

Annual Report

Umoe Gruppen AS



2020

Umoe Gruppen AS

DIRECTOR'S REPORT 2020

2020 was a very demanding year for the Umoe Group. At the beginning of the year, we were facing significant challenges with a major bank debt, which could not be serviced by the cash flow from the operations. We expected a demanding, but constructive period that should consist of sale of assets and rebuilding the company, with focus on green initiatives.

Instead, we encountered the perfect storm of COVID-19. Both the restaurants and green energy in Brazil were negatively impacted. The restaurants were closed for the most part, and at its peak, 3,200 people were temporarily laid off. Operating losses due to the pandemic resulted in a total loss of more than NOK 200 million for the restaurants, after deductions for various types of subsidies in the sum of NOK 50 million. Ethanol prices in Brazil followed oil prices as they fell, resulting in a substantial negative cash flow for the company in Brazil. Fortunately, we had sold Sønnico AS, and signed an agreement on the sale of a shipyard property in 2019 for several hundred million Norwegian kroner, so with this liquidity on the way, we were able to manage these losses.

We acted resolutely and followed a clear plan. Overall in the course of 2020, we sold assets to a value of NOK 2 billion, the biggest being sale of the LNG operation, BK Scandinavia AS, and the shipyard property. In total, we reduced the group's net debt to credit institutions by NOK 1,542 million.

Operating profit before write-downs was NOK 764 million, up from NOK 303 million in the previous year. It helped that the ethanol prices followed the oil prices up from USD 20-30 per barrel to around USD 50. Profit after tax was NOK 114 million as compared with a loss of NOK 304 million the previous year.

From January 2021, we were back in charge and able to continue to develop the company through our chosen strategy without having to resort to short-term liquidity.

Our aim is to have a solid foundation in a stable business, and then continue to develop our green investments. Since the end of last year, we have entered into an agreement that encompasses our restaurants in Scandza through a combination of a mutual purchase and sale of shares in Jordanes AS and cash settlements. Umoe will then become a significant minority shareholder in a rapidly growing company with proximity to consumers in grocery stores, online sale and in restaurants.

In parallel with major reorganisation in parts of the portfolio, we have also been able to focus on operations in Umoe Bioenergy in Brazil and to develop interesting strategic projects for UAC in connection with hydrogen initiatives and international expansion. Umoe Mandal, Umoe Industries and property achieved good results in 2020. We have also retained our share of ownership of Ocean Sun, which was listed in autumn 2020, where we see some interesting opportunities for floating solar farms.

We now have the freedom to continue to focus on reducing CO₂ emissions from Brazilian vehicles through the sale of ethanol, as well as the capacity for new green investments, in addition to our focus on hydrogen through Umoe Advanced Composites AS, our shareholding and board membership in Ocean Sun AS, and the construction and operation of low-emission, high-speed service vessels for offshore wind.

We are also very pleased that the Climate House, financed by our donation of NOK 70 million to the University of Oslo, opened in 2020. We hope and believe that the Climate House will raise awareness of climate change problems and lead to climate action, especially among Oslo youth.

BUSINESS IN 2020

Group revenue in 2020 was NOK 4,420 million (NOK 5,068 million). Figures for 2019 are stated in parentheses. Operating profit before depreciation and amortisation (EBITDA) was NOK 764 million (NOK 303 million). Results after taxes shows a profit of NOK 114 million (NOK -287 million). Results for 2020 were impacted by several sales: Umoe Gas Carriers AS, BK Scandinavia AS, Sønnico AS, Umoe Consulting AS, Umoe Eiendom Hovedgård AS, HMSHost-Umoe F&B Company AS and the Risøya property owned by Umoe Eiendom Vest AS. Umoe Restaurants AS also sold 68 per cent of its shares in American Bistro Sweden AB. Net profit from these sales was NOK 579 million. In 2019, Umoe Restaurants sold 51 per cent of its shares in Westend Bakeri AS with a profit of NOK 62 million.

The Group's total capital was NOK 2,274 million (NOK 4,032 million). Booked equity was in the sum of NOK 710 million (NOK 701 million) as of 31 December 2020, equivalent to an equity ratio of 31.12 per cent (17.4 %). Debt to credit institutions as of 31 December 2020 was NOK 669 million (NOK 1,950 million), and bank deposits were in the amount of NOK 456 million (NOK 195 million). Cash flow from operational activities was NOK -57 million in 2020 (NOK 101 million) for the Umoe Group. Total investments were in the sum of NOK 172 million (NOK 461 million).

The parent company Umoe Gruppen AS had no operating revenue in either 2020 or 2019. Operating profit was NOK -3 million (NOK -12 million). Profit after tax was NOK 682 million (NOK -2,219 million). Profit/loss for 2020 was especially affected by sales of shares in Umoe Gas Carriers AS, which resulted in a profit of NOK 218 million, and a reversal of impairment loss of shares in Umoe AS of NOK 471 million. Profit/loss for 2019 was impacted by a write-down of shares in Umoe AS in the amount of NOK 2.2 billion. Investments in subsidiaries as of 31 December 2020 were in the sum of NOK 1,714 million, and consisted of shares in Umoe AS, which in turn were comprised of Umoe Restaurants AS, UBE Gruppen AS, Umoe Advanced Composites AS, Umoe Mandal AS, Umoe Industries AS, two operative Wavecraft vessels and three property companies.

Total capital for the parent company Umoe Gruppen AS was NOK 1,734 million (NOK 1,458 million). Posted equity was in the sum of NOK 1,688 million (NOK 1,007 million) as of 31 December, equivalent to an equity ownership of 97.3 per cent (69.1 %). Cash flow for operational activities in 2020 was NOK -30 million (NOK 211 million).

Systematic valuations have been performed for individual underlying investments in the subsidiary Umoe AS, in conjunction with filing the accounts. There is an uncertainty regarding these valuations due to the fact that the COVID-19 pandemic is still ongoing.

In order to simplify the legal structure, the subsidiary Umoe Invest AS merged with the Umoe Gruppen AS effective from 1 January 2020.

UMOEO GRUPPEN AS INVESTMENTS:

Umoe Gas Carriers AS

Umoe Gas Carriers AS (UGC) was the Group's holding company for LNG carrier activities. The company, with its underlying investments, was sold in mid-December 2020.

Profit after tax for UGC in 2020 was NOK -10 million, until its deconsolidation at the end of November (NOK 177 million in total for 2019). Included in these figures is a loss of NOK 27 million related to the sale of the remaining associated companies. For comparison, the sale of Norspan LNG II AS in 2019 resulted in a profit of NOK 55 million

Umoe AS

Umoe AS is an industrial investment company with headquarter in Lysaker, Bærum. The company's most important investments include Umoe Restaurants, UBE Gruppen, Umoe Advanced Composites, Umoe Mandal, Umoe Industries AS, ownership and operation of two Wavecraft vessels, and a property portfolio. Umoe AS also owns 8.9 per cent of Ocean Sun AS.

Operating revenue for the Umoe AS group in 2020 was NOK 4,420 million (NOK 5,068 million). Operating profit was NOK 401 million (NOK -80 million). Profit after tax was NOK 157 million (NOK -445 million). Changes in profit after tax was primarily due to the effect of capital gains and losses. The BK Scandinavia group had a profit after tax of NOK -53 million until November 2020, when it was deconsolidated due to the sale. The parent company's financial investments, which included unlisted shares and loans to the subsidiaries, amounted to NOK 1,690 million, (NOK 1,163 million) as of 31 December 2020.

In order to simplify the legal structure, the subsidiaries Umoe Eiendom AS and Umoe Forestry AS merged with Umoe AS, effective from 1 January 2020.

