

Annual Report 2019

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# Key figures

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(Amounts in NOK million)		2019	2018	2017
<b>Income statement</b>				Re-presented
Operating income		7 836,5	6 787,5	6 325,4
Operating profit before depreciation and impairment losses (EBITDA)		1 475,0	1 480,8	1 569,8
EBITDA-margin		19%	22%	25%
Operating profit/loss (-) (EBIT)		270,2	434,5	658,3
Share of result in associates		-15,8	-8,7	-17,2
Net finance income / expense (-)		-542,8	-362,1	-119,8
Profit / loss (-) before tax		-288,4	63,7	521,3
Tax income / expense (-)		-54,8	-93,0	-154,3
Net result from continuing operations		-343,1	-29,2	367,0
Net result from discontinued operations		0,0	-2 675,4	-2 143,9
Profit for the year		-343,1	-2 704,6	-1 776,9
Non-controlling interests		45,7	-1 317,7	-912,7
Profit / loss (-) for the year (shareholders of the parent)		-388,8	-1 386,9	-864,2
<b>Statement of financial position</b>				
Non-current assets		11 858,8	11 619,2	19 243,2
Current assets		8 035,2	7 867,6	11 216,0
Equity ex non-controlling interests		5 658,2	6 333,0	8 514,1
Non-controlling interests		234,3	1 020,3	2 637,0
Non-current interest bearing liabilities		7 935,1	6 638,8	12 201,0
Other non-current liabilities		1 479,4	1 282,7	1 804,3
Current interest bearing liabilities		1 966,3	1 938,9	2 293,3
Other current liabilities		2 620,7	2 273,0	3 009,4
Total assets / total equity and liabilities		19 894,0	19 486,8	30 459,2
<b>Liquidity</b>				
Cash and cash equivalents as at 31 December	1)	6 187,6	5 913,1	8 592,6
Net change in cash and cash equivalents	1)	214,4	-2 698,2	1 393,4
Net cash from operating activities	1)	1 114,7	212,6	2 455,1
<b>Capital</b>				
Share capital		53,2	53,2	53,2
Total number of shares outstanding as at 31 December		42 531 893	42 531 893	42 531 893
<b>Parent Company - Bonheur ASA:</b>				
Equity-to-assets ratio	2)	71%	70%	67%
Booked equity		7 506	7 017	6 012
Total assets / total equity and liabilities		10 538	10 066	8 953
<b>Key figures per share (Amounts in NOK):</b>				
Market price 31 December		199,00	93,60	89,75
Dividend per share		4,30	4,00	2,00

1) In accordance with cash flow statement. 2) Equity as per cent of total assets.

The non-controlling interests in the Bonheur Group of companies are presented in the income statement and statement of financial position. The non-controlling interests consist of 44.06% of NHST Media Group AS (adjusted for own shares), 49% of Fred. Olsen Wind Limited (UK), 49% of Fred. Olsen CBH Limited (UK), 49% of Blue Tern Limited, 50% of United Wind Logistics GmbH and 24.5% of Global Wind Services A/S.

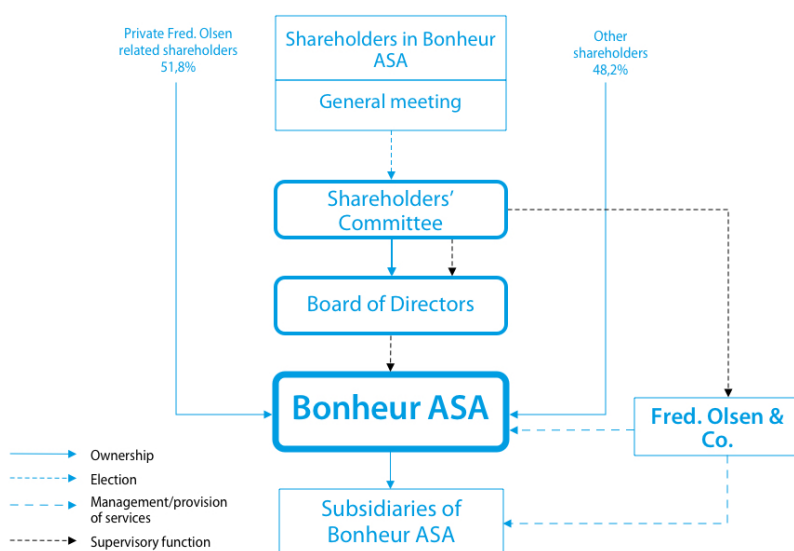
## Bonheur ASA – Overview

Bonheur ASA (the “Company”) is domiciled in Norway, has its head office in Oslo and is listed on the Oslo Stock Exchange. The Company has investments in several business activities. The reporting segments are grouped in to: Renewable energy, Shipping/Offshore wind, Cruise and Other investments.

Private Fred. Olsen related interests hold a total of 51.8 % of the Company’s shares. The day to day management of Bonheur ASA is performed by Fred. Olsen & Co., a management company, which sole proprietor is Anette Sofie Olsen.

The governance set-up of Bonheur ASA has been proven to be both successful and resilient ever since the Company’s inception. In order to eliminate any doubt that, within this governance set-up, decisions are taken in the interest of all shareholders of Bonheur ASA, the Company has over this period implemented measures and systems to secure equal treatment of all shareholders and correct handling of potential conflict of interests. An overview is provided below, and further described at page 101.

### Governance Model - overview



The Shareholder’s Committee (SC) supervises the administration of the Company by the Board of Directors (BOD) and Fred. Olsen & Co.

All members of the SC are independent.

The SC has a special emphasis on questions related to potential conflict of interests.

The SC further elects the Directors to the BOD of the Company.

A majority of the Directors are independent.

The BOD has a special emphasis on questions related to potential conflict of interests.

At year-end 2019 the main investments are within the following business segments:

### Renewable energy



The Renewable energy segment consists of Fred. Olsen Renewables AS with subsidiaries (“FOR”).

FOR is primarily engaged in development, construction and operation of wind farms. By the end of the year the installed capacity in operation was 679 MW.

The wind farm portfolio also includes 105 MW under construction in Sweden, consents for additional 312 MW onshore in Sweden and Norway and 50 % of the consented offshore wind project Codling Bank, of approximately 1 000 MW.

In addition, FOR has a development portfolio of 2 640 – 2 790 MW in the UK, Norway, Sweden, France, Ireland and USA.

## Shipping / Offshore Wind



The Shipping/Offshore wind segment's main operating entities are:

- Fred. Olsen Windcarrier AS ("FOW")
- Global Wind Service A/S ("GWS")

Subsidiaries of FOW own and operate three modern self-propelled jack-up vessels specially designed for transportation, installation and service of offshore wind turbines.

During 2019, FOW installed 1 300 MW offshore wind turbine capacity.

GWS, a Danish limited company owned 75.5 % by FOW, is an international supplier of qualified and skilled technical personnel and services to the onshore and offshore global wind turbine industry.

During 2019, GWS installed 2 500 MW offshore and 915 MW onshore wind turbine capacity.

## Cruise



The Cruise segment's principal trading entity is Fred. Olsen Cruise Lines Ltd ("FOCL"), operating from the UK. FOCL and its subsidiaries own and operate 4 ocean cruise ships with an overall berth capacity of approximately 3 700 passengers, as well as operating a river cruise vessel

Ocean cruise holidays provided range from two night mini cruises in Europe, to more than 100 nights on a world cruise.

FOCL's strategy is to develop itineraries which allow passengers to get closer to the destinations with its fleet of smaller sized vessels, offering authentic and interesting experiences.

During 2019, 95 799 passengers were carried on the vessels.

## Other investments



Other investments include the ownership of 54.0 % in NHST Media Group AS, which comprises both publications and PR software services. The main publications are Dagens Næringsliv, Tradewinds and Upstream. The main PR software services are MyNewsDesk and Mention.

Other investments include 100% ownership of the Fred. Olsen quarter in Oslo and the service companies Fred. Olsen Insurance Services AS and Fred. Olsen Travel AS. In addition, the segment has financial investments as bonds and shares within various segments.

## Director's Report 2019

Bonheur ASA (the "Company") is a company domiciled in Norway which directly and indirectly holds interests in a variety of businesses in Norway and internationally. The consolidated financial statements for the year ended 31 December 2019 are for the Company, its subsidiaries and associates (for accounting purposes only in the following referred to as the "Group of companies"). The Company's head office is in Oslo, Norway.

The World Economy continued to grow in 2019, although at a lower rate than 2018, mainly due to the trade conflicts between USA and China. Global gross national product grew 2.9 %, down from 3,7% in 2018. The economic growth continued at a strong pace in the Asian emerging markets, and USA recorded its 10<sup>th</sup> consecutive year of economic growth and the lowest unemployment rate in 50 years. In the EU, the economic growth remained modest in 2019. The EU government launched in 2019 the Green Deal Initiative, which aims to cut carbon emissions in the EU by 50% by 2030 and 100% by 2050. The CO2 quota system will be imperative in implementing this, paving the way for further massive investments in renewable energy generation and transmission systems in the EU.

Global investments in wind and solar assets continued at a strong level in 2019, mainly due to its relative competitiveness, as subsidy systems in most developed economies have been phased out. According to Bloomberg New Energy Finance, onshore wind is now the lowest cost of electricity globally, followed by solar energy. Coal, including carbon taxes has become an uneconomical source of power in the Western World. Gas remains short to medium term an important global source for electricity generation. Longer term, Gas will most likely be phased out, when storage technologies economically can provide full security of supply from renewables. The cost of nuclear energy including uranium waste storage is among the most expensive electricity generation and is not recognized as a viable long-term solution.

The operations were in 2019 positively impacted by the solid level of offshore installation activities for Fred. Olsen Ocean and negatively impacted by lower electricity prices for Fred. Olsen Renewables. The latter, mainly due to lower natural gas prices. The operating profitability of the Group of companies remained stable Year over Year with an EBITDA of NOK 1 475 million (NOK 1 481 million).

Strategic, operating and financial highlights from 2019 includes:

- **Execution of the Högaliden windfarm project.** When completed, Högaliden will add 105 MW or 15% to the onshore wind production capacity, and close to 20% increased generation of Fred. Olsen Renewables AS. An investment of approximately SEK 1200 million.
- **Significant growth of the onshore wind development portfolio.** Adding approximately net 1000 MW to the pipeline projects in UK, Sweden and Norway.
- **Refinancing of Fred. Olsen Wind Limited.** A new GBP 400 million term loan with a tenor of approximately 13 years, leading to a capital release for Fred Olsen Renewables of approximately GBP 87 million.
- **A record high wind turbine installation activity.** Fred. Olsen Windcarrier installed a total of approximately 200 offshore turbines with an installed capacity of 1 300 MW. Global Wind Service grew its business by 47% year over year.
- **The acquisition of 50% ownership in United Wind Logistics GmbH (UWL).** A company offering marine transportation services of offshore wind turbine components such as blades, nacelles and towers.
- **Successful drydocking of three cruise ships in 4Q 2019.**
- **Completion of exit from Offshore Drilling.** The ownership in Dolphin Drilling was deconsolidated in 4Q 2018 and finally exited in 2Q 2019.

The Company further strengthened its financial position in 2019. At year end, the Company had book equity of NOK 7.5 billion (NOK 7.0 billion) and a cash position of NOK 4.1 billion (NOK 3.7 billion).

### The Group of companies' results (2018 in brackets)

Operating revenues for the year amounted to NOK 7 836 million (NOK 6 787 million). Operating expenses amounted to NOK 6 362 million (NOK 5 307) million.

Operating result before depreciation, amortization and impairment charges (EBITDA) was NOK 1 475 million (NOK 1 481 million). Depreciation amounted to NOK 962 million (NOK 1 027 million restated). Impairment related to property, plant and equipment and intangible assets were NOK 243 million (NOK 20 million). Operating result (EBIT) was NOK 270 million (NOK 434 million).

Net financial items were NOK -543 million (NOK -362 million).

Net result from continuing operations was NOK -343 million (NOK -29 million restated), and net result from discontinued operations was NOK 0 million (NOK -2 675 million). Net result for the year was NOK -343 million (NOK -2 705 million). After non-controlling interests of NOK 46 million (NOK -1 318 million), controlling interests' share of result after estimated tax amounted to NOK -389 million (NOK -1 387 million). At year-end, the non-controlling interests of the Group

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of companies mainly consisted of 46.01 % of NHST Media Group AS, 49 % of Fred. Olsen Wind Limited (UK), 49 % of Fred. Olsen CBH Limited (UK), 49 % of Blue Tern Limited, 50 % of United Wind Logistics GmbH and 24.5 % of Global Wind Services A/S.

Net cash from operating activities was NOK 1 115 million, an increase of NOK 902 million compared to 2018, mainly due to discontinued operations in 2018. Net cash from investing activities was NOK -690 million, a decrease of NOK 2 174 million compared to 2018, due to lower investment activity and discontinued operations in 2018. Net cash from financing activities was NOK -211 million (NOK -48 million). Cash and cash equivalents at 31 December 2019 were NOK 6 188 million, an increase of NOK 275 million since year-end 2018.

### Results from the main business segments within which the Company is invested

The financial results below are presented on 100 % basis and net of intra-group eliminations.

#### Renewable energy

The Renewable energy segment consists of Fred. Olsen Renewables AS with subsidiaries ("FOR"). In total FOR owns and operates wind farms with a total capacity of 679 MW.

Fred. Olsen Wind Ltd (FOWL) is a subsidiary of FOR, of which FOR holds 51 %. FOWL owns 432.8 MW. The UK listed infrastructure fund The Renewable Infrastructure Group Limited (TRIG) owns the remaining 49 % of FOWL.

Fred. Olsen CBH Ltd (FOCBH) is a subsidiary of FOR, of which FOR holds 51 %. FOCBH owns 75.3 MW. Aviva Investors Global Services Ltd. (Aviva) owns the remaining 49 % of FOCBH

The remaining 170.9 MW installed capacity is held by wholly owned subsidiaries of Fred. Olsen Renewables AS.

The construction of Högaliden Windfarm (105 MW) in Sweden has been ongoing through 2019, originally scheduled for completion in 4Q20.

In addition, FOR has a portfolio of development projects onshore in the UK, Norway and Sweden as well as offshore Ireland and the United States (Lake Erie).

Despite the uncertainty following the Brexit referendum, there is still considerable activity in the UK market, both in the secondary market (M&A), but also for new projects.

Norway and Sweden have a common market with a target of 46.8 TW where projects receive green certificates for a period of 15 years. In order to be part of the scheme, the projects

must be built by the end of 2021 in Norway and 2030 in Sweden.

The electricity prices in UK fell by almost 25% for the yearly average of 2019 (43 £/MWh) compared to 2018 (57 £/MWh). The main reason for the large drop was the falling prices in the British and European gas markets. Carbon emission prices had a stable development averaging around 25 €/ton.

Nordic power prices declined 10% year-on-year. The yearly average level of 39 €/MWh was slightly above levels in continental Europe (Germany). The hydro power resource was below normal for most of the year, supporting and stabilizing the power price level in the Nordic region.

Operating revenues were NOK 1 444 million (NOK 1 631 million) and the annual production was 1 728 GWh (1 767 GWh). EBITDA was NOK 894 million (NOK 1 101 million). Operating result (EBIT) amounted to NOK 486 million (NOK 557 million), while net result was NOK 86 million (NOK 286 million).

#### Shipping/Offshore wind

Shipping/Offshore wind comprises the holding company Fred. Olsen Ocean Ltd. ("FOO") with subsidiaries including Fred. Olsen Windcarrier AS and its subsidiaries ("FOW").

Subsidiaries of FOW provide services for transportation, installation and service of offshore wind turbines utilizing the purpose-built jack-up vessels Brave Tern, Bold Tern and Blue Tern as well as a vessel, Jill, chartered in for the service and maintenance segment

In addition, FOW owned a fleet of seven crew transfer vessels (CTV) built for transport of goods and personnel to and from offshore wind farms which was sold to Northern Offshore Services (N-O-S) with effect from 1<sup>st</sup> July 2019.

Global Wind Service A/S, owned 75.5 % by FOW, is an international supplier of skilled technicians and expertise to the global wind turbine industry. GWS provides a range of installation and maintenance services, both onshore and offshore.

Universal Foundation A/S, 100% owned by FOO, has developed a suction MonoBucket® offshore wind foundation.

The offshore wind market is expanding from Europe into Asia and USA. There were approximately 5 000 offshore wind turbines in operation worldwide by the end of 2019, with large projects in the pipeline for the next 3-4 years. Further growth is expected. Wind power auctions in Northern Europe have a fast-paced capacity growth, and there are also increased requirements for cost effective installations, as well as for

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operation and maintenance of the offshore wind parks. FOO is well positioned to continue to play an important role in providing these services.

The wind turbine installation vessels within the Shipping /Offshore wind segment experienced a slow start 1Q19, however utilisation for 2019 overall was 66 %, up from 64% 2018. Global Wind Service AS had increased activity of close to 50% in revenues in 2019.

Operating revenues in 2019 were to NOK 2 757 million (NOK 1 480 million). Operating result before depreciation (EBITDA) was NOK 419 million (NOK 152 million). Operating result (EBIT) amounted to NOK -35 million (NOK -26 million) and net result was NOK -173 million (NOK -79 million).

### *Cruise*

The Cruise segment consists of 100% ownership of First Olsen Holding AS with subsidiaries (FOHAS), i.a. Fred. Olsen Cruise Lines Ltd. (FOCL), which own and operate the cruise vessels MS Black Watch, MS Boudicca, MS Braemar, and MS Balmoral. FOCL also charters the river boat Brabant from April to October, with a capacity of 156 passengers. During 2019, 95 799 passengers were carried (2018: 98 898). FOCL operates unique and diverse itineraries around the world, using its fleet of smaller sized vessels to its strategic advantage offering uncrowded experiences and personal service.

Operating revenues in 2019 were NOK 2 419 million (NOK 2 355 million). Operating result before depreciation (EBITDA) was NOK 273 million (NOK 338 million). Operating result (EBIT) amounted to NOK 21 million (NOK 91 million) and net result was NOK 38 million (NOK 41 million).

### **Other investments**

Other investments include the activities of Bonheur ASA and other holding and service companies within the Group of companies in addition to the Company's ownership of 54.0 % in NHST Media Group AS.

### *NHST Media Group AS*

NHST Media Group AS has three main business segments, Norwegian publications (Dagens Næringsliv and Morgenbladet), Global Publications (Tradewinds, Upstream, Intrafish Media, Recharge and Europower), Software-as-a-Service (SaaS) including MyNewsDesk (Stockholm) and Mention (Paris).

NHST has continued its strong focus on investment in human competence and technology in order to cope with the transition from paper-based subscriptions to digital subscription-based business models. There is also strong focus on cost optimisation in all parts of the group. During

2019, revenues from digital subscriptions continued to increase while income from advertising for the full year was down from 23% of revenues in 2018 to about 22% in 2019. After the sale of Nautisk Forlag in 2018 and other redundancy measures, the number of employees was reduced by 71 to 671 employees at year end 2019.

Operating revenues in 2019 were NOK 1 199 million (NOK 1 283 million) and EBITDA was positive with NOK 52 million (NOK 19 million). Operating result (EBIT) amounted to NOK -34 million (NOK -52 million).

### **Investment activities**

FOR had capital expenditure of NOK 272 million in the year mainly related to the construction of the wind farms Högaliden in Sweden.

FOO had capital expenditure of NOK 215 million mainly related to two transportation vessel newbuilds in UWL.

FOCL had capital expenditure of NOK 191 million mainly related to drydockings of three cruise vessels.

In total, investments (capex) in property, plant and equipment during the year amounted to NOK 691 million. In addition, NOK 367 million was capitalized, relating to IFRS 16, leasing – right-to-use assets. The Group of companies' net investments paid, amounted to NOK 690 million, mainly financed from operating activities and financing activities. Dividend payments to external shareholders of the Group of companies in total amounted to NOK 1 068 million, (NOK 203 million), of which 170 million was to the shareholders of the Company. See cash flow statement page 19.

### **Research and development activities**

Research and development activities are continuously ongoing within all main business segments. Within the renewable energy segment relevant companies are working closely with leading suppliers of digital platforms to increase efficiency and regularity. There is generally a close relationship with suppliers to optimize operations and minimize environmental consequences.

### **Financing**

Investments were financed by cash from operations, dividends, bank credit facilities and bonds. The Company is financed partly by unsecured bonds. As at 31 December 2019 the Company had issued NOK 2 400 million in unsecured bonds, maturing between 2020 and 2024. During 2019 bond loans of NOK 844 million were repaid and a new bond loan of NOK 800 million was issued. The Renewable energy and Shipping/Offshore wind segments have separate loans to finance their operations, while Cruise has no external loans.



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Within the business segment Renewable energy, a subsidiary of FOWL has drawn a new loan, with a remaining balance of GBP 382 million as at 31 December 2019. In addition, one shareholder loan from TRIG, totalling GBP 24 million, and one shareholder loan from FOR of GBP 1.6 million were outstanding as per year end 2019.

FOR had through its 100% owned subsidiary Fred. Olsen CB Ltd. (FOCB) per year end 2019 drawn GBP 59 million from a secured credit facility agreement. In addition, FOR has per year end 2019 through Fred. Olsen CBH Ltd. (FOCBH), 51% owned by FOR and 49% by Aviva, shareholder loans of GBP 56 million and GBP 54 million respectively.

Except a minor guarantee related to financial leases of two windfarms, no other guarantees were granted by the Company for the Renewable energy segment.

Within the business segment Shipping/Offshore wind, FOO had through its 100% owned subsidiary Fred. Olsen Windcarrier (FOW) per year end 2019 drawn EUR 58 million on a loan related to the financing of the two transport & installation vessels Brave Tern and Bold Tern. The loan is guaranteed by the Company. In addition, FOO had through its 51% subsidiary Blue Tern Ltd. per year end 2019 a loan of EUR 32.2 million related to the financing of the transport & installation vessel Blue Tern. Blue Tern Ltd. also has per year end a shareholder loan of USD 21.4 million of which FOW holds USD 11 million (51%).

In the opinion of the Board of Directors, both the financial situation and the cash position of the Company are satisfactory and sufficient to meet the Company's current commitments.

### Financial market risk

Political risk on international level has not abated during 2019. The international profile of the Company and its operating business entities results in exposure to such risks.

The financial market risks to which the Group of companies is exposed, are predominantly currency risks, interest rate risks, risks related to oil/fuel price and electricity prices. These financial risks are continuously monitored, and financial instruments are from time to time used to hedge economic effects of such and related exposures.

There is also a credit risk related to customers within the individual companies, and risks associated with the general development of international financial markets.

### Currency risk

The Group of companies' financial statements are presented in NOK. Revenues consist primarily of GBP, EUR, and NOK with GBP as the dominant currency. The expenses are

primarily in GBP, EUR, USD and NOK. As such, earnings are exposed to fluctuations in the currency market. Parts of the currency exposure are neutralized due to the majority of the debt and a large part of expenses being denominated in the same currencies as the main revenues. Forward exchange contracts are from time to time entered into in order to reduce future currency exposures.

### Interest rate risk

The Group of companies is exposed to interest rate fluctuations, as loans are frequently based on floating interest rates. By the turn of the year, parts of the outstanding loans in Renewable energy had been hedged against interest fluctuations through interest rate swap agreements. See note 3.

### Oil / Fuel price

The Group of companies is exposed to fluctuations in bunker prices, which are fluctuating relative to the oil price. This exposure is primarily within the Cruise segment, which also is exposed to new and stricter IMO regulations from 2020. There were some financial contracts outstanding at the end of the year, relating to securing part of the bunker costs, for the year 2020.

### Electricity price

Until 2010 FOR was not exposed to short-term fluctuations of spot electricity prices. This was due to the contract structures related to some of FOR's wind farms in operation, whereby the contract prices were based on fixed electricity prices. The contract structures related to the FOR wind farms which commenced operation after 2010, are based on fluctuating electricity prices and 79% of the generation in 2019 was sold in the spot market. Consequently, the FOR results are increasingly impacted by fluctuations in spot electricity prices.

### Credit risk

There is a governing principle within the Group of companies to continuously evaluate credit risks associated with customers and, when considered necessary, to require appropriate guarantees.

## Environmental / Social responsibility and Corporate Governance (ESG)

### Working environment

The Company is an investment company and does not have any employees. The day-to-day operation of the Company is carried out by Fred. Olsen & Co. As part of these services the role as the Company's managing director is held by Anette Sofie Olsen, (see below, as well as Note 7). Subsidiaries of Bonheur employed on average 3 811 people during 2019 and had 3 935 employees at the end of the year.

## Director's Report 2019

To the best of the Board of Directors' knowledge the Group of companies are offering good working conditions. Health, Safety and Environmental (HSE) - activities are organized so as to be managed within the individual business segments and in accordance with relevant industry norms. All business segments work systematically and preventively with HSE measures. This work takes place on a continuous basis and has functioned satisfactorily throughout the year.

The various entities are recording the Loss Time Incidents (LTI) and are applying appropriate corrective actions to prevent reoccurrence. No major incidents have been recorded in 2019.

Absence due to sickness in the Group of companies in 2019 was 1.4 % of total working time. The Group of companies is actively working to maintain this to be at a low level. For further information on working environment within the Group of companies, please refer to each of the main subsidiaries' description of its Corporate Social Responsibility on their respective web sites.

### *Equal opportunities*

At the end of 2019, 24 % of the employees throughout the Group of companies were female. Two out of five (40 %) board directors of the Company are female.

A governing principle throughout the Group of companies is for each business segment to promote equal opportunities, offering challenging and motivating jobs to all personnel regardless of nationality, culture, religion and gender. This includes the principle of equal pay for equal work, considering qualifications relating to knowledge, experience and performance with emphasis on the importance of a balanced work environment with a reasonable gender composition for the various position levels.

Diversity gives us access to a greater range of talent. Business innovation benefits from having employees from a wide variety of demographics and backgrounds.

The Group of companies endeavor to meet the requirements of the Equality and Anti-Discriminations Act by ensuring that our processes for recruitment, promotion and competence development are in accordance to our policies and free of prejudice and exclusion.

### *GDPR*

EU's General Data Protection Regulation (GDPR) came into force from 25 May 2018 (in Norway by 1 July 2018). The Group of companies has established various projects which aim to incorporate the regulations into the corresponding compliance processes. Securing personal data is a key element in the Group of companies' Cyber security framework

in order to ensure that the integrity and confidentiality of the data is maintained.

### *External environment*

During 2019 the Renewable energy segment produced 1.7 TWh of electricity. If assumed that wind power replaces less cost-efficient electricity produced by coal, and a conversion rate based on the International Energy Agency's (IEA) average global emission factor for electricity production, approximately 820 000 tonnes of CO<sub>2</sub> emissions was displaced by FORAS' wind generation.

The Shipping/Offshore wind segment was engaged in installation and maintenance of offshore and onshore wind turbines. During 2019 Fred. Olsen Windcarrier installed 200 offshore wind turbines with an installed capacity of approximately 1 300 MW and contributed indirectly to a material positive contribution to reduce CO<sub>2</sub> emission by displacing less effective coal energy production. Assuming IEA's average expected capacity factors of offshore wind farms, the installed capacity would on an annual basis displace 2 180 000 tonnes of CO<sub>2</sub> emissions in 2019.

The marine transportation of the offshore wind units from assembly port to the offshore field requires use of fossil fuels. In 2019 the three transport and installation vessels consumed 10 000 tons of marine gas oil which resulted in 30 000 tons of CO<sub>2</sub> emissions, thus resulting in a net positive impact by displacing 2 150 000 tonnes of CO<sub>2</sub>.

Other companies within the Shipping/Offshore wind segment also contribute positively to the transition towards more renewable energy sources. Global Wind Service provides installation services, blade repair services and expertise to the global onshore and offshore wind turbine industry. In 2019 GWS contributed direct or indirect by installing approximately 915 MW onshore and 2500 MW offshore. In addition, GWS also maintained or serviced approximately 770 MW onshore and 1 300 MW offshore. By using the same conversion factors as explained above, the installed capacity would on an annual basis displace 5 400 000 tonnes of CO<sub>2</sub> emissions in 2019.

United Wind Logistics provides services within marine transportation of offshore turbine components. During 2019 the company transported generators and blades with an installed capacity of approximately 690 MW. UWL also consumed 1500 tons of Marine Gas Oil.

The Cruise segment consumes marine gas oil and heavy fuel oil by its nature of business. In 2019 the total registered consumption of 32 997 tonnes of marine gas oil and 26 051 tonnes of heavy fuel oil resulted in approximately 185 000 tonnes of CO<sub>2</sub> emissions.

## Director's Report 2019

The Group of companies contributes with a significant net displacement of CO2 emissions in 2019.

The Group of companies is engaged in activities which, to a varying degree, involve a potential risk to the environment.

To the best of the Board of Directors' knowledge safety and environmental protections are given high priority by the operations within each of the various business segments, and efforts are understood to being made on a continuous basis to prevent situations which might involve damage to health and environment. Important elements of this work are safe and rational operations, an active maintenance programme and adequate handling of waste. Efforts are expected to continuously be made, in order to improve, and further develop the safety and environment culture at all levels.

Some of the Group of companies' operations, in particular those related to the use of fossil fuel, effluents and emissions during operations and the risk of oil spills, may influence the external environment negatively. Safe and rational operations, and active maintenance programs will contribute to avoid accidents which may lead to damage to the external environment. The Board of Directors will expect such operations to be sought kept in accordance with relevant company standards, and within the rules and regulations in force in those areas and countries where the operations are taking place, and in cooperation with operators within the various domains.

With respect to those entities within the Group of companies that operates within renewable energy, primarily through the construction and operation of wind farms, the Board of Directors are equally mindful that the wind farms are subject to strict concession rules by the authorities in the countries in question.

No incidents have occurred during the year within the aforementioned business segments causing serious damage to the external environment.

### Social Responsibility

The Company holds investments in a variety of business segments through subsidiaries. The Company is thus not itself engaged in significant business activities, except by virtue of its direct and indirect investments in such subsidiaries, each having different exposures towards Corporate Social Responsibilities. The day-to-day operation of the Company is provided by Fred. Olsen & Co.

Each main subsidiary has established its own Corporate Social Responsibility guidelines, which are available on the individual entity's web site. The overriding guidelines on Corporate Social Responsibility of the Group of companies are

thus expanded and further detailed as considered appropriate by each of these subsidiaries to reflect the nature of their individual businesses.

It is the policy of the Group of companies to conduct business in accordance with the letter and spirit of the law and within the overriding ethical standards of good business conduct, including non-discriminatory behaviour, respect for human rights, workers' rights, social aspects, environmental issues and anti-corruption. This is reflected in the respective companies' Code of Conduct, which as aforesaid is available on the relevant company's web site and to all its employees.

