Annual and sustainability report 2020

Vy Group

Table of contents

Vy keeps moving in a tough year

The year just ended was a difficult one. 2020 will be remembered for covid-19 and, just like the rest of Norway, Vy was hit hard by the pandemic. The financial results were heavily affected by the situation, although thanks to our dedicated employees, we managed to maintain stable operations and continue to develop the organisation. We won several tender competitions, started up new contracts, developed new offers for freight customers and launched new digital solutions for our customers. This means we are well-equipped to meet future customer needs and become an even more sustainable company.

Vy quickly had to adapt from a situation with very promising results early in the year to a situation characterised by infection control, social distancing and critically low passenger numbers. As a critical public service, we have fulfilled our social mission in completely new circumstances.

Fewer passengers and reduced income

Despite the absence of bus and train customers during the pandemic, it has been important for both us and our principals to maintain most of the scheduled bus and train services. Thanks to government financial support and compensation schemes and a great effort on the part of our employees, we have provided those who rely on public transport with good, safe services.

However, a dramatic fall in passenger numbers means a sharp decline in income and major financial consequences. Unfortunately, failing passenger numbers forced us to significantly reduce our commercial bus services in 2020, including on routes where express buses are essential for many people. Sadly, this inconvenienced many passengers and we also had to furlough and lay off employees. It has been a difficult but necessary process.

Good management has ensured safe journeys

In difficult times, it is good to have capable, experienced employees. I am proud of how our employees have quickly adapted to the new conditions. They have stepped up and looked after both customers and each other in an impressive way. We have been able to provide good, useful information fast, which has helped to make travel safer and more predictable for customers. This means that we ended the year with very few infected employees and minimal infection spread on buses and trains.

Our administrative staff and managers have also had to get used to a new workday. Working from home has become the new normal for most of them and meetings and duties are mainly carried out using digital tools. This has been an instructive experience and it is reassuring to see that we can maintain efficient operations and management, even under societal lockdowns.

Stable operations, new customer solutions and satisfied customers

To win our customers' hearts, we must ensure good, stable operations while continuing to develop new customer solutions. We did this well in 2020. We won and started up important bus and train contracts in Norway and Sweden, started operating trams in Lund and tested out self-driving buses. Exploring new technologies is important for developing the solutions of tomorrow. For example, self-driving bus solutions could make it easier to travel in an eco-friendly way by carrying people to and from public transport hubs for buses and trains. At the end of the summer, we had the pleasure of hosting Prime Minister Erna Solberg during an important pilot of a self-driving, on-demand bus in Øya in Trondheim, and on board Northern Europe's first self-driving bus without a host in Herøya.

In 2020, we also launched new travel services that combined train and bus services to Trondheim. The Vy app now contains all our commercial bus services and we have considerably improved the journey search function.

We are also testing out new ticket solutions for infrequent commuters, which we are calling Smart Price. To ensure customers have an even safer and more comfortable journey, a new function in the app shows which section of the train with most available seats. The new function means that customers can make good and safe choices.

Punctual bus and train departures and arrivals are essential for customers. We are pleased that our punctuality was high over the year and that the feedback from customers was good, both for bus and train services. We are extra proud that we took the top three spots in the Swedish Quality Index's annual ranking of the Swedish transport industry's most satisfied customers.

We rounded off the year well with the successful start-up of a new contract for the Bergen-Voss Line ('Package West') and by taking over the contract for the night train from Stockholm to Narvik.

Full speed ahead for freight trains

Seeing that the progress of rail freight continues in 2020 has been motivating. During the pandemic we have achieved record high standards for deliveries and punctuality. CargoNet, together with good partners, has also developed new solutions for customers. A special food train from Trondheim to Bodø and a new, weekly service between Oslo and Gothenburg are examples of these. CargoNet also won NHO Logistics and Transport's Environmental Award for the food train.

We hope that high standards and new customer solutions will encourage more freight owners and transport operators to choose to move products by freight train in the future so that we can reduce heavy goods haulage on the roads. This will, however, require the authorities to focus on rail freight by improving terminal options and passing sections. Continuing the environmental support scheme will also be essential in achieving continued positive development and ensuring viable rail freight in Norway.

It should be easy to travel green

Our most important contribution to achieving the UN Sustainable Development Goals is to get more people to use public transport. To be successful, it must be easy to get from wherever you are all the way to wherever you want to go using eco-friendly means of transport. This means that a simple, good Vy app for journey searches and purchases is an important tool. And in order to facilitate the entire journey, we want to supplement our core bus and train activities with new mobility services. City Cars in Oslo, booking taxis in the Vy app and various holiday home shuttle solutions in the mountains are good examples of mobility services that make it easier to manage without your own car.

Well-positioned and ready for the future

Vy is well-positioned as far as the challenges it will face in the future are concerned. We know that people want to travel in eco-friendly ways and use public transport when it is convenient for them, and we know that many companies want eco-friendly solutions for shipping goods by freight train rather than by lorry. We will continue to win contracts and customer loyalty by offering the best scheduled services, punctuality, digital solutions and eco-friendly products and services. We will also re-establish the group's profitability as society returns to a more normal situation. In a very special year, where operations have been impacted by a pandemic, confirmation that Vy employees' job satisfaction and loyalty have increased is extra welcome. It provides a good starting point for our continued job of offering and developing good public transport solutions for the future.

Gro Bakstad
CEO of Vy

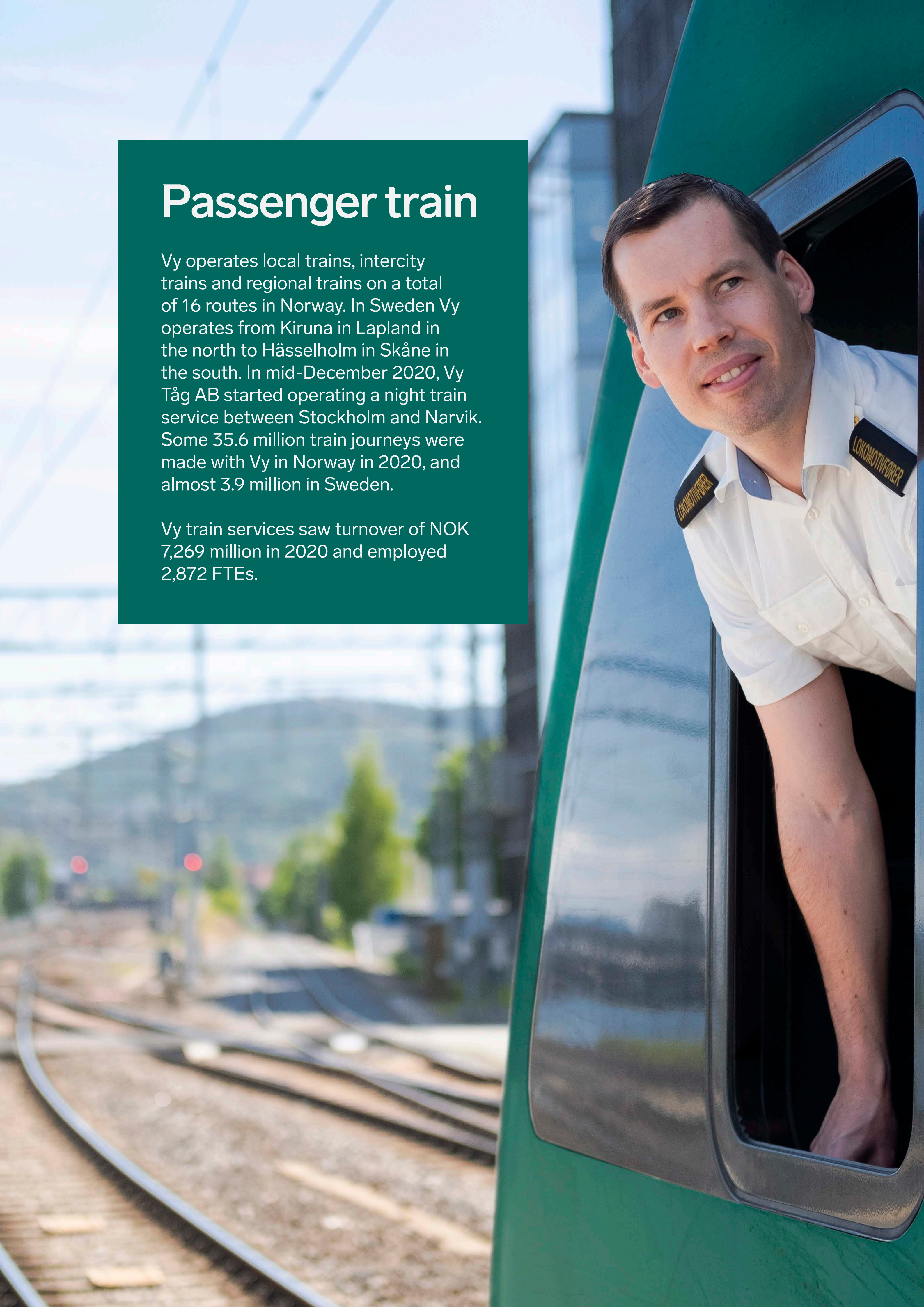
This is Vy

The Vy Group is one of the largest stakeholders in the mobility market in the Nordic region, operating bus, train, mobility and tourism, freight and other services in Norway and Sweden.

Bus

Vy is Norway's largest bus company and operates in Norway and Sweden. Some 77.7 million journeys were made using Vy bus services in Norway and Sweden in 2020. The company's operations involve contract services and commercial express bus services.

Vy bus services saw turnover of NOK 5,627 million in 2020 and employed 5,492 FTEs.



Passenger train

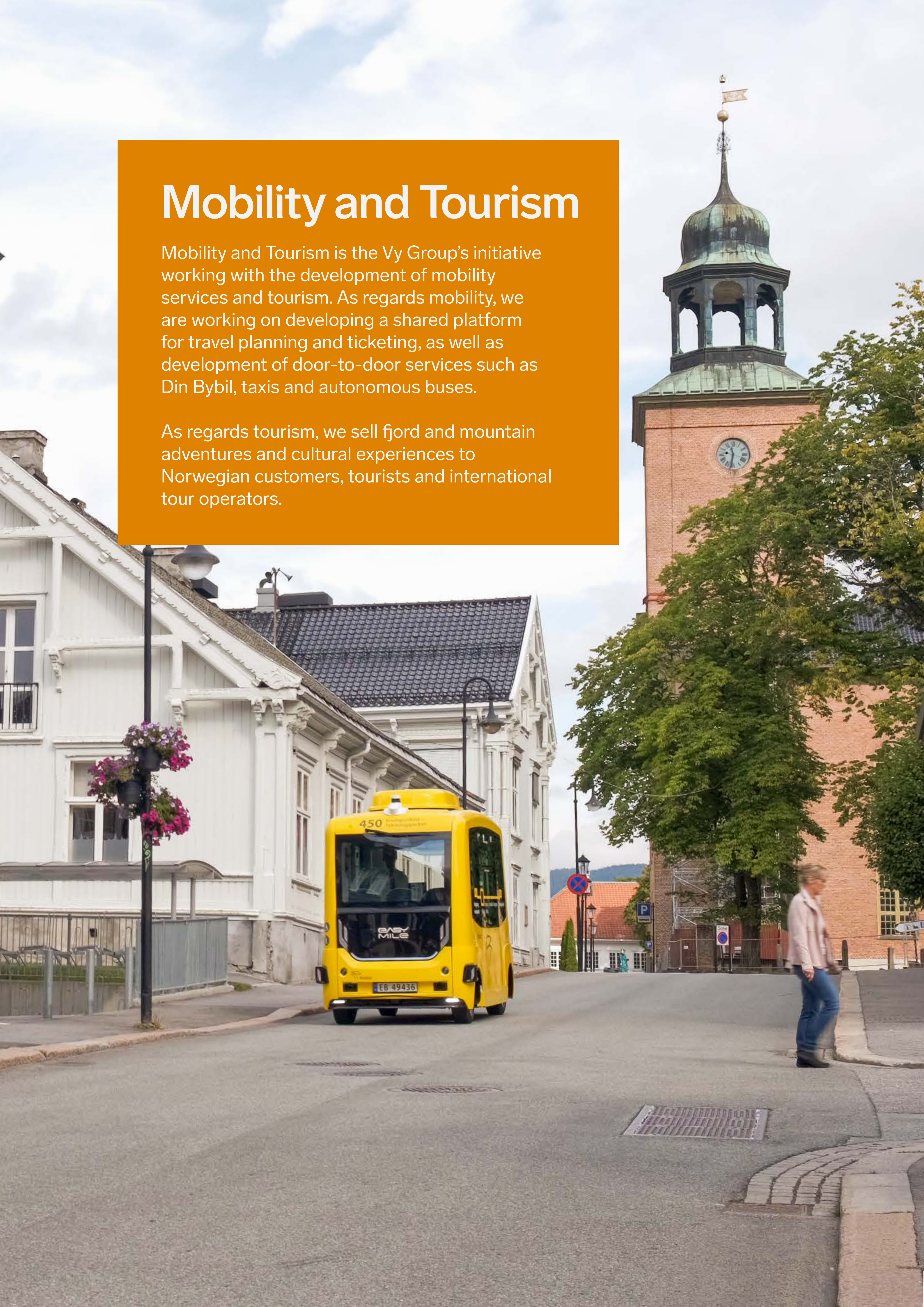
Vy operates local trains, intercity trains and regional trains on a total of 16 routes in Norway. In Sweden Vy operates from Kiruna in Lapland in the north to Hässelholm in Skåne in the south. In mid-December 2020, Vy Tåg AB started operating a night train service between Stockholm and Narvik. Some 35.6 million train journeys were made with Vy in Norway in 2020, and almost 3.9 million in Sweden.

Vy train services saw turnover of NOK 7,269 million in 2020 and employed 2,872 FTEs.

Mobility and Tourism

Mobility and Tourism is the Vy Group's initiative working with the development of mobility services and tourism. As regards mobility, we are working on developing a shared platform for travel planning and ticketing, as well as development of door-to-door services such as Din Bybil, taxis and autonomous buses.

As regards tourism, we sell fjord and mountain adventures and cultural experiences to Norwegian customers, tourists and international tour operators.



Freight

CargoNet is Norway's largest carrier of rail freight. More than 70 per cent of all rail freight is carried by CargoNet. CargoNet offers eco-friendly rail freight in Norway, and between Norway and Sweden. CargoNet also operates freight terminals. In 2020, customer delivery quality topped 96 per cent, a record high.

CargoNet saw turnover of NOK 975 million in 2020 and employed 387 FTEs.

Group management

As of 31.12.2020

Gro Bakstad
CEO, Vy

Synne Homble
Executive director, Mobility and tourism

Morten Müller-Nilssen
Executive director, Organization and staff

Irene Katrin Thunshelle
Executive director, Finance and strategy

Arne Fosen
CEO, Passenger Train

Ole Engebret Haugen
General manager, Bus

Erik Røhne
General manager, CargoNet

Highlights

Passenger train
Bus
Freight
Mobility and Tourism

2020

January

New contract in Nordre Vestfold
Vy Bus started the year with a new contract in Nordre Vestfold on 1 January. The contract had previously been operated by Unibuss.

Vy Train from Stockholm to Narvik
Vy Tåg AB won the contract for a night train service between Stockholm and Narvik.

March

Flygbussarna
Vy bus services took over operation of Flygbussarna in Sweden, a commercial airport express service for all of the major airlines in Sweden.

Covid-19
On 12 March, the government announced comprehensive measures to limit the spread of covid-19 infections in Norway. The health authorities in Sweden also encouraged the public to travel less. Bus and train passenger numbers fell significantly.

Taxis in the Vy app
New service for booking taxis via the Vy app launched. During the year, the solution was rolled out to 30 taxi companies in Eastern Norway, Kristiansand, Stavanger and Voss.

April

The food train
A freight trains carrying food from Trondheim to Bodø started operations – a partnership between ASKO, Nova-Sea and Meyership.

June

Bus contracts in Gävle and Slemmestad
Start-up of renewed contract in Gävle and new contract in Slemmestad.

End of contract
Ending of operations in Lommedalen and Furubakken in Bærum.

Vy City Car
City Car (Bybil) terminated its collaboration with Danish operator Green Mobility on Vy's city cars in Oslo. Vy launched a new app and rebranded and profiled the cars in Vy design.

SJ takes over Nord
The operator contract for seven railway lines in 'Package North' ended. The contract will be operated by SJ in the future.

July

Start-up of bus contract
Start-up of contract in Hamar and Haugalandet.

Renewed contracts
Renewed contracts in Indre Østfold and Hallingdal.

August

The Østfold Line closed
After having been closed since 24 June the line was scheduled to reopen on 10 August. The reopening was postponed until 24 August due to delays in Bane NOR's works at Ski station.

New functionality
The Vy app and vy.no gets a new function that shows which part of the train has the most passengers, and which departures are the most popular.

Self-driving busses
Testing of Europe's first self-driving, on-demand bus in Øya in Trondheim.

September

Bus contracts in Trøndelag
Awarded the contracts for the route regions 'North', 'Central' and 'South' in Trøndelag. The contracts cover the whole of Trøndelag except for the Trondheim region.

Bus strike
All of the bus drivers in Oslo and Viken were taken out on strike on 20 September. A total of 8,000 out of 12,000 bus drivers in Norway were on strike. The strike lasted until 1 October. The parties reached agreement with the help of the National Mediator of Norway.

Vy.se
Launch of Vy.se with journey search and purchase in Sweden.

Innovation award
Vy's subsidiary GoMobile, in collaboration with Applied Autonomy, won an innovation competition for delivering sustainable mobility in Norefjell.

October

Weekly freight train
CargoNet starts weekly service from Narvik direct to Malmø.

Vossabike
Launch of Vossabike pilot project for electric bike rentals and Vy's first micromobility project.

First in Europe
Testing of Europe's first self-driving bus without a safety host on board in Herøya in Vestfold and Telemark County.

November

Reduced traffic
Following almost normal services during the summer, the number of services was again reduced on some express routes in November.

Smart ticket
Testing of new flexible ticket solution. Smart tickets will meet the need for more flexible ticket solutions. The ticket is being tested on the Moss-Oslo S service.

New digital solutions
Launch of new design and improved journey search in Vy app. You can now search from address to address and purchase combined journeys in Oslo, Akershus, Buskerud, Vestfold and Telemark.

December

Vy operates trams for the first time
Start-up of the tram service in Lund, Sweden. Vy already had a bus operator contract in the city.

The Bergen Line
Start-up of the new contract for 'Package West'. This means Vy continues to operate trains on the Bergen Line, the Voss Line and local services around Bergen.

Night train in Sweden
Vy Tåg AB starts a night train service on the Stockholm-Luleå-Narvik route.

Extended contract
Contract as operator of Värmlandstrafik extended until 2030.

Award for CargoNet
CargoNet won NHO Logistics and Transport's Environmental Award for 2020.

2021

A different kind of year

12 March 2020. The day Norway shut down. Little did we know then what the consequences of this pandemic would be and how society would change. It has been a difficult and unpredictable year, and Vy's most important role during this pandemic has been to maintain safe travel services for everyone dependent on public transport. We are proud to have helped keep society moving in this different kind of year.

The year started off well. During the first couple of months of 2020, Vy was enjoying good financial results and growth in passenger numbers. The outlook was good for all of our business areas in both Norway and Sweden. In March however, the picture changed completely and instead was characterised by fewer passengers and lower income.

At the start of 2021, uncertainty still reigns on how the pandemic will impact society and Vy in the year ahead. However, we can see glimpses of light at the end of the tunnel. This different kind of year also ended with the first vaccine deliveries arriving in Norway and Sweden.

Good travel advice equals safe journeys

The Norwegian and Swedish governments' comprehensive coronavirus restrictions have affected the whole of society in each country. Everyone was asked to stay at home and work from there, if possible. Vy's bus and train services were labelled critical transportation services. Good public transport services were needed to ensure that people with essential roles in society could continue to travel as safely as possible. A number of measures were implemented on board buses and trains, at the same time as we continuously provided passengers with good, up-to-date travel advice in all of our communications channels.

Vy 'on the frontline'

Our bus and train staff have worked on the frontline every day, with all that entails regarding concerns for their own health. This has generally worked out well, with very few infections among our employees. Our infection control measures will continue in the new year. These measures are important, both for ensuring customers as safe a journey as possible and at the same time for ensuring all Vy staff have a safe workplace and are properly protected.

A different kind of year continues in 2021

Although several vaccines have been approved and are being distributed to municipalities and counties on a continuous basis, 2021 will also be a different kind of year. The restrictions will continue at the start of the new year and no one knows how long they will last and how this will affect people's travel habits in the long-term. The only thing we can say with certainty is that Vy will continue to deliver well-organised services. Services that ensure our customers are carried from where they are to where they want to be, when and how they want to be carried. We wish everyone a safe, comfortable journey.

Sustainability report

Vy's social mission is to offer attractive public transport solutions in an environmentally friendly and sustainable manner. Our strategy "The Best Journey" incorporates all our divisions, from our train, bus, and freight operations to our tourism and door-to-door services, and ensures that all our transport solutions, both now and in the future, are as sustainable as possible.

117

million passengers in 2020

668 093

tonnes CO2 saved in 2020

10%

share of users of Vy City Car who have sold their car after launch of the service

75%

share of Vy's buses running on non-fossil fuels

1 270

the number of trucks on the road CargoNet replaces every day

600

cars on average replaced by a full capacity train during rush hours

Sustainable transport solutions, for now and the future

Although the cars of the future will also be more eco-friendly, public transport is still the most efficient and sustainable way for people to travel. The results from Kantar's 2020 climate change barometer show that climate change is perceived as the greatest challenge of our time, and that more and more people are becoming worried about the consequences. A more dedicated focus on improving sustainable, public transport solutions has been emphasised as the most important measure that can be taken to tackle this challenge. In 2020, Vy helped Norway save 668,093 tonnes of CO2 equivalents of greenhouse gas emissions by ensuring that our customers could travel by public transport o, and by transporting freight by rail. This equals the annual emissions of 336,000 cars. Vy's most important contribution to the UN's Sustainable Development Goals is to make more people choose collective transport solutions. We are continuously working towards this by making it as easy as possible to choose public transport solutions. Our ambition is to offer door-to-door transportation, not just from station to station or stop to stop.

