BEERENBERG

BEERENBERG AS

ANNUAL REPORT 2020

20


Beyond
Expectations

Contents

Photography
Fredrik Arff

Design & print
Bodoni AS

Nordic Ecolabel 2041 0699

The Beerenberg Group consists of several entities. Unless otherwise stated the reference to company and group refers to the total operation of these entities.

OUR VISION

Beyond Expectations

Our vision commits the corporation and all of its employees to seek solutions that exceed the expectations of the wider world.

OUR CORE VALUES

Inclusive – Innovative – Responsible

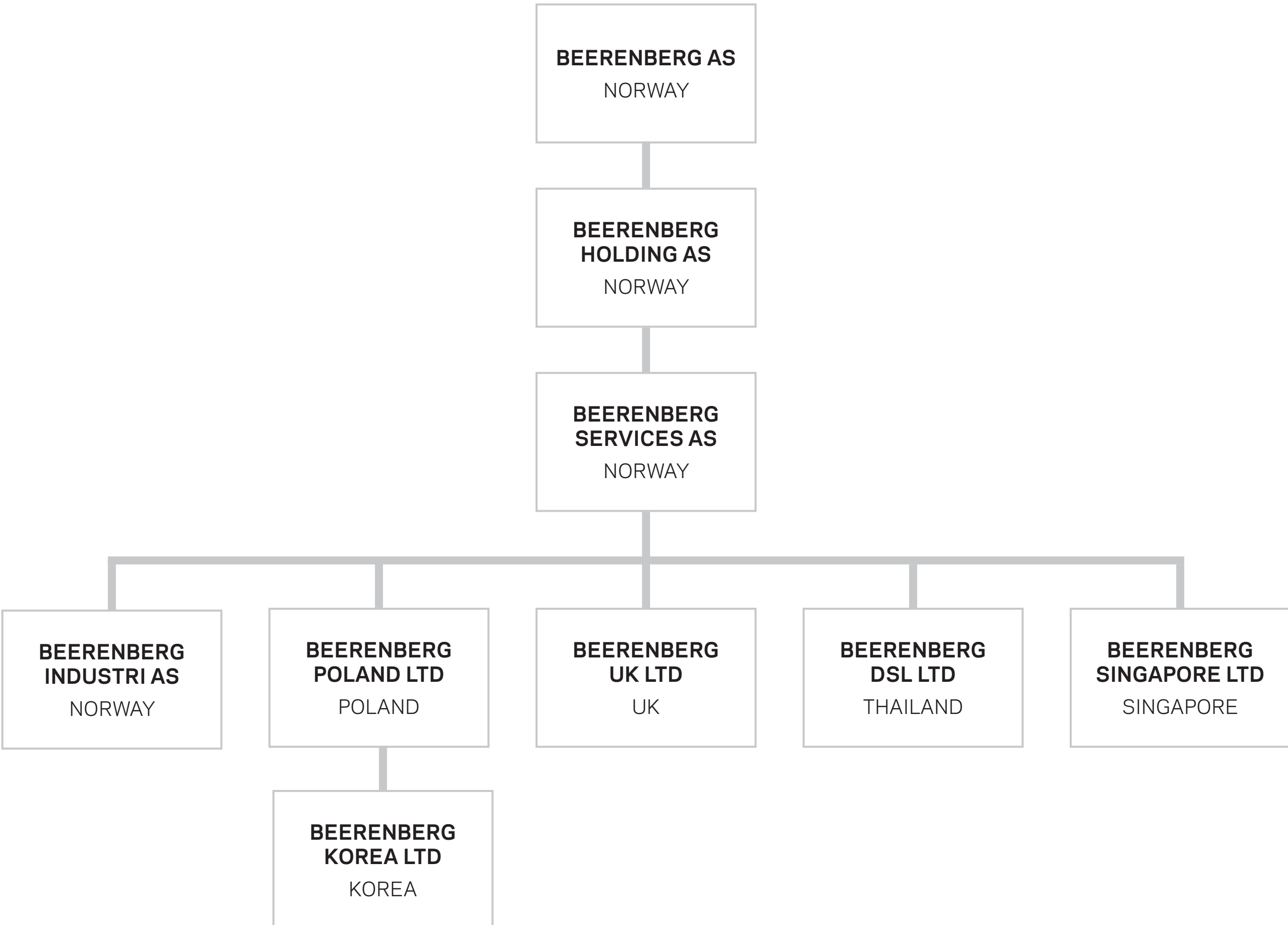
The company shall be ***inclusive*** towards individuals, other companies and society as a whole. An open and accommodating attitude shall prevail throughout the group. The company's ability to be ***innovative*** will help safeguard our own future, improve conditions for the local environment and generally help create positive social development. A ***responsible*** attitude shall prevail at the company at all levels and in all contexts.

Beerenberg AS

Beerenberg AS is a limited liability company registered in Bergen, Norway.

The Beerenberg Group comprises the parent company Beerenberg AS and the subsidiaries Beerenberg Holding AS, Beerenberg Services AS, Beerenberg Industri AS, Beerenberg Poland Sp. z o.o, Beerenberg UK LTD, Beerenberg Korea LTD, Beerenberg DSL LTD and Beerenberg Singapore PTE. LTD.

The operational activities are organized in Beerenberg Services AS and its subsidiaries. The head office is in Bergen and the group has offices in Stavanger and Skien in Norway, Gościcino in Poland, Aberdeen in UK, Busan in South-Korea, Laem Chabang in Thailand and in Singapore.



Key figures

		2020	2019	2018	2017	2016
ORDERS AND RESULTS						
Estimated order backlog *	MNOK	**8 300**	9 300	9 500	10 500	10 200
Revenue	MNOK	**1 722,7**	2 209,6	1 519,6	1 851,9	2 081,5
Growth in revenue	Percent	-22,0%	45,4%	-17,9%	-11,0%	-11,9%
EBITDA	MNOK	**216,7**	216,1	97,0	252,8	219,2
Ebitda margin	Percent	12,6%	9,8%	6,4%	13,7%	10,5%
EBIT	MNOK	**145,8**	142,0	47,7	206,9	5,7
Net Profit	MNOK	**46,5**	45,4	-31,4	77,6	-73,6
Net margin	Percent	2,7%	2,1%	-2,1%	4,2%	-3,5%
CASHFLOW AND CAPEX						
Cash flow from operating activities	MNOK	**87,5**	126,0	51,7	86,8	110,1
Capex	MNOK	**17,0**	51,9	38,6	13,1	16,0
BALANCE SHEET						
Equity	MNOK	**486,9**	440,4	394,0	422,2	345,0
Equity ratio	Percent	29,0%	23,7%	24,2%	24,6%	18,4%
Net working capital	MNOK	**94,5**	72,8	58,8	139,7	85,7
Nwc / revenue ratio	Percent	5,5%	3,3%	3,9%	7,5%	4,1%
Total liabilities	MNOK	**1 189,2**	1 417,2	1 234,3	1 292,1	1 530,3
Total assets	MNOK	**1 676,0**	1 857,6	1 628,3	1 714,2	1 875,3
EMPLOYEES						
Employees 31.12.	Number	**1 203**	1 312	1 131	1 146	1 344
Man years – totally employed	Number	**1 716**	2 002	1 621	1 954	2 129
Change in total resources employed	Percent	-14,3%	23,5%	-17,0%	-8,2%	-2,2%
Hours produced	In thousands	**2 405**	3 431	2 476	2 873	3 111
Change in hours produced	Percent	-29,9%	38,5%	-13,8%	-7,7%	-2,3%
HSE						
Serious Incident Frequency (SIF)	Per million worked hours	**2,2**	1,0	0,9	0	0
Lost time incidents Frequency (LTIF)	Per million worked hours	**0,9**	0,3	0	0	0,4
Total recordable incidents frequency	Per million worked hours	**2,7**	3,9	5,5	4,3	2,9

*) Estimated order backlog is based on best estimates of frame agreements

Management

Arild Apelthun
CEO

Arild Apelthun has been CEO since June 2018. He joined Beerenberg in 2014 and was previously the CFO of the company. Arild Apelthun has a background as CFO from TTS Group and subsidiaries in Aker Solutions in USA and Europe. He holds a Master of Science in Business (Siviløkonom) from Bodø Graduate School of Business.

Harald Haldorsen
CFO

Harald Haldorsen joined Beerenberg as CFO in March 2020. Haldorsen has extensive experience within finance and controlling activities. Prior to joining Beerenberg Mr Haldorsen worked as the CFO at Strømberg Gruppen AS for more than 12 years. Prior to this, he has had positions at Arthur Andersen & Co and Centragruppen. He has an economics degree from the Norwegian School of Economics (NHH) in Bergen.

Nils Halvor Berge
Executive Vice President – New Build & Modifications Projects

Nils Halvor Berge has been in Beerenbergs Management Team since April 2016. He joined the company in 2009, and has been project manager both at Kårstø and at Nyhamna APCm project. Prior to Beerenberg, Nils Halvor Berge served as sports director and general manager at FK Haugesund for 12 years. He qualified as a teacher at Sogn og Fjordane University College.

Toni Suomäki
Executive Vice President – Maintenance, Modifications & Operations

Toni Suomäki has been EVP MMO since June 2018. Suomäki started in Beerenberg in 2007 and has held a number of key positions in the company, mainly related to operations and project management. Suomäki has long experience in oil service from various companies before joining Beerenberg. He holds a Bachelor in Economics and Management from BI.

Roger Kjeilen
Executive Vice President – Tender

Roger Kjeilen has been EVP Tender since 2018, responsible for tender and marketing activities in the Beerenberg Group. Kjeilen joined the company in 1996 and has held several leading positions in Beerenberg. Roger Kjeilen has a Master of Science (Sivilingeniør) from Norwegian University of Science and Technology (NTNU).

Gro Hatleskog
Executive Vice President Business Support

Gro Hatleskog has been EVP Business Support since March 2015. She held the same position in the company from 2009–2011. Hatleskog has extensive and wide-ranging experience as an HR and staff director at Vesta Forsikring, Sparebanken Vest and Nera Telecommunications. Gro Hatleskog has a Master's Degree in Administration and Organisation Theory from the University of Bergen.

Steinar Kobbeltvedt
EVP HSEQ & RISK

Steinar Kobbeltvedt took up the role of EVP HSE & Risk at Beerenberg in August 2015. He joined the company from the position as Managing Director at Kokstad Bedriftshelsetjeneste. He has previously also worked for Odfjell Drilling. Steinar Kobbeltvedt is a qualified nurse and has postgraduate studies in health, safety and environment, he has also studied Strategic Management at the BI Norwegian Business School.

Message from the CEO

OVER THE YEARS Beerenberg has become used to working under ever changing framework conditions, and we have learnt to live with it. One thing never changes, however: we are committed to performing our work safely, to the right quality and at the right price with all that entails.

In 2020 there were two factors in particular which had an impact on us and will continue to do so into the future.

Firstly, we need to deal with the pandemic to prevent infections and protect our operations. We have made considerable investments to ensure that we can do so effectively and successfully. Yet some things are beyond our control, and we must continue to adapt and identify learning points in order to improve.

The second factor is a long-established one and is best described by the term sustainable development. The environmental aspect of it is what is attracting the greatest attention at present, but sustainable development also extends to other issues such as social and economic living standards, human rights and health. Many of Beerenberg's primary operations, be they maintenance services or insulation products, are inherently about sustainable development. For example, insulation will reduce the need for energy or limit corrosion, which in turn will have a significant impact on installation safety. We are also working to reduce emissions and to be sustainable in other ways, including by adopting an unequivocal ethical code linked to human rights wherever we operate in the world.

Activity levels were high across the company before the coronavirus lockdown. After falling to a minimum in March, the activity increased in May and June. The third and fourth quarters have seen less activity compared with the same periods in 2019, although they has remained relatively stable and high in light of the uncertainty caused by the virus. I should also like to stress that our project deliveries have remained robust.

The main goal for Beerenberg is to become even better at protecting our clients' assets. We will do so by continuing to identify and adopt new technologies to ensure that we can effectively and safely supply our services and products in more eco-friendly ways. With that in mind, we will also continue the company's strategy of investing in professional development for our employees.

The three cornerstones of the company's strategy – expertise, technology, sustainability – should help us become even more competitive. They should also help us create a better future, for individuals, society and the world as a whole.

We have been investing in both in-house and off-the-shelf technologies for a number of years. In 2020 robotisation became an important part of this strategy, and we saw an ever so slight breakthrough in the surface treatment segment in the autumn. The company successfully completed a series of jobs involving pre-treatment of offshore decking using a UHT robot. As well as being faster and of a higher quality than traditional UHT, the health and environmental effects were also considerable. For Beerenberg's part this is about doing the job more efficiently and gently in the interests of both our workers and the natural environment. It is about sustainability in practice – something we will be doing much more of in the coming years.

Adopting new technologies also requires professional development. Yet professional development at Beerenberg is not restricted to just technology. It is also about developing the professional skills of our employees. Development programmes for managers is another key aspect of this initiative. We want to develop people and enable them to create a career for themselves at Beerenberg.

Ever since the late 1970s Beerenberg has delivered services that protect the assets of its clients within a wide range of industries. In the beginning the company was more heavily exposed towards the shipping industry. Oil and gas subsequently became its main focus, although the company has diversified its customer base in recent years to also include onshore industries. We are envisaging deploying the expertise we have amassed over many years in oil and gas to other sectors as well.

The future looks bright, in other words. Our services and products will be in high demand in a number of sectors, be it oil and gas, building and construction, transport etc. Businesses will need access, surface treatment and insulation as well as other associated services. There is also a great need to make the ISS sector more attractive to young people when choosing an education and career. Beerenberg is stepping up to this challenge by partnering with other operators as well as the Federation of Norwegian Industries to make the ISS trade attractive for future recruits.

Arild Apelthun
CEO

HSE/Q, productivity and consistency

For more than 40 years Beerenberg has delivered cost efficient solutions to a wide range of industrial enterprises. Our expertise covers the entire life cycle from field studies and newbuilds to maintenance, modifications and lifetime extensions – always focusing on improved HSE/Q, productivity and consistency.

Beerenberg is a leading supplier of maintenance and modifications services. More than 1,200 Beerenbergers are working as problem solvers for the company's clients both in Norway and abroad. The company sees it as its duty to challenge conventional thinking in the industry through innovation and creative solutions – always focusing on improved HSE/Q, productivity and consistency.

Beerenberg has organised its activities into the business units Services and Benarx:

SERVICES

- Engineering
- Insulation
- Architectual Outfitting
- Scaffolding
- Habitat Solutions (Sveisolat®)
- Surface Treatment
- Rope Access Techniques (RAT)
- Passive Fire Protection
- Cold Cutting
- Technical Cleaning

BENARX

- Engineering
- Benarx®
- Subsea Insulation

SOME OF OUR CLIENTS

- Aibel
- Aker BP
- Aker Solutions
- BMO
- Cameron
- ConocoPhillips
- Daewoo
- Equinor
- FMC
- Halliburton
- Hyundai
- Norcem
- NOV
- OneSubsea
- Samsung
- Sembcorp
- Shell
- Wintershall
- WorleyParsons
- Yara

Services

Services has the overall responsibility for Beerenberg's newbuild, maintenance and modifications contracts. Alongside the ISS disciplines (insulation, scaffolding and surface treatment), the business unit also covers passive fire protection, technical cleaning, rope access techniques, architectural outfitting services and the cold work concepts Sveisolat (habitats) and cold cutting /mobile machining.

Services' main business areas have been divided into two segments:

- Maintenance, Modifications & Operations
- New Build & Modification Projects

The two main business areas are designed to meet future demand on the Norwegian Continental Shelf and in the petrochemical industry. As well as direct maintenance contracts on installations and plants in operation, Beerenberg is also involved in business concepts aimed at modification projects and newbuilds in the oil and gas sector.

As a supplement to the traditional ISS disciplines, Beerenberg also delivers a range of technology-driven additional services whose innovative approach helps to ensure effective, consistent and HSE/Q-friendly operation.

Beerenberg's engineering services are an integrated part of the company's overall service concept. The company has extensive experience of studies, FEED, pre-engineering, fabrication engineering and as-built from a number of developments and installations in Norway and abroad. The company's expertise includes design, specifications and modelling, technical drawing, working documents, documentation, plans and methods, inspections and other field engineering, and as-built.

Benarx

The business segment Benarx is responsible for the design and manufacturing of a complete range of insulation and fire protection products. This involves deliveries of everything from advanced proprietary products to traditional solutions and bulk insulation products. The business segment has also highly skilled professionals to assist in the actual installation process – something which is particularly important in the case of subsea insulation.

The Benarx® product series is Beerenbergs´ proprietary range of industrialised insulation solutions for passive fire protection and thermal and acoustic insulation.

The company's ambition is for the products to be cost-effective, space-saving and weight-reducing. Key factors in achieving this are:

- Making products that are installation-friendly, thus moving the work from a high-risk plant to a factory specially designed and built for this purpose.
- Developing new products by identifying and combining new and existing insulation materials from different Industries.
- Doing actively research and find new materials that can give us a competitive advantage, this is obtained due to close collaboration with partners.
- Seeking sustainable insulation solutions that are well documented and verified
- Extensive testing to ensure that our products meet industry standards as a minimum and provide optimal protection of the process (thermal), the plant (fire and CUI) and the people who work there (acoustic etc.) now and in a lifetime perspective (life cycle costs).
- A unique combination of standardised, automated and centralised production of solutions tailor-made for our Customers.
- Environmentally friendly solutions, services or execution-models that can provide added value for our clients.

The Benarx® insulation products have a documented life span that far exceeds those of conventional insulation solutions. The company has a cooperation agreement with Akzo Nobel and cooperate closely with other key clients and suppliers as well as institutions such as SINTEF, DNV, GL, the National Institute of Technology, CRM, GexCon and Lloyds. The solutions have been tested and approved according to all relevant specifications/standards.

Over the past decade the Benarx product series has assumed a strong position on the Norwegian Continental Shelf (NCS). In recent years the company has widen the target market for its products, especially in Europe and Asia.

The complexity of fabrication and installation of current insulation solutions is one of the international oil and gas industry's biggest challenges. The fact that the work requires extensive expertise and experience does not harmonise well with the highly volatile demand for capacity. The solution to this is therefore to automate production and to develop products that are easy to install.

Benarx R&D department focuses especially on developing solutions that are installation-friendly and suitable for automated production.

Beerenberg has been awarded major contracts in the market for thermal subsea insulation over a number of years and has the capacity to deliver products and services worldwide.

The company is working with TechnipFMC, One Subsea and other big operators in the sector. Solutions include the use of market-leading materials and installation methods developed in-house.

Environmental, Social and Governance (ESG)

Beerenberg strives to protect its client's assets through adequate maintenance and safety measures designed to prevent emissions and damage to the natural environment.

