KISTEFOS

Financial Statements 2020

Org. nr. 951 408 743

Annual report

The Kistefos Group posted a profit after tax for the year of NOK 582 million, up NOK 138 million on the prior-year figure of NOK 443 million.

Advanzia Bank increased its profits by 37 per cent in 2020, to a record EUR 100.5 million, up from NOK 73.3 million in 2019. This growth was achieved despite the challenges of the coronavirus pandemic, establishing operations in Spain and significant investments in IT.

Viking Supply Ships recorded a loss of SEK 191 million in 2020, compared with a profit of SEK 52 million in 2019. The result is weaker than expected due to demanding market conditions in the company's core areas, and fewer long-term contracts in 2020.

Western Bulk delivered significantly better results in 2020 than in 2019. The profit for the year closed on USD 3.2 million, compared with a loss of USD 38.0 million in 2019. The improved result is partly attributable to a restructuring and recapitalisation of the company in 2020.

The Kistefos Group did not complete any material sales transactions during the year. However, the Group has continued to invest in its existing portfolio in order to increase value creation. Portfolio investments totalled around NOK 750 million in 2020.

At the end of the year, the Group's free liquidity amounted to NOK 1,711 million (NOK 1,215 million) while the parent company's free liquidity was NOK 1,247 million (NOK 646 million).

The Kistefos Group posted revenues of NOK 12,489 million in 2020, down NOK 1,952 million from 2019. The change is primarily attributable to lower revenues from Western Bulk Chartering and Viking Supply Ships.

The operating profit for the year closed on NOK 1,010 million, compared with NOK 819 million in 2019. The higher operating profit is attributable to improved operating results from Advanzia and Western Bulk Chartering.

Consolidated net financial expenses increased from NOK 174 million in 2019 to NOK 231 million in 2020. The change is primarily due to higher realised financial gains in 2019 compared to 2020.

The profit after tax for the year closed on NOK 582 million, compared with NOK 443 million in 2019.

At the reporting date, the Group had total assets of NOK 34,347 million, up NOK 3,269 million from NOK 31,168 million at the end of 2019. The increase was primarily due to higher business volumes at Advanzia Bank, and increased financial investments in listed shares.

As of 31 December 2020, consolidated long-term liabilities totalled NOK 5,272 million, compared with NOK 4,045 million twelve months previously.

Current liabilities totalled NOK 25,929 million (NOK 24,265 million), including deposits from customers at Advanzia Bank of NOK 23,863 million.

At the reporting date, consolidated recognised equity amounted to NOK 3,236 million, compared with NOK 2,858 million at the previous year-end. The Group has significant excess values in excess of book values.

(Figures for 2019 are stated in parenthesis)

<u>Consolidated businesses</u>

Advanzia Bank S.A. (60.3 % ownership)

Advanzia delivered its first-ever profit after tax above EUR 100 million in the reporting period. This represents an increase of 37 per cent, from EUR 73.3 million in 2019 to EUR 100.5 million in 2020. Net income rose by 12 per cent, from EUR 265.5 million in 2019 to EUR 296.8 million in 2020. At the end of the year, the bank had 1,170,000 active credit card customers, up five per cent on 2019. Net lending to customers increased by 8 per cent and closed the year on EUR 1,767 million.

The company's operating costs rose by 13 per cent during the year, while loan loss provisions fell by 17 per cent.

The bank has improved its performance in most business areas. Advanzia continued to gain market shares in Germany/Luxembourg and Austria in a challenging market situation. The bank estimates that it has achieved 29 per cent of its market growth in Germany during the pandemic, and that the market share for revolving credit cards in Germany is 20–25 per cent. In addition, the bank has adopted a prudent strategy in Spain as a result of a lower interest rate ceiling following a ruling by the Spanish Supreme Court. The bank posted its first-ever profit in France on the back of long-term and systematic improvement work.

The Covid-19 pandemic has primarily resulted in lower growth as lockdowns have limited customers' opportunities to use their credit cards. Throughout the pandemic the bank has prioritised customers and employees and has implemented a number of measures to ensure continuity, monitor credit risk and liquidity and to safeguard employee's health and productivity.

The bank continued to make major investments in technology and digitalisation, two areas that are becoming increasingly important for the bank. As part of these measures, Advanzia launched Apple Pay, Google Pay and its own mobile app in 2020. Adapting to customer needs and providing positive customer experiences in this way will be a key driver of further growth moving forward.

In 2020, Advanzia repaid AT1 obligations of NOK 85 million. Dividends of EUR 26 million were paid in the first quarter of 2020. ECB/CSSF prohibited further dividend payments in 2020. This prohibition has been extended until the end of September 2021 and until then the bank has to maintain surplus capital in the balance sheet.

The bank's societal role as a supplier of liquidity and jobs has never been more important than in the last year. With uncertainty increasing across the world and many people losing their livelihoods, it is even more important that flexible credit frameworks are made available to help people through these challenging times. To be able to fulfil this societal role, it has been critical for the bank to ensure continuity of operations throughout the pandemic and maintain access to credit for existing and potential new customers.

Viking Supply Ships AB (78.3 % ownership)

The Viking Supply Ships AB (VSS) Group posted a loss after tax of SEK 191 million in 2020 (profit of SEK 52 million). A challenging market in the wake of the global Covid-19 pandemic, a strong fall in oil prices, along with a large surplus of anchor handling capacity in the market produced a weak result in 2020.

Net revenues in 2020 totalled SEK 286 million (SEK 504 million), of which SEK 122 million (SEK 351 million) related to the AHTS business and SEK 164 million to Services and Ship Management (SEK 153 million). Consolidated EBITDA closed on SEK 101 million, compared with SEK 114 million in 2019.

Excluding laid-up vessels, the average daily rate for the company's AHTS vessels for the year was USD 26,850 (USD 39,000) and the utilisation rate was 40 per cent (68 per cent). In the first half of 2020, VSS had four AHTS vessels on the spot market. One ship was laid up from the second half of the year, and another ship was laid up towards the end of the year. VSS had one vessel on a forward contract in Russia during the summer.

At the end of the year, the VSS Group's operations consisted of the four proprietary ice-class AHTS vessels (two of which have ice class 1A Super and two ice class 1A) and five ice breakers for the Swedish Maritime Association in the Baltic Sea. In 2019, together with Borealis Maritime, VSS signed an agreement to purchase two state-of-the-art ice-class PSVs under construction at the Remontowa shipyard in Poland. In addition to partly owning the vessels, VSS will be responsible for full operational and commercial management of the ships. The ships have an environmentally friendly profile with dual fuel capabilities, which means that the ships can use both liquid natural gas (LNG) and marine gas oil (MGO). The ships will be equipped with battery packs that will help make the vessels the most environmentally OSV vessels currently on the market. The vessels complement the existing fleet and will strengthen the company's service offering. The first ship was delivered from the shipyard in February 2021 and the second is expected to be handed over in March 2021. The two state-of-the-art ice-class PSVs will be a welcome addition to operations in 2021. Both the vessels secured a contract on the Norwegian shelf prior to delivery.

Western Bulk Chartering AS (80.7 % ownership)

The profit after tax for 2020 closed on USD 3.2 million, a significant improvement on a loss of USD 38.0 million in 2019. The result is weaker than expected, but the year was strongly impacted by the Covid-19 pandemic, particularly due to weak markets in the second quarter of the year, closed harbours, vessels confined to harbour etc., combined with lower earnings from steel parcelling due to new tariff barriers. Net TC for 2020 closed on USD 26.7 million, driven by spot revenues in the first half of the year and parcelling. The time charter business area capitalised on the strong market towards the end of the year and closed the year with a positive Net TC despite revenues from time charter vessels being negatively impacted by low market rates in the first half of the year.

Western Bulk operated an average of 110 ships per day in 2020, compared with 150 in 2019.

1881 Group AS (100 % ownership)

In 2020, the 1881 Group posted revenues of NOK 390 million, down NOK 38 million on 2019. The Group achieved an EBITDA of NOK 95 million, up NOK 12 million on 2019.

However, the decrease in volume from core services in 2020 was lower than in previous years, and growth in new services, much of which was driven by the company's "mobilsøk" (mobile search) app and the price comparison website Prisguiden, partly compensated for a declining market for the traditional services, directory enquiries by phone or text message. The market share was stable during the year.

