the fuel market for those contracts that do not have adjustment mechanisms for price changes. In months in which the relevant market price is higher than the hedging price, the opposite party will pay the company the difference. In months in which the relevant market price is lower than the hedging price, the company will pay the opposite party the difference. The company will have a fixed price for the agreed volume during an agreed period.

Short-term investments

Short-term investments (shares and holdings that are current assets) are valued at the lower of average cost price and fair value on the balance sheet date. Dividends and other distributions received are recognised as other financial income.

Tapskontraktar/nedskrivning av anleggsmidler

Onerous contracts/write-down of fixed assets The company's activities entail, among other things, entering into contracts with the public sector for the provision of public transport services. For several of these contracts, the company bears a large part of the risk for developments in a number of cost types (e.g. pay, interest and fuel), without any corresponding change in income. This can result in these contracts becoming unprofitable if costs increase more than revenues. The company therefore measures the present values of expected future cash flows from operating activities in each contract, with estimated outgoing payments covering all unavoidable future operating expenses payable. Depreciation, amortisation and write-downs and financial expenses are not included.

If the individual contract is regarded as a cashgenerating unit, the cash flow is defined in the same way as the cash flow used in the impairment tests for the fixed assets, except that the fixed assets' terminal value on expiry of the contracts is not included. If the calculations show a negative present value, we recognise this amount in the balance sheet as a provision. Before any provision is made for onerous contracts, the need to write down the fixed assets is assessed. This means that the fixed assets are written down before any provision is made for onerous contracts.

Any provision for onerous contracts is recognised in the balance sheet under Other provisions (long-term liabilities). Provision for onerous contracts linked to the operating cycle or with expected settlement times within one year of the balance sheet date is classified as Other short-term liabilities.

The depreciation/write-down is reversed in line with any reduction in negative present value in subsequent periods.

If a new contract for a single route is announced as part of an existing tender package, concrete consideration is given to whether this/these routes can be assessed as part of the original cashgenerating unit.

Interest rates

The company uses interest rate swaps, where we agree interest rates and repayment periods with an opposite party. In months in which the relevant market interest rate is above the level for which we have a hedging agreement in place, the opposite party will pay the company the difference calculated on the remainder of the principal sum. In months in which the relevant market interest rate is below the level for which we have a hedging agreement in place, the company will pay the opposite party the difference calculated on the remainder of the principal sum. The company will use such agreements to obtain fixed interest rates for agreed amounts and periods. The company has made limited use of agreements whereby we are ensured a price or interest rate corridor. The purpose of such agreements is to hedge against consequences of extreme fluctuations in underlying price developments.

Inventories

Inventories of purchased goods are valued at the lower of purchase price based on the FIFO principle and fair value. A write-down is made for anticipated obsolescence.

Receivables

Accounts receivable and other receivables are recognised in the balance sheet at nominal value less provision for anticipated losses. Provision for losses is made on the basis of individual valuations of the specific receivables. We also make a nonspecific provision to cover anticipated losses on other receivables.

Other receivables, both short-term receivables and long-term receivables, are recognised at the lower of nominal and fair value. Fair value is the present value of anticipated future inward payments. However, there is no discounting where the effect of such discounting is not material for the financial statements. Provision for losses is valued in the same way as for accounts receivable.

With several of the tender contracts, the client has an option to continue the contracts. Consideration is given to whether this option will be exercised and should therefore be included in the cash flows linked to the cash-generating unit.

Currency

Transactions in foreign currencies are translated at the rate on the transaction date. Monetary items in foreign currencies are valued according to the exchange rate at the end of the financial year. Exchange rate changes are recognised under financial items in the income statement in the accounting period to which they relate.

Pensions

The company has various pension plans. These plans are financed by payments into publicly or privately administered insurance policies/companies, with the exception of the AFP plans and some that are covered via operations. The company has both defined contribution and defined benefit plans.

Defined contribution plans

With defined contribution plans, the company pays contributions into publicly or privately administered insurance plans/companies. The company has no further payment obligations after payment of the contribution. The contribution is recognised as staff costs. Any pre-paid contribution is capitalised as an asset (plan assets) if the contribution can be refunded or used to reduce future payments.

Defined benefit plans

A defined benefit plan is a pension scheme that is not a defined contribution plan. A defined benefit plan is typically a pension scheme that defines the pension that an employee will receive on retirement. The pension paid out is usually dependent on a number of factors, such as age, years of service and salary. The capitalised liability for defined benefit plans is the present value of the defined benefits on the balance sheet date, less fair value of the plan assets (amounts paid to the insurance company), adjusted for estimate differences not recognised in the financial statements and costs not recognised in the financial statements relating to pension accruals in previous periods. The pension liability is calculated annually by an independent actuary using a linear accrual method.

Plan changes are amortised over the anticipated remaining contribution time. The same applies to estimate differences resulting from new information or changes in the actuarial assumptions if these exceed 10% of the greater of the pension liabilities and the plan assets (corridor).

Tax

The tax cost in the income statement covers both the tax payable for the period and change in deferred tax. Deferred tax is calculated using the current tax rate (22 %) based on the temporary differences existing between book and tax values, and any tax loss carryforward at the end of the financial year. Temporary differences that increase or reduce tax and that are or can be reversed in the same period are offset. The deferred tax asset relating to net tax-reducing differences that cannot be offset and that are tax-loss carryforwards is worked out from expected future earnings. Deferred tax and tax assets that may be recognised in the balance sheet are shown net in the balance sheet.

When acquiring a company, it is considered whether the present value of the deferred tax on the temporary differences should be used.

Tax on group contributions paid that are recognised as an increase in cost of shares in other companies, and tax on group contributions received that are entered directly against equity, are entered directly against tax in the balance sheet (the entry is made against tax payable if the group contribution impacts tax payable and against deferred tax if the group contribution impacts deferred tax).

