ANNUAL REPORT 2018, 2019 & 2020

Consolidated Financial Statements

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Contents

Income Statement
(EUR 1.000)

OPERATING REVENUE AND OPERATING EXPENSES	Notes	2020	2019	2018
Freight income	2	17 480	17 931	9 575
Other operating income	2	398	416	275
Total operating income		**17 878**	**18 347**	**9 850**
Payroll and remuneration	3	(6 524)	(6 441)	(4 205)
Other operating expenses	3/7	(3 505)	(2 473)	(2 467)
Total operating expenses		**(10 028)**	**(8 914)**	**(6 672)**
Operating result before depreciation		**7 849**	**9 432**	**3 178**
Depreciation	4	(3 060)	(3 109)	(2 074)
Operating profit		**4 789**	**6 323**	**1 103**
FINANCIAL INCOME AND EXPENSES				
Other financial income		6	17	15
Net currency differences		427	365	(862)
Unrealised gain/(loss) financial derivatives	10	(228)	(314)	(56)
Interest expenses		(1 148)	(1 398)	(816)
Other interest expenses to related parties	7	(8)	(131)	(1 041)
Other financial expenses		(808)	(1 263)	(1 011)
Financial income/(expense)		**(1 758)**	**(2 723)**	**(3 770)**
Profit/(loss) before tax		**3 031**	**3 601**	**(2 666)**
Tax (income)/expense	9	18	402	(750)
Profit/(loss) for the year		**3 013**	**3 199**	**(1 916)**
Basic / diluted earnings per share	13	3	3	(2)

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Statement of comprehensive income

(EUR 1.000)

	Notes	2020	2019	2018
Profit/(loss) for the year		3 013	3 199	(1 916)
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT				
Currency translation differences		(1 914)	1 619	1 581
Other comprehensive income, net of tax		**(1 914)**	**1 619**	**1 581**
Total comprehensive income for the year		**1 099**	**4 818**	**(335)**

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Balance Sheet

(EUR 1.000)

ASSETS	Notes	31/12/20	31/12/19	31/12/18	01/01/18
Non current assets					
Deferred tax assets	9	23	0	194	737
Vessels	4	71 431	78 613	77 694	0
Newbuildings	4	35 957	0	0	46 596
Machinery and equipment	4	3	4	316	357
Total non current assets		**107 415**	**78 617**	**78 204**	**47 690**
Current assets					
Account receivables	7	3 023	3 243	3 029	1 386
Other current receivables	7	0	0	5 787	367
Other current assets	12	34 174	758	207	0
Cash and cash equivalents	12	6 715	6 483	3 851	789
Total current assets		**43 913**	**10 484**	**12 874**	**2 542**
Total assets		**151 327**	**89 101**	**91 077**	**50 232**

EQUITY AND LIABILITIES	Notes	31/12/20	31/12/19	31/12/18	01/01/18
Equity					
Share capital		9	3	0	0
Other equity		63 174	34 467	29 649	1 570
Total equity		**63 183**	**34 470**	**29 649**	**1 570**
Non current liabilities					
Deferred tax	9	0	11	0	
Non current interest-bearing debt	8	79 330	46 301	48 448	
Other non current liabilities		0	613	6 198	
Total non current liabilities		**79 330**	**46 925**	**54 646**	**0**

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Balance Sheet

(EUR 1.000)

CURRENT LIABILITIES	Notes	31/12/20	31/12/19	31/12/18	01/01/18
Non current assets					
Account payables	7	1 751	438	1 066	0
Financial derivatives	10	598	370	56	0
Taxes payable	9	48	0	0	0
Public duties payable		32	18	9	10
Current interest-bearing debt	8	4 497	4 749	4 511	0
Loan from related parties	7	0	883	30	46 457
Other current liabilities	7	1 889	1 248	1 112	114
Total current liabilities		**8 814**	**7 706**	**6 782**	**48 663**
Total equity and liabilities		**151 327**	**89 101**	**91 077**	**50 232**

Haugesund 30 August 2021 - The board of directors of Edda Wind AS

Håvard Framnes
Chairman of the board

Johannes Østensjø
Board member

Geir Oppegård Flæsen
Board member

Jan Eyvin Wang
Board member

Kenneth Walland
CEO

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Cash flow statement

(EUR 1.000)

CASH FLOW FROM OPERATIONS	Notes	2020	2019	2018
Profit/(loss) before tax		3 031	3 601	(2 666)
Financial (income)/expenses		1 758	2 723	3 770
Depreciation and amortisation	4	3 060	3 109	2 074
Change in working capital		2 462	(548)	(1 963)
Net cash flow from operations		**10 311**	**8 884**	**1 215**

CASH FLOW FROM INVESTMENT ACTIVITIES				
Investments in fixed assets	4	(8 531)	(25)	(33 683)
Interest received		6	17	15
Changes in restricted cash - investment commitment	12	(33 000)		
Net cash flow from investment activities		**(41 525)**	**(8)**	**(33 668)**

CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of interest-bearing debt	8	39 978		36 991
Repayment of interest-bearing debt	8	(4 556)	(4 749)	(1 220)
Repayment of other debt		(1 318)	(4 735)	
Interest paid including interest derivatives		(1 156)	(1 529)	(1 857)
Paid other financial expenses		(808)	(1 263)	(1 011)
Increase capital cash effect		188		
Dividend / group contribution		(883)	6 030	
Net cash flow from financing activities		**31 445**	**(6 245)**	**32 903**

EFFECTS OF CURRENCY RATE CHANGES ON BANK DEPOSITS, CASH AND EQUIVALENTS				
Net change in bank deposits, cash and equivalents		232	2 632	449
Cash and cash equivalents at 01.01		6 483	3 851	3 402
Cash and cash equivalents at 31.12		**6 715**	**6 483**	**3 851**

The group is located and operating in several countries and each entity has several bank accounts in different currencies. Unrealised currency effects are included in net cash flow from operations.

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Statement of changes in equity

(EUR 1.000)

	Share capital	Retained earnings	Foreign currency translation reserve	Other equity	Total equity
Balance at 01.01.2020	**3**	**31 267**	**3 200**	**34 467**	**34 470**
Net capital increase	6	27 608		27 608	27 614
Profit for the year		3 013		3 013	3 013
Other comprehensive income			**(1 914)**	(1 914)	(1 914)
Balance at 31.12.2020	**9**	**61 888**	**1 286**	**63 174**	**63 183**
Balance at 01.01.2019	**0**	**28 068**	**1 581**	**29 649**	**29 649**
Net capital increase*	3			0	3
Profit for the year		3 199		3 199	3 199
Other comprehensive income			**1 619**	1 619	1 619
Balance at 31.12.2019	**3**	**31 267**	**3 200**	**34 467**	**34 470**
Balance at 01.01.2018	**0**	**1 570**	**0**	**1 570**	**1 570**
Net capital increase*		**28 414**		28 414	28 414
Loss for the year		(1 916)		(1 916)	(1 916)
Other comprehensive income			**1 581**	1 581	1 581
Balance at 31.12.2018	**0**	**28 068**	**1 581**	**29 649**	**29 649**

*The net capital increase in 2018 and 2019 is a contribution in kind by Johannes Østensjø dy AS. The transaction has been recorded as a common control business combination using the pooling of interest method and restatement of comparatives.

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Notes
(EUR 1.000)

NOTE 1

General accounting principles

General information

Edda Wind AS ("EWAS") and its subsidiaries (collectively the group) offer services to the offshore wind segment within the maritime sector. Edda Wind AS is a limited liability company registered in Norway with headquarters at Smedasundet 97 in Haugesund. The consolidated financial statements are presented in euro (EUR), and are rounded to nearest thousand unless clearly stated otherwise.

EWAS was founded in September 2019 as a fully owned subsidiary of Johannes Østensjø dy AS ("JØDY"). In March 2020 there was a contribution of kind transaction, where JØDY inserted the shares in Edda Supply Ships (UK) Ltd ("ESUK") and West Energy AS ("WEAS") in EWAS, and hence the Edda Wind Group was formed. From before the contribution of kind transaction JØDY was in control of both ESUK and WEAS.

This reorganization satisfies the description of a business combination under common control in IFRS 3. The accounting policy used for this transaction is the "pooling of interest method", and hence the assets and liabilities of all combining parties will be reflected at their predecessor carrying amount. When applying the pooling of interest method, the group have chosen to restate the consolidated financial statement for the two periods prior to the business combination under common control, to reflect the combination as if it had occurred from 01.01.2018. JØDY controlled both ESUK and WEAS throughout the entire restatement period, hence the transaction is recorded as a business combination under common control.