The Group of companies has not had any major incidents related to human rights, working rights, environmental issues or corruption during 2019 and will continue to work towards minimizing the likelihood of incidents which could be in breach of the Group of companies' Corporate Social Responsibility policies.

As part of the onboarding program for new employees within both the Group of companies and Fred. Olsen & Co., all new employees are required to participate in the established e-learning modules (which currently consist of Code of Conduct, Corporate Social Responsibility and Anti-Corruption / Anti-Bribery). The content of these courses are regularly reviewed and relevant updates are implemented accordingly. All employees will conduct an annual refresher in the aforementioned modules.

*See the following web-sites*

<https://bonheur.no/CSR>

<https://fredolsen-ocean.com/about-us#CSR>

<https://fredolsenrenewables.com/corporate-social-responsibility>

<https://fredolsencruises.com/legal/corporate-social-responsibility>

As an integral part of the Company's Corporate Social Responsibility, the Company annually considers financial contributions towards social and charitable purposes, in addition to projects and purposes that are considered to be close to the Company's sphere of interest. On a recurring basis, the Annual General Meeting based on corresponding recommendations from the Shareholders' Committee resolves the amount to be earmarked for such purposes.

In 2016, the Fred. Olsen Social Engagement Group (FOSEG) was established with a view to further strengthen the Company's effort within these areas with more direct engagement from the employees of Bonheur-related entities. The group has continued its work during 2019 and focuses on supporting qualifying sustainable projects, both globally and locally.

## Director's Report 2019

Globally, FOSEG have followed up on previous years' support towards the non-profit organization "Health and Human Rights Info (HHRI)". HHRI's object is to strengthen and develop health and psycho-social work towards people that have been exposed to organized (sexual) violence, war and serious violation of human rights by establishing and operating a resource database to assist health workers working amongst such people. Support has also been provided towards specific water irrigation projects in Ethiopia with a view to improve self-sustainability as well as support to increase entrepreneurship amongst women in Tanzania with focus on renewable energy solutions.

Locally, FOSEG support various charities with emphasis on stimulating self-sustainability among youth and people in general that have fallen outside the society and/or the labour market. Kirkens Bymisjon (Oslo City Mission) and Stella Kvinnesenter (Stella Red Cross Centre for women by Oslo Red Cross) represent projects that have received support in this respect. In addition, Tøyen Sportsklubb has also received support for their important activities for youth.

### Corporate Governance

The Corporate governance structure and principles are well aligned with the shareholder structure, the day-to-day operation of the company by Fred. Olsen & Co., and the principles established by the Norwegian Code of Practice for Corporate Governance ("NUES" - as published in the latest revised version of 17 October 2018). A detailed description of the Company's Corporate Governance and related party information is presented on page 101 and note 26.

### Subsequent events

On 11 February 2020, Electricite de France (EDF) announced that the EDF Group had acquired 50% of Codling Bank, an Offshore Wind project in Ireland. There is no change to FORAS' 50% ownership. The project is under development and final investment decision has not been made. FORAS welcome EDF to the project.

On 12 March 2020, FOR, entered into an agreement for the sale of its 51% stake in Global Wind Power France APS ("GWP") to the French company Total Quadran S.A. The transaction gave net cash proceeds to FORAS in the first quarter of 2020 of approximately EUR 46 million.

On 13 March 2020, FOCL took the difficult decision to pause its cruise operations for a period of time as a result of the global COVID-19 coronavirus outbreak.

### Outlook 2020

Global economic growth is expected to be very slow or negative in 2020, mainly due to the severe economic effects of

the Corona virus pandemic. The governments of the largest economies, and especially in the USA, EU and China, have responded to the situation with extreme fiscal and monetary stimulus. The political stakes are high and activities to avoid a long recession seems on the top of the agenda both in Washington DC, Brussel and Beijing. Lower interest rates, money supply and increased governmental spending could all be favorable for renewable energy development in the longer run. It is likely that the world economy and the financial markets will return to more normal conditions as soon as the outbreak is under control, although the duration and magnitude of the impact from the outbreak remains to be seen. However, there are also significant other risks that may impact the overall macro environment going forward i.e., trade wars between USA and China, further escalations of the tensions in the Middle East and the possible negative effects of Brexit.

Global investments in renewable energy production are likely to continue at an even stronger pace in the years to come provided a well-functioning capital market. The recent collapse in oil prices arising from the breakdown of cooperation between OPEC and Russia has driven hydrocarbon fuel prices to low levels with the intent of rendering US shale oil uneconomic, which might indirectly affect electricity prices for renewable energy production going forward. Policy makers in most economies realize the need for stricter regulation to meet the committed targets in the Paris treaty. The most efficient tool developed so far seems to be the Emission Trading System (ETS) developed in the EU. Several other economies including China are now testing similar carbon tax systems. According to the International Monetary Fund there are now globally 57 initiatives on variances of the ETS system being implemented or tested, as governments increasingly realize that the local net gains on the economies like improved air quality, better health etc. outweighs the increased taxation of emissions.

After a long period with healthy growth, the cruise industry has been severely impacted by the Corona virus pandemic, the duration of which is still unknown. In addition, for the years to come, the industry will be required to adapt to operations under stricter environmental regulations and expectations, especially in world ports

The Board emphasizes that there will always, and especially in times like these, be significant uncertainties in predicting future developments, including forming a view on macroeconomic developments. The full impact from the Corona virus pandemic is too early to predict, both regarding our companies and the world economy. From an accounting perspective, a continued deterioration increases the risk of impairments and may also affect accounting estimates going forward. Nevertheless, Bonheur ASA is well capitalized and

## Director's Report 2019

has options to manage its business through the current uncertainty.

### Parent company information

The Company's annual result was NOK 703 million, compared to NOK 1 190 million in 2018. In 2019 the Company received dividends of in total NOK 956 million of which NOK 900 million from FORAS and NOK 56 million from FOHAS. In 2019 the Company had unrealized losses of a total of NOK 150 million on various shareholdings. Net result was NOK 703 million, which is proposed to be allocated as follows:

For dividends	NOK	183 million
To other equity	NOK	520 million
Total allocated	NOK	703 million

In accordance with §3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the going concern

assumption, on which the financial statements have been prepared, is considered to be appropriate. The accounts are defined by International Financial Reporting Standards (IFRS) for the Group of companies and NGAAP for the parent company. The Company's total capital as per 31 December 2019 was NOK 10 538 million. The Company's cash, cash equivalents, short-term securities and current receivables amounted to NOK 4 252 million.

### Dividend/Annual General Meeting

With regard to the Annual General Meeting in 2020, the Board of Directors is proposing a dividend payment of NOK 4.30 per share subject no deviating views expressed by the Shareholders' Committee. The Annual General Meeting is scheduled for Wednesday 27 May 2020

Oslo, 2 April 2020  
Bonheur ASA – The Board of Directors

Fred. Olsen <i>Chairman</i> Sign.	Carol Bell <i>Director</i> Sign.	Nick Emery <i>Director</i> Sign.	Helen Mahy <i>Director</i> Sign.	Andreas Mellbye <i>Director</i> Sign.
				Anette Sofie Olsen <i>Managing Director</i> Sign.

# Consolidated Income Statement

For the period 1 January - 31 December

(Amounts in NOK 1 000)	Note	2019	2018
Revenues	5	7 834 768	6 785 145
Gain on sale of property, plant and equipment		1 730	2 347
<b>Total operating income</b>		<b>7 836 498</b>	<b>6 787 492</b>
Cost of sales		-815 777	-877 476
Salaries and other personnel expenses	7,19	-1 032 287	-988 041
Other operating expenses	6,19	-4 512 551	-3 441 131
Loss on sale of property, plant and equipment		-922	-84
<b>Total operating expenses</b>		<b>-6 361 537</b>	<b>-5 306 732</b>
<b>Operating profit / loss (-) before depreciation and impairment losses</b>		<b>1 474 961</b>	<b>1 480 760</b>
Depreciation and amortisation	10,11	-961 637	-1 026 511
Impairment of property, plant and equipment and intangible assets	10,11	-243 125	-19 788
<b>Total depreciation and impairment losses</b>		<b>-1 204 762</b>	<b>-1 046 299</b>
<b>Operating profit / loss (-)</b>		<b>270 199</b>	<b>434 461</b>
Share of profit / (loss-) in associates	12	-15 802	-8 671
Interest income		63 562	52 849
Other finance income		186 720	228 188
<b>Finance income</b>	<b>8</b>	<b>250 282</b>	<b>281 037</b>
Interest expenses		-422 002	-362 648
Other finance expenses		-371 060	-280 454
<b>Finance expenses</b>	<b>8</b>	<b>-793 062</b>	<b>-643 102</b>
<b>Net finance income / expense (-)</b>		<b>-542 780</b>	<b>-362 065</b>
<b>Profit / (-loss) before tax</b>		<b>-288 383</b>	<b>63 725</b>
<b>Tax income / expense (-)</b>	<b>9</b>	<b>-54 756</b>	<b>-92 962</b>
<b>Net result from continuing operations</b>		<b>-343 139</b>	<b>-29 237</b>
<b>Net result from discontinued operations</b>	<b>32</b>	<b>0</b>	<b>-2 675 412</b>
<b>Profit / (loss-) for the year</b>		<b>-343 139</b>	<b>-2 704 649</b>
Allocated to:			
Shareholders of the parent		-388 828	-1 386 932
Non-controlling interests		45 689	-1 317 717
<b>Profit / (loss-) for the year</b>		<b>-343 139</b>	<b>-2 704 649</b>
Basic and diluted earnings per share (NOK)	17	-9,1	-32,6
Basic earnings per share - Continuing operations (NOK)	17	-8,1	-0,7
Basic earnings per share - Discontinued operations (NOK)	17	0,0	-62,9

The non-controlling interests in the Bonheur Group of companies are included in the Consolidated Income Statement. The non-controlling interests consist of 44.06% of NHST Media Group AS (adjusted for own shares), 49% of Fred. Olsen Wind Limited (UK), 49% of Fred. Olsen CBH Limited (UK), 49% of Blue Tern Limited, 50% of United Wind Logistics GmbH and 24.5% of Global Wind Services A/S.

# Consolidated Statement of Comprehensive Income

For the period 1 January - 31 December

(Amounts in NOK 1 000)	Note	2019	2018
Loss for the period		-343 139	-2 704 649
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on pension plans	19	-26 708	-9 932
Other comprehensive income for the period		-2 962	-5 205
Income tax on other comprehensive income		-1 463	1 726
Total items that will not be reclassified to profit or loss		-31 133	-13 411
Items that are or may be reclassified subsequently to profit or loss			
Foreign exchange translation effects:			
- Foreign currency translation differences from foreign operations		-75 484	-23 259
- Foreign currency translation differences from foreign operations transferred to profit or loss		0	-1 257 823
Fair value effects related to financial instruments:			
- Financial assets at fair value over OCI		2 802	-31 213
Income tax on other comprehensive income	9	-552	393
Total items that are or may be reclassified subsequently to profit or loss		-73 234	-1 311 902
Other comprehensive income for the period, net of income tax		-104 367	-1 325 313
Total comprehensive income for the period		-447 506	-4 029 962
Allocated to:			
Shareholders of the parent		-504 690	-2 724 840
Non-controlling interests 1)		57 184	-1 305 122
Total comprehensive loss for the period		-447 506	-4 029 962

1) As at 31 December 2019 non-controlling interests consist of 44.06% of NHST Media Group AS (adjusted for own shares), 49% of Fred. Olsen Wind Limited (UK), 49% of Fred. Olsen CBH Limited (FOCBH) (UK), 49% of Blue Tern Limited, 50% of United Wind Logistics GmbH and 24.5% of Global Wind Services AS.

## Consolidated Statement of Financial Position

(Amounts in NOK 1 000)	Note	31.12.2019	31.12.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Development costs		310 506	377 375
Publishing rights		162 000	162 000
Customer relationship, technology, patents, other		216 766	123 025
Goodwill		517 701	436 750
Intangible assets	11	1 206 973	1 099 150
Deferred tax asset	9	86 204	142 503
Rigs and other offshore units		0	0
Ships		4 779 371	4 990 966
Windfarms		4 675 964	4 534 109
Other fixed assets		493 948	293 291
Property, plant and equipment	10	9 949 283	9 818 366
Investments in associates	12	44 999	59 103
Investments in other shares	13	75 783	51 761
Bonds and other receivables	13	396 431	365 259
Pension funds	19	99 131	83 075
Financial fixed assets		616 344	559 198
<b>Total non-current assets</b>		<b>11 858 804</b>	<b>11 619 217</b>
<b>Current assets</b>			
Inventories	14	194 827	223 845
Trade receivables and contract assets	15	795 817	702 059
Other receivables and shares	15	856 891	1 028 594
Cash and cash equivalents	16	6 187 649	5 913 074
<b>Total current assets</b>		<b>8 035 184</b>	<b>7 867 571</b>
<b>Total assets</b>		<b>19 893 988</b>	<b>19 486 788</b>

The non-controlling interests in the Bonheur Group of companies are included in the Consolidated Statement of Financial Position. The non-controlling interests consist of 44.06% of NHST Media Group AS (adjusted for own shares), 49.00% of Fred. Olsen Wind Limited (UK), 49% of Fred. Olsen CBH Limited (UK), 49% of Blue Tern Limited, 50% of United Wind Logistics GmbH and 24.5% of Global Wind Services A/S.



Bonheur ASA – Group of companies

## Consolidated Statement of Financial Position

(Amounts in NOK 1 000)	Note	31.12.2019	31.12.2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		53 165	53 165
Additional paid in capital		143 270	143 270
Total paid in capital		196 435	196 435
Retained earnings		5 461 786	6 136 603
Share of equity attributable to shareholders of the parent		5 658 221	6 333 038
Non-controlling interests		234 309	1 020 302
Total equity		5 892 530	7 353 340
<b>Liabilities</b>			
Employee benefits	19	539 633	478 962
Deferred tax liabilities	9	195 212	239 483
Interest bearing loans and borrowings	18	7 935 137	6 638 820
Other non-current liabilities	20	744 472	564 267
Total non-current liabilities		9 414 454	7 921 532
Current tax	9	79 929	79 039
Interest bearing loans and borrowings	18	1 966 332	1 938 916
Other accruals and deferred income	20	1 630 975	1 549 361
Trade and other payables	21	909 768	644 600
Total current liabilities		4 587 004	4 211 916
Total liabilities		14 001 458	12 133 448
Total equity and liabilities		19 893 988	19 486 788

The non-controlling interests in the Bonheur Group of companies are included in the Consolidated Statement of Financial Position. The non-controlling interests consist of 44.06% of NHST Media Group AS (adjusted for own shares), 49% of Fred. Olsen Wind Limited (UK), 49% of Fred. Olsen CBH Limited (UK), 49% of Blue Tern Limited, 50% of United Wind Logistics GmbH and 24.5% of Global Wind Services A/S.

Oslo, 2 April 2020  
Bonheur ASA – The Board of Directors

Fred. Olsen  
Chairman  
Sign.

Carol Bell  
Director  
Sign.

Nick Emery  
Director  
Sign.

Helen Mahy  
Director  
Sign.

Andreas Mellbye  
Director  
Sign.

Anette Sofie Olsen  
Managing Director  
Sign.

## Statement of Changes in Equity

(Amounts in NOK 1 000)	Share Capital	Share premium	Transl. reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2018	53 165	143 270	1 202 027	30 021	7 085 577	8 514 060	2 637 031	11 151 091
Total comprehensive income for the period	0	0	-1 294 460	-30 820	-1 399 560	-2 724 840	-1 305 122	-4 029 962
Effect from transactions with non-controlling interests 1)	0	0	0	0	628 882	628 882	716 780	1 345 662
Non-controlling interest in discontinued operations 2)	0	0	0	0	0	0	-910 961	-910 961
Dividends to shareholders in parent company	0	0	0	0	-85 064	-85 064	0	-85 064
Dividends to non-controlling interests in subsid.	0	0	0	0	0	0	-117 426	-117 426
<b>Balance at 31 December 2018</b>	<b>53 165</b>	<b>143 270</b>	<b>-92 433</b>	<b>-799</b>	<b>6 229 835</b>	<b>6 333 038</b>	<b>1 020 302</b>	<b>7 353 340</b>
Balance at 1 January 2019	53 165	143 270	-92 433	-799	6 229 835	6 333 038	1 020 302	7 353 340
Total comprehensive loss for the period	0	0	-85 650	2 250	-421 290	-504 690	57 184	-447 506
Effect from transactions with non-controlling interests 1)	0	0	0	0	0	0	54 913	54 913
Dividends to shareholders in parent company	0	0	0	0	-170 128	-170 128	0	-170 128
Dividends to non-controlling interests in subsid.	0	0	0	0	0	0	-898 090	-898 090
<b>Balance at 31 December 2019</b>	<b>53 165</b>	<b>143 270</b>	<b>-178 083</b>	<b>1 451</b>	<b>5 638 417</b>	<b>5 658 221</b>	<b>234 309</b>	<b>5 892 530</b>

### Share capital

Par value per share	NOK 1.25
Number of shares issued	42 531 893

### Shares outstanding and dividends

	2019	2018
Number of shares outstanding at 1 January	42 531 893	42 531 893
New shares issued	0	0
Number of shares outstanding at 31 December 3)	42 531 893	42 531 893
Total dividends per share	4,00	2,00

The board will propose to the Annual General Meeting on 27 May 2020 to approve a dividend of NOK 4.30 per share.

### Translation reserve

The reserve represents exchange differences resulting from the consolidation of associates and subsidiaries having functional currencies other than NOK.

### Fair value reserve

The reserve includes the cumulative net change from investments at fair value through other comprehensive income until the investment is derecognised.

### Non-controlling interests

1) As at 31 December 2019 the non-controlling interests consist of 44.06% of NHST Media Group AS (adjusted for own shares), 49% of Fred. Olsen Wind Limited (UK), 49% of Fred. Olsen CBH Limited (UK), 49% of Blue Tern Limited, 50% of United Wind Logistics GmbH and 24.5% of Global Wind Services AS.

2) See note 32.

3) See note 17.

# Consolidated Cash Flow Statement

(Amounts in NOK 1 000)	Note	2019	2018
<b>Cash flow from operating activities</b>			
Net result after tax		-343 139	-2 704 649
Adjustments for:			
Loss from discontinued operations	32	0	2 675 412
Depreciation / amortisation / impairment	10,11	1 204 762	1 046 299
Impairment of investments / net change in fair value of financial assets		122 589	159 683
Net unrealized foreign exchange gain (-) / loss		15 041	-31 797
Investment income	8	-63 868	-53 512
Interest expenses	8	501 676	362 648
Share of result in associates	12	15 802	8 671
Net gain (-) / loss on sale of property, plant and equipment	10	-808	-2 263
Net gain (-) / loss on sale of investments	13	-4 274	-33 915
Tax income (-) / expense	9	54 755	92 962
Cash generated before changes in working capital and provisions		1 502 536	1 519 539
Increase (-) / decrease in trade and other receivables		-52 801	-175 645
Increase / decrease (-) in current liabilities		141 432	60 103
Cash generated from operations		1 591 167	1 403 997
Interest paid		-417 714	-322 202
Tax paid	9	-58 780	-87 218
Discontinued operations	32	0	-781 970
Net cash from operating activities		1 114 673	212 607
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment	10	54 042	25 334
Proceeds from sale of investments		109 144	97 465
Interest received		53 358	49 678
Dividends received		305	663
Discontinued operations	32	0	-1 541 990
Acquisitions of property, plant and equipment		-761 267	-514 020
Acquisition of subsidiaries	28	-6 530	-515 761
Acquisitions of other investments	13	-138 660	-464 564
Net cash from investing activities		-689 608	-2 863 195
<b>Cash flow from financing activities</b>			
Net proceed from issue of shares in subsidiary	29	0	764 342
Increase in borrowings	18,29	5 428 171	1 409 183
Repayment of borrowings	18	-4 570 574	-773 605
Discontinued operations	32	0	-1 244 959
Dividends paid		-1 068 218	-202 581
Net cash from financing activities		-210 621	-47 620
Net increase in cash and cash equivalents		214 444	-2 698 208
Cash and cash equivalents at 1 January		5 913 074	8 592 560
Effect of exchange rate fluctuations on cash held		60 131	18 722
Cash and cash equivalents at 31 December	16	6 187 649	5 913 074

## Note 1 - Principal accounting policies and key accounting estimates

The Company is domiciled in Norway. The address of the Company's registered office is Fred Olsens gate 2, Oslo.

The consolidated financial statements of the Company as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group of companies" and individually as "Group entities") and the Group of companies's interest in associates.

The Group of companies is primarily involved in Renewable energy, Shipping / Offshore wind and Cruise.

The annual accounts together with the appurtenant financial statements were addressed by the Board of Directors on 2 April 2020. The Shareholders' Committee will in turn in a meeting scheduled for 20 April 2020 consider recommending to the Annual General Meeting that the proposal to the annual accounts for 2019 together with the appurtenant financial statements as addressed and resolved upon by the Board in the said meeting on 2 April 2020, is approved. Eventual approval of the annual accounts together with the appurtenant financial statements lies with the Annual General Meeting scheduled for 27 May 2020.

### Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations, as adopted by the European Union and the disclosure requirements following from the Norwegian Accounting Act, that are mandatory to apply at 31.12.2019.

### Basis of preparation

These consolidated financial statements are presented in Norwegian Kroner (NOK), the functional currency of Bonheur ASA. All financial information presented in NOK has been rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Reassessment of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements and estimates made by management in the application of IFRSs that have significant effect on the financial statements and estimates that have a significant risk of material adjustment in the next year are discussed in the specific notes.

The accounting policies have been applied consistently to all periods presented in these consolidated financial statements by all Group entities. The Group of companies' accounting policies are described in the individual notes to the Consolidated Financial Statements.

### Basis of consolidation

#### Subsidiaries

The consolidated financial statements include the Company and its subsidiaries (the Group of companies). See note 27 for details of the subsidiaries.

#### Associates (investments accounted for using the equity method)

Associates are those entities in which the Group of companies has significant influence, but not control, over the financial and operating policies. See note 12 for details of the associates.

#### Transactions eliminated on consolidation

Intra-group balances and transactions, and any realised and unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Realised foreign currency differences from intra-group transactions which are recognised in profit or loss are not eliminated, because the Group of companies has a real exposure to a foreign currency. Unrealised foreign currency differences from intra-group transactions which are recognised in profit or loss are eliminated, but only to the extent that the currency difference is due to permanent financing.

#### Non-controlling interests

Non-controlling interests within the consolidated subsidiaries are identified as a separate item within the Group of companies' equity. Non-controlling interests consist of interests at the date of the original transaction and the non-controlling interests' share of changes in equity since that date. Losses applicable to the non-controlling interests in excess of the non-controlling interests' in the subsidiary's equity are allocated to the majority interests of the Group of companies as there is no obligation for the non-controlling interests to make an additional investment to cover the losses. Acquisitions and sales of non-controlling interests are accounted for entirely as an equity transaction as long as the subsidiary is still under the control of the Bonheur Group of companies.

### Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group of companies entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

## Notes

### Foreign operations

The assets and liabilities of subsidiaries with other functional currency than NOK, are translated into NOK at the exchange rate at the statement of financial position date. Revenues and expenses are translated using average monthly foreign exchange rates, which approximates exchange rates on the dates of the transactions. Foreign exchange differences arising on translation are recognised directly as a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount of the component in equity is transferred to profit or loss.

### Provisions

A provision is recognised if, as a result of a past event, the Group of companies has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### Principal accounting policies

The Group of companies's accounting policies are described in the individual notes to the Consolidated Financial Statements. Considering all the accounting policies applied, Management regards the notes listed below as the most significant notes for the recognition and measurement of reported amounts.

### Accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that Management considers reasonable and appropriate under the circumstances. The resulting accounting estimates may differ from the eventual outcome, but the Group of companies regard this as the best estimate at the balance sheet date. Please refer to the specific notes for further information on the key accounting estimates and judgments, see the notes listed below.

- Note 3 Financial Risk Management
- Note 5 Revenue
- Note 9 Income tax expenses and deferred tax
- Note 10 Property, plant and equipment
- Note 11 Intangible assets
- Note 13 Other investments
- Note 19 Employee benefits
- Note 23 Rental and leases
- Note 25 Contingencies and provisions
- Note 32 Discontinued operations

### Effects from implementation of IFRS 16

The Group of companies has adopted IFRS 16 Lease contracts from 1 January 2019. The new standard has changed the definition of lease contracts and changed which contracts that will fall within the standard and how these should be accounted for. IFRS 16 has

introduced a balance sheet lease accounting where a lessee will recognize a right of use asset and a corresponding lease liability in the consolidated Statement of Financial Position. For the Group of companies the effects of implementing IFRS 16 was limited per 1 January 2019. For further information, see note 23 – Rental and leases.

### Other standards

The following amended standards and interpretations had no significant impact on the Group of companies' consolidated financial statements in 2019.

- IFRIC 23 Uncertainty over income Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Annual improvements to IFRS standards 2015-2017 Cycle – Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

### Forthcoming requirements

The following amended standards and interpretations are not expected to have a significant impact on the Group of companies' consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- IFRS 17 Insurance Contracts

### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial assets measured at fair value through profit or loss or through other comprehensive income
- non-derivative bond loan (amortised cost)
- employee benefits are measured at fair value

The methods used to measure fair values are discussed further in note 2.

## Notes

### Note 2 – Determination of fair values

A number of the Group of companies' accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### (i) Property, plant and equipment (PPE)

The market value of PPE is the estimated amount for which a property could be exchanged on the date of valuation. The market value of items of vessels is based on broker valuations, for other items it is based on quoted market prices for similar items. Fair value may also be based on value in use for the purpose of impairment testing. Value in use is the present value of the future net cash flows from continuing use and ultimate disposal of the asset.

#### (ii) Intangible assets

The fair value of other intangible assets, including goodwill, is based on the discounted net cash flows expected to be derived from the use and potential sale of the assets.

#### (iii) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss and through other comprehensive income is determined by reference to their quoted bid price at the reporting date.

If such a quoted bid price does not exist at the statement of financial position date, the following items are considered when estimating the fair value:

- the latest known trading price
- average price from transactions
- transactions with high volume

#### (iv) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of expected future cash flows.

#### (v) Derivatives

The fair value of forward exchange contracts is based on available market information. The fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is the estimated amount that the Group of companies would receive or pay to terminate the swap at the statement of financial position date, taking into account current interest rates and the counterparty's credit rating.

#### (vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

## Notes

### Note 3 – Financial risk management

The Group of companies is exposed to certain financial risks related to its activities. The financial risks are continuously monitored and from time to time financial derivatives are used to economically hedge such exposures. The monitoring within the various business segments is carried out by the respective companies, in accordance with their policies and procedures, through internal reporting and online based information of movements and market values of relevant financial instruments. Reports on the companies' financial risk exposure are regularly submitted to the respective entities' Board of directors. For more information – see notes 18 and 22.

#### Financial market risk

##### Currency risk

The Group of companies' financial statements are presented in NOK. The Group of companies' revenues consist primarily of GBP, EUR and NOK with GBP as the most dominant currency. The GBP revenues in 2019 are within the Renewable energy and cruise segments. Almost all of the revenues within the Cruise segment and most of the revenues within the Renewable energy segment in 2019 were in GBP. The revenues within the Shipping / Offshore wind segment in 2019 were in EUR. Consequently, out of the group's gross revenues of NOK 7 836 million in 2019, approximately 47% were in GBP and approximately 37% were in EUR. The remaining 16% were mainly in NOK. The Group's expenses are primarily in USD, GBP, EUR and NOK. As such, the Group of companies' earnings are exposed to fluctuations in the currency market. However, in the longer term, parts of the currency exposure are neutralized due to the majority of the Group of companies' debt being denominated in the same currencies as the main revenues. Forward exchange contracts are from time to time entered into to further reduce currency exposure.

##### Interest rate risk

The Group of companies is exposed to interest rate fluctuations, as loans are frequently based on floating interest rates. By the turn of the year, most of the loans within the group of companies were based on floating interest rates. Parts of the outstanding loans are hedged against interest fluctuations through interest rate swap agreements. At year-end 39% (2018: 28%) of total loans were swapped into fixed rate obligations by use of interest rate swap agreements.

##### Fuel / bunker price

The Group of companies is exposed to fluctuations in bunker prices, which are fluctuating with the oil price. This exposure is primarily within the Cruise segment. In 2019 approximately 5% of total operating expenses within the Group of companies were bunker expenses within the Cruise segment, while approximately 1% were bunkers expenses within Shipping / Offshore wind. By the end of the year, there were some short-term derivative contracts outstanding relating to securing part of the bunker costs for the year 2020

##### Electricity price

Within the Renewable energy segment, generation at the wind farms Crystal Rig II, Mid Hill, Rothes II, Crystal Rig III, Brockloch Rig Windfarm, Brockloch Rig I, Lista and Fäbodliden is in the spot market and thus exposed to fluctuations in the electricity prices. Fäbodliden is also exposed to fluctuations in the price for electricity certificates. The contract structures for the three wind farms Rothes, Paul's Hill and

Crystal Rig I were primarily based on fixed electricity prices. In 2019 as well as in 2018 21% of the generation was based on fixed prices.

##### Credit risk

The Group of companies continuously evaluates the credit risk associated with customers and, when considered necessary, seeks to obtain certain guarantees. The credit risk within the Group of companies is in general considered to be moderate without significant changes from the previous year. Customers within Renewable energy, which in 2019 provided 18% of total revenues, are large electricity distributors. Customers within Shipping/Offshore wind are large and well reputed entities from the Shipping / Offshore wind industry. Customers within the Offshore wind segment provided in 2019 35% of total revenues. Credit risk within cruise (31% of total revenues in 2019) is also regarded to be moderate, due to cruise tickets being paid in advance. Within the segment Other (16% of total revenues), credit risk is regarded moderate due to prepayment of subscriptions being the major part of the revenues.

##### Liquidity risk

Gross interest-bearing debt of the Group of companies at year end was NOK 9 901 million (2018: NOK 8 578 million). Cash and cash equivalents amounted to NOK 6 188 million (2018: NOK 5 913 million). Net interest-bearing debt of the Group of companies was NOK 3 714 million (2018: 2 665 million). Equity to assets ratio for the parent company was 71% (2018: 70%).

The Group of companies' interest-bearing debt consists of several loans. Some of the main business segments have arranged separate loans to cover their investments. In 2019 investments were financed by cash from operations, bank credit facilities and bond loans. Dividend payments from Bonheur ASA in 2019 amounted to NOK 170 million (2018: 85 million).

