

Bertel O. Steen AS

Consolidated financial statements 2019

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The consolidated financial statements, which have been prepared by the company's Board of Directors and management, should be read in conjunction with the Board of Directors' Report and auditor's report.

Board of Directors' Report 2019

Introduction

Bertel O. Steen AS's main business areas are automotive and real estate operations. The Group's automotive operations consist of car imports, car retail, workshop operations, car financing and mobility services. Real estate operations consist of the Group's properties connected with the motor industry and other commercial properties.

In 2019, the Group had a turnover of NOK 15,027 million (NOK 15,890 million in 2018) and realised an operating profit of NOK 169 million, a decline of NOK 131 million compared with 2018. Together, the Group's brands had a market share of 14.3% in 2019 in the overall market, down from 16.9% in 2018.

The year was marked by a shortage of electric models and significant delays in expected deliveries from the manufacturers. This contributed to Bertel O. Steen delivering a weaker result for 2019 than in previous years. At the same time, there has been a positive development for used cars, costs have been reduced, and the Group has invested in a new logistics centre, a new dealership at Lørenskog and a common IT system for the entire Group. In addition, work has started to reorganise the rather fragmented dealer network. Bertel O. Steen is now well positioned for growth, due to the new range of models and increased deliveries from our factories; and the upheaval linked to the COVID-19 pandemic will eventually normalise as 2020 progresses.

At year-end, the Group employed 2,550 full-time equivalents (2,588 in 2018). The Group's head office is located in the municipality of Lørenskog, and the Group operates in Norway.

Bertel O. Steen AS is owned by Bertel O. Steen Holding AS and accounted for 89% of the holding

group's total turnover in 2019 (90% in 2018). Bertel O. Steen Holding also owns the investment company Bertel O. Steen Kapital AS.

Bertel O. Steen Group's business areas

Car Import imports cars of the makes Mercedes-Benz, smart®, Peugeot, Citroën, DS Automobiles, Kia, Fuso and Setra to Norway. Import activities for Citroën and DS Automobiles are organised in CDS Norway AS, while Kia imports are carried out through Kia Bil Norway AS. All other import activities are conducted by Bertel O. Steen AS, in addition to corporate and joint functions.

Car Retail consists of a nationwide dealer network that distributes the Group's car makes and used cars and provides after-sales and financial services. Sales activities are conducted through Bertel O. Steen Detalj AS and its subsidiaries.

The workshop chain Snap Drive AS is an independent chain consisting of 23 workshops located in the largest cities in Norway.

Car Finance consists of the company Bertel O. Steen Finans AS, which offers traditional financing solutions, and Easy under Bertel O. Steen Bildrift AS, which is a car leasing concept offering various subscription services.

Mobility Services consists of the flexible car subscription Fleks and the car-sharing service Otto, both of which are organised as separate companies.

Real Estate consists of Bertel O. Steen Eiendom AS and subsidiaries, which owns and manages a property portfolio of approximately 200,000 m² connected with the motor industry and other business sectors. The market value of the

properties is estimated at approximately NOK 4.7 billion.

The Group's vision

This is a challenging time of great change for the automotive industry, with new technology and changing patterns of use driving the development of new concepts and services. It is therefore important to continue to professionalise and optimise our current operations, while developing new solutions to position the company for the changes that are taking place in the market.

The Group is also working to strengthen the Bertel O. Steen brand in its own right. A new brand platform has been developed with a clear visual profile that is adapted to digital channels.

This work includes redefining key elements such as the Group's vision, purpose, values and customer promises. This unites everyone working in the Group and marks a common way forward.

Bertel O. Steen has defined an ambitious vision for itself: **Together we shape the future**. Together, we will create good solutions that will bring our company, our customers and society forward in a sustainable manner.

Our purpose is to make our customers' **everyday mobility hassle-free**. We work consistently to challenge established ideas, and to develop ourselves and our services for the benefit of our customers. We will achieve this goal through a common mindset that builds on the promises of **security, freedom and opportunities**.

Our core values are **we challenge, we care and we perform**. We care about each individual customer. We care about society. And we care about each other. It all comes down to excellent teamwork. We are truthful and reliable. Our job is not done until the customer is satisfied and the result is of the highest possible quality.

Highlights

The passenger car market in 2019

Sales of new passenger cars decreased by 3.8%. A total of 142,381 new passenger cars were sold in Norway in 2019, compared with 147,929 the previous year. Historically, sales of new cars have had an upward trend for many years; but the decline in car sales in both 2018 and 2019 clearly marks a break with this decade-long trend.

While sales of diesel and petrol cars fell, sales of new electric cars rose to 60,316, compared with 46,092 in 2019, an increase of 30.9%. At the same time, sales of chargeable hybrids fell by 27.3% in 2019, while sales of pure hybrids rose by 7.5% in 2019.

Sales of electric cars are expected to be even higher in 2020 and beyond, in part driven by exemptions from vehicle import duty and VAT. In addition, there is now a wider range of vehicles on the market, and electric vehicles now have a longer range, they are larger, and are becoming more affordable for more people. This development has largely been driven by the EU's goal of reducing air pollution in Europe. From 2020, all new cars sold must have average emissions not exceeding 95 g CO₂/km. If the average CO₂ emissions of a manufacturer's fleet exceed this target, the manufacturer has to pay an excess emissions premium for each car sold or registered in Europe. Developments in this area will probably have a significant impact on the situation in the Norwegian market in the future.

Challenging transition to electric models

The transition to electric drive trains in Norway has been faster than expected. At the same time, several of the manufacturers Bertel O. Steen represents previously had a very limited number of electric models in their product range. In addition, there have been significant delays in planned deliveries of electric models from the manufacturers throughout 2019 and into 2020. As a result, Bertel

O. Steen has not been able to offer relevant models to the Norwegian market in 2019.

Based on our manufacturers' plans, we expect to see a clear improvement in our product range in 2020.

Bertel O. Steen is the leader in vans

Light commercial vehicles constitute an important part of Bertel O. Steen's business. In a stable van market in 2019, Bertel O. Steen increased its overall market share to 29.7% (28.4% in 2018), and our brands were the market leaders in the van segment in Norway for the second consecutive year.

Peugeot and Mercedes-Benz were Bertel O. Steen's best-selling van makes with market shares of 11.2% and 10.5% respectively. Citroën followed with a market share of 5.6% and Opel with a market share of 2.4%.

Trucks and buses

For trucks, the launch of a new, innovative top model in 2019 with a lot of cutting-edge technology resulted in an exciting and demanding year. Being the first to offer new technology necessitated changes in the sales process and required more of the organisation, in terms of both training and time spent with customers. It takes time and effort to persuade potential customers and explain to them what all the innovations entail, as well as how to use the technology to their advantage in their operations. In addition, we launched Mercedes-Benz UpTime, which ties the customer even more closely to us in the after-sales service market and gives the customer great advantages in the operational management of the vehicle.

Model-change years are always challenging, but we are satisfied with the sales volumes for trucks in 2019.

In 2020, we will focus on maintaining the sales volume and explore new opportunities in the after-sales service market. We will seek to further exploit the potential inherent in Mercedes-Benz UpTime, which we are confident will have great benefits for us and our customers alike.

2019 was a record year for buses, with 234 large buses and 185 minibuses sold. It was also the first year with full effect as the sole importer of Setra, resulting in record-high deliveries of Setra in Norway.

We are seeing growth in sales of minibuses, including to the major bus operators. We already have a strong position in this segment, which we now need to refine further to ensure we retain our lead going forwards.

Most sales of large buses are based on tenders, and we already know that sales volumes will be lower in 2020. Our customers in the coach segment will also face major challenges, as a result of the ongoing crisis related to the COVID-19 pandemic, meaning this market will be significantly reduced.

Bertel O. Steen Detalj

Bertel O. Steen Detalj (Retail) had turnover of NOK 9,465 million in 2019, down 13.8% from 2018. The operation of the Group's own dealerships is affected by the overall competitive situation and the shortage of hybrid and electric vehicles from the factories. In 2019, we also experienced margin pressure on new cars. We had a higher turnover rate for used cars in 2019, as well as lower risk in the repurchase portfolio and slightly better margins. The after-sales service market has remained at roughly the same level as in previous years.

2019 was a demanding year for Bertel O. Steen Detalj, with challenges linked to lower margins on sales of cars and parts, weaker productivity in workshops, decreased turnover, and high indirect costs. The management has implemented various effective measures to improve the results and is working actively to improve sales and margins for both car sales and the after-sales service market, while maintaining a strong focus on costs.

The retail business has continued its introduction of a new service concept (SK2022). The objective is to reduce costs and increase the quality of deliveries. SK2022 aims to streamline the customer experience in connection with dropping off and

picking up cars at workshops, as well as harmonise internal routines, providing greater freedom of choice for the customer, and more efficient operations. This work will continue in 2020.

Reorganisation of the dealer network

Bertel O. Steen has the largest dealer network in Norway, consisting of both wholly owned and independent dealers. Following the takeover of Citroën in 2015 and Opel in 2018, Bertel O. Steen represents seven different passenger car and van makes in Norway, sold through a highly fragmented network of over 200 dealer outlets spread all over the country.