Basis of preparation

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union.

Principles of consolidation

The group's consolidated financial statements comprise Edda Wind AS and companies in which Edda Wind AS has a controlling interest. A controlling interest is normally obtained when the group owns more than 50% of the shares in the company and can exercise control over the company. The subsidiaries included in the consolidated financial statements are listed in note 5.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. For the common control business combination in 2020 the financial statements are presented using the pooling of interest method with restatement of comparatives for 2019 and 2018 for entities under ultimate common control prior to the business combination as if they had always been combined.

In the consolidated financial statements, income and expenses of both domestic and foreign subsidiaries, not using euro as functional currency, are translated using the average exchange rate for the accounting period. Balance sheet items are translated using the balance sheet date as exchange rate date

Critical accounting estimates and assumptions

When preparing the financial statements, the group must make assumptions and estimates. These estimates are based on the actual underlying business, its present and forecast profitability over time, and expectations about external factors such as interest rates, foreign exchange rates and market fluctuations which are outside the group's control. This presents a substantial risk that actual conditions will vary from the estimates.

Most balance sheet items will be affected by uncertainty related to estimates and assumptions to a certain degree. The item most affected, and where estimates and assumptions are assessed to have the greatest influence include the groups assessment of vessel values. Accounting principles applied, estimates and assumptions used by management is presented in the respective notes.

Segment information

The group's chief operating decision makers (the "COFM"), being the Board of Directors and CEO Group Management team, measures the financial and operating performance of the group on a consolidated level. The CODM does not review a measure of operating result on a lower level than the consolidated group, therefore the group have one reportable segment being the Offshore Wind segment. Refer to note 2 for additional information regarding revenue by geographical region and major customers.

Notes

(EUR 1.000)

NOTE 1

Summary of significant accounting policies

Significant accounting policies adopted in the preparation of these consolidated financial statements are included below in note 1 to the extent they have not already been disclosed in other relevant notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

Valuation and classification of assets and liabilities

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities, including derivatives which are measured at fair value.

The group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

New standards and interpretations not yet adopted

Amendment to IAS 1 Classification of Liabilities as Current or Non-current applicable for annual periods beginning on or after 1 January 2022. The amendment changes the guidance for the classification of liabilities as current or non-current depending on the rights that exist at the end of the reporting period.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 or prior reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the group in the current or future reporting periods. The group will apply new and amended standards before or when they become effective.

Business combinations

In order for a business combination to exist, the acquired business or assets must constitute a business, as an integrated set of activities including inputs, processes and outputs. Business combinations under common control is accounted for in accordance with the pooling of interests method where the assets and liabilities of the two combining businesses are consolidated using the carrying value prior to the business combination. The method is applied when the two combining business are under common control prior to the transaction, and the transaction is not considered to be transitory.

Business combinations not under common control is accounted for using the acquisition method. The acquired identifiable tangible and intangible assets, liabilities and contingent liabilities are measured at their fair values at the date of purchase. Any excess of the cost of purchase over the net fair value of the identifiable assets purchased is recognised as goodwill. Any excess of net fair value of the identified purchased assets over the cost of purchase is recognised as a bargain purchase gain.

Notes
(EUR 1.000)

NOTE 1

Foreign currency

The consolidated financial statements are presented in EUR. The functional currency of the group's entities are mainly EUR and GBP. The functional currency is determined based on the primary economic environment of which the entity operates in. Transactions in foreign currencies are recorded at the currency rate on the date of the transaction.

In connection with the newbuilding contracts the group has, together with the Spanish shipyards Balenciaga S.A and Astilleros Gondan, Spanish banks, Bankinter and Banko de Sabadell, and certain Spanish participant companies "AIE" (with external investors) established a structure that qualifies for a Spanish tax regime for financial leasing of newbuild contracts and vessels (Spanish Tax Lease). Spanish Tax Lease is a structure containing certain tax benefits in Spain, that also results in a lower construction cost for the group's vessels.

The newbuilding contracts are agreements between the group`s Norwegian ship owning companies (the group subsidiaries) and the shipyards. The structure is established so that the Norwegian ship owning companies sell the newbuilds to the Spanish Tax Lease structure at delivery of the vessels. The Norwegian ship owning company will lease the vessels back from the Spanish structure. This lease contract will normally have a contract length of 12 to 36 months from delivery of the vessel. Upon maturity of the lease contract the Norwegian ship owning company has a right and obligation to buy the shares of the Spanish AIE which owns the vessel.

In accordance with the lease agreements all financing and cash payments in the Spanish lease structures in the lease period are pre-arranged between the involved parties. The pre-agreed payments of the Norwegian Ship owning companies during the lease period are the responsibility of the arranger and thus recorded on a net basis for the group.

The income statements and balance sheets for group companies with a functional currency which differs from the presentation currency (EUR) are translated as follows:

- the balance sheet is translated at the closing exchange rate on the balance sheet date
- income and expense items are translated at a rate that is representative as an average exchange rate for the period, unless the exchange rates fluctuate significantly for that period, in which case the exchange rates at the dates of the transactions are used
- the translation difference is recognised in other comprehensive income

The group has used the following exchange rates:

	EUR/NOK	EUR/GBP
As per 31.12.2020	10.5053	0.9005
Average 2020	10.7409	0.8890
As per 31.12.2019	9.8807	0.8528
Average 2019	9.8540	0.8767
As per 31.12.2018	9.9448	0.8986
Average 2018	9.6033	0.8848

Notes

(EUR 1.000)

NOTE 1

Translations and balances

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

Foreign exchange gains and losses are presented on a net basis in the income statement, within finance expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Financial instruments

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

Financial assets

Financial assets are classified at initial recognition based on the contractual cash flows and the group's business model for managing the financial assets.

Financial assets is primarily derecognised when the right to receive the cash flows from the financial asset have expired, or the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the group has transferred substantially all the risks and rewards of the asset, or the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The group's financial assets include trade receivables and cash and cash equivalent. Refer to relevant note for disclosure of specific accounting treatment applied.

Financial liabilities

Financial liabilities are initially recognized at fair value and subsequently measured at amortised cost except for certain financial liabilities at fair value through the income statement.

Financial liabilities are derecognised when the contractual obligation is discharged, cancelled, or expire. Financial liabilities are also derecognised when terms are modified and the modified financial liability is substantially different, representing a new financial liability based on the modified terms.

The group's financial liabilities include interest-bearing debt and financial derivatives. Refer to relevant note for disclosure of specific accounting treatment applied.

Provisions

Provisions are recognised when the group faces an obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. The expense related to a provision is presented in the income statement. All provisions are reviewed at end of each reporting period and adjusted to reflect best estimate of expected cash outflows.

Statement of consolidated cash flow

The statement of cash flow is prepared in accordance with the indirect model.

Notes
(EUR 1.000)

NOTE 2

Revenue from contracts with customers

Financial reporting principles

Revenue derived from customer contracts in scope of IFRS 15 Revenue from contracts with customers, are assessed using the five-step model, where only customer contracts with a firm commitment is used as basis for revenue recognition. Charter revenue from contracts with customers is recognised upon satisfaction of the performance obligation for the transfer of goods and services in each such contract. The revenue amount recognised is equal to the consideration the group expects to be entitled in exchange for the goods and services. Any loss on contract is accrued when a loss is probable. The performance obligation is considered satisfied as the charter service is delivered, and apportioned according to the number of days for each contract occurring before and after the end of an accounting period. The contract period begins when the vessel is delivered to the customer, and ends when the vessel is redelivered. As the customers are invoiced in the amount assessed to corresponding to the value of the completed performance obligation, the group have elected to apply the practical expedient to recognise revenue in the amount to which it has the right to invoice.

Revenue for bareboat agreements are in scope of IFRS 16 Leases. A time charter contract contains both a bareboat element in scope of IFRS 16 and a service component in scope of IFRS 15. Both the lease element and the service element is recognised as operating income.

Leases, in which a significant portion of the risks and rewards of ownership are retained by the group, are classified as operating leases. Lease income for the leasing of vessels are recognized as operating leases and recognized in the income statement on a straight-line basis over the lease period. The lease period commences from the time the ship is made available to the customer and terminates upon agreed return.

Operating income

The group receives its revenue from freight operations on long-term chartering agreements. Under these chartering's the group delivers a vessel, including crew, to a customer. The customer determines, within the contractual limits, how the vessel is to be utilised. The group is remunerated by the customer at an agreed daily rate for each day of use of the vessel, equipment, crew and other resources and service utilised in the contract.

The group`s revenue mainly derivates from offering vessels and maritime personnel to the offshore wind sector. Customer contracts are based on day rates including victualling (accommodation, provisions, and other supplies provided to charterers personnel).

