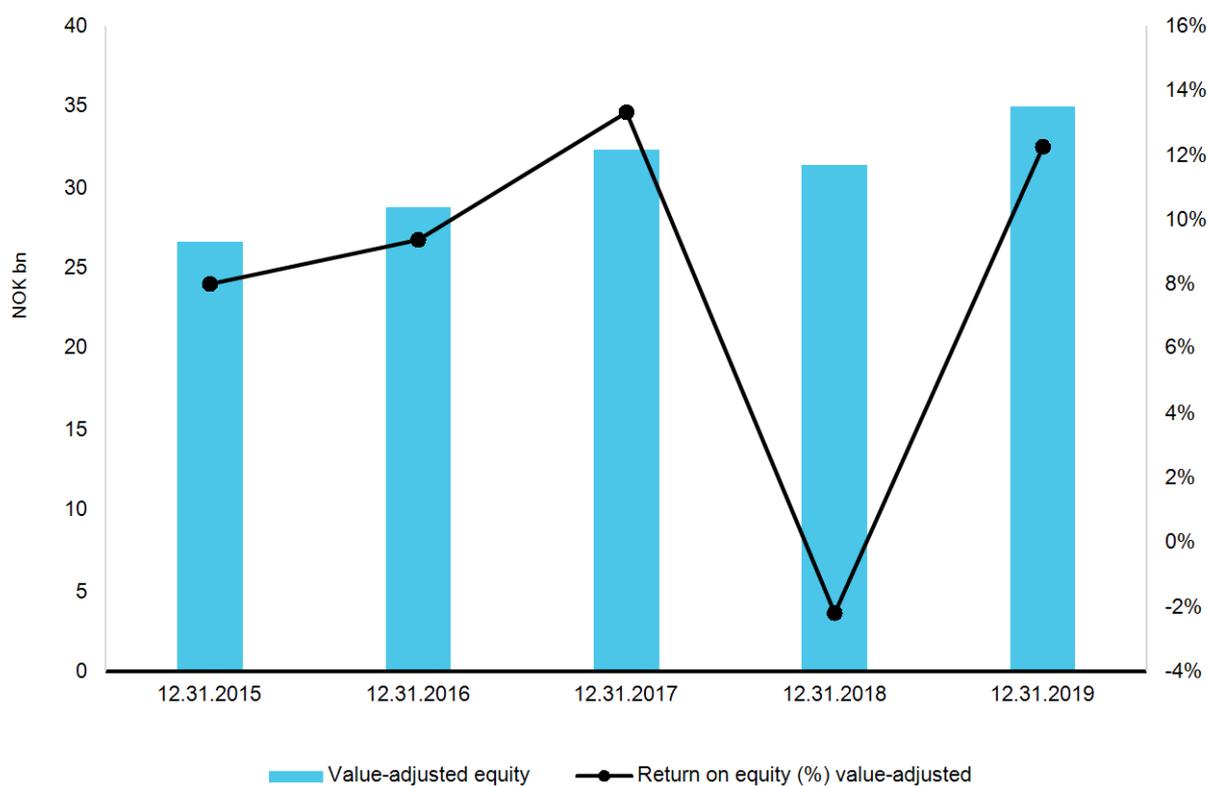


FERD

- Key figures
- Letter from the CEO
- Financial Statements Ferd Holding AS
- Board of Director's Report
- Financial Statements Ferd AS
- Financial Statements Ferd AS Group

KEY FIGURES

	2015	2016	2017	2018	2019
<i>NOK bn</i>					
Value-adjusted equity					
Value-adjusted equity	26,6	28,8	32,3	31,4	35,0
Return on equity value-adjusted	8%	9%	13%	-2%	12%
Liquidity					
Cash and cash equivalents	11,9	11,9	11,5	12,1	12,8



LETTER FROM THE CEO

In a constantly changing world, being able to adapt and innovate is crucial for success. The challenges posed today by climate change require real changes to be made by most industries, companies and individuals, as well as by Ferd as an investor. In 2017 we put sustainability clearly on our agenda, both at the group level and within all our business areas. We now carry out a comprehensive sustainability assessment when making any investment decision. For us, the question concerns not only today's business models, but also how we as an active owner can help the companies with which we are associated to make good long-term and sustainable decisions. Although meaningful progress has been made, there is room for further development, and we will continue to challenge ourselves in relation to how we can integrate sustainability into all our activities in a more systematic and active way.

The challenges posed today by climate change require real changes to be made by most industries, companies and individuals, as well as by Ferd as an investor

Ferd achieved robust results in strong markets in 2019, generating a combined return of 12%. I am pleased to report that all our business areas delivered a return in excess of 10%, although just as important is the underlying work and how we as an owner and partner contribute over time to the long-term development of our companies and business areas.

Ferd achieved robust results in strong markets in 2019, generating a combined return of 12%. I am pleased to report that all our business areas delivered a return in excess of 10%

The privately owned companies in Ferd Capital's portfolio made good underlying progress. The combined operating profit of these companies grew for the fourth year in a row, and in 2019 exceeded NOK 3 billion for the first time. Fjord Line and Interwell were once again two of the companies that made the biggest contribution to this improvement in earnings. It was also particularly exciting to see Aibel strengthen its position in offshore wind. Mesterguppen continued its journey to becoming one of the leading building materials groups in the Nordic region, and in 2019 it entered the Swedish market through its acquisition of XL-BYGG. We invested in Simployer (previously Infotjenester), a private HR technology company that offers organisations expertise and solutions for managing and developing employees through decision support, HR systems and training. We are looking forward to working with Simployer to help ensure it is even better equipped for growth and development.

Ferd Capital's investments in listed companies showed a mixed performance. In December 2019 we decided to sell

our investment in Scatec Solar with a strong gain following an ownership period of four years during which time the company has grown strongly. Other companies in the portfolio were weaker in 2019, with XXL's share price falling significantly over the course of the year, for example. We are closely monitoring the demanding period in which the sports industry finds itself in. In 2019 a Ferd representative was appointed to the Board of Directors of the UK listed company Benchmark Holdings, and we are now working actively to develop the company into a leader in fish health.

Ferd Invest delivered a return of 10% in 2019, which is a good performance in absolute terms but significantly below the Nordic benchmark that it aims to outperform. We appointed a new team in 2019 and are really pleased to have attracted two very experienced employees who are a good fit with Ferd. They have developed a new strategy for delivering sound results over time from their investment mandate for Nordic stock markets.

With a combined return of 14% in USD terms, Ferd External Managers performed strongly. The returns achieved by the Global Equity (equity funds and equity hedge funds) and the Global Fund Opportunities (illiquid niche funds) mandates were particularly strong, with both returning over 20%. We increased our exposure to Asia in 2019 with additional investment of NOK 250 million in five equity funds. In addition to broadening our geographic exposure, we will rotate the portfolio going forward toward greater equity capital exposure.

With a number of exciting projects in both residential and commercial real estate, 2019 was an active year for Ferd Real Estate. The return for the year was nearly 18%, which is yet another strong result for the area. Ferd Real Estate has for a long time been clearly focused on sustainability when designing new projects. Examples of this include the focus on green transportation that was adopted for the area's office building at Brynsveien 14 and our use for the first time of a green financing product for a newly built office building, Asker Tek.

In Ensjø, the project to transform the former industrial area into a residential neighbourhood is in its final stage, and Ferd and its partners have together now built 1,350 homes in Tiedemannsbyen. Going forward, our ambition is to make even more use of Ferd's position in order to make an even clearer contribution to sustainable urban development. A major opportunity to do just this is the NRK site in Marienlyst, which is a project that received a great deal of attention at Ferd in 2019. Ferd has dedicated considerable effort and resources to this, and we are proud to have been chosen to develop Marienlyst into an even more creative and inclusive district of Oslo. We are looking forward to starting this exciting work and will work hard to ensure that the LYST project becomes a great place to live, work and visit.

We are proud to have been chosen to develop Marienlyst into an even more creative and inclusive district of Oslo

In 2019 we expanded our focus onto impact investing, which is to say investing in early phase companies and funds with commercial potential that also have a positive

impact in terms of the UN's Sustainable Development Goals. Towards the end of the year we made an exciting platform investment in Antler, a global venture capital fund that specialises in impact start-ups. Going forward, we will make more investments in this segment, either by investing in funds or through other types of partnership, primarily in renewable energy, aquaculture and real estate technology.

In 2019 Ferd Social Entrepreneurs (FSE) celebrated the tenth anniversary of the SosEnt conference, which this time addressed the topic of social impact contracts. Social impact contracts are a new financing model that makes it possible to test out new solutions through collaborations between the public sector, investors and social entrepreneurs, and they are an important tool for social innovation. FSE, Trygg av Natur and Lier Municipality signed an impact contract in 2019 which aims to increase the life skills of lower secondary school students. In 2019 Ferd made a number of equity investments where Ferd's expertise as an active owner will benefit the social entrepreneurs concerned.

Overall, I am very satisfied with Ferd's progress. Our 2019 results were robust but in line with expectations given the strength of financial markets last year. What I am particularly pleased to see is the underlying progress made by many of our companies, as well as the ability of Ferd as an organisation to renew itself. We are now stronger and a more future-oriented organisation, we have significant financial capacity, and we are ready to make new investments and to exercise active ownership in our companies in a sustainable way.

**FINANCIAL
STATEMENTS**
FERD HOLDING AS
2019

THE BOARD OF DIRECTORS' REPORT FERD HOLDING

The Company's business is to be a holding company and to invest in shares.

The Company's main office is in Bærum municipality.

Pursuant to the Norwegian Accounting Act section 3-3a, we confirm that the financial statements have been prepared on the going concern assumption.

On the balance sheet date, 31 December 2019, there were only a limited number of cases of unknown virus reported to the WHO (World Health Organization), and there were no known cases where the virus was transmitted between humans. The WHO declared the corona outbreak as a global public health crisis on 30 January 2020 and as a global pandemic on 11 March 2020. The subsequent spread of the virus did not provide new information on conditions that existed on the balance sheet date on 31 December 2019. These are therefore events which, according to the standards, shall not have an accounting consequence for recognition and measurement in the 2019 annual accounts.

The Company has implemented a policy securing that there shall be no gender discrimination. There are no employees in the Company. The Company's Board comprises 4 men and 1 woman.

The Company's effect on the external environment is considered insignificant.

For comments to Ferd's results, please refer to Ferd.no

Comments to Ferd Holding AS' financial statements

Write down of the shares in Ferd AS from 2018, NOK 1 067 280 000, has been reversed as of 31 December 2019.

In the Board's opinion, the financial statements give a fair view of Ferd Holding AS' assets and liabilities, financial position and result.

Allocation of profit:

Total comprehensive income 2019	1 172 599 000
Share premium	1 172 599 000
Total allocated	1 172 599 000

Lysaker, 20 April 2020

In the Board of Directors for Ferd Holding AS

Signed

Johan H. Andresen
Chairman of the board

Signed

Henrik Brandt
Board member

Signed

Petter Winther Borg
Board member

Signed

Berit Ledel Henriksen
Board member

Signed

Sven Nyman
Board member

Signed

Morten Borge
CEO

Income statement 1 January - 31 December

NOK1000	Note	2019	2018
OPERATING INCOME AND EXPENSES			
Dividend and group contribution from subsidiaries	7	112 068	300 670
Loss sales of shares		-1 706	-
Write-down of shares in subsidiaries	4	1 067 280	-1 067 280
Operating income		1 177 642	-766 610
Salary expenses	3	1 805	-
Other operating expenses	3	3 358	1 873
Operating expenses		5 163	1 873
Operating profit		1 172 479	-768 483
Net financial result	2.7	120	3
Profit before tax		1 172 599	-768 480
Income tax expense	6	-	-
PROFIT FOR THE YEAR		1 172 599	-768 480

Total comprehensive income 1 January - 31 December

NOK1000	2019	2018
P PROFIT FOR THE YEAR	1 172 599	-768 480
TOTAL COMPREHENSIVE INCOME	1 172 599	-768 480

Balance sheet as at 31 December

NOK1000	Note	2019	2018
ASSETS			
Non-current assets			
Investments in subsidiaries	4	31 821 161	30 751 891
Shares and investments in other companies		78	10 000
Total non-current assets		31 821 239	30 761 891
Current assets			
Receivables on group companies	7	76 966	306 170
Bank deposits		6 613	950
Total current assets		83 579	307 120
TOTAL ASSETS		31 904 818	31 069 011
EQUITY AND LIABILITIES			
Equity			
Share capital	5	100 000	100 000
Share premium		31 725 062	30 662 463
Total equity		31 825 062	30 762 463
Current liabilities			
Other current liabilities		8	181
Debt to group companies	7	-	199 473
Debt to related parties	7	79 748	106 894
Total current liabilities		79 756	306 547
Total liabilities		79 756	306 547
TOTAL EQUITY AND LIABILITIES		31 904 818	31 069 011

Lysaker, 20 April 2020

In the Board of Directors for Ferd Holding AS

Signed

Johan H. Andresen
Chairman of the board

Signed

Henrik Brandt
Board member

Signed

Petter Winther Borg
Board member

Signed

Berit Ledel Henriksen
Board member

Signed

Sven Nyman
Board member

Signed

Morten Borge
CEO

Statement of changes in equity

2019

NOK1000	Share (note 5)	Share premium	Other paid in capital	Total paid -in equity	Other equity	Total other equity	Total equity
Equity at 1 January 2019	100 000	30 662 463	-	30 762 463			30 762 463
Total compr.Income 2019		1 172 599		1 172 599	-	-	1 172 599
Owner transactions							
Allocated dividend	-	-110 000	-	-110 000	-	-	-110 000
Equity at 31 December 2019	100 000	31 725 062	-	31 825 062	-	-	31 825 062

*) The company has in September and December paid an additional dividend to Ferd JHA AS, Ferd KGA AS og Ferd AGA AS.

2018

NOK1000	Share (note 5)	Share premium	Other paid in capital	Total paid -in equity	Other equity	Total other equity	Total equity
Equity at 1 January 2019	30	0	6	36	-	-	36
Total compr.Income 2019		-768 480		-768 480			-768 480
Owner transactions							
Capital increase	99 970	31 730 937			-	-	31 830 907
Allocated dividend		-299 994	-6	-300 000			-300 000
Equity at 31 December 2019	100 000	30 662 463	-	30 762 463			30 762 463

Statement of cash flows 1 January - 31 December

The cash flow statement has been prepared using the indirect method, implying that the basis used is the Company's profit before tax to present cash flows generated by ordinary operating activities, investing activities and financing activities, respectively. Cash and cash equivalents include cash and bank deposits

NOK 1000	2019	2018
Operating activities		
Profit before tax	1 172 599	-768 480
Dividend and group contribution	-112 068	-
Loss sales of shares	1 706	-
Write-down of shares in subsidiaries	-1 067 280	1 067 280
Changes in other receivables	-70 879	-306 054
Changes in other current liabilities	73 292	6 216
Net cash flow from/-used in operating activities	-2 631	-1 039
Investing activities		
Proceeds from sale of shares	8 294	-
Net cash flow from investing activities	8 294	-
Financing activities		
Cash proceeds from interest-bearing debt	-	1 985
Net cash flow from/-used in financing activities	-	1 985
Change in bank deposits	5 663	947
Bank deposits at 1 January	950	4
Bank deposits at 31 December	6 613	950

Note 1 General information and accounting principles

General information

Ferd is a family-owned Norwegian investment company committed to value-creating ownership of businesses and investments in financial assets. In addition to the group's purely commercial activities, Ferd has an extensive involvement in social entrepreneurship.

Ferd Holding AS is wholly owned by Johan H. Andresen and his family. Johan H. Andresen is the chairman of the Board. The Company's financial statements for 2018 were approved by the Board of Directors on 20 April 2020.

Basis for the preparation of the consolidated financial statements

Ferd Holding AS' financial statements are prepared in accordance with the regulation on simplified use of international accounting standards.

Consolidated financial statements are not prepared, as a consequence of the exception for parent companies in subgroups, cf. the Norwegian Accounting Act section 3-7. The Company is included in the consolidated financial statements of Ferd JHA AS.

The most significant accounting principles applied in the preparation of the financial statements are described below. The accounting principles are consistent for similar transactions in the reporting periods presented, if not otherwise stated

Receivables

Current receivables are initially recognised at fair value. At subsequent measurements, provisions for actual and possible losses are taken into account.

Current liabilities

Trade payables and other short-term liabilities are initially recognised at fair value and later at amortised cost. Trade payables and liabilities are classified as current if due within one year or being part of the ordinary operating cycle.

Dividends

Dividends proposed by the Board are classified as current liabilities in the financial statements, pursuant to the exception in the Accounting Act section 3-9's regulation about a simplified accounting standard section 3-1, first par. no. 4.

Note 5 Share capital and shareholder information

The Company's share capital at 31 December 2019 comprises the following classes:

	Number of shares	Nominal value	Carrying amount
A-shares	15 204 072	1,00	15 204 072
B-shares	84 795 928	1,00	84 795 928
Total	100 000 000		100 000 000

Eierstruktur

Shareholders as of 31 December 2019 was:	Ordinary shares	Share class	Stake	Voting right
Ferd JHA AS (100 % owned by Johan H. Andresen)	15 204 072	A	15,20%	69,98%
Ferd KGA AS (100 % owned by Katharina G. Andresen)	42 397 964	B	42,40%	15,01%
Ferd AGA AS (100 % owned by Alexandra G. Andresen)	42 397 964	B	42,40%	15,01%
Total	100 000 000		100%	100%

The shares in class A have 13 votes each, whereas shares in class B have 1 vote. This has been considered in the column for voting rights.

Note 6 Income taxes

The tax expense in the income statement includes tax payable and change in deferred tax. Tax on items recognised in other income and costs in other comprehensive income is also recognised in other income and costs in other comprehensive income, and tax on items related to equity transactions is recognised in equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities and the tax effects of losses to carry forward at the balance sheet date.

Deferred tax assets are only recognised in the balance sheet to the extent that it is probable that there will be future taxable profits to utilise the benefits of the tax reducing temporary differences. Deferred tax liabilities and assets are calculated according to the tax rates and regulations ruling at the end of the reporting period and at nominal amounts. Deferred tax liabilities and assets are recognised net when the Company has a legal right to net assets and liabilities. The Company has no temporary differences for the time being.

The income tax expense comprises

NOK1000	2019	2018
Tax payables	-	-
Change in deferred tax	-	-
Tax expense	-	-

Reconciliation of nominal to effective tax rate

NOK1000	2019	2018
Profit before tax	1 172 599	-768 480
Expected tax expense at the nominal tax rate (22%)	257 972	-176 750
Non-taxable gain/loss and distribution on securities	-259 791	-69 000
Unrealised changes in value of securities	-	245 474
Non-deductible expenses	1 819	276
Tax expense	-	-

Effective tax rate

0,0 % **0,0 %**

Deferred tax

NOK1000	2019	2018
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The Company has no temporary differences as of 31 December 2019

Note 7 Related parties

Parties are considered to be related when one of the parties has the control, joint control or significant influence over another party. Parties are also related if they are subject to a third party's or enterprise's joint control, or one party can be subject to significant influence and the other joint control. A person or member of a person's family is related when he or she has control, joint control or significant influence over the business. Companies controlled by or being under joint control by key executives are also considered to be related parties. All related party transactions are completed in accordance with written agreements and established principles.

Transactions and balances with related parties:

NOK1000	2019	2018
Assets		
Current receivables on Ferd JHA AS	-	5 500
Current receivables on Ferd AS	76 966	300 670
Total	76 966	306 170
Liabilities		
Short-term debt to Johan H. Andresen	700	899
Allocated dividend to Ferd JHA AS, Ferd KGA AS and Ferd AGA AS	-	300 000
Short-term debt to Ferd JHA AS	19 291	
Short-term debt to Ferd KGA AS	30 035	
Short-term debt to Ferd AGA AS	29 722	-
Short-term debt to Ferd AS	0	5 468
Total	79 748	306 367
Profit and loss		
Dividend from subsidiary recognised as income	110 000	300 000
Group contribution recognised as income	2 068	670
Interest income from group companies	138	
Interest expense from group companies	75	-
Total	112 282	300 670

Note 8 Events after the balance sheet date

On the balance sheet date, 31 December 2019, there were only a limited number of cases of unknown virus reported to the WHO (World Health Organization), and there were no known cases where the virus was transmitted between humans. The WHO declared the corona outbreak as a global public health crisis on 30 January 2020 and as a global pandemic on 11 March 2020. The subsequent spread of the virus did not provide new information on conditions that existed on the balance sheet date on 31 December 2019. These are therefore events which, according to the standards, shall not have an accounting consequence for recognition and measurement in the 2019 annual accounts..



To the General Meeting of Ferd Holding AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ferd Holding AS, which comprise the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 and fair presentation of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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.

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 and the going concern assumption is consistent with the financial statements and complies with the law and regulations.



Opinion on Registration and Documentation

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

Oslo, 20 April 2020
PricewaterhouseCoopers AS

Geir Haglund
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

**BOARD OF
DIRECTOR'S
REPORT
FERD AS**

BOARD OF DIRECTOR'S REPORT

The performance of the financial markets in the first quarter of 2020 has been very different from what we experienced in 2019. In 2019 equity markets rose significantly. The measures that the authorities have implemented to limit the spread of coronavirus have resulted in parts of the economies of Norway, the rest of Europe and America coming to a halt. There is much uncertainty about the level of economic growth that will be seen for the rest of the year. At the end of 2019, Ferd had significant liquidity and sizeable liquid investments, and its overall investment capacity was NOK 12.8 billion. Ferd's robust liquidity and its undrawn credit facility, which totalled NOK 6.9 billion, means that Ferd is well prepared not only to deal with the financial crisis that we are now facing but also to make the most of the potential market opportunities we think may arise.

2019 was a good year for Ferd. We achieved an overall return for the year of 12.3% or NOK 3.9 billion. All Ferd's business areas reported good results and delivered a return in excess of 10%. The return on Ferd Capital's combined portfolio was 16.3%. Nearly all of Ferd Capital's privately owned companies increased in value in 2019, and this portfolio delivered a return of 19.1%. Most of the business area's privately owned companies reported stronger earnings in 2019 than in 2018. Ferd achieved a return of 17.6% on its real estate portfolio. Good progress at Ferd Real Estate's residential development projects was the main reason for this performance. Ferd External Managers reported an aggregate return of 14.1% (in USD terms) on its four investment mandates, with three of the mandates delivering good results in both absolute and relative terms. Ferd Invest's portfolio of Nordic listed shares delivered a return of 10.3%, which is a weaker return than that of the benchmark against which it is measured.

The return on value-adjusted equity for Ferd as a whole was 12.3%. All Ferd's business areas reported good results and delivered a return in excess of 10%. Ferd achieved a return of 17.6% on its real estate portfolio.

In 2019 Ferd received payments totalling NOK 4.2 billion from investment realisations and dividends. In 2019 we realised our investment in Scatec Solar and received significant dividends from our portfolio of privately owned companies. Ferd invested a total of NOK 2.0 billion in 2019. The largest investments made in 2019 were in Ferd Capital's listed companies. In 2020 Ferd has invested in the HR-tech company Simployer and the Marienlyst real estate site. Ferd has purchased NRK's headquarters at Marienlyst, a project that we have called Lyst. At the end of 2019, Ferd's bank deposits and money market fund investments totalled NOK 3.9 billion, which represented over 11% of value-adjusted equity.

Ferd invested NOK 2.0 billion in 2019. The largest investments made in 2019 were in Ferd Capital's listed companies.

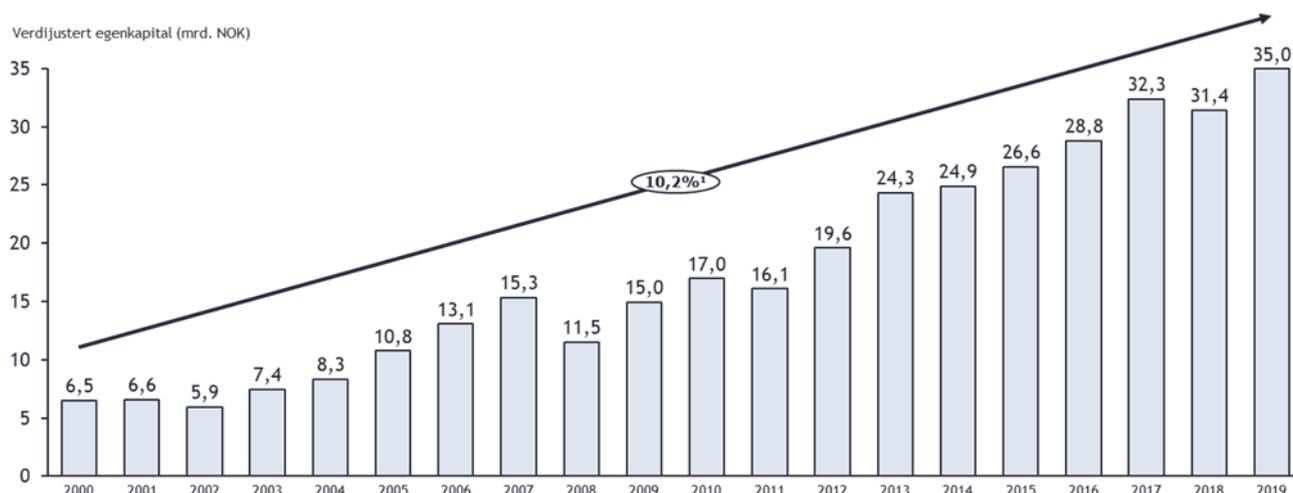
The group's value-adjusted equity and currency allocation

At the close of 2019, Ferd's value-adjusted equity was NOK 35.0 billion, following a return for the year of NOK 3.9 billion. Ferd holds a diversified portfolio of privately owned and listed equity investments, alternative investments, and real estate.

Ferd's equity investments provide good diversification between sectors and geographical markets. Approximately 50% of Ferd's investments are in Norwegian krone, slightly over 20% are in US dollar, approximately 20% are in euro and approximately 10% are in other currencies. In contrast with developments seen so far in 2020, there were in overall terms relatively small exchange rate changes for Ferd in 2019.

Since its launch in the spring of 2001, Ferd has generated a total return of NOK 31.5 billion, equivalent to an annual return of 10.2%. It is important that the returns achieved by Ferd to be assessed in the context of the absolute return achieved over time and how this relates to the level of risk exposure that has been involved.

Ferd's value-adjusted equity since 31 December 2000:



Financial results for Ferd AS

Ferd AS reports an accounting result for the year of NOK 3,728 million, which is an increase of NOK 4,087 million from 2018. The return delivered by Ferd's privately owned portfolio companies was the most important reason for this improvement.

For further commentary on Ferd's financial results in 2019, the reader is referred to the separate sections on each business area below.

Net cash flow for 2019 was made up of NOK 664 million from operating activities and NOK 665 million from investment activities. The dividends Ferd received from its privately owned portfolio companies were the main reasons for the positive cash flow from investment activities. Ferd's cash flow from financing activities was NOK -123 million.

The annual accounts have been prepared on the going concern assumption and, in accordance with Section 3-3a of the Accounting Act, the Board confirms that the going concern assumption is appropriate.

On the balance sheet date (31 December 2019), only a limited number of cases of an unknown virus had been reported to the World Health Organisation (WHO), and there were no known instances of human-to-human transmission. The WHO declared that the outbreak of coronavirus was a global public health risk on 30 January 2020 and a global pandemic on 11 March 2020. The subsequent spread of the virus did not provide any new information on matters that existed on the balance sheet date (31 December 2019). The coronavirus therefore does not qualify in terms of the accounting standards as an event that affects the figures recognised and measured in Ferd's 2019 accounts.

The registered office of Ferd AS is in Lysaker in Bærum municipality.

Financial results and cash flow for Ferd (Ferd AS group)

The group's operating revenue was NOK 18.2 billion in 2019, as compared to NOK 14.2 billion in 2018. The revenue from Ferd's financial investments increased from NOK -0.2 billion in 2018 to NOK 2.4 billion in 2019. Ferd Capital achieved positive and higher returns than in 2018 from all its non-consolidated portfolio companies, while Ferd Invest achieved a better absolute return on its equity portfolio. The earnings reported by these two business areas improved in total by NOK 2.2 billion from 2018.

The group's development activities are conducted at its subsidiaries. Development costs of NOK 139 million were expensed in 2019.

The group's tax charge for 2019 was NOK 493 million as compared to a charge of NOK 161 million in 2018. The principal reason for the higher tax charge was the unrealised increase in the value of Ferd AS' fund investments, which are not subject to the exemption method.