Sustainability includes more than climate and environment, it also includes social and community-related aspects. We will contribute to creating a more sustainable society by ensuring that more people can share the same resources. By reducing congestion and relieving the roads of heavy vehicles, we help reduce road accidents as well as local emissions and noise. We challenge our suppliers to make sustainable choices and to work consistently in ensuring the most efficient use of resources. Diversity is also a key component of our sustainability work, and we are proud to employ people from many different nations who work together and share their knowledge.

Vy is helping to achieve the UN's Sustainable Development Goals

Our sustainability work is divided into four main objectives, outlining how we ensure that our operation across all our business areas is run in a sustainable manner. In this way, we can refer to specific goals and desired results in our everyday work.

Establishing these four main objectives helps us to prioritise areas where Vy, through targeted efforts, can contribute to society's sustainable development and to achieve UN's Sustainable Development Goals. We adjust our priorities annually, after conducting a stakeholder analysis and materiality assessment.

For Vy, this sustainability work will continue to lay the foundations for everything we do in the years to come. Although 2020 has been a challenging year, we have worked systematically to continue strengthening our sustainability efforts across the entire corporation. In addition to make sure that people who need to travel during the pandemic can do so safely, we have also been pursuing various other sustainable activities in 2021, including the opening of Norway's first Nordic Swan Ecolabel car wash service, and the testing out of Europe's first autonomous on-demand bus.

Main objective	Contributions to the UN's Sustainable Development Goals	Examples of measures
We will make it easy to choose eco-friendly and collective transport	9 Industry, innovation and infrastructure; 11 Sustainable cities and communities; 13 Climate action; 17 Partnerships for the goals	• Increase offering and frequency • Develop our app and website to make it easier to travel on public transport • Provide services that help to reduce the need to own a car
We will reduce emissions for every journey	12 Responsible consumption and production; 13 Climate action	• Reduce energy consumption for driving • Utilise and adopt new technology • Reduce and recycle waste • Reduce the consumption of water and chemicals used for cleaning
We will focus on safety and contribute to diversity	3 Good health and well-being; 5 Gender equality; 8 Decent work and economic growth	• Focus on traffic safety, in the operation of our services and in the training of new employees • Increase the Group's monitoring of HSE internally and in respect of suppliers • Targeted recruitment to ensure diversity
We will make efficient use of resources and contribute to economic growth	8 Decent work and economic growth; 11 Sustainable cities and communities; 12 Responsible consumption and production	• Improve and streamline processes • Increase capacity utilisation for freight • Invest in new divisions

We will make it easy to choose eco-friendly and public transport

Selected targets and ambitions

- Increase the number of journeys by train and bus for the routes we operate
- Improve overall punctuality for passenger and freight trains

Innovation and infrastructure
- Sustainability transport
- Clean, eco-friendly forms of technology
- Technology and innovation

Sustainable cities and communities
- Accessiblee and sustainable transport systems at affordable rates
- Better safety on the roads
- Better air quality

Climate action
- Reduce emissions
- Focus on renewable energy

Partnerships for the goals
- Authorities, the business community and civil society must work together in order to achieve sustainable development

Vy is continuously working to improve our transport offering, to make it easier for people to choose eco-friendly public transport solutions. We are thus helping to solve capacity challenges on the road and to deliver quality throughout the entire customer journey, where punctuality and predictability are key.

Customer satisfaction as a temperature gauge

Measuring customer satisfaction allows us to see whether we have been able to satisfy our customers' needs and expectations. And whether we are a competitive alternative to other modes of transport. These measurements are a key to identify our improvement potential and are actively implemented into our recruiting and training programmes for our onboard personell.

We are particularly proud of the fact that Vy Express, Vy Bus4You and Flygbussarna held the top three spots for the most satisfied passenger transport customers in Sweden in Svensk Kvalitetsindeks' (Swedish Quality Index') annual survey. It is the tenth consecutive year that Vy leads this ranking. The Flygbussarna service has also received TripAdvisor's prestigious "Traveller's Choice" award for the third year in a row. In Norway, our express bus services achieved a record-high customer satisfaction rating of 85 points. This shows that our employees are succeeding daily in creating excellent customer experiences.

Our rail customers are even more satisfied

Our annual survey shows that the total customer satisfaction for our rail customers, in both Eastern and Western Norway, rose from 67 to 69 points in the autumn of 2020 compared with autumn 2019. Our most satisfied customers are those travelling on the Gjøvik Line. Two key reasons is our improvement in punctuality, and better deviation management.

We also received feedback from our customers stating that they expect fast, informative, recognisable and understandable information from us. As a result, Vy has

simplified and upgraded our loudspeaker standards, ensuring that we can promptly communicate all relevant information to our passengers. On top of this, we have further developed the app too so that it now includes information available carriage capacity. This feature can be used to check when there is usually plenty of space on board, and which carriages have the most available seats.

Vy's onboard staff also scored highly on the customer survey. Our employees strive daily to provide the best possible travelling experience for our customers, so it is particularly pleasing to see that our customers recognise this.

Punctual trains make for satisfied customers

When it comes to passenger rail services, we differentiate between operator-dependent punctuality and total punctuality. Operator-dependent punctuality (for which only delays caused by Vy are included) totalled 98.2 per cent for the year. This is an improvement from 97.7 from last year and is a key metric we strive to improve even further. The total punctuality for Vy's passenger trains (which includes all delays regardless of cause) ended on 90.5 per cent, well up from 86.3 per cent in 2019.

Vy is working in close partnership with Bane NOR on measures to reduce operational irregularities due toinfrastructure failure. We are dependent on good cooperation with Bane NOR as they are responsible for the tracks, signalling systems, information at stations and data about the infrastructure that is provided to the train operators.

For freight trains, punctuality and regularity has improved in comparison to 2019, amongst others a result of the targeted efforts to improve our winter preparedness. In 2020, we saw a record-high overall punctuality of 96.0 per cent for CargoNet, up from 95.2 per cent in 2019.

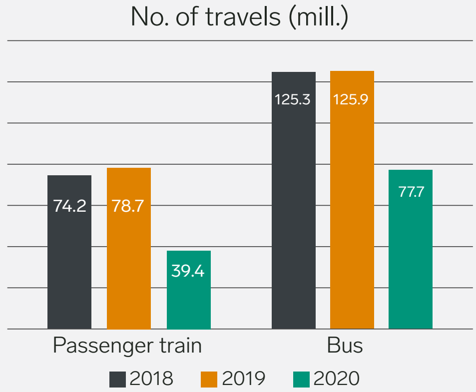
Significant reduction in the number of travellers as a result of Covid-19

After several years of significant growth in the number of travels taken by our trains passenger in Norway, we saw a decrease of 51 per cent in 2020. While this was partially caused by the loss of the South and North contracts ("Pakke Sør" and "Pakke Nord"), the travel restrictions implemented as a result of Covid-19 was the main reason. In Sweden, the number of train journeys decreased by 30 per cent.

Covid-19 hit the bus division hard as well; the number of journeys decreased by 39 per cent in Norway, and 37 per cent in Sweden.

This drop in demand meant that the Commercial Bus division reduced its offering. Some improvements in the summer months did not compensate wholly for the low demand throughout the rest of the year. Overall, the number of journeys decreased by 61 per cent for the Norwegian commercial business and 54 per cent for the Swedish. Furthermore, Flygbussarna saw a significant decrease in the number of passengers as a result of the extensive travel restrictions.

The development of the freight transport division has, however, been more stable. In 2020 we increased the number of load units (TEU) transported by 2 per cent. In addition to our new freight solutions, involving the transporting of fish on the Nordland Line, growth in the groceries market and transport of parcels has contributed to this positive development. Covid-19 has, on the other hand, negatively impacted the transport of timber and aviation fuel.



Digital services help make the customer's journey even easier

The Vy app is growing in popularity among our travellers. In 2020, the app had a total of 3.3 million downloads, with over 4,000 travellers choosing to subscribe to traffic update notifications. When searching and paying for your trip gets easier, and when you can get useful travel information on-the-go, we can make more people choose public transport over a private car.

Over the course of 2020, we introduced several new features to enhance customer experience:

- The new journey planner, which makes it possible to search for a trip from address to address, with the added help of the map view.
- A function in which customers can search and purchase tickets for trains, express bus services and local public transport, with the additional option to combine bus and train tickets in the same booking.
- An overview of how full the trains and carriages are can help customers easily choose when and where to travel depending on the availability of seats.
- The option to purchase tickets for all train lines, regardless of operator running the service.
- An added option for booking a taxi through our wholly owned subsidiary company Go Mobile.

Smarter train tickets for commuters travelling occasionally

The pandemic and the increased use of the home office has changed our travel patterns. This has, in turn, created new customer demands. We are therefore testing out a new ticket option for customers who are no longer travelling every day, but more occasionally. The aim is to lower the threshold for taking the train to work rather than the car, particularly for those who are spending more time working from home. This type of ticket offers larger discounts the more you travel and will never cost more than the price of the 30-day ticket. For the initial pilot, 500 customers tested our new “Smart Price” tickets for train travel between Moss and Oslo S.

We continue to develop our door-to-door service

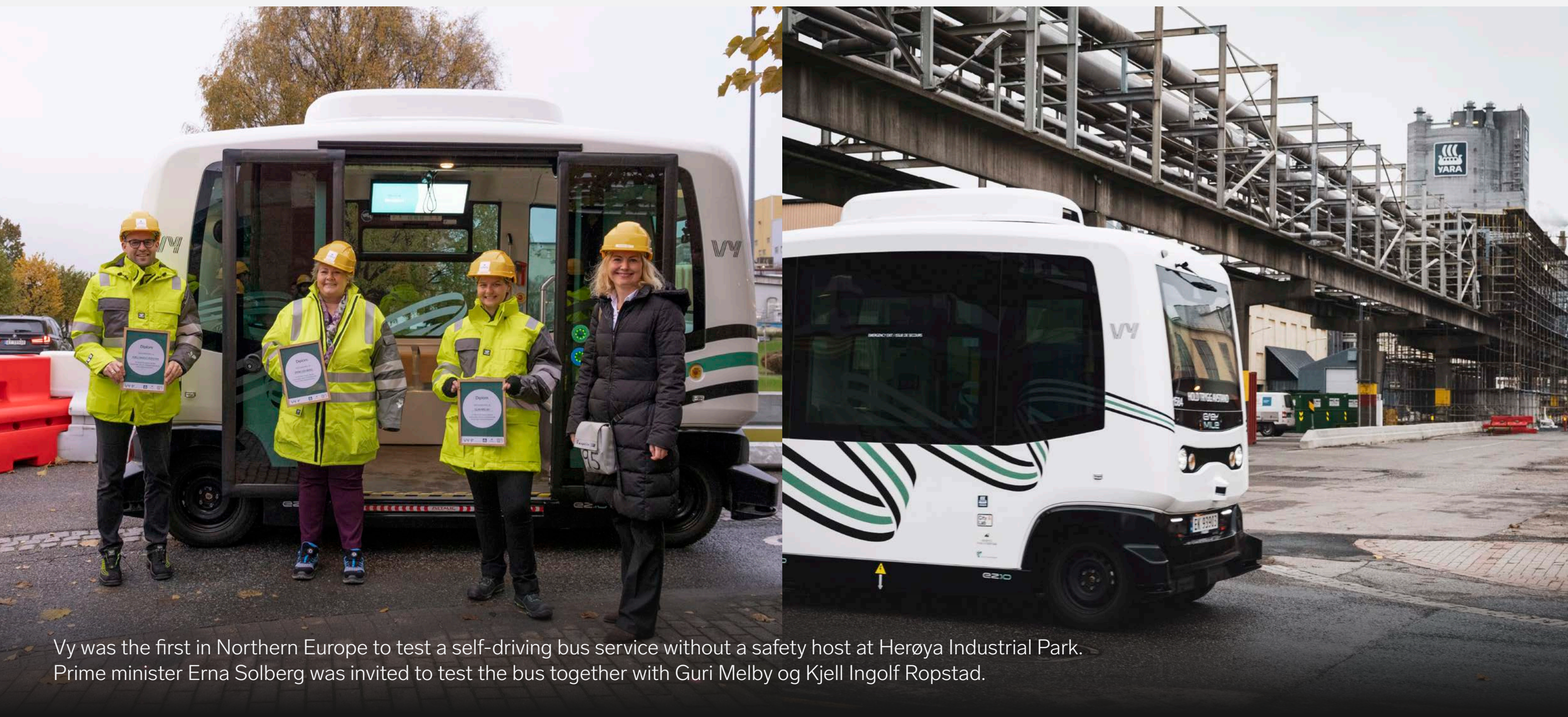
During 2020, we took further steps towards offering our customers a full door-to-door service. Flexible mobility services provide important supplements to our core operations, making it easier to use public transport and travel more eco-friendly. Our aim is to lead the development of new mobility services, and in 2020, we were...

- ...the first in Northern Europe to test a self-driving bus service without a safety host at Herøya Industrial Park.
- ... the first in Europe to operate an autonomous on-demand bus, which we did in partnership with AtB at Øya in Trondheim.

These self-driving bus projects have been carried out in collaboration with several parties, including Applied Autonomy, a Norwegian company co-owned by Vy. Applied Autonomy develops technology for autonomous buses.

In 2019, we launched Bybil (“City Car”) - Norway’s first free flow car sharing service. The service consists of 250 electric cars located around Oslo. The electric cars are available to hire for use within a designated zone for a fixed fee per minute. A survey of 11,000 active users of this service showed that, since the launch of Bybil, 10 per cent had sold their own private cars. User behaviour also showed that the cars are most often used in combination with bus and train services, in line with our ambition.

We have also launched several other on-demand bus services through our subsidiary company Go Mobile, offering these in Gol, Geilo, Sjusjøen and Hafjell. Together with local partners, we offer customers the possibility to be transported from a public transport hub to where you want to go, whether it is to a chosen destination or straight to the front door. This makes it possible to choose greener alternatives for transport when travelling from the station to the ski resort, or to and from the cabin.



Vy was the first in Northern Europe to test a self-driving bus service without a safety host at Herøya Industrial Park.
Prime minister Erna Solberg was invited to test the bus together with Guri Melby og Kjell Ingolf Ropstad.

We will reduce emissions for every journey

Selected targets and ambitions

- Reduce relative greenhouse gas emissions (g/seat km.) by an additional 10 per cent by 2025
- Continuous improvement in energy efficient driving

Following the updated goals of the Paris Agreement, Norway has committed to reduce greenhouse gas emissions by at least 50 per cent by 2030. The transport sector is the largest source of greenhouse gas emissions in Norway (within the non-quota sector) and must therefore significantly reduce its emissions the coming years. Although our most important contribution to society is to increase the use of environmentally friendly transport solutions, we have also set specific goals to reduce our direct emissions, as well as those of our suppliers.

Vy's total greenhouse gas emissions from its transport services decreased by 11 per cent in 2020, compared to 2019. Within 2025, we have set a goal to reduce the relative greenhouse gas emissions, measured in grams per seat kilometre, by a further 10 per cent.

As Vy continue to grow within the eco-friendly transport industry, our total direct emissions will increase somewhat. At the same time, society as a whole will significantly reduce its greenhouse gas emissions, compared to alternative forms of transport such as private cars and lorries. For 2020, the total emissions saved is estimated to 668,093 tonnes of CO2 equivalents, which corresponds to the annual greenhouse gas emissions of over 336,000 cars. In addition to these direct climate-related emissions, Vy's freight division, CargoNet, relieved the roads of more than 464,000 truck journeys in 2020. This equates to more than 1,270 trailers every day.

For our fleet of electric passenger and freight trains, we source power with guarantees of origin. This helps support the producers of renewable energy. We use two different calculations to report on greenhouse gas emissions; (1) a location-based method that calculates the emissions in relation to where the electricity was produced, in our case the Nordic Energy Mix and (2) a market-based method that takes guarantees of origin into account so that, in our case, the emissions coefficient for 100% renewable energy can be used. In both cases, the "well to wheel" model is used so that emissions associated with producing energy is also included. We previously only reported our emissions on a locations-based method. However, in this year's report, the emissions according to the market-based method have also been included. By including the guarantees of origin, the total savings increase to 727,718 tonnes of CO2 equivalents.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responseable consumption and production
- Reduce the use of resources, destruction of the encironment and greenhouse gas emissions
- Reduce emissions of chemicals and waste to air, water and soil
- Reduce waste volumes
- Sustainable schemes for public procurement procedures
- A sustainable tourist industry that creates jobs and promotes local culture and products

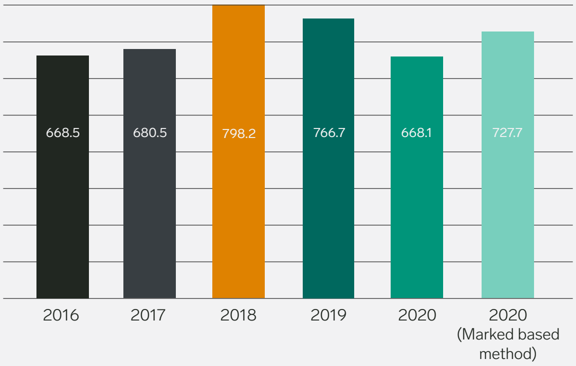
13 CLIMATE ACTION

Climate action
- Reduce emissions
- Focus on renewable energy

We are working to reduce our greenhouse gas emissions

Fossil fuel consumption from train and bus operation is Vy's most significant source of greenhouse gas emissions. We are therefore continuously working to increase our use of renewable energy and to drive more energy-efficiently. The emissions of greenhouse gases produced by Vy's operations have been reduced considerably over the last few years. This has been achieved through the introduction of more energy-efficient buses and more economic driving, as well as the introduction of renewable fuel and electricity. To foster the wanted driving behaviour, Vy Buss organises an annual championship for economical, customer-friendly and safe driving. Drivers will qualify for the championship by having the lowest number of driving behaviour flags in relation to the driving hours they logged in the EcoSafe software.

Greenhouse gas emissions saved (1 000 tonnes CO2-eq.)



Reduced train emissions

For passenger trains in Norway, the total greenhouse gas emissions in 2020 have been reduced by 33 per cent. Mainly because we, as of June 2020, now only operate electric passenger trains and that two of the contracts we operated in 2019 are now operated by other companies. Cargo Net has reduced its total emissions by 2.9 per cent. Emissions are largely influenced by which routes we operate, as well as the combination of diesel and electric trains. In 2020, the relative electricity consumption (kWh per net tonne km.) was also reduced by 1.1 per cent, in comparison to 2019.

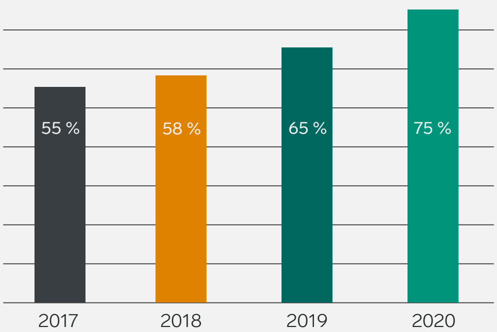
Switching to renewable energy for the bus division

Greenhouse gas emissions from Vy Bus have also been significantly reduced over the last few years. This is mainly due to our transition to electricity and renewable fuel. We also use a fleet management system to, among other things, record fuel-consumption, the time in which vehicles are left idle, and driving behaviour.

The use of renewable fuels such as electricity, HVO, biogas and biodiesel for the bus division has increased steadily in recent years, from a 46 per cent usage in 2016 to 75 per cent in 2020.

By the end of 2021, Vy Bus will operate over 110 electric buses and over 250 biogas buses. This makes Vy Bus one of the largest operators of buses running on renewable energy in Norway. We are also increasing the number of buses using renewable energy in Sweden too. From the summer

Share of bus km. run by renewable energy



of 2021, an extra 51 electric buses will be put into operation in Jönköping. The focus on electric buses gives us unique insight and experience, making Vy a leading player in the technology shift of the future.

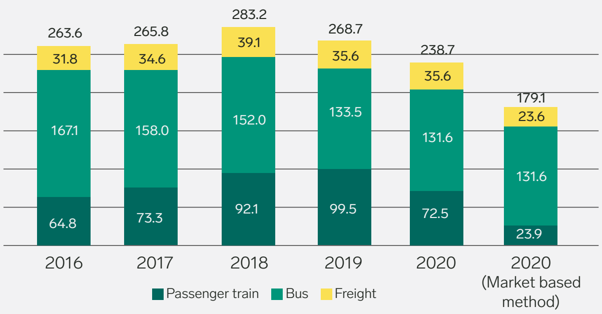
Throughout 2020, we have started up contracts with electric buses in Slemmestad/Asker, Haugalandet and Hamar. In total, over 100 new electric buses have been put into operation over the course of 2020. In fact, in Haugalandet, we are the first operator in the world to be running BYD's Class II (low-entry) electric buses. We also started running eight new electric buses at Oslo Gardermoen from mid-August. The airport is the first in the Nordic region to invest in electric buses, an important environmental initiative for both the airport and the surrounding area.

Vy Buss started operating Innlandstrafikk's contract in Hamar on 1 July. The fleet consists of 116 buses, including 20 electric buses. Additionally, another 72 buses have been reused from previous tenders after upgrading them to the required standard. This is a sustainable use of our existing fleet.

We have reduced our supplier's greenhouse gas emissions (Scope 3)

In accordance with the international greenhouse gas reporting standard, Greenhouse Gas Protocol, scope 3, we also report on our suppliers' greenhouse gas emissions. In 2020, alternative travel (bus replacement service for trains) recorded greenhouse gas emissions equating to 10,700 tonnes of CO2 equivalents, which is a reduction of 8.8 per cent from 2019. The emissions from alternative travel makes up 20 per cent of the emissions from passenger trains across Norway. Total emissions from Scope 3 are estimated to 17,048 tonnes of CO2equivalents. This accounts for about 7 per cent of the emissions from our own operations (Scopes 1 and 2, location-based method).

Greenhouse gas emission from transport (1 000 tonnes CO2-eq.)