The Group of companies' short-term cash investments are mainly limited to cash deposits in the Group of companies' relationship banks. Derivative financial instruments are normally entered into with the Group of companies' main relationship banks.

Taking into account estimated revenues, proposed dividend payments and planned capital investments, the Group of companies views the liquidity risk to be moderate.

##### Capital Management

The objective of the Group of companies is to have a healthy financial position in order to maintain market confidence and sustain future development of the business.

The majority of the Group of companies' free available cash and cash equivalents have traditionally been held as bank deposits, however, investments in short- and long-term securities are also made. As a governing principle the wholly owned subsidiaries distribute free available cash to the Company. Capital management within the Company and its various business segments is carried out by these respective companies, based on their respective policies and procedures.

The Group of companies is in compliance with all external loan covenants as per 31 December 2019 and 2 April 2020.

## Note 4 – Operating segments

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### Accounting policies

A segment is a distinguishable component of the Group of companies that is engaged in providing related products or services (business segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group of companies' business segments. The business segments are determined based on the Group of companies' management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The Group of companies has four reportable segments, as described below, which are the Group of companies' strategic business areas. The strategic business areas offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business areas, the Group of companies' chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. Information regarding the results of each reportable segments is included below. Performance is measured based on segment operating profit and profit after tax, as included in the internal management reports that are reviewed by the Group of companies' CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

The Group of companies comprise the following business segments:

1) **Renewable energy**

The companies within the segment are engaged in development, construction and operation of wind farms in Scotland, Norway, Sweden, Ireland, France and USA.

2) **Shipping / Offshore wind**

The companies within the segment are engaged in logistics and services within the offshore wind industry.

3) **Offshore drilling – Discontinued operations per 31.10.2018**

Offshore drilling provides services to the offshore oil and gas industry.

4) **Cruise**

Cruise owns and operates four cruise ships and provides a diverse range of cruises to attract its passenger.

5) **Other investments**

The segment has investments within media, properties and various service companies.



## Notes

Fully consolidated companies	Renewable energy 1)		Shipping/Offshore wind 2)		Offshore drilling 3)	
(Amounts in NOK 1000)	2019	2018	2019	2018	2019	2018
Operating income - external	1 443 819	1 631 191	2 736 129	1 459 148	0	0
Operating income - internal	0	-5	20 660	21 339	0	0
Operating costs	-550 238	-530 056	-2 337 341	-1 328 401	0	0
Depreciation	-295 052	-523 827	-323 119	-177 789	0	0
Impairment	-112 063	-19 788	-131 062	0	0	0
Operating profit/loss	486 465	557 515	-34 732	-25 702	0	0
Interest income	11 672	11 544	2 811	1 092	0	0
Interest expenses	-239 433	-225 814	-111 473	-60 129	0	0
Tax income / expense (-)	-62 663	-112 576	-662	12 330	0	0
Net result from continuing operations	86 148	286 486	-173 284	-79 044	0	0
Net result from discontinued operations	0	0	0	0	0	-2 675 412
Profit for the year	86 148	286 486	-173 284	-79 044	0	-2 675 412
Total assets	6 487 273	6 700 534	5 237 457	5 164 955	0	0
Total liabilities	7 260 743	5 670 268	1 904 290	2 821 110	0	0
Total equity	-773 470	1 030 266	3 333 167	2 343 845	0	0
Capital expenditures	312 859	178 650	408 752	2 100 419	0	0

Fully consolidated companies	Cruise 4)		Other investment 5)		Eliminations		Group of companies' total	
(Amounts in NOK 1000)	2019	2018	2019	2018	2019	2018	2019	2018
Operating income - external	2 418 941	2 354 830	1 237 609	1 342 323	0	0	7 836 498	6 787 492
Operating income - internal	0	0	14 258	15 748	-34 918	-37 083	0	0
Operating costs	-2 145 895	-2 016 861	-1 362 980	-1 468 497	34 918	37 083	-6 361 537	-5 306 732
Depreciation	-252 357	-247 427	-91 110	-77 469	0	0	-961 637	-1 026 511
Impairment	0	0	0	0	0	0	-243 125	-19 788
Operating profit/loss	20 688	90 543	-202 223	-187 895	0	0	270 199	434 461
Interest income	4 233	2 724	89 719	71 828	-44 873	-34 338	63 562	52 849
Interest expenses	-463	-401	-119 189	-116 378	48 555	40 074	-422 002	-362 648
Tax income / expense (-)	-379	-395	8 948	7 678	0	0	-54 756	-92 962
Net result from continuing operations	38 482	41 044	628 778	-277 722	-923 263	0	-343 139	-29 237
Net result from discontinued operations	0	0	0	0	0	0	0	-2 675 412
Profit for the year	38 482	41 044	628 778	-277 722	-923 263	0	-343 139	-2 704 649
Total assets	2 160 099	1 996 749	11 887 793	11 285 173	-5 878 634	-5 660 622	19 893 988	19 486 789
Total liabilities	1 026 815	892 571	4 014 834	3 664 454	-205 224	-914 954	14 001 458	12 133 449
Total equity	1 133 284	1 104 178	7 872 959	7 620 719	-5 673 410	-4 745 668	5 892 530	7 353 340
Capital expenditures	192 415	172 802	48 969	225 907	0	0	962 996	2 677 778

## Notes

Associates *)	Renewable energy 1)		Shipping/Offshore wind 2)		Offshore drilling 3)	
	2019	2018	2019	2018	2019	2018
(Amounts in NOK 1000)						
Operating income	10 349	11 699	0	0	0	0
Operating costs	-22 529	-18 612	0	0	0	0
Depreciation / Impairment	-252	-151	0	0	0	0
Operating result	-12 432	-7 065	0	0	0	0
Share of profit in associates	-15 609	-8 671	0	0	0	0
Share of equity	44 999	58 910	0	0	0	0

	Cruise 4)		Other investment 5)		Group of companies' total	
	2019	2018	2019	2018	2019	2018
Operating income	0	0	1 951	1 542	12 301	13 241
Operating costs	0	0	-1 735	-1 359	-24 264	-19 971
Depreciation / Impairment	0	0	-1	0	-253	-151
Operating result	0	0	215	183	-12 217	-6 882
Share of profit in associates	0	0	-194	0	-15 802	-8 671
Share of equity	0	0	0	194	44 999	59 103

\*) For further information, please refer to note 12.

Fully consolidated companies	Europe		Asia		Americas	
	2019	2018	2019	2018	2019	2018
(Amounts in NOK 1000)						
Operating income	7 173 127	6 450 245	73 733	94 556	242 216	93 061
Capital expenditure	948 360	2 663 427	4 848	81	9 787	14 271

	Africa		Other regions		Group of companies' total	
	2019	2018	2019	2018	2019	2018
Operating income	1 271	1 065	346 151	148 565	7 836 498	6 787 492
Capital expenditure	0	0	0	0	962 996	2 677 778

Re-presented

The distribution of the operating revenue reported above is based on the geographical location of the customers. The group of companies' operating income is primarily originating in the Europe from ownership and operation of windfarms, offshore wind activities, cruise activities and NHST Media Group. The capital expenditures are based on the location of the company that is actually doing the investment.

### Major customer

Of the total revenue in 2019 within the Bonheur Group of companies, UK, Germany and Norway contributed 38%, 23% and 12% respectively (2018: 42%, 23% and 13% respectively). Revenues from three major customers within the renewable energy segment, constituted 16% (2018: 23%) of the total revenue in the Bonheur Group of companies, of which Statkraft Markets GmbH constitutes 11% (2018: 15%). In the Shipping/Offshore wind segment one major customer, Siemens Gamesa Renewable Energy S.A., constituted 12% (2018: 2%) of the total revenue in the Bonheur Group of companies.

## Notes

### Note 5 – Revenue

#### Accounting policies

##### Revenue from the renewable energy segment

Each unit of electricity produced meets the criteria to be a performance obligation and the performance obligation is met upon delivery. Revenue from sale of electric power is recognized in the period the power is generated and supplied to the customers, at rates in the relevant contracts, as there is a right to bill the customer for each MWh produced. Payment is due the month after.

Income from Green Certificates is accounted for in accordance with IAS 20 and is not impacted by IFRS 15. The Green Certificates are classified as “Revenues according to other standards”. The Green Certificates are to be considered as a Government assistance. The grants are issued when the electricity is generated and are therefore considered as a subsidy linked to production. The Green Certificates are recognized under the income approach and accrued in the Profit or Loss on a monthly basis based on the monthly generation of the windfarms.

##### Revenue from the offshore/wind segment

###### *Revenue from Transport & Installation*

Operating revenue from charter rate contracts is split into two elements, income from rentals, which is accounted for in accordance with IFRS 16, and services, which is accounted for under IFRS 15.

Revenue on long term contracts is recognized during the operational phase of the contract (from the delivery of the vessel at the designated port and to the end of demobilization). During the mobilization phase no goods or services are transferred to the customer. Costs incurred to fulfil the contract during the mobilization phase is capitalized and amortized over the contract term if they meet the criteria in the standard. Mobilization fees paid up front by the customers are recognized as a contract liability until services are delivered.

Variable consideration that specifically relates to a distinct good or service in the series is allocated specifically to this good or service. Variable consideration that does not relate specifically to a distinct good or service within the series is included within the transaction price and recognized in line with progress. Time elapsed, i.e. voyage days, is used to measure progress.

###### *Revenue from Wind services*

Revenue derived from hourly service contracts is recognized in the period that the services are rendered at rates established in the relevant contracts. Global Wind Services has installation and services to wind farm projects around the world. The payment terms varies from 30 days up to 150 days dependent on the contract with the customer. Revenue derived from fixed price contracts is normally recognized over time. A cost based measure is used for measuring progress during the operational phase of the contract.

###### *Revenue from Crew Transfer Vessels*

Fred. Olsen Windcarrier AS (FOWIC) joined a vessel pool agreement with Nordic Offshore Services (NOS). The agreement entitled FOWIC to revenue based on a portion of EBITDA of the pool of vessels. This portion of EBITDA was invoiced on a quarterly basis. The contract was assessed to contain a lease, and the revenue was accounted for as an operating lease according to IFRS 16 from 1.1.2019. The fleet of crew vessels were sold with effect from July 2019.

##### Revenue from the cruise segment

Revenue can be split into the following categories:

###### *Cruise (including accommodation, certain meals, using premises etc)*

Cruise fare is recognized evenly over number of nights of the cruise. Prepayments from sale of cruises are classified as contract liabilities until the cruise commences.

###### *Drink packages*

Drink packages are recognized as revenue on a straight-line basis over the duration of the cruise.

###### *Flights*

Flight revenue is recognized evenly over the duration of the cruise contract (from the flight occurs to the end of the cruise) as the fly/cruise holiday is sold as one item and is considered as one performance obligation.

###### *Shore Excursions*

Prebooked shore excursions are recognized as revenue when the tour is completed.

## Notes

### Revenue from other investments

#### Subscriptions

Revenue from subscriptions is recognised over the subscription period, normally on a straight-line basis. Prepayments from sale of subscriptions are classified as contract liabilities.

#### Advertising

The revenue is recognised when the advertising is published. Revenue represents gross income after commissions, discounts and claims.

### Other

#### Acting as agent

When the Group of companies acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission earned by the Group of companies.

(Amounts in NOK 1000)	2019	2018
Sales of electricity	606 519	773 079
Sales of other goods	72 070	163 868
Service revenue	5 751 408	4 637 775
Other operating revenue	97 521	108 737
<b>Total revenue (IFRS 15)</b>	<b>6 527 518</b>	<b>5 683 459</b>
Lease revenue	450 978	230 501
Green Certificate revenue	754 465	767 433
Other operating revenue	101 806	103 753
<b>Revenues according to other standards</b>	<b>1 307 250</b>	<b>1 101 687</b>
Other operating income	1 730	2 347
<b>Total operating income</b>	<b>7 836 498</b>	<b>6 787 492</b>

Service revenue arises mainly from the business segments Shipping/Offshore wind, Cruise and the subsidiary NHST Media Group AS:

#### Shipping/Offshore wind

Service revenues arise from Operation & Maintenance services for the offshore wind industry, from offshore wind turbine foundations, Transport & Installation marine operation (T&I). Further revenues arise from supply of personnel to the global wind turbine industry.

#### Cruise

Service revenues consist of ticket revenue from four cruise ships and a river cruise vessel, offering a diverse range of cruises. In addition, service revenues also include diverse purchases made by customer on-board the ships.

#### NHST Media Group AS

Service revenues consist of revenues from Norwegian and Global publications, subscription revenues from media service, and revenues from advertising.

Lease revenue arises mainly from the business segment Shipping/Offshore wind and consists of Bare Boat Charter hire to the vessel owners Brave Tern Ltd. / Bold Tern Ltd. / Blue Tern Ltd. and from a fleet of crew transfer vessels (CTV). The fleet of crew vessels were sold with effect from July 2019.

Green Certificate revenue arises from the business segment Renewable energy and is grants from the authorities based on requirements that certain percentage of the electricity sold must come from renewable energy. The Green Certificate revenue is issued when the electricity is generated.

## Notes

### Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contract with customers:

(Amounts in NOK 1000)	Note	31 December 2019	31 December 2018
Receivables, which are included in "trade and other receivables"	15	606 636	575 102
Contract assets	15	189 181	126 957
Contract liabilities	20	1 048 654	951 465

Contract assets are mainly related to work in progress in the offshore/wind segment.

Contract liabilities are mainly related to subscriptions in NHST and to prepayment of tickets and tours in the business segment cruise.

No impairment losses on contract assets have been recognized during 2019.

At 31.12.18 the value of contract liabilities amounted to NOK 951 million of which NOK 810 million has been recognized as income in 2019. The change in contract assets and liabilities relates to natural progression of the project portfolio, as well as the current project mix. Effects from practical expedients regarding financing component and incremental costs of obtaining the contracts are considered to be insignificant.

### Order backlog

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Order backlog per year (NOK million)	722,0	495,2	346,2

Only contracts with a duration of more than one year are included in order backlog.

### Capitalized project costs

The following table shows costs directly attributable to the projects:

(Amounts in NOK 1000)	31 December 2019	31 December 2018
Cost to fulfill contracts	58 436	72 801

Cost to fulfill contracts is related to capitalized project costs in note 14, and are mainly related to projects from Transport & Installation and Wind services in the Shipping/Offshore wind segment.

## Notes

### Note 6 - Operating expenses

(Amounts in NOK 1000)	2019	2018
Administrative expenses 1)	475 324	397 315
Other operating expenses 2)	4 037 227	3 043 816
<b>Total</b>	<b>4 512 551</b>	<b>3 441 131</b>

1) Inclusive administration costs and fee to Fred. Olsen & Co of NOK 118.9 million (2018: NOK 110.4 million). See note 26.

2) Other operating expenses are mainly related to operation of the cruise vessels (Fred. Olsen Cruise Lines Ltd.), offshore wind (Fred. Olsen Windcarrier AS and Universal Foundation Norway AS). In 2019 cruise vessels operation amounts to NOK 1 830.7 million (2018: NOK 1 719.3 million) which are mainly onboard expenses, vessel operations expenses and Selling & Marketing expenses. Operation of offshore wind amounts to NOK 1 997.5 million (2018: NOK 1 097.4 million). Research and development expenditures of NOK 26 million are recognised in profit or loss in 2019 (2018: NOK 2.7 million).

#### Professional fees to the auditors

A breakdown of professional fees to the auditors, which is included in "Administrative expenses", is given below.

The fees encompass group auditor, KPMG, including affiliates of KPMG, and non-KPMG auditors of the Group.

Professional fees to the auditors	2019	2018
Statutory audit	14 966	12 419
Other audit related services	3 825	681
Tax advice	2 236	886
Other services outside the audit scope	1 976	3 648
<b>Total (VAT exclusive)</b>	<b>23 002</b>	<b>17 634</b>

### Note 7 – Personnel expenses

Bonheur ASA (the Company) has no employees. The position as managing director is held by Anette S. Olsen as part of the day-to-day operation of the Company provided by Fred. Olsen & Co. See note 26

At year end 2019 subsidiaries of Bonheur had 3 935 employees up from 3 688 employees by the end of the year 2018.

Personnel expenses for the Group of companies were:

(Amounts in NOK 1000)	Note	2019	2018
<b>Salaries etc.</b>			
Salaries		775 982	736 111
Social security costs		121 788	112 490
Employee benefits (pension costs)	19	71 514	64 334
Other		63 003	75 107
<b>Total</b>		<b>1 032 287</b>	<b>988 041</b>
Discontinued operations	32	0	457 275
<b>Loan to employees</b>		<b>2 924</b>	<b>3 660</b>

## Notes

Subsidiaries within the Group of companies have established bonus systems for their respective senior management, maximized to 60% of one year's salary and subject to achieving certain performance criteria. Under these systems one third of the annual bonus granted will be paid upon approval of the final accounts, while the balance will be paid evenly over the subsequent two years. In 2019, the total bonuses paid within the Group of companies amounted to NOK 3.8 million (2018: NOK 2.6 million).

### Remuneration to the Board of Directors and the Shareholders Committee

In 2019, the members of the Board received the following directors' fees:

(Amounts in NOK 1000)	2019	2018
Fred. Olsen, Chairman of the Board	1 495	1 480
Andreas Mellbye	408	395
Helen Mahy *)	456	463
Carol Bell *)	388	395
Nick Emery *)	456	463
<b>Total compensations</b>	<b>3 201</b>	<b>3 196</b>

\*) Includes compensation for overnight stops in connection with Board Meetings.

Anette S. Olsen received in 2019 a remuneration of NOK 0.232 million as chairman of the Board in NHST Media Group AS (2018: 0.190 million).

### Remuneration to the Shareholders' Committee:

(Amounts in NOK 1000)	2019	2018
Christian Fr. Michelet	190	190
Jørgen G. Heje	160	160
Bård Mikkelsen	160	160
Ole Kristian Aabø-Evensen	160	160
Einar Harboe	160	160
<b>Total compensations</b>	<b>830</b>	<b>830</b>

## Notes

## Note 8 – Finance income and expenses

## Accounting policies

IFRS 9 - financial instruments, has been implemented from 2018 (see note 13).

Finance income comprises interest income on funds invested in financial assets, dividend income, gains on the disposal of financial assets, positive changes in the fair value of financial assets at fair value through profit or loss, currency gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group of companies' right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Dividends from non-listed securities are recognised in profit or loss at the date the Group of companies receives the dividends.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, losses on the disposal of financial assets, negative changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, currency losses and losses on hedging instruments that are recognised in profit or loss.

(Amounts in NOK 1000)	2019	2018
Interest income on bonds	6 957	4 586
Interest income on receivables	11 624	10 621
Interest income on bank deposits	44 981	37 642
Interest income	63 562	52 849
Dividend income on financial assets	306	663
Net gain on disposal of financial assets recognised directly in profit or loss	4 484	27 048
Foreign exchange gain	159 303	132 164
Net change in fair value of financial assets at fair value through profit or loss	22 154	68 185
Other finance income	473	128
Other finance income	186 720	228 188
Interest expense on financial liabilities measured at amortised cost	-422 002	-362 648
Interest expense	-422 002	-362 648
Foreign exchange loss	-107 073	-106 445
Net loss on disposal of financial assets recognised directly in profit or loss	-210	-188
Net change in fair value of financial assets at fair value through profit or loss	-46 220	-47 388
Impairment of financial assets	-85 517	-101 659
Various finance expenses	-132 040	-24 774
Other finance expenses	-371 060	-280 454
Net finance expense recognised in profit or loss	-542 780	-362 065



## Notes

### Note 9 – Income taxes

#### Accounting principles

##### Income tax

Income tax expense comprises current and deferred tax. The Group of companies is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provisions for income taxes.

##### Current tax

Current tax is the expected tax payable on the taxable income for the year, using enacted tax rates or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

##### Deferred tax

Deferred tax is recognized from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that are based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are recognized with the net amount if:

- i) there is a legally enforceable right to offset current tax liabilities and assets,
- ii) they relate to income taxes levied by the same tax authority on the same taxable entity,
- iii) on different tax entities if they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

#### Income taxes

(Amounts in NOK 1000)	2019	2018
<b>Profit/loss (-) before tax</b>		
Norway	-228 455	-250 341
Other countries	-59 927	314 068
<b>Total</b>	<b>-288 383</b>	<b>63 726</b>
<b>Taxes paid (-) / received</b>		
Norway	-1 503	11 174
Other countries	-57 277	-98 393
<b>Total paid taxes</b>	<b>-58 780</b>	<b>-87 219</b>
<b>1) Current tax expense (-) / income</b>		
Norway	-8 779	-5 699
Other countries	-77 180	-100 741
<b>Total current tax expense</b>	<b>-85 959</b>	<b>-106 440</b>
<b>2) Deferred taxes expense (-) / income</b>		
Norway	24 922	23 682
Other countries	6 281	-10 205
<b>Total deferred tax expense</b>	<b>31 203</b>	<b>13 477</b>
<b>Total income tax expenses 1) + 2)</b>	<b>-54 756</b>	<b>-92 963</b>

The income tax expense differs from the amounts computed when applying the Norwegian statutory tax rate to income before income taxes as a result of the following:

## Notes

(Amounts in NOK 1000)		2019		2018
Income / (-) loss before tax		-288 383		63 726
Norwegian statutory rate		22%		23%
Provision for income taxes at statutory rate		63 444		-14 657
<b>Increase (-reduction) in income taxes from:</b>				
Effect of tax rates other than statutory tax rate in Norway		-55 202		10 557
Tax exempt income within tonnage tax regimes net of vessel impairment		21 699		9 137
Impairment on tangible and intangible assets		0		0
Prior period adjustments		15 175		-14 324
Changes in unrecognized deferred tax assets		-47 449		-21 973
Non deductible and non taxable expenses/income		-67 539		-66 863
Currency effects (a)		6 694		1 636
Income/expense recognized directly in equity		8 422		3 526
<b>Tax expense on continuing operations</b>	<b>-19.0%</b>	<b>-54 756</b>	<b>-145.9%</b>	<b>-92 962</b>

(a) Currency effects primarily relate to translating tax positions in functional currency to NOK.

#### Payable tax as presented in the Statement of Financial Position

Current tax payable Norway		0		17 733
Current tax payable other countries		79 929		61 306
<b>Current tax payable</b>		<b>79 929</b>		<b>79 039</b>

#### Deferred tax:

The tax effects of temporary differences and tax loss carryforwards giving rise to deferred tax assets and liabilities were as follows as of December 31, 2019, and December 31, 2018:

(Amounts in NOK 1000)	Assets 2019	Liabilities 2019	Assets 2018	Liabilities 2018
Property, plant and equipment	6 281	-252 210	13 160	-231 449
Gain and loss accounts	956	-8 941	1 231	-11 143
Loans and borrowings	4 278	-18 178	5 643	-18 510
Shares and bonds	811	-4 661	2 738	0
Other	50 565	-32 108	80 300	-6 657
Tax loss carryforwards	144 472	-272	67 707	0
<b>Subtotal</b>	<b>207 363</b>	<b>-316 371</b>	<b>170 779</b>	<b>-267 758</b>
Set off of tax	-121 159	121 159	-28 275	28 275
<b>Net tax assets / (-) liabilities</b>	<b>86 204</b>	<b>-195 212</b>	<b>142 503</b>	<b>-239 483</b>

## Notes

Deferred tax assets not been recognized in respect of the following items:

(Amounts in NOK 1000)	2019	2018
Deductible temporary differences	162 269	62 598
Tax losses	312 474	277 915
<b>Total</b>	<b>474 743</b>	<b>340 513</b>

At yearend 2019, the Group of companies had 48 NOK million of tax losses carryforward in UK, NOK 2.1 billion in Norway, NOK 47 million in other destinations, a total of NOK 2.2 billion. The loss carryforward has no expiry date.

### Tax disputes:

On 4 November 2013 a subsidiary, Fred. Olsen Ocean Ltd., was notified by the tax authorities of a possible change in the taxable income for 2005 – 2009. The company received a draft decision in December 2015 claiming additional tax for the period. The subsidiary challenged the claim. The company received a final decision in June 2016 leading to payable tax of NOK 67 million, including penalty tax and interests. The amount was accounted for in the 2 quarter and paid in the 3 quarter 2016. The company has challenged the decision.

## Note 10 – Property, plant and equipment

### Accounting policies

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the relevant plant and equipment and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Costs for special periodic surveys/renewal surveys (SPS/RS) on ships and offshore units required by classification societies, are capitalised and depreciated over the anticipated period between surveys, generally five years. Extensive upgrading and repairs after termination of contracts, are depreciated either over the assumed period to next survey or over the same profile as the unit if the unit's remaining useful life is shorter. Other maintenance and repair costs are expensed as incurred.

Borrowing costs are capitalised as part of cost of certain qualifying assets in accordance with IAS 23, "Borrowing cost". A qualifying asset is one which necessarily takes a substantial period of time to be made ready for its intended use, generally items that are subject to major development or construction projects.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for separately.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

#### (ii) Residual values

Residual values are assessed at the beginning of each accounting year and constitute the basis of the depreciation for the year. Residual values for ships and drilling vessels are estimated based on recoverable material reduced by other demobilisation costs related to the unit. Recoverable material for ships and drilling vessels is calculated as market steel price multiplied by the recoverable lightweight of the unit. Any changes in residual values are accounted for prospectively as a change in accounting estimate.

#### (iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group of companies and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

## Notes

### (iv) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Financially leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group of companies will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Vessels	10 to 20 years
Wind installation vessels	20 years
Service vessels	15 years
Plant and Buildings	5 to 50 years
Machinery and Equipment	3 to 10 years
Windfarms	20 years
Assets under construction	Nil
Cars	7 years
IT Equipment	5 years
Furniture and fixtures	5 to 10 years

The estimated useful lives, residual values and decommissioning costs are reviewed on a yearly basis. Any changes are accounted for prospectively as a change in accounting estimate.

### (v) Impairment

The carrying amounts of the Group of companies' property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

When considering impairment indicators, the Group of companies considers both internal (e.g. adverse changes in performance) and external sources (e.g. adverse changes in the business environment). For offshore drilling rigs, vessels and drillship these are analysed by reviewing day rates and broker valuations. If an indicator of impairment is identified, management estimates the amount, if any, of impairment. In order to measure potential impairment, the carrying amount is compared to the recoverable amount, which is the higher of its fair value less costs to sell and value in use. The value in use is calculated as the present value of the expected future cash flows for the individual units, requiring significant management estimates of assumptions including discount rates as well as the timing and amounts of cash flows.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a positive change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes

(Amounts in NOK 1000)	Rigs and offshore units	Vessels	Windfarms	Other fixed assets	Total
<b>Costs</b>					
Balance at 1 January 2018	29 340 604	7 985 860	7 857 591	1 391 307	46 575 362
Acquisitions 1)	0	210 638	140 139	93 299	444 076
Acquisition due to purchase of subsidiary	0	1 975 194	0	0	1 975 194
Disposals	0	0	-3 449	-19 108	-22 557
Discontinued operations	-29 340 604	0	0	0	-30 161 744
Effect of exchange rate fluctuations	0	48 617	33 780	-864	81 533
Balance at 31 December 2018	0	10 220 309	8 028 061	643 494	18 891 864
Balance at 1 January 2019	0	10 220 309	8 028 061	643 494	18 891 864
Acquisitions 1)	0	333 146	287 105	86 469	706 720
Right to use assets (leasing IFRS 16)	0	108 356	29 962	228 614	366 932
Disposals	0	-233 787	0	-36 094	-269 881
Effect of exchange rate fluctuations	0	223 105	243 581	13 056	479 742
Balance at 31 December 2019	0	10 651 129	8 588 709	935 539	20 175 377
<b>Depreciation and impairment losses</b>					
Balance at 1 January 2018	20 702 467	4 370 419	2 948 577	973 306	28 994 769
Depreciation charge for the year	0	390 844	510 262	45 366	946 472
Impairment losses	0	0	0	0	0
Acquisition due to purchase of subsidiary	0	435 768	0	0	435 768
Disposals	0	0	-230	-15 924	-16 154
Discontinued operations	-20 702 467	0	0	-652 058	-21 354 525
Effect of exchange rate fluctuations	0	32 312	35 343	-487	67 168
Balance at 31 December 2018	0	5 229 343	3 493 952	350 203	9 073 498
Balance at 1 January 2019	0	5 229 343	3 493 952	350 203	9 073 498
Depreciation charge for the year	0	501 891	294 580	92 845	889 316
Impairment losses	0	51 926	0	0	51 926
Disposals	0	-193 803	0	-12 520	-206 323
Effect of exchange rate fluctuations	0	282 400	124 213	11 064	417 677
Balance at 31 December 2019	0	5 871 757	3 912 745	441 592	10 226 094
<b>Carrying amounts</b>					
At 1 January 2018	8 638 137	3 615 441	4 909 014	418 001	17 580 593
At 31 December 2018 2)	0	4 990 966	4 534 109	293 291	9 818 366
At 1 January 2019	0	4 990 966	4 534 109	293 291	9 818 366
At 31 December 2019 2)	0	4 779 372	4 675 964	493 947	9 949 283

Depreciation schedule is linear for all categories

- 1) Acquisitions in 2019 include no capitalized borrowing costs (2018: NOK 0). Total capital expenditures regarding vessels were in 2019 NOK 333 million, including NOK 139 million regarding prepayments for two transportation vessel newbuilds in UWL.
- 2) Two of the windfarms in Fred. Olsen Renewables are financed through financial leases, and the total carrying amount per year end 2019 for these two windfarms is NOK 133 million (2018: NOK 121 million).

## Notes

### Impairment

The Group of companies continuously evaluates its assets on an individual basis at each reporting date to determine whether there is an objective evidence of impairment within the various business segments. As per 31 December 2019 there were indications on need for impairment within Shipping / Offshore wind. The impairment relates to the exclusive rights of use of certain assets in the US.

Within the Group of companies, impairment of NOK 52 million (2018: NOK 0 million) was recognized on property, plant and equipment:

(Amounts in NOK million)	2019	2018
Shipping/Offshore wind	52	0
Total impairment	52	0

## Note 11 – Intangible assets

### Accounting policies

#### (i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures.

In respect of acquisitions goodwill is recognised initially at cost. Goodwill represents the excess of the cost of the acquisition over the Group of companies' interest in the net fair value of the net identifiable assets. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

#### Subsequent measurement

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. The carrying amount of goodwill for associates is included in the carrying amount of the investment in the associates.

#### (ii) Research and development

Expenses for research activities with the prospect of gaining new technical knowledge, are recognised in profit and loss when incurred.