Net cash flow for 2019 was made up of NOK 3,795 million from operating activities, NOK - 1,738 million from investment activities, and NOK -104 million from financing activities.

Future prospects

Ferd's investment decisions are based to only a limited extent on the overall outlook for the macroeconomy and market developments. We are, rather, continually on the lookout for high-quality individual investment opportunities in all business areas. It is therefore factor specific to each investment opportunity that play the crucial role when deciding whether or not an investment is an attractive proposition.

The measures that the authorities have implemented to limit the spread of coronavirus have resulted in a marked decrease in the level of economic activity. At the time of writing, the unemployment rate has climbed significantly in most Western countries, including in Norway. Forecasters' estimates of the size of the decrease in global gross domestic product (GDP) that will be seen in 2020 vary. According to the IMF, global GDP will be over 3% lower, a bigger decrease than was seen during the financial crisis in the period between 2008 and 2010. The consequences of the pandemic can be divided into different phases. The first phase consists of the initial shock that we have experienced until now during which cities, regions and, in some cases, entire countries have been partially shutdown. The next phase consists of societies gradually re-opening and activity levels rising. There is a significant level of uncertainty around the length of time the economic recovery will take. The impact of the coronavirus crisis on businesses and the financial markets going forward is therefore unclear. In cases where we think it is right, Ferd has the capacity and liquidity to support its portfolio companies.

In 2020 the price of oil (Brent) has fallen from over USD 60 per barrel to under USD 20 and has now increased to over USD 30 per barrel. The combination of Saudi Arabia increasing its production significantly at the same time as the coronavirus pandemic reduced demand represented the two primary reasons for the fall. The travel restrictions and lockdown imposed in many countries have reduced air and road traffic significantly. There is a wide range of possible outcomes for both the price of oil and the level of oil-related investment spending in Norway and internationally in the years ahead.

Strategy

The overall vision for Ferd's activities is to "create enduring value and leave clear footprints". Ferd's corporate mission statement is that the group is "committed to value-creating ownership of businesses and investment in financial assets in situations that enable us to make good use of our expertise and the competitive advantages that result from our family ownership". Ferd will accordingly strive to maximise its value-adjusted equity capital over time.

It is Ferd's intention that its allocation of capital should be characterised by a high equity exposure and good risk diversification. With regard to investments in privately owned companies, Ferd's focus is on active and value-adding ownership. Ferd enjoys significant flexibility and does not have to hold a controlling interest and can take a long-term approach to ownership. This flexibility can give a competitive advantage in comparison with other investment companies that depend on sources of capital with limited time horizons.

The Board keeps Ferd's risk capacity under continuous review. This is particularly important when there are significant falls in the equity markets such as those we have experienced recently. The allocation of new capital, as well as the reallocation of capital between business areas, represents a systematic approach to making use of the group's capital base. Capital allocation must be consistent with the owner's willingness and ability to assume risk. Ferd's risk of fall in value is measured and monitored continually with the help of stress testing.

Ferd aims to maintain sound creditworthiness at all times in order to ensure that it has freedom of manoeuvre and can readily access low-cost financing when it wishes. In order to protect Ferd's other equity from risk, Ferd Capital and Ferd Real Estate carry out their privately owned investments as stand-alone projects. Good liquidity is important to ensuring Ferd has the freedom to manoeuvre as it wishes. Ferd has an internal liquidity requirement that stipulates that it must hold a minimum of NOK 4 billion in cash or liquid investments at all times. Ferd has always held liquidity comfortably in excess of the minimum liquidity requirements we impose internally and the requirements to which we are committed by loan agreements at the parent company level. Ferd has an active approach to currency exposure. We work on the assumption that a certain proportion of Ferd's equity will always be invested in euro and US dollar denominated investments, and accordingly do not normally hedge currency exposure against the Norwegian krone.

Ferd's sustainability work

In 2019 Ferd continued and intensified its work on how all parts of the organisation can work on sustainability in a more unified and systematic way. We have selected the United Nations' 17 Sustainable Development Goals, the Principles for Responsible Investment (PRI) and the UN global compact as the framework for Ferd's sustainability work.

With regard to Ferd's activities, it is useful to distinguish between two perspectives in relation to sustainability:

1. Active investor

This is a question of how an investment business such as Ferd's incorporates sustainability into its activities. In more concrete terms, it is about how we incorporate environmental, social and governance (ESG) factors into our investment decisions in order to manage risk and create long-term, sustainable returns.

2. Active owner

This is a question of individual companies integrating sustainability principles into their strategies, operational activities and corporate cultures and of them pursuing business opportunities that are both commercially viable and contribute to sustainability.

Both these perspectives are relevant to Ferd. The investor perspective is in different ways relevant to all our business areas. With regard to Ferd's business areas, the active owner perspective is relevant to Ferd Capital, Ferd Real Estate and Ferd Social Entrepreneurs. Ferd's business areas have different strategies for their ESG work as a result of the two different perspectives.

Ferd Capital now carries out an ESG analysis in relation to all new investment opportunities it assesses. If a potential investment is not assessed to be satisfactory from an ESG perspective, or if it is not probable that the ESG challenges associated with it can be resolved, no further work will be done on the opportunity. With regard to privately owned companies, Ferd enters into a discussion with the management of each company through its involvement in the work of each company's board of directors regarding the targets on which the company will focus going forward. When sustainability targets are being selected, emphasis is put on identifying targets that will have the biggest impact, e.g. on environmental challenges. Ferd Real Estate has selected seven of the UN's Sustainable Development Goals to work on further. An example of a key target for Ferd Real Estate is ensuring that an office building it has had constructed incorporates reduced energy consumption.

Ferd Invest has integrated ESG analysis into its assessments of all the Nordic listed companies which it considers. Ferd Invest's strategy was reviewed and adjusted in 2019. Following this strategy change, as part of its operating framework Ferd Invest is required to assess the ESG considerations associated with its investments. Ferd External Managers has ESG as a set agenda point when assessing all new and existing external managers. If a fund does not have a satisfactory ESG strategy, this will be followed up with the fund. The fund will be given some time to implement measures to improve on ESG factors. If Ferd External Managers finds that the fund is not working to resolve its ESG deficiencies, it will consider selling its investment in the fund. Over the last two to three years, Ferd External Managers has found that awareness of ESG questions in the fund industry has increased significantly.

Going forward, Ferd has a target of making more impact investments. In 2019 an individual was appointed to Ferd to manage this work. Before Christmas in 2019, Ferd made its first impact investment, specifically in Antler, an international company that identifies, develops and invests in entrepreneurs seeking to build tech companies to solve challenges and pursue opportunities globally. Ferd has previously invested in microcredit through the Nordic Microfinance Initiative, and its Ferd Social Entrepreneurs business area has made a number of equity investments. Impact investments are investments made with a target of generating a social and/or environmental impact. The level of financial return sought can vary, although "impact investing" involves targeting a satisfactory financial return. In contrast, the primary aim of social entrepreneurship is to generate a social impact and the

entrepreneurs become viable independently over time. Going forward, Ferd Social Entrepreneurs will focus in its sustainability work on putting in place more impact contracts and on continuing its work with Impact Startup. A social impact contract involves a private investor financing an activity with a fixed performance target, with the investor reimbursed by the public sector if the target is met.

Corporate governance

At Ferd we are committed to corporate governance. We think that good corporate governance leads over time to better decision-making processes and conclusions. There is therefore a clear division of roles between management and Ferd's Board of Directors/owners. The Board of Directors of Ferd Holding AS has substantially the same responsibilities and authority as the board of a public company. The Board of Directors of Ferd Holding held six board meetings in 2019.

Ferd Capital

Ferd Capital is a long-term investor that has an active ownership agenda in its portfolio companies during Ferd's ownership period to ensure the best possible value creation. The business area has three investment mandates: Privately owned companies, Listed companies and Special Investments. Ferd Capital now has investments in ten privately owned companies following its acquisition of Simployer, which took place in January 2020. Elopak is the largest privately owned company in the Ferd Capital portfolio and is Ferd's largest investment. The privately owned companies in which Ferd Capital had investments at 31 December 2019 were the following:

- Elopak, which is a leading supplier of packaging systems for liquid food products. The company's organisation and collaboration partners sell and market Elopak's products in more than 100 countries.
- Aibel, which is a service company that works in oil, gas and renewable energy. Its 4,000 employees, who are located in Norway and internationally, work on fields and installations on land and offshore.
- Interwell, which is a leading Norwegian provider of high-tech well tools to the oil and gas industry. The company's most important market is the Norwegian continental shelf, but in recent years it has also set up a presence in a number of other important international markets, such as Europe and the Middle East.
- Mestergruppen, which is one of Norway's largest groups in the building materials trade, homebuilding chains for builders, and real estate development.
- Brav, which is a market leader in the sports and outdoor industry and owns some of the most influential brands in its niche markets.
- Servi, which develops and manufactures customer-specific hydraulic systems, cylinders and valves for offshore, maritime and land-based industries.
- Mnemonic, which helps organisations to administer and address their digital security risks, to protect their data and to respond to internet-based threats.
- Fjord Line, which is a modern shipping company offering safe and environmentally friendly sea transportation and experiences between Norway, Denmark and Sweden.
- Fürst Medisinsk Laboratorium, which is a privately-owned laboratory specialising in medical biochemistry, clinical pharmacology, microbiology and pathology.

Ferd Capital's summary of 2019 is available on Ferd's website by clicking on the following link: [Ferd Capital](#)

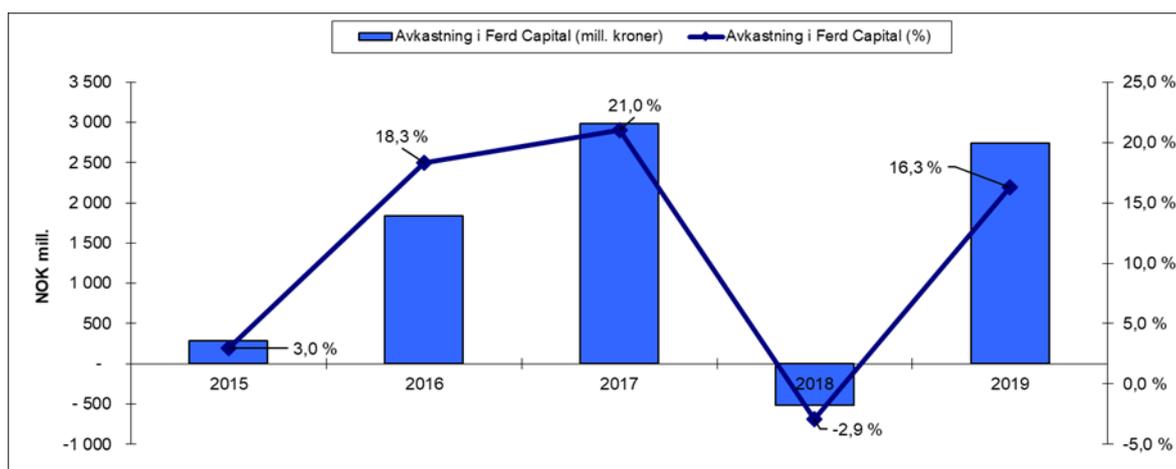
Ferd Capital seeks to actively contribute to the development of the stock exchange listed companies in which it has invested. In 2019 Ferd Capital increased its ownership interest in Nilfisk and realised its investment in Scatec Solar. Ferd Capital's two largest listed investments are:

- Benchmark Holdings, which helps improve fish health and sustainability in the fish farming industry by selling specialist foods, breeding and genetics products, and medications. Benchmark is present in 27 countries and markets its products in more than 70 countries.
- Nilfisk, which is a leading global provider of cleaning equipment and products, primarily for the professional market. The company offers an extensive range of premium products, of which the main product lines are floorcare equipment, vacuum cleaners and high-pressure washers.

Ferd Capital made two new equity investments through its Special Investments mandate in 2019. These investments were both made in partnership with Broodstock. The majority of the investments made through Ferd Capital's Special Investments mandate are made in partnership with another organisation, with Ferd Capital's partner having the role of monitoring the investment.

The majority of the privately owned companies in which Ferd Capital has invested delivered better earnings in 2019 than in 2018. The equity markets performed well in 2019, and the market multiples for many companies that are comparable to the private companies in Ferd Capital's portfolio improved in 2019 compared with 2018. The return on Ferd Capital's combined portfolio for 2019 was 16.3%. Ferd Capital's three portfolios were valued at NOK 18.5 billion in total at 31 December 2019.

Ferd Capital's return in percentage and NOK terms over the past five years:

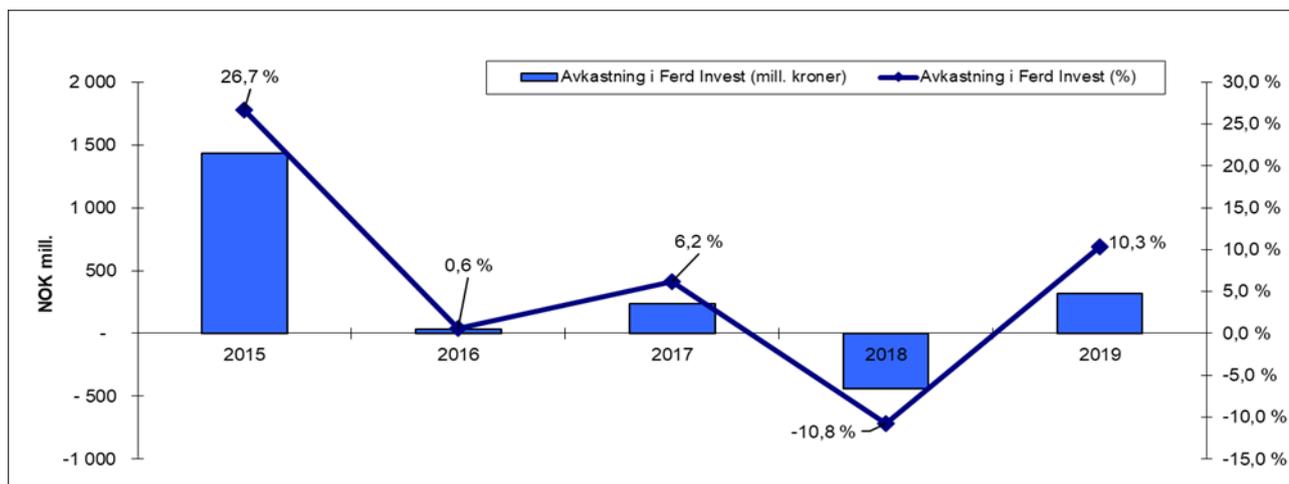


Ferd Invest

Ferd Invest is a financial investor that invests in listed Nordic companies. Its target is to generate a return that is higher than the return on its Nordic benchmark index. Ferd Invest's mandate does not stipulate limits with regard to the allocation of investments between countries or sectors. The portfolio is concentrated, which means that significant variation in relative return must be anticipated from time to time.

The Nordic equity markets rose very strongly in 2019. In the second half of 2018 the markets priced in a strong probability that we would see a global recession in 2019, and this led to big falls in stock markets in 2018, particularly in the fourth quarter of the year. Ultimately the world's economy softened in 2019, but there was no recession. The capital markets responded positively to this over the course of the year, with share prices rising significantly. Global interest rates also fell significantly in 2019.

Ferd Invest's return in percentage and NOK terms over the past five years:



Ferd Invest's portfolio of listed companies has generated a satisfactory absolute return in recent years, but its relative performance has been weak. Ferd Invest's benchmark index was up 23.5% in NOK terms in 2019. Ferd Invest generated a return of 10.3% in 2019.

The value of Ferd Invest's portfolio at 31 December 2019 was NOK 3.4 billion. The largest investments at the end of 2019 were Novo Nordisk, Lerøy, Essity and Hexagon.

Ferd External Managers

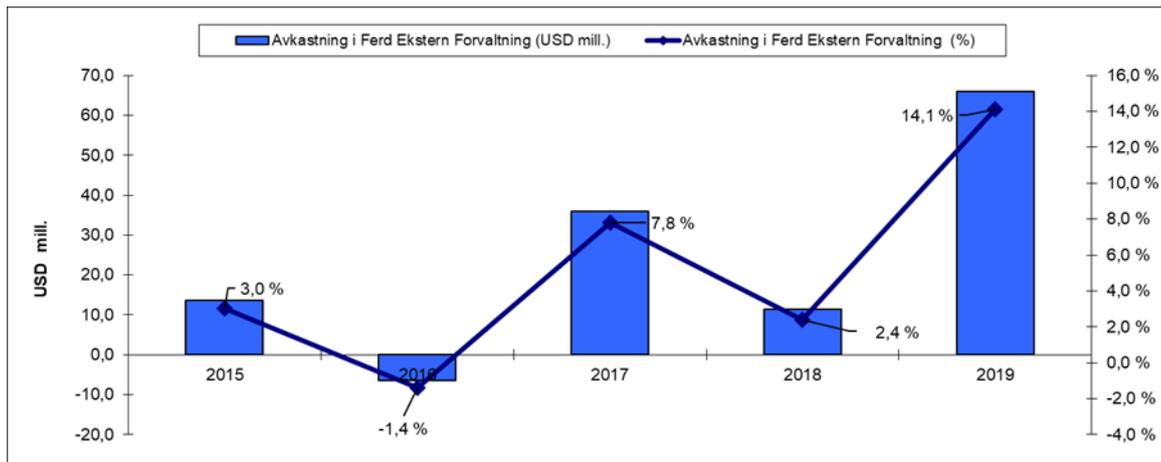
Ferd External Managers has four investment mandates: Relative Value, Macro, Global Equity and Global Fund Opportunities. The investment objective for these portfolios is to generate attractive risk-adjusted returns over time, both in absolute terms and relative to their respective markets.

2019 was a strong year for most asset classes. After having raised interest rates four times in 2018 due to strong macroeconomic data, America's central bank changed course and cut rates three times in 2019. The MSCI All Country World Index rose 26.6% in USD terms in 2019.

The market value of the Ferd External Managers portfolios at 31 December 2019 was NOK 4.8 billion. The portfolios, which are accounted for and managed in US dollars, produced an aggregate return of 14.1% in 2019. The results of three of the mandates were good in both absolute and relative terms.

The portfolios, which are accounted for and managed in US dollars, produced a combined return for 2019 of 14.1%.

Ferd External Managers' return in percentage and USD terms over the past five years:



The Relative Value portfolio grew by 10.6% in the year, which was 4.3 percentage points ahead of the benchmark index against which it is measured. At 31 December 2019, the portfolio had a market value of NOK 1,784 million and comprised six funds.

Investments have been made in eight funds through the Global Equity mandate. The Global Equity portfolio delivered a return of 20.2% in 2019. NOK 250 million was allocated to this mandate in 2019. The overall market value of the portfolio at the end of 2019 was NOK 1,302 million.

Global Fund Opportunities delivered a very good return of 24.2%. All of the funds in this mandate made a positive contribution, but the largest investment in the portfolio had a very strong year. The market value of the Global Fund Opportunities portfolio at the end of the year was NOK 1,174 million.

Ferd Real Estate

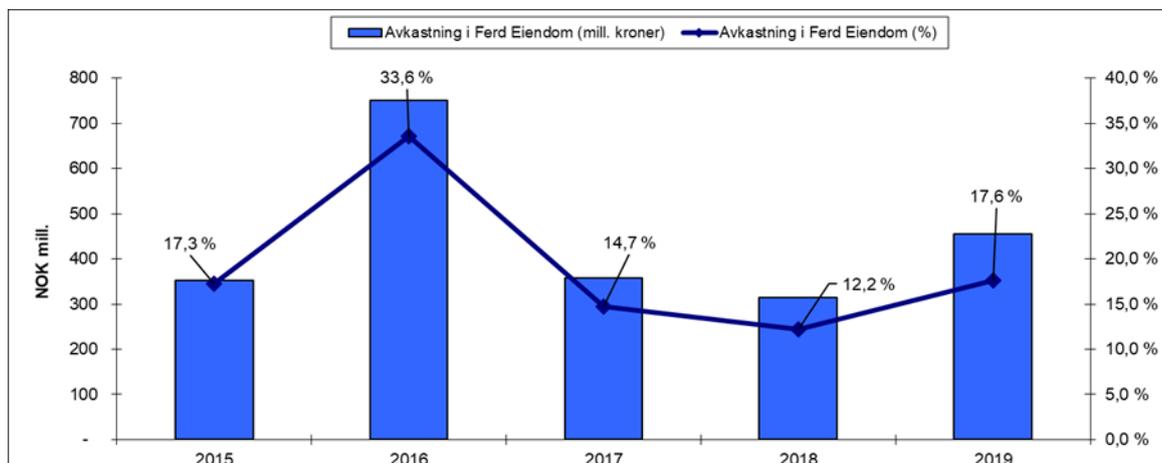
Ferd Real Estate is an active real estate investor. The business area develops residential property, office buildings and warehousing/office combination buildings. Ferd Real Estate carries out projects both independently and in collaboration with selected partners. The business area also carries out purely financial real estate investments. It is also responsible for managing the office premises and warehouse/office combination premises owned by Ferd.

2019 proved to be another busy year for transactions in the commercial property market, with a large number of transactions and an increase in the total volume of transactions from 2018. There continue to be regional differences in the office market where areas with many oil-related companies still experience higher office vacancy rates and stronger downward pressure on rental prices than other areas such as Oslo's central business district. The yield on commercial real estate decreased marginally in 2019. 2019 was a year of stable and positive growth in residential real estate prices, which climbed 2.6% in Norway. Residential real estate prices grew more strongly in Oslo than in Norway as a whole, and in Oslo were up 5.5% in 2019.

Ferd Real Estate achieved a good return on both its residential investments and its commercial properties. The reasons for this were the strong progress made at the majority of the business area's individual projects and the

increase in the value of its properties. The portfolio generated a return for 2019 of 17.6%. At the end of 2019, the value of the business area's real estate holdings was NOK 5.4 billion and the equity value of the portfolio was NOK 3.0 billion.

Ferd Real Estate's return in percentage and NOK terms over the last five years:



Ferd Real Estate's largest residential project is Tiedemannsbyen in Oslo's Ensjø district. The Tiedemannsbyen project is for around 1,400 units and is being carried out over a total period of between 10 and 15 years. In 2017 Ferd Real Estate and Selvaag Bolig decided to expand their collaboration. A total of 700 units will be developed by Tiedemannsfabrikken AS, which is owned 50/50 by Ferd Real Estate and Selvaag Bolig. The remainder of the residential project is owned by Ferd Real Estate. 107 residential units were sold in total in Tiedemannsbyen in 2019, compared to 54 in 2018, and at the end of the year around 250 units remained.

Asker Tek, an office building adjacent to Asker train station, is Ferd Real Estate's largest single investment in commercial real estate. The building, which was finished in December 2017, has a total floor area of 16,300 m² and is a Breeam-certified environmentally friendly building. A new lease contract for space in this development was signed in 2019, and this real estate investment delivered a good return for the year. Ferd Real Estate has constructed another office building, Østensjøveien 16, which is close to the Helsefyr/Bryn public transport hub in Oslo. With the exception of the remaining areas in the recently completed Asker Tek and Østensjøveien 16 office buildings, virtually all available space was fully leased out at the start of 2020. Ferd Real Estate's commercial rental portfolio amounted to approximately 170,000 m² at the end of 2019.

Ferd Social Entrepreneurs

Ferd Social Entrepreneurs (FSE) invests in social entrepreneurs that can demonstrate measurable social results and contributes to the consolidation of their market. FSE provides these companies with networking, expertise and capital in an active partnership with clear milestones and social ambitions. FSE's focus is on companies with a double bottom line, which is to say companies must have a social driving force and be, or have the potential to be, financially self-sustaining.

The majority of the companies in the FSE portfolio are now equity investments. This represents a significant change from previous years when the majority of companies in the portfolio had received grants from FSE. The social entrepreneurship market has become more developed and mature in recent years. There is a trend for both private and institutional investors to want some of their investments to generate a social impact in

additional to a financial return. FSE made one equity investment in 2019, namely in Mestringsguiden (a social entrepreneur that helps people with a refugee background), and it increased its ownership interest in Unicus in the autumn. Unicus provides IT system testing services and only employs consultants with an Asperger's diagnosis. At the end of 2019, FSE had ten companies and one fund in its portfolio.

For more information on FSE's portfolio companies, please follow this link: [FSE - portfolio](#)

Norway's first social impact contract was signed in 2019. A social impact contract involves a private investor financing an activity with a fixed performance target, with the investor reimbursed by the public sector if the target is met. The authorities only reimburse the private investor if the pre-agreed results are achieved, and the investor is only repaid if society itself benefits. The signatories to Norway's first social impact contract were Trygg av natur, Lier Municipality and FSE, and the contract's short-term aim is to increase self-mastery and motivation. FSE is financing the project, Trygg av natur is running it, and Lier Municipality will reimburse Ferd half its investment if the agreed results are achieved.

FSE continued its work on Impact StartUp (formerly Social Startup), a tailor-made accelerator program that helps fledgling social entrepreneurs become financially sustainable earlier than they would otherwise have achieved. In 2019 a Nordic-wide collaboration was entered into with Denmark's Social Capital Fund, Sweden's Prosper and Finland's Arvoliitto. 90 companies applied to the program, 30 were selected to take part in an intensive three-day business development course and following this 10 companies took part in a six-month accelerator program.

FSE made one equity investment in 2019, namely in Mestringsguiden, and increased its ownership interest in Unicus

Equality, headcount and sick leave

Ferd's objective is to be a workplace in which men and women are treated equally. We have procedures that are intended to ensure that no-one is treated differently on the basis of their gender in matters such as pay, promotion and recruitment. The company has traditionally recruited from sectors which employ more men than women. As of May 2020, Ferd AS had 50 employees, 19 of whom are women. Two of Ferd's five business areas are managed by women. The Board of Directors of Ferd AS comprises one woman and four men. Ferd works actively to recruit more women to its business areas. In recent years half of all new appointments to Ferd Capital, Ferd's largest business area, have been women.

The aim of the Norwegian Equality and Anti-Discrimination Act is to promote equality, to ensure everyone has the same rights and opportunities, and to prevent discrimination on the basis of ethnicity, national origin, descent, skin colour, language, religion or belief. Ferd works actively and systematically to promote the aims of the Act within its organisation.

The Ferd group had an average of 4,477 employees in 2019, and, after including the employees of Aibel, Fjord Line, Fürst and Mnemonic, the number for 2019 was approximately 9,600. The proportion of female employees at the Ferd group was 27%, and sick leave amounted to 4.3% in 2019. The working environment at Ferd AS is

considered to be good. No serious accidents or injuries took place or were reported at Ferd AS in 2019. For the group as a whole, there were no accidents that led to loss of life.

Allocation of profit for the year

It is proposed that the profit for the year of NOK 3,728 million is transferred to other equity.