In February 2019, Bertel O. Steen announced that the Group would reorganise its dealer network over the coming years. The background for this decision is the major changes the automotive industry is currently undergoing. The combination of reduced profitability in the industry and growing needs to invest in future-oriented solutions will be challenging for many dealers. Bertel O. Steen has therefore initiated systematic work to establish a more robust network. The goal is a competitive network of strong regional dealers to ensure that the customers get the best deal.

In March, Bertel O. Steen announced that agreements have been entered into with Nordvik Gruppen, Teknisk Bureau and Alta Motorsenter on strategic collaboration to strengthen distribution and the dealer network in Northern Norway. In June, the new Opel dealer network was announced. At the beginning of 2020, the dealer networks in the areas Stavanger–Sandnes and Fredrikstad–Sarpsborg were reorganised.

The Group believes that these measures will provide the selected dealers with the best possible commercial basis and ensure their competitiveness in the future.

Motor vehicle taxes

Motor vehicle taxes influence consumer preferences and thus also car sales. The Norwegian national budget for 2020 is virtually revenue-neutral in terms

of motor vehicle taxes. Electric cars will continue to be exempt from vehicle import duty and VAT. The government is thus continuing its policy of using vehicle taxes to promote the green agenda.

The transition from the former emissions measurement procedure NEDC to the new Worldwide Harmonised Light Vehicle Test Procedure (WLTP) has necessitated adaptation in the industry. In consultation with the automotive industry, the government has come up with a good solution for how to adapt vehicle import duty on passenger cars to the new WLTP procedure and is honouring its pledge from the Granavolden platform to ensure a revenue-neutral restructuring.

In 2019, 42.4% of passenger car sales were zero-emissions vehicles. The average CO₂ emissions from new cars as a whole is down to 60 grams per kilometre in Norway, which is 11 grams lower than in 2018. The automotive industry in Norway is a clear leader in the green shift. Norway is thus a pioneer in the journey towards an emissions-free transport sector.

In 2019, Bertel O. Steen sold 3,295 all-electric passenger cars (including next-day Kia imported from Germany), 371 electric vans and six electric buses.

The restructuring programme in 2019

Bertel O. Steen imports cars from German Daimler, French Groupe PSA and Korean Kia. The very limited range of electric cars and plug-in hybrids from these manufacturers resulted in a significant fall in profits for the Group in the second half of 2018 that continued into 2019. At the end of the first quarter of 2019, Bertel O. Steen's sales of new passenger cars had fallen by 33.2%, compared with the same period the previous year. As a consequence, the Group's expenses had to be adapted to the new situation.

To improve the situation, the Group took decisive steps to cut costs through restructuring and more efficient operational processes. The aim was to

lower operating expenses by NOK 200 million and reduce the number of full-time equivalents. A hiring freeze and natural attrition proved to be effective instruments. The Board finds that costs had to be reduced significantly to ensure the Group would be able to make the necessary adjustments, in view of the changes in the industry, and that the restructuring programme has contributed to the Group being in a better position to face the future.

Investing in infrastructure and services

During 2019, the Group has continued to invest in the development of its own infrastructure. A large, state-of-the-art logistics building has been completed and is now in full operation in Berger outside Oslo. This strengthens the Group's ability to get parts out to dealers and customers promptly and is an important step to further streamline operations. At the beginning of 2020, the Group opened its new showroom at Lørenskog, with a successful opening ceremony. This outlet carries all the Group's makes, and both visits and sales have been good so far.

New technology and changes in customer preferences, combined with statutory regulations, are contributing to general uncertainty about choice of car in the market, leading to further unpredictability in the industry. To position itself for these changes, Bertel O. Steen is developing new solutions such as Easly, Otto (formerly Biliblant) and Fleks. An increasing number of major players, such as municipal authorities, large corporations and housing associations, need good mobility solutions for both shorter distances and longer trips. Otto meets this mobility need, offering seamless integration between cars, bikes and scooters in a single app. Fleks is a car subscription service, where the customer subscribes to a car instead of owning it, and can cancel the subscription with just one month's notice. This allows the customer to avoid binding up their capital and eliminates uncertainty about residual value, providing increased predictability, simplicity and flexibility. Bertel O. Steen is seeing growing demand for these products in the market.

Introduction of a common IT system

For several years, Bertel O. Steen's dealers have used two different Dealer Management Systems (DMS): MainFrame and IFS. It is now considered very important to have a single, common DMS in the Group, in order to be able to quickly develop good solutions for our end customers and dealers. Operating with multiple systems is highly inefficient.

A few years ago, it was therefore decided to introduce Incadea as our new common system. Unfortunately, the project has been hampered by significant challenges and delays. In addition, the software company Incadea has been sold several times during this period, most recently in early 2019. In February 2019, Bertel O. Steen and Incadea therefore decided to end their partnership to develop a joint Dealer Management System for the Group's dealers.

As a consequence, Bertel O. Steen has instead rolled out an established system consisting of new proprietary components for servicing and sales, plus the financial and logistics solutions from IFS to its dealers. Implementing this solution at our dealerships in a short period of time required a great deal of work.

Real Estate

At the end of 2019, Bertel O. Steen Eiendom (Real Estate) had a property portfolio with an estimated combined value of approximately NOK 4.7 billion. The portfolio consists of automotive facilities, warehouses and logistics buildings, and office buildings, plus a number of central development projects.

Bertel O. Steen Eiendom has been responsible for, among other things, the development of a new showroom in Lørenskog, a logistics facility in Berger, and the planned development of a new showroom in south Bergen.

Bertel O. Steen Eiendom is carrying out several development projects in partnership with other competent property developers.

New visual profile

Bertel O. Steen has built up a strong, solid brand over 118 years. In 2019, the Group updated its visual profile and adopted a new, more modern visual identity that is better suited to digital channels.

Company and Group results

Bertel O. Steen AS

The company's turnover in 2019 increased by 4.4% to NOK 8,409 million (NOK 8,058 million in 2018). The operating profit for the 2019 financial year was NOK 32 million, compared with NOK 85 million in 2018.

The company's cash flows from operations in 2019 were negative at NOK -337 million (NOK -23 million in 2018).

Group

The operating revenue for 2019 amounted to NOK 15,027 million, a decrease of 5% compared with 2018. The Group has seen a negative development in its import and dealership operations. The Group's business areas returned a combined operating profit of NOK 169 million in 2019, compared with NOK 301 million in 2018.

Net financial expenses rose by NOK 130 million from 2018 to NOK 162 million in 2019. Most of the change can be attributed to net changes in the value of derivatives and a higher degree of borrowing in the Group.

The Group recorded a pre-tax profit of NOK 7 million in 2019, which is NOK 261 million lower than for the previous year.

The Group's tax charge came to NOK 4 million in 2019, compared with NOK 84 million in 2018. Tax payable amounted to NOK 3 million in 2019, compared with NOK 66 million in 2018.

The Group's profit for 2019 was NOK 3 million, compared with NOK 185 million in 2018.

The Group's cash flow from operating activities was negative in 2019, amounting to NOK -455 million in 2019 (NOK 203 million in 2018). The significant differences between the profit and net cash flow from operating activities are mainly due to taxes, depreciation, higher inventories, accounts receivable, other short-term items and accounts payable. Net cash flow from investing activities was NOK -624 million (NOK -604 million in 2018), of which investments in real estate operations amounted to NOK 244 million (NOK 524 million in 2018). Net cash flow from financing activities ended at NOK 922 million (NOK 546 million in 2018), of which NOK 81 million is payment of dividends and group contributions (NOK 181 million in 2018) and NOK 610 million represents the net increase in non-current liabilities.

The Group's total change in cash flows from operating, investing and financing activities was negative, amounting to NOK -158 million in 2019 (NOK 146 million in 2018).

The Group's cash and cash equivalents at year-end 2019 came to NOK 63 million (NOK 220 million at the end of 2018), while liquidity reserves totalled NOK 301 million kroner at the end of 2019, compared with NOK 761 million at year-end 2018. The overall liquidity situation is regarded as acceptable. The Group had interest-bearing debt of NOK 2,420 million at year-end 2019, compared with NOK 1,810 million at the end of 2018.

The Group's equity ratio was 26.7% at year-end 2019, which is 3.7 percentage points lower than the previous year. The change is mainly due to an increase in the total balance sheet from the development of properties and increased inventories.

Car Import

Bertel Steen's total **car import business**, including sales of parts, saw its operating revenue decrease by 1.9% from NOK 10,168 million in 2018 to NOK 9,976 million in 2019. The import division as a

whole achieved an operating profit of NOK 243 million, down NOK 26 million from the previous year.

The decrease is partly attributable to the shortage of electric vehicles.

Snap Drive AS increased its turnover from NOK 283 million in 2018 to NOK 301 million in 2019. The operating profit for 2019 came to NOK 19 million (NOK 18 million in 2018).

The dealership chain **Bertel O. Steen Detalj AS and subsidiaries** had turnover of NOK 9,465 million in 2019, compared with NOK 10,979 million in 2018. The Group's car retail operations returned an operating loss of NOK -123 million in 2019, a decrease of NOK 163 million from 2018.

The Group's car financing company achieved growth of 10.5% in its financing portfolio in 2019. The combination of greater volumes, increased commissions and higher non-recurring expenses in the car leasing concept Easy resulted in an operating profit for 2019 of NOK 55 million (NOK 39 million in 2018).

Bertel O. Steen Eiendom AS and subsidiaries achieved an operating profit of NOK 127 million in 2019 (NOK 113 million in 2018).