Most important subsidiaries of Umoe AS

Umoe Restaurants AS (UR) is one of Scandinavia's leading restaurant corporations, with 94 wholly owned and 49 franchise restaurants in Norway and Sweden. The company runs the chains of Peppes Pizza, Blender, Starbucks, TGI Friday's and Leon. UR also owns 49 per cent of Westend Bakeri AS. In August 2020, UR sold 49 per cent of HMSHost-Umoe F&B Company AS and 68 per cent of the shares in American Bistro Sweden AB, as well as the shares in BK Scandinavia AS in December 2020. On 31 March 2021, Umoe AS also entered into a sales agreement for the sale of Umoe Restaurants AS, which includes the company in Scandza, through a combination of mutual purchase and sale of shares and a cash settlement, where Umoe will become a significant minority shareholder. This agreement partly depends on approval by competition authorities.

The subsidiary UBE Group AS is the sole owner of Umoe Bioenergy S.A. (UBE). UBE produces clean and renewable ethanol from sugar cane. UBE cultivates and harvests nearly all of the sugar cane grown on approx. 400 million m² of land owned and leased in Paranapanema, a region northwest of São Paulo, Brazil. The company's industrial facility has a production capacity of 2.6 million tonnes of sugar cane per year. UBE owns and operates its own equipment for harvesting activities, which is almost fully

mechanised, while a subcontractor operates the transportation of sugar cane from the fields to the factory.

Umoe Advanced Composites AS was established in 2007, and is a leading supplier of type 4 composite pressure vessels for the storage and transport of biogas, compressed natural gas (CNG) and hydrogen. In recent years, the company has grown considerably, especially due to market growth for the transport and distribution of hydrogen.

Umoe Mandal AS (UM) has nearly 110 employees, and delivers advanced composite materials to the maritime, oil and gas, and defence sectors. Over the past few years, UM has invested in the development of Wavecraft, a new vessel concept, for the transport of personnel to offshore wind farms, and to oil and gas installations.

Umoe Industries AS, with its 37 employees, delivers products primarily to the aluminium sector, partly from its own facilities in Norway and Poland, and partly through subcontractors in China. To simplify the legal structure of the business, the subsidiaries Umoe Karmsund AS and Skude Industri AS merged with Umoe Industries AS with effect from 1 January 2020.

Umoe is also the owner of a property portfolio consisting of production premises, residential lots and office buildings covering approx. 230,000 m² distributed across five different locations in Norway. About 2/3 of this area is owned by Umoe Sterkoder AS. In spring 2020, the company regained the Melkvika facility after a 20-year lease to Aibel. The company is in the process of upgrading the facility, and in the past year it has entered into several long leasing agreements, which has established the company as an attractive lessor and supplier of industry and business park services.

In addition to the aforementioned companies, Umoe AS owns 8.9 per cent of the shares in Ocean Sun AS, which were listed on Euronext Growth in October 2020. Ocean Sun AS is involved in the production and distribution of floating solar power systems. These systems have solar panels attached to a membrane on structures that float on the surface of the ocean near the coast, or on water reservoirs, either near the power grid or in locations where the supply of power would otherwise be very expensive. The market value of Umoe's share as of 20 April 2021 was NOK 130 million, against a book value of NOK 11 million

PERSONNEL AND ENVIRONMENT

Umoe Gruppen AS has no personnel. The corporate group had 3,176 employees distributed across 2,078 full-time equivalents (3,532). Total sick leave absence was 3.5 per cent (3.0 per cent). There were two personal injuries resulting in absence during 2020, as compared with 10 in 2019. All companies of the Umoe group are making targeted efforts to reduce unwanted incidents and personal injuries.

The corporate group provides equal opportunities for women and men. This is ensured through equal pay for equal work. New employees are hired based on their level of expertise, experience and their ability to meet the requirements of the positions. The company strives to be an attractive employer for all employees, regardless of gender, disability, religion, life philosophy, ethnicity or national origin. At the end of 2020, the corporate group had a staff composed of 36.6% women and 63.4% men. The Board is comprised of five men and one woman.

As far as the Board is aware, the individual group companies have arranged their operations in accordance with company-specific environmental requirements and mandates for the respective sectors and countries in which they operate.

GOING CONCERN DECLARATION

In accordance with the Norwegian Accounting Act, Section 3-3a, the Board of directors confirms that the financial statement have been prepared on the assumption of a going concern.

RISK AND UNCERTAINTY FACTORS

Umoe Gruppen AS is exposed to several types of risks, such as credit risk, liquidity risk and share price risk. Credit risk is associated with potential loss on loans to subsidiaries. Liquidity risk is the risk that the Umoe Gruppen AS cannot meet its debt obligations by the maturity date. Share price risk is related to changes in share prices of the company's subsidiaries. The share price of the shares depends on several risk factors for the respective companies, including credit risk, currency risk, interest risk, price risk for raw materials, operational risk and other market risks. For a more detailed overview of the different risk categories, see note 2 in the Annual Accounts.

ALLOCATION OF THE NET PROFIT FOR THE YEAR

Umoe Gruppen AS had a profit of NOK 682,000,000 in 2020. The Board proposes the following allocation of the profits:

Transfer to other equity	682,000,000
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Sum transfers and allocations	682,000,000
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FUTURE PROSPECTS AND EVENTS AFTER THE BALANCE SHEET DATE

The Covid-19 pandemic is still ongoing. The international collaboration on combating the virus and the pandemic has been somewhat inconsistent. This a global pandemic, that requires a global solution based on international cooperation. Until the contagion has been beaten on a global basis, it will continue to create uncertainty for Umoe's companies, but in view of the current situation, UR's temporarily closed restaurants will gradually reopen within a few months, and UBE will be able to cope with the situation until a sufficient number of Brazilians have been vaccinated. To sum up then, the financial risk of negative consequences due to the pandemic is considered to be reduced for Umoe, unless new viruses or different mutations appear that cannot be stopped by vaccination.

There is also uncertainty associated with the geopolitical situation, with major nations such as the United States and China creating international uncertainty. Each appears to be seeking to maximise its own welfare at the expense of the welfare of other countries, to a greater extent than before. Following the sale of our lumber company in Canada (which exports building materials to the US) and the sale of REC Silicon ASA (which produced silicon in the US and exported this to China), Umoe is less exposed to geopolitical unrest. However, apart from the property companies, our remaining companies are still vulnerable to a decline in international trade and new trade restrictions.

At the moment, Umoe has no plans for major sales of companies, apart from the agreed sale of UR. The sale of UR, with Umoe AS receiving a significant portion of the settlement as shares in Jordanes AS, which is Scandza AS' top company, gives Umoe an interesting exposure to the Scandinavian consumer market. In the event the sale of UR is not carried out, Umoe will instead continue its ownership, as the UR group has now been restructured and we can expect positive earnings again from the date Norway opens for normal restaurant service.

Umoe has for years been focused on its contributions to the green shift. All of the companies now owned by Umoe are seeking to contribute in their own ways. UBE, which now represents the ethanol industry in Brazil, plays an essential role in helping Brazil to achieve its climate goals. This is specifically done by compelling gasoline and diesel sellers to purchase emission quotas from ethanol producers (CBios). UAC assists through its production of future pressure vessels for the transport and storage of hydrogen etc. Finally, Ocean Sun, of which Umoe owns 8.9 per cent, contributes to environmentally friendly renewable energy production, where the alternative would often have been the use of fossil fuels.