Beerenberg assumes social responsibility by taking systematic steps to ensure profitable and sustainable growth in the areas affected by its business. The company's core values – Inclusive, Innovative and Responsible – are key factors in this process. Beerenberg has adopted a Corporate Social Responsibility Policy which covers human rights, workers' rights, the environment, anti-corruption and wider society.

Due to the nature of the business, the areas of health, safety and environment are given the highest priority by the Beerenberg group. Its health, safety and environmental initiatives are founded on a zero accidents philosophy and based on the idea that HSE should be an integrated element in all parts of the business. It is Beerenberg's ambition for its employees to safely return home from work without suffering work-related illness and injury and to promote a working environment that is healthy and meaningful for all employees.

Beerenberg's reputation is formed and sustained by the attitudes, conduct and work of the company's employees at all levels of the organisation. The company's objective is to create value for its owners, customers, employees, partners and society in general. For that reason it is important for Beerenberg to ensure that its employees work and conduct themselves in line with the company's core values and ethical guidelines.

Managing our natural resources

Many of our customers are world-leading businesses involved either directly or indirectly in converting natural resources into energy. Beerenberg wishes to make its contribution to giving as many people as possible access to reliable, sustainable and modern energy by responsibly managing its services and products.

Responsible sustainability is part of the company's long-term strategy. Beerenberg's ambition is for its activities to have minimal impact on the natural environment and for the company to continually improve its environmental performance.

By protecting our customers' assets throughout a sustained life cycle we aim to develop installation-friendly products with long life spans – ideally made from sustainable materials. Taken together this helps reduce our carbon footprint, especially as it reduces the need for transportation of both people and products.

Social responsibility

Our sponsorship programme invites employees to apply for funding for sports clubs and other activities for children and young people in the local community. This way we support to make leisure activities cheaper to allow everyone to participate – directely linked to our core value inclusive. Beerenberg also supports other charitable organisations that share the company's core values.

Ethics

The Beerenberg group's ethical guidelines are designed to ensure that everyone acting on behalf of the company do so in an ethical manner and in line with the company's values and principles on business practices and personal conduct. The company's ethical guidelines are revised annually and adopted by the group's executive bodies. In 2020 human rights were integrated in the Ethical Guidelines.

Beerenberg supports and respects all internationally recognized human rights and shall contribute to the protection of human rights. In 2020 Beerenberg implemented a Human Rights Policy whereby Beerenberg commits to conduct its business in compliance with the Ten Principles of the UN Global Compact concerning human rights, labour, environment and anti-corruption.

The human rights policy is integrated in the company's values to be responsible and inclusive. Beerenberg will continuously work to strengthen its work to secure human rights.

Employees receive training in ethics through the company's training programme, which includes both e-learning and other tailor-made activities such as courses and dilemma training. Ethics are also discussed at the monthly themed meetings of the operational part of the business and promoted by "leading by example", i.e. by the management's attitudes and behaviours at various levels. A whistle-blowing regime for employees has been implemented to ensure compliance with the ethical guidelines. The system has channels for alerting external and independent third parties. The company also has a dedicated compliance officer.

ESG reporting

One key procedure for converting words into action is to actively measure and report on essential ESG measures such as energy consumption, waste disposal, transport and emissions. Web-based reporting solutions keep the issue high on the agenda.

We are mindful of our social corporate responsibility when making investment decisions. It is our strongly held view that issues surrounding the environment and climate change, anti-corruption, human and workers' rights – along with competitiveness, supplier and customer management and tax matters – have an impact on the company's ability to ensure profitability and shareholder value in the long term. Beerenberg is in a process to implement an ESG strategy where we combine existing sustainable solutions and KPI's with new sustainable initiatives.

Beerenbergs contribution to UN Sustainable Development Goals

The Sustainable Development Goals are the world's work agenda which aims to end poverty, protect the planet and ensure prosperity for all within 2030. All of the 17 goals are mutually dependent on each other. They are built on the principle of sustainable development. The SDGs described below are those considered the most material for Beerenberg, i.e. those where we can have the greatest impact.

SDG 5 Gender Equality

Beerenberg is focusing on building a diverse work force. Non-discrimination is directly linked to the company's value to be "inclusive" and we have established policies and procedures to secure equality and non-discrimination on the basis of gender. It is Beerenberg's ambition to increase the proportion of women at all levels within the organisation by taking a systematic approach to recruitment and enabling development and growth within the organisation.

SDG 8 Decent work and economic growth SDG 10 Reduced Inequalities and SDG 11 Sustainable cities and Communities

Our operations contribute to the development of local communities providing safe and meaningful jobs. We follow up closely our HSE program, absence rate, number of cases raised in the whistle blower channel, training on ethics, and our workforce from many different countries. Everywhere we operate, across the world, all our employees are being paid the local tariff.

SDG 9 Industry Innovation and Infrastructure
SDG 12 Responsible Consumption and Production

We invest in research, development and innovation to make our products done in a more sustainable way. We are working on a program to reduce carbon emission through electrifying our equipment and seek new solutions for the future. In the coming years these initiatives will be important to achieve our sustainable goals.

SDG 13 Climate Change

We support the need for global solutions to mitigate the climate changes. The ambition that our activities shall have minimal impact on the natural environment is both essential and inspiring in our work to continually improve the environmental performance.

SDG 14 Life Below Water

Life below water and microplastic has had an increasingly focus over the last years. Beerenberg is adapting technology to reduce microplastic waste in the ocean. Our goal for 2021 is to reduce microplastic waste with 20% through adapting technology collecting microplastic.

SDG 15 Life on land

Our products, work practices and use of renewable resources shall support a clean and sustainable industry which embrace sound and healthy ecosystems for future generations. Recycling and sufficient waste management will support our aim.

SDG 17 Key Partnerships for the goals

Achieving a sustainable future will require that the whole value chain is committed to work for common SDG's. We are fully committed in working with our customers, suppliers and other stakeholders to implement SDG's and work for a more sustainable future. Beerenberg is also committed to conduct its business in compliance with the Ten Principles of the UN Global Compact.

Respecting human rights

Beerenberg has always respected the human rights, and to be absolutely clear about its stance on the matter – in operations all over the world – we published a dedicated human rights policy in 2020. Beerenberg supports human rights in general but has chosen four key areas as a focal point for its policy: the right to organise, forced labour, child labour and discrimination have a direct impact on business and therefore also on Beerenberg. Our human rights policy applies wherever Beerenberg and our suppliers operate.

Preventing plastic waste

In 2020 Beerenberg successfully completed a number of offshore jobs where it used a UHT robot to pre-treat flooring. These projects have shown that there are significant benefits of using the robot, such as:

- Improved HSE performance in the form of reduced strain on the operator
- Significant environmental benefits
- The work is of a higher quality than when using standard UHT
- The robot works more quickly than standard UHT

All waste is immediately vacuumed up, and both water and paint residue go straight into tanks. Further improvements will be made, because there is still a little bit of development to be completed to ensure that everything is cleaned up and leaving zero plastic waste.

Supporting activity in the local community

Beerenberg encourages children and young people to join leisure activities by giving employees the opportunity to apply for sponsorships. The support in 2020 ranged from football, handball and ice hockey to kickboxing, diving and riding.

Review of the principles of corporate governance according The Norwegian Code of Practice for corporate governance (NUES) dated 17th of October 2018

1. Review of corporate governance

The purpose of the principles of corporate governance in Beerenberg AS is to clarify the division of roles between shareholders, the board of directors and executive management more comprehensively than is required by legislation. There have been no changes in the Code of practice (NUES) in 2020.

The group's vision is "Beyond Expectations". The vision commits the corporation and all of its employees to seek solutions that exceed the expectation of the wider world.

The group has set out 3 core values:

- ***Inclusive*** towards individuals, other companies and society as a whole. An open and accommodating attitude shall prevail throughout the group.
- ***Innovative*** will contribute to create a positive social development, improve the environment and help safeguard a better future.
- ***Responsible*** attitude shall prevail at the company at all levels and in all contexts.

The group has established ethical guidelines that should form the basis for how Beerenberg conducts business.

Deviation from code of recommendation: None

2. Business

The group's operational activity is conducted in its subsidiary, Beerenberg Services AS. In article 3 in Beerenberg Services AS Articles of Association the purpose of the business is defined:

"The objects of the company are to engage in contract work, production, industrial maintenance, trading, agency and commission work, and to take interests in other enterprises engaged in similar activities by way of share subscriptions or other means".

Deviation from code of recommendation: None

3. Equity and dividends

Total assets on 31 December 2020 was MNOK 1676 with an equity of MNOK 487, giving an equity ratio of 29%.
The Groups solidity is evaluated based on current targets, strategy and risk profile.

The refinancing process has been completed in 2020 with a new MNOK 750 bond in place. This bond will be listed on the Oslo Stock Exchange during the second quarter of 2021. The company is not aware of any bond transactions..

Deviation from code of recommendation: Dividend policy and specific capital requirement targets. The Group's financing restricts the company's rights to pay dividends. Consequently, the board has not found it practical to develop a dividend policy. Furthermore, the board has not seen it as necessary to establish specific targets for leverage or equity ratio in addition the evaluations that are made continuously and specified in budgets and strategy plans.

4. Equal treatment of shareholders and transactions with close associates

Segulah IV L.P holds 83.9% of the shares in the company. The shares are not listed. As a consequence, there is no specific policy relating to preferential treatment of existing shareholders nor is there policy relating to sales of shares. Deviation from code of recommendation: Based on current ownership structure the board has not seen it as necessary to develop additional guidelines beyond what is described in the legal framework (Aksjeloven).

With regards to transactions with close associates the board of directors has prepared guidelines where the basis for the transaction should be based on an independent, 3rd party valuation. However, if the matter relating to the valuation has been satisfactory handled, the board may decide to forego the independent valuation. There have not been significant transactions with close associates in 2020.

A procedure relating to reporting of potential conflict of interests to the board has been established.

Deviation from code of recommendation: Policies relating to preferential treatment of shareholders and sales of own shares have not been established.

5. Freely negotiable shares
No form of restriction on negotiability is included in the company's article of association.

Deviation from code of recommendation: None

6. Annual general meeting
The company's shares are not listed. As a consequence, the board has not prepared separate procedures regarding annual general meeting.

Deviation from code of recommendation: Based on current ownership structure the board has not seen it as necessary to develop additional guidelines beyond what is described in the legal framework (Aksjeloven).

7. Nomination committee
The company's shares are not listed. As a consequence, the board has not prepared procedures regarding nomination committee.

Deviation from recommendation: Based on current ownership structure the board has not seen it as necessary to appoint a nomination committee.

8. Corporate assembly and board of directors: Composition and independence
The company does not have a corporate assembly.

The boards of directors have the following members:

NAME	POSITION	PERIOD
Ketil Lenning	Chairman	2020–2022
Sebastian Ehrnrooth	Member	2020–2022
Ingelise Arntsen	Member	2020–2022
Hilde Drønen	Member	2020–2022
Svein Eggen	Member	2020–2022
Morten Haakon Walde	Member	2020–2022

Sebastian Ehrnrooth represent Segulah IV L.P. which holds 83.9% of the shares in Beerenberg AS. In addition, some board members and members of the management hold shares in the company.

Ketil Lenning, Ingelise Arntsen, Hilde Drønen, Morten Haakon Walde and Svein Eggen are all independent of the company, its management and its largest shareholder.

Deviation from code of recommendation: None

9. The work of the board of directors
The board has established procedures to clarify areas of responsibility as a group and as individuals.

The board has established an annual plan for the year and has in 2020 had ten meetings. The annual plan includes a three-year strategy plan, budget and target setting and review of the operations with focus on control and risk evaluation.

The board has appointed an audit committee and established guidelines for its work. The members of the audit committee are:

Ingelise Arntsen, Chairman of the committee
Hilde Drønen
Morten Haakon Walde

The company does not have a compensation committee and evaluates the need annually.

The board prepares an annual evaluation of the work in the board.

Deviation from code of recommendation: None

10. Risk management and internal control
The board regularly reviews the performance of the company, among others through a monthly and quarterly report. These reports include financial information regarding the company and specific information relating to the business segments in addition to other important areas like HSE. In addition, the board approves significant tenders and investments.

The board of directors has an annual review of risk areas and internal control systems. The board of directors also has an annual review of Corporate Governance including ethical guidelines.

Deviation from code of recommendation: None

11. Remuneration of the board of directors
The remuneration of the board of directors is established by the annual general assembly and is based on an evaluation of the workload. The remuneration is not dependent on the financial performance of the group. There is no form of incentive arrangement or similar.

Deviation from code of recommendation: None

12. Remuneration of leading employees
The boards view on the remuneration level for leading employees are that they should be on a competitive level and motivating. The board has not established guidelines relating to remuneration to leading employees. Please see note 18 for further information.

Deviation from code of recommendation: None

13. Information and communication
The group has established policies relating to financial information. Beerenberg's reporting is aiming to be clear and precise and ensure that the general principle of equal treatment is fulfilled.

Deviation from code of recommendation: None

14. Takeover
There are no provisions or limitation relating to a takeover in the articles of association. There are no other limitations to limit acquisition of the company's shares.

Deviation from code of recommendation: Guidelines relating to takeover has not been established. The board has, considering the current ownership structure, not seen the need to establish guidelines in case of a takeover.

15. Auditor
The auditor has minimum two yearly meetings with the audit committee. In addition, the auditor participates in a board meeting in connection with the approval of the annual accounts where sections of the meeting are without participation from the management.

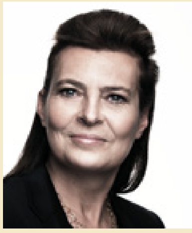
The auditor presents the plan for the annual audit to the audit committee where priorities and risk evaluations including internal control are presented. The auditor prepares an audit report about the annual accounts base on the annual audit plan.

The total fee paid to the auditor, where a distinction between the auditor fee for annual audit and other services provided are shown in note 7. The extent of other services outside the audit is reviewed by the audit committee. The audit committee evaluates the auditor's independence.

Deviation from code of recommendation: The board has not seen it as necessary to establish additional guidelines.

Board of Directors

Ketil Lenning (1950), Chairman of the Board, has extensive international experience in the oil and gas industry. He was formerly CEO of Odfjell Drilling LTD., and COO of Smedvig ASA, Norsk Hydro Oil Division etc. Lenning has held a number of board room positions in the oil services industry. Ketil Lenning is an independent board member.



Ingelise Arntsen (1966), has more than 20 years of experience in the energy industry in the field of hydropower, solar energy and onshore and offshore wind power, including EVP at Statkraft, REC and Aibel. She has held a number of board room positions and is currently serving as chairman of Asplan Viak and on the board of Statkraft, SBM Offshore N.V. and Eksportkreditt. Ingelise Arntsen is an independent board member.

Hilde Drønen (1961), holds a master degree from Business School of Management and a MBA from Norwegian School of Economics. She has been the CFO of DOF ASA since 2004. She held the position as CFO in Bergen Yards from 2002 to September 2004 and has before that held various senior positions in the Møgster Group. She has more than 25 years of experience in the oil service industry. In addition to several directorships in companies within the DOF Group, she has several directorships in external companies within the energy sector. She is currently a board member in BWE Energy Ltd.

Svein Eggen (1950), has more than 30 years experience in the international oil and gas industry, including President and CEO of Technip Offshore Inc. Prior to that he held leading positions in the Aker Group, including President & CEO of Aker Maritime ASA and Aker Maritime inc. in Houston, USA. He holds several board room positions in Norway and abroad: including Frøseth AS, Midt-Norsk Betong AS, Trondheim Havn IKS and Cidra Corporation Inc. Svein Eggen is an independent board member.

Sebastian Ehrnrooth (1963), investors representative and partner at Segulah Advisor AB. He was formely Deputy CEO of CityMail, project manager at Bain & Company and sales manager at Motorola. He holds board room positions at Segulah Advisor AB, Gunnebo Lifting & Blocks, KP Components, Hermes Medical Solutions AB and CCS Healthcare.

Morten Walde (1969), CEO in TS Group, has more than 25 years of experience from various operational- and strategic positions in the oil & gas industry. He was formerly CEO in Beerenberg (2008–2018) and holds several non-executive positions in different companies today. Morten Walde is an independent board member.

BEERENBERG AS

Annual Director's Report

When the first wave of the Covid-19 pandemic hit us at full force in March 2020, Beerenberg's priorities became crystal clear. We needed to safeguard the health and safety of our employees, maintain critical operations and infrastructure – and be there for our customers. It was an intense and challenging time marked by great uncertainty. The oil and gas market remain volatile and competitive during the challenging times, but Beerenberg's market position strengthened through solid operational performance and delivering "beyond expectations" during the period.

The business area Services is built around Beerenberg's core ISS disciplines (Insulation, Scaffolding and Surface treatment) and also include passive fire protection, technical cleaning, rope access techniques, architectural/outfitting services and the cold work concepts Sveisolat (habitats) and cold cutting /mobile machining, all primarily offered to clients on the Norwegian Continental Shelf (NCS).

The business area Benarx is built around Beerenberg's proprietary Benarx® product range of high specification insulation products (thermal, acoustic and passive fire protection) as well as insulation solutions for subsea installations.

Beerenberg has it's head office in Bergen and regional offices in Skien, Poland, UK, South Korea, Thailand and Singapore.

FINANCIAL STATEMENT

The operating revenue in 2020 decreased by approx. 22% to NOK 1,723 million compared with NOK 2,210 million in 2019. The decrease is mainly related to Covid-19 effects from the middle of March.

Earnings before interest, taxes and amortisation (EBITA) ended at NOK 162 million, compared to NOK 160 million in 2019. The EBITA margin was 9%, up from 7% in 2019, mainly driven by improved operational performance.

Net financial cost for the full year ended at NOK 90 million, up from NOK 80 million last year and the full year net profit of 2020 was NOK 46 million versus a profit of NOK 45 million in 2019.

The estimated order backlog at the year-end, including frame agreements and options, was NOK 8.3 billion, down from NOK 9.3 billion in 2019.

CAPITAL, CASH FLOW AND LIQUIDITY

Total assets at the end of 2020 amounted to NOK 1.676 million, down from NOK 1.858 million in 2019, mainly due to refinancing and somewhat lower activity.

The equity was NOK 487 million, up from NOK 440, corresponding to an equity ratio of 29%.

Cash flow from operating activities depends on a number of factors, including progress on and delivery of projects, changes in working capital and prepayments from customers. Cash flow from operating activities was NOK 88 million, compared to NOK 126 million in 2019.

Beerenberg's net cash outflow for investment activities was NOK 17 million in 2020, down from NOK 52 million.

Net cash outflow related to financing activities was NOK 188 million, up from NOK 17 million in 2019. The reason for the increase is the repayment of the bond and refinancing with a smaller bond as well as purchase own bonds.

Total non-current assets were NOK 1037 million in 2020, down from NOK 1084 million in 2019. Current assets were NOK 639 million in 2020, down from NOK 773 million.

Total current liabilities were NOK 507 million in 2020, up from NOK 486 million and total non-current liabilities were NOK 682 million compared to NOK 931 million in 2019.