Norway's first Nordic Swan Ecolabel car washing service

In November, our major washing station at Eidsvoll became Norway's first car washing service to receive the Nordic Swan Ecolabel. The Nordic Swan Ecolabel sets strict requirements for water consumption and contamination of wastewater. The washing station will help the municipality save up to 2.8 million litres of water every year, by cleaning and recirculating over 90 per cent of the water used for washing. In addition to the cleaning, only washing chemicals approved by the Nordic Swan Ecolabel are used in order to reduce the use of substances that are harmful for both health and the environment.

Vy Bus runs a total of 57 washing stations, and we now have plans in place to ensure that the stations in Hamar and Brumunddal are also accredited with the Nordic Swan Ecolabel.

CargoNet awarded NHO LT's Environmental Award

This year, CargoNet received NHO Logistics and Transport's Environmental Award for one of its initiatives to move goods from road to rail. The initiative contributes to an annual reduction of over 6,000 tonnes of CO2, and will remove 13,000 trailers from the roads yearly.

This project, which involves transporting groceries to Norwegian households up north while transporting fresh seafood back down south, came about through a collaboration with ASKO, Nova-Sea and Meyership. The collaboration has also yielded several other positive synergies and an improved offering to customers on the Nordland Line (Nordlandsbanen) with increased train frequency to and from Mo i Rana, Fauske and Bodø.

The jury's justification for granting the NHO Logistics and Transport's Environmental Award to CargoNet was based on their view that the company demonstrates the value of collaboration along the entire value chain to achieve a positive environmental impact. In addition, the initiative is based in a part of the country where, because of various reasons, there are significant challenges for transportation of goods. This initiative ensures that the trains use resources efficiently and maintain a low environmental footprint, while also helping to reduce the risk of accidents on roads.

Vy helped to reduce the climate impact of the Ski Tour 2020

With our experience and extensive operations offering bus and train services across both Sweden and Norway, Vy was the natural partner to collaborate with Ski Tour 2020 to significantly reduce their climate footprint by transporting participants between each competition by train and bus. One clear objective for the organisers of Ski Tour 2020 was to make the tour as sustainable as possible - financially, socially, and environmentally. This collaboration between the ski federations across Sweden and Norway lay the foundation for further sustainable development of cross-country skiing events, even after Ski Tour 2020.

Minimal waste

We want to help reduce unnecessary waste. This can be tackled by preventing the generation of waste in the first place. The next step is to ensure that the waste can, if possible, be reused or recycled. It is vital that the waste is not sent to a landfill, and that it is not incinerated without utilising its energy. The aim is to constantly find new opportunities to reuse waste, so that we can continue to increase our recycling rate, such as by

- Offering source-specific recycling options on our trains, so that paper can be recycled and the rest of the waste can be incinerated for energy recovery.
- Reducing the use of plastic from food services on our trains, as well as in the packaging of new buses through dialogue with our suppliers.
- Setting requirements for our suppliers of cleaning services, and follow up on these, in order to reduce the amount of chemicals used.
- Reusing or recycling used uniforms.

For our bus divisions, we achieved an increase in waste sorting from a 73 per cent share in 2019 to 79 per cent in 2020, while our freight division achieved a share of 100 per cent.

There were no significant emissions of chemicals or leaks related to our passenger train or freight divisions in 2020. For Vy Buss, we recorded two cases of unwanted occurrences in 2020;

- In Hunndalen, there was an incident in which 10,000 litres of diesel was discharged from the treatment plant into the oil separator. The oil separator prevented any ground pollution from taking place, and the tank was later emptied.
- During a periodic routine inspection of the tank in Vikersund, several holes were located. An analysis report showed that there had been no land pollution because of this, and the tank was repaired.

From left: Are Kjensli (CEO NHO LT), Erik Røhne (CEO CargoNet) , Carl Fredrik Karlsen (Commercial director CargoNet), Knut Brunstad (Sales director CargoNet), Åsmund Aanestad-Bakke (KAM CargoNet)

Photo: Silje Vhile Braaten/NHO

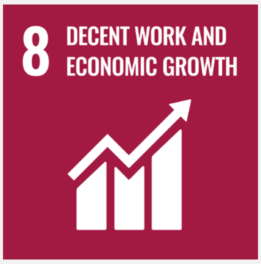
We will focus on safety and contribute to diversity

Selected targets and ambitions

- Reduce absences due to illness to 6.4 per cent by 2025
- Reduce work-related personal injuries H1, to 3.8 by 2025

Good health and well-being
- Half the number of deaths and injuries caused by accidents on the roads and railways
- Reduce the number of deaths and cases of illness caused by hazardous chemicals and contaminated air

Gender equality
- Provide all genders with equal rights and opportunities



Decent work and economic growth
- Protect worker rights and promote a safe, secure work environment for all employees

Vy aspire to be a Nordic industry leader for traffic safety and HSE. We focus our efforts into the three following areas, in order to make sure that our customers can travel safely, and our employees are well taken care of:

- **Traffic safety:** Vy will help to ensure that people and freight can travel more safely.
- **Safe customers:** Customers must be able to travel safely on their journey. Their journeys must be predictable with respect to time and quality, and they must be rest assured that their personal data is handled securely.
- **Safe and happy colleagues:** Our employees must have a safe place to work that not only enables them to develop but motivates them too.

Traffic safety is at the heart of the Vy Group's corporate culture, and our staff have a high degree of expertise in traffic safety work and take great pride in it. We are working across the entire corporation to continuously reduce any unwanted occurrences and hazardous situations, so that we can avoid injuries and fatalities linked to our operations. There were no passenger or employee fatalities as a direct consequence of Vy Group's operations in 2020.

We have also outlined our ambition to reduce absences due to illness by 6.4 per cent and H1 (work-related injuries that have led to absences beyond the day of the injury per million working hours) to 3.8 by 2025.

Traffic safety associated with railways

Vy recorded a total of 24 railway accidents during 2020, in accordance with the regulations defining such accidents. This is 5 fewer than in 2019. Accidents are followed up according to established procedures, and internal investigations and reviews are implemented as required. The causes of many of these incidents are beyond our direct influence. Systematic efforts are being made to record adverse incidents and report these to the infrastructure manager, Bane NOR. Traffic safety work is given high priority; audits andrisk management are used to influence risk both internally and in cooperation with others. Our emergency response work aims to limit any damage and injuries.

Since 2019, Vy Tog (Train) has been certified as ISO 45001. This is a new standard for work environment and defines the minimum system requirements to protect employees from illness and accidents due to conditions in the workplace.

In 2020, 1,671 animals were run over on Norwegian railways1. This is 537 fewer than in 2019. The main reason for this reduction is believed to be attributed to the milder winter, with the depth of the snow being lower so that the animals cross the tracks as frequent. Bane NOR has implemented an action plan to reduce the number of animals run over by trains. Preventive measures to reduce collisions are currently being implemented, which includes clearing vegetation, setting up reindeer fences, alert systems and speed reduction.

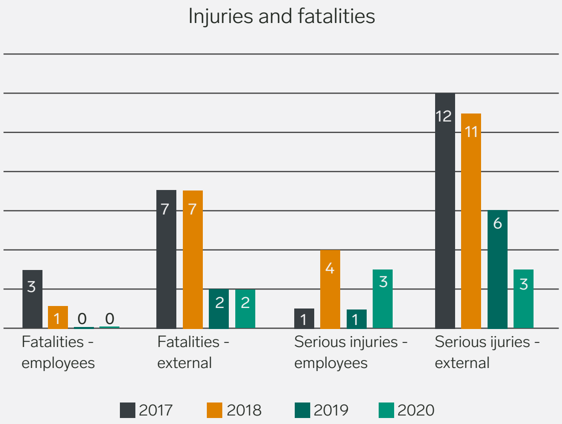
For CargoNet, the activity at the terminals is associated with the greatest risks. This is one of our focus areas and in 2020, the frequency of H2 injuries (those with and without absences) was reduced by 62 per cent.

Traffic safety associated with the bus division

Vy Bus operates with a strong focus on traffic safety, ensuring that all serious incidents are evaluated. Since 2017, we have strived to improve the collision safety for the driver's seat in class 1 buses and have also taken the initiative towards NHO Transport to ensure consistent requirements across PTAs. As a consequence of this work, more bus manufacturers now seem to improve safety by placing reinforcements around the driver's seat, independent of the legal requirements.

From 2019 onwards, Vy Buss has been offering voluntary health checks to all drivers aged over 60 who are in the middle of their driving licence renewal period. In other words, health check intervals are being reduced from 5 years to approximately 2.5 years.

Vy Buss has defined traffic safety targets for driving behaviour and injuries. These are being followed up at company, departmental and individual level. The local traffic safety risk assessments are updated regularly. Vy Buss is certified according to ISO 39001 Road Traffic Safety, which, among other things, sets requirements for the surveying of users and stakeholders, regarding their needs, as well as our role, responsibility and authority.



Our employees are happy and safe

At the end of the year, Vy had 11,577 employees, 3,606 of whom are temporary employees and 2,903 work part-time. Most of our part-time and temporary employees work in our bus division. There are 9,250 FTEs. 2,522 of the Group's employees work in Sweden.

In our employee survey, we measured two key indicators;

- Job satisfaction - summarised by how our employees experience the core factors that impact their work efficiency.
- Loyalty - provides an indication as to whether the employees want to continue working for the company.

The figures for 2020 show that both job satisfaction and employee loyalty have increased steadily across all Vy Group's divisions. There is a particular improvement regarding our employees' perception of Vy's reputation and its handling of the Covid-19 situation, and the measures we implemented to ensure a safe workplace during this time had a positive impact.

A safe workplace helps to reduce absences due to illness, as well as employee injuries (H1)

Employee satisfaction and customer satisfaction have a cause-effect relationship. We can only provide "The Best Journey" if employees feel that their workplace is safe and secure and allows them to develop, and if they are motivated to help turn the Group's ambitions and targets into reality.

Absence due to illness has increased by 0.9 percentage points to 8.0 per cent, which is 1.0 percentage point above our target. Covid-19 is a significant cause for this, in the fact that our employees have been encouraged to have an even lower threshold for staying at home with any symptoms of illness.

H1 is defined as any occupational injuries that lead to an absence from work that lasts beyond the day on which the injury was sustained (self-certified and/or with a medical certificate). The H1 index shows a rate of 5.3 for the Group as a whole. Employee injuries have reduced significantly within the freight division. One of several reasons for this improvement was that CargoNet implemented numerous measures to both prevent fall-related injuries and to ensure an increased awareness and vigilance amongst employees and their managers.

The number of occupational injuries that have led to absences has been both low and stable in the passenger train and bus divisions for most of the year, but with an increase towards the end of the year. This is mainly down to the slippery conditions that led to fall-related injuries among our operational personnel. We therefore did not reach our target for reducing the number of absences caused by workplace injuries in 2020.

Our long-term goal is to reduce the number of injuries that lead to an absence to an H1 value of 3.8 and absences due to illness to 6.4 per cent by 2025. To achieve this, we have introduced the following measures:

- A strengthening of the HSE follow-up process both internally and with our suppliers, as well as efforts to reduce injuries among our employees.
- Closer follow-ups regarding absences due to illness, with an emphasis on the transfer of knowledge and joint efforts to reduce these kinds of absences, for example through lifestyle courses that could help contribute to employees living healthier lives and in making more healthy choices.
- Identifying best practices internally and, based on this, standardize the follow-up process for sick leave.

Ethical guidelines and rights

At Vy we have clear guidelines regarding ethics and our social responsibility, which include a focus on human rights, employee rights and efforts to counter corruption. Equality and equal opportunities efforts are explained in the Group's personnel policy. This policy states, among other things, that:

- All employees of the Vy Group are equal, regardless of gender, age, disability, sexual orientation or religious, ethnic and cultural background.
- We want to maintain a broad and diverse sector of managers and staff where individual qualities are respected and valued.
- There shall be an increased balance between men and women at every level of the Group, and this should be taken into consideration in recruitment and skills development.

As part of this work, we have an internal notification channel for irregular activities. In 2020, we received 12 notifications that were related to bullying, discrimination and harassment. This is an increase from the 5 notifications received in 2019. These notifications are handled in accordance with defined guidelines.

Vy has also created various arenas in which employees and management can meet in order to ensure that human and employee rights are respected. Our employees hold rights that are comprehensively defined through collective agreements and contracts. Employees are represented on the company's board. There are also working environment committees at both the senior level and across units within each of the divisions and companies, that hold regular meetings. In addition, Vy has a long-standing tradition and strong routines in place for facilitating this work.

Work and training to prevent corruption

The Board of the Vy Group has established ethical guidelines for the Group. Ethics has high attention in Vy. The Vy Group works actively against all forms of corruption, and that it should not occur in the Group's business activities. Corruption includes, among other things, all kinds of bribes and improper gifts

We are continuously working to minimise risks by means of internal inspection based on risk analyses which aims to identify irregularities and corruption. Ethical guidelines are one of many elements included in the employment contract for new employees, and these also available to all employees on the intranet.

Training on how to counteract corruption is given to key individuals at all divisions, and the freight division has introduced online training for our ethical guidelines. We have established a notification to lower the threshold for employees should they need to report any critical matters.

Internal inspections and better routines

Based on data we have collected from our systems, we have analysed statuses and given recommendations for improvements regarding our systems, routines and practices. No serious errors or incidents have been found during this work, but the analyses have provided a basis for measures we can implement to improve our data and internal processes. Moreover, we are not aware of any criminal cases linked with corruption that are being brought against our companies or employees. Vy's management teams and Boards of Directors were notified of the status and development in dedicated reviews over the course of the year.

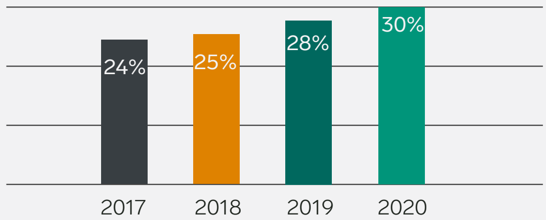
We are working to increase the proportion of women employed by Vy

The proportion of women working within the Group varies considerably depending on the role and division. This is especially the case for driving personnel, as the proportion of women working in these roles is lower than those working in administrative positions. We are actively working to improve that. The proportion of women in management positions totals 26 per cent - higher than the proportion of women among employees in total.

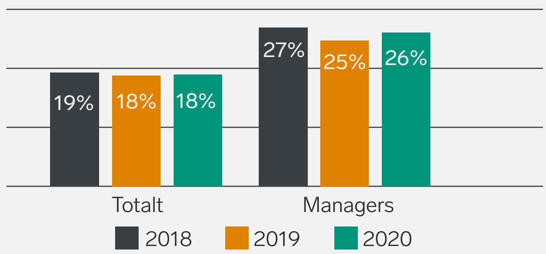
We are continuing to increase our ethnic diversity

The proportion of immigrants working for Vy is 30 percent of all employees, which is an increase of two percentage points from 2019. The largest proportion of immigrants work in positions within the bus and cleaning divisions. The proportion of ethnic minorities is growing across all of the Group's divisions.

Proportion of emplyees from minority groups



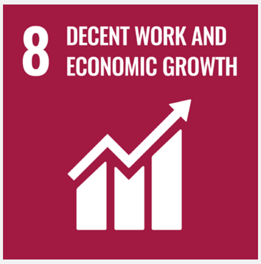
Proportion of female employees



We will make efficient use of resources and contribute to economic growth

Selected targets and ambitions

- Increase loading rate for freight trains towards 2025
- Reduce the bus operating costs per vehicle kilometre



Decent work and economic growth

- Economic growth and new jobs through decent work
- Increase economic productivity through diversification, technological modernisation and innovation
- Promote a sustainable tourist industry that creates jobs and promotes local culture and products

Sustainable citites and communities

- Ensure that everyone has access to safe, readily accessible and sustainable transport systems at affordable prices

Responsible consumption and production

- Reduce the use of resources, destruction of the encironment and greenhouse gas emissions
- Reduce emissions of chemicals and waste to air, water and soil
- Reduce waste volumes
- Sustainable schemes for public procurement procedures
- A sustainable tourist industry that creates jobs and promotes local culture and products

The Norwegian State's reason for owning Vy is to meet the government's requirements for transporting passengers and freight on the railways. The state's objective as owner is to achieve the highest possible return over time, with the premise that the value creation is sustainable. This means making the most efficient use of resources, while also generating economic growth.

The total number of journeys taken by train and bus decreased in 2020, mainly as a result of Covid-19. However, we were still able to lay the foundations for further growth in the coming years. This has been achieved by in numerous ways, such as by winning and starting up the contracts for the Bergen Line ("Pakke Vest"), Nattåg (night train) in Sweden, and by winning several significant bus contracts. Through two other new initiatives, our freight division has facilitated the transportation of significantly increased volumes both to and from Northern Norway, as well as new volumes to and from Southern Sweden.

Vy Buss is Norway's largest bus operator

In addition to the contracts that commenced in 2020, Vy Buss won a further three tenders for AtB in Trøndelag. In total, we now have a fleet of 2,496 buses in Norway, which is up from 2,344 at the end of 2019. This makes Vy Buss the largest bus operator in Norway.

In Sweden, the commercial division has been strengthened significantly through our acquisition of Flygbussarna. Furthermore, the bus division also began operating a tram service in the city of Lund in December. This is the first time in over 100 years that a new tram route has opened in Sweden. Vy is proud to be the operator of the 5.5-kilometre route between Lund city centre and the ESS research facility. A total of seven trams will be delivered, each of which has a capacity of 214 passengers, with five of those in operation during rush-hour. This new service will give even more residents of Lund the option to choose public transport, which in turn helps to reduce greenhouse gas emissions.

Launch of a new service between Oslo and Trondheim

In September, we launched a new service for our customers, combining train and bus routes between Oslo and Trondheim, where the Oslo - Lillehammer section is served by train while Lillehammer - Trondheim is served by bus. At the same time, we also launched a night bus, providing a direct route between Oslo and Trondheim. We are running new double-decker buses both day and night – these buses are more comfortable – and passengers are now able to reserve their own seat on the second floor.

9 new years of Vy on the Bergen Line

Vy has won the tender to run the Bergen, Voss and Arna lines for the next 9 years. During this contract period, the number of departures will be significantly increased, including a half-hour frequency operation between Bergen and Arna, and six daily departures on the Bergen Line between Bergen and Oslo. The overnight train service will also be expanded and improved with a new product offering that lies between a traditional compartment and a regular carriage seat. These types of seats will also be available for use during the day for passengers who would like to opt for extra comfort on their journey.

Several projects are now underway to boost the appeal of the train service in Western Norway during this contract period, for both commuters and leisure travellers, including:

- A collaboration with tourism operators both in and between Oslo and Bergen, specifically those that offer holiday packages where travelling by train is a part of the trip.
- The launch of Plus ("Pluss") - an improved, more comfortable option available on the Bergen Line.
- Closer collaboration with local public transport operators to help make it easier for commuters to travel on corresponding routes.
- The initiation of a new workshop in Bergen to ensure the safer and more efficient operation of trains

First tender won in Sweden as Vy

In December 2020, the Swedish train division ("Vy Tåg") began operating a night train service between Stockholm-Narvik/Luleå. This is the first tender won under the Vy brand in Sweden. At the same time, both the Swedish website vy.se and the Swedish version of the Vy app were launched. In order to achieve our ambition of a considerable growth in the number of travellers using our services, we have placed an extra emphasis on creating significant added value for our customers, above and beyond just transporting them from A to B. As an example, the options on offer in our restaurants and bistros are inspired by traditional Swedish food and are made from scratch.

Subsidies for freight trains ensure an increased capacity and continued transfer of goods transportation from road to rail

In 2019, a temporary new subsidy scheme was introduced to transfer freight from road to rail. This funding scheme is aimed at segments of rail transport, where competition with road transport is at its strongest. The funding is paid to train companies based on net tonne-kilometres of freight transported by rail. The scheme is valid for up to three years and contributes to both ensuring that more goods are transported via rail and a strengthening of the offer.

In the course of 2020, CargoNet began a "food train" on the Nordland Line as well as a new train service transporting fish directly from Narvik to Malmö, where they are then exported across Europe. This direct transport of fish reduces the time it takes to move the goods between Narvik and Malmø by nearly 25 per cent, which in turn brings Norwegian seafood closer to the European market in a more sustainable way. The Nordland Line's food train increases the total capacity for freight trains for Mo i Rana, Fauske and Bodø by 50 per cent. These initiatives ensure the efficient utilisation of resources, as well as a low environmental footprint and a reduced risk of road traffic accidents by removing trucks from the roads.

We have outlined ambitions to develop our role in supporting sustainable tourism

To reinforce our core divisions, Vy is focusing on developing door-to-door services and sustainable tourism based around the use of public transport. We are continuously working to develop a number of new, attractive tourism concepts and packages based around travelling by train, bus and boat. We are working closely with local tourism companies to achieve this, and by making these new concepts available via a digital tourism portal.

Most of these tourism operations are run through the part-owned companies of Flåm Utvikling and Fjord Tours Group. Flåm Utvikling is responsible for the operation and sales of the Flåm Railway. Fjord Tours was established together with Fjord1 in 2019, with the goal of collectively enhancing tourism-related operations that make use of public transport. The company's overall objective is to create sustainable travel experiences. Fjord Tours Group focuses on promoting environmentally friendly alternatives for travelling in Norway, and on contributing to the development of sustainable destinations that create new jobs and help to support the local culture and local products. The company's largest product on offer is the 'Norway in a Nutshell' package - a flexible, public-transport based round-trip with eco-friendly transport alternatives, such as electric trains and ferries.

Responsible purchasing

The Vy Group is a responsible purchaser. As a core element of our procurement procedures, we specify requirements relating to quality, the environment and the safeguarding of human and employee rights. The Group purchases goods and services for approximately NOK 6.5 billion per year from just under 7,000 different suppliers. In addition, our fixed assets, mainly consisting of trains and buses, are acquired and leased for approximately NOK 3 billion. Around 11 per cent of our suppliers are registered outside of Norway. We carry out annual risk assessments for all our contract areas. For the acquisitions in which the risk is defined as high, we will specifically assess compliance with our requirements regarding the environment and ethical trade. In 2020, we carried out risk-assessments for 35 of our suppliers. For instances where we found discrepancies, we set clear requirements for improvements. In 2020, this was required for 1 of our suppliers.