In 2020, in particular Prisguiden, which is one of Norway's largest price comparison websites, achieved strong growth on the back of increased online shopping during the Covid-19 pandemic.

Higher profitability from new services and good cost control enabled the 1881 Group to deliver higher EBITDA than the previous year, despite lower revenues.

NextGenTel Holding AS (100 % ownership)

In 2020, NextGenTel Holding posted total revenues of NOK 577 million, compared with NOK 588 million in 2019 (proforma). EBITDA for the period amounted to NOK 45 million, compared with NOK 50 million in 2019.

Since start-up in 1999, NextGenTel has established a solid position as a supplier of telephony, broadband and TV solutions for Norwegian households with almost 100,000 broadband, 16,000 TV and more than 25,000 telephony customers. NextGenTel delivers various forms of high-speed broadband on multiple platforms and did not experience any operational stoppages or critical incidents during the year, despite increased traffic due to the Covid-19 pandemic.

2020 was an eventful year for NextGenTel. The company was restructured into corporate and retail divisions and retained ownership of the network infrastructure. NextGenTel also rolled out a new CRM and Business Support System

(BSS) along its entire value chain. The company has ambitious goals for the new platform. In addition to the primary aim of achieving better and more efficient customer care, the company is also hoping that full digitalisation of the value chain, increased scaling and flexible pricing and discount structures will facilitate further partnerships. Satisfied customers and good products will contribute to new growth once the company has migrated copper broadband customers to new platforms.

Bitpro (74.0 % ownership)

Bitpro has established a solid position as a supplier of various types of broadband and IT solutions for Norwegian businesses, and was one of the first companies to deliver broadband based on Fixed Wireless Access (FWA) in Norway.

Bitpro AS posted revenues of NOK 240 million in 2020, compared with NOK 216 million in 2019 (Proximo only). Total EBITDA for the period closed on NOK 33 million, compared with NOK 30 million in the previous year (Proximo only).

Bitpro wishes to be a driver of consolidation in its market, and at the end of 2020 signed an agreement to merge the company with Keynet AS during 2021. Keynet delivers access solutions for the large customer segment in Norway and generated revenues of around NOK 50 million and EDITDA of NOK 8 million in 2020. Keynet’s employees will be transferred to the merged company, and sales personnel have been partly remunerated through shares in Bitpro AS.

Lumarine AS (94.5 % ownership)

Lumarine is a growth-stage specialist in the aquaculture industry focusing on cod and ballan wrasse. The company has production facilities in Tømmervåg, Tjeldbergodden and Sleneset.

Lumarine produced lumpfish, ballan wrasse (cleaner fish) and post-smolt throughout 2020. Towards the end of the year, the company made a commercial breakthrough with the signing of two strategically important agreements for production of cod and ballan wrasse with two leading operators in the aquaculture industry. These contracts confirm the company’s position as a leading growth-stage specialist in the fish-farming sector. The company is currently expanding its production capacity at Tjeldbergodden to meet contractual obligations, and going forward the company will focus on cod and ballan wrasse.

In 2020, the company posted revenues of NOK 113 million, a significant increase on 2019 (NOK 71 million). EBITDA in 2020 totalled NOK around -8 million, down from around NOK 6 million in 2019. The financial results for 2020 were negatively impacted by the biological incident involving ballan wrasse at the end of 2019 and a poor yield from one of the post-smolt deliveries.

Parent company Kistefos AS

The parent company posted an operating loss of NOK 135 million in 2020 (loss of NOK 163 million). The change is primarily attributable to lower payroll costs, and sponsorship activities, in 2020.

Net financial expenses for the period amounted to NOK 174 million, compared with net financial income of NOK 623 million in 2019. The net finance result primarily reflects dividends from subsidiaries and the sale of shares and financial instruments, which were significantly lower in 2020 compared to the previous year. An important reason for the reduction was that Advanzia was prohibited from paying dividends after the first quarter.

In September 2020, Kistefos AS issued a new bond loan of NOK 1,000 million with a term of 4 years (KIST07). In December Kistefos AS issued a further bond loan of NOK 1,000 million with a term of 4.75 years (KIST08). KIST05, which originally matured in November 2021, was bought back in connection with the issuance of the two new bond loans. The buyback was implemented in three tranches. In September 2020, NOK 382 million was repurchased. In December NOK 213 million was repurchased. In January 2021, the option was exercised to buy back the residual NOK 405 million.

The parent company posted a loss after tax for the year of NOK 282 million, compared with a profit of NOK 458 million in 2019.

At the end of the year, the parent company's free liquidity was NOK 1,247 million, compared with NOK 646 million in 2019.

At the same date, the parent company had total equity of NOK 1,168 million, compared with NOK 1,741 million twelve months previously. The reduction is attributable to the loss for the year and Group contributions. At the reporting date, the equity ratio was 18 per cent (34 per cent).

Non-consolidated portfolio companies

Komplett Bank ASA (23.96 % ownership, including related parties)

Komplett Bank is a fully digital bank that offers consumer goods loans and credit cards in Norway, Sweden and Finland. The bank's product portfolio consists of fixed-rate loans, flexible loans, refinancing loans, sales financing and the "Komplett Bank Mastercard", which is a credit card aimed at online shopping and sales financing.

In 2020, Komplett Bank posted a profit after tax of NOK 262.8 million, which equates to growth of 30 per cent, which was achieved despite recognising provisions of NOK 40 million in 2020 relating to Covid-19. The net lending balance was reduced by 2 per cent and closed the year on NOK 8,361.2 million.

Instabank ASA (24.99 % ownership)

Instabank is a digital bank that operates in Norway, Finland and Sweden where it offers competitive deposit and loan products aimed at the consumer market. The bank offers loans in the categories consumer goods loans, secured loans, sales financing and credit cards.

In 2020, Instabank posted a profit after tax of NOK 42.7 million, up 3 per cent on the previous year. The bank recognised a provision of NOK 5 million in 2020 relating to Covid-19. The net lending balance was NOK 2,852 million, which represents growth of 6 per cent.

TradeIX Ltd (28.0 % ownership)

TradeIX has developed a new, open digital platform (Marco Polo) that is based on blockchain technology, adapted to facilitate trade finance transactions. The company owns and controls the Marco Polo network, which is the world's largest, with members including Bank of America, Crédit Agricole, SMBC, DnB, Voith, Accenture and Mastercard. Unlike their predecessors, these processes are highly automated, have fewer intermediary stages and increase security. In January 2021, Marco Polo was named "Best decentralised platform for Trade Finance" by the prestigious Global Finance Magazine.

TradeIX is a technology and service provider for a market with an annual value of more than USD 40 billion. The company's revenues derive from transaction-based income through licensing agreements with members of the Marco Polo network. During the last four months, the company has signed six licensing agreements with Wilhelmsen Shipping Services, Commerzbank, Landesbank Baden-Württemberg (LBBW), Siam Cement, Klein, Schanzlin & Becker (KSB) and Bank of New York Mellon.

Both banks and relevant business customers will be able to achieve major savings by trading more efficiently with each other than previously. The system is also more secure than other existing solutions.

TradeIX launched its Payment Commitment product for potential customers and partners in May 2020. This is the second product launched on Marco Polo's platform following Receivables Discounting, which was rolled out in 2019.

During 2020, the company strengthened its sales organisation through the appointment of a Chief Revenue Officer, as well as experienced sales directors with responsibility for commercialising the maritime solutions and new contracts. In partnership with McKinsey the company also prepared a new scaleable sales strategy intended to generate significant growth in the years ahead.

In May 2020, the company raised USD 7.7 million through a convertible bond loan. Kistefos led this funding round, where the participants included existing owners Nederlanden Groep (ING) and Banque Nationale de Paris Paribas (BNPP). In May 2020, the company engaged ABG Sundal Collier as financial advisor to assist with capital investment and preparations for a potential Series B during 2021. In October 2020, the loan was increased by USD 14.6 million, with Kistefos once again participating and leading the round, which attracted new, mainly Norwegian investors from, among others, shipping.

Aspit AS (47.6 % ownership)

Aspit is a software company that delivers software to the primary healthcare sector. Aspit has supplied electronic patient journal (EPJ) systems and IT operations for more than 20 years. Aspit launched Norway's first cloud-based EPJ solution "PsykBase Online" more than ten years ago and aims to spearhead technological developments in the industry.

Revenues increased by 27 per cent, from NOK 53 million in 2019 to NOK 67 million in 2020.