The Net interest-bearing debt was NOK 601 million in 2020 compared to NOK 667 million in 2019.


TRAINING

SHAREHOLDERS

Segulah IV L.P. owns 83.9% of the shares in Beerenberg AS. The remainder is owned by Alpinvest Partners Co-Investment and the Beerenberg management.

FINANCIAL RISK

The board of directors of the Beerenberg group sets out a framework and develops guidelines for risk management in the group and continuously controls and supervises the implementation of these. The group's central finance department has overall responsibility for day-to-day management and follow-up of the group's financial risks and works closely with the operational units to identify, evaluate and implement necessary measures to reduce risk.

Risk management covers credit risk, currency risk, interest rate risk, financial and liquidity risk, market risk and technology risk.

Credit risk

The Beerenberg group conducts business in an environment dominated by large and strong clients, and historically there have been few losses incurred on its receivables. New customers are credit-checked before entering into contracts, and efforts are made during international operations to use letters of credit to safeguard receivables and payment demands wherever possible. The oil and gas market have elements of increased credit risk. To deal with these the company has introduced additional measures to monitor credit risk within certain client segments, especially maintenance, modifications and for international clients.

The ongoing Covid-19 pandemic might increase the credit risk and the Beerenberg group is actively monitoring the clients.

Currency and interest rate risk

A key principle for the Beerenberg group is to keep the currency risk as low as possible by using the same currency for both income and expenditure. In its international operations the group is not always able to follow this principle and as a result client and supplier contracts involving currency exposure above and beyond defined limits must be hedged. A limited amount of the group's revenues, expenditure and investments are denominated in foreign currencies. The group's interest rate risk in relation to interest-bearing debt is for the most part hedged through a long-term interest rate agreement, whereby a variable NIBOR-based interest rate plus a spread has been swapped so that exposure towards fluctuations in the short-term interest rate is reduced.

Financial and liquidity risk

The Beerenberg group's debt was refinanced in 2020, and the group retained the relationship with its main banks, providing working capital and guarantee limits.

The company's financing arrangement requires it to achieve adequate cash flow and revenues over time. The company continues to measure the financial criteria in line with the terms of the agreement.

The Beerenberg group's financing is partly a bond loan with expiry date November 2023 and will be listed in 2nd quarter of 2021.

Market risk

The Beerenberg group operates in the oil and gas market, which due to oil price fluctuations can be volatile. Beerenberg is affected by the oil companies' actions and the prevailing oil and gas prices. To mitigate this, Beerenberg has diversified into various segments of the market, e.g. new-build and maintenance and modification projects. Beerenberg is also expanding internationally, with the proprietary Benarx® product range and it is looking into related market segments, such as onshore and non oil and gas related products and services.

There is reason to believe that investment on the Norwegian Continental Shelf will abate in the long term. In order to expand its operations and customer base, the group has therefore been working to grow its international presence.

Technology risk

The market in which Beerenberg operates will continue to seek improved solutions and products for the future. In order to maintain its competitive edge, the group has adopted a strategy of continued investment in engineering services, digitalization and R&D along with an ambition to protect its assets through patents and other proprietary rights.

RESEARCH AND DEVELOPMENT

The Beerenberg group's focus as regards to research and development is product and method development in the field of ISS. Beerenberg is working actively with research communities and institutions with a view to developing new technology and in-house expertise within the group's areas of operation.

Research and development are conducted in close partnership with clients in order to create value for the group's customers.

The Beerenberg group has a continuous focus on research and development and as at 31.12.20 the group had 16 registered patent families with 43 regional and national patents, 3 Patent Pending cases and 5 PCT/regional applications ongoing.

ESG

For Beerenberg attention to ESG is fundamentally about safeguarding our own future, secure sustainable conditions for the environment and generally help create positive social development.

ESG is directly linked to the long-term success of Beerenberg. It is our vision to go "Beyond Expectations" to seek solutions that exceed the expectations of stakeholders and we therefore have a responsibility to drive necessary changes, while continually seeking out and creating more sustainable solutions. We have consistently been working on our HSEQ performance and we are working on strengthen our approach to the wider ESG scope. We are in the process of formalizing reporting in line with recognized ESG frameworks and stakeholder expectations.

ETHICS

Beerenberg's ethical guidelines are a central part of its training programmes as training in the group's ethical guidelines helps ensure that employees and others acting on behalf of the group exercise good judgement and behave in a manner that is consistent with the company's ethical rules.

HUMAN RELATIONS, ORGANISATION AND WORKING ENVIRONMENT

The Beerenberg group had 1,203 employees as at 31.12.20, down from 1,312 at the end of 2019. Including contractors, the number of FTEs totalled 1716.

Beerenberg seeks to sustain a good working environment with enthusiastic and motivated staff who feel that they are being well looked after. The group has staff arrangements and fora for co-operation between staff and management, as is common within the sector.

Equality and discrimination

Beerenberg has respect for every individual and recruitment is based on qualifications without regard for the candidate's gender, age, disability, ethnicity, religion or cultural background. Beerenberg wishes to create an inclusive workplace culture and is working actively to ensure a good working environment. All employees shall be given pay and working conditions that are competitive and fair.

It is Beerenberg's ambition to increase the proportion of women at all levels within the organisation by taking a systematic approach to recruitment and enabling development and growth within the organisation. Female employees, most of whom serve in administrative positions, made up 6.4% of the workforce at year end. In 2020 there were one woman in the group management team and two women on the board of directors.

Organization

The company is organised as two business divisions – Services and Benarx. The Group established a new subsidiary in Thailand, Beerenberg DSL LTD, during 2020.

HEALTH, SAFETY AND THE ENVIRONMENT

Beerenberg continuously works to prevent injury and to create a working environment that is meaningful and healthy for all employees. Beerenberg has adopted a zerotolerance philosophy in relation to injury to people, damage to the natural environment and material assets. The effort to prevent acute damage to health and long-term injuries is a high priority for Beerenberg. By focusing on training, health monitoring, risk management and robust working practices, Beerenberg seeks to reduce the risk of health issues and injuries amongst employees exposed to risk. Beerenberg's health monitoring programme also applies to our subcontractors and is managed through contract meetings, reporting and audits.

Good working practices, job planning and procedures alone are not enough to prevent sickness and injury. The key issue is compliance, whereby the knowledge and motivation of individual employees are important factors. Beerenberg's commitment to HSE includes (but is not limited to) obligatory HSE training for all employees and contractors as well as a three-day HSE course for all managers.

Central to Beerenberg's preventive HSE programme are also various surveys designed to strengthen our knowledge base, identify risk and associated HSE measures.

The company is working to reduce sickness absence, both at a collective and an individual level. Sickness absence in 2020 stood at 7%, an increase from 6.3% in 2019. Short-term sickness absence accounted for 3.7% and long-term absence for 3.3%. The corresponding figures for 2019 were 2.7% and 3.6%, respectively.

In 2020 the company recorded 6 incidents involving personal injury requiring more than first aid, two lost time injury (LTI) and two requiring medical treatment. The number of incidents in 2019 was 12, one leading to alternative work duties, and eleven requiring medical treatment. Beerenberg continues its systematic and preventive approach to reducing the number of incidents.

The natural environment

In conducting its operations, Beerenberg aims to minimize the environmental impact and the company aims to continuously improve its environmental performance.

Beerenberg's impact on the natural environment is primarily considered to stem from emissions of volatile organic compounds (VOCs) as a result of the use of paint products and solvents. This is a natural consequence of the group's activities, and the volume of VOC emissions will always reflect the volume of assignments and the type of products being ordered and delivered. Beerenberg endeavours to use alternative products and services that help reduce the environment footprint and with a lesser impact on the environment where possible (the substitution requirement). In order to reduce the negative environmental effects of its waste output, Beerenberg has introduced robust procedures for waste disposal and final processing (material and energy harvesting). The work of reducing microplastic waste is continuing with a few technology initiatives being implemented.

Environmental initiatives have also been introduced in administrative functions, and adopting technology have helped ensure more energy-efficient solutions in facilities and robust systems for waste sorting.

Beerenberg is certified according to NS-EN ISO 9001: 2015 Quality management, NS-EN ISO 14001: 2015 Environmental management and NS-ISO 45001:2018 Occupational health and safety.

FUTURE PROSPECTS

Beerenberg's strategy plan was revised in the autumn of 2020. The plan provides a framework for the company's development up until 2023. In a challenging market the focus will still be on increasing cost-efficiency in both product development and service delivery as well as implementing an ESG strategy.

With the Covid-19 pandemic present for most of 2020 many of the customers maintenance plans were postponed. We expect that the maintenance and modifications market will grow in the coming years. The company's long-term contracts over 10 and 15 years will provide a solid base for the company going forward. Yet it is important to note that the market is shaped by external factors, especially the price of oil.

Throughout 2020 the company has taken steps to boost its competitiveness and these initiatives will continue. Together with the company's robust foundations, this means the company expects to maintain its revenues and see long term growth.

The ongoing Covid-19 pandemic will affect the business until normalization is restored. The company has gained good experience in handling the restrictions due to the Covid-19 pandemic.

The board emphasis that the information included in this annual report contains certain forward looking statements that address activities or developments that the Company anticipates will or may occur in the future. The statements are based on assumptions and estimates, and some of them are beyond the Company's control and therefore subject to risks and uncertainties.

THE BOARD'S STATEMENT ON CORPORATE GOVERNANCE AND EXECUTIVE MANAGEMENT

In its instructions the board of directors has directed the company and the group to develop procedures and systems for compliance with the Norwegian Code of Practice for Corporate Governance. The associated statement is presented as a separate part of the annual report.

THE BOARD'S ASSESSMENT AND EVENTS AFTER THE BALANCE SHEET DATE

In the board's view the financial statements and statement of financial position with accompanying notes provide a true picture of the activities of Beerenberg AS and of the company's position at year end.

In accordance with Section 3-3a of the Norwegian Accounting Act, the board can confirm that the requirements for the going concern assumption have been satisfied and that the financial statements have been prepared on that basis.

BERGEN 8 APRIL 2021

Board of Directors at Beerenberg AS

Ketil Lenning
Chairman

Sebastian Ehrnrooth

Svein Eggen

Ingelise Arntsen

Hilde Drønen

Morten Walde

Arild Apelthun
CEO

BEERENBERG AS GROUP

Group Accounts 2020

Consolidated Income Statement

Amounts in NOK 1,000	Note	2020	2019
Revenue from contracts with customers		**1 695 323**	2 209 300
Other revenue		**27 404**	287
Total revenue	5, 6	**1 722 727**	2 209 587
Materials, goods and services		**196 170**	172 559
Personell costs	8, 17, 18	**1 033 406**	1 480 124
Other operating costs	7	**276 446**	340 756
Total operating expenses		**1 506 022**	1 993 439
Operating result before depreciation, amortisation and impairment losses		**216 706**	216 147
Depreciation, amortisation and impairment losses	11, 12	**70 931**	74 099
Operating result		**145 775**	142 048
Financial revenue	9	**2 575**	1 564
Financial expenditure	9, 25	**93 392**	81 586
Result before tax		**54 958**	62 026
Tax	10	**8 478**	16 667
Annual profit/loss		**46 480**	45 359
The annual profit/loss is attributable to:			
Shareholders of the parent company		**47 121**	45 359
Non controlling interests		**-641**	0
Annual profit/loss		**46 480**	45 359
Basic earnings per share for 1.000.000 A-shares	16	**0,046**	0,045

Diluted earnings per share are identical as there is no dilutive effect.

The accompanying notes 1–27 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Amounts in NOK 1,000	Note	2020	2019
Annual profit/loss		**46 480**	45 359
Other revenue and expenses			
Change in value of derivatives	24	**-49**	2 255
Conversion differences		**-1 083**	-1 509
Total Statement of Comprehensive Income		**45 347**	46 104
The statement of performance is attributable to:			
Shareholders of the parent company		**45 988**	46 104
Non controlling interests		**-641**	0
Total Statement of Comprehensive Income		**45 347**	46 104

Other revenue and expenses is after tax and will be reversed in the income statement.

The accompanying notes 1–27 are an integral part of these financial statements.

Consolidated Statement of Financial Position

Amounts in NOK 1,000	Note	31.12.2020	31.12.2019
Assets			
NONCURRENT ASSETS			
Intangible assets	12	**31 057**	47 525
Goodwill	12	**782 762**	782 762
Property, plants and equipment	11, 26	**213 563**	246 169
Financial Fixed Assets		**9 874**	7 792
Total Noncurrent assets		**1 037 256**	1 084 248
CURRENT ASSETS			
Inventory	14, 26	**66 250**	61 161
Accounts receivable from customers	6, 13, 26	**249 611**	251 592
Earned, not invoiced accounts receivables	6, 13, 21	**143 998**	187 041
Other receivables	13	**39 196**	16 763
Cash at bank	13, 15	**139 733**	256 800
Total current assets		**638 787**	773 355
Total Assets		**1 676 043**	1 857 603

Amounts in NOK 1,000	Note	31.12.2020	31.12.2019
Equity and Liabilities			
EQUITY			
Share capital		**26 700**	26 700
Share premium		**240 310**	240 310
Other equity		**219 050**	173 061
Non controlling interests		**811**	0
Total Equity	16	**486 871**	440 071
LIABILITIES			
Pension liabilities	17	**12 175**	10 065
Deferred tax liabilities	10	**339**	4 994
Interest bearing long-term liabilities	13, 25, 26	**668 384**	913 945
Derivatives	24	**1 122**	2 184
Total long-term liabilities		**682 019**	931 187
Interest bearing short-term liabilities	13, 25, 26	**70 757**	7 260
Supplier liabilities		**135 285**	161 811
Tax payable	10	**12 050**	16 357
Social security, VAT and other taxes		**72 326**	91 127
Other short-term liabililities	20, 21	**196 943**	190 800
Warranty liabilities	19	**19 792**	18 990
Total short-term liabilities		**507 153**	486 345
Total liabilities		**1 189 172**	1 417 532
Total equity and liabilities		**1 676 043**	1 857 603

The accompanying notes 1–27 are an integral part of these financial statements.

BERGEN 8. APRIL 2021
Board of Directors at Beerenberg AS

Ketil Lenning
Chairman

Sebastian Ehrnrooth

Svein Eggen

Ingelise Arntsen

Hilde Drønen

Morten Walde

Arild Apelthun
CEO

Consolidated Statement of Changes in Equity

Amounts in NOK 1,000	Share capital	Share premium	Conver-sion reserve	Hedging reserve	Retained earnings	Total	Non controlling interests	Total
Equity as per 31.12.2018	**26 700**	**240 310**	**4 922**	**-3 080**	**125 116**	**393 967**	**0**	**393 967**
Annual result for the period					45 359	45 359		**45 359**
Other Comprehensive income			-1 509	2 255		746		**746**
Transactions with shareholders								
Equity as per 31.12.2019	**26 700**	**240 310**	**3 413**	**-826**	**170 475**	**440 072**	**0**	**440 072**
Annual result for the period					47 121	47 121	-641	**46 480**
Other Comprehensive income			-1 083	-49		-1 133		**-1 133**
Transactions with shareholders								
Changes in non-controlling interests							1 452	**1 452**
Equity as per 31.12.2020	**26 700**	**240 310**	**2 329**	**-875**	**217 596**	**486 060**	**811**	**486 871**

The accompanying notes 1–27 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

Amounts in NOK 1,000	Note	2020	2019
Cash flows from operating activities			
Result for the period before tax		**54 958**	62 026
Tax paid for the period		**-16 418**	-132
Gains/losses from sales of fixed assets		**-60**	-287
Depreciation, write-down and amortisation	11, 12	**70 896**	74 100
Changes to inventory		**-5 089**	-16 350
Changes to accounts receivable from customers	14	**1 981**	-65 231
Changes to supplier liabilities		**-26 525**	14 170
Difference between expensed and paid-in/out pension premium		**29**	-4 916
Changes to other time restricted items		**7 736**	62 936
Net cash flow from operating activities		**87 508**	126 317
Cash flows from investment activities			
Incoming payments from the sale of tangible and intangible fixed assets	11	**91**	1 421
Outgoing payments from acquisition of tangible and intangible fixed assets	11, 12	**-17 109**	-53 310
Net cash flow from investment activities		**-17 018**	-51 890
Cash flows from financing activities			
Outgoing payments on lease liabilities	13, 25	**-19 085**	-16 883
Incoming payments from new loans	13, 25	**680 076**	0
Outgoing payment on long-term loans	13, 25	**-850 000**	0
Payments from entry of non-controlling interests		**1 452**	0
Net cash flow from financing activities		**-187 556**	-16 883
Net changes to cash and cash equivalents		**-117 067**	57 545
Cash and cash equivalents per 01.01		**256 800**	199 255
Cash and cash equivalents per 31.12	15	**139 733**	256 800

The accompanying notes 1–27 are an integral part of these financial statements.

Note 1 Information about the group

Beerenberg AS is a limited liability company registered in Bergen, Norway. The Beerenberg Group comprises the parent company Beerenberg AS and the subsidiaries Beerenberg Holding AS, Beerenberg Services AS, Beerenberg Industri AS, Beerenberg Solutions Poland Sp. z o.o, Beerenberg Korea LTD, Beerenberg Singapore LTD, Beerenberg UK LTD, and Beerenberg DSL Thailand LTD.

The head office is in Bergen and the group has offices in Stavanger and Skien in Norway, in Singapore, in Gościcino in Poland, Busan in South-Korea and in Laem Chabang Thailand.

The group delivers expertise and technology as well as engineering and inspection services in the fields of surface treatment, passive fire protection, insulation, architecture/interiors, scaffolding, rope access techniques, and habitats as well as mobile machining, cutting and decommissioning.

The consolidated financial statements comprise the parent company and subsidiary companies, referred to collectively as "the group" and individually as "group entities".

Refer to note 17 for ownership structure.

The annual financial statements were authorised for issue by the board of directors on 8 April 2021.

Note 2 Basis of preparation

Confirmation of financial framework

The consolidated financial statements have been prepared in accordance with EU-approved IFRS standards and associated interpretations as required as at 31 December 2020 and in accordance with additional Norwegian disclosure requirements under the provisions of the Norwegian Accounting Act as at 31 December 2020. There have been no changes in accounting principles from 2019 to 2020.

The proposed consolidated financial statements were authorised by the board and CEO on the date stated in the signed statement of financial position. The consolidated financial statements shall be reviewed by an ordinary general meeting for final approval.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated financial statements are presented in NOK, which are both the functional currency of the parent company and the presentation currency of the group.

The accounts of individual entities within the group are measured in the currency used where the entity predominantly operates (functional currency). The group have subsidiaries in Poland, UK, Thailand and Singapore where the functional currency is PLN, GBP, THB and SGD respectively. However, of the groups consolidated revenue more than 90% is in NOK, thus changes in currencies have limited impacts on the consolidated figures

BASIS OF CALCULATIONS

The consolidated financial statements have been prepared using historical cost principles, with the exception of

- Derivatives, which are assesed at fair value.