Lysaker, 20 April 2021

_____ Sign. Jens Ulltveit-Moe Board Chair	_____ Sign. Johan Fr. Odfjell Board member	_____ Sign. Harald Norvik Board member
_____ Sign. Christian Rynning-Tønnesen Board member	_____ Sign. Erik Sauar Board member	_____ Sign. Ragnhild K. Ulltveit-Moe Board member
_____ Sign. Jarle Roth CEO		

Umoe Gruppen AS

Income Statement	Notes	Umoe Gruppen AS		Consolidated	
		2020	2019	2020	2019
Amount in NOK 1 000					
Revenue		0	0	3 729 123	4 921 172
Other operating income		0	0	690 803	146 760
Total revenue	3	0	0	4 419 926	5 067 932
Cost of goods sold		0	0	-1 604 068	-2 035 901
Payroll and social expenses	4, 16	-2 168	-1 683	-1 032 190	-1 398 818
Depreciation of fixed- and intangible assets	7	0	0	-342 587	-381 620
Write-down/reversed write-d. of fixed assets	7	0	0	-56 993	-35 279
Other operating expenses	5, 6, 8	-990	-10 750	-1 019 197	-1 330 453
Operating profit		-3 158	-12 433	364 891	-114 139
Gain/loss/write-down/dividend subsidiaries	9, 12	689 200	-2 214 695	0	-59
Share of profit/loss from associated companies	12	0	0	-348	22 623
Financial income	12	6 642	19 645	16 794	31 270
Currency gain/loss	12	0	0	-34 100	-19 112
Financial expenses	12	-7 978	-11 170	-185 842	-194 735
Net financial items		687 864	-2 206 220	-203 496	-160 013
Ordinary profit / (loss) before tax		684 706	-2 218 653	161 395	-274 152
Tax income (+) / tax cost (-)	17	-2 608	-1 329	-47 777	-29 978
Net profit / (loss) of the year	15	682 098	-2 219 982	113 618	-304 130
Minority's share of the profit/loss	15	0	0	-6 912	-17 020
Profit/loss for the year after minority	15	682 098	-2 219 982	120 530	-287 110
Attributable to:					
Transfer to (-) / from (+) other equity		-682 098	2 219 982		
Total transfers and allocations		-682 098	2 219 982		

Umoe Gruppen AS

Balance Sheet

Amount as of 31.12. in NOK 1 000

	Notes	Umoe Gruppen AS		Consolidated	
		2020	2019	2020	2019
Assets					
Research and development	7	0	0	3 820	6 206
Dev. software, trademarks, other rights etc.	7	0	0	32 453	45 234
Deferred tax asset	17	0	3 589	39 947	76 002
Goodwill	7	0	0	11 855	34 931
Total intangible assets		0	3 589	88 075	162 373
Grounds, buildings and bearer plants		0	0	396 582	634 765
Additions on rented premises		0	0	114 899	480 722
Equipment		0	0	358 079	555 991
Ships, rigs, etc.		0	0	99 957	132 827
Fixtures and fittings, tools, etc.		0	0	46 812	118 667
Total fixed assets	7	0	0	1 016 329	1 922 972
Investments in subsidiaries	9	1 587 000	1 278 907	0	0
Loans to group companies	19	126 688	172 236	0	0
Investments in associated companies	9, 10	0	0	18 426	509 168
Loans to associated companies		0	0	0	7 312
Other shares	11	0	0	26 800	29 505
Other long-term receivables		139	1 821	27 384	97 249
Total financial assets		1 713 827	1 452 964	72 610	643 234
Total non current assets		1 713 827	1 456 553	1 177 014	2 728 579
Inventories					
Inventories	13	0	0	366 124	473 662
Accounts receivable		542	0	134 724	327 260
Construction contracts	14	0	0	50 889	62 880
Short-term intercompany receivables	19	4 487	907	0	0
Other short-term receivables		146	104	87 366	227 456
Total receivables		5 175	1 011	272 979	617 596
Cash and cash equivalents - non-restricted		15 398	393	455 799	194 538
Cash and cash equivalents - restricted		87	115	2 237	17 657
Total cash and cash equivalents		15 485	508	458 036	212 195
Total current assets		20 660	1 519	1 097 139	1 303 453
Total assets		1 734 487	1 458 072	2 274 153	4 032 032

Umoe Gruppen AS

Balance Sheet

Amount as of 31.12. in NOK 1 000

	Notes	Umoe Gruppen AS		Consolidated	
		2020	2019	2020	2019
Equity and debt					
Share capital		37 500	37 500	37 500	37 500
Share premium		250 375	250 375	250 375	250 375
Total paid-in capital	15	287 875	287 875	287 875	287 875
Restricted funds		0	0	3 705	3 262
Other equity		1 399 795	719 837	428 116	408 671
Minority interests		0	0	-9 809	1 579
Total equity	15	1 687 670	1 007 712	709 887	701 387
Pension liabilities	16	0	0	3 470	4 867
Deferred tax	17	6	0	0	0
Accrual regarding associated companies	10	0	0	0	56 100
Other non-current liabilities		0	0	39 926	53 017
Total provisions for liabilities and charges		6	0	43 396	113 984
Long-term debt to credit institutions	18	0	0	424 577	356 025
Long-term intercompany debt	18, 19	0	3 351	0	3 351
Other long-term debt	18	22 362	21 923	58 247	84 167
Total long-term debt		22 362	25 274	482 824	443 543
Short-term debt to credit institutions	18	8 100	8 100	261 158	1 600 537
Accounts payable		678	44	251 316	486 299
Tax payable	17	0	0	0	10 915
Accruals for public duties		173	192	212 653	257 667
Dividend and group contributions		3 500	21 955	3 432	1 834
Advance payments from customers		0	0	68 430	76 269
Short-term intercompany interest-bearing debt	18, 19	11 900	390 418	11 900	11 900
Other short-term debt		98	4 377	229 157	327 697
Total current liabilities		24 449	425 086	1 038 046	2 773 118
Total equity and debt		1 734 487	1 458 072	2 274 153	4 032 032

Lysaker, 20 April 2021

Sign. _____ Jens Ulltveit-Moe Board Chair	Sign. _____ Johan Fr. Odfjell Board member	Sign. _____ Harald Norvik Board member
Sign. _____ Christian Rynning-Tønnesen Board member	Sign. _____ Erik Sauar Board member	Sign. _____ Ragnhild K. Ulltveit-Moe Board member
Sign. _____ Jarle Roth CEO		

Umoe Gruppen AS

ACCOUNTING PRINCIPLES

The accounts have been prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian generally accepted accounting practices (NGAAP).

In accordance with the Norwegian Accounting Act § 3-3a, the Board of directors confirms that the accounts have been prepared on the assumption of a going .

The Group presents its financial statement in Norwegian kroner (NOK), which is the group's functional currency.

Consolidation principles

The consolidated accounts include the holding company and all subsidiaries in which the holding company directly or indirectly owns more than 50 % of the voting capital and/or has a controlling interest. The subsidiaries are specified in a separate note. All significant intercompany transactions and balances have been eliminated. Acquired companies are consolidated in the accounts using the acquisition method. The difference between the cost price assigned to the individual assets and the book value of net assets at the time of acquisition is added to/deducted from the assets to which the added value/shortfall in value is related to. Excess value is allocated to goodwill. Companies acquired during the year are consolidated in the profit and loss from the date of acquisition. Companies that are sold during the year are consolidated in the profit and loss up to the date of the sale. Goodwill is amortized on a straight-line basis over its economic life.

Minority interests are shown as a separate item under equity in the balance sheet. In the profit and loss account, the minority interest's share of the profit/loss is calculated on the profit/loss after tax.

Associated companies are entities where the group has significant influence, but not control. Significant influence normally exists where the Group has ownership between 20 % and 50 %. Investments in associated companies are recognised using the equity method in the consolidated accounts. The Group's share of the income is presented as a part of the net financial items in the income statement. Shares in associated companies are classified as financial assets in the balance sheet.

Ownership interests, that are neither subsidiaries nor associated companies, are booked according to the acquisition method in the Group accounts.