The group's revenue is mainly recognised over time as the service is delivered. This includes service and lease element from contracts with day rate and revenue from victualling.

Offshore Wind operating revenue	**2020**	**2019**	**2018**
Revenue from contracts with customers:			
Service element from contracts with day rate	9 776	9 362	5 230
Victualling	1 063	1 834	
Other revenue	398	416	275
Lease revenue:			
Lease element from contracts with day rate	6 641	6 734	4 345
Total operating income	**17 878**	**18 347**	**9 850**

Payments from charter contracts is generally due within 30 to 60 days after the end of each month or 30 to 60 days after the service is completed. Payment terms for all other services delivered is usually 30 days after the service is invoiced.

Notes
(EUR 1.000)

NOTE 2

Reporting by customers and geographical markets

Revenue geographical markets	2020 Revenue	2020 Ratio %	2019 Revenue	2019 Ratio %	2018 Revenue	2018 Ratio %
United Kingdom	17 695	99%	18 176	99%	9 741	99%
Norway	183	1%	170	1%	109	1%
Total	**17 878**	**100%**	**18 347**	**100%**	**9 850**	**100%**

Geographical distribution of revenue is based on the location of clients.

The group's revenue is mainly derived from two customers, representing EUR 9 million and EUR 8.3 million in 2020, EUR 9.3 million and 8.6 million in 2019, and EUR 9.4 million and EUR 0.2 million in 2018 respectively.

Contract status and coverage

Vessel	Contract duration
Edda Passat	Q1 2023 + extension options
Edda Mistral	Q3 2023 + extension options
NB489 (Delivery Q1 2022)	Delivery to Q2 2032 + extension options
NB415 (Delivery Q2 2022)	Delivery to Q2 2037 + extension options
NB490 (Delivery Q1 2023)	Q2 2023 to Q2 2025 + extension options

Notes

(EUR 1.000)

NOTE 3

Payroll and remuneration

Financial reporting principles

Employee benefits include wages, salaries, social security contributions, sick leave, parental leave, defined contribution pension and other employee benefits. The benefits are recognized in the period in which the associated services are rendered by the employees. The group had 4 employees in Edda Supply Ships (UK) Limited ("ESS") in 2020. (2019: 4 employees and 2018: 5 employees). From 2021 the group have established a management team (The "Edda Wind Management") with key positions employed in Edda Wind Management AS. All employees are included in ESS`s defined contribution plan. The vessel crew is hired from Østensjø Rederi AS and external suppliers and presented as hired personnel.

Employee benefits	Notes	2020	2019	2018
Salary and holiday pay		245	242	213
Employer`s national insurance contribution		31	36	25
Pension costs		15	15	13
Other personnel costs		10	9	1
Total employee benefits		**301**	**301**	**252**
Hired personnel	**7**	**6 223**	**6 140**	**3 953**
Total employee benefits and hired crew		**6 524**	**6 441**	**4 205**
Board of directors fee		**5**	**16**	**19**

Expensed audit fee (excluding vat)		2020	2019	2018
Audit		31	18	5
Consulting services		27	1	
Total expensed audit fee		**58**	**19**	**5**

Notes
(EUR 1.000)

NOTE 4

Tangible assets

Financial reporting principles

Tangible assets are recognised at cost less accumulated depreciation and accumulated impairment losses in accordance with IAS 16 Property, plant and equipment. Tangible assets acquired by the group companies are stated at historical cost. Historical cost comprises of the assets purchase price, borrowing costs and any direct attribute cost of bringing the asset to its operational condition. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled and depreciation of each component is based on the economic life of the component.

Depreciation of assets is calculated on a straight-line basis over the economic life of the asset adjusted for residual value and impairment. Depreciation commences when the asset is ready for use. Residual value for the vessels after its economic life is set to the expected recycling value of the vessels.

For vessels, a share of the purchase price is decomposed to periodic maintenance and are depreciated until first classification of said vessel. Based on the Group`s periodic maintenance program, the expected lifetime of the vessel is set to 30 years. The periodic maintenance is depreciated over 5 years.

Ordinary repairs and maintenance costs are charged to the income statement in the period which they are incurred, whereas costs for improving and upgrading of the asset are added to the acquisition cost and depreciated with the related asset.

Vessels under construction ("Newbuildings") are capitalised based on instalments paid to the shipyard and other costs directly attributable to the construction, including borrowing costs during the construction period. Capitalised cost for vessels under construction is reclassified to vessels when the vessel is delivered and ready for use. Vessels under construction is not subject to depreciation until delivery of the vessel.

Grants received from government agencies directly related to the acquisition of vessels is recognised in accordance with IAS 20 government grants as a reduction in the cost price of the vessel acquired when there is reasonable assurance that the group comply with conditions attaching to the grants.

The group applies IAS 36 Impairment of Assets to determine whether tangible assets is impaired and to account for any impairment loss identified.

At each reporting date the vessels are assessed whether there is an indication that an asset may be impaired. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, estimates of the asset's recoverable amount are done. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units "CGU"). The two vessels are treated as a pool and consequently one CGU. The recoverable amount is the highest of the fair market value of the asset, less cost to sell, and the net present value ("NPV") of future estimated cash flow from the employment of the asset ("value in use").

The NPV is based on a discount rate according to a weighted average cost of capital ("WACC") reflecting the group's required rate of return. The WACC is calculated based on the company's long-term borrowing rate and a risk-free rate plus a risk premium for the equity. If the recoverable amount is lower than the book value, impairment has occurred, and the asset shall be revalued. Impairment losses are recognised in the income statement. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The group has financial models which calculate and determine the value in use through a combination of actual and expected cash flow generation discounted to present value. The expected future cash flow generation and models are based on assumptions and estimate.

Notes
(EUR 1.000)

NOTE 4

2020	Vessels	Period Maintenance	Equipment	New-buildings	Total
Cost 1.1	**81 571**	**2 345**	**70**		**83 986**
Additions				35 957	35 957
Currency translation differences	(4 317)	(124)	(0)		(4 442)
Cost 31.12	**77 254**	**2 221**	**69**	**35 957**	**115 501**
Accumulated depreciation 1.1	**(4 521)**	**(782)**	**(66)**		**(5 369)**
Depreciation	(2 610)	(450)	(0)		(3 060)
Currency translation differences	273	47	0		320
Accumulated depreciation 31.12	**(6 859)**	**(1 185)**	**(66)**	**0**	**(8 110)**
Carrying amounts	**70 395**	**1 036**	**3**	**35 957**	**107 392**
Remaining instalments newbuildings				145 570	**145 570**

2019	Vessels	Period Maintenance	Equipment	New-buildings	Total
Cost 1.1	**77 474**	**2 226**	**371**	**0**	**80 071**
Additions	21		4		25
Disposal	(79)		(326)		(405)
Currency translation differences	4 155	119	20		4 294
Cost 31.12	**81 571**	**2 345**	**70**	**0**	**83 986**
Accumulated depreciation 1.1	**(1 709)**	**(297)**	**(56)**	**0**	**(2 061)**
Depreciation	(2 647)	(456)	(7)		(3 109)
Currency translation differences	(166)	(29)	(3)		(198)
Accumulated depreciation 31.12	**(4 521)**	**(782)**	**(66)**	**0**	**(5 369)**
Carrying amounts	**77 050**	**1 563**	**4**	**0**	**78 617**
Remaining instalments newbuildings					**0**

Notes
(EUR 1.000)

NOTE 4

2018	Vessels	Period Maintenance	Equipment	New-buildings	Total
Cost 1.1			**376**	**46 596**	**46 972**
Additions				33 683	33 683
Reclassification from newbuilding to vessel	78 053	2 226		(80 279)	0
Currency translation differences	(579)		(5)		(584)
Cost 31.12	**77 474**	**2 226**	**371**	**0**	**80 071**
Accumulated depreciation 1.1			**(19)**		**(19)**
Depreciation	(1 735)	(301)	(38)		(2 074)
Currency translation differences	27	5	1		32
Accumulated depreciation 31.12	**(1 709)**	**(297)**	**(56)**	**0**	**(2 061)**
Carrying amounts	**75 765**	**1 929**	**316**	**0**	**78 010**
Remaining instalments newbuildings					**0**

The depreciation schedule for vessels is 30 years straight-line depreciation. For period maintenance, the depreciation is set to 5 years.