Note 3 Accounting principles

The accounting principles described below have been consistently applied to all companies in the group in all periods.

Consolidation principles

SUBSIDIARY COMPANIES

The subsidiary companies include all entities where the group has a deciding influence on the entity's financial and operational strategy, normally through the ownership of more than 50% of the voting capital, and where the entity constitutes an enterprise. Subsidiaries are consolidated from the date when control was transferred to the group. Consolidation ceases on the date when the group no longer has control.

Acquired subsidiaries are accounted for in the consolidated financial statements based on the parent company's acquisition cost. When acquiring a subsidiary company, the purchase price of the acquired undertaking must be distributed so that the opening balance of the group reflects the estimated fair value of the assets and liabilities that have been acquired. In order to establish the fair value of an acquisition, alternative methods must be used for assets for which there is no active market. Excess value beyond that which can be attributed to identifiable assets and liabilities is recognized as Goodwill. If the fair value of the equity in an acquired company exceeds the consideration paid, the excess is immediately recognized as income. The allocation of the purchase price upon consolidation is amended if new information appears about the fair value applicable on the date control was obtained, no later than 12 months after the acquisition took place.

Intragroup transactions, balances and unrealised gains are eliminated. Unrealised losses are also eliminated but are considered to be an indicator of impairment, which would require an assessment to be made as to whether the transferred asset should be written down.

Group entities
The statements of financial position and comprehensive income of group entities with a functional currency that differs from the presentation currency are translated as follows:

a) The statement of financial position is translated using the exchange rate at the end of the reporting period.
b) The statement of comprehensive income is translated using the average exchange rate (if the average exchange rate does not give a reasonable overall estimate for the transaction exchange rate, then the transaction exchange rate is used).
c) Translation differences are taken to other revenues and costs and are specified as a separate item.

Conversion reserve
This fund is a part of the statement of equity and includes all foreign exchange differences related to the conversion of financial statements from foreign subsidiaries.

Financial instruments

The group initially recognizes financial instruments on the date the group becomes a party to the contractual provisions of the instrument.

CLASSIFICATION AND MEASUREMENT

The group classifies its financial assets in the categories (1) amortized cost (2) financial assets at fair value through other comprehensive income (3) financial assets at fair value through profit or loss. Classification is dependent on the objective of the financial instrument and the groups business model.

AMORTIZED COST

Financial instruments that the group holds in order to receive contractual cash flows is recognized at fair value and is in subsequent periods measured at amortized cost. This mainly relates to financial instruments as trade receivables, other receivables and bank deposits.

Financial liabilities are recognized at fair value and are measured, as a main rule, in subsequent periods at amortized cost. Financial liabilities like trade payables, leasing, bond, and other liabilities are classified as amortized cost.

If an impairment in the fair value of a financial asset has been taken directly to other income and expenses, and if there is objective evidence that the asset has been the subject of an impairment, the accumulated loss that has been recognized directly in other income and expenses in profit or loss will be recognized. This applies even if the financial asset has not been realised. The loss recognized in profit or loss is the difference between the acquisition cost at the time of acquisition and the current fair value, less any impairment of the financial asset previously recognized in profit or loss.

With the exception of inventories (see Inventories) and deferred tax assets (see Income tax), the carrying amount of the group's financial assets is continually assessed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The group has entered into an interest swap in order to reduce the risk of variable interest rate on Bond. This interest swap is designated as a hedge instrument in hedge accounting in accordance with IFRS 9, and changes in fair value of this interest swap is recognized through other comprehensive income. Details of this interest swap is further described in note 24.

FAIR VALUE THROUGH PROFIT OR LOSS

By default, other financial instruments that are not classified as amortized cost or designated as a hedge instrument and recognized as fair value through other comprehensive income is recognized as fair value through profit or loss.

Derivatives are classed as financial assets at fair value through profit or loss, unless they are part of a hedge relationship. The only derivative the group have in 2020 is designated as a hedge instrument, thus there are now no financial instruments recognized through profit or loss

DERECOGNITION OF FINANCIAL INSTRUMENTS

The group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30–45 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 13.

Trade payables and other short-term payables

Trade payables are measured at fair value when initially recognized and at amortised cost in subsequent periods. Due to their short residual maturity, the nominal value of the payables is deemed to reflect their fair value / amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposits.

Share capital

Ordinary shares are classed as equity. Costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity (share premium) net of any tax effects.

Tangible non-current assets

The group's tangible non-current assets comprise production equipment, workshops and improvements to buildings and other operating equipment. Tangible non-current assets are recognized in the statement of financial position at cost less accumulated depreciation and write-downs. The cost price of tangible non-current assets is the purchase price including expenses directly attributable to the purchase of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, borrowing costs and other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items, and restoring the site on which they are used.

Expenses incurred after the non-current asset has been put into use, such as ongoing daily maintenance, are recognized in profit or loss in the period in which they were incurred, except for other expenses expected to generate future economic benefits that are recognized as a part of the non-current asset.

If substantial, individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate components.

Gains and losses on disposal are included in the operating profit or loss.

Goodwill

The group measures Goodwill as the fair value of the consideration transferred, less the net amount (normally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Goodwill is distributed to cash-generating units and is not subject to an amortisation schedule but is tested for impairment annually and when there is an indication that a write-down is necessary. Goodwill write-downs are not reversed. For the purpose of testing Goodwill for impairment, Goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition.

Intangible assets

RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognized in profit or loss as incurred.

Development activities include designs or plans for the production of new or substantially improved products and processes. Development expenditure is capitalized only if it can be reliably measured, if the product or process is technically or commercially viable, if future economic benefits are probable, and if the group intends to and has sufficient resources to complete the development and to sell or use the asset. The expenditure capitalized includes materials, direct labour, directly attributable overhead costs and borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. Depreciation is calculated on the basis of the cost of the asset or other amount substituted for cost, less its residual value.

The economic useful life of scaffolding is assessed, and its period of use has been set at 15 years. The period of use is the period in which the group expects to use the scaffolding and may thus be shorter than its economic useful life. The period of use and the residual value are assessed at the end of each reporting period and adjusted if necessary. Scaffolding is depreciated over a period of 15 years.

Containers and workshops are depreciated over a period of 10 years, while other production equipment and other assets are depreciated over a period of 3–7 years.

Intangible assets are amortised on a straight-line basis over their estimated useful life from the time they are available for use, since this most closely reflects the consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current period and comparative periods are as follows:

- Customer relationships 3–10 years
- Technology 5–10 years

Amortisation method, useful life and residual value are reviewed annually and adjusted if necessary.

Impairment losses of non-financial assets

When the carrying amount of a non-current asset is higher than the estimated recoverable amount, the value is written down to the recoverable amount. The recoverable amount is the greatest of fair value less cost to sell and its value in use. The scope for reversing any previous write-downs (except Goodwill) is assessed on each reporting date.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually.

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognized through profit or loss.

Impairments estimated for cash-generating units are allocated so that the carrying amount of any Goodwill in the cash-generating units is reduced first. Next, the remaining impairment losses on the other assets in the unit are allocated pro rata based on the carrying amount.

Calculating the recoverable amount

The recoverable amount of an asset is the greater of the net selling price (less cost to sell) and value in use. The value in use is estimated by discounting expected future cash flows to their present value using a market-based risk-adjusted discount rate. For assets that do not generally generate independent cash flows, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs.

Reversing impairment losses

Impairment losses on Goodwill are not reversed. In respect of other assets, impairment losses are reversed if there is any change to the estimates used to calculate the recoverable amount.

Lease agreements

IFRS 16 implemented from 2019 requires all contracts that contain a lease to be recognized on the balance sheet as a right-of-use asset and a corresponding lease liability. The lease liability represents the net present value of the lease payments to be made over the remaining lease period. The right-of-use asset is depreciated over the lease term. For Beerenberg this mainly applies to office buildings and other facilities. Short-term and low value lease agreements are exempted from IFRS 16 and accounted for as operating expenses.

Inventories

Inventories are measured at an amount equal to the lower of acquisition cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The acquisition cost of manufactured inventories includes the direct cost of materials, direct labour and a share of indirect production overheads, while the acquisition cost of purchased inventories is the cost price based on the first-in-first-out principle and includes the cost incurred in acquiring the inventories, production or conversion overheads and other costs incurred in bringing them to their existing location and condition. In accordance with IAS 2.28, the value of inventories is written down to the net realisable value if the inventories have been damaged or have become wholly or partially obsolete or if the selling price has fallen.

Pension costs and pension obligations

Pension costs and pension obligations are treated in accordance with IAS 19R. Pensions are described in note 17. The net pension costs for the period are classed as salary and personnel costs.

The group operates a pension scheme financed by contributions paid into a separate legal entity (insurance company) in the form of a defined contribution plan. A defined contribution plan is a pension scheme under which the group pays fixed contributions to the insurance company. The group has no further payment obligations once the contributions have been paid. The contributions are recognized in profit or loss as salary costs as incurred. Prepaid contributions are recognized as assets to the extent that they can be refunded or reduce future contributions.

The group is also participant in the AFP scheme which is a pension-scheme that pays a lifelong supplement to ordinary pension benefits.

The group has in addition to the ordinary pension scheme also a supplementary pension plan for executive management and key employees.

Provisions

Provisions are accounted for when the group has an obligation (legal or self-imposed) resulting from a previous event if it is likely (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be reliably calculated. If the effect is significant, the provision is calculated by discounting expected future cash flows with a discount rate before tax that reflects the market's valuation of the time value of money and, if relevant, risks specifically linked to this obligation.

WARRANTIES

A provision for warranties is recognized when the underlying products or services are delivered. The warranty period is normally 2–5 years. At the end of a project, a provision is made to meet any warranty claims and complaints. The provision is based on historical information about warranties weighted by the probability that a warranty expense will be incurred. It is normal for such provisions to be a fixed proportion of the contract value, but a larger or smaller provision may be made depending on the specific assessment of individual projects. Experience from previous projects provides the best basis for making both general and specific warranty provisions. Factors that may affect the size of the provision include the group's quality measures and project implementation model.

RESTRUCTURING

A provision for restructuring is recognized once the group has approved a detailed and formal restructuring plan and the restructuring has either commenced or been communicated to the affected parties.

ONEROUS CONTRACTS

A provision for onerous contracts is recognized when the group's expected revenue from a contract is lower than the unavoidable cost of meeting its contractual obligations. The estimated provision is the present value of the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract. Before a provision is made, all impairment losses on assets associated with the contract are recognized.

Revenue recognition

REVENUES FROM SALE OF SERVICES

Most of the group's revenue is associated with long-term maintenance contracts. Revenues are recognized in accordance with IFRS 15 Revenue from contracts with customers. The groups primarily customers are within onshore/offshore oil service. The contracts are invoiced and recognized as income on basis of hours incurred multiplied by a defined hourly rate associated with the services provided, unit price contracts are recognized as income in accordance with measured progress and equipment rental is recognized as income in the period the equipment is hired out.

As a general rule, these contracts are agreed with a fixed price per unit (unit price contracts) or a fixed price per hour, and variations thereof. What constitutes a unit varies from contract to contract, but as an example it may be a square metre of surface treatment.

At the end of each billing period, the group reports to the customer the number of hours and/or number of units completed in the period. The former is based on the recorded and approved number of hours, while the latter is based on physical progress. The customer reviews the supporting documentation and issues a payment certificate to the group. On the basis of the payment certificate, the group recognizes the revenue for the period as income and bills the customer. By having the customer review the documentation of work completed and issue a payment certificate, the revenue has the prior approval of the customer.

On smaller projects, the work carried out in the period is billed and recognized as income based on work completed or, as a general rule, based on approved timesheets, but without the customer issuing a payment certificate in advance. Some smaller projects are also billed and recognized as income upon completion of the project. These types of projects will rarely stretch over multiple reporting periods.

If the outcome of a contract cannot be measured reliably, the contract revenues are recognized only to the extent that the incurred contract expenses are expected to be met by the customer. An expected loss on a contract is recognized in profit or loss as incurred.

REVENUES FROM SALE OF GOODS

Revenue from the sale of goods is recognized when persuasive evidence exists that control of the goods have been transferred to the buyer. For sales of the group's products, transfer normally occurs once the product is received at the customer's warehouse or installation.

In some contracts, the delivery of materials is incorporated in the fixed hourly price or the fixed unit price. In other cases, the delivery of materials is billed separately. The delivery of materials is recognized as income when the materials have been put into use on a project or transferred to the customer in some other way.

REVENUES FROM HIRING OF EQUIPMENT

Normally revenue from hiring of equipment is considered as revenue from sale of service as the letting of scaffolding is part of the same performance obligation. The group also have some letting of scaffolding without connection to revenue from sale of service. Such letting of scaffolding and other equipment is invoiced and recognized as income in the period it has been let.

ACCRUED, NOT INVOICED CONTRACT REVENUES

Accrued, not invoiced contract revenues represent the value of completed contract work less payment from the customer. The value of completed contract work is measured at cost plus accrued net profit to date. Payment from customers is offset in the statement of financial position against contract work in progress. Received customer advances in excess of value of work performed are classified as current liabilities.

Government grants

The group receives various types of government grants in relation to its research and development activities. These may be funding through the SkatteFUNN scheme or other grants. Such grants, whereby the group is compensated for expenses incurred, are systematically recognized in profit or loss over the period that the expenses are recognized. Grants that compensate the group for the cost of an asset are recognized in profit or loss over the useful life of the asset.

The group also applies for other government support schemes where the group is qualified. Such grants are recognized as other revenue in the period received.

Finance income and finance costs

Finance income comprises interest income on funds invested during the year. Finance costs comprise interest costs incurred during the year.

Foreign currency gains and losses are reported on a net basis.

Income tax and deferred tax

Income tax expenses comprise current and deferred tax. Tax is recognized in profit or loss, except when it relates to items taken to other income and expenses or directly to equity or are linked to business combinations. If this is the case, the tax is also taken to other income and expenses or directly to equity.

Tax payable for the period is calculated in accordance with tax laws and rules that have been enacted, or substantially enacted, by the tax authorities at the end of the reporting period. Taxable income is calculated on the basis of the legislation in the countries in which the group's subsidiaries operate and generate taxable income.

Using the liability method, deferred tax is calculated on all temporary differences between the tax value and consolidated accounting value of assets and liabilities. The following temporary differences are not taken into account:

- Goodwill that is not tax deductible
- Initial recognition of assets or liabilities that affects neither accounting nor taxable profit or loss
- Differences relating to investments in subsidiaries that are not likely to reverse in the near future

Deferred tax is calculated using tax rates and tax legislation that have been enacted, or substantially enacted, at the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be generated against which the deductible temporary differences can be realised.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset them.

Statement of cash flows

The group's consolidated statement of cash flows shows the group's total cash flows spread over operating, investing and financing activities. The statement shows the effect of each activity on the group's liquid assets.

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments with insignificant risk convertible into known amounts of cash with maturities less than three months from acquisition date.

Cash flows from operating activities is based on result before tax, and adjusted for change in working capital and depreciation. Thus, interest paid are presented as part of the operating cashflow.

Earnings per share

Basic earnings per share and diluted earnings per share are presented for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss for the period attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share are determined by adjusting the profit or loss and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for dilutive potential.

Determination of fair values

The group's accounting principles and note information require the determination of fair value for both financial and non-financial assets and liabilities. Fair values are determined for measurement and/or disclosure purposes based on the methods described below. If relevant, further information about the assumptions made is disclosed in the notes relating to the respective assets and liabilities.

TANGIBLE NON-CURRENT ASSETS

The fair value of property, plant and equipment is recognized at fair value if is part of a business combination. The fair value of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

INTANGIBLE ASSETS

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method. The value is established residually by deducting a fair return on all other assets that together with customer relationships generate the cash flows used in the calculation.

The fair value of other intangible assets is based on the discounted expected cash flows derived from the use and subsequent sale of the assets.

INVENTORIES

The fair value of inventories acquired in a business combination is the estimated selling price in the ordinary course of business less the cost of completion and sale, to include a profit margin based on the effort required to complete and sell the inventories.

TRADE RECEIVABLES AND OTHER RECEIVABLES

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period (the reporting date).

ACCOUNTS PAYABLE AND OTHER LIABILITIES

Trade payables are obligations to pay for goods and services from suppliers to the ordinary operations and are measured at fair value (historical cost)

Loans are recognized initially at fair value when the loan is paid, net of transaction costs. In subsequent periods, loans are measured at amortized cost using effective interest rate.

Other liabilities are measured at fair value.

Estimates and judgements

Preparing the financial accounts in accordance with IFRS requires the management to make assessments, estimates and assumptions that affect the application of the accounting principles. The carrying amounts of assets and liabilities, as well as revenues and costs, are affected by these assessments. Actual results may deviate from estimated amounts. Estimates and their associated assumptions are based on historical data and other factors that are deemed to be relevant and representative. These calculations form the basis for assessing the amounts recognized in respect of assets and liabilities that cannot be determined on the basis of other sources.

Estimates and underlying assumptions are reviewed continually. Changes to accounting estimates are recognized in the period in which they occur if they only apply to that period.

If the changes also pertain to future periods, the effect is distributed over the current and future periods.

Estimates and judgements are reviewed on an ongoing basis and are based on historical information and other factors, including assumptions and future events that are deemed likely under the current circumstances.

ESTIMATES/ASSUMPTIONS

The group produces estimates and makes judgements/assumptions about the future. The resulting accounting estimates will rarely correspond fully to the final outcome. Estimates and assumptions that entail a risk of substantial changes in the carrying amounts of assets and liabilities during the next accounting year are:

i) Revenue recognition – As described in the section revenue recognition, often a measurement of physical progress in the service delivery is applied, which in some cases lead to use of estimates.

The most significant source of uncertainty in respect of revenues from contracts with customers relates to the estimation of supplementary work, additional requirements and bonus payments that are recognized as income to the extent that the group finds it highly probable that a significant reverse of revenue will not occur. For many projects, there may be substantial changes to the agreed scope of work that may lead to a number of variations in contract work. It is normal for contracts to contain provisions for how such changes should be handled. At any given time there will be unapproved variations in contract work and requirements included in the contract revenues. Although the management has extensive experience in assessing the outcome of such negotiations, there will always be an element of uncertainty.

The cost of completion depends on both productivity factors and salary levels. Factors that may substantially affect cost estimates, requirements and variations in contract work include weather conditions, access to work sites, the price of raw materials and other circumstances that may have an effect on time use.

Revenue recognition of contracts with mobilisation and demobilisation costs requires assumptions to be made about the duration of the contract, including potential extension options, in order to allocate expenses and revenues from the mobilisation/demobilisation period over the delivery period. Changes in the delivery period may result in adjustments being made to the accrued amount.

ii) Goodwill – In accordance with the accounting principles, the group performs tests annually, or more frequently if necessary, to determine whether Goodwill recognized in the statement of financial position should be written down. The estimated recoverable amount is calculated on the basis of the present value of budgeted cash flows for the cash-generating unit. The calculations require the use of estimates and that they are consistent with the market valuation of the group. Specific information about Goodwill and the testing of carrying amounts is provided in note 12 Intangible assets.