The work we carry out to ensure compliance with our sustainability goals along the entire value chain forms a vital element of the Group's community work. Our purchasing function ensures that the Vy Group utilises its collective purchasing power in order to achieve optimum conditions for purchasing, and that the contracts that Vy enters into safeguard Vy's interests satisfactorily. The Vy Group is a member of the Ethical Trading Initiative (Etisk Handel Norge) the purpose of which is to promote responsible supply chains.

Our performance – Summary table

	2020	2019	2018
Passenger train journeys (mill.)	39.4	78.7	74.2
Bus journeys (mill.)	77.7	125.9	125.3
Transported TEU (1 000)	340	333	351
Punctuality - passenger train (Norway)	90.5 %	86.3 %	85.8 %
Punctualityt - freight tain	96.0 %	95.2 %	93.0 %
Customer satisfaction - passenger train (index 0-100)	69	67	72
Customer satisfaction - expressbus (index 0-100)	85	NA	77
Energy consumption - passenger train Norway - electricity (MWh)	409 607	480 797	446 109
Energy consumption passenger train - diesel (mill.litre)	6.1	11.6	9.8
Energy consumption bus - diesel (mill.litre)	18.9	24.4	31.0
Energy consumption bus - biodiesel (mill.litre)	9.7	10.6	9.2
Energy consumption bus - HVO (mill.litre)	18,5	17.2	15.8
Energy consumtion- bus -gas (mill.m3)	18.2	10.6	11.2
Energy consumtion- bus - electricity (MWh)	2 771	635	252
Energy consumption freight train - electricity (MWh)	92 663	111 965	121 522
Energy consumption freight train - diesel (mill.litre)	7.0	6.5	7.0
Energy consumption passenger train - (kWh/seatkm.)	0.0397	0.0415	0.0414
Energyconsumption bus - (litre/buskm.)	0.364	0.344	0.340
Energy consumption freight train - (kWh/tonnekm)	0.042	0.042	0.044
Emissions to air passenger train - tonnes CO2e (GHG scope 1&2)	72 537	99 543	92 095
Emissions to air bus - tonnes CO2e (GHG scope 1&2)	131 616	133 513	151 955
Emissions to air freight train - tonnes (GHG scope 1&2)	34 562	35 596	39 114
Emissions GHG scope 3 tonnes CO2e	17 048	18 697	NA
Fatalities - employees	0	0	1
Fatalities - external	2	2	7
Serious injuries - employes	3	1	4
Serious injuries - external	3	6	11
Railway accidents	24	29	28
Employees	11 284	11 666	10 999
Man years	9 250	9 308	9 008
Employee stisfaction	73	72	72
Sick leave ratio	8.0 %	7.1 %	7.8 %
Proportion of women	18 %	18 %	19 %
Proportion of female managers	26 %	25 %	27 %
Proportion of employees with minority background	30 %	28 %	25 %
Notices on discriminatory behaviour	12	5	8

Due diligence assessments, principles and reporting standards

The Vy Group has established its own corporate social responsibility guidelines and ethical guidelines. These have been incorporated into our management system. Our corporate social responsibility therefore means that we follow these fundamental principles:

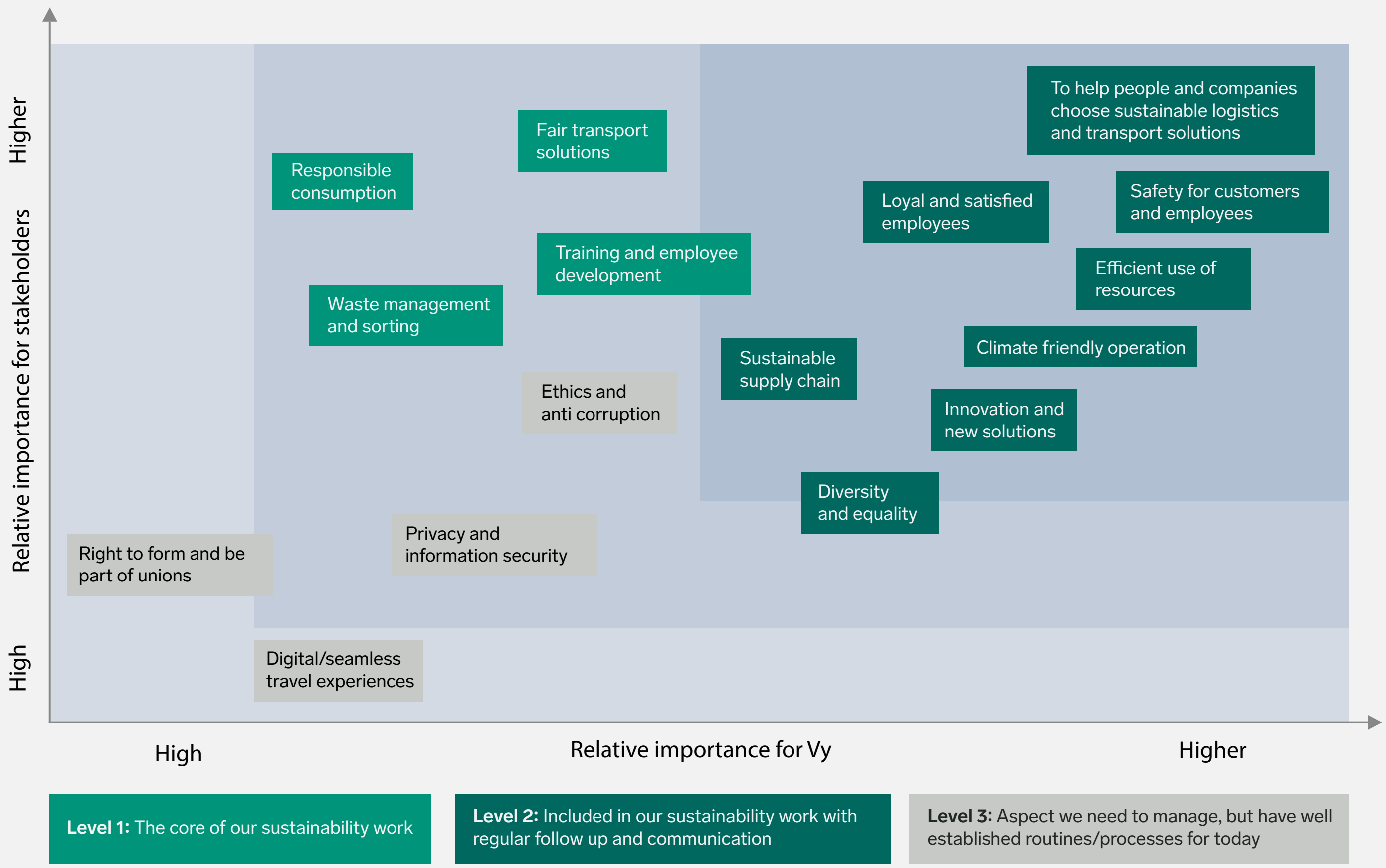
- All company managers are responsible for ensuring that their unit satisfy our sustainability objectives and corporate social responsibility in the way in which the unit conducts its operations.
- Sustainability and corporate social responsibility must be incorporated into our strategic foundation and our values.
- Vy is helping to fulfil the UN's Sustainable Development Goals.
- We support the principles of the UN's Declaration of Human Rights and the ILO core conventions.
- We work actively to prevent all forms of corruption.
- We must work actively to reduce the environmental impact of the transport sector.
- We report annually on the status and development of our corporate social responsibility through a separate annual and sustainability report.

We apply the precautionary principle when dealing with corporate social responsibility. This is achieved by using risk analyses as a basis for our management of the company and implementing measures to manage the risk.

We have implemented stakeholder and materiality assessments in order to identify and prioritise the areas that we need to work on and improve. We have divided our stakeholders into the following groups:

- Owners
- National and local authorities
- Suppliers and other partners
- Customers
- Employees and employee organisations
- Interest groups and local communities

Overviews of typical discussions and the number of meetings, along with a summary of topics, have been compiled for each of these stakeholder groups. We commenced a major initiative in the autumn of 2020, to revise our core sustainability targets. By conducting interviews and surveys with key employees across the corporation and holding discussions with selected external stakeholders, we were able to present an updated materiality matrix for Vy Group, as shown below.



The most important area for Vy and our stakeholders, is the safety of our customers and employees and to increase the use of sustainable logistics and transport solutions. The materiality assessment also highlighted the effective utilisation of resources and loyalty and job satisfaction in the workplace as other key elements for achieving our goals. The priorities outlined in the materiality assessment above are reflected in our strategy and are actively utilised when following up the Group's divisions.

We have also performed an overall climate risk analysis. The main elements of this analysis included:

- Closed/damaged tracks and roads caused by landslides/floods etc.
- Extreme weather that make driving conditions more difficult and thus negatively impact quality
- Regulations, increased climate taxes and climate shame may lead to a reduced demand for our services

At the same time, however, climate change and measures taken to tackle this may provide an increased demand for our green travel alternatives and transport services. Framework conditions, in the form of more support and the improvement of public transport services, could also have positive effects for Vy. As part of a comprehensive risk assessments for 2021, we will conduct a more detailed climate risk assessment at the division level, followed by a review of the necessary measures we will take to reduce any risks.

The Vy Group has been reporting on environmental and corporate social responsibilities since the early 2000s. Our sustainability report and its core emphasis has been based on previously conducted risk and materiality assessments linked to the challenges and expectations facing the Group. As a large corporation, the Vy Group must account for corporate social responsibility in accordance with the Accounting Act, sections 3-3 a and c, and the report has been prepared and submitted according to these requirements. This report has been compiled in accordance with the GRI Core Option standard.

Report of the Board of Directors

Summary of the Year 2020

(Last year's figures in brackets)

As a result of the COVID-19 pandemic and the authorities' decision on infection control measures, the number of journeys immediately fell to between 10 and 20 per cent of normal from 12 March 2020. Both public transport and holiday and leisure travel saw a reduction in demand and traffic revenues. Following the easing of measures in June, demand increased during the summer period. Growth in the number of infections and stricter measures then led to a break in this trend, so that the deviations from last year increased again.

The authorities have decided that public transport will be maintained to ensure that employees who work within critical societal functions will be able to get to and from work and at the same time be able to keep their distance from each other. Public purchasing authorities (county municipalities and the Norwegian Railway Directorate) have therefore largely upheld the production of public transport services. As a general rule, payment for the offer has been maintained, and additional agreements have been entered into to compensate for parts of the loss of income where Vy has full or partial income responsibility in the form of income from travellers.

For commercial lines, the loss of income has been significant, and support schemes have only to a small extent compensated for the loss. Vy therefore had to reduce the express bus offer further this autumn, which in turn led to layoffs and redundancies.

Vy has implemented several measures both to make it safe to travel and to reduce losses:

- Infection control measures to ensure a safe trip
- Continue work with the authorities to set up and extend support and compensation schemes
- Adapt the customer offer where possible and reduce associated costs
- Continue the streamlining of operations and support functions
- Re-negotiating agreements where possible
- Established agreement on overdraft 400 MNOK

Demand for the transport of goods by rail is also affected by the pandemic, but to a lesser extent than passenger transport. Demand for the transport of aviation fuel and timber has fallen significantly, but the reduction has been partially offset by increased demand for the transport of groceries and packages.

The Vygruppen's tourism investment has been hit hard by the corona pandemic. For Fjord Tours Group and Flåm Utvikling, which largely have foreign tourists as customers, large parts of the customer base have been lost. During the summer season, the number of Norwegian customers increased, but this only partially compensated for the loss.

Developments in important management parameters compared to last year:

- Decrease in the number of journeys by passenger train in Norway and Sweden of 50 percent
- Reduction in the number of journeys for buses in Norway and Sweden of 38 percent
- Punctuality for passenger train operations has improved to 90.5 per cent (86.3 percent)
- Punctuality in freight business is 96 per cent (95 percent)
- Customer satisfaction for passenger trains has improved to 69 (67)
- Absence due to sickness is 8 percent (7.1 percent)
- H1 has improved to 5.4 (7.9)

Financial development:

- Operating profit is -781 MNOK (808 MNOK)
- Profit after tax is -858 MNOK (564 MNOK)
- The return on book equity over the last 12 months is -18.7 per cent (11.2 per cent)
- Weakened result in passenger train business compared with the same period last year
- Weakened result in bus business compared with the same period last year
- Impairment of contracts and assets of

NOK 405 million, mainly due to Covid-19, which results in weaker market and profit development

Summary of Results and Trends for the Business Areas

Passenger Train Operations
Until June, Vy trains ran all passenger train traffic in Norway except traffic package South and the shuttle service to Gardermoen (Flytoget). SJ took over as operator of traffic package North starting on 8 June 2020. Vy won the competition for traffic package West which we started up in December 2020. Vy is now preparing to compete for the announced traffic package 4 for Eastern Norway starting in December 2023.

Operating revenues for the passenger train business in 2020 are NOK 7,269 million (NOK 9,536 million), a reduction of 24 per cent from the previous year. The total number of journeys in the passenger train business in Norway and Sweden is 39,4 million (78.7 million). For passenger trains in Norway, there is a reduction in the number of journeys of 45 per cent for comparable activities. The main reason is the strict measures that were introduced due to the pandemic. Travel development gradually improved in the period May-July, but the deviations from last year increased again over the autumn in line with the boom of the pandemic.

The operating profit for passenger trains is -305 MNOK (777 MNOK). The main reason for the decline is a reduction in traffic revenues due to a reduced number of journeys, which is partly offset by cost reductions and an agreement on support from the Norwegian Railway Directorate to maintain the majority of production during this period. In Sweden, the reduced numbers of trips have also led to write-downs of contracts.

In Norway, Vy achieved a punctuality of 90.5 percent; a significant improvement compared to the same period last year. The improvement is mainly due to less traffic and shorter station stays, which results in fewer delays.

Bus Operations
Vy Bus performs scheduled services on tenders or contracts with county municipalities in Norway and Sweden, as well as express bus services and tour services. The number of regular bus services in Norway and Sweden has been significantly reduced due to the the pandemic, but the scheduled service has largely been maintained by agreement with the county municipalities. The number of journeys for express buses was reduced to 41 per cent compared to the normal level during the period. The development in the number of journeys improved during the summer, but the deviations from last year increased again as the pandemic flourished from the early autumn.

Total operating revenues are NOK 5,627 million (NOK 5,934 million). Operating profit is -331 MNOK (154 MNOK). The main reason for the decline of profits is a decrease in the number of journeys and traffic revenues from mid-March and a write-down of contracts and goodwill (Flygbussarna), which is partly offset by reduced costs due to reduced route offers and redundancies.

Freight Operations
Freight operations are to a lesser extent affected by the pandemic. In recent months, there has been a growing demand for the transport of groceries and packages, while timber transport, car transport and transport of aviation fuel have decreased. In May, a new offer was established to and from Northern Norway for the transport of food, and this autumn a new route between Narvik and Malmö. With this direct train route, the seafood from Northern Norway will be about a day fresher when it reaches customers in Europe.

The average punctuality for freight trains was 96 per cent (95 per cent) for delivery within 15 minutes. This is significantly better than the target of 92 percent. Punctuality and regularity in delivery have been well above target, but with some negative deviations related to derailments and track work.

Operating revenues are 975 MNOK (1,036 MNOK), and the operating profit is -20 MNOK (26 MNOK). The main reason for the decline in earnings is the effects of the transition to a new industry standard for calculating pension obligations and reduced income for industrial trains.

Mobility and Tourism
Mobility and Tourism is Vy's investment in the development of mobility services and tourism. Vy is developing a mobility platform

to supplement our core businesses, trains and buses, where the customer will be able to plan and buy the entire journey from door to door, both traveling with Vy and traveling with third parties (other travel/ other transport suppliers). Consolidation of our own services has a high priority and Vy bus' express routes are now sold in the Vy app. The range of services has been further expanded with e.g. provision of taxi services.

Vy's investment in 250 free-flow electric city cars in Oslo developed largely according to plan until mid-March. After the authorities' introduction of measures to reduce the risk of infection, however, the volume has been reduced to 43 per cent of the previously expected level.

Within tourism, fjord, mountain and cultural experiences are sold to Norwegian customers, tourists and international tour operators. To succeed with the investment in tourism, Vy builds on established solutions and collaboration with others. The main part of the investment is made through our part ownership in Fjord Tours Group and Flåm Utvikling.

Tourism has been hit hard by the pandemic, and there has been an 84 percent decline in travel with Flåmsbana and cancellations in future bookings for Fjord Tours Group. The increase in domestic travelers has only partially compensated for the shortfall of foreign tourists for these products.

Ownership, Corporate Governance and Management

Vy is one of the Nordic region's largest mobility transport groups with operations in passenger trains, buses, freight and tourism in Norway and Sweden. The parent company Vygruppen AS is owned by the Norwegian state represented by the Ministry of Transport and Communications. Vy's most important sustainability contribution is to make it easier to travel in an environmentally friendly way. This reduces climate emissions, relieves congestion on the roads, reduces the number of accidents, local emissions and noise.

Gro Bakstad took over as CEO after Geir Isaksen on 7 September. In June, the general meeting elected Berit Svendsen as the new chairman of the board after Dag Mejdell.

The board has considered and approved a report on corporate governance which is part of this annual and sustainability report.

A Sustainable Strategy

The Board reviews the Group's strategy annually. The assessment is based on, among other things, risk analyses and choice of risk level, materiality analyses related to sustainability, assessments of the market and development of competition, as well as internal analyses. We call our corporate strategy "The Best Journey" which consists of four journeys with the following strategic theme:

- The smart journey that will make it easy to travel environmentally friendly by public transport
- The green journey that will reduce emissions per trip
- The safe journey that creates security and diversity
- The profitable journey that provides efficient use of resources

The strategy is operationalised and incorporated into the Vy Group's action plans and goals, and the Board monitors progress and status of goal achievement through monthly reporting. The Vy Group's most important sustainability contribution is to make it easy to travel environmentally friendly by public transport. This is primarily measured by the growth in the number of journeys. At the same time, we will reduce our greenhouse gas emissions by reducing energy consumption and switching to fossil-free alternatives and reduce injuries and absenteeism. A detailed review of Vygruppen's sustainability contribution and due diligence assessments is presented in a separate chapter in the annual and sustainability report.

The strategy is under revision, and an updated strategy is expected to be ready during the spring of 2021.

Internal Control

The Vy Group has adopted its own framework for internal control, and has established internal control systems that include values, guidelines for ethics and corporate social responsibility, organisation and authorisation structure and governing documents.

The Board reviews its business idea, values, strategies and plans on an annual basis. Risk analyses are performed annually for the Group as a whole, as well as for each business area. Risk pertaining to financial reporting is evaluated through separate risk analyses of specific areas and periodic follow-up meetings with the business areas.

On this basis the internal control system is revised, resulting in revision of management documents, recommendations, procedures and key controls when needed.

Risk

Financial Risk
The Group's activities entail various types of financial risk: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management plan focuses on the capital markets' unpredictability and seeks to minimise the potential negative effects on the Group's financial results. The Group can use financial derivatives to hedge against certain risks within a specified framework.

In the Vy Group, the main part of revenues and expenses are in NOK and SEK. In day-to-day operations, the group is exposed to currency risk in connection with operations abroad as well as purchases with settlement in foreign currency.

Surplus liquidity is invested in banks, Norwegian certificates and bonds with short remaining maturities, as well as money market and corporate bond funds.

The Vy Group focuses on counterparty risk in financial transactions by having established limits for exposure and regular follow-up of credit quality on individual counterparties. Further information on the Group's financial risk management is described in note 15 to the financial statements.

Operational risk
Operational risk analyses are carried out systematically, including in the field of traffic safety, environmental impact, procurements and the achievement of financial targets. In addition, comprehensive risk analyses are carried out for the Group's activities as part of the annual long-term plan and budget work, where both potential negative and positive effects are identified and measures are implemented to manage the risk level. These analyses include assessments of changes in framework conditions, competition and market situation, consequences of environmental requirements, and climate challenges. Based on the risk analyses, measures and control activities have been established that reduce identified risks, including automatic controls, revisions and follow-up and extended analyses related to particular risk areas.

Important overriding risk elements include loss of tenders for trains and buses, reduced support schemes and delayed normalization after Covid-19, a new standard that affects the travel pattern and demand for our services, and failure in support from sector suppliers. For these risk elements, measures are identified and implemented to limit the consequences of a possible negative outcome to an acceptable level.

While working with risk assessments, positive opportunities have been identified, such as the development of tourism, increased growth for trains and buses due to increased tolls and parking restrictions, and as a result of new tenders.

Financial development

Net profit for the Vy Group is -858 MNOK (564 MNOK), a decline of 1,422 MNOK compared to last year. Operating profit is -781 MNOK (808 MNOK).

Profit after tax for the parent company Vygruppen AS is -229 MNOK (759 MNOK). Group contributions and dividends from subsidiaries are included in the parent company's annual profit of NOK 163 million (NOK 338 million). The operating profit in the parent company is -132 MNOK (532 MNOK)

The group's net cash flow from operating activities is NOK 1,216 million (NOK 1,910 million), and depreciation of leasing assets amounts to NOK 1,635 million (NOK 1,707 million). Net investments excluding leasing are positive by 125 MNOK (-311 MNOK). The investments have mainly been used to increase capacity and profitability within the group's business areas passenger trains and buses.

A dividend of NOK 0 million has been paid to the owner. For the group, equity is NOK 4,196 million (NOK 4,873 million), which gives an equity ratio of 24.8 per cent (29.1 per cent). For the parent company, the equity is NOK 4,295 million (NOK 4,494 million) and the equity ratio is 40 per cent (36.1 per cent).

The group's return on book equity in 2020 is -18.7 per cent (11.2 per cent).

The owner represented by the Ministry of Transport and Communications has assumed an expectation of a 50 per cent dividend from Vygruppen's annual profit after tax, where the dividend level in each year must be assessed specifically. As a result of the negative result, no dividend has been assumed for 2020. The following allocation of the profit for the year for the parent company Vygruppen AS is proposed:

Dividend	0 MNOK
Transferred other equity	-229 MNOK
Total annual result	-229 MNOK

The accounts have been prepared on the assumption of continued operations, and the board confirms that the assumption is present.