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents cover cash, bank deposits and other short-term, liquid investments that can be converted into known cash amounts with immediate effect and negligible currency risk, and which have a due date within three months of the date of issue.



NOTE 1

PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK
thousands

PROPERTY, PLANT AND EQUIPMENT 2020	Buildings, property and land	Infrastructure under construction	Infra-structure	Vessels	Vessels under construction	Means of transport	Movables, tools, fixtures and fittings etc.	Total property, plant and equipment
Cost and ordinary depreciation								
Cost at 01.01.	114 154	484 370	35 339	9 265 385	529 135	2 665	212 666	10 643 714
+ additions during the year	1 133	276 481	-	1 136 227	-	-	13 773	1 427 614
+ additions transferred from under construction	-	(402 960)	402 960	281 175	(281 175)	-	-	-
- disposals in the year	(1 641)	-	-	(3 755)	-	(239)	(419)	(6 054)
Cost at 31.12.	113 646	357 891	438 299	10 679 032	247 960	2 426	226 020	12 065 274
Accumulated ordinary depreciation at 31.12.	51 940	-	17 627	3 292 439	-	1 462	185 905	3 549 373
Accumulated writedowns at 31.12.	-	-	-	104 365	-	-	9 709	114 074
Carrying amount at 31.12.	61 706	357 891	420 672	7 282 228	247 960	964	30 406	8 401 828
Depreciation for the year	6 617	-	16 449	413 794	-	340	11 193	448 393
Reversal of write-downs for the year	-	-	-	-	-	-	-	-
Write-downs for the year	-	-	-	15 090	-	-	9 709	24 799
Economic lifetime	0-30 year		10-15 year	5-40 year		5-10 year	3-5 year	
Depreciation schedule	Straight-line		Straight-line	Straight-line		Straight-line	Straight-line	

Gains on the sale of property, plant and equipment are classified as other operating income.

ADDITIONS

Seven vessels was delivered in 2020: MF Florøy, MF Grip, MF Bømlafjord, MF Smøla, MF Sildafjord, MF Møringen og MF Stangvikfjord.

Additions for the period are net of government-funded NOx compensation for the new vessels

DISPOSALS

Three vessels and one property was sold in 2020, the vessels sold was: MF Goma, MF Ørsta og MF Tingvoll. The property: Smedsplassen 19, 6940 Eikefjord

IMPAIRMENT OF TICKETING EQUIPMENT

The company identified impairment indicators for the ticketing equipment.

The transition to AutoPass has reduced the need for manual ticketing and as a result the company has recognised an impairment of NOK 9.7 million related to obsolete equipment.

IMPAIRMENT TEST OF VESSELS

The company has during 2020 identified impairment indicators for the Group's vessels in the Ferry segment. Further, the company has identified indications that impairment losses recognised in prior periods no longer exist or have decreased at the reporting date.

Due to the identified indicators for the Ferry segment, the company has conducted impairment tests for its vessels by estimating the recoverable amount. Each ferry contract, and all vessels designated for use under the different ferry contracts, has been identified as separate CGUs (Cash Generating Unit).

When evaluating the potential impairment of the different ferry contracts, the company has assessed each contract's recoverable amount based on a fair value less costs of disposal. The value in use is not assumed to be significantly higher than fair value. The fair value is based on a calculated net present value of forecasted cash flow under each ferry contract, with a residual value equal to an estimated value

of the vessels after the expiration of the different ferry contracts based on two independent broker values.

The broker values have been reduced with an estimated sales commission, which is the estimate of the costs of disposal.

A reversal of any impairment of vessels in previous periods is recognised when circumstances and evidence indicates that impairment recognised in previous years no longer exists or has decreased. Based on impairment tests performed as at 31 December 2020, the company has recognised an impairment of three contracts and reversal of impairment of one contract:

IMPAIRMENT OF THREE CONTRACTS

As a result of investments exceeding the level of investments in the tender or higher operating costs than expected on some of the company's contracts, the company has calculated impairment losses on three contracts. As a result of the calculation, the company has written down these three contracts to the estimated fair value less costs of disposal.

The fair value has been estimated based on the remaining value of the contracts (CGU) and the estimated residual vessel values at the end of the contracts.

REVERSAL OF IMPAIRMENT OF ONE CONTRACT

For one of the company's ferry contracts previously calculated impairment losses does no longer exist and thus the previously recognised impairment has been reversed. The cash flows are discounted using an estimated Weighted Average Cost of Capital (WACC). Cash flows are calculated after tax and discounted with an after tax discount rate. The nominal WACC used in the calculations is 6%.

NOTE 2

INFORMATION ABOUT SUBSIDIARIES

Amounts in NOK
thousand

Subsidiary	Registered office	Equity interest	Voting right	Share capital	Total number of shares	Number of shares	Equity in subsidiary	Profit (loss) in subsidiary	Book value	Dividends paid (Fjord1 share)	Group Contribution contribution
Hareid Trafikkterminal AS	Hareid	63%	63%	1 200	1 200	760	6 889	1 314	768	317	-
F1 Administrasjon AS	Florø	100%	100%	1 500	15 000	15 000	13 990	5 222	4 082	-	-
Bolsønes Verft AS	Molde	100%	100%	100	100	100	8 072	1 657	25 816	-	2 816
ÅB Eigedom AS	Årdal	66%	66%	2 750	2 750	1 814	7 863	42	6 038	-	-
Måløy Reisebyrå AS	Måløy	100%	100%	300	50	50	4 774	581	2 519	-	742
Fana fjord AS	Florø	100%	100%	400	1 000	1 000	10 168	-88	4 407	-	-
Nye Fana fjord AS	Florø	90%	90%	30	30 000	27 000	104 596	25 766	84 135	-	32 606
Total							156 353	34 493	127 766	317	36 164