Today the main focus is on software for the chiropractor/physiotherapy and psychiatry markets. The company, which has a long history and strong market position, established itself as a supplier of patient journal services for psychologists and psychiatrists through its core product Aspit Psykbase. In 2012, Aspit launched Aspit Physica, aimed at the chiropractor and physiotherapy market, and has since established itself as market leader in this segment.

In 2020, the company generated strong customer growth in its core products, and launched the new product Aspit Meet, a dedicated solution for encrypted video consultations between therapists and patients.

Semine AS (50.02 per cent)

Semine has developed a data-driven automation platform for incoming invoices based on artificial intelligence. Semine streamlines the finance function by removing time-consuming manual work tasks. The company is expanding on the back of strongly increasing demand for technology to assist companies make digital transformations.

In 2020, Semine transitioned from an early phase to full commercial roll-out phase. The company generated revenues for the year of NOK 21 million (NOK 2 million) and EBITDA of NOK -21 million (NOK -19 million). At the end of 2020, Semine signed contracts that will generate annual revenues of NOK 28 million.

At the reporting date, Semine handled more than 70,000 invoices a month for companies including Helmstaden, OBOS, Norlandia Health & Care Group, Recover Nordic, Sport1 and around fifty other Norwegian businesses.

In December 2020, Kistefos increased its shareholding in the company from 41.8 per cent to 50.02 per cent through the issuance and purchase of shares. At the same time, the Adolfsen Group and Skagerak Maturo venture fund came on-board as owners. The share issue raised NOK 40 million that will be used for growth financing in 2021.

Promon AS (29.1 % ownership)

Promon is a Norwegian technology company specialising in cybersecurity for software applications. The company develops security solutions used in applications that can identify and prevent attacks without human intervention – so-called Application Hardening or Runtime Application Self Protection (RASP) technology.

Promon continued this strong growth in 2020. Revenues rose by 46 per cent, from NOK 52 million in 2019 to NOK 76 million in 2020. EBITDA in 2020 totalled NOK 12 million, up from NOK 5 million in 2019.

The majority of the company's customers are in the banking and finance sector. Promon has also identified major opportunities to increase the number of partners and customers in new verticals, and has continued its geographical expansion.

During 2020, Promon acquired several exciting new distribution partners and a range of new customers, and started work to enter the US market.

Oslo Airport City AS (24.8 % ownership)

Oslo Airport City ("OAC") is Norway's largest commercial property development project covering 110 hectares next to Oslo Gardermoen Airport (OSL). OAC will strengthen the existing businesses in the area, and be a driving force behind the construction of a new urban district next to OSL – Norway's largest and the Nordic region's second-largest airport.

OAC passed several important milestones during the year, including detailed zoning and a successful capital call. However, the company was negatively impacted by the Covid-19 pandemic. Previously announced contracts for the hotel and conference centre were cancelled due market conditions caused by the pandemic. The company will re-start these activities when the market conditions allow.

The company is experiencing good demand for logistics buildings from several sectors, including seafood, mobility and secure storage companies. COOP's central warehouse, OAC's closest neighbour, was recently sold at a record yield for the area of 3.9 per cent.

In 2021, the company will start construction of OAC's first building, the Porsche Center mobility building.

Ostomycure AS (73.66 % ownership)

Ostomycure has developed a titanium implant as an alternative to colostomy bags to improve the patients' quality of life. A clinical study is currently being carried out to demonstrate the product's functionality, but the Covid-19 pandemic is restricting opportunities to perform elective surgery. At the end of 2018, the company was awarded a grant of EUR 2.5 million under the EU Commission's 2020/FTI (Fast Track to Innovation) programme.

Organisation and environment

At the reporting date, the Kistefos Group, including associates employed a total of 1,389 full-time equivalents. The parent company is headquartered in Oslo. The Group operates across the world.

The parent company employed 17.5 full-time equivalents at the end of year. The working environment is considered to be good. In 2020, 10 sickness absence days were recorded in the parent company, which equates to a sickness absence rate of 0.23 per cent. No injuries or accidents were reported in the Group or parent company in 2020.

The Group strives to facilitate equal opportunities for both women and men with regard to training, pay and development opportunities. The Group does not discriminate in its HR and recruitment policies. The parent company and Group endeavour to achieve an equal gender balance in recruitment. The Kistefos Group has prepared a dedicated Code of Conduct with guidelines to prevent discrimination and facilitate workplace adaptation for employees with special needs.

The parent company does not carry out any activities that pollute the environment to a significant extent. However, the Group does engage in activities that could be potential sources of pollution. The respective boards of these companies are responsible for ensuring that the business is operated properly and in line with the guidelines to prevent and limit environmental pollution.

The Covid-19 pandemic has resulted in major changes to working procedures, with many people working from home and extensive travel restrictions for large parts of the year. The organisation has adapted well and activities have to a small extent been affected by the changes.

The Group's risks

The Group is exposed to various types of risk. In addition to inherent market risk in individual companies or projects, the Group is exposed to other operational and financial risks in connection with its activities. The Group is exposed to foreign exchange risk through its operations and owner positions, and hedges its operating activities, assets and liabilities against foreign exchange fluctuations where deemed expedient.

An inherent risk attaches to the Group's accessibility to current and long-term liquidity, and the Board focuses on ensuring that both the company and Group have sufficient liquidity to cover their obligations at all times. This is particularly important given the current volatility of the finance markets. The Group also positions itself to leverage promising investment opportunities as and when they arise.

The Group is also exposed to fluctuations in interest rates. The Board and management actively monitor various areas of the business that are exposed to risk. Credit and regulatory risk are the greatest risks for the Group's banking business. Advanzia has a dedicated credit function that monitors and evaluates risk.

Significant events after the reporting period and the going concern assumption

The annual financial statements have been prepared under the going concern assumption. The Board confirms that the conditions for going concern are in place and that there have been no significant events since the reporting period that are not reflected in the Report from the Board of Directors and annual financial statements.

Outlook for 2021

Advanzia will continue its long-term focus on technology (FinTech) and to expand its customer base, lending balance and profitability. It is important that the bank gains further market shares in Germany and Austria, while gradually increasing customer revenues in France. The bank expects to continue its prudent strategy in Spain while economic and regulatory risk remains high, but will also endeavour to increase market shares here too. Investments in new IT projects and new markets will reduce the growth in profit after tax in 2021, but will also contribute to stronger long-term competitiveness. These investments will enable the bank to offer future-orientated services, and contribute to automation and use of artificial intelligence along its entire value chain.

It is difficult for VSS to predict the tempo and strength of potential market improvements and the market is expected to remain weak in 2021. Rig activities in the North Sea are expected to pick up slightly during 2021, but with many ships laid up it is difficult to predict whether this will result in increased rates and utilisation of the company's vessels. The company will probably have to make an issue in the second half of the year if earnings do not improve.

Western Bulk's market was characterised by relatively high rates at the start of 2021 compared with the previous three years, and the forward rates for the rest of the year are also relatively high. The company maintained its tonnage position of around 100 vessels at the start of the year. Western Bulk expects continued results improvements in 2021.

1881 Group expects growth in new services to partially offset the declining market for traditional services. Following the acquisitions of Idium and Prisguiden in 2018, 1881 Group is targeting both strategic and organic growth, in particular in digital solutions for the SME segment. Idium is the largest website provider for Norwegian businesses, with almost 4,000 customers and has a solid basis for further profitable growth centred on the SME market. Online shopping was the fastest-growing segment in 2020 with year-on-year growth of 36 per cent. Prisguiden delivers a sought-after service and is well positioned for future growth. . Revenues and EBITDA are expected to be slightly lower in 2021 than in 2020.

Going forward NextGenTel will focus on migrating its customer base. This will impact profits in the short term due to duplicate processes and dismantling the copper access network. Thanks to new IT infrastructure, we expect increased customer satisfaction and a more efficient organisation even with abnormally high activity levels. So far the company has performed better than expected at the acquisition date and is expected to generate stable earnings in 2021.

Bitpro expects higher revenues following the acquisition of Keynet and a strengthened sales organisation. The company will migrate its customer base to more modern access forms such as fibre and FWA. The company will also target larger Norwegian businesses with cloud services and is expected to generate improved results.

Through new contracts and ongoing expansion of the company's site in Tjeldbergodden, Lumarine has established a solid platform for further growth and profitability in 2021.