In the holding companys' accounts, all investments are valued to acquisition cost and are written down to fair value if the decrease in value is not temporary.

Foreign subsidiaries' balance sheet items are translated at the balance sheet date rate, while profit and loss items are translated at the average exchange rate for the year in question. Any differences in currency are posted directly against equity as translation differences.

Revenue recognition and cost accounting

Sales of goods and services are recorded as operating revenue stated at fair value. Sale of goods is considered at the time of delivery and when most of the risk and reward is transferred. Sale of services is recognised in time with the performance. In the case of long-term manufacturing contracts and construction contracts, revenue is recognized on the basis of percentage of completion method. Costs are recorded in the same period that the related income is recognized.

Construction contracts/long-term manufacturing contracts

Earned income on construction contracts is for the constructor considered as earned rights against the customer and is classified as operating revenue in the income statement. The income is allocated to net income proportionally with the project's degree of completion and the progress is normally calculated as a present of incurred cost on total cost. When the transaction's outcome cannot be estimated reliably, only the income, corresponding to the project expenses, will be allocated to net income. In the period it is identified that a project will give negative outcome, the estimated loss on that contract will be accounted for in its entirety. Bonuses on contracts are included as income only when the amount is determined with reasonable certainty and when it is determined that the bonus will be obtained.

Construction contracts under construction are recorded in the balance sheet to its calculated value with deduction of invoiced amount. Invoicing in excess of calculated earned income is classified as advance from

Goodwill and other intangible assets

Goodwill is the deviation between the acquisition cost and the fair value of the Group's share of net identified assets in the bought entity at the time of purchase. The time of depreciation is five years if not a longer period is justified. Other intangible asset are recognised in the balance sheet as long as it can be identified future economic benefits that are attributable to the asset and the costs can be measured reliable. Otherwise, the costs will be expensed as they incurs. Intangible assets with limited economic life are depreciated according to their plan. When there are indications of impairment, capitalised goodwill and intangible assets will be tested for decrease in value and if the fair value is lower than booked value, it will be written down.

Fixed assets

Operating equipment is recorded in the balance sheet at historical cost less straight-line depreciation over the expected technical/economic life of the asset. Land, artworks, etc., are not depreciated. Fixed assets are valued at the lowest of the book value and fair value unless a fall in value is considered to be of a temporary nature. Gains on the sale of operating equipment are recorded as operating revenue and losses as operating expenses, while gains and losses on the sale of long-term shareholdings are recorded as financial items.

Biological assets

Biological assets are divided into bearer plant (the root of the cane or trees, etc.) and agricultural produce (standing cane, log, etc.). Bearer plants are classified as fixed assets and are booked at cost, which includes all cost related up to planting (e.g. soilpreparation) and the planting itself. The cost is depreciated under a useful life of normally 5 cuts (one cut a year). Bearerplants are written down to fair value, if this value is lower than book value. Agricultural produces are classified as inventory and are booked at full production cost, which includes salary, fertilizers, correctives, pesticides, herbicides, etc. The cost is transferred to finished goods inventory when harvested and if fair value is lower than the book value, a writedown is made.

Inventories

Inventory is recorded to full production cost, and are valued to the lower of cost of acquisition and fair value.

Receivables

Accounts receivable and other receivables are booked to face value deducted for expected loss. Losses on receivables are based on individual estimations of the respective receivables.

Other current assets

Other current assets, including shares and securities, are recorded at the lower of cost of acquisition and fair value. Market-based short-term investments are recorded at their fair value.

Receivables and liabilities in foreign currencies

Cash, current and long-term receivables and liabilities denominated in foreign currencies are recorded in the balance sheet at the exchange rate applicable on the date when the accounts are closed. Realized and estimated foreign exchange losses are recorded as financial expenses. When the receivable or liability is hedged by way of a forward contract or other contracts, the contract's exchange rate is applied. Exchange rate differences which arises on monetary items is posted to the income statement as a main rule. If the monetary item is neither planned nor in substance is likely to occur in the foreseeable future, it is considered as a part of the entity's net investment in that foreign subsidiary and it is posted directly to the equity.

Latent liabilities and provisions for warranties

Provisions for estimated losses are made for latent liabilities and conditional outcomes. Provisions are made for warranty obligations and for special circumstances that exist when the accounts are presented. The warranty period is normally one year.

Leasing

Operating equipment financed by means of a financial lease is capitalized and depreciated. The purchase price, less any advance rent paid, is presented as debt and the rent paid for the lease is treated as interests and repayment of debt. Lease expenses related to operational leasing agreements, where the risk and return is not transferred, is treated as operating expenses and recognized over the contract period.

Research and development costs

All cost connected to development is capitalized if a future benefit can be reliably measured for an identifiable asset. Until the criteria's are met, the costs will not be capitalized. Capitalized development is depreciated over the expected technical/economic lifetime. All cost connected to research is expensed.

Public subsidies

Subsidies received are classified as either operating subsidies or investment subsidies. Operating subsidies are recorded in the profit and loss account together with the income they are intended to increase or the costs they are intended to reduce. Investment subsidies are recorded gross in that the asset is stated at its gross cost and depreciated over its economic life. The subsidies are dealt with as deferred income and recorded in the profit and loss account as a correction to the depreciation, in line with the depreciation period of the asset.

Pension liabilities

Net pension costs, together with the effect of changes in estimates/assumptions, are in their entirety classified as payroll expenses in the profit and loss statement. In the balance sheet, net pension assets in the funded schemes are classified as fixed assets, while net unfunded pension liabilities are classified under provisions. The amount for unfunded pension liabilities/net pension assets also includes the social security tax that will accrue/have actually been paid at the prevailing rates.

Deviations between the estimated pension liabilities/estimated value of pension assets at the end of the previous financial year and the actuarially calculated pension liabilities/actual value of pension assets at the beginning of the year are considered in a corridor, and any deviation in excess of 10 % is amortized over the average remaining earnings period.

Payments regarding contribution-based schemes is booked as expenses continuously when due.

Taxes

The profit and loss account shows taxes payable and deferred tax together as the tax charge. The balance sheet shows the tax calculated on the basis of the taxable profit for the year as tax payable under current liabilities. Deferred tax/deferred tax assets are calculated on the basis of the temporary differences that exist at the year-end between values for taxation purposes and values for accounting purposes, as well as carry-forward losses for tax purposes. Tax calculated on net positive temporary differences is shown as deferred tax under provisions. The remaining part of the net deferred tax assets, within the different tax regimes, to the extent that it also meets the requirements for recognition in the balance sheet, is shown as a deferred tax asset under fixed assets.

Statement of cash flow

The cash flow statement is presented using the indirect method.