Development expenditure are capitalised only if the development costs can be measured reliably and the product or process is both technically and commercially feasible with probable future economic benefits. The capitalised expenditures include the cost of materials, direct labour, overhead costs that are directly attributable and borrowing costs related to the development. When a project is ready for intended use, it is reclassified from intangible assets to the respective groups of property, plant and equipment.

Capitalised development expenditures are measured at cost less accumulated impairment losses.

#### (iii) Technology, customer relationships and publishing rights

Technology and customer relationships are measured at cost less accumulated depreciation and impairment losses.

Technology relates to computer software, patented or unpatented technology or databases.

Customer relationships represent the value of the existing customers and are recognised as a separate component.

The estimated useful lives for the current and comparative periods are as follows:

Technology	5 years
Customer relationships	9 years

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item. The estimated useful lives are reviewed on a yearly basis. Any changes are accounted for prospectively as a change in accounting estimate.

Publishing rights/brand names comprise trade name, mastheads, domain name and content rights which contribute significantly to future expected economic benefit. Publishing rights and brand names are assumed to have indefinite remaining lives and are impairment tested on a regular basis.

## Notes

### *(iv) Impairment*

The carrying amounts of the Group of companies' intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

When considering impairment indicators, the Group of companies considers both internal (e.g. adverse changes in performance) and external sources (e.g. adverse changes in the business environment). If an indicator of impairment is noted, further management estimate is required to determine the amount, if any, of impairment. In order to measure for potential impairment, the carrying amount is compared to the recoverable amount, which is the higher of its fair value less costs to sell and value in use. The value in use is calculated as the present value of the expected future cash flows for the individual units, requiring significant management estimates of among others the proper discount rates as well as the length and amounts of cash flows.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes

(Amounts in NOK 1000)	Development costs	Publishing rights 1)	Goodwill	Customer relationship, technology, patents, other	Total
<b>Cost</b>					
Balance at 1 January 2018	370 559	162 000	330 019	315 903	1 178 481
Acquisitions	68 599	0	128 790	91 977	289 366
Disposals	-23 715	0	-6 147	-66 725	-96 587
Effect of exchange rate fluctuations	115	0	279	11	405
Balance at 31 December 2018	415 558	162 000	452 941	341 166	1 371 665
Balance at 1 January 2019	415 558	162 000	452 941	341 166	1 371 665
Acquisitions 2)	42 927	0	86 401	35 758	165 086
Right to use asset (leasing IFRS 16) 3)	0	0	0	193 304	193 304
Disposals	0	0	0	0	0
Effect of exchange rate fluctuations	16 694	0	-1 415	-1 870	13 409
Balance at 31 December 2019	475 179	162 000	537 927	568 358	1 743 464
<b>Depreciation and impairment losses</b>					
Balance at 1 January 2018	22 035	0	22 338	215 068	259 441
Depreciation charge for the year	15 916	0	0	64 123	80 039
Impairment losses	19 788	0	0	0	19 788
Disposals	-19 788	0	-6 147	-60 355	-86 290
Effect of exchange rate fluctuations	232	0	0	-695	-463
Balance at 31 December 2018	38 183	0	16 191	218 141	272 515
Balance at 1 January 2019	38 183	0	16 191	218 141	272 515
Depreciation charge for the year	12 892	0	0	59 424	72 316
Impairment losses	112 063	0	4 029	75 107	191 199
Disposals	0	0	0	0	0
Effect of exchange rate fluctuations	1 535	0	6	-1 080	461
Balance at 31 December 2019	164 673	0	20 226	351 592	536 491
<b>Carrying amounts</b>					
At 1 January 2018	348 524	162 000	307 681	100 835	919 040
At 31 December 2018	377 375	162 000	436 750	123 025	1 099 150
At 1 January 2019	377 375	162 000	436 750	123 025	1 099 150
At 31 December 2019	310 506	162 000	517 701	216 766	1 206 973

Expected economic life

3 years

5-10 years

Depreciation is linear

1) Publishing rights are mainly connected to the newspaper Dagens Næringsliv within NHST Media Group AS.

2) Acquisition of development costs, NOK 43 million (2018: NOK 69 million), are expenditures arising from own development of potential windfarms projects. Goodwill acquired of NOK 86 million is related to the acquisition of 50% of the shares in the German company United Wind Logistics GmbH, and NOK 36 million relates to various IT development project within NHST Media Group.

3) The acquisition of NOK 193 million (IFRS 16) relates to the exclusive rights of use of certain assets in the US.



## Notes

### Impairment

Within the group of companies all intangible assets have been impairment tested as per 31 December 2019, and impairment of NOK 191 million (2018: NOK 20 million) was recognized, split between the segments as follows:

(Amounts in NOK million)	2019	2018
Renewable energy	112	20
Shipping / Offshore wind	79	0
<b>Total Impairment</b>	<b>191</b>	<b>20</b>

#### *Renewable energy:*

##### Development costs:

In 2019 it was decided to write down the development portfolio with NOK 112 million. The impairment was carried out after an examination of the potential negative impact from increased regulatory uncertainty and political and commercial risks. In addition, Fred. Olsen Renewables has intangible assets with a book value of NOK 308 million, which are development costs related to wind farms. The projects are evaluated regularly. Some development projects may not come through to fruition, in which case, previously capitalized costs will be impaired.

#### *Shipping / Offshore wind:*

Impairment of NOK 79 million has been recorded, of which NOK 75 million relates to the exclusive rights of use of certain assets in the US (IFRS 16).

#### *Other*

##### *NHST Media Group AS*

The carrying amount of goodwill and intangible assets with indefinite useful lives allocated to NHST is NOK 212 million and NOK 136 million, respectively. The value in use estimated for NHST applies a combination of budget and forecast figures with a terminal growth rate of 2%. The WACC for the segments of NHST is in the range of 10.5% - 11%. Reasonably possible changes in key assumptions are not expected to cause the carrying amount to exceed the value in use.

## Notes

## Note 12 – Investments in associates

## Accounting policies

Associates are those entities in which the Group of companies has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method and are initially recognized at cost. The Group of companies' investments includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group of companies' shares of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group of companies, from the date that significant influence commences until the date that significant influence ceases. When the Group of companies' shares of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group of companies has an obligation or has made payments on behalf of the associate.

## Consolidated

(Amounts in NOK 1000)	Global Wind Power France Aps 1)	Other associates 2)	Total
Date of acquisition	19.04.2016		
Business office	Thisted, Denmark		
Bonheur Group's ownership per 31 December 2018	51,00%		
Bonheur Group's percentage of votes per 31 December 2018	50,00%		
Bonheur Group's ownership per 31 December 2019	51,00%		
Bonheur Group's percentage of votes per 31 December 2019	50,00%		
Share of equity per 31.12.2018	58 910	194	59 103
Profit from the company accounts	-15 609	-194	-15 802
Eliminations/adjustments	0	0	0
Net profit included in Bonheur Group of companies	-15 609	-194	-15 802
Currency translation differences	1 698	0	1 698
Share of equity per 31.12.2019	44 999	0	44 999

The presentation shows the accounts for the most significant associates as at 31 December 2019.

- 1) The owner company, Fred. Olsen Renewables AS' (FOR), investment (costprice) in Global Wind Power France Aps (GWP) is NOK 67.1 million inclusive currency revaluation. FOR and GWP have two board members each and decisions of the Board of Directors shall be adopted by a simple majority of the votes of the members. It is therefore assessed that Bonheur does not control the operations of GWP and consequently does not consolidate GWP. On 12 March 2020, FOR entered into an agreement for sale of its 51% ownership in GWP. For further information see note 33 "Subsequent events".
- 2) Including Codling Holding Ltd, Norcon Computing system AS and Task Technologies AS.

The Group of companies continuously evaluates its assets in associates on an individual basis at each reporting date to determine whether there is an objective evidence of impairment. As per 31 December 2019 no indications on need for impairment were found.

Summary of financial information for significant equity accounted investees, not adjusted for the percentage ownership held by the Group of companies.

## Notes

(Amounts in EUR 1 000)	Global Wind Power France Aps	
	2019	2018
Operating income	2 020	2 292
Operating profit / loss	-2 447	-1 413
Profit for the year	-3 070	-1 731
Total assets	10 683	9 691
Total liabilities	13 131	9 047
Total equity	-2 449	644

### Note 13 – Other investments

#### Accounting policies

##### Financial assets

The Group of companies' short-term investments in equity securities and certain debt securities are measured at fair value through profit or loss (FVTPL). Long-term investments are measured at fair value through other comprehensive income (FVTOCI).

##### Other

Other non-derivative financial instruments, including financial liabilities, are recognized initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, assets and liabilities are measured at amortised cost when the objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Impairment

IFRS 9 applies an expected credit loss model. This model applies to contract assets, financial assets at amortised costs and bonds measured at FVTOCI, but not to investments in shares. Shares are measured at fair value, see note 2.

#### Shares classified as financial investments

(Amounts in NOK 1000)	Cost price	Fair value as per 31.12.19	Fair value as per 31.12.18
Total short-term liquid share portfolio	336 060	143 187	253 642
Total long-term liquid share portfolio	123 412	75 783	51 761
Total liquid share portfolio	459 472	218 969	305 403

The fair value of stock listed shares is determined by using the listed prices of the companies at year end. Fair value of non-listed companies is based on cost, if no reliable measure of fair value exists. Investments are written down based on the Group of companies' policies for impairment.

## Notes

## Bonds and other receivables (non-current assets)

(Amounts in NOK 1 000)	2019	2018
Bonds and securities (specification below)	227 870	262 907
Loans granted to associates	150 229	76 368
Other interest-bearing loans	6 683	6 951
Other non interest-bearing receivables	11 650	19 033
<b>Total Bonds and other receivables (long-term assets)</b>	<b>396 431</b>	<b>365 259</b>

## Bonds classified as long-term investments 1)

(Amounts in NOK 1000)	Cost price	Average interest rate 2019	Fair value as per 31.12.19	Fair value as per 31.12.18
<b>Long-term assets:</b>				
Utility companies	47 135	2,2 %	47 281	74 063
Real Estate companies	48 010	2,2 %	48 201	51 875
Industrial companies	60 558	3,8 %	60 879	51 963
Financial and investment companies	36 100	3,6 %	36 505	46 997
Municipalities and public administration	35 021	1,8 %	35 004	38 009
<b>Total</b>	<b>226 824</b>	<b>2,7 %</b>	<b>227 870</b>	<b>262 907</b>

1) Fair value is based on quoted market prices.

## Note 14 – Inventory

## Accounting policies

Inventories and bunkers are recorded at the lower of cost and net realisable value. The Group of companies categorizes spare parts into two groups, spare parts and spare assets. Spare parts are consumables that are not depreciated, but expensed when used against repair and maintenance cost. Consumables are measured at cost less a reserve for overstocked items. Spare assets are larger spare items that is recorded as a component and depreciated.

(Amounts in NOK 1 000)	Note	2019	2018
Inventories and consumable spare parts		70 196	97 392
Bunkers		33 843	23 703
Articles of consumption onboard		32 352	29 949
Work in progress	5	58 436	72 801
<b>Total</b>		<b>194 827</b>	<b>223 845</b>

Per year end the Group of companies had inventories and consumable spare parts related to windfarms, installation vessels for offshore wind turbines and cruise vessels. In addition, there were bunkers and articles of consumption onboard. The book value of inventories is cost price. In 2019 inventories and consumable spare parts recognised as cost of sales amounted to NOK 816 million (2018: NOK 877 million). In 2019 there have been no write downs of inventories or reversals of write downs. Work in progress is mainly related to capitalized project costs in the Shipping/Offshore wind segment.

## Notes

### Note 15 – Trade and other receivables and contract assets

#### Accounting policies

Trade receivables that do not have a significant financing component are measured on initial recognition at their transaction price, which is the amount of consideration to which the entity expects to be entitled for transferring the promised goods or services to the customer.

Trade receivables with a significant financing component are measured on initial recognition at their transaction price if the entity has chosen not to adjust the promised amount of consideration for the effects of a significant financing component. In other cases, the receivables are measured at fair value on initial recognition.

The impairment model applicable to financial assets, measured at amortized cost, is based on an “expected credit loss” (ECL) model, which require forward looking judgements of two classifications:

- 12-month ECLs resulting from possible default events within the 12 months after the reporting date.
- Lifetime ECLs resulting from possible default events over the expected life of a financial instrument.

#### Trade and other receivables (current assets)

(Amounts in NOK 1 000)	Note	2019	2018
Other trade receivables		606 636	575 102
Contract assets	5, 22	189 181	126 957
<b>Total trade receivables and contract assets</b>		<b>795 817</b>	<b>702 059</b>
Other receivables and prepayments		713 705	772 721
Short-term liquid share portfolio	13	143 187	253 642
Fair value derivatives		0	2 231
<b>Total other receivables</b>		<b>856 891</b>	<b>1 028 594</b>
<b>Total trade and other receivables</b>		<b>1 652 708</b>	<b>1 730 653</b>

Contract assets relate to consideration for work completed, but not yet invoiced at the reporting date. The contract assets are transferred to customer receivables when the right to payment become unconditional, which usually occurs when invoices are issued to the customers.

### Note 16 – Cash and cash equivalents

#### Accounting policies

Cash and cash equivalents include cash, bank deposits and other short-term highly liquid assets that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

(Amounts in NOK 1 000)	2019	2018
Cash related to payroll tax withholdings	29 327	27 701
Other restricted cash *)	624 899	816 001
<b>Total restricted cash</b>	<b>654 226</b>	<b>843 702</b>
Unrestricted cash	5 533 423	5 069 372
<b>Total cash &amp; cash equivalents</b>	<b>6 187 649</b>	<b>5 913 074</b>
Unused credit facilities	0	0

\*) 500 million of other restricted cash reflects deposits required according to covenants in Bonheur ASAs bond loans. NOK 121 million of the restricted cash relates to the financial leases of the windfarms Paul's Hill and Rothes.

## Notes

## Note 17 – Earnings per share

## Accounting policies

The Group of companies presents basic earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Shares outstanding is total shares issued net of treasury shares.

## Profit attributable to ordinary shareholders

(Amounts in NOK 1 000)	2019	2018
Loss for the year (Majority share)	-388 828	-1 386 932
Average number of outstanding shares during the year 1)	42 531 893	42 531 893
Basic earnings per share	-9,1	-32,6
Net result from continuing operations	-343 139	-29 237
Average number from continuing operations outstanding shares during the year 1)	42 531 893	42 531 893
Basic earnings per share - Continuing operations	-8,1	-0,7
Net result from discontinued operations	0	-2 675 412
Average number from discontinued operations outstanding shares during the year 1)	42 531 893	42 531 893
Basic earnings per share - Discontinued operations	0,0	-62,9

Within the Group of companies there are no financial instruments with possible dilutive effects.

## Weighted average number of ordinary shares

(Amounts in NOK 1 000)	2019	2018
Issued ordinary shares at 1 January	42 531 893	42 531 893
Weighted average number of ordinary shares at 31 December	42 531 893	42 531 893

1) Average number of outstanding shares during 2019 and 2018 are based on number of outstanding shares per 31.12.2019 and 31.12.2018.

## Notes

## Note 18 – Interest bearing loans and borrowings

(Amounts in NOK 1 000)	2019	2018
<b>Non-current interest-bearing liabilities</b>		
Secured bank loans	5 048 406	3 890 492
Unsecured loans	1 893 587	1 595 822
Finance lease liabilities	23 274	86 841
Lease liability, IFRS 16	185 754	0
Other loans	784 116	1 065 665
<b>Total</b>	<b>7 935 137</b>	<b>6 638 820</b>
<b>Current interest-bearing liabilities</b>		
Current portion of secured bank loans	1 194 820	671 220
Current portion of unsecured loans	500 599	843 581
Current portion of finance lease liabilities	67 255	80 707
Current portion of lease liability, IFRS 16	35 991	0
Other loans	167 667	343 407
<b>Total</b>	<b>1 966 332</b>	<b>1 938 916</b>

Fred. Olsen Renewables Ltd. had as at 31 December 2019, through its 51% owned subsidiary Fred. Olsen Wind Ltd., drawn a total of GBP 400 million under a new bank loan facility and finance leases. As at 31 December 2019 the outstanding balance of the bank loan facility was GBP 382 million. The interest rates of the bank loan facility are fixed 3,17% for 75% and GBP Libor plus a margin of 1.40% for 25%. The various tranches of the bank loan facility mature in the period 2020 - 2032. In addition, GBP 24 million remains on a shareholder loan drawn by Fred. Olsen Wind Ltd. from The Renewables Infrastructure Group (UK) Investments Ltd (TRIG). who holds 49% of the shares in Fred. Olsen Wind Ltd. The interest rate on this loan is 7% as part of the agreement with TRIG. The GBP 24 million loan matures in 2030. Fred. Olsen Wind Ltd. also has drawn a shareholder loan from Fred. Olsen Renewables Ltd. with a remaining balance of GBP 1.6 million. The latter loan is eliminated in the consolidated accounts.

Fred. Olsen Renewables Ltd. had through its 100% owned subsidiary Fred. Olsen CB Ltd. per year end 2019 drawn GBP 59 million from a secured credit facility agreement. The interest rates of the loan are fixed 3.55% for 75% of the loan and GBP Libor plus a margin of 1.80 % for the rest of the loan. In addition, Fred. Olsen CB Ltd. had through its 51% owned subsidiary Fred. Olsen CBH Ltd, per year end 2018 drawn GBP 54 million from an unsecured shareholder loan from Aviva Investors Global Services Limited, which holds 49% of the shares in the company. The interest rate of this loan is GBP LIBOR plus a margin of 6%. Fred. Olsen CBH Ltd. has also drawn a shareholder loan of GBP 56 million from Fred. Olsen CB Ltd., which is eliminated in the consolidated accounts.

Fred. Olsen Ocean group, through its subsidiary Fred. Olsen Windcarrier, had per 31 December 2019 a loan balance of EUR 58 million relating to the financing facility of its jack-up vessels Brave Tern and Bold Tern. The loan has semi-annual repayments of EUR 7.25 million with a final repayment of EUR 50.75 million. The loan matures in July 2020 and has an interest rate of EURIBOR plus a margin of 2.85%.

Fred. Olsen Ocean group had through its 51% owned subsidiary Blue Tern Ltd. per year end 2019 drawn EUR 15.3 million and USD 19.0 million on loans related to the financing of the transport and installation vessel Blue Tern. The interest rates of the loans are Euribor plus a margin of 3.75% and USD Libor plus a margin of 3.75%, respectively. In addition, Blue Tern Ltd. had per year end drawn a shareholder loan of USD 21.3 million. A wholly owned subsidiary of Keppel Offshore and Marine Ltd holds 49% of the loan, USD 10.5 million. Fred. Olsen Windcarrier AS, through its 51% indirectly owned subsidiary Blue Tern Holdings Limited, holds 51% of the latter loan, USD 10.8 million. The interest rate of this loan is fixed 7.5 %.

(Amounts in NOK 1 000)	2019	2018		
<b>Bonheur ASA, bond-loans</b>				
Bond issue ticker, terms	Issued	Maturity		
BON03 3 month NIBOR + 5.00%	10 Feb 12	10 Feb 19	0	246 000
BON05 3 month NIBOR + 3.10%	9 Jul 14	9 Jul 19	0	597 581
BON06 3 month NIBOR + 3.50%	9 Jul 14	9 Jul 21	599 100	598 500
BON07 3 month NIBOR + 4.00%	24 May 17	24 May 22	498 875	498 375
BON08 3 month NIBOR + 3.15%	9 Nov 17	9 Nov 20	498 688	496 938
BON09 3 month NIBOR + 2.50%	4 Sep 19	4 Sep 24	793 520	0
<b>Total</b>			<b>2 390 183</b>	<b>2 437 394</b>

## Notes

## Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

(Amounts in NOK 1000)	Currency	Nominal interest rate	Year of maturity	31.12.2019 Carrying amount	31.12.2018 Carrying amount
<b>Renewable energy:</b>					
Secured bank loan	GBP	LIBOR + 1.55%	2024	0	235 964
Secured bank loan	GBP	LIBOR + 1.55%	2020	0	54 097
Secured bank loan	GBP	LIBOR + 1.55%	2021	0	127 328
Secured bank loan	GBP	LIBOR + 1,55%	2027	0	998 537
Secured bank loan	GBP	LIBOR + 1.55%	2027	0	76 457
Secured bank loan	GBP	LIBOR + 2.0%	2026	0	353 278
Secured bank loan	GBP	LIBOR + 2.0%	2026	0	527 955
Secured bank loan	GBP	LIBOR + 2.0%	2026	0	168 924
Secured bank loan 1)	GBP	75% fixed 3.17%, 25% LIBOR + 1,40%	2032	4 342 002	0
Secured bank loan 2)	GBP	75% fixed 3,55%, 25% LIBOR + 1.80%	2036	682 797	679 849
Financial lease	GBP	3)	2020	15 199	48 118
Financial lease	GBP	3)	2021	75 330	119 431
Shareholder loans 4)	GBP	7%	2030	274 768	611 102
Shareholder loan 5)	GBP	LIBOR + 6.0%	2036	628 259	563 077
Lease liability, IFRS 16	GBP			28 425	0
Other	GBP			48 755	48 297
				6 095 535	4 612 413
<b>Shipping/Offshore wind:</b>					
Secured bank loan 6)	EUR	6 month EURIBOR + 2.85%	2020	572 100	721 252
Secured bank loan 7)	EUR	3 month EURIBOR + 3.75%	2020	148 423	208 595
Secured bank loan 8)	USD	3 month LIBOR + 3.75%	2020	164 342	220 661
Secured bank loan 9)	EUR	3 month EURIBOR + 2.65%	2022	30 134	0
Secured bank loan 10)	EUR	3 month EURIBOR + 2.65%	2023	9 864	0
Shareholder loan 11)	USD	Fixed 7,5%		101 656	186 289
Other	DKK			25 912	17 533
				1 052 431	1 354 331
<b>Other:</b>					
Unsecured Bonheur ASA bond loans 12)	NOK	NIBOR/3.5%/4.0%/3.15%/2.50%	2021/'22/'20/'24	2 390 183	2 437 394
Lease liability, IFRS 16	NOK			193 320	0
Other	NOK			170 000	173 598
				2 753 503	2 610 992
<b>Total interest-bearing debt</b>				<b>9 901 469</b>	<b>8 577 736</b>

- 1) Financing facility for Fred. Olsen Wind 2 Ltd.
- 2) Financing facility for Fred. Olsen CB Ltd.
- 3) Financial lease for subsidiaries of Fred. Olsen Wind Ltd.
- 4) Remaining balance of GBP 23,7 million regarding a shareholder loan drawn by Fred. Olsen Wind Ltd. from The Renewables Infrastructure Group (UK) Investments Ltd.
- 5) A total of GBP 54.2 million has been drawn by Fred. Olsen CBH Ltd. on a shareholder loan from Aviva Investors Global Services Limited.
- 6) Financing facility for Fred. Olsen Windcarrier of the jack-up vessels Brave Tern and Bold Tern.



## Notes

- 7) Financing facility for Blue Tern Ltd. for the jack-up vessel Blue Tern.
- 8) Financing facility for Blue Tern Ltd. for the jack-up vessel Blue Tern.
- 9) Financing facility for UWL regarding building of vessel.
- 10) Financing facility for UWL regarding building of vessel.
- 11) A shareholder loan from a wholly owned subsidiary of Keppel Offshore and Marine Ltd. to Blue Tern Ltd. of USD 11.6 million.
- 12) The market value of the five outstanding Bonheur bond loans maturing in 2020, 2021, 2022 and 2024 were per year end 102.20, 102.90, 104.75 and 100.00, respectively. The bond loan maturing in 2024 was not listed as at 31 December 2019.

### Finance lease liabilities

Finance lease liabilities are payable as follows:

(Amounts in NOK 1000)	Future minimum lease payment 2019		Present value of minimum lease payments 2019	Future minimum lease payment 2018		Present value of minimum lease payments 2018
		Interest 2019			Interest 2018	
Less than one year	71 224	1 859	69 366	88 771	5 488	83 283
Between one and five years	23 612	293	23 319	91 647	2 738	88 909
More than five years	0	0	0	0	0	0
<b>Total</b>	<b>94 836</b>	<b>2 152</b>	<b>92 685</b>	<b>180 418</b>	<b>8 226</b>	<b>172 192</b>

### Booked value of collateral

(Amounts in NOK 1 000)	Book value	
	31.12.2019	31.12.2018
Windfarms	3 281 566	3 333 133
Vessels	2 044 438	3 725 413
Other fixed assets	31 888	32 161
<b>Total book value of collateral</b>	<b>5 357 892</b>	<b>7 090 707</b>

### Guarantees

Guarantees granted to associates

Guarantees granted to Group companies entities (reflected in the group accounts by recorded debt)	832 911	1 043 613
<b>Total</b>	<b>832 911</b>	<b>1 043 613</b>

Guarantees are granted in connection with the following investments

Cruiseships	193 314	247 252
Windfarms	54 897	49 909
Wind vessels	572 100	721 252
Other*)	12 600	25 200
<b>Total</b>	<b>832 911</b>	<b>1 043 613</b>

\*) Related to Koksa Eiendom AS.

## Notes

### Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Equity		Total
	Lease liabilities	Other interest bearing loans	Equity holders of the parent	Non-controlling interest	
Balance as per 1 January 2019	167 549	8 410 187	6 333 038	1 020 302	15 931 076
Changes from financing cash flows					
Proceeds from long term loans and borrowings	0	5 428 171	0	0	5 428 171
Repayment of long term loans and borrowings	0	-4 488 936	0	0	-4 488 936
Repayment of finance lease liabilities	-81 638	0	0	0	-81 638
Dividend paid	0	0	-170 128	-898 090	-1 068 218
Total changes from financing cash flows	-81 638	939 235	-170 128	-898 090	-210 621
Lease liabilities (IFRS 16)	221 745	0	0	0	221 745
Effect on liabilities of changes in foreign exchange rates	4 618	239 773	0	0	244 391
Comprehensive loss for the period *)	0	0	-504 690	112 097	-392 593
Balance as per 31 December 2019	312 274	9 589 195	5 658 220	234 309	15 793 998

\*) According to statement of changes in equity, page 18.

### Note 19 – Employee benefits

#### Accounting policies

##### Defined benefit plans

The Company and certain of its subsidiaries have pension plans for employees which provide for a defined pension benefit upon retirement (Defined benefit plans). These pension schemes are accounted for in accordance with IAS19.

The calculation of the liability is made on a linear basis, taking into account assumptions regarding the number of years of employment, discount rate, future return on plan assets, future changes in salaries and pensions, the size of defined national contributions and actuarial assumptions regarding mortality, voluntary retirement etc. Plan assets are stated at fair values. Net pension liability comprises the gross pension liability less the fair value of plan assets. Net pension liabilities from under-funded pension schemes are included in the balance sheet as long-term interest free debt, while over-funded schemes are included as long-term interest free receivables, if it is likely that the over-funding can be utilized. The effect of retroactive plan amendments without future benefits, are recognized in the income statement with immediate effect. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

Net pension cost, which consists of gross pension cost, less estimated return on plan assets adjusted for the impact of changes in estimates and pension plans, are classified as an operating cost, and is included in the line item "operating expenses".

Pension schemes base the discount rate on the yield of long term covered bonds (OMF) at the statement of financial position date, adjusted to reflect the terms of the obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group of companies, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When benefits of a plan are improved, the portion of the increased benefit relating to past service is recognised as an expense in the income statement on a straight-line basis until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised in the income statement.

Employees of certain subsidiaries are covered by multi-employer pension plans administered by trade unions and by plans administered by related companies. Costs related to these plans are expensed as incurred.

## Notes

### Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group of companies has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Accounting estimate – pension obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions will impact the calculated pension obligations. The Group determines the appropriate discount rate at the end of each year. This rate is used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The rate used for Norwegian subsidiaries is based on 10 year government bonds or OMF rate. Beyond 10 years the rate has been based on an extrapolation of the government bond rate and long-term swap rates for the relevant period. Other key assumptions for pension obligation are based on current market conditions.

### Pension plans

Employees within of the Group of companies have the right to future pension benefits (defined benefit plans) based upon the number of contribution years and the salary level at retirement. The scheme of each Group entity is administered by individual pension funds or by separate insurance companies. Some subsidiaries have defined contribution schemes for all or some of their employees. In 2019, total costs incurred for defined contribution schemes were NOK 39 million (2018: NOK 31 million). The pension plans in the Norwegian companies meet the Norwegian requirements for a Mandatory Company Pension (OTP).

In total, the number of members in the defined benefit plans by the end of 2019 were 425, of which 213 were pensioners (2018: 437 of which 218 pensioners). Fred. Olsen & Co. related individuals are members of Fred. Olsen & Co.'s Pension Fund. Individuals employed in Fred. Olsen & Co. after 1 June 2012 are covered by contribution plans. The other individuals have a right to future pension benefits (defined benefit plan) based on the number of contribution years and compensation level at the pensionable age. The Group of companies has unfunded (unsecured) pension arrangements for some executives with salaries in excess of 12 G. Those executives are also entitled to early retirement upon reaching 65 years of age. The early pension arrangement will represent 66% of the salary at the time of retirement until ordinary retirement. Executives of Fred. Olsen & Co. have similar arrangements.

The status of the defined benefit obligations is as follows:

(Amounts in NOK 1 000)	2019	2018
Present value of unfunded obligations	-536 725	-490 880
Present value of funded obligations	-790 154	-743 206
Total present value of obligations	-1 326 879	-1 234 086
Fair value of plan assets	886 377	838 199
Net liability for defined benefit obligations	-440 502	-395 887
Hereof unfunded pension plans (net liability)	-536 725	-490 880
Hereof funded pension plans	96 223	94 993
Recognized net defined benefit obligations	-440 502	-395 887
Financial fixed assets / pension funds	99 131	83 075
Liabilities / Employee benefits	-539 633	-478 962
Net liability as at 31. December	-440 502	-395 887

Total expense recognized in the income statement:

(Amounts in NOK 1 000)	2019	2018
Current service costs	-49 115	-50 999
Interest on obligations	-33 467	-28 888
Expected return on plan assets	20 414	14 432

## Notes

Gain on settlements / Past service costs	0	3 741
Currency effects	0	943
Net pension cost for defined benefit plans	-62 168	-60 771

*Plan assets:*

At the balance sheet date, plan assets are valued using market prices. This value is updated yearly in accordance with statements from the Pension Fund. There are no investments in the Company or in property occupied by the Group of companies.