Lysaker, 28 May 2020

The Board of Directors of Ferd AS

Signed

Johan H. Andresen
Chairman of the Board

Signed

Morten Borge
Board Member, CEO

Signed

Tom Erik Myrland
Board Member

Signed

Erik Rosness
Board Member

Signed

Gry Skorpen
Board Member

**FINANCIAL
STATEMENTS**
FERD AS

Income statement 1 January - 31 December

NOK1000	Note	2019	2018
OPERATING INCOME AND EXPENSES			
Dividend and group contribution from financial investments	4	529 362	1 930 857
Unrealised changes in values on financial investments	4	2 806 249	-2 535 436
Net gain on sales of financial investments	4	857 964	454 610
Other income	3	34 041	26 187
Operating income	3	4 227 616	-123 781
Salary expenses	9,15	158 053	56 638
Depreciation and impairment	12, 21	7 878	1 811
Other operating expenses	10,11	93 868	65 603
Operating expenses	3	259 799	124 052
Operating profit	3	3 967 817	-247 834
Interest income	17, 20	86 593	87 703
Interest expenses	17, 20, 21	-75 833	-66 984
Net other financial items	20	-16 662	-186 811
Net financial result	20	-5 902	-166 091
Profit before tax		3 961 915	-413 925
Income tax expense	8	233 495	-54 665
PROFIT FOR THE YEAR		3 728 420	-359 260

Total comprehensive income 1 January - 31 December

NOK1000		2019	2018
PROFIT OF THE YEAR		3 728 420	-359 260
Other income and expenses not reclassified to the income statement at a later date:			
Estimate deviation on pensions	15	-	-
Tax on estimate deviation on pensions	8	-	-
TOTAL COMPREHENSIVE INCOME		3 728 420	-359 260

Balance sheet as at 31 December

NOK1000	Note	2019	2018
ASSETS			
Non-current assets			
Tangible assets	12	6 578	7 434
Right of use assets	21	175 607	
Investments in subsidiaries	3,5,7	17 868 952	15 588 307
Long-term receivables on group companies	5,17	133 574	42 868
Other receivables	5	84 895	91 705
Total non-current assets		18 269 607	15 730 314
Current assets			
Short-term receivables on group companies	5,17	17 516	518 443
Other short-term receivables	5	124 152	82 642
Listed shares and bonds	3,5	6 152 473	6 939 497
Unlisted shares and bonds	3,5,7	3 355 842	2 492 626
Hedge funds	3,5	4 625 047	4 646 843
Derivatives	3,5	76 100	15 006
Short-term liquidity fund investments (cash equivalents)	3,5	2 043 930	1 509 306
Bank deposits	3,5,13	1 225 126	423 835
Total current assets		17 620 186	16 628 199
TOTAL ASSETS	3	35 889 792	32 358 513

Balance sheet as at 31 December

NOK1000	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Share capital	<u>14</u>	183 268	183 268
Share premium		3 057 406	3 057 406
Other paid-in equity	<u>3</u>	809 905	809 905
Other equity		30 319 655	26 701 235
Total equity		34 370 233	30 751 813
Non-current liabilities			
Pension liabilities	<u>15</u>	36 884	33 808
Deferred tax	<u>8</u>	337 454	183 677
Long term interest bearing debt	<u>22</u>	93 508	-
Non-current lease liabilities	<u>21</u>	159 023	-
Total non-current liabilities		626 870	217 486
Current liabilities			
Trade payables	<u>5</u>	13 094	3 540
Income tax payable	<u>8</u>	2 370	26 268
Public duties etc.	<u>5</u>	9 591	9 702
Cash pool overdraft	<u>5, 16</u>	537 037	913 721
Debt to group companies	<u>5, 17</u>	200 379	337 916
Derivatives	<u>5</u>	0	30 963
Current lease liabilities	<u>21</u>	17 262	-
Other current liabilities	<u>5</u>	112 957	67 104
Total current liabilities		892 690	1 389 214
Total liabilities		1 519 559	1 606 700
TOTAL EQUITY AND LIABILITIES		35 889 792	32 358 513

Lysaker, 28 May 2020

The Board of Directors of Ferd AS

Signed

Johan H. Andresen
Chairman of the Board

Signed

Morten Borge
Board Member, CEO

Signed

Tom Erik Myrland
Board Member

Signed

Erik Rosness
Board Member

Signed

Gry Skorpen
Board Member

Statement of changes in equity

2019	Share capital (note 14)	Share premium	Other paid-in equity	Total paid-in equity	Reserve for Unrealized gains	Other equity	Total other equity	Total equity
NOK1000								
Equity at 1 Jan. 2019	183 268	3 057 406	809 905	4 050 578	12 838 219	13 863 016	26 701 235	30 751 813
Profit for the year					2 932 093	796 327	3 728 420	3 728 420
Total comprehensive income					2 932 093	796 327	3 728 420	3 728 420
Transactions with owners								
Additional dividend paid *)						-110 000	-110 000	-110 000
Total transactions with owners						-110 000	-110 000	-110 000
Equity at 31 Dec. 2019	183 268	3 057 406	809 905	4 050 578	15 770 312	14 549 343	30 319 655	34 370 233

*) In September and December 2019, Ferd AS paid an additional dividend to Ferd Holding AS.

2018	Share capital (note 14)	Share premium	Other paid-in equity	Total paid-in equity	Reserve for Unrealized gains	Other equity	Total other equity	Total equity
NOK1000								
Equity at 1 Jan. 2018	183 268	3 057 406	809 905	4 050 578	13 910 809	13 857 705	27 768 515	31 819 093
Profit for the year					-1 072 590	713 330	-359 260	-359 260
Total comprehensive income					-1 072 590	713 330	-359 260	-359 260
Transactions with owners								
Group contribution						-516	-516	-516
Additional dividend paid *)						-407 504	-407 504	-407 504
Accrued dividend						-300 000	-300 000	-300 000
Total transactions with owners						-708 019	-708 019	-708 019
Equity at 31 Dec. 2018	183 268	3 057 406	809 905	4 050 578	12 838 219	13 863 016	26 701 235 -	30 751 813

*) In September 2018, Ferd AS paid an additional dividend to Ferd Holding AS. The dividend is in its entirety used to settle a balance between the companies.

Statement of cash flows 1 January - 31 December

Cash flow statement

The cash flow statement has been prepared using the direct method, i.e., the statement presents the Company's actual payments and disbursements in order to show the cash flows from ordinary operations, investing and financing activities, respectively.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term and easily realisable investments that will fall due within 3 months, also including restricted funds. Bank overdraft is presented as short-term debt to finance institutions in the balance sheet. In the statement of cash flows, the overdraft facility is included in cash and cash equivalents.

NOK1000	Note	2019	2018
Operating activities			
Proceeds from realisations of financial assets	4	5 166 900	4 981 601
Dividends from financial assets	4	148 327	406 053
Purchases of financial assets	4	-4 278 440	-4 525 537
Proceeds and disbursements from realisations of currency futures	4	-91 350	-136 740
Salaries and operating expenses	9, 10	-241 567	-150 947
Payments and disbursements of tax	8	-39 969	-16 645
Net cash flows from/ used in (-) operating activities		663 901	557 785
Investing activities			
Payments from subsidiaries	4, 17	802 568	969 416
Disbursements to subsidiaries	17	-137 707	-530 466
Net cash flows used in investing activities		664 861	438 950
Financing activities			
Transfers to Ferd Holding	17	-230 459	-259 300
Payments and disbursements from external financing	16	100 000	-
Interest, financial and foreign currency items		7 936	-15 631
Net cash flows used in (-)/from financing activities		-122 523	-274 931
Effects of exchange rate changes cash and cash equivalents		-28 264	-37 969
Change in bank deposits		1 177 975	683 835
Bank deposits at 1 January		423 835	335 585
Bank deposits at 31 December		1 225 126	423 835
Cash pool overdraft 31.12		-537 037	-913 721
Short-term liquidity fund investments 31.12		2 043 930	1 509 306
Total cash and cash equivalents	13	2 732 019	1 019 420

Note 1 General information and accounting principles

General information

Ferd is a family-owned Norwegian investment-company committed to value-creating ownership of businesses and investments in financial assets. In addition to the Group's commercial activities, Ferd has an extensive involvement in social entrepreneurship. Ferd AS is located in Strandveien 50, Lysaker.

Ferd is owned by Johan H. Andresen and his family. Andresen is the Chair of the Board. The Company's financial statements for 2019 were approved by the Board of Directors on 28 May 2020.

Basis for the preparation of the financial statements

Ferd AS' financial statements are prepared in accordance with the Norwegian Accounting Act section 3-9 and regulation on simplified application of international accounting standards.

Investments in subsidiaries

Subsidiaries are companies where the parent company Ferd AS has direct or indirect control. Ferd has control over an investment if Ferd has the decision power over the enterprise in which it has invested, is exposed to or entitled to a variable return from the enterprise, and at the same time has the opportunity to use this decision power over the enterprise to influence on the variable return

Subsidiaries are classified as tangible assets in the balance sheet and measured at fair value. Value changes on subsidiaries, current returns like dividend and gain or loss on the realisation of subsidiaries are recognised as net operating income in the income statement.

Investments in associated companies and joint ventures

Associates are entities over which Ferd has significant influence, but not control. Significant influence implies that Ferd is involved in strategic decisions concerning the company's finances and operations without controlling these decisions.

Significant influence normally exists for investments where Ferd holds between 20 % and 50 % of the voting capital.

A joint venture is a contractual arrangement requiring unanimous agreement between the owners about strategic, financial and operational decisions.

Investments in associates and joint ventures are recognised at fair value with value changes through profit or loss and classified as current assets in the balance sheet. Value changes on the investments, current returns like dividend and gain or loss on the realisation of investments are recognised as net operating income in the income statement.

Foreign currency translation

The financial statements are presented in Norwegian kroner (NOK), which is the functional currency of Ferd AS. Transactions in foreign currency are recognised and measured in NOK at the date of the transaction. Monetary items in foreign currency are translated to NOK on the basis of the exchange rate at the date of the balance sheet. Gain and loss due to currency changes is recognised in the result.

Dividend

Dividend and group contribution proposed by the Board is recognised as current liabilities pursuant to the exemption in the regulation to the Norwegian Accounting Act section 3-9.

Note 2 Accounting estimates and judgemental considerations

Management has used estimates and assumptions in the preparation of the financial statements. This applies for assets, liabilities, expenses and disclosures. The underlying estimates and assumptions for valuations are based on historical experience and other factors considered to be relevant for the estimate on the balance sheet date. Estimates can differ from actual results. Changes in accounting estimates are recognised in the period they arise.

The main balances where estimates have a significant impact on disclosed values are mentioned below. The methods for estimating fair value on financial assets are also described below.

In Ferd's opinion, the estimates of fair value reflect reasonable estimates and assumptions for all significant factors expected to be emphasised by the parties in an independent transaction, including those factors that have an impact on the expected cash flows, and by the degree of risk associated with them.

Determination of the fair value of financial assets

A large part of Ferd's balance sheet comprises financial assets at fair value. The fair value assessment of financial assets will at varying degrees be influenced by estimates and assumptions related to factors like future cash flows, the required rate of return and interest rate level. The most significant uncertainty concerns the determination of fair value of the unlisted financial assets.

Listed shares and bonds

The fair value of financial assets traded in active and liquid markets is determined at noted market prices on the balance sheet date (the official closing price of the market). Accordingly, the determination of the value implies limited estimation uncertainty.

Unlisted shares and bonds

The class "Unlisted shares and bonds" comprises private shares and investments in private equity funds. The fair value is determined by applying well-known valuation models. The use of these models requires input of data that partly constitutes listed market prices (like interest) and partly estimates on the future development, as well as assessments of a number of factors existing on the balance sheet date.

Hedge funds

The hedge funds are managed by external parties providing Ferd with monthly, quarterly or half-yearly estimates of the fair value. The estimates are verified by independent administrators. In addition, the total return from the funds is assessed for reasonableness against benchmark indices.

Liquidity fund investments

The fair value of the liquidity fund investment is measured on the basis of quoted market prices. If market rates are not available, the investment is measured in compliance with pricing models based on the current yield curve and external credit ratings.

Derivatives

The fair value of derivatives is based on quoted market prices.

Determination of the fair value of subsidiaries with properties

Ferd has subsidiaries with properties recognised at fair value. The fair value is based on the discounted value of future cash flows, and the estimate will be impacted by estimated future cash flows and the required rate of return. The main principles for deciding the cash flows and required rates of return are described below.

Future cash flows are based on the following factors:

- Existing contracts
- Expected future rentals
- Expected vacancies

The required rate of return is based on a market-based rate of return for properties with the assumed best location (prime- yield CBD) with the addition of a risk premium for the property.

The risk premium is based on:

- Location
- Standard
- Expected market development
- Rent level compared to the rest of the market
- The tenant's financial strength
- Property specific knowledge

In the event that transactions concerning comparable properties close to the balance sheet date have taken place, these values are applied as a cross-reference for the valuation.

Commercial properties not let out and properties included in building projects are normally assessed at independent valuations.

Determination of the fair value of financial subsidiaries and subsidiaries owned by the business area Ferd Capital

Ferd AS owns investments indirectly through subsidiaries acting as holding companies for these investments. The fair value of these subsidiaries is set to the carrying value of equity, adjusted for non-recognised changes in value of the underlying investments. The underlying investments are valued according to the same principles and methods as Ferd AS' direct investments.

Note 3 Segment reporting

Ferd reports business areas in line with IFRS 8. Ferd is an investment company, and management makes decisions, is following up and evaluates the decisions based on the development in value and fair value of the Company's investment. Ferd distinguishes between business areas based on investment type/mandate, capital allocation, resource allocation and risk assessment.

Ferd has four commercial business areas:

Ferd Capital is a long-term investor working actively with the companies during the period of ownership to secure the development in value to be the best possible. Ferd Capital comprises three mandates: Non-listed companies, listed companies and Special Investment.

Ferd Capital's largest investments as of 31 December 2019 are:

- Elopak (99.9 percent ownership holding) is one of the world's leading manufacturers of packaging systems for fluid food articles. With an organisation and cooperating partners in more than 40 countries, the company's products are sold and marketed in more than 100 countries.
- Aibel (49.4 percent ownership holding) is a leading supplier to the international upstream oil and gas industry concentrating on the Norwegian shelf. The company is engaged in operating, maintaining and modifying offshore and land based plants, and is also supplying complete production and processing installations.
- Interwell (64.5 percent ownership holding) is a preeminent Norwegian supplier of high-tech well tools to the international oil and gas industry. The company's most important market is the Norwegian shelf, but it has in recent years also gained access to several significant markets internationally.
- Brav (100.0 percent ownership holding) is developing, manufacturing and marketing ski wax, ski sticks, accessories and textiles for sporting and active leisure time use. The company has extensive operations in Norway and abroad.
- Mestergruppen (78.0 percent ownership holding) is a prominent actor in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include the sale of building materials and developing land and projects, housing and cottage chains.
- Servi (99.6 percent ownership holding) develops and manufactures customer specific hydraulics systems, cylinders and vents to the offshore, maritime and land based industries.
- Fjord Line (44.6 percent ownership holding) is a modern shipping company offering sea transport between Norway, Denmark and Sweden. In addition to passenger traffic, Fjord Line has adequate capacity for freight of all types of utility vehicles and goods handled by the shipping company's cargo departments in Norway and Denmark.
- Fürst (40.0 percent ownership holding) operates the largest medical laboratory in the Nordics and daily analyses blood samples from more than 10 000 Patients.
- Mnemonic (41.9 percent ownership holding) is one of Europe's largest business within the cybersecurity industry. Mnemonic helps businesses to manage and minimized their security risks, protect their data and defend themselves against internet threats.
- Benchmark Holdings (26.0 percent ownership holding) contributes to improving fish health within fish farming by manufacturing special meal, roe and vaccines.
- Scatec Solar (11.8 percent ownership holding) develops, builds, owns and operates solar energy plants all over the world.
- Nilfisk (16.7 percent ownership holding) delivers washing equipment to the professional market as well as to consumers.

Ferd Invest mainly invests in listed Nordic limited companies. The ambition is to beat a Nordic share index. Ferd Invest's mandate has no limitations regarding allocations between countries and sectors. The portfolio is concentrated and expected to deviate significantly from the reference index.

Ferd External Managers comprises the four mandates Relative Value, Macro, Global Equity and Global Fund Opportunities. The objective with the portfolios is to achieve a good risk-adjusted return over time, both compared with the market and in absolute terms.

Ferd Real Estate is an active property investor responsible for developing housing projects, new office buildings and warehouse/combined buildings. The projects are carried out in-house, or in cooperation with selected partners. Investments concerning financial property only are also made, in addition to managing the business area's office buildings.

Other areas mainly comprise bank deposits, short term liquidity funds, investments in externally managed private equity funds and hedge funds acquired in the second-hand market. Other areas also comprise some financial instruments to be utilised by management to adjust the total risk exposure.

Costs to the company's management, staff and in-house bank are also included.

NOK 1000	Ferd AS	Capital	Invest	External Managers	Real Estate	Other areas
Result 2019						
Sales income	4 227 616	2 735 808	350 558	678 216	455 787	7 248
Operating expenses	-259 799	-110 743	-9 843	-19 509	-32 562	-87 142
Operating result	3 979 175	2 625 065	340 715	658 707	423 224	-68 537
Balance sheet 31 December 2019						
Investments in subsidiaries	17 868 952	13 918 665	-	-	3 857 211	93 076
Investments classified as current assets	16 253 391	4 508 972	3 413 807	4 786 409	130	3 544 073
Bank deposits/drawings on group account	1 225 126	-	-	-	-	1 225 126
Other assets	542 323	255 682	10 188	32 023	3 099	241 332
Total assets	35 889 792	18 683 319	3 423 995	4 818 432	3 860 440	5 103 606

NOK 1000	Ferd AS	Capital	Invest	External Managers	Real Estate	Other areas
Result 2018						
Sales income	-123 781	-467 919	-430 462	305 771	339 282	129 546
Operating expenses	-124 052	-54 738	-2 637	-11 382	-26 634	-28 661
Operating result	-247 834	-522 656	-433 099	294 389	312 647	100 885
Balance sheet 31 December 2018						
Investments in subsidiaries	15 588 307	12 057 956	-	-	3 423 803	106 548
Investments classified as current assets	15 603 279	4 711 294	3 565 584	4 317 928	130	3 008 343
Bank deposits/drawings on group account	423 835	-	-	-	-	423 835
Other assets	743 092	139 867	12 018	8 278	404 785	178 143
Total assets	32 358 513	16 909 117	3 577 602	4 326 206	3 828 718	3 716 869

Note 4 Income from financial investments

NOK1000	Dividend and group contributions from financial investments	Unrealised value changes on financial investments	Net gains on sales of financial investments	Total
Investments in subsidiaries	317 727	2 170 202	-	2 487 929
Listed shares and stakes	114 496	63 388	417 296	595 180
Unlisted shares and bonds	58 889	365 344	17 442	441 675
Hedge funds	38 250	185 332	410 535	634 118
Liquidity fund investments	-	21 982	12 691	34 673
Total 2019	529 362	2 806 249	857 964	4 193 575

NOK1000	Dividend and group contributions from financial investments	Unrealised value changes on financial investments	Net gains on sales of financial investments	Total
Investments in subsidiaries	1 267 452	-1 182 297	-	85 155
Listed shares and stakes	89 031	-924 929	235 761	-600 137
Unlisted shares and bonds	-	12 493	3 464	15 958
Hedge funds	574 374	-433 082	198 457	339 750
Liquidity fund investments	-	-7 621	16 927	9 306
Total 2019	1 930 857	-2 535 436	454 610	-149 968

Note 5 Financial instruments and the use of fair value

Classification of financial instruments

Financial instruments constitute a substantial part of Ferd's balance sheet and are of considerable significance for the Company's financial position and result. Financial assets and liabilities are recognised when the Company becomes a party to the contractual obligations and rights of the instrument.

Financial assets:

- Investments in equity instruments and derivatives are measured at fair value through profit or loss.
- Other financial assets, including accounts receivable, are held with the intention to receive contractual cash flows and are measured at amortized cost. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are classified as current assets, unless they are expected to be realised more than 12 months after the balance sheet date. Loans and receivables are presented as trade receivables, other receivables and bank deposits in the balance sheet.
- Derivatives are initially measured at fair value through profit or loss with the exception of derivatives which are held for hedging purposes and meet the requirements for hedge accounting.

Financial liabilities

- Derivatives are measured at fair value through profit or loss with the exception of derivatives held for hedging purposes and meet the requirements for hedge accounting.

- Other financial liabilities are measured at amortized cost. Trade payable and other liabilities are classified as current liabilities if the payments fall due within one year or within the ordinary operating cycle. Debt that has been incurred through the use of Ferd's credit loan facility is presented as long-term debt if Ferd has both the opportunity and intention to repay the debt over a time period of more than 12 months after the end of the reporting period.

Purchases and sales of financial instrument transactions are recognised on the date of the contractual agreement, which is the day the Group commits itself to buy or sell the financial instrument. Financial instruments are derecognised when the contractual rights to receive the cash flows from the investment expire or have been transferred to another party. Correspondingly, financial instruments are derecognised when the Group on the whole has transferred the risks and rewards connected to ownership of the financial asset.

Financial instruments at "fair value over profit and loss" are initially measured at quoted prices at the balance sheet date or estimated on the basis of measurable market information available at the balance sheet date. Transaction costs are recognised in the income statement. In subsequent periods, the financial instruments are measured at fair value based on market values or generally accepted calculation methods. Changes in fair value are recognised in the income statement.

Loans and receivables are initially measured at fair value with the addition of direct transactions costs. In subsequent periods, the assets and liabilities are measured at amortised cost by using the effective interest method, less any decline in value. A provision for a decline in value is made for actual and possible losses on receivables. The Group regularly reviews receivables and prepares estimates for losses, as the basis for the provisions in the financial statements. When preparing the estimate, historical data is used for losses on receivables, which are classified according to the same risk characteristics that are used as a basis within the Group. Based on historical observable default rates, an expectation is made for future losses, for which a provision is recognized. Losses from declines in value are recognised in the income statement.

Gain and loss from the realisation of financial instruments, changes in fair values and interest income are recognised in the income statement in the reporting period as incurred. Dividend income is recognised when the Group has the legal right to receive payment. Net income related to financial instruments is classified as operating income and presented as "Income from financial investments" in the income statement.

Hedge accounting

Ferd can apply financial derivatives to reduce the financial loss from exposures to unfavourable changes in exchange rates or interest rates. Derivatives are recognized as financial instruments at fair value through profit or loss. Ferd does not have any hedge accounting in the parent company accounts.

Ferd's principles in the measurement of fair value, in general

Ferd applies the valuation method that is considered to be the most representative estimate of an assumed sales value. Such a sale shall be carried out in an orderly transaction at the balance sheet date. As a consequence, all assets for which there is observable market information, or where a transaction recently has been carried out, these prices are applied (the market method). When a price for an identical asset is not observable, the fair value is calculated by another valuation method. In the valuations, Ferd applies relevant and observable data at the largest possible extent.

For all investments where the value is determined by another method than the market method, analyses of changes in value from period to period are carried out. Thorough analyses on several levels are made, both overall within the business area, by Ferd's group management and finally by Ferd's Board. Sensitivity analyses for the most central and critical input data in the valuation model are prepared, and in some instances recalculations of the valuation are made by using alternative valuation methods in order to confirm the calculated value.

Ferd is consistent in the application of valuation method and normally does not change the valuation principles. A change of principles will deteriorate the reliability of the reporting and weaken the comparability between periods. The principle for the valuation and use of method is determined for the investment before it is carried out, and is changed only exceptionally and if the change results in a measurement that under the circumstances is more representative for the fair value.

Valuation methods

The value of subsidiaries is determined on the basis of the companies' recorded equity and adjust for changes in value not recognised. Underlying investments are valued according to the same principles as investments directly owned by Ferd AS, as described below.

Investments in listed shares are valued by applying the market method. The quoted price for the most recent carried-out transaction on the market place is the basis.

Investments in unlisted shares managed in-house are normally valued on the basis of an earnings multiple. In calculating the value (Enterprise Value - EV), ratios like EV/EBITDA, EV/EBITA, EV/EBIT and EV / EBITDA-CAPEX) are applied. Ferd obtains relevant multiples for comparable companies. The multiples for the portfolio companies are adjusted if the assumptions are not the same as the peer group. Such assumptions can include a control premium, a liquidity discount, growth assumptions, margins or similar. The company's result applied in the valuation is normalised for one-off effects. Finally, the equity value is calculated by deducting net interest-bearing debt. In the event that an independent transaction in the market has taken place, this is normally used as a basis for our valuation.

The valuation of investments in externally managed private equity and hedge funds is based on value reports received from the funds (NAV).

The part of the hedge funds portfolio reported under Other areas is acquired in the second-hand market, often at a considerable discount compared to the reported value from the funds (NAV). In the measurement of these hedge funds, estimates from several external brokers are obtained to evaluate at which discount these hedge funds are traded, compared to the most recently reported NAV. Ferd makes an assessment of the broker estimates, makes a best estimate for discount and uses this estimate in the valuation of the hedge funds.

Rental properties are valued by discounting future expected cash flows. The value of properties being part of building projects is valued at an assumed sales value on a continuous basis. There is often a shift in value at achieved milestones. Our calculated values are regularly compared to independent valuations.

The table below is an overview of carrying and fair value of the Company's financial instruments and how they are recognised in the financial statements. It is the starting point for additional information on the Company's financial risk and refers to notes to follow.

NOK1000	Financial instruments at fair value over profit and loss	Financial instruments measured at amortised cost:	Total	Fair value
Non-current assets				
Investments in subsidiaries	17 868 952	-	17 868 952	17 868 952
Long-term receivables on group companies	-	133 574	133 574	133 574
Current receivables	-	84 895	84 895	84 895
Total 2019	17 868 952	218 469	18 087 422	18 087 422
Total 2018	15 588 307	134 573	15 722 880	15 722 880
Current assets				
Short-term receivables on group companies	-	17 516	17 516	17 516
Other short-term receivables	-	124 152	124 152	124 152
Listed shares and bonds	6 152 473	-	6 152 473	6 152 473
Unlisted shares and bonds	3 355 842	-	3 355 842	3 355 842
Hedge funds	4 625 047	-	4 625 047	4 625 047
Derivatives	76 100	-	76 100	76 100
Liquidity fund investments	2 043 930	-	2 043 930	2 043 930
Bank deposits	-	1 225 126	1 225 126	1 225 126
Total 2019	16 253 391	1 366 794	17 620 186	17 620 186
Total 2018	15 603 278	1 024 920	16 628 198	16 628 198
Short-term debt				
Trade accounts payable	-	13 094	13 094	13 094
Public duties etc.	-	9 591	9 591	9 591
Cash pool overdraft	-	537 037	537 037	537 037
Debt to group companies	-	200 379	200 379	200 379
Derivatives	0	-	0	0
Other short-term debt	-	112 957	112 957	112 957
Total 2019	0	873 058	873 058	873 058
Total 2018	30 963	1 331 983	1 362 946	1 362 946

Fair value hierarchy - financial assets and liabilities

Ferd classifies assets and liabilities measured at fair value in the balance sheet by a hierarchy based on the underlying object for the valuation. The hierarchy has the following levels:

Level 1: Valuation based on quoted prices in active markets for identical assets without adjustments. An active market is characterised by the fact that the security is traded with adequate frequency and volume in the market. The price information shall be continuously updated and represent expected sales proceeds. Only listed shares are considered to be level 1 investments.

Level 2: Level 2 comprises investments where there are quoted prices, but the markets do not meet the requirements for being characterised as active. Also included are investments where the valuation can be fully derived from the value of other quoted prices, including the value of underlying securities, interest rate level, exchange rate etc. In addition, financial derivatives like interest rate swaps and currency futures are considered to be level 2 investments. Ferd's hedge fund portfolio is assessed to meet the requirements of level 2. These funds comprise composite portfolios of shares, interest securities, raw materials and other negotiable derivatives. For such funds the value (NAV) is reported on a continuous basis, and the reported NAV is applied on transactions in the fund.

Level 3: All Ferd's other securities are valued on level 3. This concerns investments where all or parts of the information about value cannot be observed in the market. Ferd is also applying valuation models for investments where the share has little or no trading. Securities valued on the basis of quoted prices or reported value (NAV), but where significant adjustments are required, are assessed on level 3. For Ferd this concerns all private equity investments and funds investments reported under Other areas, where reported NAV has to be adjusted for discounts. A reconciliation of the movements of assets on level 3 is shown in a separate table.

Ferd allocates each investment to its respective level in the hierarchy at the acquisition. Transfers from one level to another are made only exceptionally and only if there have been changes of significance for the level classification concerning the financial asset. This can be the case when an unlisted share has been listed or correspondingly. A transfer between levels will then take place when Ferd has become aware of the change.

The table shows at what level in the valuation hierarchy the different measurement methods for the Group's financial assets at fair value are considered to be:

NOK1000	Level 1	Level 2	Level 3	Total 2019
Investments in subsidiaries	-	-	17 868 952	17 868 952
Listed shares and bonds	6 152 473	-	-	6 152 473
Unlisted shares and bonds	-	-	3 355 842	3 355 842
Hedge funds	-	4 138 383	486 663	4 625 047
Derivatives	-	76 100	-	76 100
Liquidity fund investments	-	2 043 930	-	2 043 930
Derivatives	-	-0	-	-0
Total 2019	6 152 473	6 258 413	21 711 458	34 122 343

NOK1000	Level 1	Level 2	Level 3	Total 2018
Investments in subsidiaries	-	-	15 588 307	15 588 307
Listed shares and bonds	6 939 497	-	-	6 939 497
Unlisted shares and bonds	-	-	2 492 626	2 492 626
Hedge funds	-	4 001 379	645 464	4 646 843
Derivatives - assets	-	15 006	-	15 006
Liquidity fund investments	-	1 509 306	-	1 509 306
Derivatives - liabilities	-	-30 963	-	-30 963
Total 2018	6 939 497	5 494 729	18 726 397	31 160 623

Reconciliation of movements in assets on level 3

NOK1000	OB 1 Jan. 2019	Purchases/ share issues	Sales and proceeds from investments	Unrealised	Gains and loss	CB 31 Dec. 2019
				gains and loss, recognised in the result	recognised in the result	
Investments in subsidiaries	15 588 307	110 443	-	2 170 202	-	17 868 952
Unlisted shares and bonds	2 492 626	578 222	-203 327	442 056	46 266	3 355 842
Hedge funds	645 464	1 335	-71 521	-149 125	60 511	486 663
Total	18 726 397	689 999	-274 847	2 463 133	106 776	21 711 457

NOK1000	OB 1 Jan. 2018	Purchases/ share issues	Sales and proceeds from investments	Unrealised	Gains and loss	CB 31 Dec. 2018
				gains and loss, recognised in the result	recognised in the result	
Investments in subsidiaries	16 432 029	338 576	-	-1 182 297	-	15 588 307
Unlisted shares and bonds	2 570 200	543 719	-289 229	-392 706	60 642	2 492 626
Hedge funds	932 412	322	-129 120	-163 868	5 718	645 464
Total	19 934 641	882 616	-418 349	-1 738 871	66 361	18 726 397

Specification of applied indata and sensitivity analysis

The table below gives an overview over the most central assumptions used when measuring the fair value of Ferd's investments, allocated to level 3 in the hierarchy. We also show how sensitive the value of the investments is for changes in the assumptions.