Outlook

The increasing number of outbreaks of Covid-19 in the autumn of 2020 entailed strict restrictions from the authorities, and the number of trips with Vy fell sharply as a result. Vaccination is expected through the winter and spring of 2021, but there is great uncertainty regarding how long it will take before the situation is normalized. Vy therefore prepares several scenarios for the recovery, and associated measures are planned to minimize adverse financial effects. The financial development of 2021 is dependent on how long it will take before the number of journeys is at a normal level, and the length of support measures from the authorities to compensate for loss of income due to the pandemic.

The passenger train market is exposed to competition. Vy transferred the operation of the train service north of Hamar from June to a new operator. However, Vy continued to run the Bergen line and local traffic around Bergen in a new traffic package from December. Vy is operating the lines in Eastern Norway and is now preparing to participate in the competition for traffic package 4 for Eastern Norway with planned start-up in 2023. Passenger trains maintain the route offer in accordance with agreement with the Norwegian Railway Directorate.

In the bus business, the route offer is maintained in accordance with agreements with public transport companies. For the commercial bus routes and airport buses, the offer is adapted in line with the development in demand, and a new offer has been created in a train / bus combination to / from Trondheim. Vy will start new tenders in Trøndelag and in Jönköping, and will participate in several large new bus tenders in Norway and Sweden.

The situation for freight transport by rail is still challenging. Demand for freight transport is affected by the pandemic, with growth in transport needs for groceries and packages, but reduced demand for transport of aviation fuel and timber. The company will adapt production to demand. The approved change program to ensure long-term profitability will be continued at the same time as efforts are made to ensure the right framework conditions for freight on the railway, including the continuation of the environmental support scheme.

In tourism, we adapt the offer and marketing to Norwegian tourists, and prepare for growth when international air traffic reopens.

Our main goal for 2021 is to re-establish profitability and ensure future competitiveness. We will re-establish our commercial offer in line with the development of demand.

We will continue our investment in digital solutions, explore the possibilities inherent in new technology and develop offers that make it easy to travel in an environmentally friendly way.

Public transport will play a key role in the years ahead and it will be absolutely essential for Norway to achieve its climate goals.

The board would especially like to thank our employees who every day carry out important work to maintain the offer in a demanding time with Covid-19.

Board of directors of the Vy Group

Berit Svendsen
Chairman of the board

Åsne Havnelid
Vice chairman of the board

Geir Inge Stokke
Member of the board

Wenche Teigland
Member of the board

Semming Semmingsen
Member of the board

Ove Sindre Lund
Staff representative

Jan Audun Strand
Staff representative

Grethe Therese Thorsen
Staff representative

Oslo, 17th of February 2021

Board of directors of the Vy Group

Berit Svendsen/ Chairman of the board

Åsne Havnelid

Geir Inge Stokke

Wenche Teigland

Semming Semmingsen

Ove Sindre Lund

Jan Audun Strand

Grethe Therese Thorsen

Grp Bakstad / CEO

Accounts – Vy Group

Income statement

	Notes	2020	2019
Operating revenue	**5**	**14 506**	**17 065**
Payroll and related expenses	23	6 266	6 605
Depreciation and impairment	7	2 389	2 230
Other operating expenses	28	6 613	7 570
Total operating expenses		**15 268**	**16 405**
Share of loss(-)/profit of joint ventures	11	-24	33
Share of loss(-)/profit in associates	10	5	115
Operating profit		**-781**	**808**
Financial items			
Financial income	29	58	107
Financial expenses	29	-236	-210
Net financial expenses - pensions	24	-25	-25
Change in unrealised fair value	29	9	20
Net financial items		**-194**	**-109**
Profit before income tax		**-975**	**699**
Income tax expense	22	117	-135
Profit for the year		**-858**	**564**
Attributable to			
Non-controlling interest		-	-
Equity holders		-858	564
Total		**-858**	**564**
OTHER COMPREHENSIVE INCOME			
Profit for the year		-858	564
Items that will not be reclassified to profit or loss			
Actuarial gain/loss	24	95	-394
Tax on items that will not be reclassified	22	-21	87
Items that may be reclassified in net income in future periods			
Net cash flow hedge		-	-12
Currency translation differences		106	-10
Tax on items that are not reclassified	22	-	3
Total comprehensive income for the year		**-678**	**237**
Attributable to			
Non-controlling interest		-	-
Shareholders equity		-678	237
Total comprehensive income for the year		**-678**	**237**

Statement of financial positions

	Notes	31.12.2020	31.12.2019
ASSETS			
Intangible assets	9	1 202	149
Deferred Tax Assets	22	221	199
Property, plant and equipment	7	9 974	8 709
Investments in associates	10	35	30
Financial fixed assets		81	81
Total non-current assets		**11 513**	**9 169**
Investments in joint ventures	11	133	157
Inventories	12	589	822
Trade and other receivables	8, 14	1 635	1 749
Financial assets	17	1 861	3 480
Cash and bank deposits	19	1 177	1 395
Total current assets		**5 395**	**7 603**
TOTAL ASSETS		**16 908**	**16 772**

EQUITY AND LIABILITIES			
Ordinary shares and share premium	20	3 686	3 686
Retained earnings		510	1 188
Total equity		**4 196**	**4 873**
Debt	21	6 529	5 332
Deferred tax	22	118	-
Retirement benefit obligations	24	1 293	1 517
Provisions for other liabilities and charges	26	262	229
Total long term liabilities		**8 202**	**7 077**
Trade and other payables	25	2 752	3 182
Tax payable	22	23	52
Debt	21	1 735	1 586
Derivative financial instruments	16	0	1
Total short term liabilities		**4 510**	**4 822**
TOTAL EQUITY AND LIABILITIES		**16 908**	**16 772**

Oslo, 17th of February 2021

Board of directors of the Vy Group

Berit Svendsen
Berit Svendsen/
Chairman of the board

Åsne Havnelid

Geir Inge Stokke

Wenche Teigland

Semming Semmingsen

Ove Sindre Lund

Jan Audun Strand

Grethe Therese Thorsen

Gro Bakstad / CEO

Group cash flow statement

	Notes	2020	2019
Profit for the period before income tax		**-975**	**699**
Depreciation and impairment	7	2 389	2 235
Gain/loss on sale of property, plant and equipment (PPE)		-19	-33
Difference between exp. and paym. made/receiv. for pensions	24	-128	-1 191
Change in provisions for other liabilities and charges	26	149	-33
Change in unrealised fair value	29	-9	-20
Interest items		5	-56
Shares of profit/loss (-) from associates and joint ventures	10, 11	19	-148
Change in working capital		-211	649
Taxes paid		-4	-192
Net cash flow from operating activities		**1 216**	**1 910**
Acquisition of subsidiaries, less cash acquired	33	-1 174	-46
Loans paid to/from assosiated companies/joint ventures	10	-	4
Changes in financial non-current assets		1 617	310
Purchase of PPE and investment property	7, 8	-397	-735
Proceeds from sale of assets		79	107
Dividends received		-	49
Net cash flow to investment activities		**125**	**-311**
Repayment of borrowings		-2	-14
Lease payments		-1 577	-1 656
Dividends paid to company's shareholders	20	-	-233
Net cash flow from financial activities		**-1 579**	**-1 903**
NET CHANGE IN CASH AND BANK DEPOSITS FOR THE YEAR		**-238**	**-304**
Cash and bank deposits as at the beginning of the year	19	1 395	1 709
Foreign exchange gain/loss on cash and bank deposits		20	-11
CASH AND BANK DEPOSITS AS AT THE END OF THE YEAR	**19**	**1 177**	**1 395**

Statement of changes in equity

2020	Notes	Ord. shares and share premium	Restricted equity, value changes	Acc. currency translation	Retained earnings	TOTAL
Equity 1st of January	20	3 686	1	-6	1 192	4 873
Profit for the year		-	-	-	-858	-858
From other comprehensive income		-	-	106	74	180
EQUITY 31ST OF DECEMBER		**3 686**	**1**	**100**	**408**	**4 196**

2019	Notes	Ord. shares and share premium	Restricted equity, value changes	Acc. currency translation	Retained earnings	TOTAL
Equity 1st of January	20	3 686	10	4	1 168	4 869
Profit for the year		-	-	-	564	564
From other comprehensive income		-	-9	-10	-307	-327
Dividends paid		-	-	-	-233	-233
EQUITY 31ST OF DECEMBER		**3 686**	**1**	**-6**	**1 192**	**4 873**

Segment information

Business segments

As of 31 December 2020, the Group has its main activities in the following segments:

(1) Train: Passenger train operations
(2) Bus: Passenger bus operations
(3) Freight: Freight train operations
(4) Mobility and travel
(5) Other entities and Group functions

In line with changes in the management reporting structure the Group has adjusted the segment reporting so that Team Verksted is reported as part of the Other segment as of 1 January 2020. Comparative figures for 2019 are adjusted accordingly.

Segment assets in the tables below consist mainly of property, plant and equipment, intangible assets, inventories and other assets and cash, while deferred tax asset and investments are not included.

2020	Train	Bus	Cargo	Mobility and travel	Other/elim	Group
Sales revenue	2 627	5 461	938	1	565	9 592
Public purchases	4 141	-	-	-	-	4 141
Other revenue	501	166	37	363	-294	773
Operating revenue	**7 269**	**5 627**	**975**	**364**	**271**	**14 506**
Operating expenses	6 422	4 947	877	505	129	12 879
Depreciation, impairment	1 152	1 016	118	39	65	2 389
Total operating cost	**7 574**	**5 963**	**995**	**543**	**193**	**15 268**
Share of profit/loss in joint ventures and associated companies	-	5	-	-24	0	-19
Operating profit	**-305**	**-331**	**-20**	**-203**	**78**	**-781**
Segment assets	6 027	6 286	1 111	170	3 091	16 685
Investments	1 535	1 678	65	7	2	3 287

2019	Train	Bus	Cargo	Mobility and travel	Other/elim	Group
Sales revenue	4 604	5 775	982	2	578	11 941
Public purchases	4 294	-	-	-	-	4 294
Other revenue	638	159	54	393	-414	830
Operating revenue	**9 536**	**5 934**	**1 036**	**395**	**164**	**17 065**
Operating expenses	7 436	5 084	894	530	232	14 176
Depreciation, impairment	1 323	701	116	13	77	2 230
Total operating cost	**8 759**	**5 785**	**1 010**	**543**	**309**	**16 406**
Share of profit/loss in joint ventures and associated companies	-	5	-	143	1	148
Operating profit	**777**	**154**	**26**	**-5**	**-144**	**808**
Segment assets	5 810	4 460	1 178	378	4 739	16 565
Investments	321	1 466	33	-	254	2 074

Please refer to note 5 for further details.

Notes to the consolidated financial statements 2020

All figures in the report are in MNOK.

The consolidated financial statements were approved by the Board of Directors on 17th of February 2021.

Note 1
Vy Group accounting principles

1. General information and Group accounting principles

General information
Vygruppen AS and its subsidiaries (Vy Group) operates in the following areas:

- Passenger train and bus transport
- Freight train transport
- Mobility and travel

Additionally, the Group has its own insurance operation which is organized in a separate captive, Finse Forsikring AS.
All Vygruppen AS shares are owned by the Norwegian Ministry of Transport and Communication.
The Vy Group's main offices are located in Oslo.
The financial statements for year 2020 were approved by the Board of Directors on 17th February 2021.
All numbers in the report are in million Norwegian Kroner (MNOK), unless otherwise stated.

Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as approved by the EU.

Significant accounting principles used in the preparation of the Group financial statements are described below. These principles are used consistently for all presented periods, unless otherwise stated.

The consolidated financial statements have been prepared under the historical cost convention with the exception of financial derivatives, certain financial assets and financial liabilities which are valued at fair value.

Accounting principles applied in 2020 are consistent with the accounting principles that were used for the financial statements in 2019.

The Group adopts the going concern basis in preparing its consolidated financial statements.

Changes in accounting principles, new standards and interpretations

Amendments to IFRS 3 - Definition of a Business
The amendments help determine whether an acquisition made is of a business or a group of assets.
The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

The amendments are applied to transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The amendments have had none effects on these financial statements.

IFRS 17 Insurance Contracts
IFRS 17 is adopted by the IASB and replaces IFRS 4 Insurance Contracts. IFRS 17 states principles for recognition, measurement, presentation and disclosure of insurance contracts. The new standard is not considered to be of importance to the Group's operations. The standard takes mandatory effect on 1st of January 2023.

Other
IASB has also adopted several small changes and clarifications in several different standards. It is not expected that any of these changes will have considerable effect for the Group.

Assumptions and accounting estimates
Application of the Group accounting principles implies that the management must exercise judgment through use of estimates and assumptions. Estimates and assumptions are continuously evaluated and are based on experience combined with expectations of future events that are probable at the time of evaluation.

Areas where the use of assumptions and estimates are significant for the Group accounts:

Leases IFRS 16
When determining the lease period for the individual contract, the Group must continuously assess whether there are extension options and termination rights that must be taken into account when determining the lease term. These assessments involve a great deal of discretion as extension options and termination rights that it is reasonably certain that the group will use will be included. The Group has established guidelines for assessments so that all relevant issues are handled in a consistent manner. Leases for train and bus material and premises used in relevant agreements for the execution of passenger or goods transport are considered in connection with these.

Determining the discount rate as a basis for calculating the present value of future lease obligations also involves the use of judgment. A fixed methodology has been established for this process.

Fixed assets
The Group continues to evaluate expected useful life and expected residual value on fixed assets to determine annual depreciation. The Group

reviews its fixed assets values and the need for write downs. These reviews require considerable judgment. See the note on fixed assets for a description of impairment tests and related sensitivity analysis.

Provisions for contract losses
The Group conducts tests annually to evaluate provisions for contract losses based on indications of impairment. For property, plant and equipment an impairment test is performed first. Then the present value of future cash flow for each separate contract is measured. These evaluations involve a large degree of judgment. We refer to the note on Provisions for a more detailed description.

Retirement benefit obligation
The Group has considerable liabilities related to employees' pension rights in defined pension benefit plans. Calculations are based on economic and demographic assumptions. Changes to assumptions can considerably affect the calculated liabilities of future retirement benefit expenses. For more information on pensions and a more detailed description on the assumptions used, see the retirement benefit obligation note to the financial statements.

Included in the note is a sensitivity analysis that illustrates how sensitive the calculations are to changes in key assumptions. Actuarial gains and losses related to such changes are included in other comprehensive income with a direct effect to equity, after deducting deferred tax. Effects from plan changes, closure and settlement included in the financial accounts (P&L) constitute estimates.

Accrued revenue
Parts of the Groups' revenue come from a fare cooperation with other transport operators. These revenues are accrued on the number of travels, composition of ticket types and historical data. These evaluations entail a significant degree of judgment and use of estimates.

Due to the Covid-19 pandemic, the fare cooperation with Ruter for 2020 is based on a fixed and agreed split of revenues, which also includes government grant received by Ruter.

Provision for costs of periodic maintenance
The Group prepares an ongoing provision for accrued costs for periodic maintenance in accordance with the obligation in the lease agreement. This is based on estimated cost per kilometer driven, the Group's route and maintenance plan and regulation in the lease agreement. These assessments involve the use of judgment and estimates. Please see note for periodic maintenance for further details.

Consolidation principles
The Group financial statements show the total financial result and the total financial position for the parent company and its subsidiaries.

Subsidiaries
Subsidiaries are companies where the Group exercises control. Control occurs when the Group, as an investor, has the ability to influence variable yield that the Group has a right to or is exposed to.

Subsidiaries are consolidated from the time the Group obtain control and are excluded from consolidation when control ceases to exist.

Transactions with non-controlling owners in subsidiaries are treated as equity transactions.

Joint ventures and associates
Joint ventures are companies or entities where Vy has joint control with one or several other investors.

Share of associates are companies where Vy has considerable, but not controlling influence. Normally, considerable influence is defined as having an ownership between 20 % and 50 % of the voting rights.

Ownership in both joint ventures and associates are accounted for using the equity method of accounting.

Acquisitions
The acquisition method of accounting applies to business combinations. Compensation is measured at fair value on the transaction date which is when risk and control is transferred and will normally coincide with the implementation date. An allocation of the acquisition price is based on fair value of assets and liabilities acquired. Additional value that cannot be allocated to identifiable assets and liabilities are allocated to goodwill. If fair value of identifiable assets and liabilities is higher than consideration given, the excess is charged to income.

The principles on how to recognize acquisition of associates and joint ventures are the same as for acquisition of subsidiaries.

Segment information
Vy reports its operating segments according to how Group management, which is the operating decision-maker, adopt, follow-up and evaluates decisions.

Currency
Functional currency and presentation currency
The financial statements for Vy Group are presented in Norwegian kroner, which is both the functional currency and presentation currency for the parent company.

The Vy Group operates mainly in Norway, as well as in Sweden. Income statements and balance sheets from Group entities with a functional currency different from the presentation currency are converted accruing currency translation differences directly to equity through other comprehensive income.

Transactions
Operating income and –expenses, purchases as well as financing expenses are mainly in the following currencies: Norwegian Krone (NOK), Swedish Krona (SEK) and Euros (EUR). Transactions in foreign currency are re-calculated to the functional currency at the transaction date. Foreign exchange gains and losses from such transactions and from the translation of foreign currencies are recognised in the income statement.

Public grants
Public grants are recognized when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Operating grants are recognized systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover. Investment grants are capitalized and recognized systematically over the asset's useful life. Investment grants are recognized either as deferred income or as a deduction of the asset's carrying amount.

Revenue
The Group's revenues come mainly from sale of passenger- and freight transport services.

Sale of services, including public purchase of passenger traffic services, is included in the accounting period the services are delivered. This corresponds with the transferal of services to the customer which in practice means when the journey has taken place, in line with IFRS 15. In connection with public purchase of passenger traffic services, the group has an agreement regarding sharing the profit with the Norwegian Railway Directorate (Jernbanedirektoratet). The share of profit is accounted for as a reduction of operating revenue.

Dividends received from companies other than subsidiaries, associates and joint ventures are recognized on the date when the decision was made by the distributing company.

Leases
The Vy Group has an extensive number of lease arrangements of trains, buses and property directly used in the Group's transportation services. The general rule is that the lessee must recognize the lease liability and the associated "right-of-use asset" for the use of the underlying asset over the lease term. All leases that transfer the right to control the use of an identifiable asset (the lessee decides the use and receives the financial (dis-) advantages) are recognized.

As a consequence of the railway reform, the passenger train operation is exposed to competition. Vy will be responsible for operating the railways in the intermediate phase, until all lines are ready for tenders. As reflected in relevant agreements, Vy has the rights and obligation for leasing transportation assets and buildings until start-up after the tenders. Therefore, when determining the lease period for transportation assets and buildings, the plan for start-up after tenders for the individual lines which was treated in the Parliament, has been followed.

The lease liability is measured as present value of future fixed lease payments. Payments that depend on an index or a rate is based on the circumstances at the recognition date.

For lease agreements entered, the discount rate equivalent to the interest rate in the lease agreement is used, if present. Alternatively, the marginal loan rate will be used.

The Group has chosen to apply the exemption rule for short-term leases up to 12 months durations and leases for which the underlying asset is of low value, as these contracts are expensed directly in the income statement.

For contracts that also include other product or service deliveries, the Group has chosen to use the main rule where "non-lease components" are expensed as operating expenses separately from the lease component.

In determining the lease period, the regular lease period is adjusted for extension options and termination rights, which with reasonable certainty is assessed that the Group will exercise.

The right-of-use assets are assessed for impairments in accordance with IAS 36 with specific judgement on how the corresponding liability is to be handled.

Property, plant and equipment
Property, plant and equipment (PPE) and operating related property is shown at cost less subsequent depreciation. Cost includes expenditure which is directly attributable to the acquisition of the items such that it's ready for use.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Borrowing costs accrued during construction of PPE, are capitalized until the asset is ready for intended use.
Depreciation on other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows.

Right-to-use assets are depreciated over the periode the assets are expected to be used and the lease period.

Railroad vehicle	10 – 30 years
Buses	5 – 12 years
Buildings	10 – 50 years
Other fixed assets	5 – 30 years
Right of use assets IFRS 16	2 – 20 years

The fixed assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are included in the income statement and are determined by the difference between the sales price and the balance sheet value.

Intangible assets
Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through an acquisition are recognized at their fair value in the Group's opening balance sheet. Capitalized intangible assets are recognized at cost less any amortization and impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized but are expensed as occurred.

The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortized over their economic life and tested for impairment if there are any indications. The amortization method and period are assessed at least once a year. Changes to the amortization method and/or period are accounted for as a change in estimate.

Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortized. The economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively.

Research and development

Expenses relating to research activities are recognised in the statement of comprehensive income as they incur. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials, direct wage costs and a share of the directly attributable common expenses. Capitalised development costs are recognised at their cost minus accumulated amortisation and impairment losses.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

Impairment

Depreciable intangible assets as well as property, plant and equipment are considered for impairment when there are indications that future earnings cannot justify balance sheet value.

Goodwill and intangible assets with indefinite useful life are not subject to depreciation but are tested annually for impairment.

Impairment is recognized if the carrying amount is higher than the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date, one considers the possibilities for a reversal of prior impairments (except goodwill).

Possible contract losses

The Group's activity results in entering into long-term public contracts for delivery of public transportation. For several of the contracts, the Group assumes part of the risk for the development in several cost areas (for example salaries, interest and fuel) without any income adjustment. This could result in contract losses if future remaining costs are higher than estimated revenues.

Before a provision is performed for contracts that may result in losses according to IAS 37, an evaluation is completed in accordance with IAS 36 (see section for impairment above). Then the Group measures continuously the present value of future expected cash flow from operational activities in each separate contract, where estimated payments consist of all future unavoidable operating costs including wear on assets. The provision is limited to the lower of continuing the contract or to go out of the contract. The provision is reversed over the remaining life of the contract.