The working environment

The Group aims to offer its employees challenging work in a stimulating working environment. The healthy development of the organisation is safeguarded by regularly measuring employee satisfaction, dealer satisfaction and customer satisfaction and implementation of appropriate measures as and when necessary. Bertel O. Steen AS makes considerable investments in skills development.

The Group reported nine minor accidents resulting in injury in 2019 (26 in 2018) and six accidents resulting in prolonged sickness absence (eight in

2018). All injuries were followed up and reported in the Group's HSE system. Through close cooperation with the occupational health service, the individual employees are followed up according to their needs. The Group also has a continuous programme of measures to prevent accidents.

The Group's sickness absence rate is well below the average for Norway. The sickness absence rate was 4.1% in 2019, which is 0.1 percentage points lower than in 2018. Short-term sickness absence was 1.8% in 2019, which is 0.3% lower than in 2018.

Gender equality and discrimination

The Group works actively to promote gender equality, ensure equal opportunities and rights, and prevent discrimination on the basis of gender, age, religion, political opinion, race, colour, national origin, ethnic origin, sexual orientation or living arrangements in the organisation.

The Group had 11% female employees in 2019, which is roughly the same level as in 2018. The Group has two women in the group management.

Sustainability and corporate social responsibility

As one of Norway's largest and oldest service and trading companies, the Group is highly aware of its corporate social responsibilities.

Through its association with the UN Global Compact, the Group has committed to adhere to the organisation's ten basic principles in the areas of human rights, labour, the environment and anti-corruption, and its 17 Sustainable Development Goals.

The Group attaches particular importance to protection of the environment and related issues. All the Group's dealers are publicly environmentally certified under the Norwegian Eco-Lighthouse scheme. In connection with this work, a number of

effective measures have been implemented to reduce energy consumption. Good routines have also been adopted for waste management, including more source-sorting, both to prevent harmful emissions and to ensure a higher waste recycling rate.

With a view to contributing to the work to resolve challenges related to the environment and climate change, the Group supports the work of the environmental organisation Zero. To this end, in both 2018 and 2019 Bertel O. Steen presented emissions-free cars at the annual Zero conference.

Thorough work has been carried out to reduce the use of chemicals in the businesses, which has led to more responsible use and better overview. The chemicals used are risk-assessed and registered electronically in a national database, EcoOnline.no.

The Group is a member of the Autoretur system for the collection and recycling of all scrapped vehicles. Membership of the organisations Batteriretur and Dekkretur ensures proper collection of all types of car batteries and discarded car tyres. The Group is also a member of the national Grønt Punkt packaging recycling scheme.

Bertel O. Steen requires that all its suppliers provide documentation that they meet the statutory requirements concerning occupational health and safety and the working environment, and that they are legally organised in accordance with the applicable tax and working environment regulations, and in terms of the employees' labour and social rights.

The automotive industry has a high need for special expertise, not least in its workshops and servicing operations. Bertel O. Steen always has a high number of apprentices, allowing newly qualified mechanics to gain practical experience and further develop their skills. At year-end, the Group had a total of approximately 160 apprentices.

The automotive industry is undergoing major changes, meaning new skills and expertise will be needed. It will therefore be important to remain in close contact with leading technology environments in Norway. To this end, Bertel O. Steen has therefore entered into a collaboration agreement with the Revolve group at the Norwegian University of Science and Technology (NTNU). Revolve is an independent society for engineering students that each year designs and builds a new racing car using new technology. Our involvement in Revolve is aligned with our ambitions and helps build Bertel O. Steen's position among engineering students, also as an attractive potential future employer.

Bertel O. Steen attaches importance to offering inclusive career opportunities to people who for some reason are struggling in the employment market. Various measures have been implemented, including training at the workplace, adaptation of work tasks, transport offerings, workplace inclusion activities, and assessment of capacity for work.

Ethics

Bertel O. Steen has clear guidelines and requirements, which help ensure that we always act in compliance with the relevant rules and regulations internally and in dealings with our customers and the company's business partners.

Each year, all employees undergo training in ethics in the form of a fun, interactive game that refreshes and updates their understanding of the ethical guidelines and work regulations. The game combines dilemma training with quizzes, and the completion rate and scores achieved are very high.

Bertel O. Steen requires that all its suppliers, partners and other associates commit to and are able to provide documentary evidence that they comply with all relevant legislation, regulations and rules concerning the employees' labour and social rights, and that they act in compliance with and respect the Group's ethical guidelines. Bertel O. Steen has zero tolerance for corruption.

The Group has established whistle-blowing channels where employees and external parties can report irregularities. Irregularities can also be reported anonymously.

It is the Board's understanding that the extensive work being done throughout the Group on ethical and socially responsible behaviour has resulted in a much deeper understanding of these issues among managers and employees alike. The Group's Compliance Officer is responsible for facilitating, monitoring, supervising and reporting compliance with external and internal guidelines and laws in all the divisions and by all the Group's employees. The level of compliance is high.

Risk

Risk management is necessary in order to safeguard value creation for shareholders, employees and society.

The board and management maintain a constant focus on risk factors that could affect us. At the same time, taking risks can also represent opportunities, so mapping and managing the risks is an important task. Today's market is characterised by rapid change, including the switch to electric cars and new mobility solutions. The Board is comfortable with the Group's risk management and presentation of the risk factors in the accounts, including the Group's exposure to repurchase obligations, currency risk, interest-rate risk, price risk, supplier risk and customer risk, liquidity risk and funding risk, changes in the market, tax policy, technology and changes in policy framework conditions.

The Group's assessment of its own liquidity and funding risk constitutes a central part of the company's risk analysis and management. The adequacy of the Group's liquidity reserves and funding structure is assessed on an ongoing basis, as is the quality of its governance and monitoring.

See also the comments on the Group's risk situation in Note 19 to the consolidated annual financial statements.

Statement on the outlook

In 2020, EU requirements for maximum average CO2 emissions in Europe may lead to greater availability of low and zero-emissions vehicles. The market uncertainty is expected to persist in 2020, until such time as the automakers are collectively better able to supply electric powertrains. The Information Council for Road Traffic (OFV)'s forecast for new passenger car sales in 2020 is 140,400 cars, signalling a slight decline compared with 2019, during which 142,381 new passenger cars were sold in Norway.

In 2018 and 2019, the Group had relatively limited access to electric drive trains adapted to the demand in the Norwegian market. This situation is now improving. Bertel O. Steen foresees a positive development for our brands in terms of access to relevant electric vehicles from 2020, and especially from the second half of the year.

In the real estate market, rents and property values in 2020 are expected to remain largely unchanged from 2019. Bertel O. Steen Eiendom AS (and its subsidiaries) has achieved a high level of security for its earnings thanks to its high occupancy rate and stable lessors. Bertel O. Steen Eiendom contributes to the car operations developing good dealerships and improved logistics.

Spring 2020 was dominated by the global COVID-19 pandemic. Norway introduced the most invasive restrictions on civilians' freedom of movement since World War II in an attempt to limit the spread of the virus. At the same time, an oil price war sent oil prices plummeting, leading to a sharp decline in the global stock market. Many industries have been hit hard by this situation, and the full picture is not yet known. Bertel O. Steen immediately took the situation very seriously and introduced many measures to protect our employees, our

organisation and the community around us as much as possible.

The Norwegian government launched a range of measures to mitigate the economic effects of the COVID-19 pandemic for businesses, the main goal of which is to ensure liquidity through lowered policy interest rates, easing of banks' countercyclical capital buffer requirements, release of funds for loans for businesses, and deferral of payment of various taxes, among others. The Board of Directors assumes that car sales and the after-sales service market will be negatively affected by the COVID-19 pandemic. As per March 2020, it is not known how long the drop in sales will last. Bertel O. Steen is working to ensure sufficient liquidity and funding of the business. The Group had previously initiated processes linked to property sales that were expected to be realised in spring 2020. Furthermore, there is ongoing dialogue with our bank about increasing credit limits. We believe that the Group will have sufficient funding to maintain operations going forwards. There are also plans to lay off some of the Group's employees.

Going concern

In accordance with Section 3-3 of the Norwegian Accounting Act, the Board confirms that the financial statements have been prepared in accordance with the going concern assumption.

Beyond that which appears in the accounts, the Board of Directors is not aware of any circumstances that have occurred during the course of 2019, or after the end of the financial year, which have any great significance for the annual accounts.

The Board believes that the annual financial statements provide a true and fair picture of the financial position of the company and the Group.

Events after the balance sheet date

New CEO

In January 2020, Bertel O. Steen announced that the Board of Directors has appointed Harald Frigstad as the new CEO of the company. Harald Frigstad holds a master's degree in Business and Economics from the Norwegian School of Economics (NHH) in Bergen. He worked for Møller Mobility Group from 1994 to 2017, where he held several key positions, including CEO of Møller Bil Norway. He comes to us from the position of CEO of Birger N. Haug Holding.

The outgoing CEO Bjørn Maarud informed the Board of Directors of Bertel O. Steen AS in autumn 2019 that he wanted to step down from the role of CEO by summer 2020. Maarud has been affiliated with Bertel O. Steen for 18 years, initially as a board member, and as CEO of the company since 2013. The Board of Directors would like to thank Maarud for the results and developments the Group has achieved during his period as CEO.

Allocation of profit / loss

Bertel O. Steen AS¹ had a turnover of NOK 8,049 million in 2019 and a net result for the year of minus NOK 7 million, which the Board proposes be transferred from other equity.