Komplett Bank is expected to gain new customers and increase its lending balance in 2021. To ensure the lowest possible loan losses the company will continue its focus on credit risk and default situations. The company aims to improve its cost to revenue ratio and expects improved results in 2021.

Instabank will target growth through investment in payment technology and selected partners such as Coop Norge. The company is also focusing on second-priority mortgages as a potential growth area. The company expects significantly improved results in 2021.

TradeIX will continue with the commercialisation of existing products while further developing new products with a strong focus on sales and new contracts. The company will require further growth capital during 2021 and has just signed an agreement with SNBC under which the bank will invest USD 10 million in the company.

Aspit will seek to achieve growth through acquisitions and upselling. Product development will be optimised to encompass more disciplines in order to expand the company's customer base.

Semine is in an early commercial phase after several years of product development. The company will focus on sales to new customers while developing new product modules using the same artificial intelligence. The company expects strong growth in 2021, but to continue to make a loss.

Promon is generating steady growth and expects further growth in 2021. The company aims to expand through direct and partner sales, with a main focus on existing industries. An expanded sales force will ensure better distribution in markets with low penetration. Promon expects good revenue growth in 2021.

OAC is focusing on zoning of land and signing new contracts. The company is expected to enter into a newbuild contract with a logistics operator in 2021.

Ostomcure is dependent on opportunities to perform elective surgery, which are only expected to materialise when hospital capacity improves in line with the Covid-19 situation. The company will require further capital in 2021.

Appropriation of net result for the year

The Board proposes that net loss for the year be appropriated as follows (figures in NOK '000):

Net loss for the year	-282,406
Transferred from other equity	573,206
Proposed Group contribution	-285,650
Proposed dividend	-5,150
Total appropriations	282,406

The Board proposes that NOK 265,072 thousand in Group contributions be distributed to subsidiaries.

Oslo, March 16 2021,
Board of Directors of Kistefos AS

Translation, not to be signed

Christen Sveaas Chairman of the Board	Erik Wahlstrøm Board member	Martin Reimers Board member
Tom Ruud Board Member	Ragnhild M. Wiborg Board Member	Bengt A. Rem CEO

KISTEFOS AS

Parent company		PROFIT AND LOSS STATEMENT		Group	
2019	**2020**	*Amounts in NOK 000s*	**Note**	**2020**	**2019***
		OPERATING INCOME			
0	0	Freight revenues ships		7 576 501	9 817 583
0	0	Sales revenue		1 278 750	1 267 955
0	0	Interest income, bank activities		3 578 961	3 000 923
0	0	Gain (loss) on disposal of fixed assets / operations		0	348 134
8 210	(940)	Other operating income		54 309	5 602
8 210	**(940)**	**Total operating income**	**1**	**12 488 521**	**14 440 197**
		OPERATING EXPENSES			
79	68	Cost of goods sold		549 553	493 216
0	0	Operating expenses ships		7 387 139	9 678 823
0	0	Interest expenses, bank activities		932 815	795 717
68 949	55 777	Wages and salaries	**3**	801 479	754 190
781	472	Depreciation and write-downs of fixed and intangible assets	**4**	345 337	271 630
100 940	77 360	Other operating expenses	**3**	1 461 733	1 504 059
170 749	**133 677**	**Total operating expenses**		**11 478 056**	**13 497 636**
(162 539)	**(134 617)**	**OPERATING RESULT**		**1 010 465**	**818 608**
		FINANCIAL INCOME AND EXPENSES			
606 435	85 089	Income / (expense) from group companies and associated companies		230	1 850
8 331	3 862	Interest received from group companies		0	(0)
12 122	10 494	Other interest received		15 933	27 670
412 592	(49 249)	Gain / (losses) on shares and other financial instruments		(58 796)	67 418
3	35 310	Other financial income	**2**	50 374	45 484
(192 608)	(53 917)	Change in value of shares and other financial instruments		86 877	(13 337)
(29 119)	(23 597)	Interest paid to group companies		(0)	(0)
(176 040)	(179 947)	Other interest expenses		(249 526)	(256 208)
(18 374)	(2 425)	Other financial expenses	**2**	(75 822)	(46 665)
623 342	**(174 380)**	**Net financial income / (expenses)**		**(230 729)**	**(173 788)**
460 803	**(308 997)**	**Profit before tax**		**779 735**	**644 820**
(3 218)	26 591	Taxes	**7**	(198 133)	(201 410)
457 585	**(282 406)**	**Profit after tax**		**581 602**	**443 410**
		Minority's share of net income		392 353	230 318
		Majority's share of net income		189 250	213 092

**: In 2020, Advanzia changed an accounting principle for the identification and measurement of the Expected Credit Loss (ECL) under IFRS 9. The numbers for 2019 have been restated to reflect the changes.*

KISTEFOS AS

Parent company		BALANCE SHEET		Group	
31.12. 2019	31.12. 2020	*Amounts in NOK 000s*	Note	31.12. 2020	31.12. 2019*
		ASSETS			
		FIXED ASSETS			
1 690	23 998	Deferred tax assets	7	9 053	8 360
0	0	Goodwill		58 309	77 940
0	0	Other intangible assets		853 587	872 909
1 690	**23 998**	**Total intangible assets**	**4**	**920 949**	**959 209**
0	0	Property and real estate		56 680	63 645
0	0	Ships, PSV and AHTS		1 520 961	1 631 496
58 478	84 022	Operating equipment, FF&E, machines etc.		271 399	241 792
58 478	**84 022**	**Total tangible fixed assets**	**4**	**1 849 040**	**1 936 934**
3 488 858	3 624 398	Investments in subsidiaries	5	0	0
0	0	Investments in associated companies	5	33 026	26 870
80 730	217 707	Loans to group companies		0	0
4 392	4 436	Other long-term receivables		5 457	7 238
3 573 980	**3 846 541**	**Total financial fixed assets**		**38 483**	**34 108**
3 634 147	**3 954 561**	**Total fixed assets**		**2 808 472**	**2 930 251**
		CURRENT ASSETS			
0	0	Goods for sale and consumption		272 875	383 114
2 153	77	Accounts receivable		405 212	505 996
0	0	Loans and advances, bank activities		19 858 034	17 558 155
240 787	137 288	Receivables from group companies		1 460	7 515
0	0	Restricted bank deposits		103 465	122 396
174 299	278 134	Other receivables		482 082	453 004
417 238	**415 499**	**Total goods for sale and receivables**		**21 123 129**	**19 030 181**
499 647	947 095	Shares and other financial instruments	6	1 387 124	886 138
0	0	Cash balances, bank activites		7 407 758	7 106 513
646 128	1 246 500	Cash and cash equivalents	9	1 710 895	1 215 073
1 563 014	**2 609 094**	**Total current assets**		**31 628 906**	**28 237 905**
5 197 161	**6 563 655**	**TOTAL ASSETS**		**34 437 378**	**31 168 155**

KISTEFOS AS

Parent company		BALANCE SHEET		Group	
31.12. 2019	31.12. 2020	*Amounts in NOK 000s*		31.12. 2020	31.12. 2019*
		EQUITY AND LIABILITIES			
		EQUITY			
		Restricted Equity			
310 828	310 828	Share capital		310 828	310 828
77 508	77 508	Other Restricted Equity		77 508	77 508
		Retained earnings			
1 352 940	779 734	Other Equity		1 281 395	1 322 913
		Minority interests		1 566 487	1 146 602
1 741 276	**1 168 070**	**Total Equity**	**8**	**3 236 218**	**2 857 852**
		LONG TERM LIABILITIES			
0	0	Deferred taxes	**7**	(0)	60 000
0	0	Pension liabilities	**3**	19 096	28 910
0	0	Liabilities to financial institutions	**9**	1 097 668	1 030 772
517 506	629 786	Liabilities to group companies		(0)	(0)
2 350 000	3 629 500	Unsecured bond-loans	**9**	3 629 500	2 350 000
0	0	Subordinated loan, bank activities		486 758	553 777
5 668	3 092	Other long-term liabilities		38 949	21 656
2 873 174	**4 262 378**	**Total other long-term liabilities**		**5 271 972**	**4 045 116**
		SHORT TERM LIABILITIES			
0	0	Credit balances, bank activities		23 863 120	22 073 523
17 233	15 948	Trade creditors		160 912	184 332
0	0	Taxes payable	**7**	229 345	102 389
12 164	2 725	Government taxes, holiday pay, tax deductions		66 937	69 235
288 292	555 872	Dividend/group contribution		290 800	311 814
265 022	558 661	Other short-term liabilities		1 318 073	1 523 894
582 710	**1 133 206**	**Total short-term liabilities**		**25 929 188**	**24 265 188**
3 455 885	**5 395 583**	**Total liabilities**		**31 201 159**	**28 310 304**
5 197 161	**6 563 655**	**TOTAL EQUITY AND LIABILITIES**		**34 437 378**	**31 168 155**