New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for the reporting period commencing 01.01.2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting
- Covid-19-Related Rent Concessions – amendments to IFRS 16

None of the amendments listed above have had any impact on the amounts recognized in prior periods and are not expected to significantly affect the future periods.

Note 4 Financial risk management

As a global supplier of oil services, the group is exposed to market risks, exchange rate risk and interest rate risk, credit risk, inflation risk and liquidity risk.

The group has established procedures and guidelines for setting appropriate risk levels for its main risks and for monitoring its risk exposure. The group's objectives for capital management are to sustain the group's position as a going concern in order to generate a return for shareholders, to be of benefit to other interested parties, and to maintain an optimal capital structure in order to reduce the cost of capital.

Risk management for the group is undertaken centrally in accordance with guidelines approved by the board of directors. The group identifies, measures, manages and reports financial risks in collaboration with the various operating units.

Managing the capital structure involves actively monitoring and adjusting the composition in accordance with changes in financial and economic circumstances and in the risk linked to underlying assets. In order to maintain the desired capital structure, the group may refinance debts, buy or issue new shares or debt instruments, or it may sell assets.

The group continuously monitors counterparties in order to reduce risk relating to financing, investing excess liquidity, bank balances from operations and derivatives. The group's guidelines impose limitations on exposure to individual counterparties and contain procedures for identifying risk factors when they occur.

The board produces principles for the risk management policy and issues guidelines for specific areas such as exchange rate risk, interest rate risk, credit risk, the use of financial derivatives and other financial instruments and for investing excess liquidity.

Exchange rate risk

The group predominantly operates in Norway, but some of its activities are international and thus exposed to exchange rate risks in several currencies. Exchange rate risks emerge from current and future assignments and from recognized assets. The group is exposed to exchange rate fluctuations because a limited portion of the group's revenue and cost is in other currencies. According to group policy, customer- and supplier contracts with exchange rate risk exceeding defined limits shall be hedged.

The parent company uses NOK as its functional currency. An assessment is made annually as to what is the actual functional currency of each entity in the group.

The group has relatively insignificant investments in overseas subsidiaries where net assets are exposed to exchange rate risks upon translation.

The negative development in the exchange rate for NOK after year end has had impact on key financial figures. Sensitivity analyzes related to exchange rate fluctuations is described in note 13. Normally these sensitivities are calculated at +/- 10% change, but due to significant exchange rate changes in 2020, the effects have now been calculated at +/- 30%.

Market risk

The Beerenberg group operates in the oil and gas market, which due to price fluctuations can be volatile. Beerenberg is affected by the oil companies' actions and the prevailing oil and gas prices. To mitigate this, Beerenberg has diversified into various segments of the market, e.g. new-build and maintenance and modification projects. Beerenberg is also expanding internationally, with the proprietary Benarx® product range and it is looking into related market segments, such as infrastructure for both products and services.

There is reason to believe that investment growth on the Norwegian Continental Shelf will abate in the long term, which in turn will impact investment. In order to expand its operations and customer base, the group has therefore been working to grow its international presence.

Cash flows and fair value interest rate risk

Variable rate loans pose an interest rate risk to the group's cash flows. The group is exposed to interest rate risks relating to debts, including financial leasing. Interest bearing debt as at 31.12.20 is a Bond issue and financial leasing, refer to note 25.

The weighted average effective rate of interest in relation to debt, was 8,9% in 2020 (2019: 8,6%).

The group's interest-bearing assets comprise as of 31.12 of bank deposits of NOK 139.8 million. Changes in market interest rates would affect operating cash flows related to these interest-bearing assets, but to a relatively modest degree.

Interest rate risks are continually reviewed by looking at potential refinancing, renewal of existing contracts, alternative financing and hedging. The groups calculation of interest on contracts is entirely linked to liabilities.

If effective interest rates had been 1% (percentage point) higher/lower on loans in NOK in 2020 and all other variables were constant, this would have resulted in a reduction/increase in profit/loss after tax of NOK 6.6 million in 2020 (2019: 6.6 million) Equity would have been similarly affected.

This is due to higher/lower interest costs on variable rate loans.

FINANCIAL DERIVATIVE INSTRUMENTS

The group holds a limited number of financial derivative instruments to hedge its foreign currency and interest rate risk exposures. The management strategy is, at present, to use hedging instruments in order to mitigate the effect of changes in variable interest rates. The long-term financing of the group is based on variable interest rates (3 mnth Nibor) which is subject to fluctuations. The strategy is to minimize this risk by entering into interest swaps agreements to swap variable interest rates to fixed rates at a proportion of around 70% of total outstanding loans.

Derivatives are recognized initially at fair value. Changes in fair value are recognized in profit or loss, except for hedging instruments that meet the criteria for hedge accounting.

The group follows IFRS 9 criteria's for classifying a derivative instrument as a hedging instrument. These are as follows:

a. the hedging relationship consists only of eligible hedging instruments and eligible hedged items.
b. at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
c. the hedging relationship meets all of the following hedge effectiveness requirements:

    i. there is an economic relationship between the hedged item and the hedging instrument
    ii. the effect of credit risk does not dominate the value changes that result from that economic relationship and
    iii. the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Hedging instruments classed as cash flow hedges offset variations in cash flows caused by changes in exchange rates, interest rates and market values. For cash flow hedges that meet the criteria for hedge accounting, all gains and losses on the effective part of the contract are recognized in comprehensive income and as hedging reserve in the statement of equity, while those on the ineffective part are recognized in the income statement under finance.

Derivative financial instruments with positive fair value are classified as current assets if the remaining maturity of the hedged item is less than a year into the future, and as fixed assets when the remaining maturity of the hedged item is more than a year ahead. Financial derivatives with negative fair value are classified as a current liability if the remaining maturity of the hedged item is less than a year into the future, and as a long-term liability when the remaining maturity is more than a year ahead.

Refer to note 24 for a specification of the group's current derivative instruments.

Credit risk

Credit risks are assessed at group level. The group's financial assets that are exposed to credit risks are predominantly trade receivables related to work performed not yet invoiced. These receivables mostly concern multinational oil companies and independent oil and gas companies, including companies that are wholly or partially owned by foreign governments. The group handles its exposure to credit risk by carrying out continual credit checks of customers and make provisions for losses on doubtful accounts.

Routines are incorporated to ensure that sales are only made to customers with satisfactory credit worthiness. If an independent credit rating of a customer is available, it will be used when determining a credit limit. If no independent assessment of the customer's credit worthiness is available, an assessment is carried out on the basis of the customer's financial position, history and other factors as appropriate. Individual limits for risk exposure are set on the basis of internal and external assessments of credit worthiness and of guidelines provided by the board of directors. The major customers are predominantly large international oil companies or government-owned oil companies. Such companies generally have very good credit ratings.

The group have not provided any warranties that pose a significant risk.

The group continuously seeks new opportunities for example in new build projects and increased presence in projects abroad. To enter new market segments, could imply changes to credit risk. This is a factor that the group has high focus on evaluating when considering such opportunities.

Liquidity risk

The group is exposed to liquidity risks relating to the repayment of debts and payments to suppliers. Cash flow forecasts are created for each operating unit within the group and aggregated at group level. Rolling forecasts for the group's liquidity requirements are monitored centrally to ensure that the group has sufficient cash equivalents to meet operating-related liabilities at all times. Such forecasts take into account the group's planned loans, compliance with borrowing terms and compliance with internal targets for reporting figures.

On the reporting date, the group had bank deposits of NOK 139.8 million plus an unused overdraft of NOK 37 million, designed to meet the liquidity risk.

Note 13 shows the group's interest-bearing financial liabilities classed according to maturity structure. Classification is carried out according to the due date stated in the contract. The amounts in the table are undiscounted contractual cash flows.

Interest-bearing long-term debt consists of a Bond with the principal amount of NOK 750 million. This Bond matures in November 2023.

Risk relating to capital management

The group's objectives for capital management are to sustain the group's position as a going concern in order to generate a return for its owners and to maintain an optimal capital structure in order to reduce the cost of capital.

In order to improve its capital structure, the group can adjust the level of dividends paid to shareholders, issue new shares, or sell assets to repay loans. The gearing in the group for 31.12.20 and for 31.12.19 is shown in table below.

	2020	**2019**
Total interest bearing debt	740 262	923 389
Less cash and cash equivalents	-139 733	-256 800
Net interest bearing debt	600 529	666 590
Total Equity	486 871	440 072
Total Capital (adjusted)	1 087 400	1 106 661
Debt Ratio	55%	60%
Gearing	1.2	1.5

Note 5 Segment

(Amounts in NOK 1,000)

Operating segments are reported consistent with internal reporting provided to Chief Operating decision maker. Chief Operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is defined as the Board of Directors. As at 31.12 there are two reporting segments in the group, "Services" and "Benarx". Services includes business related to the traditional ISS activity of the company which is mainly related to major framework contracts. Benarx includes business involving production of insulation materials and related subsea insulation business.

	Services		Benarx		Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating revenue external	1 426 221	1 953 916	296 506	255 671			1 722 727	2 209 587
Operating revenue internal	4 841	5 029	45 442	92 086	-50 284	-97 115	0	0
Total Operating revenue	**1 431 063**	**1 958 945**	**341 948**	**347 757**	**-50 284**	**-97 115**	**1 722 727**	**2 209 587**
Direct cost	1 170 746	1 625 709	255 748	283 333	-45 442	-92 086	1 381 053	1 816 956
Gross profit	**260 316**	**333 236**	**86 200**	**64 424**	**-4 841**	**-5 029**	**341 674**	**392 631**
Admin & overhead	93 651	146 800	36 160	34 713	-4 841	-5 029	124 969	176 484
EBITDA *	**166 666**	**186 436**	**50 040**	**29 711**	**0**	**0**	**216 706**	**216 147**
Depreciation, and impairment losses of tangible assets	39 169	39 465	15 263	16 600			54 432	56 065
EBITA **	**127 497**	**146 971**	**34 777**	**13 111**	**0**	**0**	**162 274**	**160 082**
Amortisation and impairment losses of intangible assets	16 351	17 421	149	613			16 500	18 034
EBIT ***	**111 146**	**129 550**	**34 628**	**12 498**	**0**	**0**	**145 774**	**142 048**

*) Operating result before depreciation, amortisation and impairment losses
**) Operating result before amortisation and impairment losses of intangible assets
***) Operating result

ASSETS	Services		Benarx		Not Allocated		Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Intangible assets	27 070	41 650	3 988	5 875					31 057	47 525
Goodwill	582 762	582 762	200 000	200 000					782 762	782 762
Property, plants and equipment	175 686	199 523	37 877	46 647					213 563	246 169
Financial fixed assets	9 874	7 792							9 874	7 792
Total Noncurrent assets	**795 391**	**831 727**	**241 865**	**252 521**					**1 037 256**	**1 084 248**
Inventory	33 150	23 417	33 099	37 744					66 250	61 161
Accounts receivable from customers	202 584	182 819	58 052	68 772			-11 026		249 611	251 592
Other receivables	23 159	12 475	16 037	4 288					39 196	16 763
Earned, not invoiced contract revenues	127 207	144 074	16 791	42 966					143 998	187 041
Cash at bank, cash in hand and similar					139 733	256 800			139 733	256 800
Total current assets	**386 100**	**362 785**	**123 980**	**153 770**	**139 733**	**256 800**	**-11 026**		**638 787**	**773 355**
Total Assets	**1 181 491**	**1 194 512**	**365 845**	**406 292**	**139 733**	**256 800**	**-11 026**		**1 676 043**	**1 857 603**

GEOGRAPHIC

Revenue is also measured according to whether it is earned in Norway/on the Norwegian Continental Shelf (NCS) or internationally (ICS)

	NCS		ICS		Consolidated	
	2020	2019	2020	2019	2020	2019
Total Operating revenue	1 560 641	2 050 249	162 086	159 338	1 722 727	2 209 587

Reconciliation of EBITDA to profit/loss before tax:	**2020**	**2019**
EBITDA	216 706	216 147
Depreciation, amortisation and impairment losses	70 931	74 099
Net finance costs	90 817	80 022
Result before tax	**54 958**	**62 026**

Revenue from customers who make up more than 10 % of total revenue

Revenue from 2 customers make up more than 10 % of total revenue in 2020 or 2019.
Revenues from customer 1 amounted to 971.777 which was 56 % of total revenue (2019: 1 219 869, 55 % of total revenue).
Revenues from customer 2 amounted to 141.832 which was 8 % of total revenue (2019: 482 017, 22 % of total revenue).

Note 6 Revenues

(Amounts in NOK 1,000)

Beerenberg's main contracts with customers are servicing and maintenance contracts. Main deliveries in these contracts involves enhancing assets that the customer controls while the asset is enhanced. This means that Beerenberg's customer contracts involving sales of services are recognized over time when services are delivered. Revenue from Beerenberg's contracts with customers involving sale of goods are recognized at a point in time which the company transfers control of the goods to the customer. The company's revenue also arises from hiring out different types of equipment, mainly scaffolding. Contracts involving letting of equipment are normally integrated in contracts for perforing services. Revenues from letting of equipment are recognized over time as the customer has control of the equipment which is hired. Other revenue in 2020 is mainly related to government business compensation scheme related to Covid-19, where the group was entitled to support from two different support schemes. The group received support for certain fixed costs for the months March through August, and also received support for early return of temporarily laid off personell for the months July and August.

	2020	**2019**
Revenues from contracts with customers		
Revenues from sale of services	1 271 747	1 746 588
Revenues from sale of goods	284 919	306 655
Revenues from hiring of equipment	138 658	156 056
Total revenue from contracts with customers	**1 695 323**	**2 209 300**
Other revenue		
Gains from sale of assets	60	287
Government business compensation scheme	25 698	0
Other revenue	1 646	0
Total other revenue	**27 404**	**287**
Total revenue	**1 722 727**	**2 209 587**
Accounts receivables		
Trade receivables at face value	254 121	257 260
Provision for losses on claims	(4 510)	(5 669)
Total trade receivables	**249 611**	**251 592**
Total accounts receivables		
Accounts receivables from customers	254 121	251 592
Earned, not invoiced accounts receivables	143 998	187 041
Total accounts receivables	**398 119**	**438 632**

Earned, not invoiced accounts receivables relates to consideration for work performed, but not yet invoiced at the reporting date. This mainlypertains to work performed in December 2020, invoiced in January 2021. Earned, not invoiced accounts receivables is transferred to accounts receivables when the company has issued invoice to the customer.

Note 7 Other operating costs

(Amounts in NOK 1,000)

Beerenberg's other operating costs totals 276 446. (340 756 for 2019) 70–80% of these costs are project costs. Other costs are costs relating to consulancy fees, premises and associated costs, IT, insurance premiums, contingents, marketing and patent costs.

	2020	2019
Travel expenses	98 040	122 362
Rental of equipment	27 679	34 432
Other project costs	88 756	116 621
Consultancy fees	21 878	22 768
Facilities	14 664	17 658
IT	17 736	17 830
Other	7 693	9 085
Total other operating costs	**276 446**	**340 756**

Auditor's fee		
Statutory audit	1 301	1 424
Other assurance services	210	0
Tax advisory fee (incl. technical assistance with tax return)	153	271
Other assistance	127	306
Total	**1 791**	**2 001**

The sums stated are exclusive of VAT.

Note 8 Personnel costs

(Amounts in NOK 1,000)

Personnel costs	**2020**	**2019**
Salaries incl. holiday pay	634 357	797 108
National Insurance contributions	90 997	115 067
Pensions	27 415	25 817
Contract personnel	263 908	527 042
Other employee benefits	16 730	15 091
Total Personnel costs*	**1 033 406**	**1 480 124**
Number of Full-time equivalent (FTE) *	**1 716**	**2 002**

* Both salaries and FTEs includes hired in personell.

Note 9 Finance income and finance costs

(Amounts in NOK 1,000)

Finance income and finance costs	2020	2019
Gains from purchase of own bonds	1 000	0
Interest income from bank and other sources	1 575	1 564
Finance income	**2 575**	**1 564**
Interest cost bank	3 827	3 202
Interest cost bond	69 122	68 312
Interest cost interest swap	7 470	115
Amortization of refinancing fee	5 819	4 380
Interest cost leasing	3 124	3 804
Interests from vendors and other interest costs	3 318	1 430
Net foreign exchange losses, realised	-1 269	-627
Net foreign exchange losses, unrealised	1 982	971
Finance costs	**93 392**	**81 586**
Net finance costs recognised in income statement	**-90 817**	**-80 022**

Note 10 Tax

(Amounts in NOK 1,000)

	2020	2019
Tax payable has been calculated as follows:		
Ordinary result before tax	54 958	62 026
Tax payable on the result for the year	**12 050**	**16 357**
Tax cost is calculated as follows:		
Tax payable on the result of the year	12 050	16 357
Corrections to previous years	201	1 001
Gross changes deferred tax	-3 772	-690
Total tax cost for the year	**8 478**	**16 667**

	31.12.2020	31.12.2019
Tax payable on the balance sheet has been calculated as follows:		
Tax payable on the result of the year	12 050	16 357
Total tax payable	**12 050**	**16 357**

Specification of deferred tax/deferred tax concessions changes over profit and loss

Additions through business combinations	5 096	7 997
Fixed assets	6 944	6 706
Current assets	4 704	-195
Liabilities	-9 705	-5 291
Precluded interest deduction to be carried forward	-4 860	-4 860
Other deferred tax	-1 593	0
Net temporary differences	**586**	**4 358**
Tax losses carried forward	0	0
Deferred tax before OCI	**586**	**4 358**

Specification of deferred tax/deferred tax over OCI	**2020**	**2019**
Derivatives	-247	636
Deferred tax OCI	**-247**	**636**
Deferred tax obligations	**339**	**4 994**

Explanation as to why the tax for the year does not amount to 22 % of the result before tax

22 % of the result before tax	12 091	13 646
Permanent differences (22 %)	-469	557
Corrections to previous years	201	1 001
Profit/loss in foreign subsidiaries, not included in basis for tax payable	-3 278	1 464
Reversed taxable profit from previous years	-66	0
Calculated tax	**8 478**	**16 667**

Note 11 Property, plant and equipment

(Amounts in NOK 1,000)

31.12.2020	Vehicles	Production equipment	Telecoms & IT	Buildings, barracks and halls	Right of use assets	Total 31.12.2020
Acquisition cost 01.01	30 734	477 352	16 272	55 876	77 703	**657 937**
Acquisitions of non-current assets	2 519	12 329	204	2 041	4 651	**21 744**
Disposals		-31		0		**-31**
Exchange rate effects		94		0	-16	**78**
Acquisition cost 31.12	**33 253**	**489 744**	**16 476**	**57 916**	**82 338**	**679 728**
Accumulated depreciation 01.01	22 879	311 968	15 941	44 514	16 464	**411 767**
Depreciation for the year	3 236	27 338	199	4 485	18 525	**53 784**
Write-downs for the year		613				**613**
Disposals – accumulated depreciation						**-**
Accumulated depreciation 31.12	**26 116**	**339 920**	**16 140**	**48 999**	**34 989**	**466 164**
Capitalized value 31.12	**7 137**	**149 824**	**336**	**8 918**	**47 349**	**213 563**
Economic useful life	5–7 years	5–10–15 years	3 years	10 years	2–10 years	
Depreciation schedule	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

The category Production equipment contains some assets that are leased. The book value of leased material as of 31.12.2020 is 11 989 and relates mainly to scaffolding in the subsidiary Beerenberg Industri AS. For reference the book value of leased material as of 31.12.19 was 12 835.