¹ FOOTNOTE: *The business areas included in Bertel O. Steen AS (company accounts) are defined on page 1 under section on Car Import.*

The Board of Directors of Bertel O. Steen AS
Lørenskog, Norway, 23 March 2020

Sverre Leiro
Chair of the Board

Carl Erik Steen
Board member

Egil Stenshagen
Board member

Line Margrethe Aarnes
Board member

Thorvald Helmen Steen
Board member

Leif Magne Tjelta
Board member

Ole Stefan Nedenes
Board member

Leif Erik Vik
Board member

Bjørn Maarud
CEO

Bertel O. Steen AS
Org.nr. 916 218 753

Consolidated financial statements 2019
(All figures in thousands)

INCOME STATEMENT

	Note	2019	2018
Operating revenue			
Income from sales		14 858 490	15 704 511
Other operating revenue		168 194	184 999
Total operating revenue	3	15 026 684	15 889 510
Operating expenses			
Cost of goods		11 256 038	12 049 978
Payroll expenses	6/7	1 929 340	1 856 282
Depreciation and impairments	3/8	286 898	234 189
Other operating expenses		1 385 008	1 448 261
Total operating expenses		14 857 285	15 588 711
Operating profit	3	169 399	300 799
Financial items			
Profit from investments in associated companies	9	10 425	4 574
Other financial items	3/4	(172 414)	(36 618)
Total financial items		(161 990)	(32 044)
Profit before tax	3	7 409	268 755
Tax on ordinary profit	15	(4 015)	(84 141)
Profit (loss) for the year	16	3 394	184 615
Minority interest in profit for the year	16	7 107	13 179
Majority interest in profit for the year	16	(3 713)	171 436

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(All figures in thousands)

BALANCE SHEET

	Note	2019	2018
ASSETS			
Fixed assets			
Intangible assets			
Intangible assets	8	171 750	133 266
Deferred tax asset	15	201 769	201 866
Goodwill	8	56 810	68 493
Total intangible assets		430 329	403 625
Tangible fixed assets			
Land, buildings and other property	8/13	2 419 223	2 202 713
Movable property, fixtures and fittings, tools, office equipment, etc.	8/13	647 992	554 359
Total tangible fixed assets		3 067 215	2 757 072
Financial non-current assets			
Other shares and non-current receivables	10/11	3 120	11 885
Investments in associated companies and joint ventures	9	69 014	73 028
Total financial non-current assets		72 134	84 913
Total fixed assets		3 569 677	3 245 610
Current assets			
Stock			
	5/13	3 600 150	2 856 138
Receivables			
Accounts receivable	13/18	742 415	694 581
Other receivables	6	376 901	228 581
Pre-payments		252 558	316 943
Total receivables		1 371 873	1 240 104
Bank deposits, cash and cash equivalents	14	62 662	220 253
Total current assets		5 034 686	4 316 496
TOTAL ASSETS	3	8 604 363	7 562 106

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BALANCE SHEET

	Note	2019	2018
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16/17	372 433	372 433
Share premium reserve	16	598 000	598 000
Other equity	16	1 279 273	1 283 025
Minority interests	16	44 167	43 590
TOTAL EQUITY AND MINORITY INTERESTS		2 293 874	2 297 048
LIABILITIES			
Provisions for liabilities			
Pension liabilities	7	43 708	37 914
Total provisions for liabilities		43 708	37 914
Other non-current liabilities			
Borrowings	13	2 420 106	1 810 307
Other non-current liabilities	13	1 493	32
Total other non-current liabilities		2 421 600	1 810 339
Current liabilities			
Borrowings	13	391 644	0
Debt to shareholders and other related parties	18	300 957	310 507
Accounts payable		1 203 747	950 579
Income tax payable	15	2 681	66 432
Social security and other taxes		451 568	495 452
Proposed dividend	16/18	6 528	70 783
Other current liabilities	12	1 488 057	1 523 053
Total current liabilities		3 845 182	3 416 806
TOTAL LIABILITIES		6 310 489	5 265 058
TOTAL EQUITY AND LIABILITIES		8 604 363	7 562 106

The Board of Directors of Bertel O. Steen AS
Lørenskog, Norway, 23 March 2020

Sverre Leiro
Chair of the Board

Carl Erik Steen
Board member

Egil Stenshagen
Board member

Line Margrethe Aarnes
Board member

Thorvald Helmen Steen
Board member

Leif Magne Tjelta
Board member

Ole Stefan Nedenes
Board member

Leif Erik Vik
Board member

Bjørn Maarud
CEO

Consolidated financial statements 2019
(All figures in thousands)

CASH FLOW STATEMENT

	Note	2019	2018
Cash flows from operating activities			
Profit before tax		7 409	268 755
Income tax paid in the period		(66 432)	(113 362)
Loss (/gain) from sale of fixed assets		(9 165)	(9 379)
Ordinary depreciation	8	282 520	218 566
Depreciation of tangible fixed assets	8	4 378	15 623
Pension cost without cash effect	7	5 794	2 599
Changes in stock		(741 531)	109 901
Changes in accounts receivable		(46 973)	147 310
Changes in accounts payable		250 897	(9 402)
Changes in other current items		(143 954)	(427 863)
Net cash flow from operating activities		(457 056)	202 748
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		262 006	211 045
Payments for purchase of tangible fixed assets	8	(846 959)	(821 730)
Payments for acquisition of shares and interests in other businesses		(2 336)	(37 676)
Payments for acquisition of subsidiaries	20	(60 490)	25 815
Dividends received from associated companies and joint ventures		17 176	19 000
Proceeds from long-term receivables		8 357	0
Net cash flow from investing activities		(622 246)	(603 547)
Cash flow from financing activities			
Proceeds from new long-term debt		2 421 261	791 424
Payments in connection with repayment of long-term debt		(1 810 000)	0
Change in intercompany accounts		(411)	248
Net change in short-term borrowings		391 644	(64 151)
Dividends paid		(70 783)	(129 399)
Group contribution received (/paid)		(10 000)	(51 681)
Net cash flow from financing activities		921 711	546 441
Net change in cash and cash equivalents during the year		(157 591)	145 642
Cash and cash equivalents 1 Jan.		220 253	74 611
Cash and cash equivalents 31 Dec.		62 662	220 253

NOTES

Note 1 - ACCOUNTING PRINCIPLES

CONSOLIDATION PRINCIPLES

The consolidated financial statements include Bertel O. Steen AS and subsidiaries over which Bertel O. Steen AS has a controlling influence as a result of legal or actual control. Controlling influence is normally achieved when the Group owns more than 50% of the shares in the company and the Group is enabled to exercise actual control over the company.

Non-controlling interests (minority interests) are included in Group equity. Intragroup transactions and balances have been eliminated. The consolidated financial statements have been prepared with uniform accounting policies, in which the subsidiaries follow the same accounting policies as the parent company.

The acquisition method is used for recognising company mergers on the income statement. Companies that are bought or sold in the course of the year are included in the consolidated financial statements from the date on which control is achieved and until the date on which it ceases. Subsidiaries that are acquired are accounted for in the consolidated financial statements based on the historical cost to the parent company. The historical cost is allocated to identifiable assets and liabilities in the subsidiary, which are recorded at fair value at the time of the acquisition. Any excess value beyond that which can be attributed to identifiable assets and liabilities is recorded on the balance sheet as goodwill. Goodwill is treated as a residual value and entered on the balance sheet with the share observed in the acquisition transaction. Straight line depreciation is applied to excess values in the consolidated accounts over the expected economic life of the acquired assets. The cost price for buildings and deferred tax reflected in the transactions is presented net using the net cost method.

Elimination of internal transactions

All transactions and balances within the automotive and property group have been eliminated. Inventories, fixed assets and other liabilities have been adjusted for unrealised internal profits.

Changes in the composition of the Group

Bertel O. Steen AS established Fleks AS on 4 January 2019 and acquired Otto Mobility AS (formerly Wattworld Norway AS) on 4 July 2019.

Bertel O. Steen Eiendom AS acquired Kokstaddalen 53 AS on 31 October 2019.

Snap Drive AS acquired 100% of the shares in Rosenholm Bilverksted AS and completed the parent-subsidiary merger with accounting effect from 1 January 2019.

There have not been any other major changes in the composition of the Group that have significance for the consolidated financial statements.

Shares and investments in associated companies and joint ventures

Associated companies and joint ventures are enterprises in which the Group has significant influence, but not control, over the financial and operational management. The Group will normally have an ownership stake of between 20% and 50% in associated companies and a 50% stake in joint ventures. The consolidated financial statements include the Group's share of profits from associated companies and joint ventures, entered using the equity method from the time significant control was achieved and until such control ceases. When the Group's losses exceed the investment in an associated company or joint venture, the Group's carrying amount is reduced to zero and further losses are not posted unless the Group has an obligation to cover the loss.

MATERIAL ACCOUNTING POLICIES

Fundamental accounting principles

The annual financial statements comprising the income statement, balance sheet, cash flow statement and notes, have been prepared in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Main rule for assessment and classification of assets and liabilities

Assets intended for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that are to be repaid within one year are classified as current assets. Similar criteria are used for the classification of short-term and long-term liabilities. Current assets are assessed at the lower of acquisition cost and fair value.