NOK1000	Balance	Applied and implicit	Value, if the	Value, if the	Applied	Value, if the	Value, if the
	sheet value at 31 Dec. 2019		multiple is reduced by 10 %	multiple is increased by 10 %		interest is increased by 1 percentage point	interest is reduced by 1 percentage point
Investment in Ferd Eiendom AS	3 857 175	-	-	-	6,7 %-12,0 %	3 298 575	4 638 475
Other investments in subsidiaries sensitive to multiples	13 960 126	6,7 - 18,2	11 906 766	16 013 486	-	-	-
Unlisted shares and bonds sensitive to multiples	1 921 370	8,8 - 15,4	1 642 810	2 199 930	-	-	-
Other subsidiaries and unlisted investments	1 173 041	-	-	-	-	-	-

Note 6 Risk management – investing activities

There have been no significant changes related to the Company's risk management in the period.

IMPAIRMENT RISK AND CAPITAL ALLOCATION

Ferd's allocation of capital shall be in line with the owner's risk tolerance. One measure of this risk tolerance is the size of the decline in value in kroner or percent that the owner accepts if any of the markets Ferd is exposed to should experience very heavy and quick downturns. The impairment risk regulates how large part of equity that can be invested in assets with high risk for impairment. This is measured and followed up by stress tests. The loss risk is assessed as a possible total impairment expressed in kroner and as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

CATEGORIES OF FINANCIAL RISK

Liquidity risk

Ferd's current and estimated future liquidity needs are continuously analyzed and assessed. Ferd requires that under normal market conditions at least NOK 4 billion of the financial investments consists of assets that can be realized within the next three months. This is primarily achieved through investments in listed shares and highly liquid hedge fund investments.

Foreign currency risk

Ferd is well aware of foreign currency risks. We assume that Ferd always will have a certain part of equity invested in euro, USD and Swedish kroner, and is therefore normally not hedging the currency exposure to Norwegian kroner.

Ferd has the following outstanding currency derivatives on the parent company level as at 31 December 2019:

NOK1000	Purchases of currency		Disposals of currency	
	Currency	Amount	Currency	Amount
	NOK	1 750 522	USD	-200 000
	NOK	987 202	EUR	-100 000

SENSITIVITY ANALYSIS, IMPAIRMENT RISK IN INVESTMENT ACTIVITIES

The stress test is based on a classification of Ferd's equity in different asset classes, exposed for impairment as follows:

- The Norwegian stock market declines by 30 percent
- International stock markets decline by 20 percent
- Property declines by 10 percent
- The Norwegian krone appreciates by 10 percent

In order to refine the calculations, it is considered whether Ferd's investments will decline more or less than the market. As an example, it is assumed that the unlisted investments in a stress test scenario have an impairment loss of 1.0-1.3 times the Norwegian market.

NOK1000	2019	2018
Price risk: Norwegian shares declined by 30 percent	-6 300 000	-5 300 000
Price risk: International shares decline by 20 percent	-2 100 000	-2 400 000
Price risk: Property declines by 10 percent	-500 000	-400 000
Currency risk: The Norwegian krone appreciates 10 percent	-1 600 000	-1 500 000
Total impairment in value-adjusted equity	-10 500 000	-9 600 000
Impairment as a percentage of value-adjusted equity	30%	31%

Note 7 Shares and stakes in other companies with ownerships in excess of 10 %

Subsidiary	Segment	Business office	Stake
Elopak AS	Ferd Capital	Røyken	99,8 %
FC Well Invest AS - Holding for investment in Interwell	Ferd Capital	Bærum	100,0 %
Ferd Aibel Holding AS - Holding for investment in Aibel*	Ferd Capital	Bærum	100,0 %
Ferd MG Holding AS - Holding for investment in Mestergruppen	Ferd Capital	Bærum	98,3 %
1912 Top Holding AS - Holding for investment in Servi	Ferd Capital	Bærum	99,5 %
Ferd Lab Invest AS - Holding for investment in Fürst*	Ferd Capital	Bærum	100,0 %
FC Holding II AS - Holding for investment in Mnemonic*	Ferd Capital	Bærum	100,0 %
FC-Invest AS	Ferd Capital	Bærum	100,0 %
Brav AS	Ferd Capital	Bærum	100,0 %
FC Holding III AS	Ferd Capital	Bærum	100,0 %
FC Holding IV AS	Ferd Capital	Bærum	100,0 %
FC Holding V AS	Ferd Capital	Bærum	100,0 %
FC Holding VI AS	Ferd Capital	Bærum	100,0 %
FE Holding 9 AS	Other areas	Bærum	100,0 %
Ferd Eiendom AS - Holding for real estate investments	Real Estate	Bærum	100,0 %
Ferd Malta Holdings Ltd	Other areas	Malta	100,0 %
Ferd Sosiale Entreprenører AS	Other areas	Bærum	100,0 %
Norse Crown Company Ltd. AS	Other areas	Bærum	100,0 %

*) See note 3 for direct ownership in the investments

Multiple of the investments has a high ownership level, but are pure financial investments. Investments are not classified as subsidiary or associates when we lack control over the investments. See note 1 for description of control.

Listed companies and shares

Benchmark Holdings plc	Ferd Capital	26,0 %
Nilfisk A/S	Ferd Capital	16,7 %

Unlisted companies and shares

Fjord Line AS	Ferd Capital	44,6 %
Broodstock Capital Partners AS	Ferd Capital	40,0 %
BC SPV I AS	Ferd Capital	75,8 %
BC SPV II AS	Ferd Capital	93,7 %
BC SPV III AS	Ferd Capital	85,0 %
BC SPV IV AS	Ferd Capital	90,0 %
Credo Invest nr 10 AS	Ferd Capital	91,3 %
Credo Invest nr 14 AS	Ferd Capital	43,3 %
Rolighedsvej, 9990 Skagen ApS	Ferd Capital	50,0 %
SPV Verdane Winds	Ferd Capital	43,6 %
Founders Fund II AS	Other areas	13,5 %
Energy Ventures II AS	Other areas	26,0 %
Energy Ventures II KS	Other areas	22,1 %
Energy Ventures III AS	Other areas	25,0 %
Energy Ventures III GP LP	Other areas	25,0 %
Energy Ventures III LP	Other areas	18,7 %
Herkules Private Equity Fund II (LP-I) Limited	Other areas	74,5 %
Herkules Private Equity Fund III (LP-I) Limited	Other areas	25,1 %
Intera Fund I	Other areas	12,0 %
Nordic Microfinance Initiative AS	Other areas	14,2 %
Norwegian Microfinance Initiative AS	Other areas	12,5 %
NMI Frontier	Other areas	11,3 %
NMI Fund III	Other areas	15,4 %
NMI Global	Other areas	11,3 %
NMI Fond IV KS	Other areas	12,7 %
NMI G IV AS	Other areas	14,1 %

Note 8 Income taxes

The income tax expense includes tax payable and changes in deferred tax. Income tax on other income and expense items in other comprehensive income is also recognised in total comprehensive income, and tax on balances related to equity transactions are set off against equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. Tax payable for the period is calculated on the tax basis, which deviates from the "Profit before tax" as a consequence of amounts that shall be recognised as income or expense in another period (temporary differences) or income statement amounts never to be subject to tax (permanent differences).

Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities in the financial statements and any tax effects of losses carried forward at the reporting date.

Deferred tax assets are only recognised in the balance sheet to the extent that it is probable that there will be sufficient taxable profits to utilise the benefits of the tax reducing temporary differences. Deferred tax liabilities and assets are calculated according to the tax rates and regulations ruling at the end of the reporting period and at nominal amounts. Deferred tax liabilities and assets are recognised net when the Company has a legal right to net assets and liabilities, and is able to and intend to settle the tax obligation net.

The tax expense comprises:

NOK1000	2019	2018
Income tax payable	50 516	74 840
Change in deferred tax	153 776	-133 999
Tax concerning prior periods	17 845	-5 257
Withholding tax paid	11 358	9 751
Tax expense	233 495	-54 665

Tax payable in balance sheet

NOK1000	2019	2018
Tax payable of the year	50 516	74 840
Group contribution rendered	-48 146	-48 572
Tax payable in balance sheet	2 370	26 268

Reconciliation of nominal to effective tax rate

NOK1000	2019	2018
Profit before tax	3 961 915	-413 925
Expected tax expense according to nominal tax rate (23% in 2018 and 24% in 2017)	871 621	-95 203
Non-taxable gain/loss and return on securities	-63 352	-396 752
Unrealised changes in value of securities	-612 539	437 940
Adjustment of tax from prior periods	17 845	-5 257
Withholding tax paid	11 358	9 751
Effect of change in tax rate	-	-8 349
Tax effect of other permanent differences	8 562	3 205
Tax expense	233 495	-54 665

Effective tax rate

	2019	2018
Effective tax rate	5,9 %	13,2 %

Deferred tax

NOK1000	2019	2018
Receivables	-16 880	-13 409
Gain and loss account	1 106	1 383
Financial instruments	19 957	-1 834
Tangible assets	1 136	-186
Provisions	-12 927	-3 175
Net pensions	-8 115	-7 438
Shares and bonds	353 176	208 336
Balance sheet value at 31 Dec., deferred tax liability	337 454	183 677

Change in net deferred tax recognised in balance sheet

NOK1000	2019	2018
Balance sheet value at 1 January	183 677	317 676
Charged in period	153 776	-133 999
Balance sheet value at 31 December	337 454	183 677

Note 9 Salaries and remuneration

NOK1000	2019	2018
Salaries	131 067	32 791
Social security tax	10 213	9 847
Pension costs (note 15)	9 776	10 541
Other benefits	6 998	3 458
Total	158 053	56 638

Average number of man-labour years	41	40
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Salary and remuneration to Group CEO

NOK1000	Salary and bonus	Benefits in kind	Pension
Morten Borge	7 644	312	745

The Group CEO participates in Ferd's annual and long term bonus scheme. Bonus is based on the results achieved in the Group.

The Group CEO participates in Ferd's collective pension schemes for salaries below 12 G. This is a contribution scheme (cf. note 15). The Group CEO also has a benefit scheme for a pension basis higher than 12 G, together with an early retirement pension scheme giving him the opportunity to retire at 65 years.

The Group CEO is entitled to 9 months severance pay if he has to resign from his position.

Fees to the Board

No specific fees have been paid for board positions in Ferd AS.

Note 10 Other operating expenses

NOK1000	2019	2018
Lease of buildings etc.	424	5 844
Fees to lawyers, consultants and auditors	60 244	36 271
Travel expenses	4 416	2 841
Loss and change in write-downs of receivables	-57	-
Other expenses	28 841	20 648
Total	93 868	65 603

Note 11 Audit fees charged to the income statement

Specification of fees to the Company's auditors PwC:

NOK1000	2019	2018
Audit fees EY	-	761
Audit fees PwC	904	500
Tax services	35	500
Certification services	30	-
Other non-audit services (PwC in 2019 and EY in 2018)	6 403	1 469
Total	7 372	3 229

Other non-audit services mainly comprise due diligence services.
All amounts are exclusive of VAT.

Note 12 Tangible assets

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment. The cost includes expenses directly attributable to the acquisition of the asset. Expenses incurred after the acquisition are recognised as assets when future economic benefits are expected to arise from the asset and can be reliably measured, whereas current maintenance is expensed.

Tangible assets are depreciated systematically over their expected useful lives, normally on a straight-line basis. If indications of impairment exist, the asset is tested for impairment.

Impairment

Tangible assets are considered for impairment when there are indications to the effect that future earnings cannot support the carrying amount.

In the assessment of a decline in value, the first step is to calculate or estimate the assets' recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount that can be achieved at a sale of an asset in a transaction performed at arm's length between well informed and voluntary parties, less costs to sell. The value in use is the present value of future cash flows expected to be generated by an asset or a cash-generating unit.

In the event that the carrying amount exceeds the recoverable amount, the difference is recognised as a write-down. Impairment losses are subsequently reversed when the impairment indicator no longer exists.

2019

NOK1000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	4 184	20 088	24 272
Additions	-	783	783
Cost at 31 December	4 184	20 871	25 055
Accumulated depreciation and impairment at 1 January		16 837	16 837
Depreciation of the year		1 640	1 640
Disposal of depreciation		-	-
Accumulated depreciation and impairment at 31 December	-	18 477	18 477
Carrying amount at 31 December	4 184	2 394	6 578
Estimated economic life of depreciable assets	-	4-10 years	
Depreciation method		Straight-line	

2018

NOK1000	Buildings and land	Fixtures and equipment	Total
Cost at 1 January	4 077	19 990	24 066
Additions	108	98	205
Cost at 31 December	4 184	20 088	24 272
Accumulated depreciation and impairment at 1 January		15 026	15 026
Depreciation of the year		1 811	1 811
Disposal of depreciation		-	-
Accumulated depreciation and impairment at 31 December	-	16 837	16 837
Carrying amount at 31 December	4 184	3 250	7 434
Estimated economic life of depreciable assets	-	4-10 years	
Depreciation method		Straight-line	
Annual lease of tangible assets not carried in the balance sheet	6 081		

Note 13 Bank deposits

The following amounts included in bank deposits concern restricted funds:

NOK1000	2019	2018
Employees' tax withheld	3 885	5 908

Note 14 Share capital and shareholder information

The share capital of the Company consists of 183 267 630 shares at nominal value NOK 1, - at 31 December 2019.

Owner structure

The shareholder as at 31 December 2019 was:

	Number of shares	Stake
Ferd Holding AS	183 267 630	100.00 %

Ferd AS is a subsidiary of Ferd Holding AS, being a subsidiary of Ferd JHA AS. Ferd shares offices with Ferd Holding AS and Ferd JHA AS in Lysaker, Bærum. Please contact Ferd for the consolidated financial statements of Ferd JHA AS.

Shares owned indirectly by the board members

of Ferd AS:	Voting rights	Stake
Johan H. Andresen (Ferd JHA AS)	69.98 %	15.21 %

Katharina G. Andresen and Alexandra G. Andresen have a combined indirect ownership holding of 84,8 % of Ferd AS as a result of their share ownership in Ferd Holding AS through their holding companies Ferd KGA AS and Ferd AGA AS.

Note 15 Pension costs and liabilities

FERD'S PENSION PLANS

Defined Contribution scheme

Obligations to make contributions to contribution based pension plans are recognised as costs in the income statement when the employees have rendered services entitling them to the contribution.

Defined benefit plan

For salaries exceeding 12 G, Ferd has established a pension scheme implying that the employees earn a pension right each year. The scheme was closed for new hires when established. The right comprises a share of the salary in excess of 12 G together with a return component depending on the employee's chosen risk profile. The pension plan has many similarities with a contribution scheme, but as Ferd is not making current payments to a fund, but has elected to take the risk of return itself, the scheme shall be classified as a benefit scheme for accounting purposes. Ferd has recognised the obligation as a pension liability and is expensing the current deposits and the current return as incurred.

In addition, Group management has an early retirement pension scheme giving them the opportunity to retire at 65 years. This is also a benefit scheme.

A defined benefit plan is a pension scheme defining the pension payment an employee will receive at the time of retirement. The pension is normally determined as a part of the employee's salary. The Company's net obligation from defined benefit pension plans is calculated separately for each scheme. The obligation is calculated by an actuary and represents an estimate of future retirement benefits that the employees have earned at the balance sheet date as a consequence of their service in the present and former period. The benefits are discounted to present value reduced by the fair value of the pension funds.

The portion of the period's net cost that comprises the current year's pension earnings, curtailment and settlement of pension schemes, plan changes and accrued social security tax is included in payroll costs in the period during which the employees have worked and thereby earned the pension rights. The net interest expense on the pension obligation less expected return on the pension funds is charged to the income statement as finance costs in the same period. Positive and negative estimate deviations are recognised as other income and costs in total comprehensive income in the period when they were identified.

Changes in defined benefit obligations due to changes in pension schemes are recognised over the estimated average remaining service period when the changes are not immediately recognised. Gain or loss on a curtailment or settlement of a plan is recognised in the result when the curtailment or settlement occurs. A curtailment occurs when the Company decides to reduce significantly the number of employees covered by a plan or amends the terms of a defined benefit plan to the effect that a significant part of the current employees' future earnings no longer qualify for benefits or will qualify for reduced benefits only.

Financial assumptions at 31 December

	2019	2018
Discount interest rate	2.00 %	1.90 %
Expected wage growth	2.50 %	2.50 %
Future expected pension regulation	1.75 %	1.75 %
Expected regulation of base amount (G)	2.25 %	2.25 %

DEFINED BENEFIT PLANS

Specification of the recognised liability

NOK1000	2019	2018
Present value of unfunded pension liabilities	36 884	33 808
Fair value of pension funds	-	-
Total defined benefit obligation recognised in the balance sheet at 31 Dec.	36 884	33 808

Movement in liabilities for defined benefit pensions plans

Estimate deviation recognised in total comprehensive income

NOK1000	2019	2018
Estimate deviation on the pension obligation (benefit schemes) of the year	-	-
Net estimate deviation for benefit schemes recognised in comprehensive income	-	-

Pension costs recognised in the income statement

NOK1000	2019	2018
Present value of this year's pension earnings	4 877	5 065
Pension costs on contribution schemes	4 899	5 573
Pension costs on defined benefit plan recognised in other comprehensive income	-	-
Total pension costs recognised in the income statement	9 776	10 637

Note 16 Short-term interest-bearing debt

NOK1000	Loan amount in NOK 2019	Loan amount in NOK 2018
NOK	537 037	913 721
Short-term interest-bearing debt at 31 Dec. at nominal value	537 037	913 721
Carrying amount at 31 December	537 037	913 721

Ferd AS has a multi-currency group cash pool agreement. Short-term interest-bearing debt at 31 December 2019 is a net overdraft on the group account arrangement for the Company against the other Group companies. The cash pool as a whole has positive det deposits as of 31.12.2019.

Note 17 Transactions and balances with group companies

Parties are considered to be related when one of the parties has the control, joint control or significant influence over another party. Parties are also related if they are subject to a third party's control, or one party can be subject to significant influence and the other to joint control. A person or member of a person's family is related when he or she has control, joint control or significant influence over the business. Companies controlled by or being under joint control by key executives are also considered to be related parties. All related party transactions are carried in accordance with written agreements and established principles.

Ferd AS has the following loans and balances with group companies:

NOK1000	2019	2018
Receivables		
Long-term receivables on group companies	133 574	42 868
Short-term receivables on group companies	17 516	518 443
Total receivables	151 090	561 311
Debt		
Short-term debt to group companies	200 379	337 916
Total debt	200 379	337 916

All group balances bear an interest of 6 months NIBOR + 1,5 percentage points.
Long-term loans have interest rates at assumed market terms.

NOK1000	2019	2018
Dividends and group contribution		
Dividends	317 550	1 172 050
Group contribution	177	95 402
Total income from financial investments	317 727	1 267 452

NOK1000	2019	2018
Services billed to group companies		
Staff services	4 734	2 900
Property management	20 811	19 471
Total income	25 545	22 371

Interest income on intercompany loans and balances

Interest income	3 654	5 298
Net interest income	3 654	5 298

Note 18 Contingent liabilities and obligations not recognised in balance sheet

Provisions

A provision is recognised when the Company has an obligation as a result of a previous event, it is probable that a financial settlement will take place and the amount can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, discounted at present value if the discount effect is significant.

Guarantees and obligations not recognised in the balance sheet

NOK1000	2019	2018
Commitments to supply subsidiaries and other enterprises with equity	-	175 000
Other commitments to subsidiaries	200 000	350 000
Not paid, but committed capital to funds investments	946 431	725 048
Total	1 146 431	1 250 048

Contingent obligations and litigation

Ferd AS is presently not involved in any litigation.

Note 19 New accounting standards according to IFRS

The financial statements have been prepared in accordance with standards approved by the International Accounting Standards Board (IASB) and International Financial Reporting Standards - Interpretations Committee (IFRIC) effective for accounting years starting on 1 January 2019 or earlier.

New and amended standards applied by Ferd effective from the accounting year 2019:

IFRS 16 Leases

IFRS 16 replaces the existing IFRS for leases, IAS 17 Leases. IFRS 16 states the principles for the recognition, measurement, presentation and disclosure for both parties in a lease agreement, i.e., the customer (lessee) and supplier (lessor). The new standard requires that the lessee recognises assets and liabilities for most lease agreements, which is a significant change from today's principles. For the lessor, IFRS 16 in all essentials carries the existing principles in IAS 17 forward, i.e., a lessor shall continue to classify leases as operating or finance lease agreements and account for them differently.

Ferd implemented IFRS 16 using the retrospective method where the total effect of the first application of the standard is recognized at the time of first application. Ferd has used the implementation method according to IFRS 16 C5 (b), with method according to IFRS 16 C8 (b) (ii) for most leases.

The effect of changes in accounting principles and the effect of first-time application are described in note 21.

Note 20 Specification of financial income and financial

Interest income

Amounts in NOK 1000	2019	2018
Interest income from bank deposits	77 603	75 899
Internal interest income	3 654	5 322
Other interest income	5 337	6 506
Sum	86 593	87 703

Interest expense

Amounts in NOK 1000	2019	2018
Interest expense to banks	-75 890	-66 983
Other interest expense	57	-1
Sum	-75 833	-66 984

Other net financial items

Amounts in NOK 1000	2019	2018
Currency gains and other financial income	33 090	18 964
Other financial income	-	17
Currency losses	-30 998	-68 657
Other currency costs	-	-35 923
Currency futures	-18 754	-101 211
Sum	-16 662	-186 811

Note 21 Right of use assets and lease liabilities

Identification of a lease

When entering into a contract, Ferd assesses whether the contract is or contains a lease agreement. A contract is or contains a lease agreement if the contract transfers the right to control the use of an identified asset for a period in exchange for a consideration.

Ferd as a tenant

Separation of the components of a lease

For contracts that constitute or contain a lease, Ferd separates lease components if it can benefit from the use of an underlying asset either alone or together with other resources that are readily available to the company, and the underlying asset is neither highly dependent on nor closely linked to other underlying assets in the contract. Ferd then accounts for each individual rental component in the contract as a lease separately from non-leased components in the contract.

Recognition of leases

At the time of implementation of a lease, Ferd recognizes a lease obligation and a corresponding right of use for all its leases, with the exception of the following exceptions applied:

- Short-term leases (lease period of 12 months or less)
- Low value assets

For these leases, the company recognizes the lease payments as other operating expenses in the income statement when they incur.

Lease liabilities

Ferd measures lease obligations at the time of implementation at the present value of the lease payments that are not paid at this time. The lease period represents the non-cancellable period of the lease, in addition to periods covered by an option either to extend or terminate the lease if Ferd with reasonable certainty will exercise this option. The rental payments that are included in the measurement of the rental obligation consist of:

- Fixed rental payments minus any receivables in form of rental incentives
- Variable rental payments that depend on an index or an interest rate, first measured using the index or the interest rate at the time of implementation
- Amounts expected to be paid to the company in accordance with residual value guarantees
- The exercise price for a call option, if the company will exercise this option with reasonable certainty
- Payment of a fine for termination of the lease, if the lease period reflects that the company will exercise an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect lease payments and measuring the carrying amount again to reflect any revaluations or changes to the lease, or to reflect adjustments in lease payments such as follows from adjustments in indices or rates.

Ferd does not include variable rental payments in the rental obligation. Instead, the company recognizes these variable rental costs in the income statement.

Ferd presents its lease obligations on its own lines in the balance sheet.

Right of use assets

Ferd measures right-of-use assets at acquisition cost, less accumulated depreciation and impairment losses, adjusted for any new measurements of the lease obligation. Acquisition cost for the right of use assets includes:

- The amount from the initial measurement of the lease obligation
- All rental payments at or before the time of implementation, less any rental incentives received
- All direct expenses for entering into an agreement were incurred by the company
- An estimate of the expenses incurred by the tenant for the dismantling and removal of the underlying asset, the restoration of the place where the unit is located, or the restoration of the underlying asset to the condition required by the terms of the lease, unless these expenses are incurred during the production of the goods.

Ferd applies the depreciation requirements in IAS 16 Property, plant and equipment when depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the date of implementation until what occurs first of the end of the lease term and the end of the useful life of the right-of-use assets.

The company applies IAS 36 "Impairment of assets" to determine whether the usufruct asset has been impaired and to account for any

Right of use assets

Amount in NOK 1000	Buildings	Total
Cost at 1 January	12 475	12 475
Additions	169 370	169 370
Cost at 31 December	181 845	181 845
Accumulated depreciation and impairment at 1 January	-	-
Depreciation of the year	-6 238	-6 238
Accumulated depreciation and impairment at 31 December	-6 238	-6 238
Carrying amount at 31 December	175 607	175 607
Lease liabilities	-	-
Amount in NOK 1000	-	-
Undiscounted lease liabilities and payment	-	-
Less than 1 year	21 306	
1-2 years	18 187	
2-3 years	18 551	
3-4 years	18 922	
4-5 years	19 300	
More than 5 years	106 069	
Total undiscounted lease liabilities 31 December	202 334	
Changes in lease liabilities	-	
Lease liabilities 1 January (implementation effect)	12 475	
New / changed lease liabilities in the period	169 370	
Current year lease payments	-5 443	
Interest expense on lease liabilities	-117	
Total lease liabilities 31 December	176 285	
<i>whereof current lease liabilities < 1 year</i>	<i>17 262</i>	
<i>whereof non-current lease liabilities > 1 year</i>	<i>159 023</i>	
Other lease expenses in profit & loss	-	
Variable lease payments expensed in the period	424	
Total lease expenses included in operating expenses	424	

Practical solutions applied

Ferd has decided not to recognize leases where the underlying asset has a low value (NOK 200,000), and thus does not recognize lease obligations and usufruct assets for any of these leases. Instead, the rent payments are expensed when they occur. The company also does not recognize lease obligations and usufruct assets for short-term leases (less than 12 months), as presented in the table above.

Options to extend a lease

Ferds lease agreements for buildings have lease periods that vary between 1 and 10 years. Several of the agreements contain a right to extension that can be exercised during the last period of the agreement. When entering into an agreement, the company assesses whether the right to extension with reasonable security will be exercised.

Note 22 Non-current interest bearing debt

Amount in NOK 1000	Amount in NOK 2019	Amount in NOK 2018
Non-current interest bearing debt to Den Nordiske Investeringsbanken	100 000	-
Non-current interest bearing debt - carrying amount 31 December	100 000	-
Activated start-up costs	-6 492	-6 967
Carrying amount 31 December	93 508	-6 967

Ferd har to lånefasiliteter på til sammen 7 milliarder NOK. Av disse var 100 millioner NOK trukket opp pr. 31.12.2019. Opptrekkskostnader knyttet til fasilitetene er periodisert over løpetiden.

Opptrekkskostnader i 2018 er kostnader knyttet til fasiliteten som ikke var benyttet. Da vi ikke hadde opptrekk på lånefasilitetene ble de aktiverte opptrekkskostnadene klassifisert som andre fordringer.

Ferd har finansielle covenants til lånefasilitetene med krav til 1) Egenkapitalandel, 2) Bokført egenkapital og 3) Likvide midler. Per 31.12.2019 har Ferd god margin til disse kravene.