**: In 2020, Advanzia changed an accounting principle for the identification and measurement of the Expected Credit Loss (ECL) under IFRS 9. The numbers for 2019 have been restated to reflect the changes.*

Oslo, March 16 2021
Translation, not to be signed

Christen Sveaas
Chairman of the Board

Erik Wahlstrøm
Board Member

Martin Reimers
Board Member

Tom Ruud
Board Member

Ragnhild M. Wiborg
Board Member

Bengt A. Rem
CEO

KISTEFOS AS

Parent Company 31.12. 2019	Parent Company 31.12. 2020	CASHFLOW STATEMENT Amounts in NOK 000s	Group 31.12. 2020	Group 31.12. 2019
		CASH FLOW FROM OPERATIONAL ACTIVITIES		
460 803	(308 997)	Profit before tax	779 735	707 575
0	0	Taxes (paid) / repaid during the year	(116 943)	(10 757)
781	472	Depreciations	345 337	271 630
0	0	(Gain) / loss from sale of fixed assets	0	(348 134)
(412 592)	49 249	Net (gain) / loss on sale of shares and other financial instruments	58 796	(67 418)
(2 041)	2 076	Change in accounts receivables and loans/advances in bank activities	(2 199 095)	(3 152 648)
15 398	(1 285)	Change in accounts payables and credit balances in bank activities	1 766 177	4 665 785
0	0	Net FX on changes in accounts receviables/payables in foreign currency	(274 529)	26 240
		Change in goods for sale and consumption	110 239	45 307
(360 673)	(85 089)	Income from subsidiaries and associated companies	(230)	(1 850)
192 608	53 917	Change in value of shares and other financial instruments	(86 877)	13 337
(209 702)	(103 068)	Change in other receivables and other liabilities	(397 276)	15 761
(315 418)	**(392 726)**	**A = Net cash flow from operating activities**	**(14 667)**	**2 164 828**
		CASH FLOW FROM INVESTMENT ACTIVITIES		
(56 343)	(25 544)	Reduction/ (increase) in operating equipment, FF&E, buildings/real estate etc.	(91 803)	(107 492)
0	0	Reduction/(increase) ships	(18 949)	30 645
0	0	Reduction/(increase) other immaterial assets	25 226	(356 407)
382 600	0	Reduction/(increase) investments in subsidiaries/associated companies	(6 156)	(259 741)
(215 647)	(72 808)	Reduction/(increase) shares and other financial instruments	(136 110)	(65 058)
0	0	Change in restricted bank deposits	18 930	0
0	(103 835)	Change in other receivables	(29 077)	0
457 679	(12 195)	Change in receivables to group companies	0	229 219
568 289	**(214 382)**	**B = Net cash flow from investment activities**	**(237 938)**	**(528 835)**
		CASH FLOW FROM FINANCING ACTIVITIES		
0	0	Increase/(reduction) liabilities to financial institutions	(124)	(552 279)
640 000	1 279 500	Increase/(reduction) unsecured bond loan	1 279 500	640 000
0	0	Increase/(reduction) other liabilities	896	0
(789 997)	(101 000)	Capital increase/(dividend)	(209 732)	(1 100 705)
180 484	28 979	Reduction / (Increase) in loan to group companies	0	0
30 487	**1 207 479**	**C = Net cash flow from financing activities**	**1 070 540**	**(1 012 984)**
		Other Changes		
0	0	Cash in new subsidiaries in the Group	791	116 238
0	0	Other changes, accounting principles, and currency fluctuations	(21 658)	(12 536)
0	**0**	**D = Net other changes**	**(20 867)**	**103 702**
283 358	600 372	A+B+C+D = Net change in bank deposits and cash	797 067	726 712
362 769	646 128	Bank deposits and cash as per 1 January	8 321 586	7 594 875
646 128	**1 246 500**	**Bank deposits and cash as per 31 December**	**9 118 654**	**8 321 586**
		Balance of bank deposits and cash consists of:		
		Deposits bank activities	7 407 758	7 106 513
		Other bank deposits and cash	1 710 895	1 215 073

ACCOUNTING PRINCIPLES

These financial statements are presented in accordance with the Norwegian Accounting Act and generally accepted accounting practices in Norway.

This description of accounting principles is limited to descriptions that are mandatory in accordance with the accounting act or account-ing standards, and which are necessary to evaluate the accounts and are not explicitly described in the accounts or notes, and descriptions where the accounting act or accounting standards have optionality in regards of accounting principles.

Consolidation principles

The consolidated financial statements include the parent company Kistefos AS and companies in which it holds a controlling interest, directly or indirectly, regardless of how they are incorporated. These consolidated financial statements have been prepared in accordance with uniform principles that apply to the entire Group. Intragroup transactions, profits, receivables and payables have been eliminated. The cost of shares and interests in subsidiaries has been eliminated in the consolidated finan-cial statements against the shareholders' equity in the subsidiary companies at the time of establishment or purchase (the acquisition method). Excess values are distributed across the assets to which the excess values refer and are depreciated or amortised over the assumed life of the assets. Excess values that cannot be attributed to tangible or intangible assets are classified as goodwill and amortised. Goodwill is recognized in the balance sheet only with the majoritys share.

Minority interests are recognised as a separate item in the profit and loss statement and on the balance sheet. The minority's share of the profit is calculated on the basis of the subsidiary's profit after tax. On the balance sheet, minority interests are calculated as a share of the subsidiary's equity before intragroup eliminations.

When foreign subsidiaries are consolidated, balance sheet items are translated at the exchange rate on the balance sheet date. Profit/loss items are translated at the average exchange rate for the year. Translation differences are entered directly against the Group's equity.

Valuation and classification of assets and liabilities
The first annual instalment on long-term liabilities is included under long-term liabilities.

Assets and liabilities in foreign currency
Balance sheet items in foreign currency that are not hedged against exchange rate fluctuations are valued at the exchange rate on the balance sheet date

Transactions in foreign currency are converted at the exchange rate on the date of the transaction.

Financial instruments

Financial instruments are recognised in the financial statements in accordance with the intention behind the conclusion of the agreements. Agreements are defined as either hedging transactions or trades upon conclusion.

Financial instruments in the Group are derivatives linked to cargo, bunkers and exchange and interest rates. The derivatives are intended to hedge cash flows and future results. Gains/losses on financial hedging instruments are recognised at the same time as the effect of the hedged objects on the profit and loss statement.

Intangible assets

Costs from the maintenance of operating systems developed in-house are recognised as they are incurred. Development costs that are directly traceable to the design and testing of an identifiable and unique operating system that is controlled by the Group are recognised on the balance sheet as an intangible asset when certain criteria are met.

Fixed assets
Adaptions in leased premises are depreciated over the lease-contract period.

Subsidiaries, associated companies and joint ventures
Subsidiaries and associated companies are included in the parent company using the cost method.

Investments in companies in which the participants exercise joint control pursuant to agreement are recognised using the proportionate consolidation method

Write-down of fixed assets

In those cases in which the recoverable amount (higher of the utility value and sales value) of a fixed asset is lower than the recognised value, the asset is written down to the recoverable amount. The write-down is reversed if the basis for the write-down no longer exists.

Bunkers and other inventories
Bunkers and other holdings are recognised on the balance sheet under other current assets. The holdings are valued at whichever is the lower of their cost price and their fair value.

ACCOUNTING PRINCIPLES

Shares, stocks and other financial instruments

Financially motivated investments in shares and other financial instruments are classified as current assets and are valued according to the portfolio principle. The total portfolio is valued and the value adjusted if the total holding has a value lower than the acquisition cost. The acquisition cost is allocated based on average acquisition prices.

Short-term investments in companies in which the Group holds more than a 50% ownership interest are not consolidated if the objective of the investments is to dispose of all or parts of the individual investment after restructuring and development has been completed as planned.