Fixed assets are valued at historical cost, but are written down to the recoverable amount if this is lower than the book value and the reduction in value is not expected to be temporary. Fixed assets with a limited useful economic life are depreciated according to a schedule.

Operating leases are not recognised in the balance sheet. These leases are treated as operating costs, and the annual leasing expenditure is presented in Note 8. Leased fixed assets are recognised in the balance sheet as fixed assets if the lease is deemed to transfer substantially all the economic benefits and risk associated with use of the fixed asset (financial leases).

Estimates

Estimates are made in connection with assessment of revenue, costs and balance sheet items for which there is no market value. The management's estimates are based on the information available at the time the financial statements are submitted (best estimate). This applies to assessment of warranty obligations, free non-warranty repairs, service contracts, obsolescence in inventories, pensions, goodwill, other long-term provisions, and expected losses on repurchase obligations. Subsequent events that result in changes in accounting estimates are recognised during the period in which the change occurs. Estimates and underlying assumptions are assessed on an ongoing basis.

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Revenue

Sale of goods:

Income is accounted for when it is earned, i.e. when both risk and control have been materially transferred to the customer, normally when the item is handed over to the customer. In connection with sales of new cars with a repurchase agreement, the sale is recognised on delivery. Subsequent repurchases and sales of repurchased cars are recognised as separate transactions. Repurchase obligations are presented in Note 12. In connection with sales of new cars, vehicle import duty to the State comprises a significant amount. This is not shown as revenue, but is classified as a current liability in the financial statements.

Sale of services:

Income is accounted for when it is earned, i.e. when a claim for remuneration arises. This happens when a service is provided, in line with performance of the work.

Expenses

As a general rule, expenses are accounted for during the same period as the associated income (cf. the matching principle).

Currency

Transactions in foreign currency are translated using the exchange rate on the date of the transaction. Monetary items in foreign currency are converted to Norwegian kroner using the rate of exchange on the balance sheet date. Changes in exchange rates are recognised on an ongoing basis during the accounting period under other financial items.

Financial instruments

Financial instruments are used in connection with the management of financial risk. Hedging using forward exchange contracts and interest derivatives is used when financially justifiable. The Group does not apply hedge accounting. This means that the fair value of derivatives is recognised in the balance sheet and that changes in the value of the derivatives are recognised under financial items.

Other shares and investments classified as fixed assets

Shares and investments in partnerships in which the Group does not have significant influence are assessed using the cost method. The investments are depreciated to fair value if the reduction in value is not temporary. Dividends received from the companies are recognised as other financial income.

Intangible assets and tangible fixed assets

Intangible assets that are both expected to generate future income and whose historical cost can be measured reliably are entered in the balance sheet. Depreciation is calculated on a straight-line basis over the expected economic life of the assets. Tangible fixed assets are depreciated over the expected economic life of the assets. Depreciation is generally distributed on a straight-line basis over the entire expected economic life.

Costs relating to normal maintenance and repairs are recognised as they arise. Costs associated with major replacements and upgrades that extend the economic life of the assets are entered in the balance sheet.

Stock

Stocks of goods are valued at the lower of cost and estimated selling price less costs to sell. An individual assessment is made of each car. Parts and equipment are recognised at average acquisition cost. Stocks of demonstration vehicles are included in the inventory. Write-downs are made for obsolescence.

Receivables

Accounts receivable and other receivables are included at nominal value, less any provision for anticipated bad debts. Provision for bad debts is made on the basis of specific consideration of individual receivables. In addition, unspecified provisions to cover any estimated losses are made for other accounts receivable.

Warranties, servicing and repurchase obligations

Warranty work related to prior sales is assessed at the expected cost of the work. The estimate is calculated on the basis of historical figures for warranty repairs. Provisions are also made for costs beyond the manufacturer's warranty (goodwill).

Unearned income related to existing service agreements is entered in the balance sheet as deferred income and is recognised when the cost accrues over the service period.

The group companies guarantee the repurchase value of the cars they sell that are financed by leasing. The repurchase value is determined on the basis of a defined formula and depends on the model, the length of the lease and the mileage. Provisions are made for expected losses on these repurchase obligations.

Related parties

All transactions between group companies are on ordinary commercial terms.

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(All figures in thousands)

Pensions

Defined-benefit plans

Pension liabilities are calculated as the present value of future pension benefits accrued on the balance sheet date. Future pension benefits are calculated on the basis of expected salary on retirement. This scheme is closed for further accrual and has no active employees. The defined-benefit scheme covers only prescribed rights.

Net pension commitments are entered in the balance sheet as other liabilities after adjustment for actuarial gains and losses. The net value of over-financed plans is entered in the balance sheet as a long-term receivable. The net pension cost and gross pension cost less the estimated return on the pension assets for the period are included under payroll expenses. Gross pension cost consists of the present value of the pension benefits earned for the period, interest costs on the pension commitments and recognised actuarial gains and losses.

The accounting treatment of pensions is based on a straight-line accrual profile and expected final salary as the accrual basis. Actuarial gains and losses and the effect of changes in assumptions are amortised over the expected remaining earning period if they are in excess of 10% of the pension liabilities or pension assets (corridor), which ever is larger. The employer's National Insurance contributions are included in the figures.

Defined-contribution plans

The company has a contractual pension under the AFP scheme that provides a lifelong supplement to the ordinary pension. The AFP scheme is a defined-benefit, multi-employer pension plan funded through premiums that are determined as a percentage of the employee's salary. For accounting purposes, the scheme is treated as a defined-contribution plan.

For pension plans where the employer pays an agreed contribution and the pension funds are managed separately (defined-contribution plans), the contribution is included in payroll and other personnel costs.

Taxes

The tax charge consists of the tax payable and the change in net deferred tax. Tax payable is calculated on the basis of the taxable income for the year. Deferred tax is calculated on the basis of temporary differences between taxable and accounting values and tax losses carried forward. If the tax rate has changed since the previous year, the new tax rate is used to calculate deferred tax. Deferred tax and deferred tax assets are presented on a net basis in the balance sheet.

The tax rate was changed from 23% to 22% with effect from 1 January 2019. There have been no changes to the tax rate for 2020.

Public grants

Any operating grants received, such as government subsidies for apprentices, for example, are accrued together with the expenses the grant is intended to cover. Grants related to the SkatteFUNN scheme are recorded as a reduction of the accounting item to which they pertain.

Uncertain liabilities

Uncertain liabilities are recognised when it is probable (more than 50% probability) that the liability will occur and the cost of the obligation can be measured reliably.

Cash flow

The cash flow statement has been prepared in accordance with the indirect method. Cash and cash equivalents include cash and bank deposits with maturity of less than three months.

Comparison figures

If accounting items are reclassified, the comparison figures are restated accordingly.

Long-term partnership contracts

Peugeot

The contract with Automobiles Peugeot was signed in 1929. A new contract with Automobiles Peugeot was signed in mid-2011, in addition to new dealer contracts. These have no set duration, but can be terminated with a two-year period of notice.

Daimler

The contract with Daimler AG was signed in 1929. As a consequence of the European Commission Block Exemption Regulation no. 1400/2002, a new agreement was entered into in 2003, with a two-year mutual period of notice.

Kia Motors

The agreement with Kia Motors was entered into in 1993 and was renewed in 2003. In line with the European Commission Block Exemption Regulation no. 1400/2002, the agreement currently remains in force with a two-year mutual period of notice.

Citroën

The contract with Automobiles Citroen was signed in April 2015 in connection with Bertel O. Steen's acquisition of the company. Prior to this the company had not had a formal importer agreement. During the first five years, the signed agreement can only be terminated in the event of material breach; thereafter it continues to run automatically for another five years, unless it is terminated with six months' mutual notice.

Opel

With effect from December 2018, the import agreement with Opel Automobile was signed as part of the acquisition of Admiral O. AS. The agreement runs for five years.