**CONSOLIDATED
FINANCIAL
STATEMENTS
FERD AS
GROUP**

Income statement 1 January - 31 December

NOK1000	Note	2019	2018
OPERATING INCOME AND EXPENSES			
Sales income	3.10	15 252 489	13 932 677
Income from financial investments	3.4	2 237 052	-236 398
Other income	3.8	708 149	546 655
Operating income	3	18 197 690	14 242 934
Cost of sales		8 516 009	8 190 650
Salary expenses	11.19	3 609 011	3 021 869
Depreciation and write-downs	3.12,13,14,34	1 083 634	699 247
Other operating expenses	15.16	1 679 742	1 570 457
Operating expenses		14 888 397	13 482 223
Operating profit	3	3 309 293	760 711
Income on investments accounted for by the equity method	3.17	142 276	183 231
Finance income	18	175 059	162 455
Finance expenses	18	-602 775	-496 349
Net finance items		-285 440	-150 663
Profit before tax		3 023 854	610 048
Income tax expense	9	492 553	161 299
PROFIT FOR THE YEAR		2 531 300	448 750
Non-controlling interests' share of profit for the year		85 466	95 296
Parent company shareholders' share of profit for the year		2 445 834	353 454

Total comprehensive income 1 January - 31 December

NOK1000		2019	2018
PROFIT FOR THE YEAR		2 531 300	448 750
Other income and expenses that can be reclassified to the income statement at a later date:			
Currency conversion of foreign subsidiaries		47 226	2 259
Effect of cash flow hedging	28	16 778	-41 590
Tax on cash flow hedging	9.28	-3 620	11 322
Other income and expenses that cannot be reclassified to the income statement at a later date:			
Estimate deviation on pensions	19	-1 090	152
Tax on estimate deviation on pensions	9	-259	246
TOTAL COMPREHENSIVE INCOME		2 590 335	421 139
Non-controlling interests' share of total comprehensive income	23	92 892	100 193
Parent company shareholders' share of total comprehensive income		2 497 443	320 946

Balance sheet as at 31 December

NOK1000	Note	2019	2018
ASSETS			
Non-current assets			
Intangible assets	3.12,13	4 435 213	4 317 659
Deferred tax assets	9	380 643	329 950
Tangible assets	3.14	2 890 665	2 581 542
Right of use assets	34	1 899 847	-
Investments accounted for by the equity	3.7,17	578 483	617 762
Investment property	3.5,8	3 647 600	2 998 100
Pension funds	19	968	1 443
Other financial assets	7	404 796	258 630
Total non-current assets		14 238 215	11 105 086
Current assets			
Inventories	20	3 439 379	3 062 090
Short-term receivables	5,21	3 683 545	3 188 733
Listed shares and bonds	3,5,7	6 152 473	6 939 497
Unlisted shares and bonds	3,5,7	5 445 170	4 218 949
Hedge funds	3,5	4 624 417	4 649 334
Derivatives	3,5	81 170	14 985
Liquidity fund investments (cash equivalents)	5	2 043 930	1 509 306
Bank deposits	3	2 924 302	1 413 945
Total current assets		28 394 386	24 996 840
TOTAL ASSETS	3	42 632 601	36 101 926

Balance sheet as at 31 December

NOK1000	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Paid-in equity	<u>22</u>	4 050 578	4 050 578
Other equity		21 779 305	19 739 233
Non-controlling owner interests	<u>23</u>	1 183 729	974 414
Total equity		27 013 612	24 764 225
Non-current liabilities			
Pension liabilities	<u>19</u>	70 737	70 530
Deferred tax	<u>9</u>	1 045 823	824 951
Long-term interest-bearing liabilities	<u>24</u>	4 929 007	4 953 960
Other long-term debt	<u>5,24</u>	186 676	157 469
Lease liabilities	<u>34</u>	1 722 430	-
Total non-current liabilities		7 954 674	6 006 911
Current liabilities			
Short-term interest-bearing liabilities		1 864 411	1 252 807
Income tax payable	<u>9</u>	242 500	233 132
Other current liabilities	<u>5,25</u>	5 167 253	3 740 848
Lease liabilities	<u>34</u>	365 896	-
Derivatives		24 255	104 004
Total current liabilities		7 664 315	5 330 790
Total liabilities		15 618 989	11 337 701
TOTAL EQUITY AND LIABILITIES		42 632 601	36 101 926

Lysaker, 28 May 2020

The Board of Directors of Ferd AS

Signed

Johan H. Andresen
Chairman of the Board

Signed

Morten Borge
Board Member, CEO

Signed

Tom Erik Myrland
Board Member

Signed

Erik Rosness
Board Member

Signed

Gry Skorpen
Board Member

Statement of changes in equity

2019	Share capital (note 14)	Share premium	Other paid-in capital	Total paid-in equity	Currency conversion reserve	Cash-flow hedging (note 28)	Retained earnings	Total other equity	Non-controlling owner interests	Total equity
NOK1000										
Equity at 1 Jan. 2019	183 268	3 057 406	809 905	4 050 579	30 226	-18 635	19 723 338	19 734 929	974 414	24 759 921
Correction previous years	-	-	-	-	-	-	-28 290	-28 290	-	-28 290
Implementation IFRS 16	-	-	-	-	-	-	-10 675	-10 675	-	-10 675
Equity at 1 Jan.	183 268	3 057 406	809 905	4 050 579	30 226	-18 635	19 684 373	19 695 964	974 414	24 720 957
Profit for the year	-	-	-	-	-	-	2 445 834	2 445 834	85 466	2 531 300
Profit from other income and expenses	-	-	-	-	39 800	13 158	-1 349	51 609	7 425	59 034
Total comprehensive income 2019	-	-	-	-	39 800	13 158	2 444 485	2 497 443	92 892	2 590 335
Transactions with owners										
Transactions with non-controlling interests	-	-	-	-	-	-	-3 586	-3 586	228 985	225 399
Group contribution paid	-	-	-	-	-	-	-516	-516	-	-516
Dividend paid *)	-	-	-	-	-	-	-410 000	-410 000	-112 562	-522 562
Total transactions with owners	-	-	-	-	-	-	-414 102	-414 102	116 423	-297 679
Equity at 31 Dec. 2019	183 268	3 057 406	809 905	4 050 579	70 027	-5 478	21 714 756	21 779 305	1 183 729	27 013 613

*) Ferd AS has in 2019 paid an additional dividend of NOK 110 million to Ferd Holding AS, as well as an ordinary dividend of NOK 300 million.

2018	Share capital (note 14)	Share premium	Other paid-in capital	Total paid-in equity	Currency conversion reserve	Cash-flow hedging (note 28)	Retained earnings	Total other equity	Non-controlling owner interests	Total equity
NOK1000										
Equity at 1 Jan.2018	183 268	3 057 406	809 905	4 050 579	33 749	11 632	19 799 517	19 844 898	1 031 032	24 926 508
Profit for the year	-	-	-	-	-	-	353 454	353 454	95 296	448 750
Profit from other income and expenses	-	-	-	-	-2 855	-30 267	614	-32 508	4 897	-27 611
Total comprehensive income 2018	-	-	-	-	-2 855	-30 267	354 068	320 946	100 193	421 139
Transactions with owners										
Transactions with non-controlling interests	-	-	-	-	-	-	12 022	12 022	-57 671	-45 649
Group contribution paid	-	-	-	-	-	-	-3 129	-3 129	-	-3 129
Dividend paid *)	-	-	-	-	-	-	-435 504	-435 504	-99 140	-534 644
Total transactions with owners	-	-	-	-	-	-	-426 612	-426 612	-156 811	-583 423
Equity at 31 Dec. 2018	183 268	3 057 406	809 905	4 050 579	30 894	-18 635	19 726 973	19 739 232	974 414	24 764 224

*) In September 2018, Ferd AS paid an additional dividend to Ferd Holding AS. This dividend has in its entirety been utilised to settle a balance between the companies.

Statement of cash flows 1 January - 31 December

The cash flow statement has been prepared using the indirect method, implying that the basis used is the Group's profit before tax to present cash flows generated by operating activities, investing activities and financing activities, respectively.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term and easily realisable investments that will fall due within 3 months. Restricted funds are also included. Drawings on bank overdraft are presented as current liabilities to credit institutions in the balance sheet. In the statement of cash flows, the overdraft facility is included in cash and cash equivalents.

NOK1000	Note	2019	2018
Operating activities			
Profit before tax and minorities		3 023 854	610 048
Taxes paid	9	-309 653	-368 215
Depreciation and write-downs	12,13,14,34	1 083 634	699 247
Value-change on investment property	8	-386 642	-27 954
Income on investments accounted for by the equity method	17	-142 276	-135 958
Pension costs without cash effects	19	3 616	-85 190
Gain and loss on securities, net		314 618	836 280
Net investment in securities		2 449	96 923
Net investment in investment property	8	-343 644	-204 861
Gain and loss on sale of tangible assets, net		57 420	-6 826
Change in inventories		-281 149	288 219
Change in short-term receivables and other current assets		39 412	102 260
Change in trade payables and other current liabilities		575 826	-243 066
Change in other long-term debt		157 434	-7 020
Net cash flows from operating activities		3 794 899	1 553 889
Investing activities			
Proceeds from sale of tangible and intangible assets	12,13,14	-	76 684
Purchases of tangible and intangible assets	12,13,14	-1 210 571	-844 004
Dividend received from companies accounted for by the equity method	17	43 340	64 669
Purchase of subsidiaries, net less bank deposits taken-over	13	-163 028	-286 264
Proceeds from sale of subsidiaries, net less bank deposits transferred		72 031	32
Net other investments		-479 851	105 225
Net cash flows used in investing activities		-1 738 079	-883 658
Financing activities			
Cash inflow from new interest-bearing debt	29	968 225	1 566 949
Repayment of interest-bearing debt	29	-549 398	-793 346
Dividend paid		-410 000	-537 773
Net transactions with non-controlling interests		-112 562	-36 857
Net cash flows from investing activities		-103 735	198 973
Currency conversion of bank deposits		91 897	-44 920
Change in bank deposits and liquidity fund investment		2 044 981	824 284
Bank deposits and liquidity fund investment at 1 January		2 923 251	2 098 967
Bank deposits and liquidity fund at 31 December		4 968 232	2 923 251

Note 1 General information and accounting principles

General information

Ferd is a family-owned Norwegian investment-company committed to value-creating ownership of businesses and investments in financial assets. In addition to the Group's purely commercial activities, Ferd has an extensive involvement in social entrepreneurship. Ferd AS is located in Strandveien 50, Lysaker.

Ferd is owned by Johan H. Andresen and his family. Andresen is the Chair of the Board.

The Company's financial statements for 2019 were approved by the Board of Directors on 28 May 2020.

Basis for the preparation of the consolidated financial statements

Ferd AS' consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU.

The most significant accounting principles applied in the preparation of the financial statements are described below. Specific accounting principles are disclosed under the relevant notes. The accounting principles are consistent for similar transactions in the reporting periods presented, if not otherwise stated.

Consolidation and consolidated financial statements

The consolidated financial statements show the overall financial results and the overall financial position for the parent company Ferd AS and entities where Ferd has direct or indirect control. Ferd has control over an investment if Ferd has the decision power over the enterprise in which it has been invested, is exposed to or is entitled to a variable return from the enterprise, and at the same time has the opportunity to use this decision power over the enterprise to influence on the variable return.

Non-controlling interests in subsidiaries are disclosed as part of equity, but separated from the equity that can be attributed to the shareholders of Ferd AS. The non-controlling interests are either measured at fair value or at the proportionate share of identified net assets and liabilities. The principle for measuring non-controlling interests is determined separately for each business combination.

Subsidiaries are consolidated from the date when the Group achieves control, and are excluded when such control ceases. Should there be a change in ownership in a subsidiary without any change of control, the change is accounted for as an equity transaction. The difference between the compensation and the carrying value of the non-controlling interests is recognised directly in equity and allocated to the shareholders of Ferd AS. At a loss of control, the subsidiary's assets, liabilities, non-controlling interests and any accumulated currency differences are derecognised. Any remaining owner interests at the date of the loss of control are measured at fair value, and gain or loss is recognised in the income statement.

Inter-company transactions, balances and unrealised internal gains are eliminated. When required, adjustments are made to the financial statements of subsidiaries to bring their accounting principles in line with those used by the Group.

Foreign currency translation

Transactions in foreign currency in the individual Group entities are recognised and measured in the functional currency of the entity at the transaction date. Monetary items in foreign currency are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Gain and loss arising from changes in foreign currency is recognised in the income statement with the exception of currency differences on loans in foreign currencies hedging a net investment, and inter-company balances considered to be part of the net investment. These differences are recognised as other income in total comprehensive income until the investment is disposed of.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency of the parent company. When a subsidiary in foreign currency is consolidated, income and expense items are translated into Norwegian kroner at an average weighted exchange rate throughout the year. For balance sheet items, including excess values and goodwill, the exchange rate prevailing at the balance sheet date is used. Exchange differences arising when consolidating foreign subsidiaries are recognised in total comprehensive income until the subsidiary is disposed of.

Loan expenses

Loan expenses that are directly attributable to the acquisition, manufacturing or production of an asset requiring a long time to be completed before it can be used, are added to the acquisition cost for the asset. For investment properties measured at fair value, Ferd is also capitalising loan expenses incurred in the development period. Ferd is capitalising loan expenses from the starting date for the preparation of the asset for its intended use and the loan expenses begin to incur. The capitalisation continues until these activities have been completed. Should the development be put temporarily on hold, the loan expenses are not capitalised during this period.

Provisions

A provision is recognised when the Group has an obligation as a result of previous events, it is probable that a financial settlement will take place and the amount can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, discounted at present value if the discount effect is significant.

Dividend

Dividend proposed by the Board is classified as equity in the financial statements and recognised as a liability only when it has been approved by the shareholders in a Shareholders' Meeting.

Note 2 Accounting estimates and judgemental considerations

Management has used estimates and assumptions in the preparation of the consolidated financial statements. This applies for assets, liabilities, expenses and disclosures. The underlying estimates and assumptions for valuations are based on historical experience and other factors considered to be relevant for the estimate on the balance sheet date. Estimates can differ from actual results. Changes in accounting estimates are recognised in the period they arise. The main balances where estimates have a significant impact on disclosed values are mentioned below. The methods for estimating fair value on financial assets are also described below.

In Ferd's opinion, the estimates of fair value reflect reasonable estimates and assumptions for all significant factors expected to be emphasised by the parties in an independent transaction, including those factors that have an impact on the expected cash flows, and by the degree of risk associated with them.

Determination of the fair value of financial assets

A large part of the Ferd Group's balance sheet comprises financial assets at fair value. The fair value assessment of financial assets will to varying degrees be influenced by estimates and assumptions related to factors like future cash flows, the required rate of return and interest rate level. The most significant uncertainty concerns the determination of fair value of the unlisted financial assets.

Listed shares and bonds

The fair value of financial assets traded in active and liquid markets is determined at noted market prices on the balance sheet date (the official closing price of the market). Accordingly, the determination of the value implies limited estimation uncertainty.

Unlisted shares and bonds

The class "Unlisted shares and bonds" comprises private shares and investments in private equity funds. The fair value is determined by applying well-known valuation models. The use of these models requires input of data that partly constitutes listed market prices and partly estimates on the future development, as well as assessments of a number of factors existing on the balance sheet date.

Hedge funds

The hedge funds are managed by external parties providing Ferd with monthly, quarterly or half-yearly estimates of the fair value. The estimates are verified by independent administrators. In addition, the total return from the funds is assessed for reasonableness against benchmark indices.

Liquidity fund investment

The fair value of the liquidity funds is valued on the basis of quoted market prices. If market rates are not available, the funds are valued in compliance with pricing models based on the current yield curve and external credit ratings

Derivatives

The fair value of derivatives is based on quoted market prices.

Determination of the fair value of investment properties

The Ferd Group has several investment properties recognised at fair value. The fair value is based on the discounted value of future cash flows, and the estimate will be impacted by expected future cash flows and the required rate of return. The main principles for determining the cash flows and required rates of return are described below.

Future cash flows are based on the following factors:

- Existing contracts
- Expected future rentals
- Expected vacancies

The required rate of return is based on a market-based rate of return for properties with the assumed best location (prime- yield CBD) with the addition of a risk premium for the property.

The risk premium is based on:

- Location
- Standard
- Expected market development
- Rent level compared to the rest of the market
- The tenant's financial strength
- Property specific knowledge

In the event of transactions concerning comparable properties close to the balance sheet date, these values are applied as a cross-reference for the valuation.

Properties that are part of development projects are valued by applying the same method, but the uncertainty of the estimates is larger. For development projects, the value of the project is increased in line with achieved milestones.

Impairment considerations of goodwill

Goodwill is tested annually for impairment by discounting expected future cash flows of the cash-generating unit to which goodwill is allocated. If the discounted value of future cash flows is lower than the carrying value, goodwill is written down to the recoverable amount. The impairment tests are based on assumptions of future expected cash flows and estimates of the discount interest rate.

Note 13 has details on the impairment considerations for goodwill.

Depreciation and impairment of tangible and intangible assets

Tangible and intangible assets with definite lives are recognised at cost. The acquisition cost less the residual value is depreciated over the expected useful economic life. The carrying values will depend on the the Group's estimates on useful lives and residual values. These assumptions are estimated on the basis of experience, history and judgemental considerations. The estimates are adjusted if the expectations change.

Testing for impairment is undertaken when indicators of a permanent decline in value of tangible or intangible assets are identified. These tests are based on estimates and assumptions on future cash flows and discount interest rate.

Pension funds and obligations

The calculation of pension obligations implies the use of judgement and estimates on a number of financial and demographical assumptions. Note 19 has details on the assumptions used. Changes in assumptions can result in significant changes in pension obligations and funds in the balance sheet.

Deferred tax assets

Deferred tax assets of tax losses to carry forward and other tax-reducing differences are recognised in the balance sheet to the extent that it is probable that the deferred tax assets can be utilised against future taxable income. Management is required to use significant judgement to determine the size of the deferred tax assets recognised in the balance sheet. The disclosed value shall be based on expectations of future taxable income, the points in time for utilising the deferred tax asset and future tax planning strategies.

Provision for losses on receivables

The provision for losses on receivables is estimated on the probability for not recovering the outstanding amounts due. The assessment is based on historical experience, the aging of the receivable and the counterparty's financial situation.

Lease liabilities

Capitalized lease obligations are discounted values that involve estimates of a number of financial assumptions for calculating the discount rate. It also involves estimates related to when extension options on the individual leases occur.

Note 3 Segment reporting

Ferd reports segments in line with IFRS 8. Ferd is an investment company, and management makes decisions, is following up and evaluates the decisions based on the development in value and fair value of the Company's investment. Ferd distinguishes between business areas based on investment type/mandate, capital allocation, resource allocation and risk assessment.

Ferd has four commercial business areas:

Ferd Capital is a long-term investor working actively with the companies during the period of ownership to secure the development in value to be the best possible. Ferd Capital comprises three mandates: Private companies, public companies and Special Investments.

Those companies where Ferd Capital has control, are consolidated into the group accounts, and the segment reporting in the consolidated financial statements consequently comprises the consolidated results from these companies, in addition to value changes and management costs on non-consolidated companies and other investments. The value of the investments and the value changes are included in Ferd AS' company accounts, where Ferd Capital reports MNOK 2 625 in operating profit. The value of Ferd Capital's portfolio constitutes MNOK 18 683 at 31 December 2019 and MNOK 16 909 at 31 December 2018 measured at fair value.

Ferd Capital's largest investments as of 31 December 2019 are:

- Elopak (99.9 percent ownership holding) is one of the world's leading manufacturers of packaging systems for fluid food articles. With an organisation and cooperating partners in more than 40 countries, the company's products are sold and marketed in more than 100 countries.
- Aibel (49.4 percent ownership holding) is a leading supplier to the international upstream oil and gas industry concentrating on the Norwegian shelf. The company is engaged in operating, maintaining and modifying offshore and land based plants, and is also supplying complete production and processing installations.
- Interwell (64.5 percent ownership holding) is a preeminent Norwegian supplier of high-tech well tools to the international oil and gas industry. The company's most important market is the Norwegian shelf, but it has in recent years also gained access to several significant markets internationally.
- Brav (100.0 percent ownership holding) is developing, manufacturing and marketing ski wax, ski sticks, accessories and textiles for sporting and active leisure time use. The company has extensive operations in Norway and abroad.
- Mestergruppen (78.0 percent ownership holding) is a prominent actor in the Norwegian building materials market concentrating on the professional part of the market. The company's operations include the sale of building materials and developing land and projects, housing and cottage chains.
- Servi (99.6 percent ownership holding) develops and manufactures customer specific hydraulics systems, cylinders and vents to the offshore, maritime and land based industries.
- Fjord Line (44.6 percent ownership holding) is a modern shipping company offering sea transport between Norway, Denmark and Sweden. In addition to passenger traffic, Fjord Line has adequate capacity for freight of all types of utility vehicles handled by the shipping company's cargo departments in Norway and Denmark.
- Fürst (40.0 percent ownership holding) operates the largest medical laboratory in the Nordics and daily analyses blood samples from more than 10 000 patients.
- Mnemonic (41.9 percent ownership holding) is one of Europe's largest business within the cybersecurity industry. Mnemonic helps businesses to manage and minimized their security risks, protect their data and defend themselves against internet threats.
- Benchmark Holdings (26.0 percent ownership holding) contributes to improving fish health within fish farming by manufacturing special meal, roe and vaccines.
- Nilfisk (16.7 percent ownership holding) delivers washing equipment to the professional market as well as to consumers.

Ferd Invest mainly invests in listed Nordic limited companies. The ambition is to beat a Nordic share index. Ferd Invest's mandate has no limitations regarding allocations between countries and sectors. The portfolio is concentrated and expected to deviate significantly from the reference index.

Ferd External Managers comprises the four mandates Relative Value, Macro, Global Equity and Global Fund Opportunities. The objective with the portfolios is to achieve a good risk-adjusted return over time, both compared with the market and in absolute terms.

Ferd Real Estate is an active property investor responsible for developing housing projects, new office buildings and warehouse/combined buildings. The projects are carried out in-house, or in cooperation with selected partners. Investments concerning financial property only are also made, in addition to managing the business area's office buildings.

Other areas mainly comprise bank deposits, short term liquidity funds, investments in externally managed private equity funds and hedge funds acquired in the second-hand market. Other areas also comprise some financial instruments to be utilised by management to adjust the total risk exposure.

Costs to the company's management, staff and in-house bank are also included.

NOK1000	Ferd AS Group	Capital	Invest	External Managers	Real Estate	Other areas
Result 2019						
Sales income	15 252 489	15 247 041	-	-0	5 448	-
Income from financial investments	2 237 052	1 137 331	350 558	678 216	7 420	63 527
Other income	708 149	158 979	-	-	542 492	6 677
Operating income	18 197 690	16 543 351	350 558	678 216	555 360	70 204
Operating expenses excl. Depreciation and impairment	13 804 763	13 602 806	9 649	19 120	67 067	106 120
EBITDA	4 392 927	2 940 544	340 910	659 096	488 293	-35 916
Depreciation and impairment	1 083 634	1 073 482	194	389	5 233	4 336
Operating profit	3 309 293	1 867 063	340 715	658 707	483 060	-40 252
Income on investments accounted for by the equity method	142 276	-38 264	-	-	180 540	-
Result before finance items and income tax expense	3 451 569	1 828 799	340 715	658 707	663 600	-40 252

Balance sheet as at 31 December 2019

Intangible assets	4 435 213	4 435 213	-	-	-	-
Tangible assets and investment properties	6 538 265	2 700 702	-	12	3 832 937	4 614
Investments accounted for by the equity method	578 483	325 668	-	-	252 815	-
Investments classified as current assets	18 265 990	6 278 972	3 413 807	4 786 409	270 230	3 516 572
Bank deposits ¹⁾	2 924 302	2 079 986	-48 475	11 906	1 555 945	-675 060
Other assets	9 890 348	9 070 838	10 263	32 111	430 885	346 251
Total assets	42 632 601	24 891 380	3 375 595	4 830 438	6 342 811	3 192 377

¹⁾ The business area's net withdrawals from the bank accounts are included here.

NOK1000	Ferd AS Group	Capital	Invest	External Managers	Real Estate	Other areas
Result 2018						
Sales income	13 932 677	13 932 602	-	-	75	0
Income from financial investments	-236 398	-265 604	-430 462	305 771	71 241	82 656
Other income	546 655	105 589	-	-	439 594	1 472
Operating income	14 242 934	13 772 587	-430 462	305 771	510 910	84 128
Operating expenses excl. Depreciation and impairment	12 782 976	12 506 077	2 637	11 382	205 570	57 310
EBITDA	1 459 958	1 266 510	-433 099	294 389	305 340	26 818
Depreciation and impairment	699 247	693 612	-	-	3 860	1 774
Operating profit	760 711	572 898	-433 099	294 389	301 479	25 044
Income on investments accounted for by the equity method	183 231	57 218	-	-	126 013	-
Result before finance items and income tax expense	943 943	630 116	-433 099	294 389	427 493	25 044

Balance sheet as at 31 December 2018

Intangible assets	4 317 659	4 317 659	-	-	-	-
Tangible assets and investment properties	5 579 642	2 428 039	-	-	3 145 833	5 771
Investments accounted for by the equity method	617 762	396 906	-	-	220 857	-
Investments classified as current assets	17 332 072	6 138 216	3 565 584	4 317 928	274 030	3 036 315
Bank deposits ¹⁾	1 413 945	364 726	29 318	-3 250	1 488 365	-465 213
Other assets	6 840 846	6 325 377	12 061	8 401	290 346	204 661
Total assets	36 101 926	19 970 921	3 606 963	4 323 079	5 419 431	2 781 533

¹⁾ The business area's net withdrawals from the bank accounts are included here.

Note 4 Income from financial investments

Income from financial investments by the various asset classes:

NOK1000	2019	2018
Listed shares and bonds	521 287	-600 137
Unlisted shares and bonds	1 054 370	-33 726
Hedge funds	626 722	388 159
Liquidity fund investments	34 673	9 306
Total income from financial investments	2 237 052	-236 398

Note 5 Financial instruments and the use of fair value

Classification of financial instruments

Financial instruments constitute a substantial part of Ferd's consolidated accounts and are of considerable significance for the overall financial standing and result of the Group. Financial assets and liabilities are recognised when the Group becomes a party to the contractual obligations and rights of the instrument.

Financial assets:

- Investments in equity instruments and derivatives are measured at fair value through profit or loss.
- Other financial assets, including accounts receivable, are intended to receive contractual cash flows and are measured at amortized cost. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are classified as current assets, unless they are expected to be realised more than 12 months after the balance sheet date. Loans and receivables are presented as trade receivables, other receivables and bank deposits in the balance sheet.
- Derivatives are initially measured at fair value through profit or loss with the exception of derivatives which are held for hedging purposes and meet the requirements for hedge accounting.

Financial liabilities:

- Derivatives are measured at fair value through profit or loss with the exception of derivatives held for hedging purposes and which meet the requirements for hedge accounting.
- Other financial liabilities are measured at amortized cost. Trade payables and other liabilities are classified as current liabilities if the payments fall due within one year or within the ordinary operating cycle. Debt that has been incurred through the use of Ferd's loan facility is presented as long-term debt if Ferd has both the opportunity and intention to postpone repayment of the debt to more than 12 months in the future.

Purchases and sales of financial instrument transactions are recognised on the date of the agreement, which is the date the Group makes the commitment to buy or sell the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or have been transferred to another party. Correspondingly, financial assets are derecognised when the Group on the whole has transferred the risk and reward of the ownership.

Financial instruments at "fair value over profit and loss" are initially measured at quoted prices at the balance sheet date or estimated on the basis of measurable market information available at the balance sheet date. Transaction costs are recognised in the income statement. In subsequent periods, the financial instruments are presented at fair value based on market values or generally accepted calculation methods. Changes in value are recognised in the income statement.

Loans and receivables are initially measured at fair value with the addition of direct transactions costs. In subsequent periods, the assets and liabilities are measured at amortised cost by using the effective interest method, less any decline in value. A provision for a decline in value is made for actual and possible losses on receivables. The Group regularly reviews receivables and prepares estimates for losses, as the basis for the provisions in the financial statements. When preparing the estimate, historical data is used for losses on receivables, which are classified according to the same risk characteristics that are used as a basis within the Group. Based on historical observable default rates, an expectation is made for future losses, for which a provision is recognized. Losses from declines in value are recognised in the income statement.

Gain and loss from the realisation of financial instruments, changes in fair values and interest income are recognised in the income statement in the period they arise. Dividend income is recognised when the Group has the legal right to receive payment. Net income related to financial instruments is classified as operating income and presented as "Income from financial investments" in the income statement.