Provisions are made for dividends on shares and these are recognised as income when it is deemed probable that the dividend will be approved by the general meeting

For the bulk operations, a writedown is made in case the total market value of its leases, freight and freight/bunkers-derivatives are negative. If the negative value exceeds the assets in the balance sheet, a provision is made for the excess value.

For Bank activities, loss provisions are made on credit card loans and other loans in accordance with IFRS 9. This means that the bank makes provisions for losses on good customers who pay on time, in addition to customers that have not paid in time. The loss provisions are calculated on the basis of historical data, where expected loan losses are projected based on this.

The Bank assesses that credit card loans which are more than 60 days past due are to be considered as impaired. Loans 90 days past due are cancelled, and the full outstanding loan balance becomes payable.For impaired loans that are considered uncollectible, the Bank will fully write off the loan balances and any related allowances for impairment.

Lease commitments

All material leasing commitments are classified as operational leasing. Leasing expenses are classified as ordinary operating expenses.

Revenue recognition principles

Sales are recognised in the profit and loss account when revenues can be reliably measured, it is probable that economic benefits will flow to the Group, and special criteria associated with the various forms of sale mentioned below are met. The Group bases the estimates for recognising revenues on historical figures, assessments of the type of customer and transaction, and any special circumstances associated with the individual transaction.

Interest income and other financial income are recognized in the profit and loss as they are earned.

Offshore og shipping

Income contingent upon travelling and expenses from offshore and shipping activities are accrued based on the number of days of the travel before and after year-end. Freight revenues on a bareboat basis are treated as freight revenues.

Telecom

Customers are billed by the telecommunications operators (the operators) via their ordinary telephone bill. The Group bills the operators. Earned revenues that have not been billed are presented as accounts receivable. Revenues are measured at fair value from the fee received from operators, i.e. net after the operator’s share and not at the fair value of the fee paid by the end customer

In the case of manual number information, the service is deemed to have been delivered when the phone call is completed.

Revenues from directory listings (advertisements, keywords, etc.) and advertising banners are periodically accrued over the lifetime of the contract from the month the listing is posted on the website and over a period that corresponds to the contract's term of office, usually 12 months.

Bank activities

Interest income and expense are recognised in the P&L using the effective interest method. When calculating the effective interest rate, the Bank considering all contractual terms but not future credit losses. The calculation of the effective interest rate includes fees and points paid or received that are an integral part of the effective interest rate. For impaired assets, the Bank continues to recognize the interest income based on the effective interest method.

Maintenance and classification expenses

Periodic maintenance and docking of vessels are recognised on the balance sheet over the period up to the next periodic maintenance. Actual expenses from running maintenance are charged against operating income when maintenance takes place.

Gifts and sponsorships

The parent company supports charitable, cultural and non-profit purposes, including the distribution of scholarships for studies at the most recognized foreign universities. Non-recurring gifts are expensed in the year in which both the declarant and the recipient agree on the terms of the performance, and the Company (the Group) has an irrevocable obligation to render the gift, regardless of the date of payment. Benefits where the Company receives a consideration, typically sponsorship agreements etc., are expensed normally when incurred, or for significant agreements, if significant future consideration can be demonstrated, at the time when the consideration is received by the Company (the Group).

NOTES TO THE ACCOUNTS

Amounts in NOK 000s

NOTE 1 - BUSINESS AREAS

	Bank	Bulk	Offshore	Industrial shipping
Operating Income 2019	3 033 133	9 352 285	449 453	0
Operating Income 2020	3 619 609	7 330 980	260 122	0

	IT / Telecom	Real Estate	Other	Group
Operating Income 2019	995 234	2 108	607 984	14 440 197
Operating Income 2020	1 165 687	0	112 123	12 488 521

Operating Income by geographical areas	2020	2019
Nordic region	1 722 170	2 060 446
Rest of Europe	6 086 044	6 196 962
North America	621 687	866 811
Rest of the world	4 058 619	5 315 977
Total	**12 488 521**	14 440 197

NOTE 2 - OTHER FINANCIAL INCOME AND EXPENSES

	Parent Company		Group	
	2020	2019	**2020**	**2019**
Share dividends	0	0	0	0
Gains on foreign exchange	0	0	3 642	33 462
Other financial income	35 310	3	46 732	12 022
Total other financial income	**35 310**	**3**	**50 374**	**45 484**
	2020	2019	**2020**	**2019**
Loss on foreign exchange	0	(7 035)	(34 544)	(19 885)
Other financial expense	(2 425)	(11 337)	(41 277)	(26 778)
Total other financial expenses	**(2 425)**	**(18 374)**	**(75 822)**	**(46 665)**

NOTE 3 - WAGES AND SALARIES, REMUNERATION, PENSIONS ETC.

	Parent Company		Group	
	2020	2019	**2020**	2019
Wages and salaries, holiday pay, fees etc	46 036	58 943	666 322	613 601
Employer's tax	6 138	6 760	63 177	66 087
Pension expenses benefit-based pensions	0	0	15 836	16 328
Pension expenses contribution-based pensions	1 888	1 508	22 014	16 543
Other personnell expenses	1 715	1 737	34 133	41 631
Total wages and salaries	**55 777**	**68 949**	**801 479**	**754 190**
Full time equivalents	18	15	1 054	1 042

Wages and salaries for ship-based crews are recognised under operating expenses, ships.

Renumeration of the company's officers and managing director
The Executive Chairman NOK 0, other fees to the Board of Directors NOK 1 000.

The Managing Director's salary, bonus and other remuneration amounted to NOK 6 619 in 2020.

The Managing Director has a bonus agreement based on performance components and value creation, as well as concractual agreement of 6 months salary after an eventual resignation. Beyond the above-mentioned benefits for the Managing Director and the members of the Board of Directors, there are no other agreements relating to bonuses, severance packages, subscription rights or options.

NOTES TO THE ACCOUNTS

Amounts in NOK 000s

Auditor's fee (ex. VAT)	Parent Company	Group	
		Parent company's auditor	Other auditors
Statutory audit	759	3 471	3 191
Assistance with preparing annual financial statements, tax returns and other tax services	725	1 274	1 996
Services other than audit	22	555	2 340
Total	1 506	5 300	7 527

Some of the subsidiaries have a defined benefit pension scheme that covers a total 340 (431) employees in the Group at 31 December 2020, of which 307 (312) are retired. The employees are beneficiaries to certain defined future benefits. These benefits mainly depend on the number of earnings years, salary at the age of retirement, future returns on pension assets and size of the benefits received from the National Insurance Scheme.

The collective pension agreement is financed by generating reserves structured in a life insurance company. Net pension expenses are categorised in their entirety as wage and salary expenses in the financial statements. Under the Norwegian Mandatory Occupational Pension Act, Kistefos AS is obliged to have an occupational pension scheme. The scheme satisfies the relevant requirements.

	Group	
Pension expenses and liabilities in the financial statements:	**2020**	2018
Current value of this year's pension contributions	(148)	110
Interest cost of accrued pension liability	290	481
Expected return on pension assets	(122)	(260)
Amortisation	0	0
National insurance contribution and administration expenses	5 454	6 021
Changes in pension scheme	(245)	0
Net pension expenses, contribution plans	9 017	9 976
Year's pension expenses/(income)	**14 246**	**16 328**
Pension assets/(liabilities):	**2020**	2019
Estimated pension liabilities	(173 643)	(187 251)
Pension assets (at market value)	157 644	163 896
Unrecognised actuarial differences	0	0
Estimated national insurance contribution	(2 901)	(5 554)
Adjustment IFRS to NGAAP	0	0
Net book value, pension liabilities	**(18 900)**	**(28 910)**
Pension scheme with net liability classified as an accrual	**(18 900)**	**(28 910)**
Pension assets included in other receivables	**0**	**0**

Estimate assumptions:	
Discount rate	0,8 % - 2,4 %
Expected returns	0,8 % - 2,4 %
Wage and salary adjustment rate	2,00 % - 2,50 %
National Insurance Scheme's basic pension adjusmtent rate	2,00 % - 2,25 %
Pension regulation	0 % - 2,25 %