Following implementation of IFRS 16 from January 1st 2019 long term rental agreements of property is booked as Right of use assets. The book value of such right of use assets is as of 31.12.20 47 349 (2019: 61 239) and represents the value of rental agreements for office buildings, factories or similar premises. The value of right of use is calculated by the sum off all future rent obligations discounted to the implementation date by applying a discount rate of 5%. The right of use assets are depreciated by straight line over the period for the rent. Refer to note 11 for interest cost of leasing, and note 13 for maturity overview of leasing. In addition to leasing agreements that are booked as right of use asset, the group also rents equipment, and some times also premises, on short term contracts or of low value. Cost related to such rental agreements are booked as other operating costs, refer to note 6.

31.12.2019	Vehicles	Production equipment	Telecoms & IT	Buildings, barracks and halls	Right of use assets	Total 31.12.2019
Acquisition cost 01.01	26 489	433 995	16 118	50 912	0	**527 514**
Acquisitions of non-current assets	4 666	43 502	155	5 348	77 703	**131 374**
Disposals	-421	-328		-384		**-1 134**
Exchange rate effects		183				**183**
Acquisition cost 31.12	**30 734**	**477 352**	**16 272**	**55 876**	**77 703**	**657 937**
Accumulated depreciation 01.01	19 934	279 421	15 761	40 586	-	**355 702**
Depreciation for the year	2 945	28 441	180	3 526	16 464	**51 556**
Write-downs for the year		4 107		403		**4 509**
Disposals – accumulated depreciation						**-**
Accumulated depreciation 31.12	**22 879**	**311 968**	**15 941**	**44 514**	**16 464**	**411 767**
Capitalized value 31.12	**7 854**	**165 384**	**331**	**11 362**	**61 239**	**246 169**
Economic useful life	5–7 years	5–10–15 years	3 years	10 years	2–10 years	
Depreciation schedule	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

Note 12 Intangible assets and Goodwill

(Amounts in NOK 1,000)

31.12.2020	Cutting technology	Benarx	Benarx certification	Patents and development projects	Software	Customer relationships	Goodwill	Total 31.12.2020
Acquisition cost 01.01	7 216	57 834	2 153	24 764	30 304	267 324	887 872	**1 277 467**
Acquisitions in-house R&D								**-**
Acquisitions of non-current assets					32			**32**
Exchange rate effects								**-**
Acquisition cost 31.12	**7 216**	**57 834**	**2 153**	**24 764**	**30 337**	**267 324**	**887 872**	**1 277 499**
Accumulated amortisation 01.01	6 177	57 834	2 153	11 417	29 728	186 054		**293 364**
Accumulated write-downs 01.01	-	-	-	3 520	-	45 187	105 110	**153 817**
Amortisation for the year	707			2 684	187	12 921		**16 500**
Accumulated amortisation 31.12	**6 884**	**57 834**	**2 153**	**14 101**	**29 916**	**198 975**	**-**	**309 863**
Accumulated write-downs 31.12	**-**	**-**	**-**	**3 520**	**-**	**45 187**	**105 110**	**153 817**
Capitalized value 31.12	**332**	**0**	**0**	**7 143**	**421**	**23 162**	**782 762**	**813 819**
Economic useful life	10 years	10 years	5 years	5 years	5 years	10 years		
Depreciation schedule	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line		

At the start of 2020 the Beerenberg AS Group had recorded Goodwill to the amount of 782 762. This goodwill is primarily allocated to the employees, corporate culture, know-how and synergies that can be realised in connection with the acquisition of subsidiaries. Stable operative management is achieved through the active ownership of key personnel in acquired companies. In 2013 Beerenberg Holding AS was aquired by Beerenberg AS, generating a Goodwill of 883 860. Following a non renewal of a large contract and subsequent impairment testing, this Goodwill was written down by the amount of 105 110 in 2016. In 2017 Beerenberg Industri AS was acquired by Beerenberg Services AS generating a Goodwill of 7 489. The Goodwill generated from the purchase of Beerenberg Industri was in 2018 adjusted downwards by the amount of 3 477 following an update of the Purchase Price Allocation analyzis. There were no changes to Goodwill in 2020, leaving the Goodwill as at 31.12.2020 to 782 762.

Intangible assets are measured on the basis that the asset will give future economic benefits, that the acquisition cost is identifiable, and that it has a lasting useful life. A test for impairment has been performed in accordance with IAS 36. According to IAS 36 the company shall estimate recoverable amount, and compare this to book values including Goodwill. The group reports two operating segments which operates as separate cashgenerating units, the “Benarx” segment and the “Services” segment. The “Benarx” segment consists of business related to the production of insulation materials and subsea related insulation business, and the “Services” segment consists of the traditional ISS activity of the company mainly related to larger framework contracts. Goodwill is allocated with 200 000 to the Benarx segment, and 582 762 to the Services segment. Goodwill was therefore tested for impairment by comparing capital employed in the two segments against the present value of expected cash flows of the segments.

Budget and forecasts approved by the Board of Directors for the next 3 years was the basis for the test of impairment. During this period, the EBIT margin is estimated to 7–10%. Key assumptions for estimated future cash flows are:

- Oil-price levels around average for the last two to three years, with a corresponding activity level on the Norwegian Continental Shelf. Especially, this is important related to maintenance and modification in the Services segment.
- The group maintaining a reasonable market share in the insulation material business, through amongst other deliveries to new build projects, initiated on Norwegian Continental Shelf.

Furthermore, a required rate of return is of 9.3% is applied. The required rate of return is built up using the WACC method (weighted average cost of capital).

The result of the impairmenttest was higher value of present value of expected cash flows than net capital employed in both segments.

Sensitivity analyses have been performed, and the table below set out changes in assumptions that results in an impairment situation:

Change in assumption	Segment	
	BENARX	SERVICES
Required rate of return *	+ 10,4%	+ 4,5%
Revenue **	-42%	-33%
Operating Result	-52%	-43%

* The group has applied a nominal WACC after tax of 9,3%. The figure shows that if WACC was set to 19,7% for Benarx and 13,8% for Services it will result in an impairment situation.

** Margins as before change of assumption

The group believes that no reasonable changes in the assumptions that have been used for testing impairment, could result in a lower value of future cash flows than the net capital employed. Furthermore, the group has a good order portfolio that will help the group develop vertically and horizontally throughout the value chain. By exploiting existing synergies, the group will be able to make use of the market opportunities they offer through improved access to expert personnel. On that basis, and on the basis of estimated future revenues and described sensitivities, the group can justify that Goodwill will have a value in excess of the book value in both segments.

31.12.2019	Cutting technology	Benarx	Benarx certification	Patents and development projects	Software	Customer relationships	Goodwill	Total 31.12.2019
Acquisition cost 01.01	7 216	57 834	2 153	25 570	29 846	267 324	887 872	**1 277 815**
Acquisitions in-house R&D				-805				**-805**
Acquisitions of non-current assets					445			**445**
Exchange rate effects					13			**13**
Acquisition cost 31.12	**7 216**	**57 834**	**2 153**	**24 764**	**30 304**	**267 324**	**887 872**	**1 277 467**
Accumulated amortisation 01.01	5 121	57 316	1 916	8 301	29 542	173 133		**275 330**
Accumulated write-downs 01.01	-	-	-	3 520	-	45 187	105 110	**153 817**
Amortisation for the year	1 056	518	237	3 116	187	12 921		**18 034**
Accumulated amortisation 31.12	**6 177**	**57 834**	**2 153**	**11 417**	**29 728**	**186 054**	**-**	**293 364**
Accumulated write-downs 31.12	**-**	**-**	**-**	**3 520**	**-**	**45 187**	**105 110**	**153 817**
Capitalized value 31.12	**1 039**	**0**	**0**	**9 827**	**576**	**36 082**	**782 762**	**830 287**
Economic useful life Depreciation schedule	10 years Straight-line	10 years Straight-line	5 years Straight-line	5 years Straight-line	5 years Straight-line	10 years Straight-line		

Note 13 Financial instruments

(Amounts in NOK 1,000)

Exposure to credit risk

Maximum exposure to credit risks on the reporting date was:

	Capitalized value	
	2020	**2019**
Trade receivables	249 611	251 592
Other receivables	39 196	16 763
Earned, not invoiced	143 998	187 041
Cash and cash equivalents	139 733	256 800
Total	**572 537**	**712 194**

Impairment losses

The age distribution of trade receivables as at 31.12 was as follows:

	2020		**2019**	
	Gross Trade receivables	**Allowance for bad debt**	**Gross Trade receivables**	**Allowance for bad debt**
Not overdue	207 973	1 878	214 018	2 099
0–30 days overdue	21 170	1 059	21 365	618
31–90 days overdue	18 516	925	12 250	928
More than 90 days overdue	6 461	648	9 627	2 024
Total	254 120	4 510	257 260	5 669

Change in provision account for impairment of trade receivables:

	2020	**2019**
Opening balance	5 669	5 525
Loss on trade receivables	-43	-543
Change in provision for bad debt	-1 115	687
Closing balance	**4 510**	**5 669**

The group utilizes a model for considering potential loss of accounts receivables where a proportion of total outstanding amounts is treated as uncertain even if no objective evidence of uncertainty exists. This proportion increases with days the receivables are overdue. On top of the mathematical approach for considering provision for potential loss, items in the accounts receivables where objective evidence of increased risk of potential loss exists is also considered when setting the total provision for bad debt.

Liquidity risk

Contractual payments due in relation to financial commitments, including rent payments, are:

As at 31.12.20	Capital-ized value	Contractual cash flows	6 months or earlier	6-12 months	1-2 years	2-5 years	More than 5 years
Interest bearing long term lease liabilities *	37 553	43 192	0	0	15 081	25 330	2 781
Interest-bearing long-term liabilities **	630 831	812 570	29 757	28 688	104 188	649 938	
Interest bearing short-term liabilities **	70 757	70 757	37 730	33 027			
Trade payables	135 285	135 285	135 285				
Other current liabilities	196 943	196 943	196 943				
Total	1 071 369	1 258 747	399 716	61 715	119 269	675 267	2 781

* Lease liabilities includes rental of premises of 52 453 according to IFRS 16. These liabilities are discounted by applying a rate of 5%. Lease liabilities that matures next year are classified as short term liabilities.

** Interest-bearing debt consists of a bond with the principal amount 750 000. Capitalized value includes deduction for transaction costs that are expensed as interest during the course of the loan (26 401) as well as principal amount of own bonds (50 000). Interest rate on the loan is 3 month NIBOR plus margin of 8.0%. The bond has every 6-month amortization of 25 000 until maturity, in total 125 000. The loan matures 13. November 2023. It is not expected that the cash flows in the maturity analysis will occur at earlier dates, or with substantially different amounts. Next year installments of 50 000 are classified as interest bearing short – term liabilities.

As at 31.12.19	Capital-ized value	Contractual cash flows	6 months or earlier	6-12 months	1-2 years	2-5 years	More than 5 years
Interest bearing lease liabilities *	69 010	78 449	10 391	9 481	6 247	48 544	3 786
Interest-bearing debt **	852 195	938 833	42 705	35 445	860 682		
Trade payables	161 811	161 811	161 811				
Other current liabilities	190 800	190 800	190 800				
Total	1 273 816	1 369 892	405 707	44 926	866 929	48 544	3 786

* Lease liabilities includes rental of premises of 63 855 according to IFRS 16. These obligations are discounted by applying a rate of 5%.

** Interest-bearing debt consists of a bond with the principal amount 850 000. Capitalized value includes deduction for transaction costs that are expensed as interest during the course of the loan (5 065). Interest rate on the loan is 3 month NIBOR plus margin of 6.5%. There are no installments on this loan and it matures 24.February 2021. It is not expected that the cash flows in the maturity analysis will occur at earlier dates, or with substantially different amounts.

Exchange rate risk

All amounts are in the currency stated in table	31.12.2020						31.12.2019				
	THB	EUR	USD	PLN	SGD	KRW	EUR	USD	PLN	SGD	KRW
Cash and cash equivalents	59 698	236	1 620	1 160	1 694	1 572 372	35	4 006	358	85	1 201 584
Trade receivables	53 150	101	2 487	124	81	474 548	377	3 596	331	778	168 188
Trade payables	-54 755	-182	-348	-913	-18	-486 075	-843	-267	-1 880	153	-410 329
Net exposure	**58 092**	**155**	**3 759**	**372**	**1 758**	**1 560 844**	**-431**	**7 334**	**-1 192**	**1 016**	**959 444**

Significant exchange rates during the year:	Average exchange rate		Spot exchange rate	
	2020	2019	31.12.2020	31.12.2019
THB	0,301	0,284	0,285	0,295
EUR	10,726	9,854	10,488	9,858
USD	9,415	8,805	8,542	8,791
PLN	2,413	2,293	2,273	2,315
SGD	6,819	6,453	6,459	6,533
KRW	0,008	0,008	0,008	0,008

A decrease in NOK against the following currencies at the end of the year would have increased/(reduced) equity and profit by the amounts given below. The analysis is based on changes in the exchange rate within a reasonably possible range. The possible range is defined by the management at the end of the accounting year. The analysis assumes that other variables, particularly interest rates, remain constant. The analysis was carried out on the same basis as in 2019.

		Effect for 2020	Effect for 2019
Currency	**Change**	**Profit/loss**	**Profit/loss**
THB	30%	4 087	-
EUR	30%	389	-993
USD	30%	8 281	15 112
PLN	30%	210	-639
SGD	30%	2 804	1 534
KRW	30%	2 883	1 706
		14 567	**16 720**

An increase in NOK against the above-mentioned currencies as at 31 December would have given the same figures, but with the opposite effect, once again assuming that other variables remain constant.

Of the cash in foreign currency the majority of USD is placed in KEB Hana Bank in Korea and OCBC bank in Singapore, PLN is placed in Danske Bank in Poland, SGD is placed in OCBC bank in Singapore and THB is placed in Kasikorn bank in Thailand.

FAIR VALUE AND CAPITALIZED VALUE

The fair value and capitalized value of financial assets and liabilities:

	31.12.2020		31.12.2019	
	Capitalized value	**Fair value**	**Capitalized value**	**Fair value**
Assets carried at amortised cost				
Trade receivables	249 611	249 611	251 592	251 592
Cash and cash equivalents	139 733	139 733	256 800	256 800
Total	**389 344**	**389 344**	**508 391**	**508 391**
Liabilities carried at amortised cost				
Loans	680 831	729 982	844 935	850 000
Leasing	54 576	54 576	69 010	69 010
Trade payables	135 285	135 285	161 811	161 811
Total	**870 692**	**919 843**	**1 083 016**	**1 088 081**

The methods used to measure the fair value of financial instruments are described in the note on the group's accounting principles.

Net debt reconciliation

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

	Liabilities from financing activities		
Amounts in NOK thousands	**Borrowings**	**Leases**	**Total**
Net debt as at 31 December 2018	**847 306**	**8 190**	**855 496**
Cash flow changes			
Payment of lease obligation	0	-16 883	-16 883
Non cash changes	4 890	0	0
Leasing related adjustments	0	77 703	77 703
Net debt as at 31 December 2019	**852 195**	**69 010**	**921 205**
Cash flow changes			
Proceeds from borrowings	680 076	0	680 076
Repayment of borrowings	-850 000	0	-850 000
Payment of lease obligation	0	-19 085	-19 085
Non cash changes	2 293	0	2 293
Leasing related adjustments	0	4 651	4 651
Net debt as at 31 December 2020	**684 565**	**54 576**	**739 140**

Note 14 Inventory

(Amounts in NOK 1,000)

	2020	2019
Raw materials	48 114	58 485
Work in progress	1 698	1 783
Finished goods	18 443	3 474
Provision for obselete inventory	(2 006)	(2 582)
Total Goods	**66 250**	**61 161**

Note 15 Bank deposits and cash equivalents

(Amounts in NOK 1,000)

Bank deposits and cash equivalents	**2020**	**2019**
Bank deposits	139 733	256 800
Total deposits	**139 733**	**256 800**

OVERDRAFT LIMIT

The group has a combined overdraft and guarantee limit of 150 000. Deductions on overdraft as at 31.12.2020 amounted to 0 for the group as a total. Utilization of the guarantee limit amounted to 113 165, refer to note 19 for details of guarantees.

Note 16 Share capital and shareholder information

(Amounts in NOK 1,000)

SHARE CAPITAL AND SHAREHOLDER INFORMATION:

The Company's share capital is 26 700 distributed on 267.000.000 shares, whereof 1.000.000 A-shares, and 266.000.000 B-shares. Nominal value per share is 0,0001. The A-shares have all rights. The B-shares have voting rights by 1 vote per 10 share and no rights to dividends. In the event of a liquidation of the company, the owner of B-share shall be entitled to repayment of paid-in capital at the time when the share was subscribed (nominal and any share premium), but no excess amount. The B shareholders right at this point has a preferential right over the A shareholders right to liquidation dividends. Otherwise, the share classes are equal.

List of the major shareholders at 31.12.20:

Shareholder	A-Shares	%	B-Shares	%	Total Shares	%	Controlled by
Segulah IV L.P.	833 732	83,4%	223 247 653	83,9%	224 081 385	83,9%	
AlpInvest Partners 2012 I B.V.	92 121	9,2%	24 931 110	9,4%	25 023 231	9,4%	
AlpInvest Partners 2012 II B.V.	23 319	2,3%	6 310 883	2,4%	6 334 202	2,4%	
K. Lenning Management AS	14 200	1,4%	3 379 600	1,3%	3 393 800	1,3%	Board Leader
Svein Eggen Holding AS	5 325	0,5%	1 267 350	0,5%	1 272 675	0,5%	Board member
Mowin AS	5 325	0,5%	1 267 350	0,5%	1 272 675	0,5%	Board member
Other	25 978	2,6%	5 596 054	2,1%	5 622 032	2,1%	
Total	**1 000 000**	**100,0%**	**266 000 000**	**100,0%**	**267 000 000**	**100,0%**	

Basic earnings per A-share is 0,046 for 2020 compared to 0,045 for 2019.