Hedge accounting

The Group applies financial derivatives to reduce the financial loss from exposures to unfavourable changes in exchange rates or interest rates. Financial derivatives related to a highly probable planned transaction (cash flow hedges) are recognised in accordance with the principles for hedge accounting when the hedge has been documented and meets the relevant requirements for effectiveness. Ferd is not applying hedge accounting using derivatives acquired to reduce the risks of owning assets or liabilities recognised in the balance sheet. Derivatives not qualifying for hedge accounting are classified as financial instruments at fair value, and changes in the fair value are recognised in the income statement.

Cash flow hedging is presented by recognising a change in fair value of the derivative designated as the hedging instrument for the cash flow hedge in other income and expenses in total comprehensive income until the underlying transaction has taken place. The ineffective portion of the hedge is recognised immediately in profit or loss.

When the hedging instrument reaches maturity or is disposed of, or when the planned transaction has occurred or when the hedge no longer meets the criteria for hedge accounting, the accumulated effect of the hedge is recognised in the income statement.

Ferd's principles in the measurement of fair value, generally

Ferd applies the valuation method that is considered to be the most representative estimate of an assumed sales value. Such a sale shall be carried out in an orderly transaction at the balance sheet date. As a consequence, all assets for which there is observable market information, or where a transaction recently has been carried out, these prices are applied (the market method). When a price for an identical asset is not observable, the fair value is calculated by another valuation method. In the valuations, Ferd applies relevant and observable data to the largest possible extent.

For all investments where the value is determined by another method than the market method, analyses of changes in value from period to period are carried out. Thorough analyses on several levels are made, both overall within the business area, by Ferd's group management and finally by Ferd's Board. Sensitivity analyses for the most central and critical input data in the valuation model are prepared, and in some instances recalculations of the valuation are made by using alternative valuation methods in order to confirm the calculated value.

Ferd is consistent in the application of valuation method and normally does not change the valuation principles. A change of principles will deteriorate the reliability of the reporting and weaken the comparability between periods. The principle for the valuation and use of method is determined for the investment before it is carried out, and is changed only exceptionally and if the change results in a measurement that under the circumstances is more representative for the fair value.

Valuation methods

Investments in listed shares are valued by applying the market method. The quoted price for the most recent carried-out transaction on the market place is the basis.

Investments in unlisted shares managed in-house are normally valued on the basis of an earnings multiple. In calculating the value (Enterprise Value - EV), ratios like EV/EBITDA, EV/EBITA, EV/EBIT and EV / EBITDA-CAPEX are applied. Ferd obtains relevant multiples for comparable companies. The multiples for the portfolio companies are adjusted if the assumptions are not the same as for peer groups. Such assumptions can include a control premium, a liquidity discount, growth assumptions, margins or similar. The company's result applied in the valuation is normalised for one-off effects.

Finally, the equity value is calculated by deducting net interest-bearing debt. In the event that an independent transaction has taken place in the security, this is normally used as a basis for our valuation

The valuation of investments in externally managed private equity and hedge funds is based on value reports received from the funds (NAV).

Rental properties are valued by discounting future expected cash flows. The value of properties being part of building projects is valued at an assumed sales value on a continuous basis. There is often a shift in value at achieved milestones. Our calculated values are regularly compared to independent valuations.

The table below is an overview of carrying and fair value of the Group's assets and liabilities and how they are valued in the financial statements. It is the starting point for additional information on the Company's financial risk and refers to notes to follow.

NOK1000	Investments at fair value over profit and loss	Investments held for hedging purposes	Financial Instruments measured at amortised cost	Other valuation methods	TOTAL
Non-current assets					
Intangible assets	-	-	474 867	3 960 346	4 435 213
Deferred tax assets	-	-	-	380 643	380 643
Tangible assets	-	-	-1 150 792	4 041 457	2 890 665
Right of use assets	-	-	1 899 847	-	1 899 847
Investments accounted for by the equity method	428 632	-	-185 733	335 584	578 483
Investment property	3 647 600	-	-	-	3 647 600
Pension funds	-	-	-	968	968
Other financial non-current assets	21 903	2 446	361 703	18 743	404 796
Total 2019	4 098 135	2 446	1 399 893	8 737 741	14 238 215
Total 2018	2 998 100	-	197 243	7 909 743	11 105 086
Current assets					
Inventories	-	-	333 315	3 106 064	3 439 379
Short-term receivables	-	-	2 033 716	1 649 829	3 683 545
Listed shares and bonds	6 152 473	-	-	-	6 152 473
Unlisted shares and bonds	5 400 425	-	-	44 746	5 445 170
Hedge funds	4 624 417	-	-	-	4 624 417
Investment in interest-bearing debt	67 548	13 622	-	-	81 170
Liquidity fund investments	2 043 930	-	-	-	2 043 930
Bank deposits	-	-	2 544 493	379 809	2 924 302
Total 2019	18 288 793	13 622	4 911 524	5 180 447	28 394 386
Total 2018	17 317 679	10 456	4 602 678	3 066 027	24 996 840
Non-current liabilities					
Pension obligation	-	-	-	70 737	70 737
Deferred tax	-	-	-	1 045 823	1 045 823
Long-term interest-bearing debt	-	-	4 929 007	-	4 929 007
Other long-term debt	32 955	12 912	40 994	99 815	186 676
Lease liabilities	-	-	1 722 430	-	1 722 430
Total 2019	32 955	12 912	6 692 432	1 216 375	7 954 674
Total 2018	-	-	5 081 479	925 744	6 007 223
Current liabilities					
Short-term interest-bearing debt	-	-	1 624 317	240 095	1 864 411
Tax payable	-	-	383	242 117	242 500
Derivatives	-	24 255	-	-	24 255
Lease liabilities	-	-	365 896	-	365 896
Other short-term debt	6 202	-	2 894 104	2 266 947	5 167 253
Total 2019	6 202	24 255	4 884 699	2 749 159	7 664 315
Total 2018	32 734	71 270	4 993 342	233 132	5 330 478

Fair value hierarchy - financial assets and liabilities

Ferd classifies assets and liabilities measured at fair value in the balance sheet by a hierarchy based on the underlying object for the valuation. The hierarchy has the following levels:

Level 1: Valuation based on quoted prices in active markets for identical assets without adjustments. An active market is characterised by the fact that the security is traded with adequate frequency and volume in the market. The price information shall be continuously updated and represent expected sales proceeds. Only listed shares are considered to be level 1 investments.

Level 2: Level 2 comprises investments where there are quoted prices, but the markets do not meet the requirements for being characterised as active. Also included are investments where the valuation can be fully derived from the value of other quoted prices, including the value of underlying securities, interest rate level, exchange rate etc. In addition, financial derivatives like interest rate swaps and currency futures are considered to be level 2 investments. Ferd's hedge fund portfolio is considered to meet the requirements of level 2. These funds comprise composite portfolios of shares, interest securities, raw materials and other negotiable derivatives. For such funds the value (NAV) is reported on a continuous basis, and the reported NAV is applied on transactions in the fund.

Level 3: All Ferd's other securities are valued on level 3. This concerns investments where all or parts of the information about value cannot be observed in the market. Ferd is also applying valuation models for investments where the share has little or no trading. Securities valued on the basis of quoted prices or reported value (NAV), but where significant adjustments are required, are assessed on level 3. For Ferd this concerns all private equity investments and funds investments made in the second-hand market, where reported NAV has to be adjusted for discounts. A reconciliation of the movements of assets on level 3 is shown in a separate table.

Ferd allocates each investment to its respective level in the hierarchy at the acquisition. Transfers from one level to another are made only exceptionally and only if there have been changes of significance for the level classification concerning the financial asset. This can be the case when an unlisted share has been listed or correspondingly. A transfer between levels will then take place when the change has been known to Ferd.

The table shows at what level in the valuation hierarchy the different measurement methods for the Group's financial instruments at fair value is considered to be:

NOK1000	Level 1	Level 2	Level 3	Total 2019
Assets				
Investment property	-	-	3 647 600	3 647 600
Short-term receivables	-	-	-	-
Listed shares and bonds	6 152 473	-	-	6 152 473
Unlisted shares and bonds	-	-	5 500 425	5 500 425
Hedge funds	-	4 198 264	426 153	4 624 417
Liquidity fund investments	-	2 043 930	-	2 043 930
Derivatives - assets	-	81 170	-	81 170
Liabilities				
Derivatives - liabilities	-	-24 255	-	-24 255
Total 2019	6 152 473	6 299 109	9 574 178	22 025 760

NOK1000	Level 1	Level 2	Level 3	Total 2018
Assets				
Investment property	-	-	2 998 100	2 998 100
Short-term receivables	6 939 497	-	-	6 939 497
Listed shares and bonds	-	-	4 215 012	4 215 012
Unlisted shares and bonds	-	4 001 379	647 955	4 649 334
Hedge funds	-	1 509 306	-	1 509 306
Derivatives - assets	-	14 985	-	14 985
Liabilities				
Derivatives - liabilities	-	-104 004	-	-104 004
Total 2018	6 939 497	5 421 666	7 861 067	20 222 231

Reconciliation of movements in assets on level 3

	Opening balance on	Purchases/ share	Sales and proceeds from		Unrealised gain and loss, recognised in	Gain and loss recognised	Closing balance on
NOK1000	1 Jan. 2019	issues	investments*	Reclassified	the result	in the result	31 Dec. 2019
Investment property	2 998 100	763 187	-496 551	-3 778	386 642	-	3 647 600
Unlisted shares and bonds	4 215 012	578 222	-203 327	-	864 473	46 045	5 500 426
Hedge funds	647 955	1 335	-71 521	-	-151 616	-	426 153
Total 2019	7 861 067	1 342 744	-771 399	-3 778	1 099 500	46 045	9 574 179

	Opening balance on	Purchases/ share	Sales and proceeds from		Unrealised gain and loss, recognised in	Gain and loss recognised	Closing balance on
NOK1000	1 Jan. 2018	issues	investments*	Reclassified	the result	in the result	31 Dec. 2018
Investment property	2 577 200	392 946	-	-	27 954	-	2 998 100
Unlisted shares and bonds	4 185 131	913 220	-525 707	-	-649 415	291 784	4 215 012
Hedge funds	937 215	322	-129 120	-	-166 180	5 718	647 955
Total 2018	7 699 546	1 306 488	-654 827	-	-787 642	297 502	7 861 067

Overview of applied input and sensitivtv analvses

The table below gives an overview over the most central assumptions used when measuring the fair value of Ferd's investments, allocated to level 3 in the hierarchy. We also show how sensitive the value of the investments is for changes in the assumptions.

	Balance sheet value at 31 Dec. 2019	Applied and implicit EBITDA multiples	Value, if multiple reduced by 10 %	Value, if multiple increased by 10 %	Applied discount rate	Value, if interest rate increased by	Value, if interest rate reduced by
NOK1000					1 percentage point	1 percentage point	1 percentage point
Investment property	3 647 000	-	-	-	6,7 % - 12 %	3 088 400	4 428 300
Unlisted shares and bonds sensitive for multiple	2 679 900	8.8 - 10.5	2 180 900	3 178 900	-	-	-

Note 6 Risk management – investing activities

There have been no significant changes related to the Company's risk management in the period.

IMPAIRMENT RISK AND CAPITAL ALLOCATION

Ferd's allocation of capital shall be in line with the owner's risk tolerance. One measure of this risk tolerance is the size of the decline in value in kroner or percent that the owner accepts if any of the markets Ferd is exposed to should experience very heavy and quick downturns. The impairment risk regulates how large part of equity that can be invested in assets with high risk for impairment. This is measured and followed up by stress tests. The loss risk is assessed as a possible total impairment expressed in kroner or as a percentage of equity. Due to Ferd's long-term approach, the owner can accept significant fluctuations in value-adjusted equity.

CATEGORIES OF FINANCIAL RISK

Liquidity risk

Ferd's current and estimated future liquidity is continuously analyzed and assessed. Ferd requires that under normal market conditions at least NOK 4 billion of their financial investments consist of assets that can be realized within the next quarter. This is done primarily through investments in listed shares and liquid hedge funds. Reference is also made to information on Ferd's loan facilities, including an overview of the maturity structure of the debt in note 24.

Foreign currency risk

Ferd is well aware of foreign currency risks. We assume that Ferd always will have a certain part of equity invested in euro, USD and Swedish kroner, and is therefore normally not hedging the currency exposure to Norwegian kroner.

Ferd has the following outstanding currency derivatives on the parent company level as at 31 December 2019:

NOK1000	Purchases of currency		Disposals of currency	
	Currency	Amount	Currency	Amount
	NOK	1 750 522	USD	-200 000
	NOK	987 202	EUR	-100 000

SENSITIVITY ANALYSIS, IMPAIRMENT RISK IN INVESTMENT ACTIVITIES

The stress test is based on a classification of Ferd's equity in different asset classes, exposed for impairment as follows:

- The Norwegian stock market declines by 30 percent
- International stock markets decline by 20 percent
- Property declines by 10 percent
- The Norwegian krone appreciates by 10 percent

In order to refine the calculations, it is considered whether Ferd's investments will decline more or less than the market. As an example, it is assumed that the unlisted investments in a stress test scenario have an impairment loss of 1.0 -1.3 times the Norwegian market.

NOK1000	2019	2018
Price risk: Norwegian shares decline by 30 percent	-6 300 000	-5 300 000
Price risk: International shares decline by 20 percent	-2 100 000	-2 400 000
Price risk: Property declines by 10 percent	-500 000	-400 000
Currency risk: The Norwegian krone appreciates 10 percent	-1 600 000	-1 500 000
Total impairment in value-adjusted equity	-10 500 000	-9 600 000
Impairment as a percentage of value-adjusted equity	30%	31%

Note 7 Shares and stakes in other companies with ownerships in excess of 10 %

Subsidiaries	Segment	Business office	Stake	Measurement method
Elopak AS with subsidiaries	Ferd Capital	Røyken	99,8 %	Consolidated
Servi AS with subsidiaries	Ferd Capital	Bærum	99,5 %	Consolidated
Brav Norway with subsidiaries	Ferd Capital	Bærum	100,0 %	Consolidated
Interwell AS with subsidiaries	Ferd Capital	Bærum	64,3 %	Consolidated
Mestergruppen with subsidiaries	Ferd Capital	Bærum	78,0 %	Consolidated
Ferd Eiendom AS with subsidiaries	Ferd Real Estate	Bærum	100,0 %	Consolidated
Ferd Malta Holdings LTD	Other areas	Malta	100,0 %	Consolidated
Ferd Sosiale Entreprenører AS	Other areas	Bærum	100,0 %	Consolidated
Norse Crown Company LTD. AS	Other areas	Bærum	100,0 %	Consolidated

Several of the investments have a high ownership share but are pure financial investments. Investments are not classified as subsidiaries or associates if the Company does not have control of the investment holdings. See note 1 for a discussion of control.

Listed shares and security fund holdings

Benchmark Holdings plc	Ferd Capital		26,0 %	Fair value
Scatec Solar ASA	Ferd Capital		16,7 %	Fair value

Non-listed shares and security fund holdings

Fjord Line AS	Ferd Capital		44,6 %	Fair value
Aibel Holding I AS	Ferd Capital		49,4 %	Fair value
Dr. Fürst Medisinsk Laboratorium AS	Ferd Capital		40,0 %	Fair value
Mnemonic AS	Ferd Capital		44,8 %	Fair value
Broodstock Capital Partners AS	Ferd Capital		40,0 %	Fair value
BC SPV I AS	Ferd Capital		75,8 %	Fair value
BC SPV II AS	Ferd Capital		93,7 %	Fair value
BC SPV III AS	Ferd Capital		85,0 %	Fair value
BC SPV III B AS	Ferd Capital		90,4 %	Fair value
BC SPV IV AS	Ferd Capital		90,0 %	Fair value
BC SPV V AS	Ferd Capital		92,6 %	Fair value
BC SPV VI AS	Ferd Capital		93,0 %	Fair value
Credo Invest nr 10 AS	Ferd Capital		91,3 %	Fair value
Credo Invest nr 14 AS	Ferd Capital		43,3 %	Fair value
Rolighedsvej, 9990 Skagen ApS	Ferd Capital		50,0 %	Fair value
SPV Verdane Winds	Ferd Capital		43,6 %	Fair value
Ellertsdal Bostäder Holding AB	Ferd Real Estate		61,8 %	Fair value
Harbert European Real Estate Fund II	Ferd Real Estate		25,9 %	Fair value
Harbert European Real Estate Fund III	Ferd Real Estate		9,8 %	Fair value
SPG Bostad Sverige AB	Ferd Real Estate		56,0 %	Fair value
SPG Bostad Vega AB	Ferd Real Estate		29,0 %	Fair value
SPG Bostad Örebro AB	Ferd Real Estate		17,2 %	Fair value
Energy Ventures II AS	Other areas		26,0 %	Fair value
Energy Ventures II KS	Other areas		22,1 %	Fair value
Energy Ventures III AS	Other areas		25,0 %	Fair value
Energy Ventures III GP LP	Other areas		25,0 %	Fair value
Energy Ventures III LP	Other areas		18,7 %	Fair value
Founders Fund II AS	Other areas		13,5 %	Fair value
Herkules Private Equity Fund II (LP-I) Limited	Other areas		74,5 %	Fair value
Herkules Private Equity Fund III (LP-I) Limited	Other areas		25,1 %	Fair value
Intera Fund I	Other areas		12,0 %	Fair value
NMI Frontier	Other areas		11,3 %	Fair value
NMI Fund III	Other areas		15,4 %	Fair value
NMI Global	Other areas		11,3 %	Fair value
Nordic Microfinance Initiative AS	Other areas		14,2 %	Fair value

Norwegian Microfinance Initiative AS	Other areas		12,5 %	Fair value
NMI Fond IV KS	Other areas		12,7 %	Fair value
NMI G IV AS	Other areas		14,1 %	Fair value

Investments using the equity method

Impresora del Yaque	Ferd Capital	Dominikanske Rep.	51,0 %	Equity Method
Al-Obeikan Elopak factory for Packaging Co	Ferd Capital	Riyadh, Saudi-Arabia	49,0 %	Equity Method
Lala Elopak S.A. de C.V.	Ferd Capital	Gómez Palacio, Mexico	49,0 %	Equity Method
Boreal GmbH	Ferd Capital	Tyskland	20,0 %	Equity Method
Bråtejordet Tomteselskap AS	Ferd Capital	Oslo	20,0 %	Equity Method
Bygg1 Produkter AS	Ferd Capital	Ørsta	20,0 %	Equity Method
Hafrsby AS	Ferd Capital	Stavanger	14,5 %	Equity Method
Husjordet AS	Ferd Capital	Oslo	50,0 %	Equity Method
Kirkeveien 137 AS	Ferd Capital	Oslo	35,0 %	Equity Method
Knatterudfjellet Trelast AS	Ferd Capital	Sarpsborg	37,1 %	Equity Method
Krigsvoll AS	Ferd Capital	Trondheim	50,0 %	Equity Method
Madla Byutvikling AS	Ferd Capital	Stavanger	33,3 %	Equity Method
Siriskjær AS	Ferd Capital	Stavanger	50,0 %	Equity Method
Sporafjell Utviklingsselskap AS	Ferd Capital	Stavanger	50,0 %	Equity Method
Tastarustå Byutvikling AS	Ferd Capital	Stavanger	33,3 %	Equity Method
XL - Bygg Nordic I/S	Ferd Capital	Brabrand, Danmark	33,3 %	Equity Method
FFV Gardermoen AS	Ferd Real Estate	Oslo	33,3 %	Equity Method
Frogn Næringspark AS	Ferd Real Estate	Trondheim	25,0 %	Equity Method
Tiedemannsbyen DA	Ferd Real Estate	Oslo	50,0 %	Equity Method
Tiedemannsfabrikken AS	Ferd Real Estate	Oslo	50,0 %	Equity Method
Måna Syd AS	Ferd Real Estate	Trondheim	25,0 %	Equity Method
Sanderveien 18 AS	Ferd Real Estate	Ski	50,0 %	Equity Method

Note 8 Investment property

Investment properties are acquired to achieve a long-term return on letting out or an increase in value, or both. Investment properties are measured at cost at the acquisition date, including transaction costs. In subsequent periods, investment properties are measured at their assumed fair value.

Fair value is the price we would have achieved at a sale of the property in a well organised transaction to an external party, carried out on the balance sheet date. Fair value is either based on observable market values, which in reality requires a bid on the property, or a calculation considering rental income from closed lease contracts, an assumption of the future lease level based on the market situation on the balance sheet date and also all available information about the property and the market on which it will be sold, based on market prices. An assumption at the calculation is that the property is utilised in the best possible manner, i.e. in a manner achieving most profit.

Revenue from investment properties includes the period's net change in value of the properties together with rental income of the period less property related costs in the same period. Such revenue is classified as other operating income.

Note 2 has details on the assumptions used in the calculation of fair value.

Investment property

NOK1000	2019	2018
Balance at 1 January	2 998 100	2 577 200
Acquisitions	763 187	166 772
Acquisitions through improvements	-	38 089
Disposals	-496 551	188 102
Reclassifications	-3 778	-
Net change in value of investment property	386 642	27 937
Carrying amount at 31 December	3 647 600	2 998 100

Income from investment property

NOK1000	2019	2018
Rental income from properties	151 057	136 948
Costs directly attributable to properties	-17 000	-16 802
Net change in value of investment property	386 642	27 937
Total	520 700	148 083

Note 9 Income taxes

The income tax expense includes tax payable and changes in deferred tax. Income tax on other income and expenses items in total comprehensive income is also recognised in total comprehensive income, and tax on balances related to equity transactions are set off against equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. Tax payable for the period is calculated on the tax basis deviating from profit before tax as a consequence of amounts that shall be recognised as income or expense in another period (temporary differences) or balances never to be subject to tax (permanent differences)

Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities and the tax effects of losses to carry forward in the consolidated financial statements at the reporting date. Deferred tax liabilities associated with the initial recognition of goodwill in business combinations are not carried in the balance sheet, nor is deferred tax recognised in the balance sheet on the initial recognition of the acquisition of investment properties, if the purchase of a subsidiary with an investment property is considered as an acquisition of a separate asset.

Deferred tax assets are only recognised in the balance sheet to the extent that it is probable that there will be future taxable profits to utilise the benefits of the tax reducing temporary differences. Deferred tax liabilities and assets are calculated according to the tax rates and regulations ruling at the end of the reporting period and at nominal amounts. Deferred tax liabilities and assets are recognised net when the Group has a legal right to net assets and liabilities.

Specification of income tax expenses

NOK1000	2019	2018
Tax payable of net profit		
Income tax payable for the year	316 339	291 400
Adjustments of prior periods	20 644	19 006
Total tax payable	336 984	310 407
Deferred tax expense		
Change in deferred tax recognised in the income statement	148 917	-138 665
Effects of changes in tax rates and prior years' taxes	6 653	-10 443
Total deferred tax	155 569	-149 108
Income tax expense	492 553	161 299
Tax payable in the balance sheet		
NOK1000	2019	2018
Tax payable of the year	316 339	291 400
Tax liability from prior years	7 655	120 461
Advance tax paid	-81 223	-174 450
Translation differences	-271	-4 279
Tax payable	242 500	233 132
Reconciliation of nominal to effective tax rate		
NOK1000	2019	2018
Profit before tax	3 023 854	610 048
Estimated income tax expense at nominal tax rate (23% in 2018 and 24% in 2017)	665 248	140 311
Losses and other deductions without any net tax effect	-2 762	-12 988
Unrecognised change in deferred tax assets	-31 728	-29 055
Changes from equity method accounting investments	-2 248	-41 177
Non-taxable net income (-) / costs (+) from securities	-228 310	70 327
Impairment of goodwill	2 869	-
Adjustments of prior periods	-3 304	8 833
Tax effect of other permanent differences	92 788	25 047
Income tax expense	492 553	161 299
Effective tax rate	16,3 %	26,4 %

Tax recognised directly in equity

NOK1000	2019	2018
Actuarial loss on pension obligations (note 19)	-259	246
Cash flow hedges (note 28)	-3 620	11 322
Total tax recognised in total comprehensive income	-3 879	11 568

Deferred tax asset and deferred tax liability

NOK1000	2019	2018
Inventories	24 063	10 368
Receivables	201 242	66 266
Stocks and bonds	-353 176	-208 064
Other differences	24 948	-60 854
Tangible assets	-224 231	-77 827
Investment properties	-246 880	-147 988
Intangible assets	-167 549	-168 416
Net pensions	15 171	32 551
Tax losses to carry forward	87 544	117 319
Total	-638 868	-436 646
Reassessment of deferred tax assets	-26 313	-58 355
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	-665 180	-495 001

Deferred tax assets recognised in balance sheet	380 643	329 950
Deferred tax liabilities recognised in balance sheet	-1 045 823	-824 951
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	-665 180	-495 001

Gross tax losses to carry forward with expiration years

NOK1000	2019
After 2019	93 272
Without expiration	245 922
Total tax losses to carry forward	339 194

Change in net deferred tax in balance sheet

NOK1000	2019	2018
Net carrying value at 1 January	-495 001	-588 519
Translation differences	-1 818	2 727
Acquisition and disposal of subsidiary	-8 914	-69 885
Recognised in income statement during the period	-155 569	149 108
Tax recognised in other comprehensive income	-3 879	11 568
Net carrying value at 31 December	-665 180	-495 001

Note 10 Geographical allocation of revenue

Ferd has implemented IFRS 15 as of 1 January 2018. The new standard establishes a new set of principles that shall be applied to report information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Group's consolidated sales revenues derive from the sale of a wide range of goods both to other businesses and to private consumers, deliveries of services to the oil sector and deliveries of packaging and systems. Most of the Group's revenue comes from performance obligations delivered over time.

Revenue from sales of goods and services are recognized when control has passed to the customer, defined as when the customer has the ability to manage the use of the asset and receive the benefits of ownership. Contracts for the sale of filling machines and packaging are commercially related and therefore those contracts are combined for the purposes of revenue recognition.

Sales revenues are valued at the fair value of the consideration and are presented net after deductions for discounts, VAT and other types of public taxes. Discounts are allocated proportionally to performance obligations in a contract.

NOK1000	2019	2018
Norway	4 770 750	4 143 834
Germany	1 560 119	1 578 059
Sweden	634 198	614 428
USA	1 569 159	1 396 637
Netherlands	517 294	505 128
Russia	769 419	716 064
Canada	558 321	497 903
Denmark	407 240	410 798
Great Britain	421 891	357 260
Spain	354 647	322 130
Austria	423 195	448 306
Finland	289 023	330 207
France	231 154	261 226
Rest of the world	2 746 081	2 350 698
Total revenue	15 252 489	13 932 677

Sales revenues are allocated on the basis of where the customers live.

Revenue from contracts with customers	15 252 489	13 932 677
Total revenue	15 252 489	13 932 677
Revenue from performance obligations fulfilled at a point in time	14 758 740	13 475 718
Revenue from performance obligations fulfilled over time	493 749	456 959
Total revenue from contracts with customers	15 252 489	13 932 677

Revenue from performance obligations fulfilled over time is generated in the subgroup Mestergruppen, where sales of cabins are continuously recognized as income in line with the percentage of completion.

Note 11 Salaries

NOK1000	2019	2018
Salaries	2 982 260	2 468 667
Social security tax	402 358	358 434
Pension costs	161 720	148 096
Other benefits	62 672	46 672
Total	3 609 011	3 021 869
Average number of man-labour years	4 477	4 211

Salary and remuneration to

NOK1000	2019			2018		
	Salary bonus	Benefits in kinds	Pension	Salary and bonus	Benefits in kinds	Pension
Group CEO, Morten Borge	7 644	312	745	7 265	266	344
Other members of Group management	9 352	598	596	10 064	536	607
Total	16 996	910	1 341	17 329	802	951

The Group CEO participates in Ferd's annual and long-term bonus scheme. Bonus is based on the results achieved in the Group.

The Group CEO participates in Ferd's collective pension schemes for salaries below 12 G. This is a contribution scheme (cf. also note 19). The Group CEO also has a benefit scheme for a pension basis higher than 12 G, together with an early retirement pension scheme giving him the opportunity to retire at 65 years.

The Group CEO is entitled to 9 months' severance pay if he has to resign from his position.

Fees to the Board

No specific fees have been paid for board positions in Ferd AS.

Note 12 Intangible assets

Intangible assets acquired separately are initially carried at cost. Intangible assets acquired in a business combination are recognised at their fair value at the time of the combination. In subsequent periods, intangible costs are recognised at cost less accumulated depreciation and impairment.