NOTE 3

SHARES IN ASSOCIATES

Amounts in NOK thousands

Associates	Registered office	Equity interest / voting share	Cost	Profit (loss) in 2020	Book equity, 31.12.2020	Dividend paid (Fjord1's share)
The Fjords DA	Flåm	50,0 %	0,270	(41 765)	540	-
The Fjords Fartøy I DA	Flåm	50,0 %	15 400	935	33 308	-
The Fjords Fartøy II DA	Flåm	50,0 %	19 625	1 042	40 292	1 000
The Fjords Fartøy III DA	Flåm	50,0 %	16 910	644	34 270	-
Sognefjorden Farty I AS	Flåm	50,0 %	630	(38)	861	-
Partsrederiet Kystekspresen ANS	Trondheim	49,0 %	13 382	12 886	46 368	2 195
WF Holding AS*	Bodø	34,0 %	178 600	(86 091)	882 863	-
Fjord Tours Group AS	Oslo	50,0 %	74 015	(54 355)	231 495	-
Total			318 563	(166 742)	1 269 997	3 195

* WF Holding AS is a subsidiary of Torghatten ASA and is included in that company's consolidated financial statements. The parent company has its head office at Havnegata 40, 8900 Brønnøysund, Norway.

THE FJORDS DA

A capital increase was performed in the jointly controlled entity in May 2020 where Fjord1 ASA paid NOK 5 million corresponding to its 50 % share of the company. An additional capital increase of NOK 5 million corresponding to Fjord1 ASA's share was performed in July 2020. An impairment of NOK 20 million relating to the investment was recognised in 2020.

THE FJORDS FARTØY III DA

A capital increase was performed in the jointly controlled entity in June 2020 where Fjord1 ASA paid NOK 1 million corresponding to its 50 % share of the company.

FJORD TOURS GROUP AS

Fjord Tours Group AS (previously Vy Fjord1 Reiseliv AS) is recognised as a jointly controlled entity and is owned 50% by Fjord1 ASA. Fjord Tours operates in tourism, with a focus on public transport-based round trips and a customer base that historically mainly has consisted of international

tourists. It is therefore expected that the effects of the covid-19 pandemic will have a significant impact on the company's earnings from 2020 and for a period until the market has normalised. As a result, an impairment assessment has been performed in connection with the presentation of the financial statement for Q1-Q3.

The assessment is based on a "base case" forecast for the years ahead and reflects the current situation and the expectations of future normalisation of the market and cash flows. Fjord Tours Group has used a weighted average cost of capital (WACC) of 12.1% and based on the performed calculations an impairment of NOK 20 million (Fjord1 ASA's share) has been identified. An increase of the WACC of 0.5% would result in an increased impairment of NOK 5 million and a reduction of 0.5% would result in a decreased impairment of NOK 5 million, given that the other assumptions in the calculation are kept unchanged.

**NOTE 4****INVESTMENTS IN SHARES AND UNITS****AMOUNTS IN NOK THOUSANDS**

Company	Book value
Fjord Invest AS	100
Other shares and units	741
Total shares and units	840

NOTE 5**BONDS AND OTHER RECEIVABLES**

AMOUNTS IN NOK THOUSANDS	31.12.2020	31.12.2019
Employee loans	105	201
Other long-term receivables	503	169
Total other receivables	608	370

NOTE 6

INTERCOMPANY BALANCES

AMOUNT IN NOK THOUSANDS	Sales		Purchases	
Group companies	2020	2019	2020	2019
F1 Administrasjon AS	349	619	138 144	152 537
Bolsønes Verft AS	271	440	7 892	8 072
Måløy Reisebyrå AS	-	-	1 588	2 888
Hareid Trafikkterminal AS	378	606	15	89
Nye Fanafjord AS	44	44	4 575	45 634
Fanafjord AS	28	27	-	-
Total, group companies	1 070	1 737	152 214	209 221
Associates				
The Fjords DA	26 409	27 614	-	-
The Fjords Fartøy I DA	-	280	-	-
The Fjords Fartøy II DA	-	-	-	-
The Fjords Fartøy III DA	304	-	-	-
Geiranger Fjordservice AS	-	4	-	-
Total, associates	26 713	27 898	-	-
AMOUNT IN NOK THOUSANDS	Short-term receivables		Long-term receivables	
Group Companies	31.12.2020	31.12.2019	31.12.2020	31.12.2019
F1 Administrasjon AS	519	-	-	-
Bolsønes Verft AS	3 053	2 027	13 500	14 400
Måløy Reisebyrå AS	742	1 081	-	-
Hareid Trafikkterminal AS	-	-	200	400
Nye Fanafjord AS	33 053	31 647	45 000	80 000
Fanafjord AS	-	-	-	-
Total, group companies	37 366	34 754	58 700	94 800
AMOUNT IN NOK THOUSANDS	Short-term receivables		Long-term receivables	
Associates	31.12.2020	31.12.2019	31.12.2020	31.12.2019
The Fjords DA	4 831	2 304	-	-
The Fjords Fartøy II DA	-	-	-	-
Total, group companies	4 831	2 304	-	-

AMOUNTS IN NOK THOUSANDS	Short-term liabilities				Long-term liabilities	
	31.12.2020		31.12.2019		31.12.2020	31.12.2019
	Other	Group account	Other	Group account	Other	Group account
Group companies						
F1 Administrasjon AS	12 250	15 554	13 814	12 456	-	-
Bolsønes Verft AS	3 861	-	2 182	-	-	-
Måløy Reisebyrå AS	798	4 423	440	5 481	-	-
ÅB Eigedom AS	-	5 306	-	5 297	-	-
Hareid Trafikkterminal AS	-	4 496	9	3 807	-	-
Nye Fanafjord AS	3 875	19 177	6 307	49 661	-	-
Total, group companies	20 783	48 956	22 753	76 702	-	-

NOTE 7 INVENTORIES

AMOUNTS IN NOK THOUSAND	31.12.2020	31.12.2019
Gas stock, vessels	2 027	2 856
Oil stock, vessels	16 049	16 848
Goods bought for resale	2 086	2 704
Inventories	20 161	22 408

Inventories comprise goods bought in for resale, as well as stocks of MGO, biodiesel and LNG. No write-downs have been made for obsolescence. The carrying amount is the lower of purchase price and fair value. The carrying amount is the lower of purchase price and fair value.