*Major categories of plan assets:*

(Amounts in NOK 1 000)	2019	2018
Equity instruments	41%	35%
Corporate bonds	40%	47%
Government bonds	11%	16%
Annuities	0%	0%
Real estate	4%	0%
Other assets	4%	2%
Total Plan Assets	100%	100%

*Movement in defined benefit obligations:*

Movement in defined benefit obligations: (Amounts in NOK 1000)	Funded Obligations (Net)		Unfunded obligations	
	2019	2018	2019	2018
Balance at 1. January	94 993	-237 142	-490 880	-609 945
Derecognition of subsidiaries	0	370 145	0	136 338
	94 993	133 003	-490 880	-473 607
Pension contribution	34 256	16 351	0	0
Benefits paid by the plan *)	0	0	10 005	10 167
	34 256	16 351	10 005	10 167
<b>Included in profit and loss:</b>				
Interest on obligation / Interest on plan assets	307	-2 892	-13 360	-11 564
Current service cost	-28 943	-28 950	-20 172	-22 049
Past service cost	0	0	0	3 741
Currency effects / Corrections	0	886	0	57
Net pension cost	-28 636	-30 956	-33 532	-29 815
<b>Included in other comprehensive income:</b>				
Actuarial gain/(loss) arising from:				
Financial assumptions	-1 561	-14 239	-14 271	-10 246
Experience adjustments	-24 581	-8 358	-8 047	16 423
Return on plan assets	21 751	9 579	0	0
	-4 390	-13 018	-22 318	6 177
Foreign currency translation **)	0	-10 387	0	-3 802
Balance as at 31. December	96 223	94 993	-536 725	-490 880

\*) Payment of benefits from the funded defined benefit plans were in 2019 NOK 28.2 million (2018: NOK 24.5 million). Figure netted out in the table above

\*\* Inclusive discontinued operations for 2018

## Notes

*Principal actuarial assumptions at the balance sheet expressed as weighted averages:*

(Amounts in NOK 1 000)	2019	2018
Discount rate at 31. December	2,50%	2,75%
Expected return on plan assets at 31. December	2,50%	2,75%
Future salary increase	2,25%	2,50%
Yearly regulation in official pension index (G)	2,25%	2,50%
Future pension increases	1,50%	1,50%
Social security costs	14,10%	14,10%
Mortality table	K2013	K2013
Disability table	KU	KU

*Discount rate in Defined Benefit Plans*

The discount rate was determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In Norway the discount rate is determined with reference to covered bonds.

*Sensitivity:*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

(Amounts in NOK 1 000)	Increase in PBO *)
	2019
Future salary increase with 0.25%	24 385
Future pension increase with 0.25%	54 570
Discount rate decreases with 0.25%	79 838
Future mortality assumption, increased lifetime by 1 year	51 589

\*) Projected Benefit Obligation (PBO)

Expected contributions to funded defined benefit plans in 2020 are NOK 30 million.

Expected payment of benefits from the unfunded plans are in 2020 estimated to be NOK 11 million.

## Total present value of obligations:

(Amounts in NOK 1 000)	2019	2018
Employees	958 709	856 232
Deferred	0	0
Pensioners	368 170	377 854
<b>Total present value of obligations</b>	<b>1 326 879</b>	<b>1 234 086</b>

*Risks:*

The major risks for the defined benefit plans are interest rate risk, investment risks, inflation risk and longevity risk.

## Notes

### Note 20 – Deferred income and other accruals

#### Current items

(Amounts in NOK 1000)	2019	2018
Accrued interest other	68 147	125 159
Other accruals	514 174	472 737
Contract liabilities	1 048 654	951 465
Other accruals and deferred income	1 630 975	1 549 361

The Group of companies has short-term contract liabilities of NOK 1 049 million per 31 December 2019 (2018: 951 million). NOK 689 million is due to prepayments from sale of cruises (2018: 609 million), NOK 321 million is prepayment received from subscribers within NHST (2018: 324 million) and NOK 39 million is prepayment from customers within Offshore wind (2018: NOK 18).

#### Non-current items

Decommissioning costs related to windfarms of NOK 417 million (2018: 400 million) is included under "Other non-current liabilities".

### Note 21 - Trade and other payables

(Amounts in NOK 1000)	2019	2018
Other trade payables	905 689	619 430
Total trade payables	905 689	619 430
Fair value of derivatives 1)	4 079	25 170
Total other payables	4 079	25 170
Total trade and other payables	909 768	644 600

1) For further information about derivatives see note 22.

## Notes

## Note 22 – Financial Instruments

## Accounting policies

## Classification of financial assets and liabilities

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. The Group of companies holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Since the profiles, maturities and other terms of the swaps do not match the underlying liabilities perfectly, the swaps are not accounted for using hedge accounting.

All equity instruments are measured at fair value with gains and losses either through profit or loss (FVTPL) or in other comprehensive income (FVOCI). All financial debt instruments are classified based on the entity's business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

- Amortised cost - a financial asset is measured at amortised cost if both of the following conditions are met:
  - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income (FVOCI) - financial assets are classified and measured at FVOCI if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Fair value through profit or loss (FVTPL) - any financial assets that are not held in one of the two business models mentioned are measured at FVTPL.

All financial liabilities are measured at amortized cost, except for financial liabilities at FVTPL. Such liabilities include derivatives, other liabilities held for trading, and liabilities that an entity designates to be measured at fair value through profit or loss.

## Impairment

The impairment model applicable to financial assets, measured at amortized cost or FVOCI, is a forward-looking "expected credit loss" (ECL) model. This requires forward looking judgements of two classifications:

- 12-month ECLs resulting from possible default events within the 12 months after the reporting date.
- Lifetime ECLs resulting from possible default events over the expected life of a financial instrument.

For impairment losses on financial assets measured at FVOCI, impairment losses shall be recognized in other comprehensive income, for other assets in profit or loss.

## Accounting classifications and fair values

The following tables below show the carrying amounts and fair values of the financial assets and financial liabilities. Fair value disclosure of lease liabilities are not included.

(Amounts in NOK 1000)	Classification	Carrying amount
31 December 2019	under IFRS 9	under IFRS 9
<b>Financial assets measured at fair value</b>		
Other Shares	FVTPL	142 733
Other Shares	FVOCI	45 628
Bonds	FVTPL	227 870
<b>Total</b>		<b>416 231</b>
<b>Financial assets not measured at fair value</b>		
Other Shares	Amortised cost	30 155
Other long term interest bearing loans	Amortised cost	156 912
Trade and other receivables	Amortised cost	1 509 522
Cash and cash equivalents	Amortised cost	6 187 649
<b>Total</b>		<b>7 884 238</b>

## Notes

### Financial liabilities measured at fair value

Interest rate swaps used for hedging	FVTPL	193 834
Other forward exchange contracts	FVTPL	938
Bunker swaps	FVTPL	1 481
<b>Total</b>		<b>196 254</b>

### Financial liabilities not measured at fair value

Bank overdrafts	Amortised cost	110 864
Interest bearing bond loans	Amortised cost	2 390 183
Secured bank loans	Amortised cost	6 143 483
Unsecured loans	Amortised cost	1 055 528
Finance lease liabilities	Amortised cost	90 530
Right-of-use liabilities (leasing - IFRS 16) *)	Amortised cost	425 382
Trade and other payables	Amortised cost	909 768
<b>Total</b>		<b>11 125 737</b>

\*) Right-of-use liabilities amount to NOK 425 million per 31 December 2019, of which NOK 222 million is interest bearing liabilities.

### Impairment of financial assets

The Group of companies has adopted a forward-looking “expected credit loss” (ECL) model according to IFRS 9. Loss allowances have been measured on the following bases:

- 12-month ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs that result from all possible default events over the expected life of a financial instrument.

The Group of companies' financial assets were considered to have low credit risk per 1 January 2019. Historically, losses on receivables have been insignificant in the Group of companies. A large proportion of the Group of companies' receivables are advance payments from customers in the business segment Cruise and in NHST Media Group AS. The Group of companies has considered that the credit risk has not increased significantly during 2019. Based on the group's assessment, no significant changes in loss allowance are deemed necessary per 31 December 2019.

### General

The Group of companies is exposed to various financial risk factors through its operating activities. The factors include market risks (currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The management seeks to minimise the risks and monitors the financial markets closely.

### Fair values versus carrying amounts

Unless otherwise stated, the net book values are presumed to reflect the fair value of financial assets and liabilities.

### Credit risk

The Group of companies continually evaluates the credit risks associated with customers and counterparties and, when necessary, requires guarantees or collaterals. The Group of companies' short-term investments are mainly limited to cash deposits with its relationship banks. For further information, see note 3 - Financial Risk Management.



## Notes

The carrying amounts of financial assets represent the maximum credit exposures. The maximum exposure to credit risk at the reporting date was:

(Amounts in NOK 1000)	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets, bonds	227 870	227 870	262 907	262 907
Trade receivables *)	1 320 341	1 320 341	1 347 823	1 347 823
Contract assets *)	189 181	189 181	0	0
Cash and cash equivalents	6 187 649	6 187 649	5 913 074	5 913 074
Derivatives	0	0	2 231	2 231
<b>Total</b>	<b>7 925 041</b>	<b>7 925 041</b>	<b>7 652 992</b>	<b>7 652 992</b>

\*) Trade receivables (which also includes i.a. prepayments) and contract assets are to be collected from the following business segments:

(Amounts in NOK 1 000)	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Renewable Energy	614 122	614 122	643 991	643 991
Shipping / Offshore wind	603 971	603 971	261 698	261 698
Cruise	142 161	142 161	125 226	125 226
Other Investment	149 268	149 268	443 865	443 865
<b>Total</b>	<b>1 509 522</b>	<b>1 509 522</b>	<b>1 474 780</b>	<b>1 474 780</b>

#### Fair value determination

The Group is required to disclose the hierarchy of how fair value is determined for financial instruments recorded at fair value in the consolidated financial statements. The hierarchy gives highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 2 includes assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly. All values in Level 2 are based on an average quoted price of transactions during the year and year end quoted prices. All values in Level 3 are measured at cost.

(Amounts in NOK 1 000)				
	Level 1	Level 2	Level 3	Total
<b>31 December 2019</b>				
Financial assets - FVTOCI - bonds	227 870	0	0	227 870
Financial assets - FVTPL - shares	143 187	0	0	143 187
Financial assets - FVTOCI - shares	759	0	75 023	75 783
<b>31 December 2018</b>				
Financial assets - FVTOCI - bonds	262 907	0	0	262 907
Financial assets - FVTPL - shares	253 642	0	0	253 642
Financial assets - FVTOCI - shares	464	0	51 297	51 761
Forward exchange contracts - FVTPL	2 231	0	0	2 231

## Notes

### Impairment losses

The aging of trade and other receivables at the reporting date was:

(Amounts in NOK 1 000)	Gross	Provisions	Balance	Gross	Impairment	Balance
	2019	2019	2019	2018	2018	2018
Not past due	1 350 869	0	1 350 869	1 329 181	0	1 329 181
Past due 0-30 days	104 983	0	104 983	129 317	0	129 317
Past due 31-180 days	45 473	-1 445	44 028	15 719	-5 159	10 560
Past due 181-360 days	4 992	0	4 992	1 877	0	1 877
More than one year	4 649	0	4 649	3 845	0	3 845
<b>Total</b>	<b>1 510 967</b>	<b>-1 445</b>	<b>1 509 522</b>	<b>1 479 939</b>	<b>-5 159</b>	<b>1 474 780</b>

Based on historic default rates, the Group of companies believes that limited impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days. Due to conditions related to specific customers in NHST Media Group AS a provision for losses has been made to certain receivables past due 31-180 days. Lifetime expected credit losses has been assessed for other receivables, but the Group of companies has assessed the risk of losses to be insignificant that no provision for losses has been made on all receivables.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

(Amounts in NOK 1 000)	Carrying amount	
	2019	2018
UK	767 460	744 114
EURO-zone incl. Norway	557 906	682 442
America	89 261	15 743
Africa	31	496
Asia	27 015	7 737
Other	67 850	24 248
<b>Total</b>	<b>1 509 522</b>	<b>1 474 780</b>

### Liquidity risk

The Group of companies is exposed to liquidity risk when payments of financial liabilities do not correspond to the cash flow from net profit. In order to effectively mitigate liquidity risk, the Group of companies' risk management strategy focuses on maintaining sufficient cash, marketable securities and committed credit facilities. Moreover, the liquidity risk management strategy focuses on maximising the return on surplus cash as well as minimising the cost of short term borrowing and other transaction costs. In order to uncover future liquidity risk, the Group of companies forecasts both short-term and long-term cash flows. Cash flow forecasts include cash flows stemming from operations, investments and financing activities.

## Notes

The following are the contractual maturities of financial liabilities, including estimated interest payments:

(Amounts in NOK 1 000)	Carrying amount	Contractual cash flows	Due in				
			2020	2021	2022	2023	2024 and thereafter
31 December 2019							
Non-derivative financial liabilities	9 901 470	10 002 107	2 053 084	1 192 257	954 762	508 032	5 293 972
Derivative financial liabilities	194 595	456 537	69 490	62 750	57 603	51 893	214 801

(Amounts in NOK 1 000)	Carrying amount	Contractual cash flows	Due in				
			2019	2020	2021	2022	2023 and thereafter
31 December 2018							
Non-derivative financial liabilities	8 577 736	9 067 327	2 198 432	2 144 185	1 199 548	1 097 898	2 427 264
Derivative financial liabilities	155 402	308 060	99 286	66 418	40 248	19 149	82 959

### Currency Risk

The Group of companies' financial statements are presented in Norwegian kroner (NOK). Most of the subsidiaries use US dollar (USD), Euro (EUR) or British Pound (GBP) as their functional currencies. The revenues mainly consist of GBP, EUR and NOK. The operating expenses mainly consist of USD, GBP, EUR and NOK.

The Group of companies is exposed to foreign currency risks related to its operations and debt instruments. As such, the earnings are exposed to fluctuations in the currency markets. The future foreign currency exposure depends on the currency denomination of future operating revenues and expenses. In the longer term, parts of the currency exposures are neutralised due to the majority of the Group of companies' debt is denominated in the same currencies as the revenues.

The management monitors the currency markets closely. In order to reduce the impact of currency rate fluctuations on the net income and the statement of financial position, currency contracts are entered into when considered appropriate.

The Group of companies' exposure to foreign currency risk was as follows based on notional amounts:

The figures are not directly comparable to the figures in the statement of financial position, as the statement of financial position shows the figures in NOK, net of intra group eliminations.

(Amounts in 1 000)	31 December 2019			31 December 2018		
	USD	GBP	EUR	USD	GBP	EUR
Trade receivables	12 619	16 701	33 276	2 576	65 671	37 328
Secured bank loans	-29 934	-433 411	-90 678	-	-414 737	-136 466
Cash and bank	8 199	172 980	106 537	19 663	162 494	74 475
Trade payables	-7 613	-12 701	-38 461	-4 256	-12 471	-19 866
Gross statement of financial position exposure	-16 729	-256 431	10 673	17 984	-199 043	-44 528
Forward exchange contract	0	-128	0	1 500	-1 172	0
Net exposure	-16 729	-256 559	10 673	19 484	-200 214	-44 528

## Notes

### Currency sensitivity analysis

A 10 percent strengthening of the NOK against the following currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

Effect in NOK 1 000	Equity	Profit or loss
31 December 2019		
USD	14 689	0
GBP	302 401	148
EUR	-47 463	0
31 December 2018		
USD	-15 625	-1 303
GBP	221 361	1 303
EUR	44 298	0

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2019	2018	2019	2018
1 USD	8,8003	8,1329	8,7803	8,6885
1 GBP	11,2362	10,8502	11,5936	11,1213
1 EUR	9,8502	9,5996	9,8638	9,9483

## Notes

### Interest rate risk

When the Group of companies borrows funds externally, the interest rate payable is in most cases based on a floating interest rate. In order to reduce the fluctuations of interests payable, interest rate swap agreements are entered into. The Group of companies is exposed to fluctuations in interest rates for USD, GBP, EUR and NOK.

All the interest rate swaps that are entered into are used for economical hedging. Therefore, the changes in the valuation of the interest rate swaps are taken over the profit or loss statement. The quarterly update of the valuations of the interest rate swaps may result in substantial financial gains and losses, depending on the changes in the interest rate levels.

The management monitors the interest rate markets closely and enters into interest rate swap agreements when this is considered appropriate. At the reporting date approximately 39% of the financial liabilities were interest hedged.

At the reporting date the interest rate profile of the Group of companies' interest-bearing financial instruments was:

(Amounts in NOK 1 000)	2019	2018
<b>Fixed rate instruments</b>		
Financial assets	0	5 100
Financial liabilities (interest-hedged portion of interest-bearing debt)	-3 848 639	-2 428 161
<b>Total</b>	<b>-3 848 639</b>	<b>-2 423 061</b>
<b>Variable rate instruments</b>		
Financial assets (cash and cash equivalents)	6 187 649	5 913 074
Financial liabilities (non-interest-hedged portion of interest-bearing debt)	-6 052 830	-6 149 575
<b>Total</b>	<b>134 819</b>	<b>-236 501</b>

### Interest rate sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts indicated below. This analysis is on a pre-tax basis and assumes that all other variables, in particular foreign currency rates, remain constant. Changes in the market value of interest rate swap agreements are not included. The analysis is performed on the same basis as for 2018.

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2019</b>				
Net interest costs	-1 348	1 348	-1 348	1 348
<b>31 December 2018</b>				
Net interest costs	-2 365	2 365	-2 365	2 365

## Notes

### Note 23 – Rental and leases

The Group of companies has applied IFRS 16 from 1 January 2019, using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

#### Leases as lessee

##### Accounting principles

At inception of a contract, the Group of companies assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group of companies uses the definition of a lease in IFRS 16.

IFRS 16 introduces a balance sheet lease accounting where a lessee will recognize a right of use asset and a corresponding lease liability. At commencement or on modification of a contract that contains a lease component, the Group of companies allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

For comparative information payments made under operating leases were recognized in the income statement on a straight-line basis over the term of the lease. The Group of companies had car contracts treated as financial leases.

##### Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 10). See also note 18 for information on the lease liabilities.

(Amounts in NOK 1000)	Vessels	Land and buildings	Other fixed assets	Total
<b>2019</b>				
Balance at 1 January	0	241 665	2 323	243 987
Depreciaton charge for the year	-28 851	-31 531	-7 519	-67 901
Impairment	-32 057	0	0	-32 057
Additions to right-of-use assets	108 356	10 606	3 982	122 944
Derecognition of right-of-use assets	0	0	-3 867	-3 867
Currency differences	-40	294	192	446
<b>Balance at 31 December</b>	<b>47 407</b>	<b>221 034</b>	<b>-4 888</b>	<b>263 553</b>

#### Amounts recognized in profit or loss

(Amounts in NOK 1000)

2019 - Leases under IFRS 16	2019
Depreciaton charge for the year	67 901
Interest on lease liabilities	10 882
Expenses related to short-term leases	22 516

#### 2018 - Operating leases under IAS 17

Lease expense	33 496
---------------	--------

#### Amounts recognized in statement of cash flows

(Amounts in NOK 1000)

	2019
<b>Total cash outflow for leases</b>	<b>111 245</b>

## Notes

Most of the lease rentals in the Bonheur Group of companies are related to office rental contracts in several countries and lease of a jack-up vessel on time charter within Shipping/Offshore wind.

The office rental contracts are mainly within the subsidiary NHST Media Group AS. The most significant leases are related to the main offices in the Europe and has a duration of 5-10 years, some which contain renewal options. The renewal period is a significant proportion of the leasing liability. It is assessed that it is most likely to exercise the options to extend the lease period and the calculation of the liability and right-of-use asset is based on this assumption.

The lease contract for the jack-up vessel has a non-cancellable period of 30 months, commencing 10 May 2019, and with renewal options which are not included in the lease calculation.

Also included are some land leases, with fixed payments, regarding wind farms within Renewable Energy. These contracts are mainly compensation for road access, use of a compound or a minimum rent to the land owners. The land rent contracts normally have variable lease terms based on turnover or usage. These lease payments depending on turnover or usage will continue to be recognized in profit or loss when the use occurs. These payments are not included in the lease liability that is recognized under IFRS 16, due to their variable nature. The total expense relating to variable lease payments which is not included in the measurement of lease liabilities is NOK 48 million in 2019. The cash outflow from variable leases is estimated to NOK 38 million in 2020.

The Group of companies has some short-term office rental contracts and leases of low-value items which the Group of companies has elected not to recognize as right-of-use assets and lease liabilities.

### Transition effects 1 January 2019

The figures in the tables below show the effects of implementing IFRS 16 for lease contracts per 1 January 2019 in the consolidated income statement and consolidated statement of financial position for the Group of companies:

(Amounts in NOK 1000)	<b>Accounting applying IFRS 16</b>
<b>Effects in profit or loss</b>	<b>1.1.-31.12. - 2018</b>
Operating costs	32 550
<b>EBITDA</b>	<b>32 550</b>
Depreciation	-29 579
<b>Operating result (EBIT)</b>	<b>2 972</b>
Financial expenses	-6 749
<b>Net financial items</b>	<b>-6 749</b>
<b>Profit / (loss) for the year</b>	<b>-3 778</b>

## Notes

(Amounts in NOK 1000)	<b>Accounting applying IFRS 16 1.1.2019</b>
<b>Effects in Statement of financial position</b>	
Non-current assets	242 785
<b>Total assets</b>	<b>242 785</b>
Retained earnings	-310
<b>Equity</b>	<b>-310</b>
Non-current interest bearing liabilities	202 460
<b>Total non-current liabilities</b>	<b>202 460</b>
Current interest bearing liabilities	40 634
<b>Total current liabilities</b>	<b>40 634</b>
<b>Total equity and liabilities</b>	<b>242 785</b>

**Leases as lessor**[Accounting principles](#)

At inception or on modification of a contract that contains a lease component, the Group of companies allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group of companies act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group of companies makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, The Group of companies consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group of companies applies IFRS 15, Revenue from contracts with customers, to allocate the consideration in the contract. The Group of companies applies the derecognition and impairment requirements in IFRS 9, Financial instruments, to the net investment in the lease.

For comparative information the Group of companies recognized revenue from lease on a systematic basis based on the benefits from the leased assets. IAS 17 required the Group of companies to disclose future minimum lease payments under non-cancellable operating leases. For historical lease payments, the charter contracts consisted of both lease payments and service payments. Due to the nature of the terms and conditions in the various charter rate contracts and the uncertainty of future operational performance, management was of the opinion that disclosing the lease payments part separately from the service payments would not add any value to the reader in understanding the charter payments. Operating revenue from Transport & Installation in the offshore/wind segment will in the future be split into two elements, income from rentals and income from services, described in note 5 – Revenue. Based on this no maturity analysis of lease payments is disclosed. The Group of companies leases out its installation vessels (Brave-, Bold- and Blue Tern) and crew vessels, which were a part of a vessel pool agreement with Nordic Offshore Services. The Group classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the underlying assets.

For further details, see note 5.



## Notes

## Note 24 – Capital commitments

(Amounts in NOK 1000)	Per year end 2019			Per year end 2018		
	Committed	Capitalised	Remaining	Committed	Capitalised	Remaining
<b>Renewable energy</b>						
Högaliden	1 029 293	370 270	659 023	1 043 106	129 365	913 742
Brockloch Rig Windfarm (formerly Windy Standard II)	10 679	6 167	4 512	12 834	0	12 834
Misc.	9 275	0	9 275	0	0	0
<b>Total</b>			<b>672 810</b>			<b>926 576</b>
<b>Shipping / Offshore wind</b>						
United Wind Logistics GmbH (2 newbuildings)	379 134	138 893	240 241			
Misc.	868	0	868			
<b>Total</b>			<b>241 109</b>			<b>0</b>
<b>Cruise</b>						
Boudicca	0	0	0	970	0	970
Braemar	120	0	120	7 692	0	7 692
Black Watch	134	0	134	4 479	0	4 479
Balmoral	80	0	80	4 417	0	4 417
Misc.	62 210	21 740	40 470	41 563	20 854	20 709
<b>Total</b>			<b>40 804</b>			<b>38 266</b>
<b>Remaining capital commitments</b>			<b>954 722</b>			<b>964 842</b>

## Note 25 – Contingencies and provisions

The Group of companies is subject to various legal and tax claims arising in the normal course of business which the Group of companies assesses on a regular basis.

## Outstanding receivables from customers

A subsidiary is involved in a project which is suspended due to unforeseen technical issues and the project is not expected to be completed. The root cause is not yet determined and a joint collaboration in order to evaluate this is established. No provision has been made.

## Outstanding issues from suppliers

No significant outstanding issues recognized as per year end 2019.

## Tax disputes

There is one ongoing tax dispute in a subsidiary within the Group of companies and the Norwegian tax authorities. See note 9.

## Note 26 – Related party information

In the ordinary course of business, the Group of companies recognizes certain business transactions with accounting wise related parties. This note addresses the background, the services included, the compensation principles as well as the governance principles applied to such main arrangements.

### Fred. Olsen & Co.

The origin of the firm Fred. Olsen & Co. dates back to 1848. The current proprietor of Fred. Olsen & Co., Anette Sofie Olsen, identifies the fifth generation Olsen and can draw an uninterrupted line of business conduct back to 1848. Whilst some Fred. Olsen-related activities are investments by Bonheur, others remain private - but they all stem from the private entrepreneurship back in 1848.

A good example is the Renewable energy business segment, which in the early nineties of the last century evolved out of private Fred. Olsen-related green energy activities in the moorlands of Scotland. At the time this was far from what the maritime oriented Bonheur were focusing on. However, on the back of these activities an opportunity was made available for Bonheur to expand its business interests into investing in constructing, owning and operating windfarms, initially primarily in the UK.

Fred. Olsen & Co. has for generations managed, the day-to-day operation of Bonheur. The public side of the Fred. Olsen-related activities was in earlier years centered around five shipping companies, all listed on the Oslo Stock Exchange and each engaged in distinct business activities and operated by Fred. Olsen & Co. Following various mergers, the latest in May 2016, Bonheur became the sole surviving entity out of these five companies, but now with investments in a variety of diversified business segments, each subject to autonomous corporate structures and accordingly with distinct managements.

Over the years Fred. Olsen & Co. has in addition also been engaged in day-to-day operation or provision of professional services to other companies and investment funds.

In addition to being in charge of the day-to-day operation of Bonheur, Fred. Olsen & Co. today also provides a variety of professional services on market terms to predominantly subsidiaries of Bonheur engaged in the various business segments within which Bonheur is invested. Fred. Olsen & Co. only to a very limited degree provides services to private Fred. Olsen-related companies, and then at rates equal to those applied to subsidiaries of Bonheur.

The Board of Bonheur is satisfied that the arrangement with Fred. Olsen & Co. in charge of the day-to-day operation of Bonheur, which for decades has proved successful, also today is very suitable.

The Board is of the view that the business segments within which Bonheur at any one point in time is invested through subsidiaries, must be operated on an autonomous basis. At the same time, and partly for the same reason, it is of significant value to Bonheur that Fred. Olsen & Co. with its experience and knowledge on a professional basis assists each of these business segments in achieving their respective goals. That in turn provides a unique platform for Fred. Olsen & Co. to be able to efficiently provide such day-to-day operation of Bonheur that is needed. By Fred. Olsen & Co. being in charge of both the day-to-day operation of Bonheur and the provision of a variety of services to subsidiaries of Bonheur, Bonheur and Fred. Olsen & Co. achieve cost and competence synergies. Such benefits are realized without any interests being compromised.

For its services to Bonheur, Fred. Olsen & Co. is compensated through a cost-plus model. A markup commensurable with margins used in comparable uncontrolled transactions is applied on top of a cost base consisting of documented expenses mainly related to personnel, external consultancy services, rent and IT expenses (see below table). Pension costs relative to Fred. Olsen & Co., hereunder pension to Mr. Fred. Olsen, do not form part of this cost base but are charged directly to the Company. The profit margin on ordinary services payable to Fred. Olsen & Co. has in recent years equaled 10-12 %.

The compensation model also allows for a potential limited annual bonus to Fred. Olsen & Co. on top of the ordinary compensation, conditional on to what extent different criteria have been met. Such bonus has since 2014 varied between 0, and NOK 3,33 million out of NOK 5.4 million, which currently identifies the maximum obtainable bonus.

The compensation model is monitored by the Shareholders' Committee who applies it in connection with its annual recommendation to the Board on compensation and possible bonus to Fred. Olsen & Co. The five members of the Shareholders' Committee are all independent of the majority shareholders of Bonheur. When dealing with these recommendations, the Board will be constituted by its in this regard non-conflicted Directors. The Board of Bonheur consists of five Directors out of which the majority, i.e. three Directors, are independent of the majority shareholders of Bonheur and of Fred. Olsen & Co.

The aforementioned compensation - together with a possible bonus - is the only compensation Fred. Olsen & Co. receives. The profit margin and the maximum obtainable bonus is subject to regular third party benchmarking and review, performed every 3 years, last time in 2019, also monitored by the Shareholders' Committee.

## Notes

(Amounts in NOK 1000)	2019	2018
Costs together with profit margin and bonus to Fred. Olsen & Co., charged to the Company	118 908	110 387
Costs and fees charged to subsidiaries	42 757	31 178
Amount outstanding between Fred. Olsen & Co. and the Company *)	-3 461	-24 564
Amount outstanding between Fred. Olsen & Co. and subsidiaries of the Company *)	-7 513	-6 140

\*) Short term outstanding in connection with current operations.

### Renewable energy

Natural Power Consultants Ltd. (Natural Power), which was incorporated in 1995, provides business development and wind farm site investigations in the UK. Certain assets and activities have previously been spun off to Fred. Olsen Renewables (FOR). Since then and today, Natural Power is a provider of services to FOR as well as other, unrelated companies as a third-party renewable energy consultancy and service provider.

ZX Lidars Ltd. provide wind measurement tools (Wind Lidars) for wind farm Development, Site Construction through to Site and Project Operations as well as in other Weather Monitoring activities.

ZX Measurement Services provide wind measurement services such as lidar rental, campaign design and optimization, analysis etc.

Natural Power, ZX Lidars and ZX Measurement Ltd. are owned by Fred.Olsen Ltd. which is owned by the private Fred. Olsen-related companies AS Quatro and Invento AS; both major shareholders in the Company.

### Scope of services:

Natural Power provides both consultancy services and operations-related services for FOR's wind farms in the UK. FOR has contracted Natural Power to provide site and asset management services for its wind farms in the UK and also to provide specific consultancy services mainly related to planning, environmental, technical, construction, and geotechnical services within renewable energy. During 2019 Natural Power took over technical management for three windfarms after the expiry of all-inclusive agreements with the turbine supplier.