Intangible assets with a definite economic life are depreciated over their expected useful life. Normally, straight-line depreciation methods are applied, as this generally reflects the use of the assets in the most appropriate manner. This applies for intangible assets like software, customer relations, patents and rights and capitalised development costs. Intangible assets with an indefinite life are not depreciated, but tested for impairment annually. Some of the Group's capitalised brands have indefinite economic lives.

Impairment

Tangible and intangible assets that are depreciated are considered for impairment when there are indications to the effect that future earnings cannot support the carrying amount. If there are indicators on a possible decline in value, an evaluation of impairment is made. Intangible assets with undefined useful lives and goodwill are not depreciated, but evaluated annually for impairment.

In the assessment of a decline in value, the first step is to calculate or estimate the assets' recoverable amount. Should it not be possible to calculate the recoverable amount for an individual asset, the recoverable amount for the cash-generating unit of which the asset is part, is calculated. A cash-generating unit is the smallest identifiable group of assets generating incoming cash-flows not depending on incoming cash-flows from other assets or groups of assets.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount that can be recovered at a sale of an asset in a transaction performed at arm's length between well informed and voluntary parties, less costs to sell. The value in use is the present value of future cash flows expected to be generated by an asset or a cash-generating unit. In the event that the carrying amount exceeds the recoverable amount, the difference is recognised as a write-down. Write-downs are subsequently reversed when the impairment indicator no longer exists.

Research, development and other in-house generated intangible assets

Expenses relating to research activities are recognised in the income statement as they arise.

In-house generated intangible assets arising from development are recognised in the balance sheet only if all the following conditions are met:

- 1) The asset can be identified.
- 2) Ferd intends to, and has the ability to, complete the intangible asset, including the fact that Ferd has adequate technical, financial and other resources to finalise the development and to use or sell the intangible asset.
- 3) The technical assumptions for completing the intangible asset are known.
- 4) It is probable that the asset will generate future cash flows.
- 5) The development costs can be reliably measured.

In-house generated intangible assets are amortised over their estimated useful lives from the date when the assets are available for use. When the requirements for capitalisation no longer exist, the expenses are recognised in the income statement as incurred.

NOK1000	2019	2018
Goodwill (note 13)	2 805 230	2 679 348
Other intangible assets	1 629 983	1 638 311
Carrying amount at 31 December	4 435 213	4 317 659

2019

NOK1000	Capitalised					Total
	Software	Brands	Patents and rights	development costs	Customer relations	
Cost at 1 January	815 433	496 332	719 341	558 337	806 068	3 395 511
Ordinary additions	128 579	34 968	2 917	31 200	99 474	297 137
Disposals	-35 736	-1 905	-19 698	-	1 317	-56 022
Transfers between asset groups	7 082	-	-	-	-	7 082
Exchange differences	-5 871	-	-2 583	-3 080	-	-11 534
Cost at 31 December	909 486	529 445	699 926	586 457	906 858	3 632 173
Acc. Amortisation and impairment at 1 January	416 369	20 345	574 142	226 959	512 658	1 750 473
Additions of amortisations at acquisitions	-9 316	-1 874	-	-	-	-11 190
Current year depreciation charge	82 510	4 166	53 627	40 750	88 159	269 213
Current year amortisation charge	-	1 200	-	-	-	1 200
Disposals	-19 684	1 905	19 698	158	-1 317	760
Exchange differences	-2 757	-14	-4 567	-927	1	-8 265
Accumulated amortisation at 31 December	467 122	25 728	642 900	266 940	599 501	2 002 191
Accumulated impairment at 31 December	2 801	24 400	10 961	31 778	-	69 941
Carrying amount at 31 December	442 365	503 717	57 027	319 517	307 357	1 629 983

Economic life	3-5 years	> 20 years to indefinite	3-10 years	10 years	10-15 years
Amortisation method	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line

2018

NOK1000	Capitalised					Total
	Software	Brands	Patents and rights	development costs	Customer relations	
Cost at 1 January	670 052	455 413	700 834	519 752	806 068	3 152 118
Ordinary additions	141 137	40 969	16 901	34 865	0	233 873
Disposals	-2 945	-	-	-	-	-2 945
Exchange differences	7 189	-49	1 606	3 719	-	12 465
Cost at 31 December	815 433	496 332	719 341	558 337	806 068	3 395 511
Acc. Amortisation and impairment at 1 January	359 796	-	520 664	186 684	431 919	1 499 062
Current year depreciation charge	57 526	20	51 924	38 305	80 739	228 514
Current year amortisation charge	-	23 199	-	-	-	23 199
Disposals	-6 128	-	-	-	-	-6 128
Exchange differences	5 665	-	1 555	1 970	-	9 189
Accumulated amortisation at 31 December	416 369	20 345	574 142	226 959	512 658	1 750 473
Accumulated impairment at 31 December	4 268	23 199	1 000	31 778	-	60 245
Carrying amount at 31 December	398 084	470 240	145 199	331 378	293 410	1 638 311

Economic life	3-5 years	> 20 years to indefinite	3-10 years	10 years	10-15 years
Amortisation method	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line

Research and development

Costs expensed to research and development in fiscal year 2019 totalled MNOK 139. The corresponding cost for 2018 was MNOK 108.

Note 13 Goodwill and information on business combinations

Pursuant to IFRS 3 Business combinations, the net assets of acquired companies have been assessed at fair value at the acquisition date. The remaining part of the consideration after allocating the consideration to identifiable assets and liabilities, is recognised as goodwill. The tables below show the values and movements in the various goodwill items in the Group.

Goodwill is tested for impairment annually, or more often if there are indications of impairment, and carried at cost less accumulated depreciation. Impairment losses on goodwill are not reversed.

Goodwill arising on the acquisition of a share in an associate is included in the carrying amount of the investment and tested for impairment as part of the carrying amount of the investment. Gain or loss arising from the realisation of a business includes goodwill allocated to the business sold.

For the purpose of impairment testing, goodwill is allocated to the relevant cash-generating units. The allocation is made to the cash-generating units or groups of units expected to benefit from the synergies of the combination.

Business combinations

Business combinations are accounted for by the acquisition method. This implies the identification of the acquiring company, the determination of the date for the take-over, the recognition and measurement of identifiable acquired assets, liabilities and any non-controlling interests in the acquired company taken over, and the recognition and measurement of goodwill or gain from an acquisition made on favourable terms.

Assets, liabilities and contingent liabilities taken over or incurred are measured at fair value at the acquisition date. Goodwill is recognised as the total of the fair value of the consideration, including the value of the non-controlling interests and the fair value of former owner shares, less net identifiable assets in the business combination. Direct costs connected with the acquisition are recognised in the income statement.

Any contingent consideration from the Group is recognised at fair value at the acquisition date. Changes in the value of the contingent consideration considered to be a financial liability pursuant to IAS 39, are recognised in the income statement when incurred. In step-by-step business combinations, the Group's former stake is measured at fair value at the date of the take-over. Any adjustments in value are recognised in the income statement.

The tables below show the values and movements in the the various goodwill items in the Group.

2019

NOK1000	Interwell	Servi	Elopak	Mester- gruppen	Other	Total
Cost at 1 January	1 212 016	397 245	576 554	733 253	28 508	2 947 576
Additions	-	-	-	155 000	-	155 000
Disposals	-	-	-	-20 898	-	-20 898
Exchange differences	-	-	-8 764	-	-	-8 764
Cost at 31 December	1 212 016	397 245	567 790	867 355	28 508	3 072 914
Accumulated impairment at 1 January	3 899	200 720	61 729	-	1 880	268 228
Write-downs	-	-	-	-	-	-
Exchange differences	-	-	-544	-	-	-544
Accumulated impairment at 31 December	3 899	200 720	61 185	-	1 880	267 684
Carrying amount at 31 December	1 208 117	196 525	506 605	867 355	26 628	2 805 230

Changes in 2019

Mestergruppen acquired 100 % of Ski Bygg AS (control from 19 March 2019), 100 % of LA Bygg AS (control from 1 January 2019) and 79% of XL-BYGG AB (control from 20 August 2019) in 2019. Goodwill amounting to MNOK 155 was recognized in connection with these transactions. The companies will supply valuable industrial capacity and expertise in order to offer better and more efficient solutions to the market.

2018

NOK1000	Interwell	Servi	Elopak	Mester- gruppen	Other	Total
Cost at 1 January	1 212 016	396 524	579 574	654 434	28 508	2 903 725
Additions	-	721	-	88 465	-	89 186
Disposals	-	-	-	-9 645	-	-9 645
Cost at 31 December	1 212 016	397 245	576 554	733 253	28 508	2 947 576
Accumulated impairment at 1 January	3 899	200 720	61 177	-	-120	265 675
Exchange differences	-	-	552	-	-	552
Accumulated impairment at 31 December	3 899	200 720	61 729	-	1 880	268 228
Carrying amount at 31 December	1 208 117	196 525	514 825	733 253	26 628	2 679 348

Changes in 2018

Mestergruppen acquired 100 % of Pretre AS and 100 % of Jæren Tretteknikk AS with accounting effect from 15 February 2018 and 31 August 2018, respectively. Goodwill amounting to MNOK 88 was recognized in connection with these transactions. The companies will supply valuable industrial capacity and expertise in order to offer better and more efficient solutions to the market.

The effect on Ferd's consolidated financial statements from Mestergruppen's acquisition constituted income amounting to MNOK 293 and an EBITDA of MNOK 30 in the period from the take-over date until 31 December 2018. Comparative figures for the full fiscal year are an income of MNOK 364 and EBITDA of MNOK 33

Impairment testing for goodwill

Goodwill is allocated to the Group's cash generating units, and is tested for impairment annually or more frequently if there are indications of impairment. Testing for impairment implies determining the recoverable amount of the cash generating unit. The recoverable amount is determined by discounting future expected cash flows, based on the cash generating unit's business plans. The discount rate applied to the future cash flows is based on the Group's weighted average cost of capital (WACC), adjusted to the market's appreciation of the risk factors for each cash generating unit. Growth rates are used to project cash flows beyond the periods covered by the business plans.

Cash generating units:

The goodwill items specified above relate to Ferd Capital's investments in the group companies Elopak, Interwell, Mestergruppen and Servi, in addition to some minor goodwill items.

Cash flows:

The cash flows are based on assumptions about future sales volumes, selling prices and direct costs. The background for these assumptions is historical experience from the market, adopted budgets and the Group's expectations of market changes. Having carried out impairment testing, the Group does not expect significant changes in current trade. This implies that expected future cash flows mainly are a continuation of observed trends.

The average growth rate in the period 2 to 5 years is based on Ferd's expectations for the development in the market in which the business operates. Ferd uses a stable growth rate to extrapolate the cash flows beyond 5 years.

EBITDA represents operating profit before depreciation and is based on the expected future market development. Committed operating efficiency improvement measures are taken into account. Changes in the outcomes for these initiatives may influence future estimated EBITDA.

Investment costs necessary to meet expected future growth are taken into account. Based on management's assessment, the estimated investment costs do not include investments that improve the current assets' performance. The related cash flows are treated correspondingly.

Discount rates:

Determined cash flows are discounted at a discount interest rate. The discount rate reflects the market's assessment of the risk specific to the cash generating unit. The rate is based on the weighted average cost of capital for the industry. This rate has been further adjusted to reflect the specific risk factors related to the cash generating unit, which has not been reflected in the cash flows. As Elopak's functional currency is euro, the basis has also been a euro interest significantly lower than NOK interest rates.

The rate applied and other assumptions are shown below:

	Discount rate after tax (WACC)		Growth rate 2-5 years		Long-term growth rate	
	2019	2018	2019	2018	2019	2018
Interwell	9.0 %	9.0 %	3.0 %	3.0 %	2.0 %	2.0 %
Servi	6.6 %	6.6 %	6.9 %	7.0 %	1.5 %	2.0 %
Elopak	5.0 %	3.9 %	0.0 %	0.0 %	0.0 %	0.0 %
Mestergruppen	14.1 %	13.0 %	2.5 %	2.4 %	2.5 %	2.5 %

Interwell

The acquisition of Interwell in 2014 resulted in a recognition of goodwill of MNOK 345 for Ferd. In the Interwell group, however, there are an additional MNOK 863 in goodwill from acquisitions carried out by Interwell. This goodwill is allocated to the whole of Interwell as one joint cash-generating unit, which is the level on which Ferd is following up Interwell.

Servi

Goodwill identified at the acquisition of Servi is allocated to Servi in total as the cash generating unit. This is a consequence of Servi's coordinated and well integrated activities. The carrying value at 31 December 2019 is MNOK 196 following an impairment of MNOK 200 in 2015.

Elopak

Goodwill concerning Elopak is allocated to the cash generating unit Europa, which consists of Elopak's European markets, including the in-house production and supply organisation. This goodwill has a carrying value of MNOK 507 at 31 December 2019. The rationale for determining Europe as one cash-generating unit is the dynamics of this market. The trend is that customers are merging, and have easy access to the supplies all over Europe. Elopak adapts to its customers by distributing the production of cartons for the various markets according to the optimal production efficiency in Europe. The historical geographical criteria for production and demands from customers are no longer as important. As a consequence of this development, the split of margins along Elopak's value chain will be subject to change from one year to another. Hence, one European business unit will be the best indicator for assessing any impairment of goodwill.

Mestergruppen

Goodwill concerning Mestergruppen is allocated to Mestergruppen as a whole as one cash-generating unit, the level on which Ferd is following up Mestergruppen. In connection with the purchase of Nordek and Byggtorget in 2016, goodwill amounting to MNOK 426 was recognised. In 2017, an additional goodwill of MNOK 228 was recognised as a consequence of the acquisition of Saltdalsbygg. In 2018 goodwill of MNOK 88 has been recognized related to the acquisition of Pretre AS and Jæren Treteknikk AS. In 2019, goodwill of MNOK 155 has been recognized related to the acquisition of XL-BYGG AB and LA Bygg AS. Total goodwill related to the Mestergruppen is MNOK 867 at 31 December 2019.

Conclusion

For all the cash-generating units, the calculated recoverable amounts in the impairment tests are positive, and based on these tests, the conclusions are that there is no impairment requiring write-downs in 2019. The uncertainty connected with the assumptions on which the impairment testing is based is illustrated by sensitivity analyses. The conclusions are tested for changes in discount and growth rates.

Note 14 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment. The cost includes expenses directly attributable to the acquisition of the asset, including loan costs. Expenses incurred after the acquisition are recognised as assets when future economic benefits are expected to arise from the asset and can be reliably measured. Current maintenance is expensed.

Tangible assets are depreciated systematically over their expected useful lives, normally on a straight-line basis. When such assets have been capitalised under financial leasing, they are depreciated over the shorter of useful life and agreed lease period. If indications of impairment exist, the asset is tested for impairment.

Impairment

Tangible and intangible assets that are depreciated are considered for impairment when there are indications to the effect that future earnings cannot support the carrying amount. If there are indicators on a possible decline in value, an evaluation of impairment is made. Intangible assets with undefined useful lives and goodwill are not depreciated, but evaluated annually for impairment.

In the assessment of a decline in value, the first step is to calculate or estimate the assets' recoverable amount. Should it not be possible to calculate the recoverable amount for an individual asset, the recoverable amount for the cash-generating unit of which the asset is part, is calculated. A cash-generating unit is the smallest identifiable group of assets generating incoming cash-flows not depending on incoming cash-flows from other assets or groups of assets.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount that can be recovered at a sale of an asset in a transaction performed at arm's length between well informed and voluntary parties, less costs to sell. The value in use is the present value of future cash flows expected to be generated by an asset or a cash-generating unit. In the event that the carrying amount exceeds the recoverable amount, the difference is recognised as a write-down. Write-downs are subsequently reversed when the impairment indicator no longer exists.

2019

NOK1000	Buildings and land	Machines and installations	Fixtures and equipment	Total
Cost at 1 January	1 144 870	5 981 843	571 637	7 698 349
Additions on acquisitions	17 325	18 190	57 761	93 277
Ordinary additions	61 382	647 319	49 733	758 434
Disposals	-62 353	-349 683	-93 409	-505 444
Transfer between asset groups	40 858	-48 210	7 352	-
Exchange differences	-3 760	-13 796	292	-17 264
Cost at 31 December	1 198 323	6 235 663	593 365	8 027 352
Accumulated depreciation and impairment at 1 January	533 058	4 176 109	407 639	5 116 807
Accumulated depreciation on acquisitions	12 149	13 901	34 909	60 959
Depreciation of the year	34 290	367 719	49 031	451 040
Impairment of the year	3 584	12 786	569	16 940
Derecognised depreciation	-55 806	-363 375	-76 167	-495 348
Transfer between asset groups	16 315	-19 363	3 046	-2
Exchange differences	-1 632	-11 587	-490	-13 710
Accumulated depreciation at 31 December	541 959	4 176 191	418 537	5 136 687
Accumulated impairment at 31 December	2 291	52 736	951	55 978
Carrying amount at 31 December	656 365	2 059 472	174 828	2 890 665
Estimated economic life of depreciable assets	5-50 years	5-15 years	3-13 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	
Land is not depreciated				

2018

NOK1000	Buildings and land	Machines and installations	Fixtures and equipment	Total
Cost at 1 January	957 984	5 628 127	492 820	7 078 931
Additions on acquisitions	87 145	70 759	25 252	183 156
Ordinary additions	111 290	443 798	57 961	613 049
Disposals	-16 342	-202 311	-14 104	-232 757
Transfer between asset groups	-	-7 848	7 848	-
Exchange differences	4 794	49 317	1 860	55 971
Cost at 31 December	1 144 870	5 981 843	571 637	7 698 349
Accumulated depreciation and impairment at 1 January	484 874	3 897 324	356 365	4 738 564
Accumulated depreciation on acquisitions	5 878	30 509	18 312	54 699
Depreciation of the year	39 776	345 411	35 505	420 691
Impairment of the year	-	24 831	12	24 843
Disposals	-1 651	-164 576	-3 134	-169 361
Exchange differences	4 182	42 610	579	47 371
Accumulated depreciation at 31 December	533 058	4 176 109	407 639	5 116 807
Accumulated impairment at 31 December	1 957	69 162	544	71 664
Carrying amount at 31 December	611 811	1 805 734	163 998	2 581 542

Estimated economic life of depreciable assets

5-50 years

5-15 years

3-13 years

Depreciation plan

Straight-line

Straight-line

Straight-line

Land is not depreciated

Note 15 Other operating expenses

NOK1000	2019	2018
Sales and administration costs	342 901	303 060
Lease of buildings etc.	123 573	278 428
Fees to auditors, lawyers, consultants	319 513	214 492
Travel expenses	202 593	213 918
Loss and change in write-downs of receivables	53 500	26 439
Other expenses	637 663	534 120
Total	1 679 742	1 570 457

Note 16 Expensed audit fees

PwC is Ferd's Group auditor. Some Group companies are audited by other audit firms.

NOK1000	Audit fees	Other attestation services	Tax services	Other non-audit services	Total
2019					
PwC	9 525	432	1 708	9 725	21 390
Others	830	90	940	8	1 868
Total	10 355	522	2 648	9 733	23 258
2018					
EY	3 507	18	906	1 020	5 451
Others	13 820	1 027	1 757	2 582	19 186
Total	17 327	1 045	2 663	3 602	24 637

Other non-audit services mainly concern due diligence services.

All amounts are exclusive of VAT.

Note 17 Investments accounted for by the equity method

Associates are entities over which the Group has significant influence, but not control. Significant influence implies that the Group is involved in strategic decisions concerning the company's finances and operations without controlling these decisions. Significant influence normally exists for investments where the Group holds between 20 % and 50 % of the voting capital.

A joint venture is a contractual arrangement requiring unanimous agreement between the owners about strategic, financial and operational decisions.

For associated companies owned directly by the investment company Ferd AS, the exception to the use of the equity method in accordance with IAS 28 is applied as the basis for the presentation of the investments in the Ferd Capital business area. These investments are recognized at fair value through profit and loss and are classified as current assets in the balance sheet.

Associates and joint ventures owned through the consolidated investments are recognized using the equity method and are classified as a non-current asset in the balance sheet.

The equity method means that the Group's percentage share in the year's profit or loss of the investment is presented as a separate line item in the income statement. The carrying amount of the investment is added to Ferd's share in the comprehensive income of the investment. Corrections are made to adapt the accounting policies of the associates to the Group's policies. The carrying amount of investments in associates is classified as "Investments accounted for by the equity method" and includes goodwill identified at the acquisition date, reduced by any subsequent impairment losses.

A specification of companies and shares is given in the statement of investments in associates and joint ventures in note 7.

2019	AI-Obeikan Elopak factory for Packaging Co	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Tiede- manns- byen DA	Others	Total
Ownership and voting share	49%	49%	51%	50%		
Cost at 1 January	68 469	193 756	43 297	27 548	191 188	524 258
Share of result at 1 January	32 634	114 764	45 489	102 698	52 588	348 173
Accumulated impairment of goodwill at 1 January	-	-	-	-	-3 364	-3 364
Transfer from the company	-11 007	-45 160	-8 502	-75 048	-2 365	-142 082
Recognised directly in equity	10	230	-	-	-	240
Exchange differences/eliminations	-15 454	-80 970	-13 770	-	730	-109 464
Carrying amount at 1 January	74 652	182 620	66 514	55 199	238 777	617 762
Additions of the year	-	-	-	-	-	-
Disposals of the year	-	-	-	-133 900	-	-133 900
Share of the result of the year	-62 909	26 622	19 646	81 457	77 460	142 276
Write-down of goodwill	-	-	-	-	-14 993	-14 993
Transfers from the company	-	-34 130	-8 720	-	-500	-43 350
Recognised directly in equity	2 532	-640	-	-	-	1 892
Exchange differences/eliminations	1 222	11 390	-2 670	-	-1 146	8 796
Carrying amount at 31 December	15 497	185 862	74 770	2 756	299 598	578 483

2018	Al-Obeikan Elopak factory for Packaging Co	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Tiede- manns- byen DA	Others	Total
NOK1000						
Ownership and voting share	49%	49%	51%	50%		
Cost at 1 January	68 469	193 756	43 297	27 548	185 938	519 008
Share of result at 1 January	29 796	79 834	28 753	51 550	-24 991	164 942
Accumulated impairment of goodwill at 1 January	-	-	-	-	-3 364	-3 364
Transfer from the company	-	-	-	-	5 643	5 643
Recognised directly in equity	-	-	-	-	-	-
Exchange differences/eliminations	-19 936	-92 676	-15 292	-	730	-127 174
Carrying amount at 1 January	78 329	180 914	56 758	79 098	163 956	559 055
Additions of the year	-	-	-	-	5 250	5 250
Sales during the year	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Share of the result of the year	2 838	34 930	16 736	51 148	77 579	183 231
Transfers from the company	-11 007	-45 160	-8 502	-75 048	-8 008	-147 725
Recognised directly in equity	10	230	-	-	-	240
Exchange differences/eliminations	4 482	11 706	1 522	-	-	17 710
Carrying amount at 31 December	74 652	182 620	66 514	55 199	238 777	617 762

The table below shows a summary of financial information related to Ferd's largest investments in associates and joint ventures on a 100 percent basis. The stated figures represents fiscal year 2019. The figures are unaudited.

NOK 1000	Al-Obeikan Elopak factory for Packaging Co	Lala Elopak S.A. de C.V.	Impresora Del Yaque	Tiede- manns- byen DA
Operating revenue	156 914	293 285	103 266	546 062
Profit after tax and minority	-2 237	26 622	19 646	162 914
Total assets	116 203	199 153	85 443	25 030
Total liabilities	59 047	43 835	11 311	19 517

- Al-Obeikan Elopak is a cardboard manufacturer with a plant in Saudi Arabia selling cardboard to customers in the Middle East and North Africa.
- Lala Elopak is a cardboard manufacturer with a plant in Mexico selling cardboard to the market in North and South America.
- Impresora Del Yaque is a cardboard manufacturer with a plant in the Dominican Republic selling cardboard to the market in Mid and South America.
- Tiedemannsbyen DA is owned by Ferd and Skanska engaged in developing residential housing on the old manufacturing site of Tiedemann's tobacco plant on Ensjø.

Stake, transactions and balances with enterprises accounted for by the equity method:

NOK1000	Stake/voting share 2019	Sales from associated companies and joint ventres to Ferd		Ferd's net receivables(payables) to associated companies and joint ventures		Ferd's guarantees for associated companies and joint ventures	
		2019	2018	2019	2018	2019	2018
Al-Obeikan Elopak factory for Packaging Co	49.0 %	315	-	11 183	5 019	-	-
Frogn Næringspark AS	25.0 %	-	-	-	2 682	-	-
Hafsrby AS	25,0 %	-	-	-	195	-	-
Impresora Del Yaque	51.0 %	394	1 852	305	461	-	-
Lala Elopak S.A. de C.V.	50.0 %	185 881	213 132	-6 897	-3 368	-	-
Lofoten Tomteselskap AS	50,0 %	-	-	-	-	-	-
Sanderveien 18 AS	50.0 %	-	-	-	-	-	-
Total		186 590	214 984	11 552	4 989	-	-

Note 18 Specification of finance income and expense

Finance income		
NOK1000	2019	2018
Interest income from bank deposits	100 317	96 363
Interest income from related parties	3 409	6 496
Other interest income	13 428	9 319
Foreign exchange gain and other finance income	57 906	50 277
Total	175 059	162 455

Finance expense		
NOK1000	2019	2018
Interest expense to finance institutions	250 164	196 976
Interest expense to related parties	39 984	25 838
Other interest expense	33 718	9 357
Foreign exchange loss and other finance expenses	278 909	264 177
Total	602 775	496 349

Neither of these finance items results from financial instruments measured at fair value.

Note 19 Pension costs and liabilities

Defined contribution plans

Obligations to make contributions to contribution based pension plans are recognised as costs in the income statement when the employees have rendered services entitling them to the contribution.

Defined benefit plans

The defined benefit pension plans consist of group schemes as well as some additional arrangements, including employees with a retirement basis over 12 G, and AFP. Ferd have defined benefit plans in Norway, USA and Switzerland.

A defined benefit plan is a pension scheme defining the pension payment that an employee will receive at the time of retirement. The pension is normally determined as a part of the employee's salary. The Group's net obligation from defined benefit pension plans is calculated separately for each scheme. The obligation is calculated by an actuary and represents an estimate of future retirement benefits that the employees have earned at the balance sheet date as a consequence of their service in the present and former periods. The benefits are discounted to present value reduced by the fair value of the pension funds.

The portion of the period's net cost that comprises the current year's pension earnings, curtailment and settlement of pension schemes, plan changes and accrued social security tax is included in payroll costs in the period during which the employee has worked and thereby earned the pension rights. The net interest expense on the pension obligation less expected return on the pension funds is charged to the income statement as finance costs in the same period. Positive and negative estimate deviations are recognised as other income and costs in total comprehensive income in the period when they were identified.

Changes in defined benefit obligations due to changes in pension schemes are recognised over the estimated average remaining service period when the changes are not immediately recognised. Gain or loss on a curtailment or settlement of a benefit plan is recognised in the result when the curtailment or settlement occurs. A curtailment occurs when the Group decides to reduce significantly the number of employees covered by a plan or amends the terms of a defined benefit plan to the effect that a significant part of the current employees' future earnings no longer qualify for benefits or will qualify for reduced benefits only.