Hedging

The Group has used currency accounts to hedge future purchases of buses in euros in accordance with IFRS 9.
The last purchase of buses was due in 2019 at which time the account was settled.

Financial assets held for trading purposes

A financial asset is classified as held for trading purposes if its primary reason for acquiring is to result in gains due to short-term changes in fair value.
Fair value of listed investments is based on its last registered value. If the market for the security is not active or if it concerns a security that is not listed, the Group uses evaluation methods to determine fair value.

Inventory

Inventory is valued at the lower of acquisition cost and net realizable value. Acquisition cost is calculated using the average price method.

The cost of finished goods and work in progress comprises of design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Incurred borrowing costs that are directly related to the acquisition or manufacture of the goods, is included in the cost price of the goods.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Receivables

Receivables include trade receivables and are initially measured at original value which is also considered to be fair value.

For subsequent measurement receivables are considered at amortised cost using the effective interest method, less provisions for probable losses.

Provisions are made for expected future losses based on the best estimate on the balance sheet date. Assessment is based on information about past, present and future estimates.

Cash and bank deposits

Cash and bank deposits including restricted tax withholdings and restricted bank deposits in Finse Forsikring are specified in note 19.

If bank overdrafts are utilized, it will be included in borrowings under current liabilities.

Tax
Income tax expense for a period consists of tax payable and deferred tax.

Deferred income tax is calculated on all temporary differences between tax- and book values as well as tax effect of net losses carry forwards. Deferred income tax is determined using tax rates and tax laws that apply on the balance sheet date. Deferred tax asset that are expected to be utilized are included on the balance sheet.

Deferred income tax asset and liability are offset when there is a legally enforceable right to offset, and it is related to income taxes levied by the same taxation authority for (i) the same taxable entity or (ii) for separate taxable entities where the intention is to settle taxable positions on a net basis.

Retirement benefit obligations
The companies in the Group operate various pension schemes; both defined benefit plans and defined contribution plans.

Defined benefit pension plans are schemes where the employer commits to periodical pension benefits to the employee when he/she retires. The pension payment will mainly depend on number of years in the plan, compensation level at retirement age and the size of the benefits from the national insurance scheme.

The liability recognized on the balance sheet is the present value of the defined benefit pension plan at the balance sheet date, less the fair value of plan assets at the balance sheet date. The defined pension liability is calculated annually by an independent actuary using the projected unit credit method. The cost of pension contributions and net interest rate on the defined benefit pension plan obligation is included in net income.

Changes to the pension plan benefits (plan changes) and settlement effects are expensed or recognized as income continuously in the income statement. Actuarial gains and losses that are caused by new information and changes to the actuarial assumptions are included instantly, through other comprehensive income.

Defined contribution plans are pension plans under which the employer pays contributions towards the employees' future pension without further obligations after the contribution is paid. The payments are included in the income statement as payroll and related expense.

Provisions
Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise of costs relating to severance pay and associated termination and liquidation costs. Provisions are not recognized for ongoing operations nor future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expected expenditure required to settle the present obligation. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability. The increase in the provision due to passage of time is recognized as interest expense.

Other short-term debt
Other short-term debts include trade payable and are initially measured at original value which is also considered to be fair value. At later measurement dates, trade receivables will be considered at amortized cost by using the effective interest method.

Dividend distribution
The dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements when the dividend is approved by the General Assembly.

Fair value estimation
The Group measures several financial assets and financial liabilities at fair value. For classification of fair value, the Group uses a system that reflects the significance of the input that is utilized in the preparation with the following divisions:

Level 1
Fair value is measured using quoted prices from active markets for identical assets and obligations.

Level 2
Fair value is decided by using input based on other observable factors; either direct (price) or indirect (derived from prices) rather than noted prices (used in level 1) for the asset or obligation.
.
Level 3
Fair value is measured using inputs that are not based on observable market data.

Note 2
Shares in subsidiaries

The table shows the parent company's directly owned investments at 31.12.20. The group also owns companies and interests indirectly.

Subsidiaries	Established- / acquisition- date	Registered office	Votes and profit share	Book value shares in subsidiaries in parent company	Equity	Profit/ loss for the year
Vy Buss AS	1st December 1996	Oslo	100 %	1 333	1 422	-104
Agilia AS (former NSB Trafikkservice AS)	1st October 2001	Oslo	100 %	61	16	17
Finse Forsikring AS	1st December 2001	Oslo	100 %	60	288	22
CargoNet AS	1st January 2002	Oslo	100 %	103	-25	-63
Vy Gjøvikbanen AS	1st April 2005	Oslo	100 %	30	80	27
Vy Tåg AB	1s January 2007	Gävle	100 %	-	-106	-260
Vy Tog AS	16th June 2016	Oslo	100 %	516	504	8
Vy Mobility AS	14th May 2018	Oslo	100 %	144	130	-52
Tømmervogner AS*	31st December 2008	Oslo	45 %	2	10	0
TOTAL				**2 249**	**2 319**	**-405**

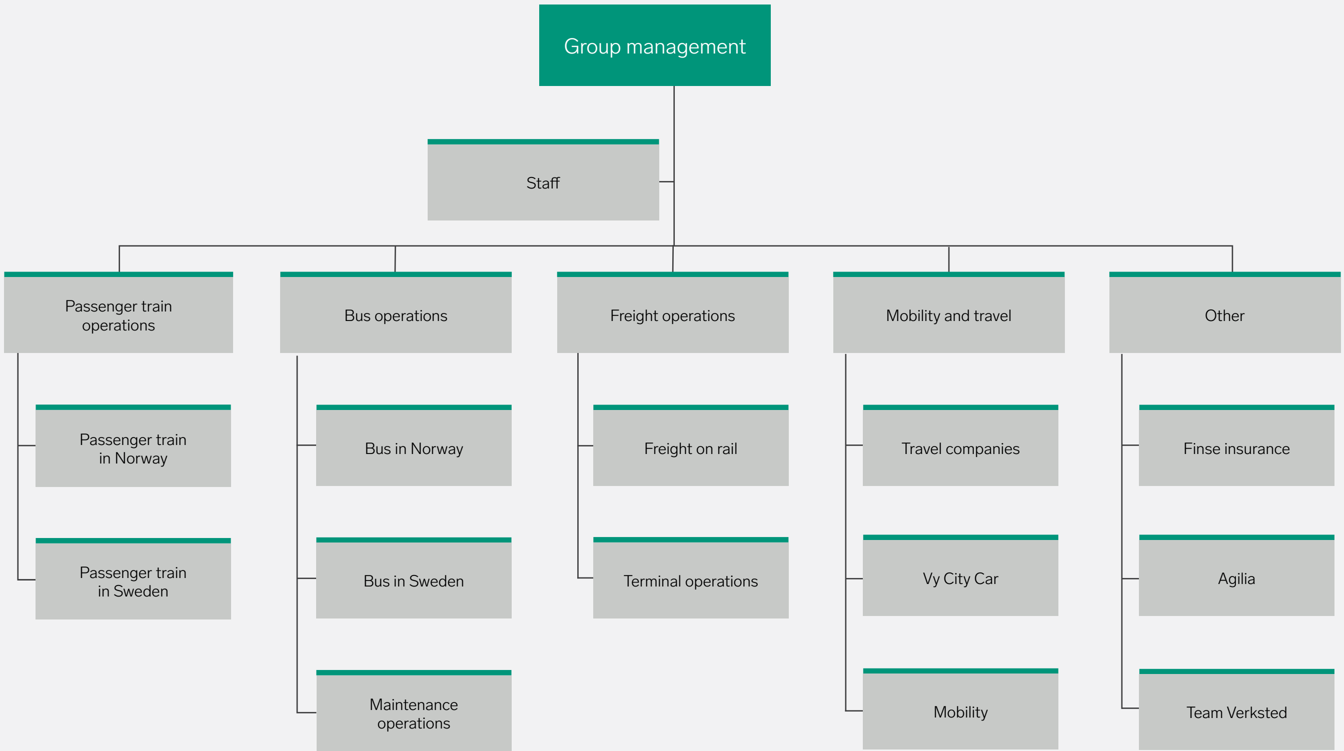
* Vygruppen AS owns 45% and CargoNet AS owns 55%.

The equity presented is 100 % of the equity recognized in the subsidiary's statement of financial position as of 31st of December 2020.

Note 3
Group- and company structure

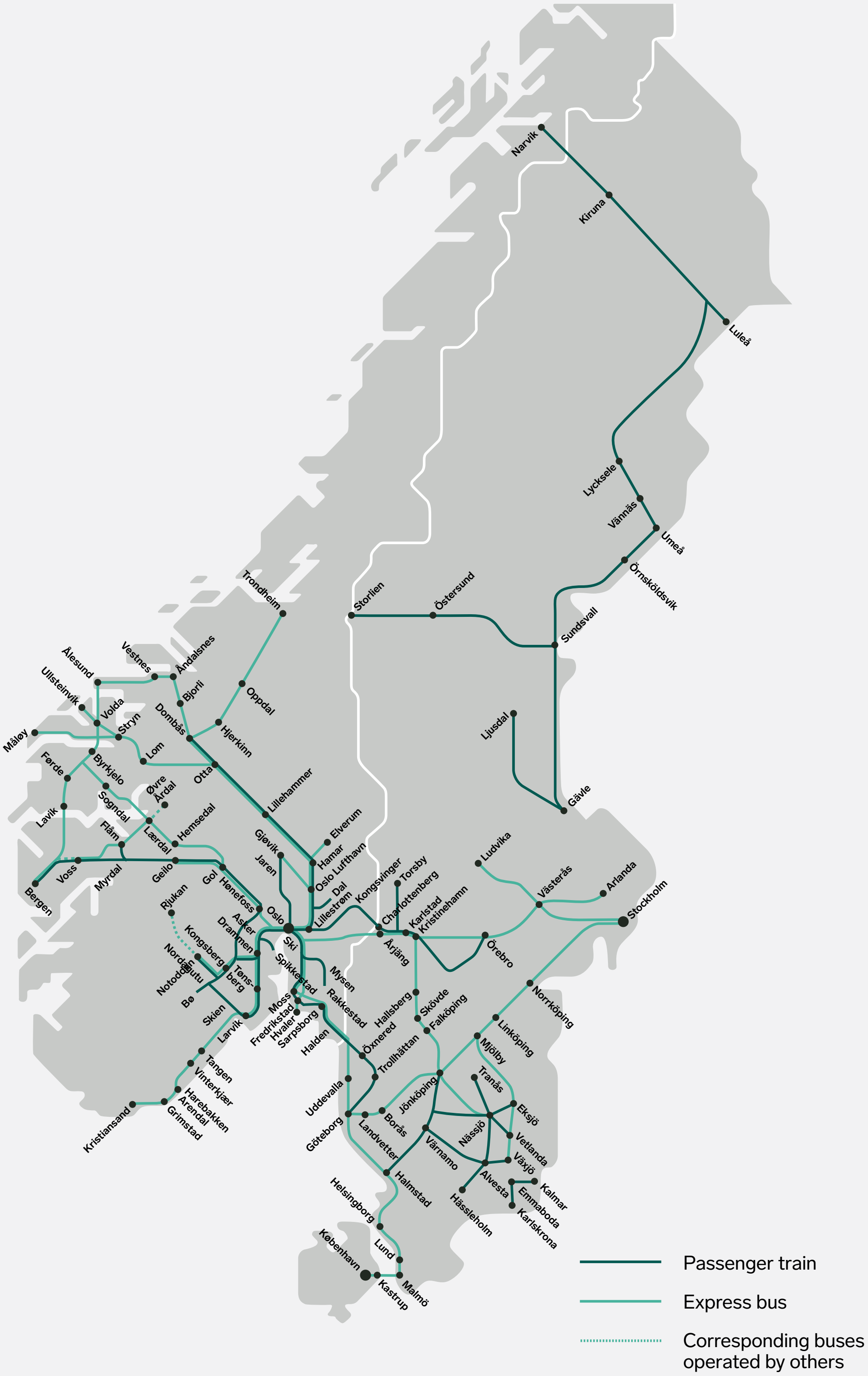
Vy operates in Norway and Sweden. Operations are run in accordance with the Business Segments which slightly differs from the legal structure:

- Vy Gjøvikbanen AS, Vy Tåg AB, Vy Tog AS and part of Vygruppen AS are included in the Train segment.
- The Bus segment consists of the Vy buss group operations.
- The Cargo segment consists of the CargoNet group operations.
- Mobility and travel consists of mobility solutions together with activities connected to Flåmsbana and Fjord Tours.



Note 4

Vy Group’s passenger operations in the Nordic Region



Note 5
Segment information

Analysis of Operating income by category	2020	2019
Transport revenue	13 218	15 694
Other revenue	1 288	1 371
TOTAL	**14 506**	**17 065**

The Group mainly operates in Norway. The Group also has some operations in Sweden.

Information on important customers
The Group has one customer that constitutes more than 10% of operating income. The Government's purchase from the Vy group is included in note 31.
In connection with the Covid-19 pandemic, the Government has adopted a support scheme by allowing the Norwegian Railway Directorate to enter into temporary additional agreements regarding the state purchase of passenger train services. Income from this support scheme is included in the government's purchase of services from the Vy Group.

Operating revenue
Most of the Group operations are personnel transport by train and bus. The transport date regulates the recognition of the revenue and is thus when the service is delivered. The Group also has revenue on agreements with counties and municipalities as well as a Traffic agreement with the State of Norway. Revenue from these arrangements is also recognized at the transport date. Additionally, the Group has revenue from freight, terminal services, workshop services and various ad hoc services. For all these revenue are recognized when the services are delivered.

Type	Segment	IFRS 15 accounting treatment
Personnel transport	Passenger train and bus	Revenue recognition at the transport date
Food and on board services	Passenger train and bus	Revenue recognition at the date of sale
Agreements with counties and municipalities	Bus	Revenue recognition at the transport date
Workshop services	Bus	revenue recognition when the service is delivered
Agreements with counties and municipalities	Passenger train and bus	Revenue recognition at the transport date
Traffic agreement with the state of Norway and public purchaser abroad	Passenger train and bus	Revenue recognition at the transport date
Fees	Passenger train and bus	Revenue recognition at the date of issuance
Freight and terminal services	Freight	revenue recognition when the service is delivered
Other services - sale of ad hoc services, renting premises etc.	All	revenue recognition when the service is delivered

Note 6
Leases

Specification of changes in the period	Liability	Assets
Total opening Balance right-to-use assets / lease obligations as per 1 January 2020	**6 903**	**6 763**
Lease payments	-1 581	-
Depreciations	-	-1 636
Additions and changes in agreements	2 865	2 873
Other / currency effects	64	28
Total Closing Balance as of 31 December 2020	**8 251**	**8 028**

Interest expenses on the leasing obligation amounted to 168 MNOK in 2020.

	Liability	Assets
Total opening Balance right-to-use assets / lease obligations as per 1 January 2019	**7 340**	**7 233**
Lease payments	-1 665	-
Depreciations	-	-1 707
Additions and changes in agreements	1 243	1 250
Other / currency effects	-15	-13
Total Closing Balance as of 31 December 2019	**6 903**	**6 763**

Interest expenses on the leasing obligation amounted to 178 MNOK in 2019.

For more specification on the effects from right-of-use assets in the financial accounts, refer to note 7 Property, plant and equipment.

Liabilities	2020	2019
Short-term liability	1 733	1 586
Long-term liability	6 518	5 317
Total	**8 251**	**6 903**

Future nominal lease obligations amounting to approximately 271 MNOK are not recognized. This relates primarily to leases of buses commited, but not yet received. The Right-of-use assets and obligation will be recognized when the buses are received and made available for the Group.

Supplementary information

Leases not recognized	2020	2019
Short term agreements (between one month and one year)	45	38
Costs aligned to low-value items	20	22
Total	**65**	**60**
P&L		
Revenue from sub-lease	6	7
Cash Flows		
Total cash flows on leases	1 795	1 892

For more information on the Group's handling of leases, refer to the principles.
For future maturities for the Group's lease liabilities, refer to note 15.

Note 7
Property, plant and equipment

At 1st of January 2020	Machinery and equipm.	Transport equipment	Land and buildings	Assets under construction	Right-to-use bus and train	Right-to-use buildings	Right-to-use other assets	Total
Accumulated acquisition cost	1 652	13 056	233	14	7 800	2 050	50	24 855
Accumulated depreciation	-1 537	-11 322	-150	-	-2 653	-460	-24	-16 146
TOTAL	**114**	**1 735**	**84**	**14**	**5 147**	**1 590**	**25**	**8 709**
Year ended 31st of December 2020								
Opening net book value	114	1 735	84	14	5 147	1 590	25	8 709
Exchange differences	2	42	1	0	18	7	-	70
Acquisition of subsidiary	5	130	-0	-	-	-	-	136
Accumulated depr. acq. of subsidiary	-1	-5	-	-	-	-	-	-6
Additions	85	269	2	37	2 605	271	18	3 287
Disposals at acquisition cost	6	-946	-3	-	-629	-24	-6	-1 602
Accumulated depreciation disposals	-7	891	2	-	629	4	6	1 525
Transfers within PPE	-	4	0	-4	-	-	-	0
Depreciations	-46	-411	-9	-	-1 362	-260	-14	-2 101
Impairments	-2	-42	-	-	-0	-	-	-44
TOTAL	**158**	**1 667**	**75**	**47**	**6 408**	**1 589**	**30**	**9 974**
At 31st of December 2020								
Accumulated acquisition cost	1 751	12 555	232	47	9 794	2 305	62	26 746
Accumulated depreciation	-1 592	-10 888	-157	-	-3 386	-716	-32	-16 772
TOTAL	**158**	**1 667**	**75**	**47**	**6 408**	**1 589**	**30**	**9 974**
Deprecation period	5 - 30 years	5 -30 years	3 - ever-last.		1 - 10 years	1 - 20 years	1 - 10 years	

At 1st of January 2019	Machinery and equipm.	Transport equipment	Land and buildings	Assets under construction	Right-to-use bus and train	Right-to-use buildings	Right-to-use other assets	Total
Accumulated acquisition cost	1 614	13 351	225	11	7 251	1 684	50	24 185
Accumulated depreciation	-1 489	-11 815	-140	-	-1 504	-237	-12	-15 197
TOTAL	**124**	**1 536**	**86**	**11**	**5 746**	**1 447**	**37**	**8 988**
Year ended 31st of December 2019								
Opening net book value	124	1 536	86	11	5 746	1 447	37	8 988
Exchange differences	-1	-15	-	-	-8	-2	-	-26
Acquisition of subsidiary	1	-	-	-	-	-	-	1
Additions	33	683	8	13	912	424	1	2 074
Disposals at acquisition cost	-2	-965	-	-	-355	-56	-1	-1 379
Accumulated depreciation disposals	1	889	-	-	293	29	1	1 213
Transfers within PPE	7	3	-	-10	-	-	-	-
Depreciations	-43	-394	-10		-1 442	-252	-13	-2 154
Impairments	-6	-2	-	-	-	-	-	-8
TOTAL	**114**	**1 735**	**84**	**14**	**5 147**	**1 590**	**25**	**8 709**
At 31st of December 2019								
Accumulated acquisition cost	1 652	13 056	233	14	7 800	2 050	50	24 855
Accumulated depreciation	-1 537	-11 322	-150	-	-2 653	-460	-24	-16 146
TOTAL	**114**	**1 735**	**84**	**14**	**5 147**	**1 590**	**25**	**8 709**
Deprecation period	5 - 30 years	5 -30 years	3 - ever-last.		1 - 10 years	1 - 20 years	1 - 10 years	

Depreciation, amortization and impairment	2020	2019
Depreciation charges PPE	2 101	2 154
Impairment charges PPE	44	8
Amortization and impairment of intangible assets (note 9)	244	68
Total	**2 389**	**2 230**

Property, plant and equipment, and contract losses

Operating revenue in the Group is mainly related to long term tender contracts which means significant investments in property, plant and equipment (PPE). In the presentation of the accounts as at 31st of December 2020 an evaluation of the value of the Groups' PPE is performed, where there are indications of permanent impairment (IAS 36).

To test the balance sheet value, calculations using value in use have been performed. Value in use is calculated for every cash flow generating unit (CGU). Calculation of value in use has been performed on the tenders where there is an indication of permanent impairment on PPE.

The value in use is calculated as present value of expected future cash flows for each tender. Revenue from the contracts and expected operating expenses, including overhead that can be allocated to each separate CGU, are included in the contracts' lifespan in the future cash flows. If there exists repurchase values on transport equipment, these are included in the cash flow at the end of the contract and based on experiences or residual value guarantees from suppliers. Within several of the contracts, the contracting entity has the option to extend the contracts. When it is probable that the options will be exercised, the effect of the option period is included in the cash flows. Impairments are undertaken if the balance sheet value is lower than the recoverable amount. The recoverable amount is the higher of fair value less sales costs and value in use.

In addition to evaluating balance sheet values according to IAS 36, the contracts are also evaluated for any additional provisions according to IAS 37. In these evaluations the Group measures continuously present value of future expected cash flows from operational activities in each separate contract, where estimated payments include all future unavoidable operating expenses. The provision is limited to the lower amount of continuing or exiting the contract. The provision is released over the remaining life of the contract. See note 27 for further details about contract losses.

In the future cashflows evaluations in accordance with IAS 36 and IAS 37, the following main assumptions are used:

Growth rate of	1,7 %
Discount rate	7,0 % evaluations according to IAS 36
Borrowing rate	2,2 % evaluations according to IAS 37

Based on the main assumptions, the Group has made impairment on assets in 2020 by MNOK 16 (2019: MNOK 1). The Group has cash-generating units where the assets are valued at value in use as at 31 December 2020 but these have not been impaired. The Group also has cash-generating units where the assets are valued at the fair value of transport equipment as at 31 December 2020, which are written down by MNOK 21 (2019: MNOK 9). For contracts where the assets are written down to fair value, total value in use is MNOK 11, which was approximately MNOK 26 lower than fair value.

Sensitivity

To describe the uncertainty that are included in the IAS 36 impairment calculations, sensitivity analysis on selected variables in the calculation have been performed. A sensitivity analysis is performed on contracts where PPE is impaired in the current year.