Umoe Gruppen AS

Statement of cash flows

Amount in NOK 1 000

Statement of cash flows	Notes	Umoe Gruppen AS		Consolidated	
		2020	2019	2020	2019
Cash flow from operating activities:					
Profit before tax		684 706	-2 218 653	161 395	-274 152
Paid taxes	17	987	-4 280	-12 556	7 804
Share of profit(-)/(+)loss of associated companies/ subsidiaries		-217 984	0	-1 597	-22 490
Gain(-)/loss(+) from sale of fixed assets		0	0	-569 447	-74 190
Depreciation of fixed- and intangible assets	7	0	0	342 587	381 620
Write-down of fixed- and intangible assets		-471 216	2 214 695	61 086	46 670
Effect of currency changes		0	0	-91 307	1 112
Difference between expensed and net paid pensions		0	0	-1 397	3 014
Changes to inventory, accounts payable and receivable		91	32	8 560	26 305
Other changes		-26 373	219 121	45 639	4 846
Net cash flow from operational activities		-29 789	210 915	-57 037	100 539
Cash flow from investing activities:					
Cash inflow from sale of fixed/intangible assets	7	0	0	1 060 243	146 355
Cash outflow from purchase of fixed/int. assets	7	0	0	-172 275	-460 984
Net cash flow from shares in other companies		381 107	-324 029	414 944	-298 885
Net cash flow from other investments, like loans, etc.		47 230	270 777	52 535	379 141
Net cash flow from investment activities		428 337	-53 252	1 355 447	-234 373
Cash flow from financing activities:					
Cash inflow from raising interest-bearing debt		0	0	771 888	747 845
Cash outflow from repayment of interest-bearing debt		-381 430	-157 297	-1 815 835	-664 083
Net payments to/from minority interests		0	0	-8 016	344
Change in equity - majority		-2 140	0	-607	-5 648
Net cash flow from financing activities		-383 570	-157 297	-1 052 570	78 458
Net change in cash and cash equivalents		14 978	366	245 840	-55 376
Cash and cash equivalents at 31 December last year		507	141	212 195	267 571
Cash and cash equivalents at 31 December		15 485	507	458 035	212 195

Notes

Amounts in NOK 1 000, if not stated other vice

Note 1 Accounting estimates

The preparation of the financial statement means that management uses the estimates and assumptions that affect income, costs, assets and liabilities and information in the notes. Management uses the best estimates and practice when using the accounting principles. Sources for estimation uncertainty and assumptions (expectations) about the future that represent a significant risk of significant changes in the carrying amount of assets and liabilities during the next financial year are described below. If a material judgmental assessment has been made, this will be described.

Impairment of tangible and intangible assets

Impairment will occur when the book value of an asset or fixed asset in a cash flow-generating unit exceeds the fair value and this is not due to any temporary reasons. There is uncertainty attached to assumptions when estimating impairment indicators and other critical assumptions such as future profitability and earnings, investments and the discount rate. These estimates are particular relevant for the Group's assessment of physical and intangible assets, including goodwill and the Group's investment in long term shares.

The same principles are used when valuating "Investments in subsidiaries" in the financial statement of the parent company.

Deferred tax asset

Deferred tax asset is recognized in the Group's balance sheet when it is probable that the Group will have sufficient taxable profit to offset against the tax asset. Management use discretion to determine the size of the deferred tax asset that can be utilized, based on the expected timing and value of the taxable profit.

Provisions

When assessing the fair value of provisions for liabilities, management use discretion in assessing the event and the need for provision. The provision is based on an interpretation of the agreement as well as assumptions and estimates of time and value for a settlement. These estimates are particular relevant in connection with provisions relating to associated companies and other provisions for liabilities.

Note 2 Financial market risk

Credit risk:

Umoe Gruppen AS consist mainly of the following business areas: restaurants, sale of ethanol, production of composite products and rental of real estate.

The Umoe Group's restaurant chain has low credit-risk since most of the sale is cash. Sale of ethanol in Brazil is also considered to have low credit-risk, since Umoe receives a major part of the proceeds as pre-payments as production take place. Also for the rest of the sale, a major part is work in progress, with agreed milestone pre-payments.

	Umoe Gruppen AS		Consolidated	
	2020	2019	2020	2019
Loans, receivables and other credits to group companies	131 717	173 143	0	0
External trade receivables	0	0	139 946	331 768
Unsecured external loans	139	1 821	20 122	87 633
Work in progress	0	0	50 889	62 880
Other receivables	0	0	33 384	110 364
Gross credit risk	131 856	174 964	244 341	592 644
Provision for bad debt	0	0	-5 097	-6 312
Net credit risk	131 856	174 964	239 244	586 332

Currency risk:

The Group has activities within and outside Norway that naturally includes a foreign exchange risk due to the purchase and sale of goods, services and securities. The Group utilizes normally natural hedging by borrowing in the same currencies as the revenues are in. In addition, the Group might use derivatives for hedging purposes.

The Group uses market values for all its foreign currency positions. For the UBE Gruppen Group, which has its main operation in Brazil, there has not been made any hedge of the currency risk, except that it is attempted funded locally in BRL. December 30, 2020 UBE Gruppen AS received a loan in USD, which is partially secured against BRL.

Exchange rates used in the accounts:	P&L/average rates		Balance/closing rates	
	2020	2019	2020	2019
NOK/BRL	1,84	2,23	1,64	2,18
NOK/DKK	1,44	1,32	1,41	1,32
NOK/SEK	1,02	0,93	1,04	0,94
NOK/USD	9,40	8,80	8,53	8,82

Interest rate risk:

The Group has various interest-rate clauses linked to its loan portfolio, with fixed rate periods varying from a floating rate to a three months fixed rate.

Refinancing risk:

At the end of the year the Group had liabilities against credit institutions of NOK 669 million. Parts of the debt are classified as short-term to show that the debt either matures or instalments would be paid in 2021. For additional information about debt to credit institutions, see Note 18.

Risk relating to the prices of raw materials:

Risk of fluctuations in the prices of raw materials is sought hedged through long-term purchase agreements and by entering into strategic agreements with suppliers and other market players. It is mainly Umoe Bioenergy in Brazil that is exposed towards the fluctuations in the commodity markets through sale of ethanol. No hedging of this risk has been carried out. Through the membership in the cooperative Copersucar, Umoe is secured price equal to the market price.

Note 3 Revenue	Umoe Gruppen AS		Consolidated	
	2020	2019	2020	2019
Sales revenue	0	0	3 659 708	4 960 580
Change work in progress	0	0	69 416	-39 408
Gain from disposals of fixed and immaterial assets	0	0	578 917	77 866
Other income	0	0	111 886	68 894
Total revenue	0	0	4 419 927	5 067 932

During 2020 the following companies were sold in the Umoe Gruppen-group: Umoe Gas Carriers AS, BK Scandinavia AS, Sønnico AS, Umoe Consulting AS, Umoe Eiendom Hovedgård AS, HMSHost Umoe F&B Company AS and Risøya-yard owned by Umoe Eiendom Vest AS. Umoe Restaurants AS sold also 68% of American Bistro Sweden AB. Gains from the sales are presented in note 3, and losses are included in the other operation expenses (see note 6).

In the line "Other income", NOK 44,3 mill. in different types of Covid-19 aid is included.

Revenue divided into geographical areas:	2020	2019
Norway	2 826 898	3 138 710
Sweden, Denmark, Iceland and Finland	714 207	972 661
Remaining Europe	156 813	92 801
America	715 774	860 210
Africa	0	0
Asia and Australia	6 235	3 550
Revenue divided into main areas:	2020	2019
Restaurants	2 693 490	3 133 061
Ethanol	693 064	763 939
Manufacturing and electro installation	625 984	1 092 974
Property, IT consultancy, etc.	442 171	134 122
Eliminations	-34 782	-56 164
Total	4 419 927	5 067 932

Note 4 Payroll costs, number of work-years, remuneration, loans, etc. to employees

	Umoe Gruppen AS		Consolidated	
	2020	2019	2020	2019
Salaries	0	0	881 586	1 162 241
Social security tax	268	208	140 526	184 721
Pension cost	0	0	26 734	32 465
Other employee benefit cost	1 900	1 475	18 777	70 591
Salary-cost capitalized as inventory	0	0	-35 433	-51 200
Total payroll and social expenses	2 168	1 683	1 032 190	1 398 818
Full time employee equivalents	0	0	2 078	3 532

Remuneration to the CEO and the board of directors (figures in NOK):	CEO	The board
Salaries/remuneration	4 771 085	1 900 000
Pensions	141 385	0
Other benefits	12 763	0
Total	4 925 233	1 900 000

The remuneration to the board reported above, is paid by and recognized in the accounts of Umoe Gruppen AS, which is Umoe AS' holding company, while the salary and other benefits to the CEO is paid and recognized in the accounts of Umoe AS. The employment agreement entered into with the CEO expires on the 31 December 2022. CEO has a bonus agreement which is based on the Group's market value at the end of 2022. As of 31 December 2020, it has been made an accrual of NOK 35 million in the accounts, which corresponds to approx. 1/3 of the expected payment. NOK 10 mill. is due in 2021.