Amounts in NOK 000s

NOTE 4 – TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

	Parent Company	Group	
	FF&E machinery, etc.	FF&E machinery, etc.	Buildings real estate
Acquisition cost as per 1 January	67 403	520 850	93 756
Reclassification	0	3 940	(17 627)
Foreign currency translation differences	0	2 498	0
Additions during the year	26 016	114 253	7 867
Disposals during the year	0	(142 240)	0
Acquisition cost as per 31 December	**93 419**	**499 302**	**83 996**
Depreciations and amortisations as per 1 January	8 924	307 978	28 843
Reclassification	0	99	(5 430)
Foreign currency translation	0	2 649	0
This year's depreciations	472	49 363	3 903
This year's writedowns	0	0	0
Additions during the year	0	11 216	0
Disposals during the year	0	(143 404)	0
Accumulated depreciations and amortisations	9 396	227 903	27 316
Book value as per 31 December	**84 022**	**271 399**	**56 680**
Economic life	5-10 years	3-10 years	50 years
Depreciation plan	Straight line	Straight line	Straight line Real estate is not depreciated

	Ships, Offshore	Other Intangible assets	Goodwill / (Negative Goodwill)	**Total Group**
Acquisition cost as per 1 January	2 195 492	1 681 849	(107 421)	4 384 525
Reclassification	0	(258)	0	(13 945)
Foreign currency translation differences	(81 595)	25 767	0	(53 330)
Additions during the year	19 377	124 065	0	265 562
Disposals during the year	(44 472)	(209 189)	(1 000)	(396 900)
Acquisition cost as per 31 December	**2 088 802**	**1 622 234**	**(108 421)**	**4 185 912**
Depreciations and amortisations as per 1 January	624 853	811 008	(182 866)	1 589 816
Reclassification	0	(40 780)	0	(46 111)
Foreign currency translation	(87 137)	5 207	0	(79 281)
This year's depreciations	75 506	200 427	16 140	345 337
This year's writedowns	0	0	0	0
Additions during the year	0	0	0	11 216
Disposals during the year	(45 381)	(207 206)	0	(395 991)
Accumulated depreciations and amortisations	567 841	768 647	(166 731)	1 424 976
Book value as per 31 December	**1 520 961**	**853 587**	**58 309**	**2 760 936**
Economic life	20-25 years	2 - 99 years	5 years	
Depreciation plan	Straight line	Straight line / 10 % balance	Straight line	

Goodwill/ (Negative goodwill)

Net goodwill consists mainly of negative goodwill following the acquisition of shares in Viking Supply Ships AB in 2016 and 2018 (NOK -43 017), goodwill from acquisitions / issues in Western Bulk Chartering AS (NOK 25 202), goodwill in O1881 Group (NOK 32 497), goodwill in Lumarine (NOK 18 526) and NextGenTel (NOK 25 101). The items are depreciated in accordance with the Accounting Act.

Intangible assets

Intangible assets derive from the acquisition of Opplysningen 1881 AS in 2011, Digitale Medier AS in 2017 and NextGenTel in 2019, as well as internally developed IT - and production systems.

Lease agreements

Western Bulk Chartering has signed some long-term T/C agreements with a duration for longer than 12 months. These represent a lease liability of USD 55,711, excluding options. In addition, Bulk Invest has entered into some long-term T/C agreements as charterer. These represent a lease asset of USD 9,298.

NOTES TO THE ACCOUNTS

Amounts in NOK 000s

NOTE 5 – INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

The parent company owns the following direct ownership interests in consolidated companies	Ownership share / voting rights	Business office
Kistefos Eiendom AS	100,0 %	Oslo
Kistefos Venture Capital AS	100,0 %	Oslo
Oktant Invest AS	100,0 %	Oslo
Viking Invest AS	100,0 %	Oslo
Advanzia Holding AS	100,0 %	Oslo
Kistefos Equity Holdings AS	100,0 %	Oslo
Advanzia Bank S.A.	60,3 %	Luxembourg
Odin Viking SPV AS	100,0 %	Oslo
Holding Akvaservice AS	100,0 %	Oslo
Kistefos Equity Holding AS	100,0 %	Oslo
Kistefos International Investments AS	100,0 %	Oslo

Total book value of the subsidiaries is NOK 3 624 398

Material subsidiaries	Parent company	Ownership share / voting rights	Business office
Viking Supply Ships AB	Viking Invest AS	78,3 % / 74,7 %	Kristiansand
1881 Group AS	Kistefos Venture Capital AS	100 %	Oslo
Western Bulk Chartering AS	Kistefos Equity Holdings AS	80,7 %	Oslo
NextGenTel Holding AS	Telecom Holding 3 AS	100 %	Oslo
Lumarine AS	Holding Akvaservice AS	94,5 %	Tømmervåg

NOTE 6 – SHARES AND OTHER FINANCIAL INSTRUMENTS

PARENT COMPANY

	Profit/Equity in last financial statement	Number of shares owned	Ownership interest	**Book value**
Komplett Bank ASA (in addition to 2,860,000 shares in forward contracts)		35 747 285	19,2 %	312 789
Instabank ASA		83 126 568	25,0 %	137 264
TradeIX Ltd		72 906	28,0 %	91 124
Aspit AS		2 358	47,6 %	89 681
Ostomycure AS (ownership incl. convertible loan)*	10 458/8 316	21 427 926	73,7 %	90 970
-Diffia AS		48 014	23,3 %	25 254
Seram Coatings AS		896 162	25,0 %	10 217
Other shares and financial instruments				189 796
Total shares and other financial instruments – parent company				**947 095**

OWNED BY SUBSIDIARIES

		Number of shares owned	Ownership interest (%)	**Book value**
Oslo Airport City AS		20 539 565	24,8 %	205 396
Promon AS		201 399	29,1 %	22 566
Semine AS*		518 158	50,0 %	85 356
Antler (shares and investment funds)			6,8 %	65 543
Previwo AS*	-4 426/18 015	1 091 484	50,9 %	30 289
Strommad AB		130 664	10,0 %	3 000
Other shares and financial instruments				27 881
Total shares and other financial instruments – Subsidiaries				440 031
Total shares and other financial instruments – Group				**1 387 124**

* Not consolidated due to temporary ownership.

NOTES TO THE ACCOUNTS

Amounts in NOK 000s

NOTE 7 – TAXES

	Parent Company		Group	
Tax expenses for the year:	**2020**	2019	**2020**	2019
Change in deferred tax/deferred tax assets*	(22 309)	3 218	(35 177)	(4 998)
Tax payable	0	0	252 217	208 989
Tax on group contribution in P&L	(4 282)	0	(544)	10 709
Other changes	0	0	(18 363)	(13 290)
Year's tax expense/(income)	**(26 591)**	**3 218**	**198 133**	**201 410**

**: Change in deferred tax differs from the tax effect of changes in temporary differences because the tax effect of parts of the group contribution is recognized directly against deferred tax assets in the balance sheet.*

Tax payable in this year's tax expense:	**2020**	2019
Operating result before tax	(308 997)	460 803
Permanent differences	11 860	(745 760)
Change in temporary differences	(18 057)	(8 489)
Basis for tax payable	**(315 195)**	**(293 446)**
Tax (22 % /23%)	0	0

Specification of the basis for deferred tax:	Parent Company		Group	
Offsetting differences	**2020**	2019	**2020**	2019
Temporary differences, current receivables/debt	39 386	0	(17 218)	(9 545)
Temporary differences, fixed assets/long term debt	(811)	10 367	323 042	418 692
Temporary differences, others	8 894	(187 214)	(199 596)	(132 954)
carried forward	(432 666)	(32 020)	(621 155)	(382 623)
Change in deferred tax/(deferred tax assets)	**(385 197)**	**(208 868)**	**(514 928)**	**(106 430)**
	22 %	*22 %*	*22% - 23%*	*22% - 23%*
Estimated deferred tax/(deferred tax assets)	**(84 743)**	**(45 951)**	**(113 296)**	**(23 415)**
			0	0
Deferred tax - not recognized on balance sheet	**(60 745)**	**(44 261)**	**(72 146)**	**(75 055)**
Net deferred tax / (deferred tax asset)	**(23 998)**	**(1 690)**	**(41 150)**	**51 640**
Deferred tax on balance sheet	**0**	**0**	**0**	**60 000**
Deferred tax asset on balance sheet	**(23 998)**	**(1 690)**	**(9 053)**	**(8 360)**

Net deferred tax asset is recognized in the balance sheet when its deemed probable that the asset can be utilized. Deferred tax assets and deferred taxes are offset against each-other when they can be utilized in such manner.