Note 2 - Group composition

	Registered office	Stake and voting share
<u>Car Imports, group/staff:</u>		
Bertel O. Steen AS	Lørenskog	100,0 %
Kia Bil Norge AS	Lørenskog	100,0 %
CDS Norge AS	Lørenskog	100,0 %
Admiral O. AS	Lørenskog	100,0 %
Bertel O. Steen Autostern AS (formerly Nordisk Bilimport AS)	Lørenskog	100,0 %
<u>Mobility Services</u>		
Fleks AS	Lørenskog	100,0 %
Otto Mobility AS (formerly Wattworld Norge AS)	Lørenskog	100,0 %
<u>Car Finance:</u>		
Bertel O. Steen Finans AS	Lørenskog	100,0 %
Bertel O. Steen Bildrift AS	Lørenskog	100,0 %
<u>Workshop chain:</u>		
Snap Drive AS	Skedsmo	100,0 %
<u>Car Retail:</u>		
Bertel O. Steen Detalj AS	Lørenskog	100,0 %
Bertel O. Steen Ensjø AS (formerly Bertel O. Steen Bilventure AS)	Lørenskog	100,0 %
Bertel O. Steen Bil AS	Lørenskog	100,0 %
Bertel O. Steen Aktiv Bil AS	Lørenskog	100,0 %
Bertel O. Steen Oslo AS	Oslo	100,0 %
Bertel O. Steen Jessheim AS (formerly Bertel O. Steen Romerike AS)	Skedsmo	100,0 %
Bertel O. Steen Asker og Bærum AS	Bærum	100,0 %
Bertel O. Steen Lørenskog AS (formerly Bertel O. Steen Vare-Last-Buss AS)	Lørenskog	100,0 %
Bertel O. Steen Møre og Romsdal AS	Ålesund	100,0 %
Bertel O. Steen Ringerike AS	Ringerike	100,0 %
Bertel O. Steen Vestfold AS	Tønsberg	90,2 %
Bertel O. Steen Ullevål AS	Oslo	100,0 %
Bertel O. Steen Telemark AS	Skien	100,0 %
Bertel O. Steen Hedmark og Oppland AS	Ringsaker	100,0 %
Bertel O. Steen Lillehammer AS (formerly Bertel O. Steen Lillehammer Motorcentral AS)	Lillehammer	100,0 %
Lillehammer Bil AS	Lillehammer	100,0 %
Bertel O. Steen Østfold AS	Fredrikstad	100,0 %
Bertel O. Steen Bergen AS	Bergen	100,0 %
Bertel O. Steen Buskerud AS	Lier	100,0 %
Bertel O. Steen Rogaland AS	Sandnes	90,1 %
Motor Trade Holding AS	Trondheim	50,0 %
Motor-Trade AS	Trondheim	100,0 %
Trønderlinjen AS	Melhus	100,0 %
Bertel O. Steen Trøndelag AS* (formerly Prøven Bil AS)	Trondheim	100,0 %
Prøven-Motortrade AS	Trondheim	75,0 %
Prøven Bilutleie AS	Trondheim	100,0 %
Bertel O. Steen Agder AS	Kristiansand	60,0 %
Bertel O. Steen Brobekk AS	Oslo	100,0 %

*During the course of 2019 Prøven Bil Oppdal AS and Prøven Bil Verdalen AS have been merged into Bertel O. Steen Trøndelag AS.

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Note 2 - Group composition (cont)

	Registered office	Stake and voting share
<u>Property operations:</u>		
Bertel O. Steen Eiendom AS	Lørenskog	100,0 %
Bedriftsveien 120 AS	Lørenskog	100,0 %
Bertel O. Steen Eiendomsdrift AS	Lørenskog	100,0 %
Bertel O. Steen Osloeiendomer AS	Lørenskog	100,0 %
Bryggeriveien 5 AS	Lørenskog	100,0 %
Dikveien 1 AS	Lørenskog	100,0 %
Ekreveien 27 AS	Lørenskog	100,0 %
Energiveien 11 AS	Lørenskog	100,0 %
Grus Eiendom AS	Lørenskog	100,0 %
Hensmoen AS	Lørenskog	100,0 %
Hvamveien 2 AS	Lørenskog	100,0 %
Håvardstun AS	Lørenskog	100,0 %
Industrigata 58 AS	Lørenskog	100,0 %
Industriveien 7B Eiendom AS	Lørenskog	100,0 %
Lerstadveien 525 AS	Lørenskog	100,0 %
Liamyrene 3 AS	Lørenskog	100,0 %
Maridalsveien 85-87 AS	Lørenskog	100,0 %
Nils Hansensvei 9-11 AS	Lørenskog	100,0 %
Prof. Koths vei 85 AS	Lørenskog	100,0 %
Ryggeveien 83-89 AS	Lørenskog	100,0 %
Sandakerveien 64 AS	Lørenskog	100,0 %
Skolmar Eiendom AS	Lørenskog	100,0 %
Slagenveien 67 AS	Lørenskog	100,0 %
Sognsveien 90 AS	Lørenskog	100,0 %
Solheimveien 15 AS	Lørenskog	100,0 %
Solheimveien 7 AS	Lørenskog	100,0 %
Svanedamsveien 6-8 AS	Lørenskog	100,0 %
Vassbotnen 9 AS	Lørenskog	100,0 %
Vestre Linnestei 8 AS	Lørenskog	100,0 %
Kokstaddalen 53 AS	Lørenskog	100,0 %

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Note 3 - Segment information

The Bertel O. Steen AS group comprises the business areas Car Import, Mobility Services, Car Finance, Snap Drive AS, Car Retail and Real Estate. See Note 2 for more detailed information concerning the individual companies in the different business areas.

The business areas had the following key figures for 2019:

	Car Import	Group / staff	Mobility services	Car Finance	Snap Drive AS	Car Retail	Real Estate	Eliminations	Group
Operating revenue	9 976 513	133 501	5 916	146 376	300 993	9 464 988	277 272	(5 278 874)	15 026 684
Depreciation and impairments	27 969	62 929	2 658	11 143	12 359	103 352	67 725	(1 237)	286 898
Operating profit	243 083	(185 185)	(8 481)	54 603	19 256	(122 544)	126 913	41 754	169 399
Total other financial items	(55 398)	(27 613)	(586)	13	(601)	(34 807)	(49 736)	(3 686)	(172 414)
Profit before tax	176 162	(201 276)	(9 067)	54 617	18 655	(150 897)	81 148	38 068	7 409
Assets	3 571 170	4 452 243	83 832	185 330	81 184	2 942 901	2 503 354	(5 215 650)	8 604 363

The business areas had the following key figures for 2018:

	Car Import	Group / staff	Mobility services	Car Finance	Snap Drive AS	Car Retail	Real Estate	Eliminations	Group
Operating revenue	10 168 441	114 420	0	132 465	283 404	10 979 394	250 597	(6 039 211)	15 889 510
Depreciation and impairments	21 603	45 290	0	4 286	10 662	93 960	57 867	521	234 189
Operating profit	269 433	(143 411)	0	38 541	17 973	40 838	112 649	(35 224)	300 799
Total other financial items	(9 774)	53 601	0	55	(756)	(25 269)	(26 883)	(27 593)	(36 618)
Profit before tax	259 659	(89 809)	0	38 596	17 217	17 701	88 209	(62 817)	268 755
Assets	2 735 232	3 003 593	0	229 021	76 038	2 747 992	2 294 479	(3 524 250)	7 562 106

Note 4 - Financial items

	2019	2018
Other interest income	11 112	12 898
Change in value of derivatives	0	13 658
Other financial income	3 068	2 323
Total financial income	14 180	28 879
Interest expenses to other related parties	8 357	4 590
Other interest expense	89 478	48 574
Change in value of derivatives	69 804	0
Other financial costs	18 956	12 334
Total financial costs	186 594	65 497
Total other financial items	(172 414)	(36 618)

Note 5 - Inventories

	2019	2018
New cars	2 506 027	1 751 053
Used cars	478 351	439 631
Demonstration cars	374 770	409 126
Parts	283 738	300 814
Miscellaneous	91 384	65 180
Obsolete goods	(134 119)	(109 666)
Total stock	3 600 150	2 856 138

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Note 6 - Payroll expenses, number of employees, remuneration, loans to employees, etc.

Payroll expenses, etc.	2019	2018
Salary	1 550 786	1 488 248
Employer's National Insurance contributions	242 520	239 248
Pension expense	80 941	75 588
Other remuneration	55 092	53 198
Total payroll expenses	1 929 340	1 856 282
No. of full-time equivalents employed (in whole numbers)	2 562	2 537
Loans and guarantees to employees at 31 Dec.		
Total loans to employees	1 299	4 651
No members of the executive management have loans from the company.		
Remuneration of senior executives		
Salary, bonus, pension costs and other remuneration of the CEO	7 056	6 997
Remuneration of board members	2 146	1 690
Remuneration of the Audit Committee	120	120
Remuneration of the Remuneration Committee	55	55
Total remuneration of senior executives	9 377	8 862

The payroll expenses include benefits such as pensions and bonuses. In 2019 the CEO received total remuneration including pension provisions of NOK 7,056,000. This includes NOK 5,302,000 in salary, holiday pay and payments to the Group's occupational pension scheme. The CEO has also received NOK 445,000 in other benefits, and pension compensation amounting to NOK 1,309,000.

The CEO is covered by the bonus scheme for the executive management, which made no disbursements in 2019. On certain conditions the CEO has the right to receive salary payments for 18 months after leaving the company. The CEO has no agreement regarding the purchase of shares.

In 2019 remuneration of board members came to NOK 2,161,000. In addition, the chair of the board has received other remuneration totalling NOK 234,000. The chair of the board does not have any agreements concerning a bonus, share options or severance pay.

Recognised remuneration to the auditor and affiliated companies breaks down as follows:	2019	2018
Statutory auditing services	3 992	3 544
Certification services	0	89
Non-audit services	1 471	2 710
Tax-related consultancy	146	0
Total auditing services	5 609	6 344

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Note 7 - PENSION

The Group is required to have an occupational pension scheme pursuant to the Norwegian Act relating to mandatory occupational pensions (OTP). The Group's pension plans satisfy the requirements in this Act.

Defined-contribution pension plan and contractual pension (AFP)

The Group has a defined-contribution pension plan for its employees. The Group pays a fixed contribution to an insurance company. The Group has no further payment obligations once these contributions have been paid. The contribution is 2–8% of the employee's salary over 1 x G (the National Insurance A total of 2,603 employees are covered by this scheme.

Actuarial estimates for defined-benefit plans

The Group has unfunded pension commitments, which are charged directly to operations. A total of 21 employees are covered by this scheme

Unfunded defined-benefit scheme – unfunded defined-contribution scheme

The unfunded defined-benefit scheme includes all employees with salaries exceeding 12 x G. The accounting effect of this is presented below. Capitalised liabilities and the year's expenses are included in the table below.