For loans between related parties, see the note "Transactions with related parts". No loans have been granted to other senior executives.

Note 5 Auditor's fee	Umoe Gruppen AS		Consolidated	
	2020	2019	2020	2019
Agreed fee for audit	295	125	6 472	5 535
Fee for tax services	68	34	145	525
Other services	81	0	6 167	12 104

Audit fees reported above are exclusive of value added tax.

Note 6 Other operating expenses	Umoe Gruppen AS		Consolidated	
	2020	2019	2020	2019
Rent of premises, etc.	0	0	553 679	642 688
Repairs and maintenance	0	0	91 943	132 368
External services/fees	504	160	53 423	91 707
Cost related to means of transport	0	0	7 721	48 861
Selling cost	0	0	117 056	103 929
Royalties and licenses cost	0	0	81 156	196 991
Loss from sale of tangible and intangible fixed assets	0	0	9 470	3 675
Other operating expenses*	486	10 590	104 749	110 234
Total operating expenses	990	10 750	1 019 197	1 330 453

*In 2020, Umoe paid the remaining NOK 30 million of total NOK 70 million. This was a gift to Naturhistorisk museum, Klimahuset. The payment in 2019 was NOK 10 million. In addition to this gift, "Other operating costs" include, among other things, municipal taxes, travel costs and other indirect costs.

Note 7 Property, plant, equipment and goodwill

Assets in the Group:	Operative equipment	Machinery and ships	Rented premises	Biological assets	Land, real estate	Goodwill	Other intangible assets	Total
Acquisition cost 1.1.	262 144	1 324 998	983 132	302 904	747 725	180 520	216 935	4 018 358
Additions	7 175	22 115	41 602	84 476	11 180	3 473	2 254	172 275
Sale/disposals	-137 533	-163 644	-680 641	0	-111 444	-91 859	-65 073	-1 250 194
Acquisition cost 31.12.	131 786	1 183 469	344 093	387 380	647 461	92 134	154 116	2 940 439
Accumulated depr./write-down 1.1.	-201 652	-704 998	-499 157	15 594	-535 798	-144 014	-142 285	-2 212 310
Depreciation of the year	-16 485	-90 030	-84 539	-122 117	-7 167	-11 981	-10 268	-342 587
Write-down/reversed in the year	-4 554	-24 726	-24 220	974	0	0	-4 467	-56 993
Sale/disposals	109 632	122 406	378 722	-4 240	14 495	75 716	39 177	735 908
Net book value 31.12.	18 727	486 121	114 899	277 591	118 991	11 855	36 273	1 064 457

Economic life	3-10 years	5-20 years	1-10 years	5 years	7 years	5-20 years	5-10 years
Depreciation scheme	Linear	Linear	Linear	Digressive	Linear	Linear	Linear

Goodwill in the Group:	Acqu. cost	Goodwill	Add./disp.	Depr/WD	Goodwill
	31.12.20	1.1.20	2020	2020	31.12.20
Umoe Consulting AS	0	734	-351	-383	0
Umoe Restaurants AS	18 217	14 916	-56	-3 482	11 378
King Food Denmark AS	0	13 732	-6 866	-6 866	0
Umoe AS	82 267	3 319	0	-1 172	2 147
Umoe Gas Carriers AS	0	7 145	-5 397	-1 748	0
Skude Industri AS	-8 350	-3 340	0	1 670	-1 670
Sum goodwill	92 134	36 506	-12 670	-11 981	11 855

Note 8 Lease agreements

Minimum rent of off-balance, non-cancelled leases - group figures:

	Operative equipment	Machines	Rented premises	Land, real estate and ships	Total
Cost current year	7 637	3 338	124 092	0	135 067
Cost next year	6 627	3 607	112 178	0	122 412
Total costs 2-5 years	5 603	14 210	269 255	0	289 068
Total costs in year 6 and onward	0	0	58 511	0	58 511
Total future leasing costs	12 230	17 817	439 945	0	469 992

Note 9 Shares in group companies and associated companies with the corresponding book value in the company accounts:

Shares in subsidiary and associated companies owned by Umoe Gruppen AS;

Company:	Registered office	Owner share	Voting share	Book value
Umoe AS	Lysaker torg 35, 1366 Lysaker, Norway	99,8 %	99,8 %	1 587 000
Total shares in subsidiary and associated companies owned by Umoe Gruppen AS				1 587 000

Umoe Invest AS was merged into Umoe Gruppen AS with accounting effect from 01.01.2020. In December 2020, Umoe Gruppen AS sold the shares in Umoe Gas Carriers AS. In addition to shares owned by Umoe Gruppen AS, Umoe Wind II AS and Umoe Cautus AS owns 0.02% of the shares in Umoe AS.

Impairment adjustment of the shares presented above have been made when the fair value is estimated to be lower than the acquisition cost, and it is assumed this is due to reasons of a non-temporary nature. When estimated fair value has been used as the basis for reversing of previous years' write-downs, these have been reversed up to estimated fair value. When estimating fair value, the basis have been the assumed future earnings in the short and long term, discounted to a net present value. Then this value has been adjusted for known uncertainties, and finally reduced with net interest-bearing debt. Where possible transactions has indicative values, this has affected the valuation if relevant. However, there are uncertainties related to these valuations, uncertainties that has increased as a result of the ongoing coronavirus outbreak.

The fair value of Umoe AS is estimated to NOK 1 587 million, which has provided a basis for a reversing of the previous years' write-down with a total of NOK 471 million.

Shares in subsidiary and associated companies owned by other group companies:

Company:	Registered office	Owner share	Voting share
Subsidiary companies:			
American Bistro Scandinavia AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Blender AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Healthy Restaurants Norway AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Peppes Pizza AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Røyken Sentrumsutvikling AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
UBE Gruppen AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Umoe Advanced Composites AS	Gismerøyveien 205, 4515 Mandal, Norway	92,0 %	92,0 %
Umoe Bioenergy SA	19015-150 Presidente Prudente, Brazil	100,0 %	100,0 %
Umoe Cautus AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Umoe Eiendom Vest AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Umoe Industries AS	Smidjebergvegen 2, 4265 Håvik, Norway	80,0 %	80,0 %
Umoe Industries Poland Sp.z.o.o	Szczecin, Poland	100,0 %	100,0 %
Umoe Mandal AS	Gismerøyveien 205, 4515 Mandal, Norway	91,5 %	91,5 %
Umoe Mandal Eiendom AS	Gismerøyveien 205, 4515 Mandal, Norway	100,0 %	100,0 %
Umoe Restaurant Group Coffee AB	Olof Palmes gata 13, Stockholm, Sweden	100,0 %	100,0 %
Umoe Restaurant Group Coffee AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Umoe Restaurants AB	Olof Palmes gata 13, Stockholm, Sweden	100,0 %	100,0 %
Umoe Restaurants AS	Lysaker Torg 35, 1326 Lysaker, Norway	93,0 %	93,0 %
Umoe Sterkoder AS	Dalegata 137, 6518 Kristiansund, Norway	99,3 %	99,3 %