Discount rate

A change in discount rate of +/- 1 % -points affects changes to present value differently across contracts. Yearly change in EBITDA of 1 MNOK per contract wil also give an effect of the calculated net present value. The overview below shows these effects.

Discount rate Change in factors	Change in present value	Actual accumulated impairment	Estimated accumulated impairment*
Interest rate +1%	-1	21	21
Interest rate -1%	1	21	21

EBITDA Change in factors	Change in present value	Actual accumulated impairment	Estimated accumulated impairment*
EBITDA + 1 MNOK per contract	3	21	21
EBITDA - 1 MNOK per contract	-3	21	21

* Actual accumulated impairment affected by evaluations of market value of transport equipment.

The cash-generating units rated at fair value for transport equipment would be classified at Level 2 in a valuation hierarchy. The assets that are valued at value in use would be classified at level 3 in a valuation hierarchy.

Note 8
Periodic maintenance

Periodic maintenance on leased trains	2020	2019
Prepaid maintenance as of 1st of January	9	11
Accrual for incurred maintenance cost through the year	-104	-133
Performed maintenance through the year	137	159
Change in provision	-17	-28
PREPAID MAINTENANCE AS OF 31ST OF DECEMBER	**25**	**9**

As a train lessee, the Group is under the lease agreement responsible for carrying out heavy maintenance. Provisions for maintenance costs are continuously recorded on the basis of estimated costs per kilometer driven, and the route- and maintenance plan. Costs are estimated based on existing maintenance contracts, and experience with historic maintenance work. Actual incurred maintenance costs are offset against the provision. Upon return of the leased equipment, the Group will have to compensate, or will be entitled to a compensation from the lessor, based on the equipment's maintenance level, assessed at the end of the lease period. The assessment involves use of judgment and estimates.
The amount of prepaid maintenance is included in the balance sheet within prepayments (see note 14).

Note 9
Intangible assets

	Goodwill		Other		Total	
	2020	2019	2 020	2019	2 020	2019
At 1st of January						
Accumulated acquisition cost	184	162	50	20	234	182
Accumulated amortization and impairments	-64	-	-22	-18	-86	-18
TOTAL	**120**	**162**	**28**	**2**	**149**	**165**
Changes during the year						
Opening net book value	120	162	28	2	149	165
Exchange differences	26	-	44	-	70	-
Acquisitions	479	22	747	28	1 226	50
Additions	1	-	1	2	2	2
Impairments	-158	-64	-46	-	-204	-64
Amortization and depreciation	-	-	-40	-4	-40	-4
TOTAL	**468**	**120**	**734**	**28**	**1 202**	**149**
At 31st of December						
Accumulated acquisition cost	693	184	846	50	1 532	234
Accumulated amortization and impairments	-225	-64	-112	-22	-330	-86
TOTAL	**468**	**120**	**734**	**28**	**1 202**	**149**

Goodwill is mainly related to the acquisition of Flygbussarna and GoMobile. Other intangible assets relate to acquisitions during 2019 and 2020 and consist of brand, contracts and relationships, customer database and dedicated parking lots at the airports. Brand and parking lots are not being amortized. See note 33 for additional description of intangible assets arising from acquisitions.

Impairment testing of goodwill and intangible assets with indefinite useful lives
Goodwill and intangible assets with indefinite useful lives are tested annually for impairment by comparing the carrying amount with the recoverable amount. The ratio is monitored based on what is considered as the natural cash-generating unit (CGU) associated with each acquisition. The recoverable amount is calculated based on the value the asset will add to it's CGU. Liquidity prognosis' based on approved budgets are approved by leadership for the next five year period. The cash flows from the tender period are limited to the end of the agreement-/tender period. For the commercial agreements, the cash flows after the first five years utilize estimated growth rates. The assumptions used for calculating value is use vary between the different CGU's and the discount rates take into account the specific risk connected to each CGU.

a) Measurement of impairment loss for Flygbussarna
For Flygbussarna the Covid-19 pandemic has lead to a significant reduction in number of journeys and the cash flow has worsened significantly. Based on this, an updated impairment analysis has been performed. The analysis is based on a prognosis for the years to come and reflects both the current status and the expectation of a future normalization of the market and corresponding cash flow. The prognosis build on assumptions on the development in the pandemic. This depend on the effect of the vaccination programs, duration of travel restrictions and fear of infection, the time it takes to return to historical levels, and any long-term effect on the demand for travel. The company has used a weighted average cost of capital (WACC) of 9.3% and the calculations performed show a value in use lower than the book value of the cash generating unit which leads to an impairment loss of 176 MSEK. The impairment loss corresponds to 180 MNOK and is included in "Depreciation and impairment" in the income statement. The table below shows the size of the impairment with changes in key assumptions, given that other factors are unchanged.

		Impairment change with:	
Assumptions (figures in MNOK)	**Change**	**Increase in assumptions**	**Reduction in assumptions**
Operating profit %	+/- 1%	-58	58
WACC	+/- 0,5%	88	-98

b) Measurement of impairment loss for GoMobile
As a consequence of the Covid-19 pandemic, revenue from many of the company's projects will be reduced in the upcoming years, which leads to a significant reduced cash flow. The Group has performed an impairment assessment. This implies an impairment loss of the remaining surplus values from the aquisition in September 2019, of which 12 MNOK is allocated to goodwill and 8 MNOK is allocated to capitalized development cost related to the technology. The impairment loss is included in "Depreciation and impairment" in the income statement.

c) Measurement of impairment loss for Fjord Tours
Fjord Tours Group AS (former Vy Fjord1 Reiseliv AS) is accounted for as a joint venture and Vy owns 50% of the company. Fjord Tours is operating in the tourist segment with focus on group round trips and with a customer base that historically mainly has been international. It is therefore expected that the effect of the Covid-19 pandemic will affect the company's profit significally from 2020 until the market has normalized. Based on this, an updated impairment analysis has been performed and the analysis is based on prognosis for the years to come and reflects both the current status and the expectation of a future normalization of the market and corresponding cash flow. The company has used a weighted average cost of capital (WACC) of 12.1% and the calculations show an impairment loss of the investment amounting to 20 MNOK which is included in ""Share of profit of joint ventures"" in the income statement.

If the WACC had increased with 0.5% the impairment loss would have increased with 5 MNOK while a reduction of 0.5% would led to a reduced impairment loss of 5 MNOK. This is given that all other assumptions in the calculation are unchanged.

Note 10
Investments in associates

	2020	2019
Book value 1st of January	30	53
Disposals/ -sale of associates	-	-126
Share of profit/loss	5	115
Other equity movements	-	-11
NET BOOK VALUE 31ST OF DECEMBER	**35**	**30**

As a result of the contibution in kind of the group's share of 43% of Fjord Tours AS into Fjord Tours Group AS(former Vy Fjord1 Reiseliv AS) in 2019, the group has recognized a gain on disposal of 102 MNOK. The gain is included in the total share of profit from investments in associates. Vygruppen AS owns 50 % of Fjord Tours Group AS.
Go Mobile AS was accounted for as an investment in associates up to and including 30 September 2019. As of 1 October 2019, the group acquired the remaining shares in the company and has from the same date consolidated the company as a fully owned subsidiary. See note 33 for further information about consideration paid and identified assets and liabilities recognized from the acquisition.

Profit/loss, assets and liabilities of its associates, all of which are unlisted, are as follows:

2020	Registered office	Assets	Liabilities	Revenues	Profit/Loss	% Interest held
Nordlandsbuss AS	Bodø	111	60	251	4	34%
Peer Gynt Tours AS	Oslo	11	8	69	-	34%
Minibuss 24-7 AS	Våler	130	104	161	12	49%
Sjøholt Last og Buss AS	Ørskog	5	3	14	-	49%
TOTAL		**257**	**175**	**495**	**16**	

Share of profit/loss is after tax, non-controlling interests and dividends paid.

2019	Registered office	Assets	Liabilities	Revenues	Profit/Loss	% Interest held
Nordlandsbuss AS	Bodø	99	53	233	-7	34%
Peer Gynt Tours AS	Oslo	11	7	66	-0	34%
Minibuss 24-7 AS	Våler	86	72	129	5	49%
Sjøholt Last og Buss AS	Ørskog	5	4	14	0	49%
TOTAL		**201**	**135**	**442**	**-3**	

Note 11
Investment in joint ventures

	2020	2019
Book value 1st of January	157	46
Acquisition of joint venture	-	114
Share of profit/loss	-24	33
Other equity movements	-	-37
NET BOOK VALUE 31ST OF DECEMBER	**133**	**157**

Share of profit and loss includes adjustments from prior years.

The Vy Group's interest in joint ventures is as follows:

Joint venture:	Year of acquisition	Registered office	Votes and profit share	Equity	Profit/loss	Book value 31st of December
Flåm Utvikling AS	2013	Aurland	50 %	77	-3	92
Fjord Tours Group AS (former Vy Fjord1 Reiseliv AS)	2019	Oslo	50 %	231	-20	263

The amounts below show the Group's share of assets and liabilities as well as revenue and expenses in joint ventures.

Assets	2020	2019
Non-current assets	123	144
Current assets	54	116
TOTAL	**177**	**260**
Liabilities		
Long term liabilities	11	-
Short term liabilities	7	67
TOTAL	**18**	**67**
NET ASSETS	**159**	**193**
Income/expenses	**2020**	**2019**
Operating revenue	53	159
Operating expenses	-77	-126
PROFIT AFTER TAX	**-24**	**33**

Description of operations:

Flåm Utvikling AS
For 20 years, Flåm Utvikling AS has operated the travel product Flåmsbana with Vygruppen AS as a supplier of train transport services. Flåm Utvikling conducts product development, sales, marketing, customer relationship management and brand development of Flåmsbana, as well as the foundation for commercial year-round operations of Flåmsbana. Flåmsbana is the country's first year-round mountain/fjord railway destination.

Fjord Tours Group AS
Vy Fjord1 Reiseliv AS was founded in April 2019 and changed name to Fjord Tours Group AS 4 March 2020. Together with the subsidiary Fjord Tours AS, the companies sell combined tours with public transport. As of today "Norway in a nutshell", with among others the Bergen Line and Flåmsbana, is the most famous round trip. The tourists travel with public transport and the package includes accomodation, activities and other experiences.

Note 12
Inventory

	2020	2019
Components	583	809
Not completed parts	6	13
TOTAL INVENTORY	**589**	**822**

Note 13
Hedging

The Group has in 2018 established a currency bank account to hedge future purchases of buses in euros in accordance with IFRS 9. The purchase of currency (euro) was done to hedge currency risk through coinciding lifetime for the instruments and the payment periods. The Euro bank account was solely used for the purchase of buses that were included in the specified deliverances. The risk exposure the Group experienced through the purchases of buses in foreign currency was offset by coinciding fluctuations in asset value.

Hedging instrument	Date	Rate	Amount (TEUR)	Accounting line	Balance 31.12.2020	Change
Euro accounting	30.05.2018	9,515	43 000	Cash/Receivables	-	-43 000

The last purchase of buses was due in August 2019 at which time the account was settled. During 2020, no hedging is in place.

Ineffectivity
Since the account was used for purchases of buses, the lifetimes for the hedging instrument and exposure were coinciding. The hedging ratio was 1. The time difference between conclusion of the instrument and the payment lead to a small ineffectivity that was recognized through Other Comprehensive Income. The effects are shown separately in the equity statement as hedging reserve. At the point of the last deliverance of the buses the sum was, by being activated to the hedge rate, recognized towards the cost of the buses.

Note 14
Trade and other receivables

	2020	2019
Trade receivables	1 040	1 078
Less: provision for impairment of receivables	-11	-15
Trade receivables - net	1 029	1 063
Prepayments	405	547
Other receivables	201	139
TOTAL TRADE AND OTHER RECEIVABLES	**1 635**	**1 749**

The carrying amounts of the trade receivables, prepayments and other receivables approximate their fair value. Trade receivables include mainly freight revenue, rental revenue and non-calculated public purchase amounts due from counties.

Maturity of receivables:	2020	2019
Matured receivables on balance sheet date	104	164
Matured between 0 - 2 mnths ago	92	117
Matured between 2 - 6 mnths ago	4	29
Matured more than 6 mnths ago	8	18

Note 15
Financial risk management

Capital management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages some of its excess liquidity in interest bearing products like deposits, commercial papers and bonds, in accordance with guidelines prepared by the Board of Directors. The Board sets the principles of risk management and gives guidelines for specific risk areas. In accordance with the guidelines' demand of security, spread of risk and liquidity, Vy should maximize the return of the managed capital.

The Group invests portions of the surplus liquidity in interest-bearing products such as bank deposits, certificates, bonds with short remaining maturity and money market funds.

Financial risk factors
The Group's activities result in various types of financial risk: market risk (foreign exchange-, interest rate-, and price risk), credit risk and liquidity risk.

The Group's risk management policy focuses on the capital markets unpredictability and strives to minimize the potential negative effects on the Group's financial results. The Group uses financial derivatives to hedge certain risks.

Risk management is carried out by a centralized Group treasury department. Group treasury identifies, evaluates, and hedges financial risk in co-operation with the Group's operating units.

Market risk

Foreign exchange risk
Currency risk is the risk that fluctuations in the exchange rate will lead to changes in the Group's income statement, statement of financial position or cash flows.

The Group operates in the Nordic region, makes purchases from foreign suppliers and is therefore exposed to currency risks. The Group minimizes currency risk associated with larger investments from foreign suppliers by mainly entering into agreements in NOK or sometimes are being hedged. The goal is to create predictability with respect to future payments measured in NOK.

The Group has certain investments in foreign subsidiaries, whose net assets are exposed to currency risk. This risk is not considered to be of significant importance to the Group.

Interest rate risk
Interest rate risk is the risk that a fair value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates.

The Group has no outstanding certificates and bond loans. The excess liquidity was invested in the Norwegian money market and was therefore exposed to changes in Norwegian money market rates. The management of excess liquidity has a short average interest duration and therefore the fair value changes due to changes in money market rates are moderate.

Other price risk
The Group has a risk associated with price changes related to electric power and diesel used in its train and bus operations. The Group are only in a limited extent hedging its future electricity and diesel needs.

Liquidity risk
Liquidity risk is the potential inability to meet short term liabilities.

Vy's management monitors the Group liquidity reserve (consists of overdraft facility and cash equivalents) through rolling forecasts based on the Group's expected cash flow.

Vy reduces liquidity risk on maturity of financial obligations by accessing a number of financing sources, as well as maintaining adequate liquidity to cover planned operating-, investing-, and refinancing needs without assuming new debt due within 12 months. Liquidity consists of bank deposits, interest rate certificates, money market funds and a credit facility.

Vy has a high credit rating. Standard & Poor's rates Vy's long-term debt at A- (negative outlook). This high credit rating gives Vy good access to external financing.

The table below shows future maturities for the Group's liabilities as at 31st of December 2020:

Liquidity risk	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Short term liabilities	2 752	-	-	-
Debt	2	2	4	5
Lease obligations	1 603	1 524	2 974	1 360
Property, plant and equipment	1 561	-	-	-

Credit risk

Credit risk is the potential loss if an external part cannot meet its financial obligations to Vy. The Group's exposure to credit risk is mainly related to individual customers.

Passenger train- and bus operations mainly sell its services on a cash basis. Deferral of payment is given to public authorities based on long-term agreements. Revenue from freight operations is divided between several medium sized customers whose financial development is tracked through updated credit assessments. Other subsidiaries have its parent company as their main customer. The Group is therefore to a small degree exposed to credit risk.

Vy is exposed to credit risk through placement of excess liquidity with issuers of debt securities. The parent company has established limits for credit exposure against sectors and individual counterparties based on credit assessments.

Vy has risk against its counterparties in interest- and currency derivative agreements. Vy focuses on counterparty risk in its financial transactions.

Vy assesses maximum credit risk to be the following:	2020	2019
Cash and bank deposits	1 177	1 395
Certificates (placements)	1 861	3 480
Trade receivable and other short term receivables	1 635	1 749
TOTAL	**4 673**	**6 624**

The credit risk (counterparty risk) is reduced by diversifying exposure across several counterparties. Strict requirements are set for the counterparty's creditworthiness with a minimum A- rating from S&P, or equivalent from another international rating agency upon conclusion of the agreement. Counterparty risk is continuously monitored. Vygruppen AS has agreements that regulate judicial offset calculations in a bankruptcy situation (ISDA agreements) with several banks.

Excess liquidity is placed in Norwegian certificates and bonds with short-term remaining maturity, as well as Norwegian money market funds. Guidelines are established for credit exposure against several sectors, and specific issuers based on credit assessments. In additon there are established guidelines for moneymarketfunds and bond funds.

For the wholly owned subsidiary, Finse Forsikring AS, the Board of Directors has approved extended limits on placement of surplus liquidity. The company has made investments in four listed mutual funds on the Oslo Exchange; "Skagen Global"," Nordea Stabile Aksjer Global Etisk" and "Storebrand Global Multifactor".

A decline in value of 39 % gives a calculated portfolio risk of -26 MNOK (2019: 39 % -26 MNOK). The evaluation and determination of percentage decline in value has been set in accordance with the Financial Supervisory Authority of Norway's regulations on reporting stress tests for insurance and pension companies.

Note 16
Derivatives

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Interest and exchange rate swaps	-	-	-	-1
TOTAL	**-**	**-**	**-**	**-1**

Fair value changes in derivatives are continuous recognized in the income statement. Derivatives are classified as current assets or contractual obligations.

Interest rate and foreign exchange swaps

The nominal principal on outstanding interest rate swaps as of December 31st 2020 was 10 MNOK (2019: 11 MNOK). As of December 31st 2020 the fixed interest rate was 5,25 % (2019: 5,25 %).

Note 17
Other financial assets at fair value through profit or loss

Listed securities	2020	2019
Stocks and other listed equity securities – Norway	1 492	2 891
Stocks and other listed equity securities – Europe	68	66
Bonds and certificates	224	427
Other financial instruments	77	96
TOTAL	**1 861**	**3 480**

Fair value is based on changes in original interest rate, currency exchange and spread (at recording time) against market interest rate, currency exchange rates at the reporting date.

Effective interest rate on short term placements of financial instruments was 1.75 % at 31st of December 2020 (2019: 1.74 %)

Effective interest rate on short term bank deposits was 0.58 % as at 31st of December 2020 (2019: 2.07 %).

Changes in fair value of listed securities	2020	2019
This period's change in fair value	9	20
Accumulated change in fair value	38	29

Note 18
Financial instruments by category

Assets at 31st of December	Loans and receivables		Assets at fair value through profit and loss		Total	
Year	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Financial fixed assets	81	81	-	-	81	81
Trade and other receivables (excl. prepayments)	1 231	1 202	-	-	1 231	1 202
Financial assets at fair value through profit or loss	-	-	1 861	3 480	1 861	3 480
Cash and bank deposits	1 177	1 395	-	-	1 177	1 395
TOTAL	**2 489**	**2 678**	**1 861**	**3 480**	**4 350**	**6 158**

Vy Buss AS has its own pension fund for employees with public pension benefits. The equity contribution amounting 65 MNOK equals the fair value and is included included in financial fixed assets.

Liabilities at 31st of December	Other financial liabilities at amortised cost		Liabilities at fair value through profit and loss		Total	
Year	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Debt (excl. financial lease liabilities)	13	14	2	1	15	15
Lease liabilities IFRS 16	8 251	6 903	-	-	8 251	6 903
Derivatives	-	-	-	1	-	1
Trade and other payables (excl. statutory liabilities)	2 752	3 182	-	-	2 752	3 182
TOTAL	**11 016**	**10 099**	**2**	**2**	**11 018**	**10 101**

Financial assets and liabilities at fair value through profit and loss per 31st of December 2020:

	Level 1	Level 2	Level 3	Total
Derivatives used for hedging	1 861	-	-	1 861
TOTAL ASSETS	**1 861**	**-**	**-**	**1 861**
Debt and accrued interest	-	2	-	2
Derivatives used for hedging	-		-	-
TOTAL LIABILITIES	**-**	**2**	**-**	**2**

For description of the different levels used, see note 1 Vy Group accounting principles.

Financial assets and liabilities at fair value through profit and loss per. 31st of December 2019:

	Level 1	Level 2	Level 3	Total
Derivatives used for hedging	3 480	-	-	3 480
TOTAL ASSETS	**3 480**	**-**	**-**	**3 480**
Debt and accrued interest	-	1	-	1
Derivatives used for hedging	-	1	-	1
TOTAL LIABILITIES	**-**	**2**	**-**	**2**

For description of the different levels used, see note 1 Vy Group accounting principles.

Note 19
Cash and bank deposits

	2020	2019
Cash and bank deposits	1 177	1 395

Includes restricted funds of 179 MNOK (2019: 111 MNOK).

Note 20
Share capital and share premium

	No. of shares	Ordinary shares	Share premium MNOK	Total MNOK
Shares at 1st of January 2020	3 685 500	3 685 500	-	3 686
Shares at 31st of December 2020	3 685 500	3 685 500	-	3 686

There is only one class of shares. The par value of a share is NOK 1,000,- which is owned by the norwegian Goverment (Ministry of Transport and Communication).

In 2020 no dividend payment was made for the fiscal year 2019. No dividend for the fiscal year 2020 is proposed . The decision will be made at the General Assembly in 2021.

Note 21
Interest bearing debt

Long term liabilities	**31.12.2020**	**31.12.2019**
Lease obligations IFRS 16	6 518	5 317
Other loans	11	15
TOTAL	**6 529**	**5 332**
Short term liabilities		
Lease obligations IFRS 16	1 733	1 585
Other current debt	2	1
Total	**1 735**	**1 586**
TOTAL DEBT	**8 264**	**6 918**

The exposure of the Group`s debt and lease obligations to interest rate changes and the contractual dates as at the balance sheet date are as follows:

Loans and hedgings		**2020**	**2019**
6 months or less		1 946	1 200
Over 6 months			-
Non-current borrowings expire in:		**2020**	**2019**
Between 1 and 2 years		334	221
Between 2 and 5 years		890	591
Over 5 years		730	398
Effective interest rate at the balance sheet date in %:		**2020**	**2019**
Other loans	NOK	1,30	2,38
Other loans	SEK	2,27	1,13

The carrying amounts of the non-current borrowings approximate their fair value.