Invoiced from related parties (NOK 1 000)	2019	2018
Natural Power with subsidiaries - asset management services	102 291	82 915
Natural Power with subsidiaries - other consultancy services)	28 966	23 045
Fred. Olsen Ltd.	5 210	3 638
Fred. Olsen & Co	11 976	8 193
ZX Lidars Ltd.	11 109	679
ZX Measurement Services Ltd.	2 566	0
<b>Total paid to related parties</b>	<b>162 117</b>	<b>118 470</b>

FOR hires and shares office locations and other administrative services such as HR and IT support from Fred.Olsen Ltd. in London.

### Governance

All contracts between respectively FOR and Natural Power and FOR and Fred.Olsen Ltd. are based on the arm's length principle. The asset management services are, in accordance with shareholder and loan agreements within FOR, at regular intervals and with advice from independent expert benchmarked and tested against comparable contracts tendered in the market to ensure they are at terms comparable to those available in the market.

### Cruise

Fred. Olsen Cruise Lines Ltd. (FOCL) has its commercial operation located in Ipswich (UK) while its technical operation is located in Oslo. The segment is subject to the following related party interests:

## Notes

### Shared Services with Fred. Olsen Ltd.

FOCL has for many years been part of and has benefited from a wide range of shared services, such as HR, IT and administration, under an office community with Fred. Olsen Ltd. in an office building at White House Road, Ipswich. Although FOCL is primarily the lessee under this arrangement, parts of the rented area are charged back to Fred. Olsen Ltd. The rents are at market terms and subject to annual review. The other services from Fred. Olsen Ltd. are paid for at cost.

For further enhancement of the office situation in Ipswich, it has been decided to extend and improve the office building at White House Road, Ipswich. Together with Fred. Olsen Ltd., FOCL have established a joint venture company (Fred. Olsen House (JV) Ltd. (FOHJV)) for the purpose of having the building transferred and for funding of the necessary extension and improvement works. During 2019 the office building was transferred from Fred. Olsen Ltd to FOHJV. FOCL has made a cash investment of GBP 2.6 million as its 50% share in FOHJV. The investment is based on external valuation of the building. FOHJV has taken out a bank loan of GBP 4.5 million to fund the extension project. FOCL has no guarantees to the bank. The extension is due to be complete summer 2020 when FOCL will move into the new part of the building. The investment is included under Financial fixed assets.

### Travel agency services from Fred. Olsen Travel Ltd.

Fred. Olsen Travel Ltd. is a subsidiary of Fred. Olsen Ltd.

Fred. Olsen Travel Ltd. (UK) facilitates relevant flight bookings for the crew employed by FOCL and some passengers and also acts as an ordinary sales agent for cruise holidays operated by FOCL. These services, however, only amount to a minor share of Fred. Olsen Travel Ltd.'s total revenues. The crew flights services are based on cost plus a service fee per booking. The sales agency is paid a commission on similar terms to other commercial agreements in place between FOCL and independent agents.

### Crewing services from Bahia Shipping Services Inc.

FOCL deploy crew partly from the Philippines with Bahia Shipping Services Inc. based in Manila (Bahia). Bahia came about in 1987 out of a need for a professional crewing company to provide qualified personnel and secure fair treatment of the crew. The majority of the crewing companies in the Philippines at that time did not meet FOCL's HSEQ requirements in this respect, which was the key reason for Bahia coming into existence. Fred. Olsen jnr. owns 25% of Bahia Shipping Services, while the remaining 75% is owned by non-related Philippine third parties.

In 2019 Fred. Olsen Jnr. received NOK 1.6 million (2018: NOK 1.5 million) as an aggregate compensation as chairman of the board of FOCL and for other work carried out to FOCL and subsidiaries. Fred. Olsen Jnr. is one of the indirect ultimate owners of AS Quatro and Invento AS.

Bahia is delivering a complete set of crewing services for crew out of the Philippines, including recruitment, interviewing, testing, training, legal matters, travel arrangements etc. Bahia also facilitates flight bookings for crew travelling from the Philippines to the cruise vessels. The major part of what is paid to Bahia is a pass-through service of wages to crew members (allotment) being funds transferred via Bahia for payment to the crew in the Philippines. Bahia provides crewing services also to other, non-Fred. Olsen-related shipping companies. Cost of crew flights are based on actual cost. Recruitment fees are based on market rates and subject to market testing. Bahia's agency fee is a flat fee negotiated between FOCL and Bahia and based both on market rate and assessment of hours effort required. The numbers in the first table below reflect net amounts, pass-through expenses are excluded.

Invoiced from related parties (NOK 1 000)	2019	2018
Fred. Olsen Travel Ltd (commissions paid on crew flights etc)	2 344	2 141
Fred. Olsen Travel Ltd (commissions earned on sale of cruise tickets)	7 697	7 790
Bahia Shipping Services Inc. (Agency fee for crewing services)	6 428	6 673
Fred. Olsen & Co. (Invoiced for admin fee for Group services)	302	230
<b>Commissions and fees paid to related parties</b>	<b>16 771</b>	<b>16 834</b>

The table below reflects gross numbers and thus also pass-through expenses.

Invoiced from related parties (NOK 1 000)	2019	2018
Fred. Olsen Ltd. (Office premises - lease)	1 650	2 170
Fred. Olsen Ltd. (Infrastructure and establishment services)	13 258	11 900
Fred. Olsen Ltd. (Office management and personnel services)	11 545	11 435
<b>Cost for office premises, Infrastructure and office management paid to Fred. Olsen Ltd.</b>	<b>26 453</b>	<b>25 505</b>

## Notes

### Other transactions with related parties

The Shipping Offshore Wind segment of the Company was invoiced NOK 19.7 million (2018: NOK 13.6 million) for services from Fred.Olsen & Co.

Bahia has provided certain crewing services to the Shipping/Offshore Wind segment of which a commission of NOK 0.6 million (2018: NOK 0,5 million) was paid.

Fred. Olsen & Co. in 2019 paid NOK 5.0 million (2018: 4.9 million) to the Group of companies for rent of office space. The rent is market based and on similar terms as for other tenants in the quarter in Fred. Olsens gate 2 in Oslo.

The Company rents an office building in Hvitsten from a private Fred. Olsen-related company. Rent paid in 2019 as well as in 2018 was NOK 0.4 million.

Fred. Olsen is party to a consultancy agreement with Fred. Olsen & Co. In 2019, NOK 5.1 million was paid under this consultancy agreement (2018: NOK 4.9 million). Such payment is part of the costs charged to Bonheur.

Members of the Board of Directors, the managing director and other related parties hold per year end 2019 in total NOK 75 million of BON06, BON07, BON08 and BON09 bond loans (2018: NOK 143 million).

As per 31 December 2019 the members of the Board, members of the Shareholders' Committee and the Managing Director owned and/or controlled directly and/or indirectly, the following number of shares in the Company:

Board of directors:		Shareholders' committee:		Managing Director:	
Fred. Olsen	40 586	Einar Harboe	109	Anette S. Olsen	2 942
Helen Mahy	0	Jørgen G. Heje	2 180		
Carol Bell	0	Bård Mikkelsen	0		
Andreas Mellbye	0	Ole Kristian Aabø-Evensen	0		
Nick Emery	0	Christian F. Michelet	0		

Private Fred. Olsen related interests directly and/or indirectly owned or controlled 22 035 780 shares in the Company.

## Notes

## Note 27 – Group of companies

## Accounting policies

The consolidated financial statements include the Company and its subsidiaries (the Group). Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Bonheur ASA is parent in a Group with the following subsidiaries:

	Country of incorporation	Ownership interest	
		2019	2018
Fred. Olsen Green Power AS 1)	Oslo, Norway	0,00%	100,00%
Fred. Olsen Renewables AS	Oslo, Norway	100,00%	100,00%
Fred. Olsen Ocean Ltd.	Hamilton, Bermuda	100,00%	100,00%
Dolphin Drilling ASA (previous Fred. Olsen Energy ASA) 2)	Oslo, Norway	-	52,26%
First Olsen Holding AS	Oslo, Norway	100,00%	100,00%
NHST Media Group AS	Oslo, Norway	55,94%	55,94%
Laksa AS 3)	Oslo, Norway	0,00%	100,00%
Laksa II AS 3)	Oslo, Norway	0,00%	100,00%
Bonheur og Ganger Rolf ANS 4)	Oslo, Norway	100,00%	100,00%
BGANS AS 4)	Oslo, Norway	100,00%	0,00%
Fred. Olsen Travel AS	Oslo, Norway	100,00%	100,00%
Fred. Olsen Insurance Services AS	Oslo, Norway	100,00%	100,00%
AS Stavnes Byggeselskap 3)	Oslo, Norway	100,00%	100,00%
Fred. Olsen Spedisjon AS	Oslo, Norway	100,00%	100,00%
Fred. Olsen Cruise Lines Pte Ltd	Singapore	100,00%	100,00%
Ganger Rolf AS 5)	Oslo, Norway	100,00%	100,00%
FOO AS 5)	Oslo, Norway	100,00%	100,00%
Fred. Olsen Canary Lines S.L. 5)	Spain	100,00%	100,00%
Felixstowe Ship Management Ltd. 5)	UK	99,85%	99,85%

1) The investment in Fred. Olsen Green Power AS was transferred to Fred. Olsen Renewables AS in 2019.

2) The investment in Dolphin Drilling ASA (previous Fred. Olsen Energy ASA) was deconsolidated from November 2018 and reclassified from an investment in a subsidiary to a short-term financial investment. For further information, see note 32 Discontinued operations.

3) Laksa AS and Laksa II AS were merged with AS Stavnes Byggeselskap with effect from 1. January 2019.

4) Bonheur og Ganger Rolf ANS is 99 % owned by Bonheur ASA and 1% by AS Stavnes Byggeselskap. During 2019, assets and liabilities in Bonheur og Ganger Rolf ANS will be transferred to BGANS AS, and BGANS AS will be merged with Bonheur ASA.

5) Based on Bonheur's ownership interest the companies are classified as subsidiaries, but due to no or insignificant activity the companies are not consolidated in the Bonheur Group.

## Notes

### Note 28 – Acquisition of 50% shareholding in United Wind Logistics GmbH

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On 27 March 2019 Fred. Olsen Ocean Ltd. (FOO), a company wholly owned by Bonheur ASA, entered into an agreement to acquire a 50% ownership in United Wind Logistics GmbH (UWL) through the contribution of new equity in the amount of EUR 12 million. The ownership split in UWL is FOO 50.0 %, United Shipping Group GmbH 37.5 % and CPLP Holding GmbH 12.5 %.

UWL is a Hamburg (Germany) based company offering services within marine transportation of various offshore wind turbine components, such as blades, nacelles and towers from nearby manufacturing sites to pre-assembly ports closer to offshore wind farm sites.

A preliminary Purchase Price Allocation (PPA) has been prepared. Based on the purchase price and fair value of identified assets and liabilities, there has been estimated a total preliminary goodwill of EUR 8.7 million and customer relationship of EUR 2.8 million plus a deferred tax effect of EUR 0.8 million

### Note 29 – Sale of ownership in UK wind farm portfolio

On 30 April 2018 Aviva Investors Global Services Limited (“Aviva Investors”) acquired ownership of 49% of Fred. Olsen CBH Limited (“FOCBH”), a holding company owning the wind farm companies Crystal Rig III Limited and Brockloch Rig Windfarm Limited in UK, for a total cash consideration of GBP 117.2 million, consisting of the consideration from the sale of 49% of the shares in FOCBH and the consideration from a shareholders loan of GBP 50 million. The remaining 51% shareholding is owned by Fred. Olsen CB Limited (“FOCB”), which is ultimately wholly owned by Fred. Olsen Renewables Limited. Separate to the transaction, FOCB entered into a secured facility agreement with banks of GBP 63.4 million. Total proceeds to the Group of companies from both the transaction and the Financing was GBP 182.1 million.

The transactions in FOCBH affected the consolidated financial position as follows as per year end 2018:

Increased cash and cash equivalents	NOK 2 025 million
Increased non-current interest bearing liabilities	NOK 1 261 million
Increased total equity	NOK 764 million

### Note 30 – Acquisition of indirect 51% shareholding in Blue Tern Limited (previous Seafox 5 Limited)

On 17 December 2018 Fred. Olsen Windcarrier (FOWIC), a company indirectly wholly owned by Bonheur ASA, entered into an agreement with Seafox Accommodation Resorts Limited for the acquisition of an indirect 51% ownership in Seafox 5 Limited (now renamed Blue Tern Limited) which is a company with its main asset being the offshore transport & installation vessel Blue Tern (ex Seafox 5). Total investment was USD 73.6 million (NOK 639.5 million). Net cash effect from the transaction was negative NOK 378 million.

Through the transaction, FOWIC entered into a partnership for the vessel Blue Tern with the owner of the remaining 49% of Blue Tern Limited, a wholly owned subsidiary of Keppel Offshore and Marine Ltd., under which FOWIC will have the vessel under commercial, technical and administrative management as part of its fleet.

As per 31 December 2018 the transaction affected the consolidated financial position as stated below.

Increased property, plant and equipment	NOK 1 545 million
Increased cash and cash equivalents	NOK 157 million
Increased other current assets	NOK 74 million
Increased interest bearing liabilities	NOK 611 million *)
Increased other current liabilities	NOK 32 million
Increased equity - Non-controlling interest	NOK 581 million

\*) FOWIC has in 2019 acquired its pro rata share (51%) of a shareholder loan of USD 21.3 million, amounting to USD 10.8 million.

### Note 31 – Acquisition of subsidiary within the segment Other investments

On 31 August 2018, Mynewsdesk AB, a subsidiary of NHST Media Group acquired 84.95% of the shares in Mention Solutions SAS (France). The purchase price was EUR 14 million (NOK 136 million). Mynewsdesk AB control 100 percent of the company through a put/call option with an exercise date in 2021. The purchase price of the remaining 15 percent, was calculated to EUR 2.5 million, and recognized as a long-term debt.

In October 2019, another 9.7 percent of the shares were acquired with a remaining purchase obligation of EUR 1.1 million.

Mention solutions is a “Software as a service”-based web and social monitoring solution for small and medium businesses to leverage and understand online data.

The Purchase price has been allocated to technology, customer relationship, brand name and goodwill.



## Notes

## Note 32 – Discontinued operations

## Accounting policies

A separate line of business, such as an operating segment, is classified as discontinued operations, if it is part of one single plan to dispose of the business. Classification as a discontinued operation occurs at the earlier of a disposal or when the operation meets the criteria to be reclassified as held for sale or by loss of control. Loss of control can also happen without a change in relative ownership levels or in the absence of a transaction.

The comparative statement of profit or loss of a discontinued operation, is re-presented as if the operation had been discontinued from the start of the comparative year.

## Deconsolidation of Dolphin Drilling (DD)

The investment in DD was deconsolidated from November 2018. From this date the investment was reported as a separate line item in the consolidated income statement and derecognized from the Group of companies' statement of financial position. From the same date, the investment in DD was assessed as a financial investment. A final loss of NOK 45 million was recognized in 2019. No further effects from the deconsolidation of DD have been recognized in the financial statements in the Group of companies during 2019.

The effects on the consolidated accounts in 2018 is stated in the tables below:

(Amounts in NOK 1 000)	Jan-Oct 2018
Result of discontinued operations	2018
Revenue	953 973
Operating costs	-1 350 858
Operating result before depreciation / impairment losses (EBITDA)	-396 884
Depreciation	-1 391 090
Impairment losses	-945 861
Operating result (EBIT)	-2 733 835
Financial revenues	192 978
Financial costs	-450 507
Net financial items	-257 528
Result before tax (EBT)	-2 991 364
Estimated tax cost	7 206
Net result after estimated tax	-2 984 158
Derecognition inclusive translation reserve transferred to profit and loss	308 746
Net result inclusive recognition of translation reserve	-2 675 412
Hereof non-controlling interests	-1 429 676
Hereof majority interests	-1 245 736
Basic / diluted earnings (loss) per share	-29,3

Of the loss from the discontinued operation of NOK 2 675 million per year end 2018, a negative amount of NOK 1 246 million is attributable to the owners of the company. Of the loss from continuing operations of NOK 29 million per year end 2018, a negative amount of NOK 141 million is attributable to the owners of the company.

## Notes

Cash flows from discontinued operations (Amounts in NOK 1 000)	Jan-Oct 2018
Net cash used in operating activities	-781 970
Net cash from investing activities	-1 541 990
Net cash from financing activities	-1 244 959
Net cash flows for the year	-3 568 919
Effect of disposal on the financial position of the Group (Amounts in NOK 1 000)	31.10.2018
Deferred tax benefit	-10 643
Property, plant and equipment	-6 823 173
Financial fixed assets	-2 939
Inventories	-621 595
Trade receivables and other receivables	-388 636
Cash and bank	-1 307 347
Pension liabilities	499 394
Interest-bearing other short term debt, other	6 185 376
Current liabilities	561 390
Disposal (7 November 2018)	1 908 174
Net assets and liabilities	0

### Note 33 – Subsequent events

**On 11 February 2020**, Electricite de France (EDF) announced that the EDF Group had acquired 50% of Codling Bank, an Offshore Wind project in Ireland. There is no change to FORAS' 50% ownership. The project is under development and final investment decision has not been made. FORAS welcome EDF to the project.

**On 12 March 2020**, FOR entered into an agreement for the sale of its 51% stake in Global Wind Power France APS ("GWP") to the French company Total Quadran S.A. The transaction gave net cash proceeds to FORAS in the first quarter of 2020 of approximately EUR 46 million.

GWP is a developer which identifies and secures sites suitable for onshore wind projects in France, develops them through to consent and then sells to third parties prior to construction. Since FORAS acquired the 51% stake in 2016, FORAS has together with GWPE and GWP's management strengthened and positioned the company further. FORAS are pleased to see that GWP will be taken to the next stage by the Buyer.

**On 13 March 2020**, FOCL took the difficult decision to pause its cruise operations for a period of time, as a result of the global COVID-19 coronavirus outbreak.

There will always, and especially in times like these, be significant uncertainties in predicting future developments.

The full impact from the Corona virus pandemic is too early to predict, both regarding our companies and the world economy. From an accounting perspective, a continued deterioration increases the risk of impairments and may also affect accounting estimates going forward.

Bonheur ASA

## Income Statement (NGAAP)

(Amounts in NOK 1000)	Note	2019	2018
Other income		276	968
<b>Total income</b>		<b>276</b>	<b>968</b>
Operating expenses	1	-140 529	-127 496
Depreciation	3	-2 903	-2 912
<b>Total operating expenses</b>		<b>-143 432</b>	<b>-130 408</b>
<b>OPERATING RESULT</b>		<b>-143 156</b>	<b>-129 440</b>
Interest income	7	88 567	70 477
Dividends	15	956 465	2 159 606
Foreign exchange gains		93 154	67 044
Gain on sale of bonds and securities	5	3 884	498
Group contribution		0	2 730
Other financial income		12 729	15 300
<b>Total financial income</b>		<b>1 154 799</b>	<b>2 315 655</b>
Other interest expenses	9	-107 952	-113 652
Foreign exchange losses		-39 429	-40 514
Loss on sale of bonds and securities	5, 6	-210	-245
Other financial expenses	16	-160 623	-842 075
<b>Total financial expenses</b>		<b>-308 214</b>	<b>-996 486</b>
<b>Net financial items</b>		<b>846 585</b>	<b>1 319 169</b>
<b>RESULT BEFORE TAX</b>		<b>703 429</b>	<b>1 189 729</b>
Current tax	11	0	0
Deferred taxes	11	0	0
<b>RESULT FOR THE YEAR</b>		<b>703 429</b>	<b>1 189 729</b>
Proposed allocations:			
Dividends	8	182 887	170 128
Other equity	8	520 542	1 019 601
<b>Total allocations</b>		<b>703 429</b>	<b>1 189 729</b>

Bonheur ASA

# Balance Sheet (NGAAP)

(Amounts in NOK 1000)	Note	2019	2018
<b>Assets</b>			
<b>Non-current assets</b>			
Real estate	3	24 974	27 768
Other property, plant and equipment	3	22 972	22 882
Total property, plant and equipment		47 946	50 650
Investments in subsidiaries	4	5 915 103	4 803 197
Investments in other shares	5	44 810	51 186
Bonds	6	226 632	262 565
Other receivables	7	27 024	919 773
Pension funds	2	23 960	35 420
Financial fixed assets		6 237 529	6 072 141
Total non-current assets		6 285 475	6 122 791
<b>Current assets</b>			
Short-term securities	5	128 342	239 542
Current receivables	7	7 359	22 944
Cash, bank deposits 1)	14	4 116 535	3 680 639
Total current assets		4 252 236	3 943 125
<b>TOTAL ASSETS</b>		<b>10 537 711</b>	<b>10 065 916</b>
1) Hereof restricted cash		1 519	1 576
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	8	53 165	53 165
Additional paid in capital		143 270	143 270
Total paid in capital		196 435	196 435
Other equity		7 309 503	6 820 137
Total equity	8	7 505 938	7 016 572
<b>Liabilities</b>			
Pension liabilities	2	435 222	394 108
Total provisions		435 222	394 108
Bond loans non-current		1 891 495	1 593 813
Total non-current liabilities	9	1 891 495	1 593 813
Bond loans current		498 688	843 581
Other current liabilities		206 368	217 842
Total current liabilities	9	705 056	1 061 423
Total liabilities		3 031 773	3 049 344
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10 537 711</b>	<b>10 065 916</b>
Mortgages	10	0	0
Guarantees	10	832 911	1 043 613

Oslo, 2 April 2020  
Bonheur ASA – The Board of Directors

Fred. Olsen  
Chairman  
Sign.

Carol Bell  
Director  
Sign.

Nick Emery  
Director  
Sign.

Helen Mahy  
Director  
Sign.

Andreas Mellbye  
Director  
Sign.

Anette Sofie Olsen  
Managing Director  
Sign.

Bonheur ASA

## Cash Flow Statement (NGAAP)

(Amounts in NOK 1000)	Note	Re-presented	
		2019	2018
<b>Cash flow from operating activities:</b>			
Net result after tax		703 429	1 189 729
Adjustments for:			
Depreciation	3	2 903	2 912
Impairment of investments	16	148 682	836 763
Pension costs		29 489	37 106
Amortisation of borrowing costs		3 990	4 166
Unrealized currency gains (-) / losses		0	-11 840
Interest income		-88 567	-70 477
Dividends		-956 465	-2 159 605
Interest expenses		107 952	113 652
Group contribution		0	-2 730
Gains (-) / losses on sale property, plant and equipment	3	-201	0
Gains (-) / losses on sale of shares and bonds		-3 674	-252
Taxes		0	0
Cash generated before changes in working capital and provisions		-52 462	-60 576
Increase (-) / decrease in trade and other receivables		15 607	-21 668
Increase / decrease (-) in current liabilities		-28 912	-17 155
Net cash generated from operations		-65 767	-99 399
Interest paid		-111 364	-117 368
Tax paid		0	0
Net cash from operating activities		-177 131	-216 767
<b>Cash flow from investing activities:</b>			
Proceeds from sale of property, plant and equipment	3	470	0
Proceeds from sale of shares and bonds		109 144	70 660
Interest received		92 884	65 740
Dividends received		956 465	2 159 605
Acquisitions of property, plant and equipment		-468	-234
Acquisitions of shares in subsidiaries, other shares and bonds	4	-162 061	-865 498
Net change in long term receivables		-162 079	-237 589
Net cash flow from investing activities		834 355	1 192 684
<b>Cash flow from financing activities:</b>			
Increase in borrowings	9	792 800	0
Repayment of borrowings	9	-844 000	0
Dividends paid		-170 128	-85 064
Net cash flow from financing activities		-221 328	-85 064
Net change in cash and cash equivalents		435 896	890 853
Cash and cash equivalents at 1 January		3 680 639	2 789 786
Cash and cash equivalents at 31 December		4 116 535	3 680 639

## General Information and summary of significant Accounting Principles

Bonheur ASA is an investment company performing Group Management, Corporate Functions, and the Group's internal bank (Group Treasury).

The accounts have been prepared in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway. The annual accounts give a true and fair view of assets and liabilities, financial status and result.

All figures presented are in NOK unless otherwise stated.

The annual accounts are based on basic policies related to historical cost, comparability, going concern, congruence and prudence. Specific transactions are recognized at fair value of the date of the transactions. Revenues are recognized in the income statement once delivery has taken place and most of the risk and return has been transferred.

Assets related to receivables payable within one year are classified as current assets. Other assets are classified as non current assets. An equivalent principle is applied to liabilities. Installments related to long term debt payable within one year are classified as short term liabilities.

Bonheur ASA's significant accounting principles are consistent with the accounting principles for the Group, as described in note 1 and in the separate notes of the consolidated financial statements. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

### Foreign currency items and derivatives

Short and long term assets and liabilities are valued at currency rates prevailing at year end. Unrealized losses are expensed and unrealized gains are accounted for as financial income.

Forward currency contracts are valued at fair value, i.e. unrealized gains and losses are accounted for in the income statement and balance sheet.

Currency- and interest rate swaps are valued according to the lower of cost and market value principle, i.e. unrealized losses are accounted for in the income statement and balance sheet.

### Shares and other securities

Long term and short term investments in subsidiaries, associated companies and other shares and bonds, which are held to maturity date, are classified as financial fixed assets or current assets in the balance sheet and measured at the lower of cost and fair value. Average cost is used when gains/losses on sale of shares and bonds are calculated. Gains/losses on sale of securities are recognized in the income statement as financial income/losses. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or have rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

### Management expenses

The Company's relative share of Fred. Olsen & Co.'s management expenses are charged to «operating expenses» in the income statement.

### Pension cost / -commitments

The Company has chosen to follow IAS 19 also for the parent company's presentation of the pensions costs, as optionally granted in NRS 6A.

Net pension cost, which consists of gross pension cost, less estimated return on plan assets adjusted for the impact of changes in estimates and pension plans, are classified as an operating cost, and is presented in the line item "operating expenses" whereas the changes in estimates are recognized in equity.

### Dividends received

Dividend income is recognised in profit or loss on the date that the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Dividends from non-listed securities are recognised in profit or loss at the date the company receives the dividends.

### Transactions with related parties

Purchase and sale transactions with related parties in Norway, in line with the Norwegian Companies Act § 3-9, are carried out to the general business terms and principles. The same applies to the purchase from and sale to foreign related parties. Recognition, classification etc follow the Act's general principles. There are written agreements for significant transactions. Transactions with related parties are specified in note 12. Bonheur ASA's share of revenues, expenses, gains and losses not attributable to a particular company in the same group is based on a distribution in accordance with good business practice.

## Note 1 – Personnel expenses, professional fees to the auditors and other operating expenses

Bonheur ASA (the Company) has no employees. The position as managing director is held by Anette S. Olsen as part of the day-to-day operation of the Company provided by Fred. Olsen & Co. See note 12

Fred. Olsen & Co. has for the same period charged subsidiaries and other Company related parties for comparable services under separate agreements

(Amounts in NOK 1 000)	Note	2019	2018
<b>Remuneration etc</b>			
Admin. costs together with profit margin and bonus to Fred. Olsen & Co., charged the Company	12	89 419	83 281
Employee benefits / pension costs related to Fred. Olsen & Co., charged the Company	2,12	29 489	27 106
Fees to the Board of Directors and Shareholders' Committee		4 031	4 026
Other operating expenses **)		17 590	13 083
<b>Total Operating expenses</b>		<b>140 529</b>	<b>127 496</b>

(Amounts in NOK 1 000)	2019	2018
<b>**) Hereof professional fees to the auditors</b>		
Statutory audit	2 485	2 288
Other audit related services	2 807	1 881
Tax advice	500	170
Other services outside the audit scope	114	0
<b>Total (VAT included)</b>	<b>5 906</b>	<b>4 338</b>

### Remuneration to the Board of Directors and the Shareholders Committee

In 2019, the members of the Board received the following directors' fees:

(Amounts in NOK 1000)	2019	2018
Fred. Olsen, Chairman of the Board	1 495	1 480
Andreas Mellbye	408	395
Helen Mahy *)	456	463
Carol Bell *)	388	395
Nick Emery *)	456	463
<b>Total compensations</b>	<b>3 201</b>	<b>3 196</b>

\*) Includes compensation for overnight stops in connection with Board Meetings.

## Remuneration to the Shareholders' Committee:

(Amounts in NOK 1000)	2019	2018
Christian Fr. Michelet	190	190
Jørgen G. Heje	160	160
Bård Mikkelsen	160	160
Ole Kristian Aabø-Evensen	160	160
Einar Harboe	160	160
<b>Total compensations</b>	<b>830</b>	<b>830</b>

## Note 2 – Pensions / Employee benefits

The Company has no employees, although the position of managing director is held by Anette S. Olsen as part of the overall managerial services under an agreement with Fred. Olsen & Co., comprising also financial, accounting and legal services. The Company is charged for the execution of these services and for pension costs related to the employees of Fred. Olsen & Co. See note 12.

Employees of Fred. Olsen & Co., who were employed before 1 June 2012, are members of Fred. Olsen & Co.'s Pension Fund. Members of the pension fund have the right to future pension benefits (defined benefit plan) based upon the number of contribution years and salary level at retirement. The pension scheme is administered by Fred. Olsen & Co.'s Pension Fund, which is a separate legal entity, mainly investing its funds in interest bearing securities and shares in Norwegian listed companies. As per 31 December 2019, 107 employees in Fred. Olsen & Co. were members of the defined benefit scheme in the pension fund (2018: 113), whereof 84 pensioners (2018: 91).

All persons employed after 1 June 2012 are offered a Defined Contribution Scheme. All employees as at June 2012 decided to keep their defined benefit plans. The pension schemes are accounted for in accordance with IAS19. The pension plans are in compliance with the Norwegian requirements for Mandatory Service Pension (OTP).

Fred. Olsen & Co. has unfunded (unsecured) pension obligations towards 24 of its directors and senior managers with a salary exceeding 12 G (of whom 12 pensioners). The directors have the right to an early pension upon reaching 65 years of age, while other managers have a retirement age of 70 years. The pension obligations represent 66% of the relevant salary at the time of retirement.

(Amounts in NOK 1 000)	2019	2018
Present value of unfunded obligations	-435 222	-394 108
Present value of funded obligations	-242 596	-229 699
<b>Total present value of obligations</b>	<b>-677 818</b>	<b>-623 807</b>
Fair value of plan assets	266 555	265 119
<b>Net liability for defined benefit obligations</b>	<b>-411 263</b>	<b>-358 688</b>
Hereof unfunded pension plans (net liability)	-435 222	-394 108
Hereof funded pension plans	23 959	35 420
<b>Recognized net defined benefit obligations</b>	<b>-411 263</b>	<b>-358 688</b>



**Total expense recognised in the income statement:**

(Amounts in NOK 1 000)	2019	2018
Current service cost	-19 895	-18 903
Net interest on pension obligations	-9 594	-8 203
Net pension cost for defined benefit plans	-29 489	-27 106

Expected payment of benefits from the funded plans are in 2020 estimated to be 12.7 million.