Umoe Unda AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Umoe Vectura AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Umoe Wind II AS	Lysaker Torg 35, 1326 Lysaker, Norway	100,0 %	100,0 %
Associated companies:			
American Bistro Sweden AB	Klara Södra Kyrkogata 1 6TR, 11152 Stockholm, S	32,9 %	32,9 %
Burger Venture AS	Wilhelm Frøshaugs vei 10, 1410 Kolbotn, Nor.	20,0 %	20,0 %
Crispy Food Narvik AS	Bolagsgata 1, 8514 Narvik, Norway	30,0 %	30,0 %
Doublefood AS	Verftsgata 4, 7800 Namsos, Norway	30,0 %	30,0 %
Flamefood AS	Skilleveien 4, 9411 Harstad, Norway	30,0 %	30,0 %
Juniorfood AS	Storgata 7, 9300 Finnsnes, Norway	30,0 %	30,0 %
Vernconex AG	Opfikon, Switzerland	33,0 %	33,0 %
Westend Bakeri AS	Henrik Ibsens gate 60C, 0255 Oslo, Norway	49,0 %	49,0 %

Note 10 Book value of shares in associated companies

	Opening balance	Addition/disposal	Share of profit/depr.	Gain/loss	Write d./rev.write.d	Translation diff. etc.	Closing balance
American Bistro Sweden AB	0	1 108	-1 045	0	0	-28	34
HMSHOST-Umoe F&B Company AS	-56 486	44 707	-12 135	23 914	0	0	0
Norspan LNG AS and IS	118 485	-144 964	37 190	-6 646	0	-4 065	0
Norspan LNG V AS and IS	122 640	-86 948	-30 017	-6 646	0	971	0
Norspan LNG VI AS and IS	115 556	-102 510	-5 626	-6 646	0	-774	0
Norspan LNG VII AS and IS	127 755	-127 225	8 112	-6 646	0	-1 996	0
Vernconex AG	0	398	0	0	0	-14	384
Westend Bakeri AS	22 241	-12 886	6 506	0	0	2 148	18 008
Other	2 876	0	1 282	0	-4 093	-65	0
Total net booked value	453 067	-428 320	4 267	-2 670	-4 093	-3 823	18 426
Hereof classified as liability	56 100						0
Total gross booked value associated comp.:	509 167						18 426

On a yearly basis, it is made an assessment of whether there are indications that would indicate that the book value of associated companies has impaired below book value, and thus a need to write down the shares. Such indications have not been identified.

Note 11 Book value of other long term shares

Company:	Registered office	Owner share	Voting share	Book value
Copersucar S.A.	São Paulo, Brazil	2,5 %	2,5 %	12 986
Ocean Sun AS	Widerøeveien 5, 1360 Fornebu, Norway	8,9 %	8,9 %	10 880
N2 Applied AS	Dronning Eufemias gate 20, Norway	2,2 %	2,2 %	2 889
Other				45
Total				26 800

On a yearly basis, it is made an assessment of whether there are indications that would indicate that the book value of other long term shares has impaired below book value, and thus a need to write down the shares. Such indications have not been identified.

Note 12 Financial income and expenses

	Umoe Gruppen AS		Consolidated	
	2020	2019	2020	2019
Gain/loss sale of shares in subsidiaries group comp.*)	217 984	0	0	-59
Write-down/rev. write-down of shares group comp.**)	471 216	-2 214 695	0	0
Total financial income from subsidiaries	689 200	-2 214 695	0	-59
Dividend from associated comp.	0	0	2 148	0
Consolidation profit/loss from associated comp.	0	0	4 267	-126 140
Gain/loss sale of investment in associated comp.	0	0	-2 670	148 690
Write-down/rev. write-down of associated comp.	0	0	-4 093	74
Total financial income from associated companies ***)	0	0	-348	22 624
Income from other shares and bonds	0	0	568	-8 501
Interest income from group companies	6 629	19 605	893	0
Interest income to credit institutions	13	41	10 771	43 779
Other financial income	0	0	4 562	-4 007
Currency gain/loss	0	0	-34 100	-19 112
Interest cost from group companies	-7 085	-10 600	-885	-237
Interest cost to credit institutions	-545	-571	-119 128	-140 071
Other financial cost	-348	0	-65 829	-54 428
Net finance, including finance from subsidiaries and associated comp.	687 864	-2 206 220	-203 496	-160 013

*) Gain from sale of group company shares relates to the sale of Umoe Gas Carriers AS

**) Write-down/rev. write-down of shares in group company relates to the subsidiary Umoe AS

***) Total financial income and gain/loss on sale of associated companies are specified in note 10.

Note 13 Inventory

	Umoe Gruppen AS		Consolidated	
	2020	2019	2020	2019
Raw-materials, semi-finished goods and agriculture produce*	0	0	147 178	264 127
Self-produced and acquired finished goods	0	0	152 371	137 738
Prepayments to suppliers for goods	0	0	76 162	92 769
Allocations for obsolete stock	0	0	-9 587	-20 972
Total raw-materials and finished goods	0	0	366 124	473 662

* In "Raw-materials, semi-finished goods and agriculture produce", agriculture produce is included with NOK 76 million.

Note 14 Construction contracts

	Umoe Gruppen AS		Consolidated	
	2020	2019	2020	2019
Total cost in progress	0	0	512 310	559 022
Calculated margin on work in progress	0	0	39 746	104 676
Total value on work in progress	0	0	552 056	663 698
Less invoiced customers at yearend	0	0	501 167	600 818
Net work in progress	0	0	50 889	62 880
Payments withheld by customer, according to contract	0	0	0	0
Remaining costs needed to complete non-profitable contracts	0	0	0	0

Note 15 Equity

	Share capital	Share premium	Restricted funds	Other equity	Minority interests	Total
Umoe Gruppen AS						
Equity as of 31.12.2019	37 500	250 375	0	719 836	0	1 007 711
Profit/(loss) of the year	0	0	0	682 098	0	682 098
Merger with Umoe Invest AS *)	0	0	0	-2 139	0	-2 139
Equity as of 31.12.2020	37 500	250 375	0	1 399 795	0	1 687 670

*) Umoe Invest AS was merged into Umoe Gruppen AS with accounting effect from 1.1.2020

	Share capital	Share premium	Restricted funds	Other equity	Minority interests	Total
Umoe Gruppen Group						
Equity as of 31.12.2019	37 500	250 375	3 262	408 671	1 579	701 387
Profit/(loss) of the year	0	0	0	120 529	-6 912	113 617
Accrued dividend	0	0	0	0	-3 432	-3 432
Translation differences	0	0	300	-100 333	3 540	-96 493
Purchase and sale of shares, etc.	0	0	143	-751	-4 584	-5 192
Equity as of 31.12.2020	37 500	250 375	3 705	428 116	-9 809	709 887

Share capital and information about shareholders:

The share capital in Umoe Gruppen AS consists of two share classes:

Share holders as of 31.12.:	Position	Owner sh.	A-shares	B-shares	Total
JUM Holding AS v/Jens Ulltveit-Moe	BC	59,5 %	11 250	211 875	223 125
UM Holding AS v/Ragnhild K. Ulltveit-Moe	BM	20,0 %	0	75 000	75 000
Agnes Holding AS (controlled by Jens Ulltveit-Moe)	BC	20,0 %	0	75 000	75 000
Hanne Kierulf		0,5 %	0	1 875	1 875
Total number of shares		100,0 %	11 250	363 750	375 000
Face value			100	100	100
Share capital in NOK 1 000			1 125	36 375	37 500

BC = Board chair, BM = Board member

Note 16 Pensions

Most of Umoe Group's companies have defined contribution pension plan for their employees, while some has a closed defined benefit pension plan that gives a contribution in the future. The defined benefit plans are mainly based on the pension-earning period, the pay level when retiring and the size of the benefits payable under the Norwegian National Insurance Scheme (NIS). Finally, a few employees have an additional unsecured pension plan. As of 31st of December 2020, 3 persons were included in a defined benefit scheme and 1 389 persons was in a defined contribution scheme.