NOTE 8 TRADE RECEIVABLES

AMOUNTS IN NOK THOUSAND	31.12.2020	31.12.2019
Trade receivables at nominal value 31.12	307 327	138 161
Provision for bad debts 31.12.	(23)	(936)
Trade receivables	307 304	137 225
Actual loss for the year on receivables	(268)	181
Loss on receivables	(268)	181

Loss on receivables is recognised in other operating expenses.

NOTE 9

OTHER SHORT-TERM RECEIVABLES

AMOUNTS IN NOK THOUSAND	31.12.2020	31.12.2019
Prepayments	58 376	15 041
Other receivables	2 607	10 116
Other accruals – income	180 950	229 300
Sea damage claims	10 697	23 085
VAT receivables	11 520	13 474
Other short-term receivables	264 148	291 015

NOTE 10

SHARE CAPITAL AND SHAREHOLDERS

At 31.12.2020, Fjord1 ASA had share capital of NOK 250,000,000 divided into 100,000,000 shares with a nominal value of NOK 2.50. The company has only one share class.

	Number of shares	Voting rights
HAVILAFJORD AS	55 476 516	55,5 %
HAVILAFJORD HOLDING 2 AS	18 459 849	18,5 %
HAVILAFJORD HOLDING AS	11 023 484	11,0 %
CITIBANK, N.A.	3 850 000	3,9 %
DZ PRIVATBANK S.A.	3 131 680	3,1 %
CLEARSTREAM BANKING S.A.	1 195 989	1,2 %
BROWN BROTHERS HARRIMAN & CO.	1 068 326	1,1 %
PICTET & CIE (EUROPE) S.A.	650 000	0,7 %
SKANDINAVISKA ENSKILDA BANKEN AB	472 264	0,5 %
CITIBANK, N.A.	410 051	0,4 %
GH HOLDING AS	354 020	0,4 %
HVALSUND MILJØLANDBRUK AS	289 218	0,3 %
THE BANK OF NEW YORK MELLON	215 000	0,2 %
EUROCLEAR BANK S.A./N.V.	200 000	0,2 %
VERDIPAPIRFONDET STOREBRAND	174 318	0,2 %
BANQUE DE LUXEMBOURG S.A.	174 200	0,2 %
BANK JULIUS BÄR & CO. AG	160 090	0,2 %
VERDIPAPIRFONDET KLP AKSJENORGE IN	141 515	0,1 %
SIX SIS AG	121 812	0,1 %
FJORD1 ASA	90 402	0,1 %
Number of shares in the 20 largest shareholders	97 658 734	97,7 %
Other	2 341 266	2,3 %
Total	100 000 000	100 %

Shares owned by the executive management**Number of shares 31.12.2020**

Dagfinn Neteland (CEO)	59 988
Anne-Mari Sundal Bøe (CFO)	17 939
André Høyset (COO)	18 005
Deon Mortensen (*CTO)	15 710
Nils Kristian Berge (Technology & Project Director)	10 720
Total number of shares owned by the Executive Management	122 362

*CTO until 01.07.2020

Shares owned by the board of directors**Number of shares 31.12.2020**

Vegard Sævik (Chairman)	*
Per Rolf Sævik (Board member)	*
Siri Hatland (Board member)	-
Reuben Aguilar Samuels Munger (Board member from 24.02.2020)	-
Birthe Cecilie Lepsøe (Board member from 24.02.2020)	-
Hege Sævik Rabben (Deputy member from 07.06.2019)	*
Atle Olav Trollebø (Employee representative)	1 400
Terje Hals (Employee representative from 25.06.2019)	-
Anders Gjestad (Vara observer/Employee representative)	290
Reidar Tangen (Deputy member/Employee representative)	624
Ole Kjell Eidem (Deputy member/Employee representative)	624
Karl-Andreas Grinde Pedersen (Deputy member/Employee representative from 25.06.2019)	318
Bjørn Sørli (Deputy member/Employee representative from 25.06.2019)	290
Anne-Mone Strandmann (Deputy member/Employee representative)	-
Thomas Rakstang (Observer/Employee representative)	-
Egil Kirkebø (Deputy Observer)	-
Daniel Nedrelid (Observer/Employee representative from 25.07.2017 until 19.01.2018 and anew from 25.06.2019)	457
Total number of shares owned by the Board of Directors	4 003

* Owners of shares through other companies: Vegard, Hege and Per Sævik through Havilafjord AS.

** In addition, NOK 80 thousand has been paid to the Board's Election Committee and NOK 6 thousand meeting allowance to the Board's members.

The Company has not granted any loans, guarantees or other commitments to any of its board members or to any member of the executive Management team.