NOTE 8 – SHAREHOLDERS' EQUITY

PARENT COMPANY	Share capital	Other paid equity	Other equity	**Total equity**
Equity as per 1 January	310 828	77 508	1 352 940	1 741 276
Profit/(loss) for the year	0	0	(282 406)	(282 406)
Provision for group contribution	0	0	(285 650)	(285 650)
Provision for dividend	0	0	(5 150)	(5 150)
Other changes and conversion differences	0	0	0	0
Equity as per 31 December	**310 828**	**77 508**	**779 734**	**1 168 070**

The company's share capital is NOK 310,828 divided into 22,202,000 shares at NOK 14 each. All shares carry equal rights.
The company's shares are owned by AS Holding (98.23%) and Kistefos Skog AS (1.77%), all companies indirectly owned by Christen Sveaas.

GROUP	Share capital	Other paid equity	Other equity	Minority interests	**Total equity**
Equity as per 1 January	310 828	77 508	1 348 509	1 163 454	2 900 298
Chance in accounting principle Advanzia Bank	0	0	-25 595	-16 851	(42 446)
Equity as per 1 January - restated	310 828	77 508	1 322 914	1 146 603	2 857 853
Profit/(loss) for the year	0	0	189 250	392 353	581 602
Provision for group contribution	0	0	(285 650)	0	(285 650)
Provision for dividend	0	0	(5 150)	0	(5 150)
Other changes and conversion differences	0	0	60 032	27 531	87 563
Equity as per 31 December	**310 828**	**77 508**	**1 281 395**	**1 566 487**	**3 236 218**

NOTE 9 – DEBT, MORTGAGES, GUARANTEES, DISPUTES AND RESTRICTED BANK DEPOSITS

The parent company has at year-end 2020 and 2019 no secured debt.
The Group has debt of NOK 1 097 668 (2019: NOK 1 030 772) that is pledged in assets with a book value of NOK 1 364 053 (2019: NOK 1 377 886).

Advanzia Bank have a hybrid loan of EUR 25,000 with a 10-year maturity. In accordance with Norwegian GAAP, NOK 225,000 of the hybrid capital has been reclassified from equity in Advanzia's official accounts to debt in Kistefo's consolidated financial statements. Lumarine has loan of NOK 16,404 which falls due in 2026. There are no other debt that matures later than five years in the Group.

The parent company has no liabilities that matures later than five years.

Bank deposits and overdraft facilities

NOK 145 449 (2019: NOK 104 436) of the parent company's and the Group's bank deposits are in deposit accounts as collateral for forward funded shares. This can be freed when the instalments are realised.

In addition to this, NOK 1 650 (2019: NOK 8 528) is deposited in tax withholding account for the parent company.

Western Bulk Chartering has restricted cash deposits of USD 12 026 related to obligations to brokers, guarantees and pension liabilities.
As 31.12.20, Western Bulk Chartering had drawn USD 9,100 of a USD 20,000 revolving credit facility (RCF). In addition, the company had drawn USD 4,900 on a USD 5,000 frame on a bunker facility and the entire drawable amount on a USD 10,000 overdraft facility.

As of 31.12.20. Lumarine has drawn NOK 12,711 of an overdraft facility of NOK 35,000.

The parent company and Group are subject to covenant requirements concerning a minimum level of available liquidity.
The parent company and Group were in compliance with these requirements as per 31 December 2020.

Guarantees, etc.

Kistefos AS has provided a guarentee for the NOK 500,000 drawdown facility in Advanzia Holding AS. Kistefos's guarantee was not exposed to losses at the time the financial statements were presented.

Kistefos AS has provided a guarantee for the overdraft facility in Western Bulk Chartering AS of USD 10,000. Kistefos's guarantee was not exposed to losses at the time the financial statements were presented.

Opplysningen 1881 AS and Digitale Medier AS has pledged guarantees as collateral for various operations-related liabilities. Bank guarantees and collateral totalling NOK 13 600 in value have been pledged as security for the liabilities.

Disputes:

The subsidiary Western Bulk Chartering AS is involved in legal disputes, both as a defendant and as a plaintiff. The company makes accounting provisions based on the individual cases. The provisions made in the company's financial statements are considered sufficient, and of no material effect for the Group. The Group does not wish to describe the provisions in detail due to ongoing cases. In total, the company as a defendant has booked provisions of USD 5,100 as of 31.12.2020, compared with USD 4,500 as of 31.12.2019.

Gyldenløve 15 AS has appealed the district court's decision that the expropriation decision against the company is valid, and appeal hearings are scheduled in Borgarting Lagmannsrett 7 - 11 June 2021. The company has made an accounting assessment of the expected outcome of the case, and on this basis has not booked any write-down in the accounts.

China Invesments AS (wholly owned subsidiary of Kistefos AS) has appealed against a decision by the Tax Authorities on increased taxable income in connection with the sale of fund shares in 2015. No provision has been made for the tax expense in the accounts. The case is under consideration by the Tax Appeals Committee.

NOTE 10 – FINANCIAL RISK FACTORS

Operational exposure
The Group's activities within shipping and offshore are exposed to the global cargo market and oil market, and results will vary with rates and utilisation rates. Where appropriate, cargo derivatives are used to hedge or adjust the risk exposure in the market. The Group is also heavily exposed to changes in the price of oil, which can cause major fluctuations in the cost of bunkers. Swap or forward contracts for fuel are used to reduce the bunkers risk.

Currency risk related to the balance sheet
The Group has significant operational activities abroad and needs ongoing exposure in foreign currencies in order to maintain its daily operations. The majority of the companies' income and expenses are in the same currency. Therefore, the overall currency risk in relation to cash items is relatively modest. Some small items in subsidiaries are hedged using forward exchange contracts.

The Group's financial statements are prepared in Norwegian kroner (NOK). Balance sheet risk arises when the subsidiaries' balance sheets are translated from their respective local currencies into NOK. The Group's liabilities are calculated on the basis of the currency composition of assets on the balance sheet.

Interest rate risk
The Group's interest rate risk primarily derives from long-term loans. Variable rate loans involve an interest rate risk to the Group's cash flow. Some items in subsidiaries are hedged using interest-rate futures.

Liquidity risk
The Group focuses on the liquidity reserves and liquidity necessary to cover ongoing operating liabilities. The liquidity requirements associated with loan covenants are monitored on an ongoing basis. It also focuses on the liquidity necessary to use derivatives for hedging purposes.

Credit Risk
Credit risk is the main individual risk for the banking activities. Credit risk is the risk of financial losses if a customer is uanble to fulfill its contractual obligations and, for the main part, arises in relation to the banks loans and advances to customers and other banks, as well as investments in debt papers. The bank has established a separate Credit Comittee which supervises and assesses the risk. This includes, amongst other, establishing credit guidelines and routines and structures for approval and renewal of credit facilities, and assessment and estimation of credit risk.

NOTE 11 – TRANSACTIONS WITH RELATED PARTIES, MATERIAL TRANSACTIONS AND EVENTS AFTER THE BALANCE SHEET DATE

In September 2020, Kistefos AS issued a new bond loan of NOK 1,000,000 with a maturity of 4 years (KIST07). In December, Kistefos AS issued another new bond loan of NOK 1,000,000 with a maturity of 4.75 years (KIST08). KIST05, which originally matured in November 2021 and with NOK 1,000,000 outstanding in September 2020, was repurchased in connection with the issuance of the two new bond loans. The repurchase was made in three installments, and at the end of 2020, NOK 405,000 was outstanding. On 27 January 2021, the option was exercised to buy back the residual NOK 405 million.

In 2020, Advanzia Bank S.A. repaid the AT1 bonds of NOK 85,000.

In November, Kistefos AS bought 35,747,285 shares in Komplett Bank ASA from Canica Invest AS at a price of NOK 8.75 per share, a total of NOK 312,789. Kistefos previously own 2,860,000 shares through forward contracts.

The parent company had liabilities to, and receivables from, other group companies. These are subject to interest of 6 month NIBOR + a 1.75% margin. In addition, Kistefos does some administrative work for other group companies. These are billed based on the arm's length principle.

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To the General Meeting of Kistefos AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kistefos AS showing a loss of NOK 282 406 000 in the financial statements of the parent company and profit of NOK 581 602 000 in the financial statements of the group. The financial statements comprise:

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

In our opinion:

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

Basis for Opinion

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

Other information

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

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

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

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 fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Oslo, 16 March 2021
RSM Norge AS

Translation, not to be signed

Per-Henning Lie
State Authorised Public Accountant