All the Norwegian companies in the Group with employees, are obliged to have a pension scheme for the employees according to the Obligated Contribution Pension Act (lov om obligators tjenestepensjon). The Norwegian companies' pension schemes are in accordance with this Act.

	Consolidated	
	2020	2019
Discount rate	1,5 %	2,3 %
Estimated yield on pension assets	2,4 %	4,3 %
Salary increases	2,0 %	2,3 %
Increase in NIS basic amount (G)	1,8 %	2,5 %
Increase in pensions	0,0 %	0,5 %
Defined contribution pension costs	28 625	31 492
Present value of the year's pension earnings	-546	-69
Interest cost on incurred pension liabilities	13	155
Estimated yield on pension assets	-167	-420
Estimate deviations and changes to pension plans	1 010	4 859
Administration costs	125	189
This year's pension cost	29 060	36 206
Pension liabilities and pension assets as at 31 December:		
Estimated liabilities incurred including social security tax	17 720	24 467
Estimated value of the pension assets	14 250	19 600
Net pension liabilities	3 470	4 867
Unamortized deviations	0	0
Estimated pension liabilities in the balance sheet	3 470	4 867
Of which schemes with net assets	0	0
Of which schemes with net liabilities	3 470	4 867

Note 17 Taxes

	Umoe Gruppen AS		Consolidated	
	2020	2019	2020	2019
Tax charge for the year:				
Pre-tax profit/loss	684 706	-2 218 653	161 395	-274 152
Permanent differences	-689 200	2 224 695	-171 058	-48 184
Tax basis	-4 494	6 042	-9 663	-322 336
Average tax-rate	22,0 %	22,0 %	99,8 %	29,5 %
Tax on this year profit	989	-1 329	9 648	94 986
Reversed deferred tax assets due to the upper-limit rule	-3 597	0	-57 499	-124 964
Other	0	0	74	0
Total tax cost (-) / tax income (+)	-2 608	-1 329	-47 777	-29 978
Tax payable in the balance sheet:				
Accrued tax payable, year-end last year	0	0	9 419	-987
This years payable tax from this year profit	-987	4 280	2 838	9 884
Tax payable on group contributions	987	-4 280	0	0
Paid and bought/sold tax payable	0	0	-12 556	1 144
Translation differences etc.	0	0	-94	-622
Net tax payable at year-end	0	0	-393	9 419
Hereof prepaid tax	0	0	393	1 495
Gross short term tax payable at year-end	0	0	0	10 914

Specification of deferred tax:

Total relating to short-term items	0	0	-7 096	-1 969
Total relating to long-term items	27	-16 315	-207 351	-171 855
Loss carried forward maturing after 5 years *)	0	0	-3 714 381	-5 341 268
Total temporary differences	27	-16 315	-3 928 828	-5 515 092
Calculated deferred tax (-)/ tax assets (+)	-6	3 589	1 090 188	1 499 874
Reversed deferred tax assets due to the upper-limit rule	0	0	-789 584	-1 163 215
Other adjustments *)	0	0	-260 657	-260 657
Net deferred tax (-)/tax assets (+)	-6	3 589	39 947	76 002

*) In 2010 UBE Gruppen AS deducted losses in the taxable income with NOK 1 200 million. In December 2016, UBE Gruppen AS appealed against a decision denying UBE Gruppen AS a tax deduction. In November 2019, The Central Tax Office for Large Enterprises (Skatteetatens avdeling for Storbedrift) forwarded their recommendation to the Secretariat of the Tax Appeals Board, where they maintained their claim that the loss was not deductible. This case is still awaiting the final decision regarding the claim in the Tax Appeals Board. Since it is disputed whether these losses are deductible or not, UBE Gruppen AS has not recognized the deferred tax asset in the balance sheet related to this claim.

Note 18 Short and long term debt to credit institutions and group companies/related parties

	Umoe Gruppen AS		Consolidated	
	2020	2019	2020	2019
Debt to group companies	11 900	393 769	11 900	15 251
Debt to related parties, not group companies	22 362	21 923	22 362	21 923
Debt to credit institutions	0	0	669 032	1 949 875
Other debt	8 100	8 100	52 588	68 931
Total debt	42 362	423 792	755 882	2 055 981
Debt maturing later than five years after year-end:	0	0	127 146	69 926
Part of debt secured by pledge	0	0	481 236	1 954 554

Book value of assets pledged as security for the company's debt as of 31.12.:

Fixed and biological assets	0	0	297 374	708 331
Shares and receivables - group companies	0	0	0	0
Shares and receivables - external	0	0	55 698	37 252
Other assets	0	0	129 908	374 238
Guarantees	200 000	1 500 000	189 663	138 296

All significant loans in the Group have lending terms in the respective loan agreements. At the end of 2020, no companies having such loans were in breach of such conditions. The line "Debt to credit institutions" includes government-guaranteed loans granted as a part of the Covid-19 governmental support with NOK 150 million. The loans have a term of 6 years and the costs of these loans are in line with similar loans within the Norwegian part of the group. These funds are earmarked the companies that has received the loans. As of 31 December 2020 NOK 100 million of the Group's unrestricted funds are reserved for these subsidiaries in Umoe Restaurants AS.

In the autumn 2019, Umoe Gruppen AS provided a guarantee of NOK 1,5 billion on behalf of some subsidiaries. This guarantee was reduced to NOK 200 million in January 2021.

Note 19 Transactions with related parties

The Umoe Group has several intercompany loans. The loans are priced based on NIBOR or similar fixing, with a mark-up taking into account the risk. Several of the Group's holding companies management services for the other group companies. Umoe Gruppen buys its accounting services from Umoe AS. To some extent, there are also some trade between some of the companies in the group, but based on the size of the group, these transactions are not considered to be material, and in the consolidated accounts these transactions are eliminated.

Below is an overview of the main related party-transactions in the company-account:

	Umoe Gruppen AS	
	2020	2019
Interest income		
Umoe AS	6 629	19 605
Total	6 629	19 605
Interest expenses		
JUM Holding AS	-36	-237
Umoe Gas Carriers AS	-7 050	-10 363
Total	-7 086	-10 600
Loans to related parties		
Umoe AS	126 688	172 236
Total	126 688	172 236
Loans from related parties		
JUM Holding AS	0	3 351
UM Holding AS	22 362	21 923
Umoe Gas Carriers AS	0	378 518
Decided, not paid dividends for 2018	20 000	20 000
Total	42 362	423 792

Note 20 Public grants/subsequent events

2020 has been a demanding year in many ways due to the ongoing pandemic. In the Umoe Group, some companies have had few direct effects, while others have been hit hard by the pandemic. Umoe Restaurants group has had extensive loss of sale and periodically forced closure of restaurants, completely or partly. Some of the imposed measures have been imposed nationally, others locally or/and by the company's management.

The government in Norway and Sweden have contributed with public grants, partly to compensate for the financial losses during this period and partly to keep employment ongoing.

In total for 2020, the Group has received NOK 51.3 million in various direct public support. This is divided between Norway and Sweden with NOK 35.8 million and NOK 15.5 million, respectively. Of the total public support, NOK 48.9 million has been received by Umoe Restaurants group. NOK 44.3 million is recognized in the income statement as other operating income, while the rest is booked as a cost reduction.

In addition to the public direct support, there have been relief in temporary lay off-rules, suppliers have granted discounts and credits, three of the restaurants companies has received a total NOK 150 million in government-guaranteed loans and companies has been granted postponement of payment of public taxes in Norway, Sweden and Brazil. For the business in Brazil, there has been no direct support from the government, but the company has got relief in various national working time regulations.

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Umoe Gruppen AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Umoe Gruppen AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2020, the income statement 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

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

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. 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 management for the financial statements

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

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

going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with law, regulations and generally accepted auditing principles 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, 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 internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 26 April 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Petter Helseth
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)