Notes

(EUR 1.000)

NOTE 4

Impairment assessment

Identification of impairment indicators is based on an assessment of development in market rates, earnings for the fleet, vessel operating expenses, operating profit, technological development, change in regulations, interest rates and discount rate. The group's vessels operate on long term contracts in the offshore-wind market, and the group is profit-making. The group have been able to secure long term charter contracts for vessels under construction in the period. Broker value from two independent brokers have been obtained, and both shows excess value compared to book value. The conditions mentioned support the conclusion that there are no impairment indicators identified as per 31 December 2020 or in periods prior.

Spanish tax lease

In connection with the newbuilding contracts the group has, together with the Spanish shipyards Balenciaga S.A and Astilleros Gondan, Spanish banks, Bankinter and Banko de Sabadell, and certain Spanish participant companies "AIE" (with external investors) established a structure that qualifies for a Spanish tax regime for financial leasing of newbuild contracts and vessels (Spanish Tax Lease). Spanish Tax Lease is a structure containing certain tax benefits in Spain, that also results in a lower construction cost for the group's vessels.

The newbuilding contracts are agreements between the group`s Norwegian ship owning companies (the group subsidiaries) and the shipyards. The structure is established so that the Norwegian ship owning companies sell the newbuilds to the Spanish Tax Lease structure at delivery of the vessels. The Norwegian ship owning company will lease the vessels back from the Spanish structure. This lease contract will normally have a contract length of 12 to 36 months from delivery of the vessel. Upon maturity of the lease contract the Norwegian ship owning company has a right and obligation to buy the shares of the Spanish AIE, which has to remain owner of the vessel over a certain period of years in order to maintain the benefits in the tax lease structure.

In accordance with the lease agreements all financing and cash payments in the Spanish lease structures in the lease period are pre-arranged between the involved parties. The pre-agreed payments of the Norwegian Ship owning companies during the lease period are the responsibility of the arranger and thus recorded on a net basis for the group.

There are no opportunities for the external investors of the AIE to make any decisions for the AIE that has not been regulated in the contracts following the newbuilding contract and the tax lease contracts, and they are at the end of the lease contract period obliged to sell the shares to the Norwegian ship owning company for EUR 1. All construction financing is made from the Norwegian ship owning companies to the shipyards, and the payments follows a fixed plan in accordance with the newbuilding contract. The external post delivery financing of the vessel will remain in the Norwegian ship owning company during the tax lease period.

By leasing back the vessels from the Spanish tax structure through a bareboat agreement, the group retains the control and use, substantially all the economic benefit of this use, and the right to direct the use of the vessels.

Hence, the Norwegian ship owning companies remain in control of the vessels over the entire tax lease contract period, first through the bareboat agreement and then at the end of the tax lease where they have the right and the obligation to buy the shares in the Spanish AIE which owns the vessel at that time.

Based on all facts and circumstances discussed above, the group have assessed that the sale and purchase agreement of the vessels do not constitute a sale of the vessels, and that the vessels shall continue to be recognised and subsequently measured in accordance with IAS 16 Property, Plant and equipment during and after the lease period.

Government grants

For newbuildings, the group will receive a cash grant from Enova SF in order to provide financial support for the installation of hydrogen propulsion solutions.

Notes

(EUR 1.000)

NOTE 5

Subsidiaries

Financial reporting principles

Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

Subsidiaries	Date of acquisition	Business office/ country	Nature of business	Ownership/ voting rights
Edda Wind I AS	09/12/2019	Haugesund, Norway	Vessel operations	100%
Edda Wind II AS	24/01/2020	Haugesund, Norway	Vessel operations	100%
Edda Wind III AS	24/01/2020	Haugesund, Norway	Vessel operations	100%
Edda Wind IV AS	24/01/2020	Haugesund, Norway	Vessel operations	100%
West Energy AS	27/03/2020	Haugesund, Norway	Vessel operations	100%
Edda Supply Ships UK Ltd	25/03/2020	Aberdeen, UK	Management services	100%
Tier-subsidiaries of parent West Energy AS				
Puerto de Calella SL	20/12/2018	Santa Cruz de Tenerife, Spain	Vessel owner	100%
Puerto de Llafranc SL	18/12/2019	Santa Cruz de Tenerife, Spain	Vessel owner	100%
Tier-subsidiaries of Edda Supply Ships (UK) Ltd.				
Edda Supply Ships III Ltd	03/07/2020	Aberdeen, UK	Dormant	100%

The group's principal subsidiaries at 31 December 2020 are set out above. There have been no changes to the ownership/voting rights since the date of acquisition as stated above. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Notes
(EUR 1.000)

NOTE 6

Receivables

Financial reporting principles

Account receivables and other receivables, that have fixed or determinable payments that are not quoted in an active market and that do not contain a significant financing component are classified as receivables. Account receivables and other receivables are recognised at the original transaction price as determined in accordance with IFRS 15, where the invoiced amount is considered to be approximately equal to the value derived if the amortised cost method would have been applied. Amortised cost is approximately equal to fair value.

The group applies a simplified approach in calculation the expected credit loss in accordance with IFRS 9 Financial Instruments, recognising a loss allowance based on the estimated lifetime credit losses at each reporting date based on historical credit losses and knowledge of customers.

Account receivables

At 31 December 2020, EUR 79 079 in account receivables had fallen due but not been subject to impairment. Corresponding figures for 2019 and 2018 are EUR 85 305 and EUR 386 120. These receivables are related to several separate customers. Historically, the percentage of bad debts has been low, and the group expects the customers to settle outstanding receivables. Receivables fallen due but not subject to impairment have the following age composition:

Aging of account receivables past due but not impaired	2020	2019	2018
Up to 90 days	60	85	29
Over 90 days	20	0	357
Total fallen due	**79**	**85**	**386**

Notes
(EUR 1.000)

NOTE 7

Related party transactions

Financial reporting principles

Related parties are defined as entities outside of the group that are under control directly or indirectly, joint control or significant influence by the owners of Edda Wind AS. All transactions with related parties are entered into on marked terms based on arm's length principles. Transactions with related parties include shared services and other services provided by the group. Shared Services are priced in accordance with the principles set out in the OECD Transfer Pricing Guidelines and are delivered according to agreements that are renewed annually. The services are:

- Operation and supervision of the vessels
- Crew hire
- Corporate management services

Material related parties

The group's material related parties are:

- Johannes Østensjø d.y. AS, which owns 50% of Edda Wind AS
- Østensjø Rederi AS, a company 100% owned by Johannes Østensjø d.y. AS
- Solent Towage Ltd, a company 85% owned by Johannes Østensjø d.y. AS

Transactions with related parties - Group	2020	2019	2018
Purchase of management services, operation and supervision of vessels from Østensjø Rederi AS	1 103	997	715
Hired crew from Østensjø Rederi AS	5 524	3 936	704
Interest expenses to Johannes Østensjø dy AS	8	131	1 041
Total transactions with related parties	**6 635**	**5 064**	**2 460**

Notes
(EUR 1.000)

NOTE 7

Related party transactions

The balance sheet includes the following amounts resulting from transactions with related parties.

Accounts receivable	**2020**	**2019**	**2018**
Østensjø Rederi AS	48	50	15
Total accounts receivable	**48**	**50**	**15**

Accounts payable			
Østensjø Rederi AS	589	115	659
Johannes Østensjø dy AS	285		159
Total accounts payable	**874**	**115**	**818**

Current receivable			
Johannes Østensjø d.y. AS			5 723
Total current receivables	**0**	**0**	**5 723**

Current debt			
Østensjø Rederi AS	42		
Johannes Østensjø d.y. AS	189	5	6 198
Solent Towage Ltd	74	108	
Total current debt	**304**	**112**	**6 198**

Notes
(EUR 1.000)

NOTE 8

Interest-bearing debt

Financial reporting principles

Loans are recognised at fair value when the proceeds are received, net of transaction costs. In subsequent periods, loans are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the loan. Loans are classified as current liabilities unless the group or the parent company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest expense is recognised in the income statement as incurred. Any gain or loss on derecognition is recognised in the income statement.

In 2018 the group entered into a loan facility agreement (the "Eksportkreditt Facility" and "DNB/ABN AMRO Facility" for a loan of GBP 48.6 million in connection with the financing of instalment payments for Edda Passat and Edda Mistral.

In 2020 the group issued a private placement senior secured notes (the "Senior secured notes 2020 Facility" of GBP 36 million in connection with the financing of instalment payments for newbuilding vessel to be delivered in 2022.

The group has secured additional long-term financing of the newbuilding vessel delivered later in 2022 with a private placement loan facility in the first quarter of 2021.