NOTE 11

EQUITY

Changes in equity in the year:

AMOUNTS IN NOK THOUSAND	Share capital	Treasury shares	Share premium fund	Other equity	Total equity
Equity at 01.01.2019	250 000	(3 617)	360 924	1 451 251	2 058 558
Profit for the year				207 534	207 534
Equity at 31.12.2020	250 000	(3 617)	360 924	1 658 785	2 266 092

Treasury shares

Summary of purchase and disposal of treasury shares:

AMOUNTS IN NOK THOUSAND	Number	2020	
		Consideration	Share of share capital
Holding at 1. January	90 402	3 617	1,4 %
Holding of treasury shares at 31: December	90 402	3 617	1,4 %

On 12. May 2020, the annual general meeting of Fjord1 ASA authorised the Board of Directors to acquire treasury shares. In accordance with this mandate, Fjord1 can purchase treasury shares with a total nominal value of up to NOK 3,000,000. The highest and lowest amounts that may be paid per share are NOK 100 and NOK 2.50 respectively. This mandate is valid up to the date of the annual general meeting in 2021, at the latest 30. June 2021.

The Board of Directors of Fjord1 has decided to initiate a share buyback based on the mandate. Shares acquired under the share buyback will be distributed under the bonus programme for key management personnel, whereby 50% of the bonus is settled in the form of shares in Fjord1, as

reported in the statement on executive pay discussed at the annual general meeting on 22 May 2018. The maximum number of shares that may be acquired in the market for distribution to employees is 110,000.

Fjord1 has engaged Nordea Markets to conduct the share buyback on its behalf

NOTE 12

ACCOUNTING TREATMENT OF TAX

Amounts in NOK thousands

2020

2019

Tax payable is made up as follows:

Profit on ordinary activities before tax	271 004	289 603
Permanent differences	(17 500)	(47 555)
Tax base	253 504	242 048
Change in temporary differences	(288 503)	(234 373)
Loss carryforward	(344 970)	(89 825)
Taxable income (tax base)	(379 969)	(82 150)

Tax cost for the year is made up as follows:

Tax payable on profit for the year	-	-
Change in tax payable on profit for prior year	-	(13 452)
Change in deferred tax/tax asset in the balance sheet	63 471	62 849
Total tax cost for the year	63 471	49 396

Tax payable in the balance sheet is made up as follows:

Tax payable on profit for the year	-	-
Total tax payable	-	-

Specification of deferred tax base:

Differences offset:

Operating assets	3 102 434	2 326 488
Receivables	(23)	(936)
Profit and loss account	66 732	85 090
Accrued contract payment	(340 214)	(135 597)
Pensions	-	14 733
Units in general partnerships	8 753	(12 114)
Other differences	42 072	58 442
Deficit and allowance for performance	(344 970)	(89 825)
Tax base for deferred tax/tax asset in the balance sheet	2 534 784	2 246 281

Deferred tax asset/deferred tax	557 653	494 182
Deferred tax asset in the financial statements	-	-
Deferred tax	557 653	494 182

Reconciliation of tax cost:

Accounting result before tax	271 004	289 603
Expected tax cost (22%)	59 621	63 713
Tax cost in the income statement	63 471	49 396
Deviation	3 850	(14 316)

Explanation of deviation:

22% of permanent differences	(3 850)	(10 462)
Change in tax payable on profit for prior year	-	(13 452)
Other differences	-	9 599
Total explained deviation	(3 850)	(14 316)

NOTE 13

PENSION LIABILITIES

OCCUPATIONAL PENSION SCHEMES

Fjord1 ASA has group occupational pension schemes for all employees. The schemes meet the requirements of the Norwegian Mandatory Occupational Pensions Act.

DEFINED BENEFIT PENSION SCHEMES

The company has terminated its contribution-based schemes with effect from 01.01.2020.

For accounting purposes, group defined benefit pension schemes has been handled in accordance with the Norwegian pensions standard. The schemes provide a right to defined future benefits. These mainly depend on the number of qualifying years, salary, salary at pension age and the level of any payments from the national insurance scheme. Pension cost and liability/plan assets are shown in the note under Secured pension schemes.

DEFINED CONTRIBUTION PENSIONS

Defined contribution pensions are schemes where the company commits to pay an annual premium. The pension is dependent on the funds paid in and the return on these. For the company, the cost for the year is equal to the year's premiums. The plan entails a saving of 3% of salary up to 7,1G (Basic amount), and 15% of salary up to 12G.

In addition, the company has a pension scheme for sailors covering 1,184 persons as at 31.12.2020.

Pension costs, defined benefit schemes

Pension cost:	2020	2019
Present value of pension accruals for the year	-	4 709
Interest expenses on the pension liabilities	-	1 524
Expected return on plan assets	-	(2 381)
Recognised past service cost	17 474	-
Recognised estimate differences	(2 741)	(167)
Net pension costs	14 733	3 686

Change in accrued liability	31.12.2020	31.12.2019
Accrued liability at the start of the year	57 167	59 578
Present value of pension accruals for the year	-	4 709
Interest expenses on the pension liabilities	-	1 524
Service cost	(63 952)	-
Estimate changes	6 785	(6 711)
Benefits paid from the schemes	-	(1 934)
Accrued liability at the end of the year	-	57 167

Change in plan assets	31.12.2020	31.12.2019
Fair value of plan assets at the start of the year	76 782	80 978
Estimate changes	4 643	(14 333)
Return on plan assets	-	2 381
Paid in	(81 426)	9 690
Pensions paid out from schemes	-	(1 934)
Fair value of plan assets at the end of the year	-	76 782

	2020	2019
Reconciliation of the pension schemes' funded status with amounts in the balance sheet:		
Net plan assets	-	19 616
Unrecognised estimate differences	-	(4 883)
Total net plan assets (+) / pension liability (-)	-	14 733

Total net plan assets (+) / pension liability (-) are recognised in the balance sheet as:		
Overfunded schemes	-	14 733
Total net plan assets (+) / pension liability (-)	-	14 733

Number of active employees in the schemes included in the pension calculations:	-	1051
Number of pensioners in the schemes included in the pension calculations:	-	133

The company's total pension costs (defined benefit and defined contribution)