Ferd has defined benefit plans in several countries with varying economic conditions affecting the assumptions that are the basis for calculating pension obligations. The parameters are adapted to conditions in each country. The discount rate is determined as a weighted average of the yields at the reporting date on at least AA rated corporate bonds, or government bonds in cases where there is no market for AA rated corporate bonds. The government bond interest rate is applied for Norwegian schemes. To the extent that the bond does not have the same maturity as the obligation, the discount rate is adjusted. Actuarial assumptions for demographic factors and retirement are based on generally accepted principles in the insurance business. Future mortality rates are based on statistics and mortality tables (K2013)

Economic assumptions in Norwegian companies at 31 December

	2019	2018
Discount rate	2.00 %	1.90 %
Expected wage growth	2.75 %	2.50 %
Future expected pension regulation	1.75 %	1.75 %
Expected regulation at base amount (G)	2.50 %	2.25 %

Interval for economic assumptions in foreign companies at 31 December

	2019	2018
Discount rate	0.60 - 2.00 %	0.60 - 3.41 %
Expected wage growth	0.00 - 2.50 %	0.00 - 1.00 %
Future expected pension regulation	0.00 - 1.75 %	0.00 - 1.75 %

PENSION OBLIGATIONS

Reconciliation of net liability against balance sheet

NOK1000	2019	2018
Pension liabilities for defined benefit pension plans	-70 737	-70 530
Pension assets for defined benefit pension plans	968	1 443
Total defined benefit obligation recognised in the Group's balance sheet	-69 770	-69 087

DEFINED BENEFIT PLANS

Specification of recognised liability

NOK1000	2019	2018
Present value of unfunded pension liabilities	-62 245	-30 163
Present value of wholly or partly funded obligations	-64 080	-98 086
Total present value of defined benefit obligations	-126 324	-128 249
Fair value of pension assets	56 555	59 162
Total defined benefit obligation recognised in the Group's balance sheet	-69 770	-69 087

Movements in liabilities for defined benefit pension plans

NOK1000	2019	2018
Liability for defined benefit pension plans at 1 January	128 259	377 738
Present value of current service cost	5 573	5 380
Interest expenses on the pension liability	1 816	5 704
Demographic estimate deviation on the pension liability	-1 809	2 136
Financial estimate deviation on the pension liability	657	-1 593
Settlement of pension plans	-4 300	-247 400
Benefits paid	-3 701	-11 395
Social security tax	-128	-306
Exchange differences on foreign plans	-42	-2 014
Liability for defined benefit pension plans at 31 December	126 324	128 249

Expected payments of defined pension liabilities

NOK1000	2019
Defined benefit pension expected to fall due year 1-5	38 723
Defined benefit pension expected to fall due year 6-10	34 719
Defined benefit pension expected to fall due year 11-20	52 882
Defined benefit pension expected to fall due year 21-30	-
Total benefit pension due	126 324

Movement in fair value of pension assets for defined benefit pension plans

NOK1000	2019	2018
Fair value of pension assets at 1 January	59 162	220 560
Expected return from pension assets	1 081	2 560
Financial estimate deviation on the pension assets	-62	695
Contributions from employer	844	73 720
Settlements	-80	-161 037
Benefits paid	-4 300	-75 825
Exchange difference on foreign plans	-90	-1 510
Fair value of pension assets at 31 December	56 555	59 162

Pension assets include the following

NOK1000	Of which active markets:	2019	2018
Equity instruments	-	355	358
Government stock	-	7 960	8 028
Other debt instruments, including structured debt	-	-	32 526
Investment funds	-	-	6 214
Property investments	-	1 401	5 820
Bank deposits	-	69	70
Other assets	-	46 770	6 145
Total pension funds	-	56 555	59 162

Actuarial deviations recognised in other comprehensive income

NOK1000	2019	2018
Current year actuarial deviation on pension liabilities (defined benefit schemes)	1 152	-543
Current year actuarial deviation on pension funds (defined benefit schemes)	-62	695
Tax effect (note 9)	259	246
Net actuarial deviation on defined benefit schemes	1 349	398

PENSION COSTS

NOK1000	2019	2018
Defined benefit plans	6 262	4 903
Defined contribution plans	155 227	143 193
Total pension costs recognised in current year payroll costs	161 489	148 096

DEFINED BENEFIT PLAN PENSION COSTS**Pension costs recognised in income statement**

NOK1000	2019	2018
Present value of this year's pension earned	5 573	5 380
Contribution from employees	-	-
Curtailed of pension schemes and plan changes	817	-171

Social security tax	-128	-306
Administration costs	-	-
Total pension costs from benefit schemes recognised in salary costs	6 262	4 903
Interest expense on the pension liability	1 816	5 704
Expected return on pension funds	-1 081	-2 560
Total pension costs from benefit schemes recognised in finance costs	735	3 144

Note 20 Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories are determined on a first-in- first-out basis. The cost of finished goods and goods in progress consists of costs related to product design, consumption of materials, direct wages and other direct costs. The net realisable value is the estimated selling price less estimated variable expenses for completion and sale.

2019		Work		
NOK1000	Raw materials	in progress	Finished goods	Total
Cost at 31 December	375 264	1 536 080	1 696 927	3 608 271
Provisions for obsolescence at 1 January	-10 462	-39 824	-99 047	-149 334
Write-down	-33 068	21 012	-51 960	-64 016
Reversal of write-down	2 069	18 365	23 090	43 525
Currency translation	-22	180	477	635
Provisions for obsolescence at 31 December	-41 480	-266	-127 146	-168 892
Carrying value at 31 December	333 784	1 535 814	1 569 781	3 439 379

2018		Work		
NOK1000	Raw materials	in progress	Finished goods	Total
Cost at 31 December	624 814	1 089 437	1 497 173	3 211 424
Provisions for obsolescence at 1 January	-16 620	-38 873	-82 468	-137 962
Write-down	-1 327	-17 983	-40 277	-59 588
Reversal of write-down	7 375	17 332	24 415	49 123
Currency translation	110	-300	-716	-906
Provisions for obsolescence at 31 December	-10 462	-39 824	-99 047	-149 334
Carrying value at 31 December	614 351	1 049 612	1 398 126	3 062 090

Note 21 Current assets

NOK1000	2019	2018
Trade receivables gross	2 407 740	2 069 453
Loss allowance	-81 359	-51 937
Total trade receivables at 31.12	2 326 381	2 017 516
Non-invoiced revenue	9 474	247 376
Total other trade receivables at 31.12	9 474	247 376
VAT and tax claims	255 851	255 670
Current interest bearing assets	17 481	15 484
Financial instruments	81 170	-
Other current receivables	993 188	652 686
Total other receivables at 31.12	1 347 690	923 841
Total current assets at 31.12	3 683 545	3 188 733

Overdue accounts receivable by age

NOK1000	2019	2018
Up to 30 days	257 361	363 322
30-60 days	97 741	91 112
60-90 days	20 807	37 082
Over 90 days	255 970	180 727
Total	631 878	672 244

Note 22 Share capital and shareholder information

The share capital of the Company as at 31 December 2018 consists of 183 267 630 shares at a nominal value of NOK 1.-.

Owner structure

The shareholder as at 31 December 2019 was:

	Number of shares	Stake
Ferd Holding AS	183 267 630	100.00 %
Total number of shares	183 267 630	100.00 %

Ferd AS is a subsidiary of Ferd Holding AS, being a subsidiary of Ferd JHA AS. Ferd shares offices with its parent companies in Lysaker, Bærum. For the consolidated financial statements of Ferd JHA AS, please contact Ferd.

Shares indirectly owned by the board members in Ferd AS

	Position	Voting rights	Stake
Johan H. Andresen (Ferd JHA AS)	Chair of the Board	69.94 %	15.20 %

Katharina G. Andresen and Alexandra G. Andresen have a combined indirect ownership holding of 84,4 % of Ferd AS as a result of their share ownership in Ferd Holding AS through their holding companies Ferd KGA AS and Ferd AGA AS.

Note 23 Non-controlling interests

Subsidiary	Interwell	Mesterguppen	Others	Total
Business office	Stavanger	Oslo		
Ferd's stake and voting share	63.6 %	77.8 %		
Non-controlling share	36.4 %	22.2 %		
NOK1000				
Non-controlling interest 1 January 2019	556 765	405 824	11 825	974 414
Dividends and capital changes	164 953	-41 259	-	123 695
Transactions with non-controlling interests	-	-7 272	-	-7 272
Other comprehensive income attributable to non-controlling interests	71 940	13 526	-	85 466
Translation differences	5 228	2 308	-110	7 426
Non-controlling interest at 31 December 2019	798 886	373 128	11 715	1 183 729

Summary of financial information from subsidiaries

NOK1000	Interwell	Mesterguppen
Operating income	1 347 170	9 916 891
Operating profit	232 145	157 423
Profit after tax	201 330	58 447
Non-current assets	783 688	1 678 320
Current assets	790 857	2 321 116
Non-current liabilities	310 257	832 803
Current liabilities	266 624	2 519 246

Note 24 Non-current liabilities

NOK1000	Loan amount in currency 2019	Loan amount in NOK 2019	Loan amount in NOK 2018
NOK	-	2 778 937	2 419 882
EUR	199 047	2 156 562	2 270 540
DKK	-	-	266 445
Carrying value of loan expenses		-6 492	-2 595
Carrying value at 31 December		4 929 007	4 954 273
Other long-term debt		186 676	157 469
Total non-current liabilities		5 121 923	5 111 096

Instalments determined in contracts

NOK1000	2019
2020	1 288 743
2021	935 192
2022	2 691 568
2023 or later	212 912
Total	5 128 415
Carrying value of loan expenses	-6 492
Total balance at 31.12	5 121 923

The first year's instalment of long-term debt is presented as part of the short-term interest-bearing debt. Non-current lease liabilities are described in note 34.

Note 25 Other current liabilities

NOK1000	2019	2018
Trade payables	2 824 475	2 006 801
Public duties etc.	323 216	296 170
Other short-term debt	2 019 563	1 437 876
Total	5 167 253	3 740 848

Note 26 Assets pledged as security, guarantees and contingent liabilities

Secured borrowings

NOK1000	2019	2018
Loan facilities	3 667 799	3 157 134
Factoring	-	2 795
Total	3 667 799	3 159 929

Loan facilities comprise various credit facilities in the Group, normally secured by receivables, inventories, tangible assets and investment property. Interest terms are floating interest rates.

Carrying amounts of pledged assets

NOK1000	2019	2018
Investment property	2 420 000	2 394 743
Other tangible assets	1 502 795	568 695
Inventories	1 763 389	1 385 402
Receivables	1 483 521	1 317 395
Other assets	151 295	89 326
Total	7 320 999	5 755 560

Maximum exposure to the above assets	7 320 999	5 755 560
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Guarantees and off-balance sheet liabilities

NOK1000	2019	2018
Committed capital to fund investments	946 431	849 672
Committed equity contributions to company investments	-	175 000
Guarantees without security	275 128	55 161
Clauses on minimum purchases in agreements	42 257	670 823
Other obligations ¹⁾	10 978	66 455
Total	1 274 794	1 817 110

¹⁾ Other obligations mainly concern repurchase commitments on sales of machines and investment obligations relating to developing investment property and the building of manufacturing plants.

Note 27 Risk management - operations

Risk management relating to the investment activities of Ferd is described in note 6.

Currency risk

Contracted currency flows from operations are normally secured in their entirety, while projected cash flows are hedged to a certain extent. Interest payments related to the Group's foreign currency loans are mostly secured by corresponding cash flows from the Group's activities. Instruments such as currency forward contracts, currency swaps and options can be used to manage the Group's currency exposure.

Outstanding foreign exchange forward contracts related to operations:

NOK1000	Purchase of currency		Sale of currency	
	Currency	Amount	Currency	Amount
	NOK	1 750 522	USD	-200 000
	NOK	987 202	EUR	-100 000
	JPY	3 201 180	EUR	-25 527
	NOK	200 430	EUR	-19 797
	USD	474	EUR	-398
	EUR	6 723	USD	-7 751
	CAD	5 220	USD	-3 947
	USD	3 947	CAD	-5 220

All foreign exchange contracts mature during 2020 and 2021.

Interest rate risk

The Group has short-term fixed interest rates on long-term funding in accordance with internal guidelines. This applies for loans in Norwegian kroner, as well as in foreign currency. The Group uses interest rate swaps to reduce interest rate exposure by switching from floating rates to fixed rates for a portion of the loans.

Outstanding interest rate swaps

NOK1000	Currency	Amount	Receives	Pays	Time remaining
					to maturity
	EUR	150 000	3M EURIBOR	Fixed 0.13 - 0.7 %	0 - 6 år years

The table includes derivatives for hedging.

Credit risk

Credit risk is the risk that a counterparty will default on his/her contractual obligations resulting in a financial loss to the Group. Ferd has adopted a policy implying that the Group shall be exposed only to credit-worthy counterparties, and independent credit analyses are obtained for all counterparties when such analyses are available. If not, the Group uses other publicly available financial information and its own trade to assess creditworthiness.

Note 28 Hedge accounting - operations

Ferd has cash flow hedges related to the hedging of currency transactions and commodity prices. Hedging related to interest payments was terminated on 1 July 2017. Remaining hedging reserves are transferred to profit in line with interest payments on the loans that had qualified for hedge accounting. The hedging reserve consist of the effective part of the accumulated net changes in the fair value of cash flow hedges related to the hedged transaction which have not yet taken place. Movements in the hedge accounting reserve are described in the table below.

NOK1000	2019			2018		
	Opening balance	Change during the year	Closing balance	Opening balance	Change during the year	Closing balance
Commodity swaps	-38 550	9 213	-29 337	27 665	-66 215	-38 550
Currency futures	-3 492	6 313	2 821	-22 701	19 209	-3 492
Interest rate swaps	-1 821	1 361	-460	-7 524	5 703	-1 821
Currency translation	-1 706	-109	-1 815	-1 420	-286	-1 706
Deferred tax	10 733	-3 620	7 113	-589	11 322	10 733
Total	-34 836	13 158	-21 678	-4 569	-30 267	-34 836

Gain/loss transferred from other income and expenses in the income statement of the period is included in the following items in the income statement:

NOK1000	2019	2018
Commodity costs	148	-653
Commodity costs	1 951	1 132
Other operating expenses	995	4 568
Net finance result	-1 360	-5 595
Total	1 586	105

Negative amounts represent income.

Note 29 Liquidity risk

Financing and financial covenants

Ferd AS has a multi-currency cash pool agreement for some subsidiaries that are managed from Lysaker. Most of the subsidiaries of Ferd Eiendom are not included within this agreement. The multi-currency cash pool agreement includes the currencies NOK, USD, EUR, DKK, SEK and CHF and is presented net in the Group financial statements.

Ferd AS has a loan facility of NOK 7 billion. As of 31 December 2019, a draw-down of NOK 100 million has been made on one of the loan facilities. Ferd has financial covenants with requirements related to 1) Equity ratio, 2) Book equity and 3) Cash and cash equivalents. At 31 December 2019, Ferd had a good margin for these requirements.

All of the subsidiaries / sub-groups that Ferd has invested in have their own banking connections, group accounts and financing. The sub-groups have their own financial covenant requirements adapted to their specific businesses. As of 31 December 2019, none of the companies are in breach of the covenant requirements.

Liquidity risk – operational business

Liquidity risk in the operational business is mainly related to the risk that Elopak, Mesterguppen, Interwell, Servi and Swix will not be able to service their financial obligations on their maturity date. Operational liquidity risk is managed by having sufficient liquidity reserves and available borrowing capacity through bank and credit facilities, as well as by continuous monitoring of expected future and actual cash flows.

The following tables provide an overview of the Group's contractual maturities of financial liabilities after maturity. The tables are prepared based on the earliest date the Group can be required to pay.

31.12.19 NOK1000	Less than 1	1-3 years	3-5 years	Total
Finance institutions	1 870 846	2 074 946	2 866 793	6 812 585
Accounts payable	2 825 164	-	-	2 825 164
Other non-current liabilities	-	181 260	5 415	186 676
Public taxes and other current	2 366 331	-	-	2 366 331
Total ¹⁾	7 062 341	2 256 206	2 872 209	12 190 756

31.12.18 NOK1000	Less than 1	1-3 years	3-5 years	Total
Finance institutions	1 252 807	3 884 890	1 071 978	6 209 675
Accounts payable	2 006 801	-	-	2 006 801
Other non-current liabilities	-	58 815	98 654	157 469
Public taxes and other current	1 434 520	-	-	1 434 520
Total ¹⁾	4 694 128	3 943 706	1 170 632	9 808 465

¹⁾ The table does not include lease obligations, guarantees and off-balance sheet liabilities, cf. notes 34, 26 and 30 respectively.

The table below shows the anticipated receipts and payments on derivatives:

31.12.19 NOK1000	Less than 1	1-3 years	More than 3	Total
Interest rate swaps	1 273	-3 147	-29 335	-31 209
Currency futures	67 186	2 022	-	69 208
Commodity derivatives	-16 039	-12 971	-	-29 009
Total	52 420	-14 095	-29 335	8 990

31.12.18 NOK1000	Less than 1	1-3 years	More than 3	Total
Interest rate swaps	-2 801	-1 844	-12 474	-17 119
Currency futures	-35 509	2 159	-	-33 350
Commodity derivatives	-15 420	-23 130	-	-38 550
Total	-53 730	-22 815	-12 474	-89 019

Credit facilities

The table below shows a summary of used and unused credit facilities at 31 December:

	2019		2018	
	Used	Unused	Used	Unused
<u>Overdraft</u>				
Secured	197 289	662 711	-	60 000
Unsecured	240 095	320 376	147 249	576 767
<u>Credit facilities</u>				
Secured	437 000	378 000	607 303	103 000
Unsecured	2 456 560	1 488 960	2 755 986	1 423 334
<u>Factoring</u>				
Secured	-	-	2 795	-
Unsecured	534 342	884 743	675 480	714 686
Total secured	634 289	1 040 711	610 098	163 000
Total unsecured	3 230 996	2 694 080	3 578 715	2 714 787

Change in obligations from financial activities

	Long-term loans	Short-term loans	Leasing obligations	Derivatives	Other	Total
Balance at 1 January 2019	4 954 273	1 252 807	9 066	104 004	29 517	6 349 666
Changes with effect on cash flows:						
Proceeds from new loans	552 625	393 147	-	22 453	-	968 225
Repayments	-417 679	-	-	-102 202	-29 517	-549 398
Changes without any effect any effect						
Additions from acquisitions	52 050	207	-	-	-	52 257
Reclassifications	-208 813	220 034	-9 066	-	-	2 155
Fair value changes	-7 390	-	-	-	-	-7 390
Currency changes	3 941	-1 783	-	-	-	2 158
Balance at 31 December 2019	4 929 007	1 864 411	-	24 255	-	6 817 673

	Long-term loans	Short-term loans	Leasing obligations	Derivatives	Other	Total
Balance at 1 January 2018	3 984 006	1 243 055	2 381	-22 312	23 558	5 230 688
Changes with effect on cash flows:						
Proceeds from new loans	1 096 427	636 806	-	-2 476	5 499	1 736 256
Repayments	-147 943	-645 403	-1 612	22 235	-	-772 724
Changes without any effect any effect						
Reclassifications	-29 712	17 493	8 330	3 890	-	-
Fair value changes	-	-	-	102 667	-	102 667
Currency changes	51 495	856	-33	-	460	52 779
Balance at 31 December 2018	4 954 273	1 252 807	9 066	104 004	29 517	6 349 666

Note 30 Operating and finance leases

As of 1 January 2019, the Group has implemented IFRS 16 Leases. The Group's leases are presented in note 34.

The tables below are included to show the figures for 2018.

The Group as lessor, operating leases

The Group leases fixtures and equipment under operating leases. Essentially, equipment is rented out to Elopak's customers who use them in their own production.

Specification of income on operating leases	2018
Total variable leases recognised as income	156 415
Total	156 415

At the balance sheet date, the Group has contracted the following future minimum leases:	2018
Totally due next year	116 109
Totally due in 2-5 years	225 818
Totally due after 5 years	24 284
Total	366 211

The amounts have not been discounted.

The Group as lessor, finance leases

Specification of income from finance leases	2018
Total variable leases recognised as income	42 310
Total income from finance leases	42 310

Gross investment compared to the present value of outstanding minimum leases	2018
Gross receivables on lease agreements	43 862
Finance income not yet earned	-7 332
Net investment from finance leases (present value)	36 530

The Group as lessee, operating leases

Specification of expenses on operating leases	2018
Total variable leases recognised as expenses	258 970
Minimum leases (including fixed leases) recognised as expense	73 293
Subleases recognised as cost reductions	1 199
Total leasing costs	333 462

Due for payment	2018
Total costs next year	341 626
Total costs 2-5 years	928 614
Total costs after 5 years	780 778
Total	2 051 018

The amounts have not been discounted.

Distribution of the same leasing obligation on leasing objects	2018
Buildings and land	1 714 465
Machines and installations	195 269
Fixtures, vehicles and equipment	141 285
Total leasing obligations related to operating lease commitments	2 051 018

Specification of leasing costs of the year	2018
Total variable leases recognised as expenses	480
Total leasing costs	480

Net carrying value of leased assets, by asset class	2018
Fixtures, vehicles and equipment	10 528

The fixed assets are also included in the tangible asset note (note 14).

Note 31 Related parties

Parties are considered to be related when one of the parties has the control, joint control or significant influence over another party. Parties are also related if they are subject to a third party's joint control, or one party can be subject to significant influence and the other joint control. A person or member of a person's family is related when he or she has control, joint control or significant influence over the business. Companies controlled by or being under joint control by key executives are also considered to be related parties. All related party transactions are completed in accordance with written agreements and established principles.

Associated companies and joint ventures

Transactions with associated companies and joint ventures are accounted for in note 17.

The Board and executives

The board members' rights and obligations are determined in the Company's Articles of Association and Norwegian legislation. There are no significant agreements with enterprises where a board member has significant interest. Ownership in Ferd AS by board members is shown in note 22, and information on fees to board members and executives in note 11.

Note 32 Events subsequent to the balance sheet date

The coronavirus

On the balance sheet date, 31 December 2019, there were only a limited number of cases of unknown virus reported to the WHO (World Health Organization), and there were no known cases where the virus was transmitted between humans. The WHO declared the corona outbreak as a global public health crisis on 30 January 2020 and as a global pandemic on 11 March 2020. The subsequent spread of the virus did not provide new information on conditions that existed on the balance sheet date on 31 December 2019. These are therefore events which, according to the standards, shall not have an accounting consequence for recognition and measurement in the 2019 annual accounts.

In connection with the pandemic, both Norwegian and international stock markets have had a significant decline in value. Ferd's solvency and liquidity are still very good, and Ferd still has a large margin for the requirements in the loan agreements with the banks.

Ferd buys the Marienlyst plot from NRK

In December 2019, Ferd submitted a final bid for the purchase of the NRK site at Marienlyst in Oslo. The bid prices the plot at a value of at least NOK 3.75 billion. On 26 February 2020, it was announced that Ferd had won the contract. The amount Ferd will pay for the plot will not be decided until the final regulation plans are available, but it is already clear that the purchase of the Marienlyst plot will be the largest single investment Ferd has made to date. The agreement between NRK and Ferd contains a proviso that NRK must have sufficient time to find a new headquarters before Ferd can take over the site.

Note 33 New accounting standards according to IFRS

The financial statements have been prepared in accordance with standards issued by the International Accounting Standards Board (IASB) and International Financial Reporting Standards - Interpretations Committee (IFRIC), effective for accounting years starting on 1 January 2019 or earlier.

New and amended standards implemented by Ferd effective from the accounting year 2019.

IFRS 16 Leases

IFRS 16 replaces the existing IFRS standard for leases, IAS 17 Leases. IFRS 16 sets out principles for recognition, measurement, presentation and disclosure information for both parties to a lease agreement, ie the customer (lessee) and provider (lessor). The new standard requires the tenant to recognize assets and liabilities for most leases, which is a significant change from current principles. For landlords, IFRS 16 essentially continues the existing principles in IAS 17. In line with this, a landlord must continue to classify his leases as operational or financial leases, and account for these two types of leases differently.

The group implemented IFRS 16 using the retrospective method where the total effect of the first application of the standard is recognized at the time of first application. The group has used the implementation method according to IFRS 16 C5 (b) with method according to IFRS 16 C8 (b) (i) for most leases. For some agreements, the method in accordance with IFRS 16 C8 (b) (i) has been used. Comparative figures have not been restated in line with the chosen method.

The effect of changes in accounting principles and the effect of first-time application are described in note 34.

Note 34 Right of use assets and lease liabilities

Identification of a lease

When entering into a contract, the Group assesses whether the contract is or contains a lease agreement. A contract is or contains a lease agreement if the contract transfers the right to control the use of an identified asset for a period in exchange for a consideration.

Ferd as a tenant

Separation of the components of a lease

For contracts that constitute or contain a lease, Ferd separates lease components if it can benefit from the use of an underlying asset either alone or together with other resources that are readily available to the company, and the underlying asset is neither highly dependent on nor closely linked to other underlying assets in the contract. The Group then accounts for each individual rental component in the contract as a lease separately from non-leased components in the contract.

Recognition of leases

At the time of implementation of a lease, the Group recognizes a lease obligation and a corresponding right of use for all its leases, with the exception of the following exceptions applied:

- Short-term leases (lease period of 12 months or less)
- Low value assets

For these leases, the Group recognizes the lease payments as other operating expenses in the income statement when they incur.

Lease liabilities

The Group measures lease obligations at the time of implementation at the present value of the lease payments that are not paid at this time. The lease period represents the non-cancellable period of the lease, in addition to periods covered by an option either to extend or terminate the lease if the Group with reasonable certainty will exercise this option. The rental payments that are included in the measurement of the rental obligation consist of:

- Fixed rental payments minus any receivables in form of rental incentives
- Variable rental payments that depend on an index or an interest rate, first measured using the index or the interest rate at the time of implementation
- Amounts expected to be paid to the company in accordance with residual value guarantees
- The exercise price for a call option, if the company will exercise this option with reasonable certainty
- Payment of a fine for termination of the lease, if the lease period reflects that the company will exercise an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect lease payments and measuring the carrying amount again to reflect any revaluations or changes to the lease, or to reflect adjustments in lease payments such as follows from adjustments in indices or rates.

The Group does not include variable rental payments in the rental obligation. Instead, the Group recognizes these variable rental costs in the income statement. The Group presents its lease obligations on its own lines in the balance sheet.

Right of use assets

The Group measures right-of-use assets at acquisition cost, less accumulated depreciation and impairment losses, adjusted for any new measurements of the lease obligation. Acquisition cost for the right of use assets includes:

- The amount from the initial measurement of the lease obligation
- All rental payments at or before the time of implementation, less any rental incentives received
- All direct expenses for entering into an agreement were incurred by the company
- An estimate of the expenses incurred by the tenant for the dismantling and removal of the underlying asset, the restoration of the place where the unit is located, or the restoration of the underlying asset to the condition required by the terms of the lease, unless these expenses are incurred during the production of the goods.

The Group applies the depreciation requirements in IAS 16 Property, plant and equipment when depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the date of implementation until what occurs first of the end of the lease term and the end of the useful life of the right-of-use assets.

The Group applies IAS 36 "Impairment of assets" to determine whether the usufruct asset has been impaired and to account for any proven impairment losses.

Right of use assets

Amount in NOK 1000	Buildings	Machines & Equipment	Vehicles	Total
Cost at 1 January	1 517 982	286 472	143 674	1 948 128
Additions	335 823	21 049	19 209	376 081
Disposals	-93 805	-2 060	-	-95 865
Currency exchange differences	-4 945	-2 060	-977	-7 983
Cost at 31 December	1 755 055	303 401	161 905	2 220 361
Accumulated depreciation and impairment at 1 January	-	-	-	-
Depreciation of the year	-205 015	-73 089	-44 315	-322 419
Currency exchange differences	-56	-62	-38	-155
Accumulated depreciation and impairment at 31 December	-205 071	-73 151	-44 353	-322 574
Carrying amount at 31 December	1 549 985	232 310	117 553	1 899 847

Lease liabilities

Amount in NOK 1000	
Undiscounted lease liabilities and payment	
Less than 1 year	395 795
1-2 years	348 087
2-3 years	304 981
3-4 years	227 846
4-5 years	212 084
More than 5 years	1 112 205
Total undiscounted lease liabilities 31 December	2 600 997

Changes in lease liabilities

Lease liabilities 1 January (implementation effect)	2 126 651
New / changed lease liabilities in the period	277 424
Current year lease payments	-407 100
Interest expense on lease liabilities	89 924
Total lease liabilities 31 December	2 088 326

<i>whereof current lease liabilities < 1 year</i>	365 896
<i>whereof non-current lease liabilities > 1 year</i>	1 722 430

Other lease expenses in profit & loss

Variable lease payments expensed in the period	49 664
Operating costs in the period related to short-term leases	54 925
Operating expenses in the period related to assets of low value	5 139
Total lease expenses included in operating expenses	109 728

Implementation effects

Implementation effect on assets in the opening balance (gross)	2 101 625
Implementation effect on liabilities in the opening balance	-2 126 651
Implementation effect from advance payments under variable rent (IAS 17)	14 351
Implementation effect against equity 1 January 2019	-10 675

Implementation effect from advance payments under variable rent (IAS 1 Implementation effects against equity in the group is due to Elopak having used the method in accordance with IFRS 16 C8 (b) (i) for some of its contracts7)



To the General Meeting of Ferd AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ferd AS, which comprise:

- The financial statements of the parent company Ferd AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Ferd AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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



Other information

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

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

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

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 of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation 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 and using 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.

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 proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 28 May 2020

PricewaterhouseCoopers AS

Geir Haglund
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.