Interest-bearing debt	31/12/20	31/12/19	31/12/18
Pledged debt to financial institutions	43 850	51 050	52 958
Bonds	39 978		
Total interest-bearing-debt	**83 828**	**51 050**	**52 958**

Notes
(EUR 1.000)

NOTE 8

Interest-bearing debt

The tables below show a summary of the terms of the group's interest-bearing debt. The group hedges a part of its interest-bearing debt with floating interest. Refer to note 10 for further details.

2020 - Debt instrument	Facility	Description	Currency	Interest rate	Maturity	Carrying amount
Debt to financial institutions	Facility A	Eksportkreditt Facility	GBP	LIBOR + 3.1%	Aug 2030	23 279
Debt to financial institutions	Facility B	DNB/ABN AMRO Facility	GBP	LIBOR + 3.1%	Aug 2023	20 572
Bond	Senior Secured Notes 2020		GBP	Fixed 3.30%	2037	39 978
Total interest-bearing debt						**83 828**

2019 - Debt instrument	Facility	Description	Currency	Interest rate	Maturity	Carrying amount
Debt to financial institutions	Facility A	Eksportkreditt Facility	GBP	LIBOR + 3.1%	Aug 2030	27 101
Debt to financial institutions	Facility B	DNB/ABN AMRO Facility	GBP	LIBOR + 3.1%	Aug 2023	23 949
Total interest-bearing debt						**51 050**

2018 - Debt instrument	Facility	Description	Currency	Interest rate	Maturity	Carrying amount
Debt to financial institutions	Facility A	Eksportkreditt Facility	GBP	LIBOR + 3.1%	Aug 2030	29 171
Debt to financial institutions	Facility B	DNB/ABN AMRO Facility	GBP	LIBOR + 3.1%	Aug 2023	23 787
Total interest-bearing debt						**52 958**

Notes
(EUR 1.000)

NOTE 8

Interest-bearing debt

The tables below show the actual maturity structure, with the amount due in year one as the first year's instalment classified under other current liabilities. The amounts are based on contractual undiscounted cash flows ex. interest payments and interest hedge. Repayments in foreign currency is calculated based on currency rate at the balance sheet date.

Repayment schedule for debt to financial institutions	31/12/20	31/12/19	31/12/18
Due in year 1	4 497	4 749	4 511
Due in year 2	4 497	4 749	4 511
Due in year 3	11 355	4 749	4 511
Due in year 4	9 772	11 989	4 511
Due in year 5 and later	13 132	24 184	34 358
Total repayment schedule for debt to financial institutions	**43 253**	**50 420**	**52 400**

Repayment schedule for bond	31/12/20	31/12/19	31/12/18
Due in year 1			
Due in year 2	897		
Due in year 3	1 839		
Due in year 4	1 901		
Due in year 5 and later	35 341		
Total repayment schedule for bond	**39 978**	**0**	**0**

The table below show the book value of pledged assets. The group's vessels financed with interest-bearing debt is held as collateral.

Book value of pledged assets	31/12/20	31/12/19	31/12/18
Pledged vessels	70 395	77 050	75 765
Total book value of pledged assets	**70 395**	**77 050**	**75 765**

Notes
(EUR 1.000)

NOTE 8

Interest-bearing debt

The table below show the group's net interest-bearing debt.

Net interest-bearing debt	31/12/20	31/12/19	31/12/18
Non-current interest-bearing debt	79 330	46 301	48 448
Current interest-bearing debt	4 497	4 749	4 511
Total interest-bearing debt	**83 828**	**51 050**	**52 958**
Cash and cash equivalent	6 715	6 483	3 851
Restricted cash	33 000		
Net interest-bearing debt	**44 113**	**44 567**	**49 107**

Notes
(EUR 1.000)

NOTE 8

Changes in liabilities arising from financing activities

The tables below show the changes in the group's liabilities arising from financing activities

Changes in net interest-bearing debt from financing activities	Cash and cash equivalent	interest-bearing debt due within 1 year	interest-bearing debt due after1 year	Total financing activities	Total change in net interest-bearing debt
2020					
Net Interest-bearing debt 01.01	**6 483**	**4 749**	**46 301**	**51 050**	**44 567**
Reclass		4 307	(4 307)		
Cash flows	232	(4 559)	39 883	35 325	35 093
Foreign exchange adjustments			(2 657)	(2 657)	(2 657)
Other non-cash movements			111	111	111
Net Interest-bearing debt 31.12	**6 715**	**4 497**	**79 330**	**83 828**	**77 113**
2019					
Net Interest-bearing debt 01.01	**3 851**	**4 511**	**48 448**	**52 958**	**49 107**
Reclass		6 008	(6 008)		
Cash flows	2 631	(5 770)		(5 770)	(8 401)
Foreign exchange adjustments			2 634	2 634	2 634
Other non-cash movements			1 227	1 227	1 227
Net Interest-bearing debt 31.12	**6 483**	**4 749**	**46 301**	**51 050**	**44 567**
2018					
Net Interest-bearing debt 01.01	**679**				**(679)**
Reclass		4 511	(4 511)		
Cash flows	3 173		53 978	53 978	50 805
Foreign exchange adjustments			425	425	425
Other non-cash movements			(1 445)	(1 445)	(1 445)
Net Interest-bearing debt 31.12	**3 851**	**4 511**	**48 448**	**52 958**	**49 107**

Notes

(EUR 1.000)

NOTE 8

Financial covenants

Loan agreements entered into by the group contain financial covenants relating to minimum liquidity, working capital, book equity ratio and loan to value. The group was in compliance with all covenants at 31 December 2020 (analogous for 2019 and 2018).

Financial covenants in West Energy subgroup

Liquidity

The aggregate amount Liquid Assets shall at all times be greater than the higher of (i) GBP 3 000 000 and (ii) the aggregate amount of the coming 6 months' instalments on long-term debt

Working Capital

Shall at all times be positive

Book Equity Ratio

Shall at all times be at least 25%

Market Value of vessels

Pledged assets shall at all times be at least 125% of associated debt based on independent broker estimates

Notes
(EUR 1.000)

NOTE 9

Tax

Financial reporting principles

Income tax in the income statement consists of current tax, effect of changes in deferred tax / deferred tax assets, and withholding tax incurred in the period. Income tax is recognised in the income statement unless it relates to items recognised directly in equity or other comprehensive income.

Current tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date that will be paid during the next 12 months. Current tax also includes any adjustment of taxes from previous years and taxes on dividends recognised in the year.

Deferred tax / deferred tax asset:

Deferred tax is calculated using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, and that the temporary differences can be deducted from this profit. Deferred income tax is calculated on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group. Withholding tax and any related tax credits are generally recognised in the period they are incurred.

Ordinary taxation

The ordinary rate of corporation tax in Norway is 22% of net profit for 2020 (22% in 2019 and 23% in 2018). Norwegian limited liability companies are encompassed by the participation exemption method for share income. Thus, share dividends and gains are tax free for the receiving company. Corresponding losses on shares are not deductible. The participation exemption method does not apply to share income from companies considered low taxed and that are located outside the European Economic Area (EEA), and on share income from companies owned by less than 10% resident outside the EEA.

For group companies located in the same country and within the same tax regime, taxable profits in one company can be offset against tax losses and tax loss carry forwards in other group companies. Deferred tax/deferred tax asset has been calculated on temporary differences to the extent that it is likely that these can be utilised in each country and for Norwegian entities the group has applied a rate of 22% for 2020 and 2019 and 23% for 2018.

The effective tax rate for the group will, from period to period, change dependent on the group gains and losses from investments inside the exemption method and tax exempt revenues from tonnage tax regimes.

Foreign taxes

Companies domiciled outside Norway will be subject to local taxation, either on ordinary terms or under special tonnage tax rules. When dividends are paid, local withholding taxes may be applicable. This generally applies to dividends paid by companies domiciled outside the EEA.

Notes
(EUR 1.000)

NOTE 9

Tax

The group`s Spanish subsidiaries, Puerto de Calella SL and Puerto de Llafranc SL, are taxed in accordance with the Spanish Tonnage Tax regime. Tonnage tax is recognised as an operating expense in the income statement.

Allocation of tax expense/(income) for the year	**2020**	**2019**	**2018**
Change in deferred tax	18	402	(750)
Total tax expense/(income)	**18**	**402**	**(750)**
Tax effect of temporary differences			
Fixed assets	9	11	16
Tax loss carried forward	(236)	(211)	(674)
Limitation of interest expense carry forward	(569)	(613)	(636)
Deferred tax asset	**(796)**	**(812)**	**(1 295)**
Deferred tax asset	(796)	(812)	(1 295)
Deferred tax allowance	773	812	1 101
Deferred tax asset	**(23)**	**0**	**(194)**

Notes

(EUR 1.000)

NOTE 10

Financial risk

Financial reporting principles

The group uses derivatives to address financial risk. Derivatives are initially recognised at fair value and subsequently measured at fair value through the income statement. Derivatives are classified as financial liabilities when the fair value is negative, and as financial asset when the fair value is positive.