	2020	2019
Cost of defined benefit schemes according to note	14 733	3 686
Cost of defined contribution schemes	46 020	35 398
Total pension costs	60 753	39 084

Reconciliation of the company's plan assets/pension liability with the balance sheet:

Assets	2020	2019
Overfunded defined benefit schemes	-	14 733
Total plan assets recognised as an asset in the balance sheet	-	14 733

Liability	2020	2019
Underfunded schemes	-	-
Total pension liability recognised as a liability in the balance sheet	-	-

Economic assumptions for calculating defined benefit pension

	2020	2019
Discount rate	0,00 %	2,30 %
Expected pay adjustment	0,00 %	2,20 %
Expected increase in pensions currently paid	0,00 %	0,50 %
Expected base amount adjustment	0,00 %	2,00 %
Expected return on plan assets	0,00 %	3,80 %

NOTE 14

OTHER PROVISIONS

	31.12.2020	31.12.2019
Provision for contract payment	4 823	8 120
Prepayment infrastructure	335 391	127 476
Total other provisions	340 214	135 597

The provision for contract payment is accrued based on the difference between the repayment period for property, plant and equipment used in contracts with the public sector, and the book depreciation.

Fjord1 ASA has built as a part of the contractual terms. Fjord1 ASA uses the infrastructure in its operation and recognises the revenue in line with the use of the asset over the contract period.

Prepayment of infrastructure relates to amounts paid by the customer for purchase of the infrastructure which

NOTE 15

PLEDGES, GUARANTEES, ETC.

AMOUNTS IN NOK THOUSAND	31.12.2020	31.12.2019
Interest-bearing debt		
Unsecured		
Bond loan *	1 002 143	1 000 000
Amortised cost	5 750	8 750
Total bond loan	1 007 893	1 008 750
Secured		
Debt to credit institutions	4 945 008	4 434 628
Amortised cost	36 322	49 692
Total debt to credit institutions	4 908 685	4 384 936
Total long-term liabilities	5 916 578	5 393 686

* Fair value of bond loan at 31.12.2020 is based on the last trading price on Oslo Stock Exchange at 99,1, which corresponds to a total of NOK 991.000 thousand.

REPAYMENT PROFILE, LONG-TERM LIABILITIES

	Balance at 31.12.2020	Repayments 2021	Repayments 2022	Repayments 2023	Repayments 2024	Repayments 2025	Repayments 2026 or later
Bond loan	1 002 143	-	1 002 143	-	-	-	-
Debt to credit institutions	4 945 008	1 160 484	829 219	324 241	983 470	810 690	836 903
Total	5 947 151	1 160 484	1 831 362	324 241	983 470	810 690	836 903

	31.12.2020	31.12.2019
Total debt with terms longer than 5 years	836 903	1 200 994

The interest on the bond loan is regulated each quarter in accordance with 3M NIBOR, which averaged 0.7% in 2020 with a margin of 3.50%. The interest rate on other debt to credit institutions at 31.12.2020 is 6M NIBOR, which averaged 0.78% in 2020 and 1.69% in 2019, with the margin varying from 1.70% to 2.80%. Parts of new loans are guaranteed via GIEK and the margin varies between 1.36 - 2.29% with margins to credit institutions varying between 0.44% to 0.81%.

Financial covenants The terms of the major loan agreements require the group to comply with the following financial covenants:

- NIBD/EBITDA must not exceed 5
- Equity ratio above 22.5 %
- Contract volume (NIBD/contract revenue)

The financial covenant of the company's debt to credit institutions was amended in May 2020 where the covenant of an equity ratio above 22.5% was prolonged for the period to and including 30. June 2021.

The bond loan includes the following financial covenants:

- Minimum equity ratio of 22.5% for the ten-quarter period starting 1 January 2019 and 25% at any other time (extended from six quarters to ten quarters in June 2020)
- Minimum liquidity of NOK 75 million

In connection with the amendment to the bond loan in June 2020, the loan will mature at a price equal to 101 per cent of the nominal value.

Since the loan is at floating interest and has a stable credit margin over time, the fair value of long-term debt to credit institutions is not considered to deviate significantly from the carrying amount.

Interest accrued at 31.12.2020 is NOK 24 million, but this is classified as short term, as it falls due for payment within six months of the reporting date

	31.12.2020	31.12.2019
Total guarantee liabilities, surety, guarantee for transport licences etc.	392 418	1 082 262

There are no guarantee liabilities other than those listed above. All the guarantee liabilities are via Nordea and DnB.

Carrying amount of assets pledged as security

	31.12.2020	31.12.2019
Vessels	7 530 188	6 826 600
Total	7 530 188	6 826 600

The Fjord1 group's liquidity is organised in a group account scheme with Nordea. The group account system has been set up to contribute to optimal liquidity management in the Fjord 1 group. Fjord1 ASA is the group account owner and thus the owner of the bank deposits. The group account incorporates the companies' operating accounts, and all the companies are jointly and severally liable for deposits in the group account scheme.

The subsidiaries' detail accounts are formally treated as receivables from and debt to the parent company, Fjord1 ASA. The total credit balance in the group's group account scheme at 31.12.2020 was NOK 298.6 million. This is classified as bank deposit in Fjord1 ASA. Fjord1 ASAs' share of group account scheme was NOK 249.6 million. Subsidiaries

share of the group account was NOK 49 million. This is classified as bank deposits and debt to subsidiaries in the financial statement of Fjord1 ASA.

With regard to tax-withholding accounts, Nordea has issued a guarantee to the respective tax offices for the tax liability of NOK 60 million. Other than this arrangement, there were no locked-in amounts for withholding tax at 31.12.2020.

In February 2018, bank loans in Fjord1 ASA were refinanced by means of a syndicated loan via Nordea and DnB. From this date forward, there is no long-term debt linked to the former group agreement.