Basic earnings per share are based on the profit/loss attributable to A-shares and on the weighted average number of ordinary shares outstanding. Diluted earnings per share are identical as there is no dilutive effect.

Note 17 Employee benefits – pensions

(Amounts in NOK 1,000)

MANDATORY OCCUPATIONAL PENSION

The company is obliged to operate an occupational pension scheme in accordance with the Norwegian act on mandatory occupational pensions. The company's pension schemes satisfy the provisions of this act.

EXTENDED PENSION SCHEME

CEO and other defined other key personell have an additional pension scheme agreement which amounts to 10% of salary for CEO, 6% of salary for group executive management, and 3% for other members of this pension scheme.

Pension liabilities has the following composition	2020	2019
Liabilities related to extended pension scheme	12 175	10 065
Total pension liabilities	**12 175**	**10 065**

Pension cost in consolidated income statement has the following composition	2020	2019
Pension cost extended pension scheme	2 700	3 053
Pension cost mandatory occupational pension	12 879	10 701
Pension cost AFP scheme	11 836	12 064
Total pension cost in consolidated pension cost	**27 415**	**25 817**

Note 18 Remuneration of key employees

(Amounts in NOK 1,000)

Directors' fees	2020
Chairman Ketil Lenning	400
Ingelise Arntsen	215
Hilde Drønen	195
Morten Walde	-
Svein Eggen	175
Sebastian Ehrnrooth	175
Total for board members elected by shareholders	**1 160**
Finn Kydland	60
Andre Simonsen	60
Tore Kjell Jørgensen (deputy member)	5
Christian Jørgensen (deputy member)	-
Rune Kårbø (observer)	11
Ståle Andreas Hovdekleiv (observer)	-
Total for board members elected by employees *	**135**

* This applies to directors' fees for board positions in subsubsidiary Beerenberg Services AS.

Group executive management

2020	Position	Salary	Other Compensations
Arild Apelthun	CEO	2 772	40
Harald Haldorsen **	CFO	1 554	13

** CFO from March 2020.

Pensions are not included in the table above. Group executive management and CEO have an additional pension scheme agreement which amounts to 10% of salary for CEO, and 6% of salary for group executive management. The CEO has an agreement that guarantees salary payments for up to 18 months if the employer were to terminate his employment. A non-compete clause also apply to the CEO in the same period. The CEO has a performance-based bonus agreement, identical for all employees in the group executive management. Bonus may not exceed 40% of the annual salary for CEO and 30% for group executive management. No other bonuses, severance or options than described here are given to the board of directors or management.

In addition to ordinary salaries, key employees benefit from free telephones, broadband and mandatory contribution-based pensions. Everyone is paid a fixed salary, and no overtime payments are made. The key principles for setting management salaries at Beerenberg are that the company should be able to offer competitive terms. This relates to the combination of salaries, benefits in kind and pension schemes. The company operates in an international environment, a fact that is emphasised and reflected when setting the level of remuneration. When setting remuneration for 2021, the company will apply the same policy as in 2020. This entails being a competitive employer who attracts necessary expertise and capacity. The company also wishes to retain expertise and encourage long-term employment relationships. In respect of salary levels, the company aims to be in the high to average range in relation to comparable companies in order to attract competent personnel.

Note 19 Warranty liabilities and provisions

(Amounts in NOK 1,000)

The group has provided a joint bank guarantee for all the companies in the group. In some cases, the group will provide bank guarantees to customers when entering into large fixed price contracts. As at 31.12.20, the guarantees totalled 66 665, compared to 57 936 as at 31.12.19.

A tax withholding guarantee of 46 500 has also been provided as at 31.12.20, compared to 46 500 as at 31.12.19.

The group has warranty liabilities relating to maintenance contracts. Warranty periods may last for three to five years after an annual programme has been completed. New-build and modifications contracts are generally subject to a two to three year warranty after the completion certificate has been issued.

Guarantee liabilities are assessed continuously per individual project that has guarantees provided. However, as it is difficult to estimate the probability that a warranty claim will arise per project and how much cost this would entail, there are also made an assessment of the overall uncertainty on group level (IAS 37.24).

Change in provision for for warranty liabilities is shown in the table below.

	2020	2019
Opening balance	18 990	16 500
Incurred warranty cost	0	0
Expired warranty provision	-4 898	-4 300
New warranty provision	5 700	6 790
Closing balance	19 792	18 990

Note 20 Other short-term liabilities

(Amounts in NOK 1,000)

Other Short term liabilities	**2020**	**2019**
Accrued holiday pay	66 933	78 396
Contract liabilities	22 354	-
Project provisions and provisions for accrued salaries	107 656	112 404
Total other short term liabilities	**196 943**	**190 800**

Note 21 Contingent outcomes

PROJECT RISKS AND UNCERTAINTIES

The group's projects are largely long-term Frame Agreements awarded as the result of a tender. According to IFRS 15 revenue is recognized based on evaluation of work performed in the period. The value of work performed during the period are based on a measurement of physical progress recorded after a detailed inspection of actual progress, or based on the number of hours of work performed, normally also approved by the customer. Therefore, in each reporting period there will be a very limited degree of use of estimates related to revenue in projects involving services rendered. Similar, in projects involving delivery of goods income is recognized upon delivery to customer, so a very limited need for estimates exists.

However, circumstances and information may change in subsequent periods, and final outcomes may be better or worse than assessments made at the time the financial statements were prepared.

In the group's opinion, there are no projects as at 31.12.20 with uncertainties relating to estimates of revenue or cost that may be of significant importance to the consolidated figures.

LEGAL DISPUTES

From time to time, the group becomes involved in various disputes in its course of business. Provisions have been made to cover expected losses resulting from such disputes to the extent that negative outcomes are probable and reliable estimates can be produced. The final outcome of such cases will always contain elements of uncertainty, and may result in liabilities exceeding the recognised provisions.

Note 22 Related parties

No related parties transactions were conducted in 2020.

Note 23 Group entities

As at 31.12.20 the group consist of the following 9 companies; Beerenberg AS, Beerenberg Holding AS, Beerenberg Services AS, Beerenberg Industri AS, Beerenberg Poland Sp. z o.o, Beerenberg Singapore LTD, Beerenberg UK LTD, Beerenberg DSL LTD and Beerenberg Korea LTD.

Together with DSL Thailand, a subsidiary Beerenberg DSL LTD was established in the 2nd Quarter of 2020.

The investment by DSL Thailand in Beerenberg DSL LTD represents a non-controlling interest, thus net profit that is attributable to non-controlling interest is presented in the Condensed Statement of Income and in the Condensed Consolidated Statement of Change in Equity. The ownership interest is 49%, still Beerenberg DSL LTD is consolidated in the group accounts since the majority of voting rights is secured through the shareholder structure and agreements.

Company	Parent Company	Ownership interest
Beerenberg Holding AS	Beerenberg AS	100%
Beerenberg Services AS	Beerenberg Holding AS	100%
Beerenberg Industri AS	Beerenberg Services AS	100%
Beerenberg Solutions Poland Sp. z o.o	Beerenberg Services AS	100%
Beerenberg Singapore LTD	Beerenberg Services AS	100%
Beerenberg UK LTD	Beerenberg Services AS	100%
Beerenberg DSL LTD	Beerenberg Services AS	49%
Beerenberg Korea LTD	Beerenberg Solutions Poland Sp. z o.o	100%

Beerenberg Industri AS registered office is at Bedriftsvegen 10, Skien.

Beerenberg Singapore LTD's registered office is in Singapore. Beerenberg Poland Sp. Z o.o's registered office is in Poland. Beerenberg Korea LTD's registered office is in Korea.

Beerenberg DSL LTD's registered office is in Thailand. Beerenberg UK LTD's registered office is in UK.

The other companies has registered office at Kokstaddalen 33, Bergen. The voting share in the subsidiary companies is identical to the ownership share, except for Beerenberg DSL where the majority of voting rights is secured through the shareholder structure and agreements.

Note 24 Derivatives

(Amounts in NOK 1,000)

The group has used hedge accounting in accordance with IFRS 9. Refer to note 1 accounting principles for a description of the group's strategy for applying different types of derivatives to mitigate different types of risk exposures, and how these affects the financial statement. At the end of 2019 and 2020 only one derivative instrument was present, an interest swap agreement, to mitigate the effect of change in variable interest rates.

In connection with the new Bond loan, the group entered in December 2020 into an interest rate swap agreement to secure the cash flows related to long-term loans, where the loan terms are 3 months Nibor + margin. The contract involve an exchange of 3-month Nibor to the fixed rates set forth below for current principal in the maturity of the agreement. The fair value of interest rate swap is classified as non-current liability since the remaining maturity of the hedged item (loan) is more than 12 months. Change in value of contracts are recognized in other comprehensive income. Interest rate swaps are valued according to level 2 of the valuation hierarchy (IFRS 13), ie the value derived from observable factors such as market interest rates.

The interest rate swap agreement entered into in 2017, that originally had maturity date 24.02.2021 was in redeemed in December 2020 resulting in a financial cost of 2 703 which was the market value of the swap at the date of redemtion.

2020

Risk Category	Nature of risk	Counter-party/ Bank	Agreement	Date of agreement	Maturity	Principal amount	Fixed interest	Variable interest	Classifi-cation	Market value as of 31.12.20	Fair Value 31.12.20
Cash flow hedge	Changes in variable interest rate	Danske Bank	62264732FO-BRD7L	17.12.2020	17.12.2020-13.11.2023	450 000	0,695%	3 mnth Nibor	Long term	-1 122	-1 122

2019

Risk Category	Nature of risk	Counter-party/ Bank	Agreement	Date of agreement	Maturity	Principal amount	Fixed interest	Variable interest	Classifi-cation	Market value as of 31.12.19	Fair Value 31.12.19
Cash flow hedge	Changes in variable interest rate	Danske Bank	47234512FO-BF7GV	15.03.2017	15.03.2017 - 24.02.2021	600 000	2,14%	3 mnth Nibor	Long term	-2 184	-2 184

Note 25 Interest-bearing liabilities

(Amounts in NOK 1,000)

The tables provide information about the contractual terms relating to the group's interest-bearing liabilities measured at amortised cost. For more information about the group's interest rates, currencies and liquidity risk, please see the section on financial risk management and exposure in note 4.

SUMMARY OF INTEREST-BEARING LIABILITIES AS AT 31.12.2020

Loans	Book value	Spread over NIBOR	Due	Terms of interest
Multicurrency overdraft facility, limit 150 000 *	-	2,5%	13.11.2023	NIBOR+Margin *
Interest-bearing leasing liabilities	54 576	1,5-4,5%	2021-2028	NIBOR+Margin

* The facility has a total limit of 150 000 which includes guarantees. The remaining limit after reduction for guarantees are 36 835. There is a commitment fee for unused facility of 1,2%.

The group have the following loans:

Loans	Book value	Spread over NIBOR	Fair Value	Due	Terms of interest
Bond (Senior Secured Callable Bond Issue 2020/2023) *	673 599	8,00%	722 750	13.11.2023	3 mnth NIBOR+Margin
Government Loan **	7 232	-	7 232	26.06.2021	Interest free

* A 3-year Senior Secured Bond of 750 000 was issued in November 2020, and the previous bond of 850 000 was repaid. In total Beerenberg repaid 100 000 and acquired 50 000 in own bonds. Discount on principal amount and arrangement fee, as well as own bonds, have been classified net with the Bond. The bond has every 6-month amortization of 25 000 until maturity, in total 125 000. The maturity date of the bond is 13 November 2023. At redemption of the loan a premium of 3,25% on principal amount have to be paid, therefore Fair Value of the Bond is presented including this premium. This is the best practical approximation to fair value as there are no observable transactions of Bonds. The premium at redemption, as well as discount and arrangement fee is accrued as interest cost during the course of the loan. The table below explains the link between principal amount of the Bond, book value and fair value.

Principal amount	750 000
Own Bonds	50 000
Principal amount less own Bonds	700 000
Principal amount less own Bonds	700 000
3,25% premium to be paid at redemption of Bond	22 750
Fair Value	**722 750**
Principal amount less own Bonds	700 000
Discount principal amount and arrangement fee	-26 401
Book Value	**673 599**

** The government loan provided to the subsidiary in Poland, Beerenberg Poland Sp Z o.o, is part of the Polish governments Covid support package and may be partly waived by the government if certain criteria are fulfilled. The loan is interest free.

COVENANTS

In connection with the bond issue Beerenberg has signed an 150 000 super senior credit facility agreement with Danske Bank. The Facility agreement includes covenants related to quarterly Net Total Leverage ratio test (Net Debt / EBITDA). This ratio must be below 9.0 at 31.12.2020. The group has been in compliance with covenants in 2020.

Note 26 Secured liabilities

(Amounts in NOK 1,000)

The group has provided security for its arrangement with Danske Bank. The tables below provide an overview of the arrangement and the book value of the assets set up as security.

The group has provided joint bank guarantee for all the companies in the group. The group's guarantee liability pertains to contract guarantees for such guarantees and to guarantees to the authorities. As at 31.12.20, the guarantees totalled 113 165.

Security has been provided for the following debts:	31.12.2020	31.12.2019
Guarantees, incl. tax withholding guarantee	**113 165**	104 436
Interest bearing short-term liabilities	**70 757**	7 260
Interest bearing long-term liabilities	**668 384**	913 945
Total for the group	**852 305**	1 025 642
Capitalized value of assets provided as security for secured debts:		
Fixed assets	**166 215**	184 930
Inventory	**66 250**	61 161
Trade receivables	**249 611**	251 592
Total	**482 075**	497 682

Note 27 Events after the reporting date

No events have occurred after the reporting date, that are of significant impact when considering the financial position or the result in the group as at 31.12.2020.

BEERENBERG AS

Annual Accounts 2020

Income Statement

Amounts in NOK 1,000	Note	2020	2019
Other revenue		**11 876**	0
Total revenue	1	**11 876**	0
Operating expenses			
Other operating expenses	8	**1 223**	706
Total operating expenses		**1 223**	706
Operating result		**10 652**	-706
Intragroup interest income		**834**	1 906
Other interest income		**1**	2
Other finance income		**157 663**	151 562
Intragroup interest costs		**4 415**	4 250
Other interest costs		**76 732**	68 019
Other finance costs		**5 820**	4 380
Net financial items	9, 10	**71 531**	76 820
Ordinary result before tax		**82 183**	76 114
Tax	7	**17 512**	16 745
Annual profit		**64 671**	59 369
The annual profit/loss is attributable to:			
Other equity	5	**64 671**	59 369
Annual profit		**64 671**	59 369
Basic earnings per share for 1.000.000 A-shares	4	**0,065**	0,059

Diluted earnings per share are identical as there is no dilutive effect.

The accompanying notes 1–11 are an integral part of these financial statements.

Statement of Comprehensive Income

Amounts in NOK 1,000	Note	2020	2019
Annual profit		**64 671**	59 369
Other revenue and expenses			
Change in value of derivatives	7, 10	**-49**	1 386
Total Statement of Comprehensive income		**64 622**	60 755
The statement of Comprehensive income is attributable to:			
Shareholders		**64 622**	60 755
Total Statement of Comprehensive income		**64 622**	60 755

Other revenue and expenses is after tax and will be reversed in the income statement.

The accompanying notes 1-11 are an integral part of these financial statements.

Statement of Financial Position

Amounts in NOK 1,000	Note	31.12.2020	31.12.2019
Assets			
NONCURRENT ASSETS			
Intangible assets			
Deferred tax asset	7	**0**	3 109
Total intangible assets		**0**	3 109
Financial non-current assets			
Investments in subsidiaries	2	**1 257 646**	1 257 646
Total financial non-current assets		**1 257 646**	1 257 646
Total non-current assets		**1 257 646**	1 260 756
CURRENT ASSETS			
Receivables			
Other current receivables	2	**158 762**	151 562
Total receivables		**158 762**	151 562
Total current assets		**158 762**	151 562
Cash at bank	3	**58**	110 748
Total assets		**1 416 466**	1 523 066

Amounts in NOK 1,000	Note	31.12.2020	31.12.2019
Equity and Liabilities			
EQUITY			
Paid-in capital			
Share capital		**26 700**	26 700
Share premium		**240 310**	240 310
Total paid-in capital		**267 010**	267 010
Retained earnings			
Other equity		**450 335**	385 713
Total retained earnings		**450 335**	385 713
Total equity	4, 5	**717 345**	652 723
LIABILITIES			
Other non-current liabilities			
Deferred tax liabilities	7	**922**	0
Interest bearing long-term liabilities	6	**623 599**	844 935
Derivatives	10	**1 122**	2 184
Total other non-current liabilities		**625 643**	847 119
Current liabilities			
Interest bearing short-term liabilities	6	**56 054**	0
Tax payable	7	**12 598**	16 424
Other current liabilities		**4 827**	6 800
Total current liabilities		**73 479**	23 224
Total liabilities		**699 121**	870 343
Total equity and liabilities		**1 416 466**	1 523 066

The accompanying notes 1–11 are an integral part of these financial statements.

BERGEN 8. APRIL 2021
Beerenberg AS board of directors

Ketil Lenning
Chairman

Sebastian Ehrnrooth

Svein Eggen

Ingelise Arntsen

Hilde Drønen

Morten Walde

Arild Apelthun
CEO

Statement of Cash Flows

Amounts in NOK 1,000	Note	2020	2019
Cash flows from operating activities			
Result for the period before tax		**82 183**	76 114
Tax paid for the period	7	**-16 424**	0
Change in other accruals		**-247**	36
Net cash flow from operating activities		**65 512**	76 150
Cash flows from financing activities			
Change in draw on credit facility		**6 054**	0
Incoming payments from new loans	6	**672 845**	0
Outgoing payment on long term loans	6	**-850 000**	0
Payment of group contribution	9	**151 562**	67 877
Group contribution booked as finance income	9	**-156 663**	-151 562
Net cash flow from financing activities		**-176 202**	-83 685
Net change in cash and cash equivalents		**-110 690**	-7 535
Cash and cash equivalents per 01.01.		**110 748**	118 283
Cash and cash equivalents 31.12.		**58**	110 748

The accompanying notes 1–11 are an integral part of these financial statements.

Accounting principles

ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the regulation on simplified adoption of IFRS (International Financial Reporting Standards). The annual financial statements were authorised for issue by the board of directors on 8 April 2021.

CLASSIFICATION OF ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Assets intended for long-term ownership or use are classified as non-current assets. Assets associated with the circulation of goods are classified as current assets. Receivables are classified as current assets if they fall due within one year. Analogue criteria are applied to liabilities. However, repayments of non-current receivables and non-current liabilities made in the first year are not classed as current assets or current liabilities.

TAX

The tax liability in the income statement comprises both tax payable and changes in deferred tax for the period. Deferred tax is calculated at the prevailing tax rate on the basis of the temporary differences between book value and taxable value and on any tax loss carryforward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that are reversed or may be reversed in the same period have been offset.