Market risk

The group is subject to financial risk through operations, financial markets risk, foreign currency risk, interest rate risk, and freight rates. The financial risk affects the value of the group's financial assets, liabilities, and future cash flows.

The group has established hedging strategies to monitor and mitigate risks on material exposures. Derivatives are only used to manage the risk related to fluctuations in interest rates. Changes in the market value of financial derivatives are recognised through the income statement. The fair value of derivatives used for hedging is disclosed below.

The fair value of financial derivatives traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial derivatives not traded in an active market is determined using valuation methodology, such as the discounted value of future cash flows. Independent experts verify the value determination for instruments which are considered material.

Management performs a continuous evaluation on the effects of the financial instruments applied to address risk. The group has not elected to apply hedge accounting, as the financial instrument is not a significant component of the group's activity, revenue, or equity.

Notes
(EUR 1.000)

NOTE 10

Foreign exchange risk

The group is exposed to currency risk on revenues and costs in non-functional currencies (transaction risk), and balance sheet items denominated in currencies other than non-functional currencies (translation risk). The group's largest foreign exchange exposures are GBP against EUR.

The groups expected future charter revenue is partly hedged by debt financing and operating expenses in the corresponding foreign currency, reducing the effect of currency fluctuations in the group's income statement.

The effects of changes in currency have the following effects on the group's income statement and other comprehensive income:

Currency through the income statement	2020	2019	2018
Net currency items in the income statement	427	365	(862)
Currency translations through other comprehensive income	(1 914)	1 619	1 581
Total currency effects through the income statement and other comprehensive income	**(1 487)**	**1 984**	**719**

The group's long term interest-bearing debt is allocated in the following currencies:

Allocation of currency for interest bearing debt	31/12/2020	31/12/2019	31/12/2018
GBP	83 828	51 050	52 958
SUM	**83 828**	**51 050**	**52 958**

The following table show the group's sensitivity on profit and loss before tax due to changes in GBP from the group's monetary assets and liabilities.

Income statement sensitivities of changes in foreign currency	(10%)	(5%)	0%	5%	10%
EUR/GBP Spot rate 31.12.2020	1.00	1.05	1.11	1.17	1.22
Income statement effect 2020 (before tax)	**7 424**	**5 739**	**4 054**	**2 369**	**684**
EUR/GBP Spot rate 31.12.2019	1.06	1.11	1.17	1.23	1.29
Income statement effect 2019 (before tax)	**6 728**	**5 164**	**3 601**	**2 037**	**473**
EUR/GBP Spot rate 31.12.2018	1.00	1.06	1.11	1.17	1.22
Income statement effect 2018 (before tax)	**1 095**	**(786)**	**(2 666)**	**(4 547)**	**(6 427)**

Notes
(EUR 1.000)

NOTE 10

Interest rate risk

The group's exposure to interest risk is relates primarily to the group's interest-bearing debt with floating interest rates. To mitigate risk related to this, the group have entered into two long-term interest rate swaps for a portion of the group's interest-bearing debt to finance institutions. The share of interest-bearing debt to finance institutions under interest swap agreement was 44.9%, 46.9%, and 46.9% per year end 2018, 2019, and 2020 respectively.

In 2020 the group issued a private placement senior secured notes (the "Senior secured notes 2020 Facility") of GBP 36 million with a fixed interest rate of 3.3%.

A 1% increase in interest rate, will cause a EUR 222 thousand increase in interest cost.

The following table show the group's financial instrument exposed to changes in interest rates.

Financial instruments

2020	Currency	Swap	Maturity	Notional amount	Market value
Interest rate swap agreement one	GBP	1.35%	27/02/2023	10 286	(299)
Interest rate swap agreement two	GBP	1.35%	27/02/2023	10 286	(299)
Total interest rate swap at 31.12				**20 572**	**(598)**

2019	Currency	Swap	Maturity	Notional amount	Market value
Interest rate swap agreement one	GBP	1.35%	27/02/2023	11 975	(185)
Interest rate swap agreement two	GBP	1.35%	27/02/2023	11 975	(185)
Total interest rate swap at 31.12				**23 949**	**(370)**

2018	Currency	Swap	Maturity	Notional amount	Market value
Interest rate swap agreement one	GBP	1.35%	27/02/2023	11 894	(29)
Interest rate swap agreement two	GBP	1.35%	27/02/2023	11 894	(27)
Total interest rate swap at 31.12				**23 787**	**(56)**

Credit risk

The group has credit risk related to charter contracts as the group has signed contracts with few customers. The customers are considered solid, and the risk of customers not having the financial capability to fulfil their obligations to the group is considered low. The group has applied the practical simplified approach in accordance with IFRS 9 to calculate loss on receivables. In calculating loss provisions receivables are reviewed and assessed on an individual level taking into account facts and circumstances for the individual customer. No loss provisions have been recognised for receivables in 2020, 2019, or 2018.

Notes
(EUR 1.000)

NOTE 10

Liquidity and financing risk

Liquidity risk relates to the risk that the group will not be able to meet its financial and operational obligations as they are due. The group's approach to managing liquidity is to manage cash flows from operation from long-term charter contracts, and the liquidity situation is monitored and projected via liquidity budgets prepared by management on a regular basis. The group has secured financing for two of its newbuilding vessels due to be delivered in 2022, and expects to be able to secure financing for the remaining vessels under construction.

The tables below show the expected future undiscounted cash flows from financial liabilities. Interest due is based on interest rates at period end 31.12.2020, 31.12.2019, or 31.12.2018.

2020 - Undiscounted cash flows financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years
Debt to financial institutions	4 497	4 497	21 127	13 132
Bond		897	3 740	35 341
Debt to group companies				
Financial derivatives	598			
Interest due	1 352	1 211	2 141	1 641
Total undisclosed cash flow financing liabilities	**6 447**	**6 606**	**27 008**	**50 114**
Current liabilities, excluding next year's instalment on interest-bearing debt	8 814			
Total gross undiscounted cash flows financial liabilities 31.12.2020	**15 261**	**6 606**	**27 008**	**50 114**

2019 - Undiscounted cash flows financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years
Debt to financial institutions	4 749	4 749	16 738	24 184
Debt to group companies				
Financial derivatives	370			
Interest due	1 962	1 778	3 185	4 706
Other long-term liabilities		613		
Total undisclosed cash flow financing liabilities	**7 081**	**7 139**	**19 923**	**28 890**
Current liabilities, excluding next year's instalment on interest-bearing debt	7 706			
Total gross undiscounted cash flows financial liabilities 31.12.2019	**14 787**	**7 139**	**19 923**	**28 890**

Notes
(EUR 1.000)

NOTE 10

Liquidity and financing risk

2018 - Undiscounted cash flows financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years
Debt to financial institutions	4 511	4 511	9 021	34 358
Debt to group companies	30			
Financial derivatives	56			
Interest due	2 102	1 921	3 481	8 271
Other long-term liabilities		6 198		
Total undisclosed cash flow financing liabilities	**6 699**	**12 630**	**12 502**	**42 629**
Current liabilities, excluding next year's instalment on interest-bearing debt	6 782			
Total gross undiscounted cash flows financial liabilities 31.12.2018	**13 481**	**12 630**	**12 502**	**42 629**

Capital structure and equity risk

The group's overall policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain operations and future business development.

Capital structure	31/12/2020	31/12/2019	31/12/2018
Total equity	63 183	34 470	29 649
Total assets	151 327	89 101	91 077
Equity ratio	**42%**	**39%**	**33%**

Notes
(EUR 1.000)

NOTE 10

Fair value

The fair value of financial instrument nominated in other currencies than EUR is determined based on the currency exchange rate at the balance sheet date. The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded in an active market (over-the-counter contracts) is based on third party quotes. These quotes use observable market rates for price discovery. Specific valuation techniques used by financial counterparties (banks) to value financial derivatives include:

- Quoted market prices or dealer quotes for similar derivatives.
- The fair value of interest rate swaps is calculated as the net present value of the estimated future cash flows based on observable yield curves.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The group estimates the fair value of financial liabilities for disclosure purposes by discounting the future contractual cash flows at current market interest rates available to the group for similar financial derivatives.

The following table show the fair value and book value of the group's interest-bearing debt.