NOTE 16**OTHER SHORT-TERM LIABILITIES****AMOUNTS IN NOK THOUSAND**

	31.12.2020	31.12.2019
Card database, maritime companies	26 436	71 972
Pay and holiday pay due/accrued	142 671	133 489
Prepayment of contract revenue	250 183	221 622
Incurred costs	39 674	-
Accrued interest/hedging transactions	24 269	37 280
Card database, maritime companies	48 052	40 832
Total other short-term liabilities	531 284	505 196

NOTE 17

SALARIES, SOCIAL SECURITY COSTS AND AUDITOR

AMOUNTS IN NOK THOUSAND	2020	2019
Wages	743 548	667 149
Employer's contribution	97 527	97 360
Pension costs	60 753	39 083
Other benefits	54 157	45 679
Total wages	955 985	849 272
Number of employed FTEs:	1132	972

The pension schemes are funded via insurance companies and KLP. The total pension costs for Fjord1 ASA recognised in the income statement are NOK 61 million.

The company's pension plans are in compliance with the provisions of the Mandatory Occupational Pensions Act.

No loans have been provided/security put up for the CEO, chairman of the board or other related parties. No loans have been provided/security put up representing more than 5% of the company's equity

AMOUNTS IN NOK THOUSAND

Payments to senior management	CEO	Board of Directors/corporate assembly
Wages	3 224	2 055
Bonus	750	
Pension costs	1 695	
Other remuneration	208	
Total	5 877	2 055
Pension liability	8 300	

The CEO is appointed and receives a salary from F1 Administrasjon AS, and is entitled to severance pay equal to 12 months' ordinary salary if his contract is terminated by the company, or if he gives notice in connection with significant changes in control or changes in business strategy and running of the company.

No other members of corporate management or the Board of Directors have contracts that provide significant benefits in connection with termination of contract.

The company has no liabilities linked to share-based remuneration for employees or employee representatives.

As of today's date, the company has formal agreements in place on bonuses or share-based remuneration or other benefits for the Senior Management.

Amounts in NOK thousand

Auditor (excl. VAT)	2020	2019
Statutory audit (including technical assistance with financial statements)	1 944	2 540
Tax advice (including technical assistance with tax declaration)	49	88
Attestation services	115	100
Other services	1 115	1 874
Total	3 223	4 602

NOTE 18

ITEMS THAT HAVE BEEN COMBINED IN THE FINANCIAL STATEMENTS

Amounts in NOK thousand

Other operating expenses	2020	2019
Repairs and maintenance	269 269	236 113
Fuel	371 475	395 953
Ship costs	253 080	224 283
Service costs	58 410	46 551
Other operating expenses	214 271	239 560
Total other operating expenses	1 166 506	1 142 459

Amounts in NOK thousand

Other financial income	2020	2019
Foreign exchange gains	1 905	2 913
Share/customer dividends	36	410
Gain on realisation of shares	-	40 296
Total other financial income	1 941	43 619

Amounts in NOK thousand

Other financial expenses	2020	2019
Decrease in value of interest rate hedging	1 749	7 577
Currency expenses (exchange loss)	1 290	520
Other financial expenses	30 814	9 039
Total other financial expenses	33 853	17 135

NOTE 19

LEASES

Amounts in NOK thousand	Duration	Expensed lease payments
At the end of 2020, the company had various leases for vessels/passenger boats and other operating equipment:		
Leases for ships and passenger boats, external	2022	87 933
Other leases		12 345
Internal lease of ferry "MS Fanafjord"	2021	45 750
Vehicle leases	2023	685

NOTE 20

HEDGING CONTRACTS AND OTHER FINANCIAL EXPENSES

Amounts in NOK thousand

Interest rate	2020	2019
Fixed-rate interest-bearing debt (cash-flow hedging)	-	80 000
The fixed rate on the Group's agreements varies, and the agreements have varying terms up to and including 2019.		
Unrealised, unrecognised loss on interest rate swaps is as follows	-	(1 084)

Amounts in NOK thousand

Currency hedging	2020	2019
Unrealised, unrecognised gain/loss on currency hedging is as follows:	-	-

Amounts in NOK thousand

Oil and LNG	2020	2019
Average hedged volumes of oil and LNG in the period 2013- 2019	-	-
Unrealised, unrecognised gain/loss on hedging agreements is as follows:	-	-

Fixed-price contracts for purchase of electricity

The company has entered into fixed-price contracts for purchase of electricity for its own production (ferry operations). The contracts have duration of 10 years and covers approximately 70% of the company's yearly estimated consumption. The company has not recognised any assets or liability relating to the fixed-price contracts.

NOTE 21

OTHER INFORMATION

Fjord1 ASA is entitled to compensation for loss of transport revenue as a consequence of the client changing the conditions for the discount structure and fare zones beyond what was set out in the tender. Since 2010, no final settlement by the client has been made for some contracts. Payments from the client since 2010 have been made subject to conditions. The choice of model used for calculation of compensation, may affect the final level of compensation. As

a result, the Group may receive additional compensation or may receive a claim on paid out preliminary compensation. The company is in dialogue with the client in regards to determining and settling the final compensation.

The company's best estimate have been used for recognising revenue related to the rebate compensation.

NOTE 22

SPECIFICATION OF REVENUE FROM SALES AND CONTRACTS

Fjord1 ASA's revenue derives mainly from ferry operations, passenger boats, leasing vessels for tourism purposes and sale of kiosk goods on board ferries.

The ferry segment covers operations in Norway where the routes are subject to contracts. Kiosks are operated on board the ferries in these geographical areas. As well as ferry

operations, the company operates local passenger boat routes in Sogn og Fjordane.

Vessels that are leased to tourism businesses operate on the UNESCO World Heritage fjords: the Nærøysfjord and the Geirangerfjord.