Pension expense	2019	2018
Present value of the service cost for the year	376	343
Interest cost on the pension obligation	53	48
Recognised actuarial gains and losses	529	775
Net pension expense unfunded pensions	958	1 167
Defined-contribution scheme financed by operations	6 216	2 791
Total defined-benefit plans	7 174	3 958
Defined-contribution pension	47 621	47 036
AFP scheme	26 146	24 593
Total pension expense	80 941	75 588
Pension assets / liabilities		
Accrued pension liabilities	18 134	17 335
Unrecognised past service cost	(2 268)	(918)
Net pension liabilities before employer's National Insurance contribution	15 866	16 417
Accrued employer's National Insurance contribution	280	113
Net pension liabilities	16 191	16 531
Net pension assets calculated by an actuary	(44)	0
Liabilities for defined-contribution schemes financed by operations	27 561	21 383
Total recognised pension liabilities	43 708	37 914
The liabilities are related to the following plans:		
Unfunded pension plans	16 147	16 531
Liabilities for defined-contribution schemes financed by operations	27 561	21 383
Net recognised pension obligation	43 708	37 914
Economic assumptions:		
Discount rate	1,80 %	2,60 %
Expected salary increase	2,25 %	2,75 %
Expected future pension increases	0,00 %	0,00 %
Expected increase in the National Insurance basic amount (G)	1,25 %	1,75 %

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(All figures in thousands)

Note 8 - Tangible fixed assets, goodwill and intangible assets

	Land, buildings	Property, equipments etc.	Goodwill	Intangible fixed assets	2019 Total	2018 Total
Acquisition cost 1 Jan.	2 874 546	1 177 283	112 883	390 944	4 555 655	3 952 430
Additions from acquisitions	52 291	1 710	7 477	0	61 478	168 494
Additions	240 766	523 001	14	79 047	842 828	821 730
Disposals	(6 704)	(455 936)	(6 432)	(14 013)	(483 084)	(386 999)
Acquisition cost 31 Dec.	3 160 900	1 246 058	113 942	455 978	4 976 878	4 555 655
Accumulated depreciation and impairment, 1 Jan.	680 358	614 398	44 390	257 678	1 596 824	1 547 968
Ordinary depreciation for the year	66 231	158 799	19 174	38 317	282 520	218 566
Write-downs for the year	0	0	0	4 378	4 378	15 623
Disposals acc. dep. (sale of capital assets)	(4 912)	(175 130)	(6 432)	(16 146)	(202 620)	(185 333)
Accumulated depreciation and impairment, 31	741 677	598 066	57 132	284 228	1 681 103	1 596 824
Carrying amount, 31 Dec.	2 419 223	647 992	56 810	171 750	3 295 775	2 958 831

Economic life	20–50 years	3–10 years	5 years	5–10 years
Depreciation schedule	Straight line	Straight line	Straight line	Straight line

Annual lease payments for off-balance sheet fixed assets	155 145	7 051
Duration of lease of off-balance sheet fixed assets	1–15 years	1–5 years

Fixed assets are depreciated on a straight-line basis based on the expected economic life. Land is not depreciated.

In 2018 Bertel O. Steen AS decided to terminate the implementation of the Incadea dealership system. The total effect on results in the 2018 accounts is NOK 15,623,000, which is presented as a write-down.

Carrying amount of goodwill allocated to acquisitions

CDS Norge AS	253
Prøven Bil AS	11 837
Lillehammer Bil AS	3 338
Snap Drive AS	19 025
Admiral O. AS	20 677
Acquisitions of other small businesses	1 680
Total goodwill at 31 Dec.	56 810

Specification of carrying amount of intangible fixed assets

Bertel O. Steen AS – proprietary software	137 449
Bertel O. Steen Bildrift AS – proprietary software	13 728
Bertel O. Steen Detalj AS – proprietary software	9 688
Other proprietary software	10 334
Other acquired software	550
Total intangible fixed assets at 31 Dec.	171 750

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Note 9 - Investments in associated companies and joint ventures

Company name	Registered office	Stake and voting share	Acquisition cost	Opening balance 1 Jan.	Share of the profit for the year	Capital contribution / transfers	Carrying value
UPL og BOSE Holding AS	Hamar	50 %	14 853	18 178	4 488	(14 479)	8 187
Professor Kohts Vei Utvikling AS	Bærum	41 %	9 214	5 675	(819)	2 048	6 904
Parkveien Utvikling AS	Oslo	50 %	37 111	37 115	302	0	37 417
Bilskadesenteret Telemark AS	Skien	33 %	303	2 053	0	(700)	1 353
Bilskadesenteret Ringerike AS	Hønefoss	41 %	900	(25)	339	0	314
Karosseriforum AS	Gjøvik	50 %	4 260	2 295	1 640	(985)	2 950
Skade og Lakk AS	Fredrikstad	33 %	3 480	2 212	(168)	0	2 044
Intakt Bilskade Verdal AS	Verdal	20 %	402	915	(515)	0	401
Bilhuset Brekstad AS	Rissa	20 %	1 000	1 088	(42)	0	1 046
Intakt Bilskade Stjørdal AS	Stjørdal	50 %	610	840	267	0	1 107
Hjørnetomta AS	Stjørdal	50 %	691	1 002	156	0	1 158
Rosten Drift AS	Trondheim	50 %	15	0	0	0	0
Intakt Bilskade Trondheim AS	Trondheim	47 %	743	1 543	1 287	0	2 831
Lillehammer Bilskadesenter AS	Lillehammer	33 %	390	0	2 650	(622)	2 028
Autoringen AS	Oslo	20 %	300	0	975	300	1 275
Total investments in joint ventures and associated companies			74 272	73 028	10 425	(14 439)	69 014

Note 10 - Shares and other investments

Other shares and investments	Acquisition cost	Carrying value
Other shares and investments with ownership under 10%	2 967	2 643
Total other shares and investments	2 967	2 643

Note 11 - Receivables due in more than one year

	2019	2018
Other receivables	477	8 835

Note 12 - Other provisions for obligations

	2019	2018
Current provisions		
Provision for service contracts	41 929	40 151
Provision for warranty obligations	298 152	322 616
Provision for possible losses on repurchase obligations	83 224	83 947
Goodwill	15 212	14 152
Provision for other contingent liabilities	64 101	171 749
Total other current provisions for obligations	502 619	632 615
Value of repurchase portfolio	3 116 662	3 150 294

See also Note 1 for a more detailed description of the Group's principles relating to provisions for obligations.

NOK 207 million of the repurchase portfolio is mortgaged against a factory in 2019, compared with NOK 291 million in 2018.

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Note 13 - Mortgages and warranty obligations

	2019	2018
<u>Recognised borrowings</u>		
Drawn-on credit facilities / mortgage loans	2 420 106	1 810 326
Other non-current liabilities	1 493	32
Borrowings	391 644	0
Total	2 813 243	1 810 359
<u>Carrying amount of mortgaged assets:</u>		
Accounts receivable	0	437 200
Inventories	0	2 331 230
Vehicles, operating equipment, fixtures and fittings, etc.	0	417 498
Land, buildings and other property	0	2 202 713
Total	0	5 388 641
Unused credit facilities	19 894	179 980
Unused portion of bank overdraft facility	228 107	360 757

The Group has undertaken refinancing in 2019. New negative-pledge loan agreements have been entered into, meaning no assets have been pledged as security. Total credit facilities consist of NOK 1,200 million due in 2024, NOK 1,200 million due in 2026, and an overdraft of NOK 600 million.

The Group has loan requirements from banks that are mainly linked to EBITDA, borrowing in relation to operating profit, and interest coverage ratio. All requirements were met on 31 December 2019.

Note 14 - Bank overdraft facilities, bank deposits, guarantees and currency

	2019	2018
Unused portion of bank overdraft facility	228 107	360 757
Guarantees		
Bank guarantee covering liability for employee tax deductions	113 430	108 220
Reimbursement to the car factory	59 183	59 690
Other guarantees	267 110	276 578
Parent company guarantee in favour of third parties provided on behalf of other group companies	98 638	120 083
Rent guarantees in favour of third parties	104 312	127 695
Restricted bank deposits covering liability for employee tax deductions	3 625	6 816
Total guarantees	646 298	699 082
Surety		
Other surety obligations	3 334	3 334
Total security obligations	3 334	3 334
Total guarantees and surety	649 632	702 416
Forward exchange contracts		
EUR forward contracts – purchase contracts (amounts in EUR)	145 635	133 569

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(All figures in thousands)