2020 - Interest-bearing debt	Fair value	Book value
Debt to financial institutions	43 253	43 850
Bonds	39 978	39 978
Total interest-bearing debt 31.12	**83 231**	**83 828**

2019 - Interest-bearing debt		
Debt to financial institutions	50 420	51 050
Total interest-bearing debt 31.12	**50 420**	**51 050**

2018 - Interest-bearing debt		
Debt to financial institutions	52 400	52 958
Debt to group companies	30	30
Total interest-bearing debt 31.12	**52 430**	**52 988**

The fair values are based on cash flows discounted using a rate based on market rates including margins and are within level 2 of the fair value hierarchy.

Notes
(EUR 1.000)

NOTE 10

Fair value

The following table show group's financial liabilities as measured in the fair value hierarchy. The group's only financial liabilities measured at fair values are interest rate swaps financial derivatives. The group does not hold financial assets measured at fair value.

Financial liabilities at fair value	31/12/2020	31/12/2019	31/12/2018
Level 1			
Level 2	598	370	56
Level 3			
Total financial liabilities at fair value	**598**	**370**	**56**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 1: The quoted market price used for financial assets is the current close price. The group does not hold financial assets or liabilities measured at level 1 as of year end 2020, 2019, or 2018.

Level 2: The fair value of financial instruments not traded in an active market (over-the-counter contracts) are based on third party quotes (Mark-to-Market). These quotes use observable market rates for price discovery. The different techniques typically applied by financial counterparties (banks) were described above. These instruments - interest rate swap derivatives - are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the derivatives is in level 3. The group does not hold financial assets or liabilities measured at level 3 as of year end 2020, 2019, and 2018. As such, there are no changes in level 3 instruments during the periods.

The following tables show the changes in financial instruments measured at fair value.

Financial liabilities at fair value	2020	2019	2018
Financial liabilities measured at fair value at 1.1	370	56	-
Gain/(loss) in fair value through the income statement	(228)	(314)	(56)
Total financial liabilities at fair value 31.12	**598**	**370**	**56**

Notes
(EUR 1.000)

NOTE 10

The following tables show the group's financial assets and liabilities by measurement category.

2020 Assets	Amortised cost	Fair value through income statement	Total
Accounts receivable and other short-term receivables	37 198		37 198
Cash and cash equivalents	6 715		6 715
Total assets 31.12.2020	**43 913**	**0**	**43 913**
Liabilities			
Non-current debt to financial institutions	39 353		39 353
Bonds	39 978		39 978
Financial derivatives		598	598
Current debt to financial institutions	4 497		4 497
Other current liabilities	3 639		3 639
Total liabilities 31.12.2020	**87 467**	**598**	**88 065**

2019 Assets			
Accounts receivable and other short-term receivables	4 001		4 001
Cash and cash equivalents	6 483		6 483
Total assets 31.12.2019	**10 484**	**0**	**10 484**
Liabilities			
Non-current debt to financial institutions	46 301		46 301
Bonds	613		613
Financial derivatives		370	370
Current debt to financial institutions	4 511		4 511
Other current liabilities	1 687		1 687
Total liabilities 31.12.2019	**53 111**	**370**	**53 481**

Notes
(EUR 1.000)

NOTE 10

The following tables show the group's financial assets and liabilities by measurement category.

2018 Assets	Amortised cost	Fair value through income statement	Total
Accounts receivable and other short-term receivables	9 022		9 022
Cash and cash equivalents	3 851		3 851
Total assets 31.12.2018	**12 874**	**0**	**12 874**

Liabilities			
Non current debt to financial institutions	48 448		48 448
Loan from related parties	30		30
Other long-term liabilities	6 198		6 198
Financial derivatives		56	56
Current debt to financial institutions	4 511		4 511
Other current liablities	2 177		2 177
Total liabilities 31.12.2018	**61 364**	**56**	**61 420**

Notes
(EUR 1.000)

NOTE 11

Other circumstances

The impact on the group subsequent to the balance sheet date as a result of the steps taken by the Government to control the Covid-19 pandemic is uncertain. This is the case for the majority of businesses in Norway and around the World.

The group is closely monitoring the developments related to the Covid-19 outbreak and makes ongoing assessments and measures to minimize the impact on the group`s operations and financial result.

Currently the Group has several newbuilding projects in Spain with progress running according to plan. If the Covid-19 pandemic imposes a major impact on the situation over a longer period, this could affect the progress of the newbuildings, as well as an effect on both future revenues and costs, and also increase the credit risk related to accounts receivable.

The Directors do not consider that the Covid-19 pandemic has had a material impact on the group`s financial position at the balance sheet date and thus no adjustments have been made to the carrying values of the group's assets and liabilities as at 31 December 2020.

NOTE 12

Cash and cash equivalents

Financial reporting principles

Cash and cash equivalents include cash in hand and deposits held at call with banks with maturities of three months or less. Restricted deposits are classified separately from unrestricted bank deposits under cash and cash equivalents.

Cash and cash equivalents 31.12.	2020	2019	2018
Bank deposits	6 715	6 483	3 851
Sum cash and cash equivalents 31.12.	**6 715**	**6 483**	**3 851**

In addition to amount in cash and cash equivalent, the group holds restricted cash of EUR 33 million at 31.12.2020 in Edda Wind III AS only available for expected instalment to shipyards for newbuildings.

Notes
(EUR 1.000)

NOTE 13

Share capital

Financial reporting principles

Basic/diluted earnings per share ("EPS") is calculated by dividing profit for the period attributable to the owners of the parent company, by average number of total outstanding shares.

The calculation of basic and diluted earnings per share is based on the income attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding. The company does not hold treasury shares and the weighted average number of diluted and ordinary shares is the same, as the company does not hold any dilutive instruments.

Earnings per share

As the group was formed in 2020 and its parent company Edda Wind AS was founded in October 2019, the financial information prior to this is based on restated financial statements for information purposes. The number of outstanding shares as per 31.12.2019 and 31.12.2018 is for the purpose of comparison set equal to the number of outstanding shares in the parent company at the date of founding of the group.

Earnings per share	2020	2019	2018
Net profit attributable to ordinary shareholders of Edda Wind AS	3 012 909	3 199 340	(1 915 923)
Weighted average number of outstanding shares to calculate EPS	1 000	1 000	1 000
Earnings per share in EUR	**3 013**	**3 199**	**(1 916)**

Shareholders at 31.12.2020

Shareholder	Country	Number of shares	Ownership share
Johannes Østensjø d.y AS	Norway	750	75%
Wilhelmsen New Energy AS*	Norway	250	25%
Total		**1 000**	**100%**

Nominal value per share of parent company Edda Wind AS is NOK 101.

*Wilhelmsen New Energy AS acquired an additional 25% of the shares in Edda Wind AS in March 2021, increasing it's ownership share to 50%.

Notes

(EUR 1.000)

NOTE 14

Events after balance sheet date

The group has acquired two new wholly owned subsidiaries in 2021, Edda Wind V AS and Edda Wind VI AS for the purpose of ordering additional two newbuildings.

In March 2021, the group ordered two Commissioning Service Operation Vessels (CSOV), with a planned delivery in 2023 and 2024.

In March 2021 the group issued a private placement facility of EUR 38 million in connection with the pre- and post-delivery financing. As of the date hereof the group has drawn EUR 24.7 million of the facility.

In April 2021 the group entered into a 12 month operating lease for the OSV vessel Edda Fjord from related party Østensjø Rederi. The vessel is operating as a frontrunner for Edda Wind newbuilding vessel expected to be delivered in Q1 2022.

To capitalise on further expected market potential the group has decided to prepare for an initial public offering.

Notes

(EUR 1.000)

NOTE 15

First-time adoption of IFRS

These financial statements, for the year ended 31.12.2020, are the first the Edda Wind group has prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Accordingly, the financial statements are prepared to comply with IFRS applicable as of 31.12.2020, with comparative figures for the year ended 31.12.2019 and 31.12.2018. In preparing the financial statements, the opening balance was prepared as of 01.01.2018, the date of transition to IFRS.

The following note explains the adjustments made by Edda Wind group in its transition to IFRS from Norwegian Generally Accepted Accounting Principles ("NGAAP") as of 01.01.2018 and for the period ended 31.12.2020. The group has elected to carry over book values of property, plant and equipment from previous GAAP.

IFRS 1 includes selected optional exemptions upon transition to IFRS. The group has chosen to apply the following exemption:

- Cumulative translation differences

As of 01.01.2018, the group has set its cumulative translation differences that existed at the transition date to IFRS for all foreign operations to nil. Group reconciliation of equity at per date of transition to IFRS and balance sheet date 31.12.2020 No IFRS adjustments from local GAAP have been made to the opening balance at the date of transition, 01.01.2018. The table below show the reconciliation of the group's equity as of 31.12.2020 with explanatory notes.