INVESTMENTS IN SUBSIDIARIES

Subsidiaries are measured using the cost method in the separate financial statements. Investments are valued at the historical cost of the shares unless depreciation has become necessary. They are depreciated to fair value when the fall in value is due to circumstances that cannot be assumed to be temporary and it is deemed necessary in accordance with generally accepted accounting practices. Write-downs are reversed when the basis for a write-down is no longer present.

Any dividends received are in principle recognized as income, however. Dividends that exceed retained earnings after purchase are recognized as a reduction in the original cost. Dividends / Group contributions from subsidiaries are recognized in the same year that the subsidiary makes the provision.

LIABILITIES

Liabilities are recognized at their fair value when the loan is paid out, less transaction costs. In subsequent periods the loan is recognized at amortised cost using the effective rate of interest.

FINANCIAL INSTRUMENTS

The company initially recognizes loans, receivables and deposits on the date of acquisition. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the company transfers the contractual rights in a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred. All rights and liabilities in transferred financial assets that are created or retained as a result of the transfer are recognized separately as assets or liabilities.

Financial assets and liabilities are offset if the company is legally entitled to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Offset amounts are presented net in the statement of financial position.

Financial derivative instruments

The group holds a limited number of financial derivative instruments to hedge its foreign currency and interest rate risk exposures. The management strategy is, at present, to use hedging instruments in order to mitigate the effect of changes in variable interest rates. The long-term financing of the group is based on variable interest rates (3 mnth Nibor) which is subject to fluctuations. The strategy is to minimize this risk by entering into interest swaps agreements to swap variable interest rates to fixed rates at a proportion of around 70% of total outstanding loans.

Derivatives are recognized initially at fair value. Changes in fair value are recognized in profit or loss, except for hedging instruments that meet the criteria for hedge accounting.

The group follows IFRS 9 criteria's for classifying a derivative instrument as a hedging instrument. These are as follows:

a) the hedging relationship consists only of eligible hedging instruments and eligible hedged items.
b) at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
c) the hedging relationship meets all of the following hedge effectiveness requirements:

i. there is an economic relationship between the hedged item and the hedging instrument
ii. the effect of credit risk does not dominate the value changes that result from that economic relationship and
iii. the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Hedging instruments classed as cash flow hedges offset variations in cash flows caused by changes in exchange rates, interest rates and market values. For cash flow hedges that meet the criteria for hedge accounting, all gains and losses on the effective part of the contract are recognized in comprehensive income and as hedging reserve in the statement of equity, while those on the ineffective part are recognized in the income statement under finance.

Derivative financial instruments with positive fair value are classified as current assets if the remaining maturity of the hedged item is less than a year into the future, and as fixed assets when the remaining maturity of the hedged item is more than a year ahead. Financial derivatives with negative fair value are classified as a current liability if the remaining maturity of the hedged item is less than a year into the future, and as a long-term liability when the remaining maturity is more than a year ahead.

Refer to note 10 for a specification of the company's current derivative instruments.

Note 1 Revenues

	2020	2019
Other revenue		
Government business compensation scheme	11 876	0
Total other revenue	**11 876**	**0**

Other revenue in 2020 is related to government business compensation scheme related to Covid-19, where the company was entitled to support for certain fixed costs for the months March through August.

Note 2 Long-term investments in other companies

(Amounts in NOK 1,000)

SUBSIDIARY	Registered office	Ownership interest / Voting share	Equity last year 100%	Profit/loss last year 100%
Beerenberg Holding AS	Bergen	100%	740 910	0

INTRAGROUP BALANCES ETC.:

Other current receivables	2020	2019
Beerenberg Singapore LTD	1 407	0
Beerenberg Services AS	156 646	151 562
Total	**158 053**	**151 562**

Note 3 Restricted funds

The company has no restricted funds as of 31.12.2020.

Note 4 Share capital and shareholder information

The Company's share capital is 26 700 distributed on 267.000.000 shares, whereof 1.000.000 A-shares, and 266.000.000 B-shares. Nominal value per share is 0,0001. The A-shares have all rights. The B-shares have voting rights by 1 vote per 10 share and no rights to dividends. In the event of a liquidation of the company, the owner of B share shall be entitled to repayment of paid-in capital at the time when the share was subscribed (nominal and any share premium), but no excess amount. The B shareholders right at this point has a preferential right over the A shareholders right to liquidation dividends. Otherwise, the share classes are equal.

List of the major shareholders at 31.12.20:

Shareholder	A-Shares	%	B-Shares	%	Total Shares	%	Controlled by
Segulah IV L.P.	833 732	83,4%	223 247 653	83,9%	224 081 385	83,9%	
AlpInvest Partners 2012 I B.V.	92 121	9,2%	24 931 110	9,4%	25 023 231	9,4%	
AlpInvest Partners 2012 II B.V.	23 319	2,3%	6 310 883	2,4%	6 334 202	2,4%	
K. Lenning Management AS	14 200	1,4%	3 379 600	1,3%	3 393 800	1,3%	Board Leader
Svein Eggen Holding AS	5 325	0,5%	1 267 350	0,5%	1 272 675	0,5%	Board member
Mowin AS	5 325	0,5%	1 267 350	0,5%	1 272 675	0,5%	Board member
Other	25 978	2,6%	5 596 054	2,1%	5 622 032	2,1%	
Total	**1 000 000**	**100,0%**	**266 000 000**	**100,0%**	**267 000 000**	**100,0%**	

Basic earnings per A-share is 0,065 for 2020 compared to 0,059 for 2019.

Basic earnings per share are based on the profit/loss attributable to A-shares and on the weighted average number of ordinary shares outstanding. Diluted earnings per share are identical as there is no dilutive effect.

Note 5 Equity

(Amounts in NOK 1,000)

	Share capital	Share premium	Other equity	Total
Equity as of 01.01.2020	**26 700**	**240 310**	**385 713**	**652 723**
Profit/loss for the year			64 671	64 671
Other comprehensive income for the year			-49	-49
Equity as of 31.12.2020	**26 700**	**240 310**	**450 335**	**717 345**

Note 6 Non-current liabilities, collateral and guarantees, etc.

(Amounts in NOK 1,000)

Liabilities secured by collateral etc.

A 3-year Senior Secured Bond of 750 000 was issued in November 2020, and the previous bond of 850 000 was repaid. In total Beerenberg repaid 100 000 and acquired 50 000 in own bonds. Discount on principal amount and arrangement fee, as well as own bonds, have been classified net with the Bond. The bond has every 6-month amortization of 25 000 until maturity, in total 125 000. The maturity date of the bond is 13 November 2023. Next year installments of 50 000 are classified as interest bearing short – term liabilities, along with unpaid interests and draw on credit facility.

	2020	2019
Bond (Senior Secured Callable Bond Issue 2020/2023)	673 599	844 935
Total	**673 599**	**844 935**

Nominal bond issue is 750 000. The bond issue minus treasury bonds of 50 000 is recorded at amortised cost at 673 599.

In connection with the bond issue Beerenberg has signed an 150 000 super senior credit facility agreement with Danske Bank.

The Facility agreement includes covenants related to quarterly Net Total Leverage ratio test (below 9.0 Q4 2020). The group is in compliance with covenants as of 31st of December 2020.

The subsidiaries Beerenberg Services AS and Beerenberg Holding AS are jointly and severally liable together with the parent Company Beerenberg AS for bonds acquired by Beerenberg AS.

MATURITY STRUCTURE OF FINANCIAL LIABILITIES

The figures in the table show the maturity structure in nominal increments for the Company's interest-bearing debts, including interest payments on recognized liabilities as at 31.12:

	Book value	Fair Value	Under 6 months	6-12 months	1-2 years	2-5 years
Bond	673 599	722 750 *	54 750	53 688	104 188	649 938

* At redemption of the loan a premium of 3,25 % on principal amount have to be paid, therefore Fair Value of the Bond is presented including this premium and less principal amount of own Bonds.

The interest rate is 3 months' NIBOR plus a 8.0 percentage point spread.

NET DEBT RECONCILIATION

Liabilities from financing activities

	Borrowings	Total
Net debt as at 31 December 2018	**840 555**	**840 555**
Cash flow changes		
Non cash changes	4 380	4 380
Net debt as at 31 December 2019	**844 935**	**844 935**
Cash flow changes		
Draw on credit facility	6 054	6 054
Incoming payments from new loans	672 845	672 845
Outgoing payment on long term loans	-850 000	-850 000
Non cash changes	5 819	5 819
Net debt as at 31 December 2020	**679 653**	**679 653**

Note 7 Tax

(Amounts in NOK 1,000)

Tax payable has been calculated as follows	**2020**	**2019**
Ordinary result before tax	82 183	76 114
Permanent differences	-2 583	0
Change in temporary difference	-22 336	4 380
Change in tax loss carry forward	0	-5 840
Basis for tax payable	**57 264**	**74 654**
Payable tax in the balance sheet (22 %)	**12 598**	**16 424**

Calculation of deferred tax / deferred tax assets		
Temporary differences through profit/loss		
Accrued borrowing costs	26 401	5 065
Liabilities	0	-7 301
Derivatives	0	7 301
Self-owned bonds	1 000	0
Precluded interest deduction to be carried forward	-22 089	-22 089
Net temporary differences	5 312	-17 024
Tax lossses carried forward	0	0
Basis for deferred tax / tax assets	**5 312**	**-17 024**
22 % deferred tax/tax asset (-) through profit/loss	1 169	-3 745

Temporary differences through Other Comprehensive Income (OCI)	**2020**	**2019**
New derivative	-1 122	0
Old derivative	0	2 891
Net temporary differences	-1 122	2 891
Change in loss and applied tax losses carried forward	0	0
Basis for deferred tax / tax assets	**-1 122**	**2 891**
22 % deferred tax assets through OCI	-247	636
Deferred tax in the statement of financial position	**922**	**-3 109**

Distribution of tax expense	**2020**	**2019**
Tax payable in the statement of financial position	12 598	16 424
Total tax payable in tax expense	12 598	16 424
Tax effect of corrections to tax losses carried forward previous years	0	-1 483
Change in deferred tax through profit/loss	4 914	1 804
Tax expense through profit/loss	**17 512**	**16 745**
Corrections to previous years	0	-636
Change in deferred tax/deferred tax assets through OCI	-883	1 505
Tax expense through OCI	**-883**	**869**
Payable tax in the balance sheet	**12 598**	**16 424**

Note 8 Payroll costs, number of employees, remunerations, loans to employees etc.

(Amounts in NOK 1,000)

The company had no employees in 2020 and is not obliged to operate an occupational pension scheme under the Act on Obligatory Occupational Pensions.

No remuneration was paid to the CEO or members of the board of directors in 2020.

Expensed auditor's remuneration	**2020**	**2019**
Statutory audit (incl. technical assistance with financial statements)	106	133
Tax advice	37	51
Other audit assurance services	210	0
Other non-audit services	0	38
Total	**353**	**222**

The sums stated are exclusive of VAT.

Note 9 Specification of finance income and finance costs

(Amounts in NOK 1,000)

Finance income	**2020**	**2019**
Group contribution from Beerenberg Services AS	156 663	151 562
Intragroup interest income	834	1 906
Gains from purchase of own bonds	1 000	0
Other finance income	1	2
Total finance income	**158 497**	**153 470**

Finance costs	**2020**	**2019**
Intragroup interest costs	4 415	4 250
Interest costs Bond and other interest costs	76 732	68 019
Accrued refinancing fee	5 820	4 380
Total finance costs	**86 966**	**76 649**

Note 10 Financial instruments

(Amounts in NOK 1,000)

	2020	2019
Cash flow hedge (interest rate swap)	-1 122	-2 184
Total fair value	**-1 122**	**-2 184**

The company has an interest rate swap with a nominal value of 450 000. The company is swapping variable interest (3mnth NIBOR) for fixed interest at 0,695%. The fair value of the interest swap has been calculated by the group's bank. The interest rate swap runs until November 2023. The interest rate swap qualifies for hedge accounting following the repayment of the old bond issue, and replacement by a new bond issue in November 2020. The interest swap effectively reduces interest rate risk, thus satisfying the criteria for hedge accounting.

The interest swap is valued in accordance with Level 2 of the valuation hierarchy (IFRS 13), i.e. the value is derived from observable factors such as market interest rates.

Change in fair value of the cash flow hedge net after tax is recorded in Other Comprehensive Income. At 31.12 the fair value of the new interest swap is negative by 1 122, net after tax the balance of Hedging reserve is negative by 875.

FINANCIAL INSTRUMENTS BY CATEGORY

As at 31.12 - Assets	Deposits, receivables and cash	Assets at fair value through profit/loss	Derivatives used for hedging	Financial assets available for sale	Total
Receivables	158 762	0	0	0	158 762
Cash and cash equivalents	58	0	0	0	58
Total	**158 820**	**0**	**0**	**0**	**158 820**

As at 31.12 - Liabilities	Financial liabilities carried at amortised cost	Liabilities at fair value through profit/loss	Derivatives used for hedging	Other financial liabilities	Total
Derivatives used for cash flow hedging	0	0	1 122	0	1 122
Loans excl. statutory liabilities	673 599	0	0	0	673 599
Total	**673 599**	**0**	**1 122**	**0**	**674 721**

Note 11 Events after the reporting date

No events have occured after the reporting date, that are of signifiicant impact when considering the financial position or the result int the company.

Declaration by the Board of Directors and CEO

We confirm, to our best knowledge, that the financial statements for the period January 01 to 31 December 2020 for the parent company Beerenberg AS and for the group has been prepared in accordance with all applicable accounting standards. We confirm that the financial statements give a true and fair view of the group's consolidated assets, liabilities, financial position and result of the operations. The Board also confirm that the Director's Report provides a true and fair view of the development and performance of the business and the position of the group and the company, including a description of the key risks and uncertainty factors that the Beerenberg AS group is facing.

BERGEN, 8 APRIL 2021
Board of Directors at Beerenberg AS

Ketil Lenning
Chairman

Sebastian Ehrnrooth

Svein Eggen

Ingelise Arntsen

Hilde Drønen

Morten Walde

Arild Apelthun
CEO

To the General Meeting of Beerenberg AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Beerenberg AS (the Company), which comprise the statement of financial position as at 31 December 2020, the statements of income, comprehensive income and 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 Beerenberg AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with 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 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Groups business activities are largely unchanged compared to last year. Valuation of goodwill and Earned, not invoiced contains the same risks and challenges as last year and our focus on these areas have continued in 2020.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Goodwill	
At 31 December 2020, the Group had recognized Goodwill with a carrying value of NOK 782.8 million. Goodwill is allocated to groups of cash generating units identified in accordance the Group's operating segments, Services and Benarx. The impairment assessment of goodwill showed that the recoverable amount was higher than carrying amount for both segments, and that consequently no impairment was required. The valuations require that management apply judgement related to, among other, future cash flows and discount rate applied. We focused on this area due to the magnitude of the amounts and due to judgements made by management when determining the assumptions applied to support the valuation of goodwill. We refer to note 12 in the consolidated financial statements for further information.	We reviewed management's identification of cash-generating units and found these to be in accordance with IFRS. We reviewed management's model and impairment assessments for the cash generating units where goodwill were allocated. We found that the model was based on recognized principles and calculated the recoverable amount mathematically correct. We found that the applied discount rate was reasonable by comparing the different elements in the discount rate calculation to our own expectations and the general expectations in the market. We reconciled management's assumptions related to future cash flows by comparing them to the budgets adopted by the Board of Directors and the strategy plan for the Group's various cash generating units. We performed sensitivity analyses and challenged management's assumptions related to future cash flows. We found that the assumptions were reasonable and in line with the Group's current market visibility and historical hit rates. The terminal growth rate in the model has been compared to the market's expectation of long-term inflation. We have challenged management's historical accuracy by comparing previous years assumptions related to actual results in the related years. We found no material deviations between the assumptions used in previous years and we assessed that management's budgeting process is effective.

We have read note 12 and assessed the information there to be in line with the requirements.

Earned, not invoiced revenue	
Earned, not invoiced revenue constitutes TNOK 143 998. We refer to note 6, 13 and 21 in the consolidated financial statements for more information. The Group's contracts are mainly servicing and maintenance contracts that are recognized over time. Work performed is invoiced monthly along with delivered service and maintenance. At year-end there will be work performed during the year, mainly during December that is not yet invoiced and recorded as earned, not invoiced revenue. The estimate requires that management apply judgement related to the amount of work performed. We focused on earned, not invoiced income due to the size of the amount, and the inherent risk related to management overestimating the earned, not invoiced income, which would affect the Groups results in the financial statements.	We have understood and evaluated the assumptions used in the calculation of earned, not invoiced revenue. The assumptions included in the calculations of earned, not invoiced revenue was assessed through our understanding of the customer contracts and our understanding of the company's internal processes of developing the estimates and internal controls. We challenged the assumptions used in interviews with management. Further, we agreed the assumptions used with underlying contracts and other forms of underlying documentation and controlled the mathematical correctness of management's calculations. Among other procedures, we assessed management's historical accuracy by comparing prior year's assumptions related to earned, not invoiced income to what was invoiced in the subsequent year. We found that previous years earned, not invoiced income, in all material respects was invoiced in the subsequent years. We have read note 6, 13 and 21, and assessed the information there to be in line with the requirements.

Other information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the

Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern 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.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements 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.

Bergen, 8 April 2021
PricewaterhouseCoopers AS

Marius Kaland Olsen
State Authorised Public Accountant

Definition of Alternative Performance Measures

In this report some terms are used that are not defined in IFRS, but are terms commonly used by analysts, investors and others in the business sector. Below these terms are defined.

ORDER BACKLOG
The order backlog consists of sales value of contracts signed. As a significant part of Beerenberg's revenue is related to framework agreements it also includes the estimated value of expected future sales value on framework agreements.

EBITDA
Operating profit (EBIT) + Depreciation and Impairment

EBITDA MARGIN (%)
EBITDA / Revenue

EBIT
Operating profit (before financial items and taxes)

OPERATING MARGIN
Operating result / Operating Revenue

NET MARGIN (%)
Net Profit / Operating Revenue

NET WORKING CAPITAL
Total current assets – Cash at bank / Total short-term liabilities less tax payable.

SERIOUS INCIDENT FREQUENCY (SIF)
The number of actual and potential unintentional serious incidents per 1 million man-hours worked.

LOST TIME INJURY FREQUENCY (LTIF)
The number of fatalities and lost time injuries occurred per 1 million man-hours worked.

TOTAL RECORDABLE INJURY FREQUENCY (TRIF)
Is the number of fatalities, lost time injuries, injuries with alternative work and injuries requiring medical treatment by a medical professional per million man-hours worked.

BEERENBERG
T +47 55 52 66 00
E post@beerenberg.com | **Visitors address** Kokstaddalen 33
P.O.Box 273 Slåtthaug, N-5851 Bergen, Norway