Expected contributions to funded defined benefit plans in 2020 are NOK 4.6 million.

Expected payment of benefits from the unfunded plans are in 2020 estimated to be 8.4 million.

<b>Movement in defined benefit obligations:</b>	Funded obligations (Net)		Unfunded obligations	
	2019	2018	2019	2018
(Amounts in NOK 1000)				
Balance at 1. January	35 420	37 212	-394 108	-372 511
Pension contribution	0	10 000	0	0
Benefits paid by the plan *)	0	0	8 090	9 048
	0	10 000	8 090	9 048
<b>Included in profit and loss:</b>				
Interest	1 119	991	-10 713	-9 194
Current Service cost	-5 290	-5 108	-14 605	-13 795
Net pension cost	-4 171	-4 117	-25 318	-22 989
<b>Included in equity</b>				
Actuarial gain/(loss) arising from:				
Financial assumptions	-14 525	-8 971	-23 886	-7 656
Return on plan assets	7 235	1 296	0	0
	-7 290	-7 675	-23 886	-7 656
Balance as at 31. December	23 959	35 420	-435 222	-394 108

\*) Payment of benefits from the funded defined benefit plans were in 2019 NOK 13.1 million (2018: NOK 13.0 million). Figures netted out in the table above.

The principal actuarial assumptions at the balance sheet date are the same as used for the Group of companies, please see note 19 in the consolidated accounts.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts below:

	<b>Increase in PBO: 1)</b>
(Amounts in NOK 1 000)	2019
Future salary increase with 0.25%-points	-7 530
Future pension increase with 0.25%-points	-27 830
Discount rate decreases with 0.25%-points	-37 891
Future mortality, increased by 1 year longevity	-30 140

#### 1) Projected Benefit Obligation

### Note 3 - Property, plant and equipment

(Amounts in NOK 1000)	Real estate	Other assets	Total
Cost price as per 01.01.18	92 296	33 578	125 874
Purchases	0	234	234
Disposals	0	-78	-78
Cost price as per 31.12.18	92 296	33 734	126 030
Cost price as per 01.01.19	92 296	33 734	126 030
Purchases	0	648	648
Disposals	0	-970	-970
Cost price as per 31.12.19	92 296	33 412	125 708
Accumulated depreciation as per 01.01.18	-61 734	-10 812	-72 546
Depreciation current year	-2 794	-118	-2 912
Accumulated depreciation assets sold	0	78	78
Accumulated depreciation as per 31.12.18	-64 528	-10 852	-75 380
Accumulated depreciation as per 01.01.19	-64 528	-10 852	-75 380
Depreciation current year	-2 794	-109	-2 903
Accumulated depreciation assets sold	0	521	521
Accumulated depreciation as per 31.12.19	-67 322	-10 440	-77 762
Carrying amount as per 01.01.19	27 768	22 882	50 650
Carrying amount as per 31.12.19	24 974	22 972	47 946
Expected economic life	25 years	Cars: 7 years	
Depreciation schedule is linear for all categories			

#### Note 4 - Subsidiaries

(Amounts in NOK 1000)	Business Office	Ownership	Votes, percentage	Number of shares	Book value shares	Result for the year	Equity
Fred. Olsen Renewables AS	Oslo	100%	100%	10 000 000	1 779 412	86 148	-773 470 1)
Fred. Olsen Ocean Ltd.	Oslo	100%	100%	39 993 796	2 749 285	-173 284	3 333 167 1) 2)
First Olsen Holding AS	Oslo	100%	100%	1 000 100	1 095 247	33 124	1 152 894 1)
NHST Media Group AS	Oslo	54%	54%	695 376	242 370	-47 150	349 984 1)
BGANS AS	Oslo	100%	100%	30	30	0	30 8)
Bonheur og Ganger Rolf ANS	Oslo	99%	99%	0	7 357	-21 213	6 898 3)
Fred. Olsen Insurance Services AS	Oslo	100%	100%	1 500	0	-1 128	-267 4)
Fred. Olsen Travel AS	Oslo	100%	100%	4 482	7 038	-2 302	7 038 5)
Stavnes Byggeselskap AS	Oslo	100%	100%	11 000	20 652	-2 189	20 860 6)
Fred. Olsen Spedisjon AS	Oslo	100%	100%	700	7 325	-1 594	7 325 7)
FOO AS	Oslo	100%	100%	30	30	0	30 8)
Ganger Rolf AS	Oslo	100%	100%	30 000	31	0	15 8)
Fred. Olsen Canary Lines S.L.	Spain	100%	100%	100	96	-	0 8)
Fred. Olsen Cruise Lines PTE Ltd.	Singapore	100%	100%	1 000 000	6 230	465	17 789
					5 915 103		

1) Group Company Equity.

2) In 2019 there was an increase of the paid in capital of NOK 1 140 580 010,- (2018: NOK 448 882 983,-).

3) In 2019 the investment in Bonheur og Ganger Rolf ANS was written down with NOK 24 555 249,-.

4) In 2019 the investment in Fred. Olsen Insurance Services AS was written down with NOK 2 100 000,-.

5) In 2019 the investment in Fred. Olsen Travel AS was written down with NOK 1 619 156,-.

6) The subsidiaries Laksa AS and Laksa II AS were merged with AS Stavnes Byggeselskap with effect from 1 January 2019. In 2019 the investment in AS Stavnes Byggeselskap was written down with NOK 1 946 685,- (2018: NOK 3 116 638,-).

7) In 2019 there was an increase of the paid in capital of NOK 4 901 000,-, with a write down of NOK 1 913 666,- by year end 2019 (2018: NOK 3 269 000,-).

8) Based on Bonheur's ownership interest the companies are classified as subsidiaries, but due to no or insignificant activity the companies are not consolidated in the Bonheur Group.

#### Note 5 - Shares in associated companies and other investments

(Amounts in NOK 1 000)	Cost price	Book value as per 31.12.19	Market value as per 31.12.19	Book value as per 31.12.18	Market value as per 31.12.18
Total short-term liquid share portfolio	336 060	128 342	142 733	239 542	253 643
Total long-term liquid share portfolio	111 636	44 810	45 446	51 186	51 650
<b>Total liquid share portfolio</b>	<b>447 696</b>	<b>173 152</b>	<b>188 179</b>	<b>290 728</b>	<b>305 293</b>

The market value of listed shares is determined by using the listed prices of the companies at year end. Market value of non-listed companies is based on cost, if no reliable measure of fair value exists.

## Notes

## Note 6 - Bonds

(Amounts in NOK 1 000)	Cost price	Currency	Book value as per 31.12.19	Market value as per 31.12.19	Average interest rate 2019	Book value as per 31.12.18	Market value as per 31.12.18
<b>Fixed assets</b>							
Energy Services companies	47 135	NOK	47 060	47 281	2,2 %	74 011	74 063
Real Estate companies	48 010	NOK	47 981	48 201	2,2 %	51 747	51 875
Industry companies	60 558	NOK	60 525	60 879	3,8 %	51 814	51 963
Finance companies	33 100	NOK	33 065	33 390	3,2 %	43 996	44 006
Investment companies	3 000	NOK	3 000	3 114	8,6 %	2 991	2 991
Public administration	35 021	NOK	35 001	35 004	1,8 %	38 006	38 009
<b>Total</b>	<b>226 824</b>	<b>NOK</b>	<b>226 632</b>	<b>227 870</b>	<b>2,7 %</b>	<b>262 565</b>	<b>262 907</b>

## Note 7 - Receivables

(Amounts in NOK 1 000)	2019	2018
<b>Current assets - non-interest bearing</b>		
Subsidiaries	1 400	1 400
Accounts receivable 1)	1 085	1 303
Others	4 873	20 240
<b>Total short-term receivables</b>	<b>7 359</b>	<b>22 944</b>
<b>Financial fixed assets - interest bearing</b>		
Subsidiaries	21 678	914 480
Other	5 346	5 292
<b>Total long-term receivables</b>	<b>27 024</b>	<b>919 773</b>
Interest income group companies	49 030	40 786
1) Hereof subsidiaries and other related parties	1 085	1 303

## Note 8 – Share capital and shareholders

	Number	%
<b>Major shareholders as of 31.12.2019:</b>		
Invento A/S (private Fred. Olsen related company)	12 328 547	28,99%
A/S Quatro (private Fred. Olsen related company)	8 736 550	20,54%
Skagen Vekst	1 659 085	3,90%
DnB Bank ASA	1 525 000	3,59%
Pareto Askje Norge	1 104 098	2,60%
MP Pensjon PK	947 266	2,23%
Trassey Shipping Limited (private Fred. Olsen related company)	793 740	1,87%
Arctic Funds PLC	596 883	1,40%
KLP AksjeNorge	592 840	1,39%
State Street Bank and Trust Comp	575 905	1,35%
Citibank, N.A.	537 176	1,26%
Kommunal Landspensjonskasse	426 104	1,00%
T.D. Veen AS	400 000	0,94%
Euroclear Bank S.A./N.V.	398 489	0,94%
DNB Norden	397 782	0,94%
Intertrade Shipping AS	375 000	0,88%
DNB Grønt Norden	339 963	0,80%
Salt Value AS	318 380	0,75%
Holmen Spesialfond	262 234	0,62%
DNB SMB	252 001	0,59%
Other	9 964 850	23,43%
<b>Total</b>	<b>42 531 893</b>	<b>100,00%</b>

As of 31 December 2019 the share capital of Bonheur ASA amounted to NOK 53 164 866,25 divided into 42 531 893 shares at nominal value of NOK 1.25 each. As of 31 December 2019 total number of shareholders were 3 387. The Company has only one class of shares and each share equals one vote.

## Notes

AS per 31 December 2019 the members of the board, members of the shareholders' committee and the managing director owned and/or controlled directly and indirectly, the following number of shares in the Company:

**Board of directors:**

Fred. Olsen	40 586
Helen Mahy	0
Carol Bell	0
Andreas Mellbye	0
Nick Emery	0

**Shareholders' committee:**

Einar Harboe	109
Jørgen G. Heje	2 180
Bård Mikkelsen	0
Ole Kristian Aabø-Evensen	0
Christian F. Michelet	0

**Managing Director:**

Anette S. Olsen	2 942
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Private Fred. Olsen related interests directly and/or indirectly owned or controlled 22 035 780 shares in the Company.

## Equity

(Amounts in NOK 1 000)	Note	Paid in share capital	Additional paid in capital	Other equity	Total
Equity 01.01.2018		53 165	143 270	5 815 867	6 012 302
Actuarial gain / loss (-)	2	0	0	-15 331	-15 331
Result for the year		0	0	1 189 729	1 189 729
Proposed dividends		0	0	-170 128	-170 128
Equity 31.12.2018		53 165	143 270	6 820 137	7 016 572
Equity 01.01.2019		53 165	143 270	6 820 137	7 016 572
Actuarial gain / loss (-)	2	0	0	-31 176	-31 176
Result for the year		0	0	703 429	703 429
Proposed dividends		0	0	-182 887	-182 887
Equity 31.12.2019		53 165	143 270	7 309 503	7 505 938

## Note 9 - Liabilities

(Amounts in NOK 1 000)	2019	2018		
<b>Current liabilities:</b>				
Dividends	182 887	170 128		
Accounts payable 1)	4 585	15 109		
Bond-loans 3)	498 688	843 581		
Other short term liabilities 2)	18 896	32 605		
<b>Total current liabilities</b>	<b>705 056</b>	<b>1 061 423</b>		
<b>Non-current interest bearing liabilities:</b>				
Bond-loans 3)	1 891 495	1 593 813		
<b>Total non-current interest bearing liabilities</b>	<b>1 891 495</b>	<b>1 593 813</b>		
Interest paid to subsidiaries	0	0		
1) Hereof subsidiaries and other related companies	3 463	14 947		
2) Hereof subsidiaries, associates and other related companies	4	9 617		
3) Bond-loans				
Bond issue ticker, terms	Issued	Maturity		
BON03 3 month NIBOR + 5.00%	10 Feb 12	10 Feb 19	0	246 000
BON05 3 month NIBOR + 3.10%	9 Jul 14	9 Jul 19	0	597 581
BON06 3 month NIBOR + 3.50%	9 Jul 14	9 Jul 21	599 100	598 500
BON07 3 month NIBOR + 4.00%	24 May 17	24 May 22	498 875	498 375
BON08 3 month NIBOR + 3.15%	9 Nov 17	9 Nov 20	498 688	496 938
BON09 3 month NIBOR + 2.50%	4 sep 19	4 sep 24	793 520	0
<b>Total</b>			<b>2 390 183</b>	<b>2 437 394</b>

According to the covenants in the bond agreements Bonheur ASA, including companies owned 100%, has to maintain cash and cash equivalents of minimum NOK 500 mill. In addition the company must maintain a book equity of minimum NOK 2 280 million and a book equity ratio of minimum 35%.

## Note 10 - Guarantees

Guarantee in favour of subsidiaries (Amounts in NOK 1 000)	Bonheur ASA	
	2019	2018
ABTA bonds, Fred. Olsen Cruise Lines	193 314	247 252
Offshore wind turbine installation vessels	572 100	721 252
Windfarms	54 897	49 909
Other *)	12 600	25 200
<b>Total guarantee commitments 31.12</b>	<b>832 911</b>	<b>1 043 613</b>

\*) Related to Koksa Eiendom AS

Bonheur ASA is jointly and severally liable for guarantees of approximately NOK 572 million, and severally liable for guarantees amounting to NOK 261 million.



## Note 11 – Tax

(Amounts in NOK 1 000)	2019	2018
<b>Result before tax</b>	703 429	1 189 729
+/- permanent differences, tax exempt dividends	-827 004	-1 259 445
+ Adjustment of taxable income due to limitation of interest deductibility	0	0
+/- Changes in temporary differences	50 310	27 436
+/- Income / expenses recognised directly in equity	-31 176	-15 331
+/- Adjustment from previous year	0	-118 403
<b>Basis for tax payable</b>	<b>-104 441</b>	<b>-176 014</b>
Tax payable, 22% (2018: 23%)	0	0
Total payable tax - Balance sheet	0	0
<b>Tax cost estimated as follows</b>		
Tax payable, 22% (2018: 23%)	0	0
Tax income / (-) cost	0	0
<b>Reconciliation of tax income / (-) cost</b>		
Result before tax	703 429	1 189 729
Income tax using the domestic corporation tax rate	-154 754	-273 638
Permanent differences	186 451	290 623
Income / expenses recognised directly in equity	6 859	3 526
Tax positions merged	0	0
Change in limitation of deferred tax assets related to tax loss carryforward	-38 556	-20 511
Tax income / (-) cost	0	0

## Deferred tax in the balance sheet

(Amounts in NOK 1 000)	2019	2018	Change
Fixed assets	-24 165	-22 779	-1 386
Deferred taxable gain/loss account	-4 559	-5 698	1 140
Receivables / financial instruments	-4 182	-4 182	0
Pension premium funds	-411 262	-358 687	-52 575
Miscellaneous differences	9 818	7 478	2 340
Adjustment from previous year	0	-172	172
Net temporary differences	-434 350	-384 040	-50 310
Shares, bonds and partnerships	-70 767	-49 913	-20 853
Loss carried forward / deferred allowance	-1 200 206	-977 322	-222 884
Interest deductible carried forward	-213 022	-213 022	0
Adjustment from previous year	0	172	-172
Allowances for deferred tax assets	1 918 345	1 624 125	294 219
Deferred tax basis	0	0	0
Deferred tax benefit (-) / deferred tax liabilities	0	0	0

Bonheur ASA evaluates the criteria for recognizing deferred tax assets at the end of each reporting period. The company recognizes deferred tax assets when they are "more likely than not" of being realized based on available evidence at the end of the reporting period, hereunder forecasted taxable profit and consolidated budgets. As of 31.12.19 there is no other evidence that future taxable profit may be available against which the unused tax losses or unused tax credits can be utilized by the company.

## Note 12 – Related party information

In the ordinary course of business, the Group of companies recognizes certain business transactions with accounting wise related parties. This note describes the background, the services included, the compensation principles as well as the governance principles applied to such main arrangements.

### Transactions within the Group of companies and with related parties

Internal short and long term Group loans and commitments carry market interest rates according to agreement as at the date of issue. Depending on the terms of the loan agreement, the interest rates set are based on an arm's length principle and follow the market interest rates taking into account the relevant risks involved. The risk involved includes type of business, geographical affiliation, security, duration etc.

## Notes

(Amounts in NOK 1 000)	2019	2018
<b>Revenues</b>		
Subsidiaries:	75	75
Total	75	75
<b>Operating expenses</b>		
Subsidiaries	35	33
Other related parties	0	190
Fred. Olsen & Co.	118 908	110 387
Total	118 943	110 610
<b>Financial income</b>		
Interest income from subsidiaries	49 029	40 786
Group contribution	0	2 730
Guarantee income from subsidiaries:	12 729	15 300
Total	61 758	58 816
<b>Interest expenses</b>		
Subsidiaries:	0	0
Total	0	0
<b>Accounts receivable</b>		
Subsidiaries:	2 485	2 704
Total	2 485	2 704
<b>Accounts payable</b>		
Subsidiaries:	0	0
Other related parties (Fred. Olsen & Co)	3 463	14 947
Total	3 463	14 947
<b>Interest bearing long term receivables</b>		
Subsidiaries:	21 678	914 480
Total	21 678	914 480

**Fred. Olsen & Co.**

The origin of the firm Fred. Olsen & Co. dates back to 1848. The current proprietor of Fred. Olsen & Co., Anette Sofie Olsen, identifies the fifth generation Olsen and can draw an uninterrupted line of business conduct back to 1848. Whilst some Fred. Olsen-related activities are investments by Bonheur, others remain private - but they all stem from the private entrepreneurship back in 1848.

A good example is the Renewable energy business segment, which in the early nineties of the last century evolved out of private Fred. Olsen-related green energy activities in the moorlands of Scotland. At the time this was not a business segment in which the maritime focused Bonheur was invested and which in turn brought a new line of focus to Bonheur ASA. However, on the back of these activities an opportunity was made available for Bonheur to expand its business interests into investing in constructing, owning and operating windfarms, initially primarily in the UK.

Fred. Olsen & Co. has for generations managed, the day-to-day operation of Bonheur. The public side of the Fred. Olsen-related activities was in earlier years centered around five shipping companies, all listed on the Oslo Stock Exchange and each engaged in distinct business activities and operated by Fred. Olsen & Co. Following various mergers, the latest in May 2016, Bonheur became the sole surviving entity out of these five companies, but now with investments in a variety of diversified business segments, each subject to autonomous corporate structures and accordingly with distinct managements.

Over the years Fred. Olsen & Co. have in addition also been engaged in day-to-day operation or provision of professional services to other companies and investment funds.

In addition to being in charge of the day-to-day operation of Bonheur, Fred. Olsen & Co. today also provides a variety of professional services at market rates to predominantly subsidiaries of Bonheur engaged in the various business segments within which Bonheur is invested. Fred. Olsen & Co. only to a very limited degree provides services to private Fred. Olsen-related companies, and then at rates equal to those applied to subsidiaries of Bonheur.

The Board of Bonheur is satisfied that the arrangement with Fred. Olsen & Co. in charge of the day-to-day operation of Bonheur, which has proved successful for decades, also today is very suitable.

The Board is of the view that the business segments within which Bonheur at any one point in time is invested through subsidiaries, must be operated on an autonomous basis. At the same time, and partly for the same reason, it is of significant value to Bonheur that Fred. Olsen & Co. with its experience and knowledge on a professional basis assists each of these business segments in achieving their respective goals. That in turn provides a unique platform for Fred. Olsen & Co. to be able to efficiently provide such day-to-day operation of Bonheur that it needs. By Fred. Olsen & Co. both being in charge of the day-to-day operation of Bonheur and also providing a variety of services to subsidiaries of Bonheur, Bonheur and Fred. Olsen & Co. achieve cost and competence synergies. Such benefits to both parties are then realized without any interests being compromised.

For its services to Bonheur, Fred. Olsen & Co. is compensated through a cost-plus model. A markup commensurable with margins used in comparable uncontrolled transactions is applied on top of a cost base consisting of documented expenses mainly related to personnel, external consultancy services, rent and IT expenses (see below table). Pension costs relative to Fred. Olsen & Co., hereunder pension to Mr. Fred. Olsen, do not form part of this cost base but are charged directly to the Company. The profit margin on ordinary services payable to Fred. Olsen & Co. has in recent years equaled 10-12 %.

The compensation model also allows for a potential limited annual bonus to Fred. Olsen & Co. on top of the ordinary compensation, conditional on to what extent different criteria have been met. Such bonus has since 2014 varied between 0, and NOK 3,33 million out of NOK 5.4 million, which currently identifies the maximum obtainable bonus.

The compensation model is monitored by the Shareholders' Committee who applies it in connection with its annual recommendation to the Board on compensation and possible bonus to Fred. Olsen & Co. The five members of the Shareholders' Committee are all independent of the majority shareholders of Bonheur. When dealing with these recommendations, the Board will be constituted by its in this regard non- conflicted Directors. The Board of Bonheur consists of five Directors out of which the majority, i.e. three Directors, are independent of the majority shareholders of Bonheur.

The aforementioned compensation - together with a possible bonus - is the only compensation Fred. Olsen & Co. receives. The profit margin and the maximum obtainable bonus is subject to regular third party benchmarking and review, performed every 3 years, last time in 2019, also monitored by the Shareholders' Committee.

(Amounts in NOK 1 000)	2019	2018
Costs together with profit margin and bonus to Fred. Olsen & Co., charged to the Company	118 908	110 387
Amount outstanding between Fred. Olsen & Co. and the Company *)	-3 457	-24 564

\*) Short term outstanding in connection with current operations.

Fred. Olsen is party to a consultancy agreement with Fred. Olsen & Co. In 2019, NOK 5.1 million was paid under this consultancy agreement (2018: NOK 4.9 million). Such payment is part of the costs charged to Bonheur.

Members of the Board of Directors, the managing director and other related parties holds in total NOK 75 million of BON06, BON07, BON08 and BON09 bond loans (2018: NOK 95 million).

## Note 13 – Financial instruments

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The Company's ordinary operations involve exposure to credit-, interest-, currency- and liquidity risks.

### Credit risk

Transactions with financial derivatives are carried out with counterparties with good credit ratings. The counterparty risk is therefore considered to be low. The maximum exposure of the credit risk is reflected in the balance sheet value of each financial asset, including financial derivatives. No financial derivatives were entered into during 2019.

### Interest rate risk

Bonheur ASA is exposed to fluctuations in interest rates, as the debt is partly based on floating interest rates, primarily in NOK. From time to time, the Company enters into interest rate swap agreements in order to reduce the interest rate risk. Per 31 December 2019 there are no interest rate swap agreements. Please refer to note 9 for an overview of Company loan commitments.

### Currency risk

Bonheur ASA is exposed to currency risk by purchases, sales, assets and liabilities in other currencies than NOK, primarily the currencies GBP, USD and EUR.

The Company accounts are presented in NOK. The Company is closely monitoring the currency markets and may enter into forward exchange contracts if this seems appropriate. No currency contracts were entered into during 2019.

From the beginning to the end of 2019 the USD strengthened against NOK by 1.1% from 8.6885 to 8.7803, the EUR weakened against NOK by 0.8% from 9.9483 to 9.8638 and the GBP strengthened against NOK by 4.2% from 11.1213 to 11.5936.

### Liquidity risk

A conservative handling of liquidity risk involves having sufficient cash, securities and available financing, as well as the possibility of closing market positions. Bonheur ASA is exposed to the risk of not being able to sell unlisted shares at prices close to fair value. The management is of the opinion that this risk is low, as the investments in unlisted shares are long term investments.

### Solidity

Bonheur ASA had an equity ratio of 71% per 31 December 2019.

### Assessment of fair value

The most important methods and assumptions applied when evaluating the fair value of financial instruments are summarized below.

### Shares and bonds

Fair value is based on listed market prices on the balance sheet date without deduction for transaction costs. Where no listed market price is available, the fair value is estimated based on information received from the companies.

### Accounts receivable and accounts payable

The carrying amount is considered to reflect the fair value of accounts receivable/payable with duration of less than one year. Other accounts receivable/payable are discounted in order to assess the fair value.

## Notes

## Fair value of financial instruments

Fair values and carrying amounts are as follows:

(Amounts in NOK 1 000)	Carrying amount		Carrying amount	
	2019	Fair value 2019	2018	Fair value 2018
Cash and cash equivalents	4 116 535	4 116 535	3 680 639	3 680 639
Trade debtors and other short term receivables	135 701	150 092	640 521	654 621
Shares and bonds	6 186 545	6 026 017	5 116 948	5 066 488
Unsecured bond-loans	-1 891 495	-1 900 000	-1 593 813	-1 600 000
Trade creditors and other short term liabilities *)	-705 056	-706 368	-1 061 423	-1 061 842
	7 842 230	7 686 276	6 782 873	6 739 907
Unrealized gains / (losses)	0	-155 954	0	-42 966

\*) Inclusive short-term portion of unsecured bond-loans.

## Note 14 - Cash and cash equivalents

(Amounts in NOK 1 000)	2019	2018
Cash related to payroll tax withholdings	1 519	1 576
Other restricted cash *)	500 000	500 000
Total restricted cash	501 519	501 576
Unrestricted cash	3 615 016	3 179 063
Total cash & cash equivalents	4 116 535	3 680 639
Unused credit facilities	0	0

\*) According to covenants in bond agreements Bonheur ASA, including subsidiaries owned 100%, has to maintain cash and cash equivalents of minimum NOK 500 mill.

## Note 15 - Dividends

(Amounts in NOK 1 000)	2019	2018
<b>Subsidiaries:</b>		
Fred. Olsen Renewables AS	900 000	2 100 000
First Olsen Holding AS	56 160	54 779
NHST Media Group AS	0	2 163
Luftmateriell AS	0	2 000
<b>Other:</b>		
From other investments	305	664
<b>Total</b>	<b>956 465</b>	<b>2 159 606</b>

### Note 16 - Other financial expenses

(Amounts in NOK 1 000)	Note	2019	2018
Impairment of shares in subsidiaries 1)		32 605	721 031
Impairment of other shares 2)		117 086	114 179
Various financial expenses		10 932	6 865
<b>Total</b>		<b>160 623</b>	<b>842 075</b>
1) Subsidiaries:			
Dolphin Drilling ASA (formerly Fred. Olsen Energy ASA)		0	713 699
Other subsidiaries		32 605	7 332
<b>Sum</b>		<b>32 605</b>	<b>721 031</b>
2) Other shares:			
Short-term liquid shares		110 710	97 008
Long-term liquid shares		6 376	17 171
<b>Sum</b>		<b>117 086</b>	<b>114 179</b>

# Statements

## Directors' responsibility statement

The Board of Directors of Bonheur ASA (the Company) and Fred. Olsen & Co. together with the Managing Director of the Company have in a board meeting 2 April 2020 reviewed and approved the Board of Directors' Report and the consolidated and separate annual financial statements for the Company, for the year ending 31 December 2019 (Annual Report 2018) subject to corresponding recommendation from the Shareholders' Committee.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2019 have been prepared in accordance with applicable accounting standards.
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities and financial position and profit as a whole as of 31 December 2019 for the Group of companies (i.e. the Company including subsidiaries and associated companies) and the Company.
- The Board of Directors' report for the Group of companies and the Company includes a true and fair review of
  - the development and performance of the business and the position of the Group of companies and the Company, and
  - the principal risks and uncertainties which the Group of companies and the Company face.

Oslo, 2 April 2020  
Bonheur ASA – The Board of Directors

Fred. Olsen  
*Chairman*  
Sign.

Carol Bell  
*Director*  
Sign.

Nick Emery  
*Director*  
Sign.

Helen Mahy  
*Director*  
Sign.

Andreas Mellbye  
*Director*  
Sign.

Anette Sofie Olsen  
*Managing Director*  
Sign.

## Statement by the Shareholders' Committee

The annual report and accounts for 2019 were addressed by the Shareholders' Committee on 20 April 2020. The Shareholders' Committee resolved to recommend to the Annual General Meeting that the Board's proposal to the annual accounts for 2019 is approved.

The Shareholders' Committee hereunder resolved to recommend to the Annual General Meeting that the Board's proposal on an ordinary dividend equal to NOK 4.30 per share, in total for the company NOK 182.9 million, is approved.

Oslo, 20 April 2020  
Christian Fredrik Michelet,  
*Chairman of the Shareholders' Committee*  
Sign.



# Auditor's Report



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Internet www.kpmg.no  
Enterprise 935 174 627 MVA

To the General Meeting of Bonheur ASA

## Independent auditor's report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Bonheur ASA, which comprise:

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

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group of Companies as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### Basis for Opinion

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

#### 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.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statautoriserte revisorer - medlemmer av Den norske Revisorforening

#### Offices in:

Oslo	Eivern	Mo i Rana	Stord
Alta	Finnnes	Molde	Strømsø
Årstadal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trosdheim
Bodø	Kjeller	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

# Auditor's Report



Bonheur ASA

## Impairment of intangible assets and right of use vessel

Reference is made to Note 10 Property, plant and equipment and Note 11 Intangible assets

<i>The Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The impairment assessment of property, plant and equipment and intangible assets is considered to be a risk area in the Bonheur Group of Companies. Specifically, the risk relates to</p> <ul style="list-style-type: none"> <li>• development projects such as windfarms in the planning stage in the Renewables energy segment,</li> <li>• the right of use asset related to an offshore wind vessel and exclusive rights of use in the Shipping/Offshore wind segment</li> <li>• intangible assets in the "Other" segment related to NHST Media Group and</li> </ul> <p>Increased regulatory uncertainty, political and commercial risks have led to an increased risk of impairment of development projects in the renewable energy segment. The increased risk is also affecting the exclusive rights of use of certain assets in the US and the related right of use vessel.</p> <p>The changing market conditions, amongst other due to the transformation from paper to digital and the effects of social media for the media industry, together with the acquisitions made recent years, has led to an increased risk of impairment of intangible assets related to the NHST Media Group.</p> <p>Assessing and measuring the fair value of the underlying cash generating units containing goodwill and other assets requires estimates of future cash flows. Most of the inputs used to estimate the future cash flows are unobservable inputs with high estimation uncertainty.</p> <p>As of 31 December 2019, the Group of Companies has recognized impairment charges during the year of 191 million related to intangible assets, related to development projects and exclusive right of use. The right of use vessel is impaired by NOK 52 million in 2019. No impairment charges have been recognised in the "Other" segment.</p> <p>Due to the significant judgment required to determine the value of PPE and intangible assets, we have considered impairment a key audit matter.</p>	<p>Audit procedures performed in this area included:</p> <ul style="list-style-type: none"> <li>• evaluating management's assessment of impairment indicators based on our current knowledge of the specific development projects and the current market situation in the industries;</li> <li>• where impairment testing was performed, assessing the mathematical and methodological integrity of management's impairment models and the reasonableness of discount rates applied with reference to market data.</li> <li>• for certain complex impairment models the mathematical and methodological integrity was assessed by KPMG valuation specialists;</li> <li>• evaluating the historical accuracy of management's budgets and forecasts in order to challenge management on cash flow forecasts used in the estimates this year;</li> <li>• evaluating and challenging management on the appropriateness of the key assumptions, such as revenue growth cost developments and developments in the working capital in the cash flow forecasts;</li> <li>• where relevant evaluating management's assessment of the probability weighted scenarios for certain estimates</li> <li>• evaluating the adequacy and appropriateness of the disclosures in the financial statements.</li> </ul> <p>From the audit evidence obtained, we consider management's assessment of the carrying value of property, plant and equipment and intangible assets including goodwill to be in accordance with the requirements under the relevant accounting standards.</p>



Bonheur ASA

#### Other information

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

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

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

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

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

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group of Companies 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 of Companies' ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group of Companies use the going concern basis of accounting unless management either intends to liquidate the Group of Companies 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 of Companies' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# Auditor's Report



Bonheur ASA

- 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 of Companies' 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 of Companies to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of Companies to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Group of Companies. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

### Opinion on Registration and Documentation

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

Oslo, 3 April 2020

KPMG AS

Arve Gévoll

State Authorised Public Accountant.