Amounts in NOK thousand

Sales	2020	2019
Ferry operations	297 263	580 981
Passenger boats	1 465	1 667
Sale of kiosk goods (catering)	85 775	133 440
Tourism	81	77
Other areas	59	62
Total sales income	384 643	716 228

Contract income	2020	2019
Ferry operations	2 578 950	1 828 772
Passenger boats	117 764	112 887
Total contract income	2 696 715	1 941 659

Other operating income	2020	2019
Rental income	20 574	64 146
Gains on disposals of operating assets	2 669	7 099
NOx refund	-	932
Advertising	2 166	-
Other income	9 372	7 257
Total other operating income	34 782	79 433

NOTE 23

KEY FIGURES

		2020	2019
Return on total assets (1)	%	5,0 %	5,4 %
Operating margin (2)	%	15,7 %	13,5 %
Equity ratio (3)	%	23,0 %	23,0 %
Return on equity (4)	%	10,4 %	12,4 %
Liquidity ratio (5)	%	119,1 %	105,4 %
Debt-servicing capacity (6)	i år	8,4	7,0
Market funding (7)	%	13,5 %	29,1 %

1) Return on total assets: Profit for the year + financial expenses / average total assets

2) Operating margin: Profit after depreciation and amortisation / total operating income

3) Equity ratio: Equity / total assets

4) Return on equity: Profit for the year / average equity

5) Liquidity ratio: Current assets / short-term liabilities

6) Debt-servicing capacity: Average net interest-bearing liabilities / profit of the year + ordinary depreciation

7) Market funding: Total operating income – contract income on route operations / total operating income

Responsibility Statement from the BoD and CEO

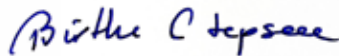
We hereby confirm that, in our opinion, the financial statements for Fjord1 ASA for the period 1 January to 31 December 2020 have been prepared in accordance with current applicable accounting standards and that the disclosures in the financial statements provide a good and fair view of the parent company's and the Group's assets, liabilities, financial position and result as a whole.

Further, we also declare that the Board of Directors' report provides a fair view of the development, result and financial position of the parent company and the Group, together with an outline of the key risks and uncertainties facing the business and information on any material transactions with related parties.

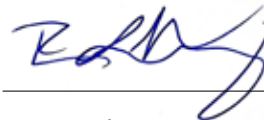
Florø, 30 March 2021



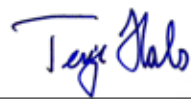
Vegard Sævik
Chair of the Board



Birthe Lepsøe
Board member



Reuben Munger
Board member



Terje Hals
Board member



Per Sævik
Board member



Siri Hatland
Board member



Atle Trollebø
Board member



Dagfinn Neteland
CEO



To the General Meeting of Fjord1 ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fjord1 ASA, which comprise:

- The financial statements of the parent company Fjord1 ASA (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Fjord1 ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, 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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The company's operations are largely unchanged from 2019. Impairment assessment of vessels represent approximately the same level of complexity and risk as in 2019. As a result, impairment assessment of vessels has been a key audit matter also in this year's audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Impairment of vessels</i></p> <p>At 31 December 2020, the Group had vessels with a book value of NOK 7,586 million and a vessel held for sale with a book value of NOK 156.3 million. This represents approximately 75% of total assets in the Group's financial statements.</p> <p>We focused on this area because a potential impairment could have a significant impact on the book value of the Group's assets, and that the impairment assessment involves significant management judgement</p> <p>Management has identified indicators of potential impairment and a reversal of previously recognized impairment. The recoverable amount was calculated based on fair value less costs to sell. Each contract and vessels allocated for the specific contract were deemed to be a cash generating unit (CGU).</p> <p>Use of judgement is in particular related to discount rate (WACC), future revenue from ferry contracts, operating expenses, capital expenditures and net realizable value of the vessels at the end of contract. The managements impairment assessment resulted in an impairment of NOK 36.1 million.</p> <p>We refer to notes 2 and 11 in the consolidated financial statements where the management explains the impairment model and key assumptions.</p>	<p>We evaluated and tested the design and operating effectiveness of key controls in relation to impairment testing, with particular focus on the controls linked to external documentation supporting key assumptions applied in the impairment assessment. We reviewed management's identification of cash generating units and found these to be in accordance with the requirements in IFRS.</p> <p>We assessed key assumptions on future revenue from ferry contracts, operating expenses, capital expenditures and net realizable value of the vessels at the end of the contract. In order to evaluate assumptions on revenue, we reconciled revenue from ferry contracts to existing contracts and compared tender offers. We compared the operating expenses to historical operating expenses and compared profit in 2020 per contract with budgeted profit for 2020. We found that revenue and operating expenses was reasonable compared to revenue in existing contracts and that operating expenses was reasonable compared to historical operating expenses</p> <p>The applied discount rate was assessed by comparing the different input parameters in the discount rate to observable market data were applicable, and internal data. We found the applied discount rate to be within a range of reasonable outcomes.</p> <p>We evaluated external broker estimates obtained by management to assess assumptions on future net realizable value of the vessels at the end of the contracts. In order to evaluate external broker estimates we also compared historical sale of vessels to historical broker estimates. We found expected net realizable values to be reasonable compared to broker estimates and historical values.</p>



We performed sensitivity analysis on key assumptions in the impairment assessment and found the impairment assessment to be sensitive to changes in WACC and net realizable value of vessels at the end of contracts. We reconciled the sensitivity analysis to information presented in notes.

We evaluated the appropriateness of the related note disclosures in the financial statements and found that they satisfied IFRS requirements

Other information

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

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

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

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

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

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements 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 for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other



matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, 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.

Bergen, 30 March 2021
PricewaterhouseCoopers AS

Fredrik Gabrielsen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.







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