Group reconciliation of equity at per date of transition to IFRS and balance sheet date 31.12.2020

No IFRS adjustments from local GAAP have been made to the opening balance at the date of transition, 01.01.2018.
The table below show the reconciliation of the group's equity as of 31.12.2020 with explanatory notes.

ASSETS	Notes	NGAAP 31/12/2020	Reclassifications and remeasurements	IFRS 31/12/2020
Non current assets				
Deferred tax assets		23		23
Vessels		71 431		71 431
Newbuildings		35 957		35 957
Machinery and equipment		3		3
Total non current assets		**107 415**	**0**	**107 415**
Current assets				
Account receivables		3 023		3 023
Other current assets	i.)	1 174	33 000	34 174
Cash and cash equivalents	i.)	39 715	(33 000)	6 715
Total current assets		**43 913**	**0**	**43 913**
Total assets		**151 327**	**0**	**151 327**

Notes
(EUR 1.000)

NOTE 15

Group reconciliation of equity at per date of transition to IFRS and balance sheet date 31.12.2020

No IFRS adjustments from local GAAP have been made to the opening balance at the date of transition, 01.01.2018.
The table below show the reconciliation of the group's equity as of 31.12.2020 with explanatory notes.

EQUITY AND LIABILITIES	Notes	NGAAP 31/12/2020	Reclassifications and remeasurements	IFRS 31/12/2020
Equity				
Share capital		9		9
Share premium	ii.)	53 352	(53 352)	0
Retained earnings	ii. / iv.)	10 419	52 754	63 174
Total equity		**63 780**	**(598)**	**63 183**
Non current liabilities				
Deferred tax		0		0
Non current interest-bearing debt	iii.)	83 828	(4 497)	79 330
Total non current liabilities		**83 828**	**(4 497)**	**79 330**
Current liabilities				
Account payables		1 751		1 751
Financial derivatives	iv.)		598	598
Taxes payable		48		48
Public duties payable		32		32
Current interest-bearing debt	iii.)		4 497	4 497
Other current liabilities		1 889		1 889
Total current liabilities		**3 719**	**5 095**	**8 814**
Total equity and liabilities		**151 327**	**0**	**151 327**

The reclassifications and remeasurements above also entails a consequential effect in the group's cash flow statement for the period.

Notes
(EUR 1.000)

NOTE 15

Notes to the reconciliation of equity as of 31.12.2020

i.) Reclassification of restricted cash

Under NGAAP restricted cash of EUR 33 million related to expected instalment to shipyards for newbuildings was reported as cash and cash equivalent. IFRS requires the group to report restricted cash separately from cash and cash equivalents in the group's balance sheet, with additional disclosure in the accompanying notes (note 12).

ii.) Reclassification of share premium

Under NGAAP the share premium of the parent company was reported as share premium in the consolidated financial statements. Under IFRS the group has designated the parent company's share premium in the consolidated financial statements as other equity.

iii.) Reclassification of current portion of interest-bearing debt

Under NGAAP non current interest-bearing debt, including the current portion of the interest-bearing debt, is reported as non current in its entirety. IFRS requires the group to report the current portion of non current interest-bearing debt as a current liability.

iv.) Recognition of financial derivatives

Under NGAAP a financial derivative instrument classified as an effective hedge is considered as an off-balance sheet item where the unrealised gains or losses from the financial instrument is not recognised in the financial statements. Under IFRS the financial instrument is recognised as a financial derivative at fair value with unrealised gains or losses recognised in the income statement (the group has not elected to apply hedge accounting).

Group reconciliation of total comprehensive income for the period ended 31.12.2020

The table below show the reconciliation of the group's total comprehensive income for the period ended 31.12.2020 with explanatory notes.

INCOME STATEMENT	Notes	NGAAP 2020	Reclassifications and remeasurements	IFRS 2020
Freight income		17 480		17 480
Other operating income		398		398
Total operating income		**17 878**	**0**	**17 878**
Payroll and remuneration		(6 524)		(6 524)
Other operating expenses		(3 505)		(3 505)
Total operating expenses		**(10 028)**	**0**	**(10 028)**
Operating profit before depreciation		**7 849**	**0**	**7 849**
Depreciation		(3 060)		(3 060)
Operating profit		**4 789**	**0**	**4 789**

Notes

(EUR 1.000)

NOTE 15

Group reconciliation of total comprehensive income for the period ended 31.12.2020

The table below show the reconciliation of the group's total comprehensive income for the period ended 31.12.2020 with explanatory notes.

INCOME STATEMENT	Notes	NGAAP 2020	Reclassifications and remeasurements	IFRS 2020
Financial income and expenses				
Other financial income		6		6
Net currency differences		427		427
Unrealised gain/(loss) financial derivatives	i.)		(228)	(228)
Interest expenses		(1 148)		(1 148)
Other interest expenses to related parties		(8)		(8)
Other financial expenses		(808)		(808)
Financial income/(expense)		**(1 530)**	**(228)**	**(1 758)**
Profit/(loss) before tax		**3 259**	**(228)**	**3 031**
Tax (income)/expense		18		18
Profit/(loss) for the year		**3 241**	**(228)**	**3 013**
Statement of comprehensive income				
Items that may be reclassified to the income statement				
Currency translation differences	ii.)	-	(1 914)	(1 914)
Other comprehensive income, net of tax		**-**	**(1 914)**	**(1 914)**
Total comprehensive income for the year		**3 241**	**(2 142)**	**1 099**

Notes

(EUR 1.000)

NOTE 15

Notes to the reconciliation of total comprehensive income for the period ended 31.12.2020

i.) Recognition of changes in fair value of financial derivatives

Under NGAAP a financial derivative instrument classified as an effective hedge is considered as an off-balance sheet item where the unrealised gains or losses from the financial instrument is not recognised in the financial statements. Under IFRS the financial instrument is recognised as a financial derivative at fair value with unrealised gains or losses recognised in the income statement (the group has not elected to apply hedge accounting).

ii.) Recognition of currency translation differences in other comprehensive income

Under NGAAP currency translation differences arising from entities within the group with presentation currency other than the group's presentation currency is not disclosed as other comprehensive income. Under IFRS the currency translation differences is presented in other comprehensive income.

ALTERNATIVE PERFORMANCE MEASURES

This section describes non-GAAP financial alternative performance measures (APM) that may be used in the quarterly and annual reports and related presentations.

The following measures are not defined nor specified in the applicable financial reporting framework of IFRS. They may be considered as non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to the IFRS. These APMs are intended to enhance comparability of the results, balance sheet and cash flows from period to period and it is the group's experience that these are frequently used by investors, analysts and other parties. Internally, these APMs are used by the management to measure performance on a regular basis. The APMs should not be considered as a substitute for measures of performance in accordance with IFRS.

EBITDA is defined as Total income (Operating revenue and gain/(loss) on sale of assets) adjusted for Operating expenses. EBITDA is used as an additional measure of operational profitability, excluding the impact from financial items, taxes, depreciation and amortization.

EBITDA adjusted is defined as EBITDA excluding certain income and/or cost items which are not regarded as part of the underlying operational performance for the period.

EBIT is defined as Total income (Operating revenue and gain/(loss) on sale of assets) less Operating expenses, Other gain/loss and depreciation and amortization. EBIT is used as a measure of operational profitability excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses.

EBIT adjusted, **EBIT margin** and **EBIT margin adjusted** will, if used, be prepared in the same manner as described under EBITDA.

Net interest-bearing debt (NIBD) is defined as total interest-bearing debt (Non-current interest-bearing debt and Current interest-bearing debt) less Cash and cash equivalents and Current financial investments.

Equity ratio is defined as Total equity as a percent of Total assets.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Edda Wind AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Edda Wind AS Group, which comprise the balance sheet as at 31 December 2020, 31 December 2019 and 31 December 2018, the income statement, statement of other comprehensive income, the cash flow statement and statement of changes in equity for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of Edda Wind AS Group present fairly, in all material respects, the financial position of the Group as at 31 December 2020, 31 December 2019 and 31 December 2018 and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements 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 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Bergen, 6 September 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore

State Authorised Public Accountant (Norway)

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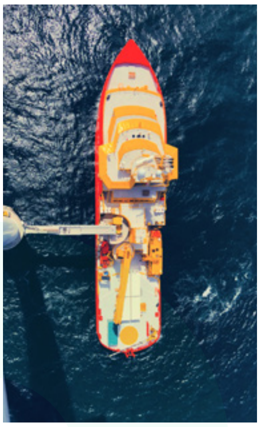

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