# Corporate Governance

Bonheur ASA (the Company) remains focused on continuously developing its established principles on good corporate governance.

Private Fred. Olsen related interests hold a total of 51.8 % of the Company's shares. The day-to-day management of Bonheur ASA is performed by Fred. Olsen & Co., a management company of which Anette Sofie Olsen is the sole proprietor.

The governance structure surrounding Bonheur ASA has through decades proved to be both successful and resilient. In order to ensure there can be no doubt that within this governance structure decisions are taken in the interest of all shareholders of Bonheur ASA, the Company has over time implemented various measures and systems to further safeguard equal treatment of all shareholders and equally correct handling of potential conflicts of interest.

- Three directors out of five, i.e. the majority of the Board of Directors of Bonheur ASA, are independent of both the Company's main shareholders and of Fred. Olsen & Co.
- The guidelines to the Board of Directors addresses i.a. questions on potential conflict of interest, and policies for reporting on and handling of potential conflict of interests are in place.
- The Shareholders' Committee has a supervisory function relative to both conduct of the Board and that of Fred. Olsen & Co and also elects the Board Members to the Company. All members of the Shareholders' Committee are both independent of the Company's main shareholders and of Fred. Olsen & Co.
- The Shareholders' Committee has a special emphasis and guidelines regarding questions related to potential conflicts of interest.
- The Board of Directors continuously monitors and evaluates the performance of the management services provided by Fred. Olsen & Co. In addition the Audit Committee on a quarterly basis reviews all related party business.
- The Shareholders' Committee provide recommendations to the Board on compensation to Fred. Olsen & Co. for its managerial services, and these recommendations are subject to regular benchmarking and review.
- The Auditor of the Company, KPMG, performs special audit and reporting procedures on potential conflict of interests which are reported both to the Board of Directors and the Shareholders' Committee.

The Company's corporate governance practice is adapted to the recommendations set out in the Norwegian Code of Practice for Corporate Governance ("NUES"), as published in the latest revised version of 17 October 2018:

## 1. More explicitly on Corporate Governance

The principles for good corporate governance set out in NUES are applied to the organisational structure that the Company is part of. The Company is focusing on a continuing development of these principles as contributors towards the Company's strive for long term added value as well as towards the responsibilities owed to society.

Significant parameters in this process are transparency, integrity and responsibility. These basic parameters also reflect the Company's value base, while they also identify the ethical guidelines governing the Company's responsibility towards society as well as the Company's conduct in general.

Transparency points to confidence in procedures and decision making and the way in which the various activities of the Company are executed. In this connection, the Company's policy on information is essential. Integrity is the resulting effect of the norms that characterize the Company and which assist in securing a proper conduct of the Company's affairs. Responsibility relates to clarity on consequences of acts or omissions.

### The Shareholders' Committee

The supervisory function of the Shareholders' Committee constitutes an integral element of the Company's Corporate Governance. It follows from the Company's Articles of Association that the Shareholders' Committee is responsible for exercising a supervisory

function relative to the administration of the Company by the Board and by Fred. Olsen & Co. The way in which the Shareholders' Committee execute these duties is adapted to NUES and equally follows established guidelines as calibrated against the corporate structure that the Company is part of. These guidelines i.a. address questions on potential conflicts of interest. The Shareholders' Committee is attending to the Company's annual accounts and expresses its view thereon to the Annual General Meeting, hereunder on the Board's proposals on dividends. The Shareholders' Committee elect members to the Board following nomination procedures, propose appointment of the Auditor and also provide recommendation to the Board on compensation and possible bonus to Fred. Olsen & Co. for its day-to-day management of the Company.

The Shareholders' Committee consists of the following persons: Christian Fredrik Michelet (Chairman), Einar Harboe (Deputy Chairman), Ole Kristian Aabø-Evensen, Bård Mikkelsen and Jørgen Heje. At the Annual General Meeting in May 2019, Einar Harboe was re-elected as member of the Shareholders' Committee. All members of the Shareholders' Committee are independent of the Board and of Fred. Olsen & Co.

## 2. Business

The object clause of the Company as reflected in the Articles of Association reads as follows: "Bonheur ASA is a limited liability company with its registered office in Oslo. The Company's business is to engage in maritime and energy related activities, transportation,

# Corporate Governance

technology and property development, investments within finance and commerce, as well as participation in other enterprises”.

In line with the wording of this object clause, the Company is invested in a diversified business portfolio which also include media and communication. These various business areas and their results are reflected in the Annual Reports. The Company and its subsidiaries and associated companies hereunder form the “Group of companies”.

## 3. Equity and dividends

### Equity

The equity of the Company is addressed in parent company note 8. The Board consider that the current equity level is satisfactory taking into account the Company’s financial position relative to strategy and risk profile.

The Company has no current authority to increase its share capital. To the extent proposals will be made to a General Meeting on authority to increase the share capital, caution will be exercised relative to the principle of preference for existing Shareholders on subscription for new shares. In the event the Board of the Company should request a General Meeting for authority to increase the share capital or acquire treasury shares, such authority will in any event only be requested for a period of time limited to the next ordinary Annual General Meeting.

### Dividend

When considering dividend payments, the Company takes into account the development of the Company’ results together with the prevailing investment plans and the Company’s financial position in general. Specific situations may arise where it would be in the interest of the Shareholders that dividend payments are not recommended or - otherwise, that extraordinary dividend payments are recommended. Dividend payments are considered by the Board, which then resolves on proposals to the General Meeting subsequent to the Shareholders’ Committee having addressed this issue and expressed its view.

## 4. Equal treatment of Shareholders and transactions with close associates

The Company only has one class of shares and each share equals one vote. The Company emphasizes the principle of equal treatment of all Shareholders. The Company has not been engaged in transactions with its Shareholders, Board members, Fred. Olsen & Co. in its managerial capacity, or anyone related to these, except from what follows from the Group of companies’ note 26 to the respective Annual Accounts or as may otherwise have been reported in separate announcements to the Oslo Stock Exchange.

## 5. Freely negotiable shares

The Company’s shares are traded freely negotiable.

## 6. Annual General Meetings

The Company’s Annual General Meeting is normally held in May each year under the conduct of the Chairman of the Shareholders’ Committee paying due account to NUES.

The summons, together with the appurtenant papers, is distributed in ample time in advance of the General Meeting. Shareholders who are prevented from participating may vote by way of proxy. The Shareholders’ Committee, the Board and the Company’s auditor are

all represented at the Annual General Meetings. The Annual General Meeting i.a. elects members to the Shareholders’ Committee.

## 7. Nomination committee

The Company has no separate nomination committee. However, it follows from the Articles of Association that the Shareholders’ Committee elect members to the Board and, as also set out above, does so in accordance with its own nomination procedure.

## 8. Corporate Assembly and Board of Directors – composition and independence

The Company does not have a Corporate Assembly. A supervisory function similar to that of a Corporate Assembly, is exercised by the Shareholders’ Committee.

## 9. The conduct of the Board of Directors

The ultimate administration of the Company’s business, which implies securing that the Company’s business conduct is in line with the basic values of the Company, rests with the Board. The Board at present consists of five Directors, who are each elected for a two-year period. In addition to exercising the authorities on decision-making and control functions, the Board focuses on development of the Company’s strategy. Emphasis is placed on providing the Board with good information as a basis for the Directors to adequately discharge their duties. All matters considered of material importance to the Company are placed before the Board. This i.a. comprises considering and approving quarterly and annual accounts, significant investment issues (hereunder acquisitions and divestments) and overall strategies. The composition of the Board reflects a broad level of competence.

The Company has the following Board Members:

Thomas Fredrik Olsen, Chairman, Helen M. Mahy, Carol Bell, Nicholas (Nick) A. Emery and Andreas C. Mellbye.

All Board members participate regularly in the Company’s board meetings. Absence is exceptional and always distinctly justified.

The Board members Carol Bell, Helen Mahy and Andreas Mellbye are independent Fred. Olsen & Co. and of the Company’s main shareholders.

In Note 7 to the group of companies’ accounts information on compensation to the Board is provided. The compensation to the Board is not depending on results and neither have the Directors been granted any options.

### Audit Committee

In its capacity as a preparatory and advisory working committee for the Company’s Board, the Audit Committee - consisting of the Board Members Helen Mahy and Nick Emery - will review the financial reporting process, the system of internal control and management of financial risks, the auditing process, and the Company’s process for monitoring compliance with laws and regulations. In performing these duties, the Audit Committee will maintain effective working relationships with the Company’s Board, Fred. Olsen & Co. and the Company’s Auditor.

## 10. Risk management and internal control

The Group of companies’ risk managements, as developed within each of the business segments, are developed so as to ensure that risk evaluation is a fundamental aspect of all business activities.

# Corporate Governance

Continuous evaluation of exposure to risk is essential to identifying and assessing risks at all levels.

The Group of companies' risk management policies work to identify, evaluate and manage risk factors that affect the performance of the various business activities in which the Company is invested. As such, continuous and systematic processes are employed to mitigate potential damages and losses and to capitalize on business opportunities. These policies contribute to the success of both long and short term strategies.

Risk management is based on the principle that risk evaluation extends to all business activities. The individual business segments within the Group of companies have procedures for identifying, assessing, managing and monitoring primary risk exposures. As part of cash management policy, the Group of companies may individually deploy derivative instruments, such as interest rate swaps and currency contracts in order to reduce exposures.

The Group of companies' risk management and internal control procedures are reviewed by the Audit Committee in accordance with its charter. The operational risk management and internal control are carried out within each business segment in accordance with the nature of the operations and the governing legislation in the relevant jurisdictions. Financial risk management related to foreign exchange, interest rate management and short-term investments is handled in accordance with established policies and procedures.

The Company does not operate a distinct formal internal audit function as part of its internal control system, but the Company relates closely with KPMG to ensure that risks and controls are monitored. Consequent on representation at board level in subsidiaries by managerial personnel of Fred. Olsen & Co., the Company is able to adequately follow developments within relevant operational subsidiaries, focusing on business performance, market conditions, competition situation and strategic issues. The resulting effects of these board meetings in subsidiaries thus in turn provide a solid foundation for the Company's assessment of its overall financial and operational risks.

## 11. Board remuneration

Board remuneration reflects the Board's responsibility, expertise, time spent, and the complexity of the business. The remuneration does not depend on the Company's financial performance. There are no option programs for any Board Member. The Annual General Meeting determines the remuneration to the Board Members. Additional information on remuneration paid to Board members for 2019 is presented in note 7 to the consolidated accounts.

## 12. Remuneration of executive management

As an integral part of Fred. Olsen & Co.'s day-to-day management of the Company, Anette S. Olsen holds the position as Managing Director of the Company. Anette S. Olsen is the sole proprietor of Fred. Olsen & Co., which provides services within the areas of IT, finance, legal, accounting and general administration to the Company. The compensation to Fred. Olsen & Co. for these services follow under Group of companies' note 7. The Company has no employees. There are no stock option programs in the Company or in Fred. Olsen & Co.

## 13. Information and communications

Emphasis is placed on conducting a policy on information which aims at providing the market with relevant and timely information in a way that supports the principle of equal treatment of all of the Company's shareholders. The Company provides presentations to shareholders and analysts in connection with announcement of the quarterly results. Annual and quarterly reports, together with the aforementioned presentations, are made available on the Company's web site, <https://bonheur.no>. The Company has a preparedness on information for situations of an extraordinary character.

## 14. Takeovers

Privately owned Fred. Olsen-related companies hold a total of 51.4 percent of the Company's shares. Considering the corporate structure of which the Company forms parts, the Company considers that the Code's takeover guidelines recommendation is currently not relevant.

## 15. Auditor

The Company's Auditor is annually providing an activity plan for the audit of the Company. As part of the established routines within the Company on Corporate Governance the Auditor is conducting presentations to the Audit Committee and the Shareholders' Committee on the auditing carried out and the Auditor is hereunder addressing the Company's risks, internal control and quality on reporting. The Auditor is conducting a similar presentation to the Board in connection with the Board considering the Annual Accounts.

In connection with the Auditor's report, the Auditor also provides an affirmation on independency and objectivity. The Auditor participates at the Annual General Meeting. The Board is satisfied that Fred. Olsen & Co. on behalf of the Company and at its sound discretion, when considered both generally and specifically serviceable by Fred. Olsen & Co., may deploy the Auditor for services beyond statutory auditing. In connection with the issue on compensation to the Auditor, it must and will however always be identified how such compensation is split between statutory auditing on the one side and other services on the other.

## 16. CVs for the Board members, Shareholders' Committee and the Managing Director

### Board of Directors:

**Thomas Fredrik Olsen** (1929) has been chairman of the Board since 1955. He is a Doctor of the University of Heriot Watt, a Fellow of the Royal Institution of Naval Architects and further holds the titles of Industry Pioneer from the Offshore Energy Center Hall of Fame in Galveston, Texas and the Institutium Canarium's Dominik Wölfel Medal, Vienna. He was chairman of the Aker Group from 1957 to 1975 and from 1977 to 1981, chairman of Timex Corporation (USA) from 1980 to 2002 and of Harland & Wolff, Belfast from 1989 to 2001. He co- founded and was later chairman of the Norwegian Oil Consortium AS (NOCO), 1965-1983, and was a board member of SAGA Petroleum AS from 1972 to 1983. He was further chairman of Widerøe's Flyveselskap AS, 1970-1983. Mr. Olsen has pioneered within tanker developments, rig developments (Aker H3 drilling design), watch developments and he headed the transition of the Aker yards from shipbuilding into offshore. He is member of the Norwegian Shipping Association's Advisory Board. Mr. Olsen is a Norwegian citizen and resides in Oslo, Norway.

**Helen Mahy** (1961) has been a member of the Board since 2013. She is qualified as a barrister and was an associate of the Chartered

Insurance Institute. From 2003 to 2013 she was Group Company Secretary and General Counsel of the major UK utility company National Grid plc. Ms. Mahy is chair of The Renewables Infrastructure Group Ltd (a fund listed on the London Stock Exchange) and deputy chair of Primary Health Properties plc. She is also a non-executive director of SSE plc. She was formally a non-executive director of Aga Rangemaster Group plc, SVG Capital PLC, Stagecoach Group plc and formerly chair of MedicX Fund Limited. She was also a former chair of the GC100 and of the advisory board of Obelisk Legal Support Limited. She is an Equality and Human Rights Commissioner. Ms. Mahy is a British citizen and resides in Oxted, Surrey (UK).

**Carol Bell** (1958) joined the board in 2014. She holds an MA in Natural Sciences from the University of Cambridge and a PhD in Archaeology from University College London. Since 2000, after having worked within the oil and gas industry and investment banking (with JP Morgan and Chase Manhattan), she has divided her time between a range of activities, notably being non-executive director in the energy sector, conducting academic research and as a charity trustee. She currently sits on the boards of TransGlobe Energy Corporation, Tharisa plc and BlackRock Energy and Resources Income Trust plc. She has also served on the boards of Ophir Energy plc, PGS ASA, Salamander Energy plc., Hardy Oil & Gas plc., Revus Energy ASA, Det norske oljeselskap ASA and Caracal Energy Inc. She is also a Director of the Development Bank of Wales and the Football Association of Wales and a trustee of the Renewable Energy Foundation (a UK think tank) the National Museum of Wales, The British School at Athens, Cardiff University and the Institute for Archaeometallurgical studies. Ms. Bell is a British citizen and resides in London and Cardiff.

**Nicholas (Nick) Emery** (1961) was appointed to the board in 2014. He is a qualified Management Accountant. He has worked in various Fred. Olsen- related companies for over 30 years and until April 2013 was the CEO of Fred. Olsen Renewables AS where he still holds a board position. As from April 2013 he holds the position of CEO of the privately-owned Fred. Olsen Ltd. (UK). He is Chairman of the following Fred. Olsen Limited subsidiaries: The Natural Power Consultants Limited, SeaRoc Group Limited and Zephyr Limited. Mr Emery is a British Citizen and resides in London and Cornwall.

**Andreas Mellbye** (1955) has been a member of the Board since 2001 and before that served as alternate. Mr. Mellbye was trained as an officer in the Norwegian Navy (1975-1977) and became later a candidate in jurisprudence from the University of Oslo in 1983. He became partner of Wiersholm 1989. Before joining Wiersholm he worked for legal department in Norsk Hydro, including one year on secondment to Legal & Acquisition dep. in Conoco, London. Mr. Mellbye was admitted to the Norwegian Supreme Court in 1995. Besides litigation within company law, Mr. Mellbye specializes in corporate transactions, mergers & acquisitions, securities/stock exchange law. He holds various board and committee positions, including chairman of Martina Hansens Hospital and Lorentzens Skibs AS. Previously Mr. Mellbye was chairman of Pareto Wealth Management and was also member of the Securities Law Forum of the Oslo Stock Exchange. Mr. Mellbye is a Norwegian citizen and resides in Bærum, Norway.

#### *Shareholders' Committee:*

**Christian Fredrik Michelet** (1953) has been the chairman of the Shareholders' Committee since 2007. He became a candidate in

jurisprudence at the University of Oslo in 1980, and holds an MBA from INSEAD, France in 1981. He has served as lieutenant in the Norwegian Army. He was partner in the law firm Arntzen de Besche from 1985-2015. In the period 1989 – 1992 Mr. Michelet was Vice President in Total Norge AS. He was partner in the law firm Michelet & Co 2015-2018, and is now partner in the law firm Schjødt law from 2019. He is specialized in the petroleum and energy sectors. Mr. Michelet is an advisor on legal and strategic matters to various corporate actors in these sectors. He is also an advisor to Norwegian petroleum and energy authorities and to petroleum authorities in countries in several parts of the world on policies, legislation and state contracts. In addition to working with transactions and acting as a litigator, he regularly serves as arbitrator in arbitral tribunals. He is admitted to the Norwegian Supreme Court. Mr. Michelet is a Norwegian resident and resides in Oslo, Norway.

**Jørgen G. Heje** (1953) has been a member of the Shareholder's Committee since 1988. He has a Lic. Oec. HSG degree from Hochschule St. Gallen Switzerland. Mr Heje spent several years with Chase Manhattan Bank N. A. in London and Oslo before he held different executive and non-executive positions within the shipping and finance industry. Mr. Heje served as CEO in Eidsiva Rederi ASA and Chairman of Norwegian Car Carriers ASA up until 2010. He has been Chairman, and member of boards and nomination committees in a range of companies and organizations among others: Chase Manhattan Bank (Norge AS), Orkla Finans AS, Nordisk Skibsrederforening, Grand Hotel ASA, Norwegian Ship-owners Association and a number of ship-owning partnerships. Mr. Heje is Chairman and co-owner of the Agra Group a market leading, family owned industrial company within fast moving consumer goods in the Scandinavian markets. Mr. Heje is a Norwegian citizen and resides in Oslo, Norway.

**Bård Mikkelsen** (1948) joined the Shareholders' Committee in 1997. He is a graduate from the Norwegian Army Military Academy, Norwegian School of Management and INSEAD Executive Programme. He has served as the CEO of Statkraft, the largest utility in Norway and the largest European renewable energy company. Mr. Mikkelsen has also served as the CEO of Oslo Energy Group, Ulstein Group and Widerøe Group. He has previously a.o. also served as a member of the Supervisory Board of E.ON as Chairman of Cermaq, Store Norske Spitsbergen Kulkompani and Vice Chairman of Saferoad. Currently he is a.o. the Chairman of Clean Energy Group, Clean Energy Invest, Multiconsult and Nettpartner. Mr. Mikkelsen is a Norwegian citizen and resides in Baerum, Norway.

**Ole Kristian Aabø-Evensen** (1964) has been a member of the Shareholders Committee since 2017. Mr. Aabø-Evensen was originally trained as a police officer and became later a candidate in jurisprudence from the University of Oslo in 1988. He also received a scholarship from the British Council (1992) and has studied English and International Law at King's College University of London (1992). Mr. Aabø-Evensen is founding partner of the M&A and Capital Markets boutique law firm Aabø-Evensen & Co (2002-). Before establishing Aabø-Evensen, he was partner and head of M&A and corporate legal services at KPMG in Norway (1995-2002), an associated partner with the de Besche & Co (now Arntzen de Besche), and has also worked as a trainee in Sinclair Roche Temperley, London (now part of Stephenson Harwood) and Essex Court Chambers, London. He's ranked as one of Norway's leading



transaction lawyers, specializing in corporate transactions, public and private mergers & acquisitions, securities/stock exchange law. He holds various board and committee positions. Mr. Aabø-Evensen is also the author of the leading text book on M&A in Norway in addition to numerous international publications on mergers and acquisitions. He's a member of the Norwegian Bar Association, the American Bar Association, the International Bar Association and the International Fiscal Association. Mr. Aabø-Evensen is a Norwegian citizen and resides in Oslo, Norway.

**Einar Harboe (1950)** has served on the Shareholder's Committee since 1988. He passed his final law exams in 1974 at The university of Oslo. He then held positions in the Ministry of finance and also worked as assistant judge, university teacher and division head in the Tax directorate until 1983. In 1983 Mr Harboe went to the law firm of Bugge, Arentz-Hansen & Rasmussen (BAHR) where he remained for some 14 years, the last 12 years as partner. In 1997 Mr Harboe left BAHR to establish a boutique law firm (now Advokatfirmaet Harboe & Co AS) specializing in tax. Harboe & Co is among the leading firms in this field. Mr Harboe is among the most experienced tax lawyers in Norway, having handled a number of major cases in court, including The supreme court. He is also an established author, having published a number of books about Norwegian tax. Mr. Harboe is a Norwegian citizen and resides in Bærum, Norway

*Managing Director:*

**Anette S. Olsen** (1956) is the proprietor of Fred. Olsen & Co. which is responsible for the day-to-day operation of Bonheur ASA. As part of these services she holds the position as managing director of Bonheur ASA. Ms. Olsen is the Chairman of the boards of Fred. Olsen Renewables AS, Fred. Olsen Ocean Ltd., Fred. Olsen Ltd., NHST Media Group AS and Timex Group. She is also a board member of Fred. Olsen Cruise Lines Ltd. and Global Wind Service A/S. Anette S. Olsen holds a bachelor's degree in business organization and a master's degree in business administration (MBA).

## Major Asset List as per 31 December 2019

### BONHEUR GROUP OF COMPANIES

Segment / Asset	Built year	Type	Capacity/ length/ water depth/ tonnage	Ownership
<b>Renewable energy:</b>			<b>Capacity</b>	
Crystal Rig	2004/-07	25 Nordex 2,5 MW	62,5 MW	51,0 %
Rothes	2005	22 Siemens 2,3 MW	50,6 MW	51,0 %
Paul's Hill	2006	28 Siemens 2,3 MW	64,4 MW	51,0 %
Crystal Rig II	2010	60 Siemens 2,3 MW	138,0 MW	51,0 %
Rothes II	2013	18 Siemens 2,3 MW	41,4 MW	51,0 %
Mid Hill	2014	33 Siemens 2,3 MW	75,9 MW	51,0 %
Brockloch Rig Windfarm	2017	30 Senvion 2,05 MW	61,5 MW	51,0 %
Brockloch Rig 1	1996	36 Nordtank 0,6 MW	21,6 MW	100,0 %
Crystal Rig III	2016	6 Siemens 2,3 MW	13,8 MW	51,0 %
Lista	2012	31 Siemens 2,3 MW	71,3 MW	100,0 %
Fäbodliden	2015	24 Vestas 3,3 MW	79,2 MW	100,0 %

<b>Shipping / Offshore wind:</b>			<b>Length</b>	
Brave Tern	2012	Offshore wind turbine installation vessel	132 metres	100,0 %
Bold Tern	2013	Offshore wind turbine installation vessel	132 metres	100,0 %
Blue Tern	2012	Offshore wind turbine installation vessel	151 metres	51,0 %

<b>Cruise:</b>			<b>Tonnage</b>	
Black Watch	1972/-82/-05	Cruise	28 613 grt	100,0 %
Braemar	1993/-01/-08	Cruise	24 344 grt	100,0 %
Boudicca	1973/-06	Cruise	28 388 grt	100,0 %
Balmoral	1998/-08	Cruise	43 537 grt	100,0 %

## Definitions

List of Alternative Performance Measures (APM):

Bonheur ASA discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS.

In the quarterly report the following alternative performance measures are most frequently used. Below is a list followed by a definition of each APM.

*General financial Alternative Performance Measures:*

EBITDA:	Earnings before Depreciation, Impairment, Result from associates, Net financial expense and Tax
EBIT:	Operating result after depreciation (EBITDA less depreciation and impairments)
EBT:	Earnings before tax
EBITDA margin:	The ratio of EBITDA divided by operating revenues
NIBD:	Net Interest Bearing Debt is the sum of non current interest bearing debt and current interest bearing debt, less the sum of cash and cash equivalents. Financial leasing contracts are included.
Capital employed:	NIBD + Total equity
Equity ratio:	The ratio of total equity divided by total capital

### Abbreviations – Company Names per segment

#### Renewable energy:

FORAS:	Fred. Olsen Renewables AS
FOR:	Fred. Olsen Renewables group
FOWL:	Fred. Olsen Wind Limited
FOCB:	Fred. Olsen CB Limited
FOCBH:	Fred. Olsen CBH Limited
AVIVA investors:	Aviva Investors Global Services Ltd
TRIG:	The Renewables Infrastructure Group Limited
FOGP:	Fred. Olsen Green Power AS

#### Shipping / offshore wind:

FOO:	Fred. Olsen Ocean Ltd
GWS:	Global Wind Service A/S
FOW:	Fred. Olsen WindCarrier AS
UWL:	United Wind Logistics GmbH

#### Cruise:

FOHAS:	First Olsen Holding AS
FOCL:	Fred. Olsen Cruise Lines Ltd

#### Other:

NHST:	NHST Media Group AS
DD:	Dolphin Drilling ASA

## Addresses

### Bonheur ASA

Enterprise no: 830 357 432  
 Fred. Olsens gate 2  
 P.O. Box 1159 Sentrum  
 0107 Oslo, Norway  
 Telephone: +47 22 34 10 00  
<https://bonheur.no>

### Bonheur og Ganger Rolf ANS

Enterprise no: 996 593 657  
 Fred. Olsens gate 2  
 P.O. Box 1159 Sentrum  
 0107 Oslo, Norway  
 Telephone: +47 22 34 10 00

### Fred. Olsen & Co.

Enterprise no: 970 942 319  
 Fred. Olsens gate 2  
 P.O. Box 1159 Sentrum  
 0107 Oslo, Norway  
 Telephone: +47 22 34 10 00

### Renewable energy

#### Fred. Olsen Renewables AS

Enterprise no: 983 462 014  
 Fred. Olsens gate 2  
 0152 Oslo, Norway  
 Telephone: +47 22 34 10 00  
<https://fredolsenrenewables.com>

#### Fred. Olsen Renewables Ltd.

Enterprise no: 2672436  
 36 Broadway  
 London, SW1H 0BH, England  
 Telephone: +44 207 963 8904

### Shipping / Offshore Wind

#### Fred. Olsen Ocean Ltd.

c/o Fred. Olsen Ocean AS  
 Enterprise no: 970 897 356  
 Fred. Olsens gate 2  
 P.O.Box 581 Sentrum  
 0106 Oslo, Norway  
 Telephone: +47 22 34 10 00  
<https://fredolsen-ocean.com>

#### Universal Foundation A/S

Enterprise no: 26046246  
 Strevelinsvej 28  
 7000 Fredericia  
 Denmark  
 Telephone: +45 70 230 244  
<https://universal-foundation.com>

#### Fred. Olsen Windcarrier AS

Enterprise no: 988 598 976  
 Fred. Olsens gate 2  
 P.O.Box 581 Sentrum 0106  
 Oslo, Norway Telephone:  
 +47 22 34 10 00  
<https://windcarrier.com>

### Global Wind Services A/S

Enterprise no: 31166047  
 Strevelinsvej 28  
 7000 Fredericia  
 Denmark  
 Telephone: +45 76 203 660  
<https://globalwindservice.com>

### Cruise

#### First Olsen (Holdings) Ltd.

Enterprise no: 6443267  
 Fred. Olsen House  
 White House Road  
 Ipswich Suffolk IP1 5LL, England  
 Telephone: +44 1 473 292 200  
<https://fredolsencruises.com>

### Other investments

#### NHST Media Group AS

Enterprise no: 914 744 121  
 Christian Kroghs gate 16  
 PO Box 1182 Sentrum  
 0107 Oslo, Norway  
 Telephone: +47 22 00 10 00  
<https://nhst.no>

#### Fred. Olsen Travel AS

Enterprise no: 925 619 655  
 Prinsensgate 2B  
 0152 Oslo, Norway  
 Telephone: +47 22 34 11 11  
<https://fredolstravel.com>

**Annual General Meeting**

The annual general meeting will be held at the company's office,  
Fred. Olsens gt. 2, Oslo, Norway (entrance Tollbugt. 1b)  
Wednesday 27 May 2020, at 2pm.



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