Note 15 - Tax charge

	2019	2018
The income tax expense for the year is arrived at as follows:		
Income tax payable	2 681	66 432
Under (over) provided in previous years	847	2
Effect of new tax rules	0	9 176
Change in deferred tax	487	8 531
Total tax on ordinary profit	4 015	84 141
Reconciliation from nominal to effective tax rate:		
Profit before tax	7 409	268 755
Expected tax charge based on the nominal tax rate (22% in 2019, 23% in 2018)	1 630	61 814
Effective tax charge	4 015	84 141
Difference between nominal and effective tax charge	(2 385)	(22 327)
Tax effect of the following items:		
Non-deductible costs / non-taxable income	(3 175)	(11 223)
Recognised dividend income, gains on shares and share write-downs	453	381
Profit from associated companies	2 219	1 050
Effect of new tax rules and rates	0	(9 176)
Other items including the 'SkatteFUNN' scheme and corporate goodwill	(1 882)	(3 359)
Total difference	(2 385)	(22 327)
Effective income tax rate	54 %	31 %
Specification of tax effect of temporary differences and forwardable losses:		
Tax asset (liability)		
Tangible and intangible fixed assets	(84 576)	(84 170)
Stock	56 288	49 714
Receivables	4 255	2 548
Profit and loss account	(5 436)	(6 607)
Liabilities / provisions	194 216	243 728
Other differences	13 537	(3 410)
Loss carry-forwards	23 485	64
Total book value of deferred tax assets	201 769	201 866
Deferred tax assets are entered on the balance sheet on the basis of expectations of future profits in the company or group.		
Current tax payable in the balance sheet is arrived at as follows:		
Current tax payable on profits for the year	75 763	168 977
Tax effect of received (/paid) group contributions	(72 692)	(101 158)
'SkatteFUNN' scheme / errors in previous years	(390)	(1 387)
Total taxes payable	2 681	66 432

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Note 16 - Equity

	Share capital and other equity	Minority interests	Total
Equity at 1 Jan.	2 253 458	43 590	2 297 048
<u>Change in capital for the year:</u>			
Translation difference / errors in previous years	(39)	(0)	(39)
Provision for dividends	(0)	(6 528)	(6 528)
Profit (loss) for the year	(3 713)	7 107	3 394
Equity at 31 Dec.	2 249 706	44 167	2 293 874

Note 17 - Share capital and shareholder information

Bertel O. Steen AS' share capital at 31 December comprises the following (in whole numbers):

	Number	Nominal value	Carrying amount
Total shares	3 724 334	100	372 433 400

Bertel O. Steen AS has the following shareholders:

Name	Ordinary shares	Total shares	Ownership	Voting share
Bertel O. Steen Holding AS	3 724 334	3 724 334	100 %	100 %
Total	3 724 334	3 724 334	100 %	100 %

Each share carries the same rights in the company.

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Note 18 - Transactions with related parties

Related party	Position	Companies involved	Association	Transaction
Bertel O. Steen Holding AS	Parent company	Bertel O. Steen Holding AS	Shareholder	Ordinary transactions
Bertel O. Steen Kapital AS	Sister company	Bertel O. Steen Kapital AS and subsidiaries	Sister company	Ordinary transactions
Egil Stenshagen	Board member of Bertel O. Steen AS	Kongsvinger Bilsenter AS and Agder Bil AS	Part owner and chair	Dealership agreement
Jarle Viuls	CEO of Bertel O. Steen Jessheim AS	Hallingdal Bilsenter AS	Chair	Dealership agreement
Thorvald Helmen Steen	Board member of Bertel O. Steen AS	Parkveien 27 - 31 ANS	Participant	Operating agreement
Carl Erik Steen	Board member of Bertel O. Steen AS	Parkveien 27 - 31 ANS and AS Bemacs	Participant	Operating agreement and lease contract

The automotive group sells cars, parts, IT services and other administrative services to the Bertel O. Steen Kapital Group and the parent Holding AS. All transactions between group companies are on ordinary commercial terms.

The Group's transactions with related parties	2019	2018
Revenue		
Sales of cars and parts, incl. workshop services	254 350	182 346
Sales of IT and other admin. services	8 832	8 587
Rental income	3 387	2 942
Total income	266 568	193 875
Expenses		
Purchase of administrative services	613	495
Total expenses	613	495

Balances with related parties	2019	2018
Current receivables		
Trade receivables from Bertel O. Steen Kapital AS with subsidiaries	2 559	1 695
Trade receivables from Bertel O. Steen Holding AS	23	26
Trade receivables from other related parties	5 576	71
Total current receivables	8 158	1 792
Current liabilities		
Other current liabilities vis-à-vis Bertel O. Steen Holding AS / Bertel O. Steen Kapital AS and subsidiaries	300 957	300 507
Group contributions paid to Bertel O. Steen Holding AS	0	10 000
Dividend to Bertel O. Steen Holding AS	0	60 000
Total current liabilities	300 957	370 507

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(All figures in thousands)

Note 19 - Financial risk

The Group's activities entail financial risk associated mainly with foreign exchange, interest rates, credit and liquidity. The Group manages risk with the aim of ensuring the predictability of cash flows and sufficient liquidity to meet natural fluctuations in the need for working capital.

Currency risk

The Group's income is mainly in Norwegian kroner, but approximately 65% of goods purchased are in foreign currency. The cash flow in foreign currency is mainly in euro. The Group seeks to limit this risk by using forward contracts. At the same time, the Group has entered into forward foreign exchange contracts with suppliers, which help reduce transaction and currency risk.

At 31 December 2019 the Group had purchased forward contracts worth NOK 1,472,696,000 and sold forward contracts to the value of NOK 0. Their fair value at year-end was NOK 1,439,160,000. Unrealised losses totalling NOK 33,535,000 between the acquisition cost and the market value on the balance sheet date have been recognised as a foreign exchange loss (disagio). Fair value is the market value calculated using the mid-price that the respective banks have adopted based on current rates in the market on the balance sheet date.

Maturity year of forward exchange contracts	2 019
Nominal amount of purchases of euro	1 472 696
Nominal amount of sales of euro	0
Unrealised losses	(33 535)

Liquidity / financial risk

The Group operates in a cyclical industry with relatively large fluctuations in working capital. There is therefore risk associated with short-term access to funding. This risk is managed by having flexible committed funding in the parent company, with regular adjustment of drawdowns. The Group has a long-term borrowing facilities of NOK 2,400 million and an overdraft facility of NOK 600 million. This enables the Group to successfully manage major fluctuations in working capital and finance the development of the Group's property portfolio. See Note 13 on credit facilities.

Maturity of long-term debt	2020	2021	2022	2023	2024	Later
Nominal amount (including the total credit facility)	0	0	0	0	1 200 000	1 200 000

The Group has undertaken refinancing in 2019. New negative-pledge loan agreements have been entered into, meaning no assets have been pledged as security. Total credit facilities consist of NOK 1,200 million due in 2024, NOK 1,200 million due in 2026, and an overdraft of NOK 600 million. The Group's average interest rate charged in 2019 was 3.20% (1.78% in 2018).

Interest rate risk

31 December 2019 the Group had net interest-bearing debt totalling NOK 2,813,243,000. This debt is based on a variable market interest rate. This implies an interest-rate risk relative to the developments in short-term interest rates linked to future interest costs. This risk is reduced by part of the debt switching to a fixed interest rate through fixed rate contracts with our main banks.

At 31 December 2019, NOK 630 million was hedged with long interest rate swaps at an average interest rate of 1.53% and an average remaining term of 4.7 years. 26% of the long-term loan portfolio is associated with swap agreements. At year-end the swap agreements had a positive market value of NOK 4,124,000. This has been recognised as unrealised interest income.

Maturity year of interest rate swap agreements	2 020	2021	2022	2023	2024	Later
Nominal amount	105 000	111 000	0	0	75 000	339 000

Credit risk

The risk that counterparties do not have the financial capacity to fulfil their obligations is considered small, since historically there have been very few bad debts. The Group seeks to hedge this risk through bank guarantees from independent dealers, good credit procedures and close follow-up of outstanding accounts receivable.

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(All figures in thousands)

Note 20 - Significant transactions during the financial year

Transactions during the 2019 financial year:

Bertel O. Steen AS acquired 100% of the shares in Otto Mobility AS (formerly Wattworld Norway AS) on 4 July 2019.

Bertel O. Steen Eiendom AS acquired 100% of the shares in Kokstaddalen 53 AS on 31 October 2019. □

Snap Drive AS acquired 100% of the shares in Rosenholm Bilverksted AS and completed the parent-subsiidiary merger with accounting effect from 1 January 2019.

The Group did not sell any subsidiaries.

Transactions during the 2018 financial year:

Bertel O. Steen Eiendom AS acquired 100% of the shares in Vestre Linnes Vei 8 AS and Nils Hansens vei 9-11 AS.

Bertel O. Steen AS acquired 100% of the shares in Admiral O. AS.

The Group did not sell any subsidiaries.

The transactions had the following effect on the consolidated financial statements:

	Effect of acquisitions	
	2019	2018
Bank deposits	3 456	278 718
Receivables including deferred tax assets	2 845	52 264
Fixed assets including added value	49 891	136 114
Inventories	2 481	86 689
Accounts payable	(2 271)	(15 706)
Other current liabilities	66	(325 060)
Net identifiable assets	56 469	213 019
Goodwill	7 477	39 884
Acquisition payments	63 946	252 903
Acquired bank deposits	(3 456)	(278 718)
Net change in bank holdings	60 490	(25 815)

Independent Auditor's Report

To the General Meeting in Bertel O Steen AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bertel O Steen AS.

<p>The financial statements comprise:</p> <ul style="list-style-type: none">• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2019, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and• The financial statements of the group, which comprise the balance sheet as at 31 December 2019, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	<p>In our opinion:</p> <ul style="list-style-type: none">• 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 Bertel O Steen AS 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 financial statements give a true and fair view of the financial position of the group Bertel O Steen AS 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.
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Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss 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 and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.



Oslo, 31.03.2020
BDO AS

Roger Telle-Hansen
State Authorised Public Accountant

Note: Translation from Norwegian prepared for information purposes only.