The carrying amounts of the Group`s loans are denominated in the following currencies:	**2020**	**2019**
NOK	1 653	1 053
SEK	303	157
TOTAL	**1 956**	**1 210**

The Group has the following unused loan facilities:	**2020**	**2019**
Floating interest rate		
- Expiring within one year	400	50
TOTAL	**400**	**50**

The facility that expire within one year is a bank overdraft related to the Vy Group bank account system. Credit is granted for one year at the time and is renewed annually.

Note 22
Tax

Income tax expense:	2020	2019
Current income tax payable	25	55
Changes in deferred tax	-142	80
Total income tax expense	**-117**	**135**

Tax payable on the balance sheet are as follows:	2020	2019
Current payable tax expense	25	55
Insufficient/ too much tax provision prior years	-2	-3
Tax payable on the balance sheet	**23**	**52**

Tax payable in the balance sheet will partly be offset by proposed group contributions which will to be decided by the general assembly in 2021.

Reconciliation between nominal and actual tax expense rate:	2020	2019
Profit before income tax	-975	699
Expected income tax using the nominal tax rate	-212	153
Tax effect from the following items:		
Other permanent differences related to investments (exemption method)	13	-28
Other non-deductible expenses	32	21
Other non-taxable income	-1	-11
Effect of change deferred tax asset not recognized	57	-
Effect of change in income tax rate	-5	0
Income tax expense	**-117**	**135**
Effective tax rate	**12 %**	**19 %**

Specification of the tax effect from temporary differences and losses carried forward:
Deferred income tax asset and liabilities are offset where there is a legally enforced right to offset current tax assets against current tax liabilities and where the deferred income taxes are due to the same tax authority. The deferred tax liabilities and deferred tax assets are presented net in the table below while in the balance sheet the numbers are presented gross. Recognized deferred tax liabilities relate to the operations in Sweden while recognized deferred tax assets relate to the operations in Norway.

2020	01.01.	Exchange diff.	Acq. of subsidiary	Income statement charge	Charge to other compr. Income	Charged directly to equity	Tax effect Group contr.	31.12.
Benefit (+) / Liability (-)								
Fixed assets	-1 446	-5	-	262	-	-	-	-1 189
Intangible assets	-9	-46	-731	72	-	-	-	-715
Financial assets	-	-	-	-31	-	-	-	-31
Inventories	29	-	-	7	-	-	-	36
Receivables	5	-	-	-6	-	-	-	-1
IFRS 16	128	-	0	92	-	-	-	219
Value changes to financial current assets	-143	-	-	12	-0	-	-	-131
Retirement benefit obligations	1 487	-	-	-86	-95	-	-	1 306
Provisions for other liabilities and charges	276	-	-	-43	-	-	-	234
Gains (losses)	-44	-	-	-7	-	-	-	-51
Losses carried forward	842	38	-	624	-	-	-200	1 304
Other	66	4	-	-5	-	-	-40	25
Total gross temporary differences	1 191	-10	-731	891	-95	-	-240	1 006
Off-balance sheet deferred tax benefits	-286	-33	-	-259	0			-578
Net temporary differences	905	-43	-731	632	-95	-	-240	427
Net deferred tax asset/liability	199	-8	-157	138	-21		-53	98
Effect from changes in tax rate		0	-	5				5
Net deferred tax asset/liability balance sheet 22%	199	-9	-157	142	-21	-	-53	103

2019	01.01.	Exchange diff.	Acq. of subsidiary	Income statement charge	Charge to other compr. Income	Charged directly to equity	Tax effect Group contr.	31.12.
Benefit (+) / Liability (-)								
Fixed assets	-1 671	2	-1	224	-	-	-	-1 446
Intangible assets	-	-	-10	1	-	-	-	-9
Financial assets	-12	-	-	-	12	-	-	-
Inventories	16	-	-	13	-	-	-	29
Receivables	0	-	0	4	-	-	-	5
Value changes to investment property	86	-0	-	42	-	-	-	128
Value changes to financial current assets	-149	-	-	6	-0	-	-	-143
Retirement benefit obligations	2 147	-	-	-1 053	394	-	-	1 487
Provisions for other liabilities and charges	267	-	-	10	-	-	-	276
Gains (losses)	-55	-	-	11	-	-	-	-44
Losses carried forward	490	-9	29	387	-	-	-56	842
Other	122	-3	-	-7	-	-	-46	66
Total gross temporary differences	1 242	-10	18	-362	405	-	-102	1 191
Off-balance sheet deferred tax benefits	-298	9	-	2	0	-	-	-286
Net temporary differences	944	-1	18	-360	405	-	-102	904
Effect from changes in tax rate	-	-	-	-0	-	-	0	0
Net deferred tax asset/liability balance sheet 22%	209	-0	3	-80	89	-	-22	199

Deferred income tax assets	**2020**	**2019**
Deferred income tax assets to be recovered after more than 12 months	512	484
Deferred income tax assets to be recovered within 12 months	56	82
Total	**567**	**565**

Deferred tax liabilities	**2020**	**2019**
Deferred income tax liabilities to be recovered after more than 12 months	-460	-362
Deferred income tax liabilities to be recovered within 12 months	-4	-4
Total	**-464**	**-366**
Total net deferred income tax asset as shown in the balance sheet	**103**	**199**

Deferred tax assets on tax losses carried forward are recognized when it is probable that the Group will utilize the losses towards future taxable profits. The Group has not recognize deferred income tax assets in Sweden of 101 MNOK (62 MNOK) in respect of losses carried forward amounting to 473 MNOK (286 MNOK).

Note 23
Payroll and related expenses

	2020	**2019**
Wages and salaries, including employment taxes	5 812	5 973
Pension costs – defined contribution plans (note 24)	345	340
Pension costs – defined benefit plans (note 24)	62	216
Other employee benefit expenses	47	76
TOTAL	**6 266**	**6 605**

Benefits for Chief Executive Officer and key management are covered to in the note for related-party transactions (note 31).

	2020	**2019**
Average full-time equivalent	9 542	9 352
Average number of employees	12 088	11 484

The calculation is based on a weighted average of the actual full-time equivalent for the year.

Note 24
Retirement benefit obligations and similar obligations

General
The Group has pension arrangements related to age-disability- and bereaved benefits for spouses and children. Below is a more detailed description of type of arrangements and how these are structured.

Defined benefit pension plans in Norway
The companies in the Group have several collective pension agreements that are handled by the Norwegian Public Service Pension Fund (SPK) or insurance companies. The Norwegian companies comply with the law on public pension. The plan covers benefits from the pension basis up to 12G and results in a age- and disablity pension of 66 % of the pension basis when fully vested. The obligations connected to these agreements covers 701 (1,012) active members, 2,414 (2,233) retirees and 1,694 earned rights. The retirement benefit plans entitle defined future services that mainly are dependent on the number of contribution years and wage level at the time of retirement.

The pension benefits received are coordinated with the National Insurance scheme and will also be dependent on its benefits paid out.

The companies have, through tariff agreements, retirement benefit obligations in affiliation with Early Retirement Pension Regulated by Contract (AFP). Obligations through this agreement cover 701 active members.

The additional defined benefit pension plan agreement for top leadership is not funded and will be paid through operations.

Closing of the defined benefit plan and changing to contribution scheme
A decision was made during 2017 to close the current defined benefit plan in SPK for employees within Vygruppen AS that were older than 55 years of age by the year end of 2018/2019. These employees were included in a new, closed defined benefit plan with effect from 1 January 2019. All employees younger than 55 years of age were granted an earned right in the SPK and were included in a new defined contribution plan in Storebrand as of January 2019. SPK made a final settlement to employees during 4th quarter of 2019. Agreed compensation to employees for whom the defined benefit pension plan settlement had a negative effect, is previously expensed with 78 MNOK.
The employees included in the new defined contribution plan in Storebrand are also included in a private AFP pension plan. This scheme is also accounted for as a defined contribution plan.

As of 31st of December 2020, 2,653 (2,559) employees are active members in the defined contribution scheme in Storebrand.

Other arrangements in Norway and Sweden
There are additionally defined contribution plans in Vy buss in Norway,Vy Buss and Vy Tåg in Sweden which covers 8,160 employees (6,881 employees).

The pension plan in Sweden is a Multiemployer plan and the employer is responsible for the benefits until payments are made in full. According to the statement from Redovisningsrådet, this is a performance based settlement. It has so far not been possible to obtain sufficient information to calculate and allocate obligations and assets for this plan, and therefore it is treated as a defined contribution plan. The companies have not received actuary estimates for any of the fiscal years from 2007 until today. This is an issue faced by most companies with a retirement benefit obligation with the Multiemployer plan in Sweden.

In the tables below, employment taxes (notional numbers) are included for both gross obligations and this year's expense.

Specification of net defined benefit pension plan obligations	2020	2019
Present value of earned pension rights for funded collective pension plans	5 543	6 034
Fair value of plan assets	-4 271	-4 539
Present value of unfunded obligations	1 272	1 495
Unrecognised actuarial losses	22	22
Net pension obligation on the balance sheet	**1 294**	**1 517**
Changes in pension retirement obligations:		
Book value net pension obligation 1st of January	1 517	2 314
This years' actuarial deviations	-96	351
This years net return on assets/increase in obligation	71	2
Net financial expenses - pensions	26	25
Curtailments	-84	-837
Payments to plan	-189	-339
Plan change	49	-
Book value 31st of December	**1 294**	**1 517**
Pension expenses included in the accounts, defined benefit pension plan		
Present value of current pension earnings	105	126
Plan changes in the period	57	-
Curtailments	-99	91
Employee contribution	-1	-1
Total return on pension plan, incl. in payroll and related expenses – see note 23	**62**	**216**
Total financial items in the accounts	**25**	**25**
Total pension expenses defined benefit pension plan	**87**	**241**
Defined contribution plan		
Employer's contribution, included as payroll and related expense – see note 23	345	340
Total pension expenses	**432**	**581**

A change in the public service pension plan was made during 2020 which has been accounted for as plan changes in the period. The change related to coordination of pension rights between Statens Pensjonskasse and the National Insurance scheme. During 2020, Vy transferred the activity of the lost rail passenger service tender for package North to a new operator. The curtailments recognized relate to the effect of the reduced number of members in the plan as a consequence of transferring employees to the new operator.
The settlement with SPK led to some 170 MNOK higher expenses than expected (net after the contribution from the Norwegian state). The amount has been recognised as pension expenses in 2019.

Sensitivity analysis with change in central assumptions

The table below shows estimates for potential effects with change in assumptions that significantly affects the defined benefit pension plans in Norway. Actual results may substantially differ from these estimates.

	Discount rate		Salary growth rate		Increase in G	
	1 %	-1 %	1 %	-1 %	1 %	-1 %
Increase (+)/decrease (-) this period's net pension expense in %	(14-17)%	4-6%	7-9%	(7-9%)	18-20%	(12-14%)
Increase (+)/decrease (-) net pension obligation at 31st of December in %	(12-14%)	19-21%	1-3%	(1-3)%	13-15%	(13-15%)

The population is characterized by a high pensioneer population and high average age on participants that affects the sensitivity analysis.

Financial assumptions (defined benefit plans in Norway)

	2020	2019
Discount rate	1,50 %	2,05 %
Expected return on plan assets	1,50 %	2,05 %
Average salary growth	1,75 %	2,70 %
G-regulation	1,75 %	2,10 %
Annual reg. of pension increases	1,00 %	1,35 %
Average social security tax	14,10 %	14,10 %

* Applies to continuing operations

Explanation to chosen assumptions as per 31 December 2020
The discount rate is set at 1.5% (2.05%) and is determined based on preferential bonds (OMF). The OMF-market is considered a deep and liquid marked with applicable terms to maturity that qualifies as a reference for interest rate according to IAS 19.

Salary adjustments for Norwegian schemes is primarily calculated as the total of expected real salary growth of 0,25 % and inflation of 1.5 %. Pension adjustments disbursement primarily follows average salary growth (equivalent to G regulation) less a fixed factor of 0.75 %.

On the demographic factors, the tariffs K2013 and IR 73 has been used for determination of mortality rate and disability risk.

Average remaining life expectancy for a person retiring when he/she turns 65 years old is according to K2013:
Male 20,6 years
Female 24,1 years

Acturial deviations in 2020 are mainly due to changes in economic and actuarial parameteres as well as return on funds in one of the schemes is higher than expected.

Risk evaluation of defined benefit contribution plans
The Group is exposed to a range of risks via its defined benefit contribution plans due to uncertainties in assumptions and future events. The key risks are:

Expected longevity
The Group has assumed an obligation to pay pension to the employees for as long as they live. An increase in life expectancy among members results in an increased obligation for the Group.

Yield risk
The Group is affected by a reduction in actual yield on the pension assets, which will cause an increase to the Group's obligations.

Inflation- and salary growth risk
The Group's pension obligation is exposed to both inflation and salary changes, even though salary development changes are closely related to inflation. Higher inflation and salary changes than used in the pension calculations, increases the Group's obligations.

Note 25
Trade and other short term payables

	2020	**2019**
Trade payables	556	662
Social security and other taxes	175	396
Other short term liabilities (including provisions for other liabilities and charges)	2 021	2 124
TOTAL	**2 752**	**3 182**

The amount due to related parties is in 2020: 103 MNOK (2019: 135 MNOK).

Book value of trade and other payables corresponds to fair value. Other current liabilities include pre-paid revenue, accrued payroll and related expenses as well as other accrued expenses.

Note 26

Provisions for other liabilities and charges

2020	Reorganization obligation	Provision for contract losses (see note 25)	Other	Total
At 1st of January	218	1	11	230
Change in provision during the year	-	172	-	172
Used during the year	-21	-1	-1	-23
TOTAL	**197**	**172**	**10**	**379**

2019	Reorganization obligation	Provision for contract losses (see note 25)	Other	Total
At 1st of January	247	5	12	264
Change in provision during the year	-	-	-1	-1
Used during the year	-29	-4	-	-33
TOTAL	**218**	**1**	**11**	**230**

Classification in the statement of financial position:	2020	2019
Non-current liabilities	262	229
Current liabilities (included in note 25)	117	1
TOTAL	**379**	**230**

Legal disputes
The Vy Group is involved in legal disputes, with some being tried in the courts. Accruals are made for disputes where there is a probable and quantifiable risk of losing.

Restructuring
The Vy Group announced a restructuring plan in 2016. The purpose of the restructuring is to adapt to the changes required by the railway reform. The restructuring provision of 139 (146) MNOK at the end of 2020. The accruals include in addition 58 (70) MNOK as compensation according to changed pension.

Note 27

Contract losses

As of 31st December 2020, there are accruals of 23 MNOK (0 MNOK) for future contract in bus operation in Norway and in addition 149 MNOK regarding train tender in Sweden. A previous loss provision is reversed with 1 MNOK (4 MNOK) regarding bus operation in Norway. See note 7 and 25 for further informasjon

For provisions on losses on tenders in the bus operation, see note 7 for further information.

Note 28
Other expenses

	2020	2019
Sales- and overhead expenses	1 350	1 640
Energy used in operations	970	1 148
Repair and maintenance, machinery rental, property expenses	2 171	2 459
Other operating expenses	2 122	2 322
Total	**6 613**	**7 570**

Auditing fees total operations (excluding VAT):	2020	2019
Statutory audit fee	5	4
Other services	1	2
Total fee to auditor	**6**	**6**

Note 29
Financial income and expenses

	2020	2019
Interest income	22	108
Dividends	-	2
Other financial income	-	8
Net foreign exchange gains	36	-11
Total financial income	**58**	**107**
Interest expense	-171	-180
Other financial expenses	-18	-24
Net foreign exchange losses	-47	-6
Total financial expenses	**-236**	**-210**
Net financial expenses - pensions	-25	-25
Unrealised value changes	9	20
Total financial items	**-194**	**-109**

Note 30
Liabilities from financing activities

	Liabilities	Asset held to hedge liabilities	Financial lease liabilities	Total
Liabilities as per 1 January 2020	**15**	**-0**	**6 903**	**6 917**
Cash flow from financial activities	-2	-	-1 581	-1 583
Non-cash changes				
Acquisition lease liabilities	-	-	2 939	2 939
Other transactions	-	-	-74	-74
Currency translation differences	-	-	65	65
Liabilities as per 31 December 2020	**13**	**-0**	**8 252**	**8 264**

	Liabilities	Asset held to hedge liabilities	Financial lease liabilities	Total
Liabilities as per 1 January 2019	**25**	**1**	**7 340**	**7 365**
Cash flow from financial activities	-14	-	-1 665	-1 679
Non-cash changes				
Acquisition lease liabilities	5	-	1 278	1 283
Other transactions	-	-1	-35	-36
Currency translation differences	-1	-	-15	-16
Liabilities as per 31 December 2019	**15**	**-0**	**6 903**	**6 917**

Note 31
Related party transactions

The Vy group has the following related parties:

Owner
As the owner of Vy, the Ministry of Transport and Communication is a related party. In addition, other businesses owned by the Ministry of Transport and Communication is also a related party to Vy.

Companies within the same Group
All subsidiaries, associates and joint ventures as noted in notes 3, 10 and 11, as well as other Group companies that are related parties to these companies, is a related party to Vy.

Board of Directors and excecutive management
Executive management and the Board of Directors are also related party to the Vy group.

Below is an overview of transactions, balances and guarantees to related parties:

Sale of goods and services:	2020	2019
Public purchase of passenger traffic services	3 692	3 962
Sales of other goods and services	164	501
TOTAL	**3 856**	**4 463**
Purchases of goods and services:	3 450	5 015

Year-end balances arising from sales/purchases of goods/services:

	2020	2019
Receivables		
Entities owned by the Ministry of Transportation	124	216
TOTAL	**124**	**216**
Debts		
Entities owned by the Ministry of Transportation	131	253
TOTAL	**131**	**253**

There are no related party loans.

Guarantees
Vygruppen AS has issued a guarantee of 40 MSEK on behalf of its fully owned subsidiary Vy Tåg AB, related to a contract with Värmlandstrafikk AB for licensing to operate trains in Värmland in Sweden.

Vygruppen AS has issued a guarantee of 150 MSEK on behalf of its fully owned subsidiary Vy Tåg AB related to a contract with Norrtåg AB.

Vygruppen AS has issued a guarantee of 240 MNOK to Jernbanedirektoratet on behalf of its fully owned subsidiary Vy Tog AS, regarding the contract Trafikkpakke 3 Vest.

Compensation of members of the Board and executive management (Figures in TNOK)

Board members	Title	2020	2019
Dag Mejdell	Chairman of the board (until 20.06.20)	320	483
Berit Svendsen	Chairman of the board (from 20.06.20)	172	-
Wenche Teigland	Member of the board	297	291
Åsne Havnelid	Vice chairman of the board	298	292
Ove Sindre Lund	Staff representative	248	243
Jan Audun Strand	Staff representative	268	263
Grethe Therese Thorsen	Staff representative	227	223
Semming Semmingsen	Member of the board	268	263
Geir Inge Stokke	Member of the board	227	223
TOTAL		**2 325**	**2 281**

All employees are included in the collective pension agreement. The agreement premium is not included above. For Vygruppen AS, the General Meeting has approved a fee for the Chairman of the Board of 456 TNOK, Vice Chairman 277 TNOK and the other board members 227 TNOK each. In addition, fees for members of the audit committee with 70 TNOK for the leader, and 41 TNOK for each of the other members, and the compensation committee with 35 TNOK for the leader and 21 TNOK for each member. Fees for the staff representatives exclude their employee wages.

2020 (Figures i TNOK)	Title	Salary*	Variable salary	Other benefits	Total benefits payed	Calcul. Pension expence**
Gro Bakstad	Chief Executive Officer (from 07.09.20)	1 172	-	79	1 251	113
Geir Isaksen	Chief Executive Officer (until 03.09.20)	2 607	980	125	3 712	838
Irene Katrin Thunshelle	Chief Financial Officer	2 420	362	135	2 917	-
Synne Homble	Executive Director Mobility and Travel	2 688	402	135	3 225	-
Morten Müller-Nilssen	Executive Director HR, Organization	2 256	338	135	2 729	-
Ole Engebret Haugen	General Manager Vy buss	2 686	285	159	3 130	-
Arne Fosen	CEO, Director of Vy Passenger Train	2 940	412	135	3 487	-
Erik Røhne	General Manager CargoNet	2 677	453	135	3 295	-
SUM		**19 446**	**3 232**	**1 038**	**23 716**	**951**

*The salary for executives have been reduced with 20% for two months due to the covid-19 pandemic.
**Calculated pension expenses for executives are related to pension arrangements in addition to collective arrangements, for further description see point d) in the text below. Some of the participants have been compensated for exiting the arrangements. These costs have earlier been accrued for in the Group and shown in the table above.

2019 (Figures in TNOK)	Title	Salary	Variable salary	Other benefits	Total benefits payed	Calcul. Pension expence*
Geir Isaksen	Chief Executive Officer	3 969	1 073	186	5 228	938
Irene Katrin Thunshelle	Chief Financial Officer	2 448	396	134	2 978	-
Synne Homble	Executive Director Mobility and Travel	2 720	550	138	3 408	-
Morten Müller-Nilssen	Executive Director HR, Organization	2 283	370	139	2 792	-
Ole Engebret Haugen	General Manager Vy buss	2 679	443	156	3 278	-
Arne Fosen	CEO, Director of Vy Passenger Train	2 975	520	135	3 630	-
Erik Røhne	General Manager CargoNet	2 707	309	139	3 155	-
SUM		**19 781**	**3 661**	**1 027**	**24 469**	**938**

* Calculated pension expenses for executives are related to pension arrangements in addition to collective arrangements, for further description see point d) in the text below. Some of the participants have been compensated for exiting the arrangements. These costs have earlier been accrued for in the Group and shown in the table above.

Executive salary and benefits policy:

The Group has an Executives Salary Declaration that provides guidelines for remuneration of senior executives.

Executives

The principles in the declaration apply to executives as defined in the Public Limited Liability Companies Act and the Accounting Act. This means that they also applies to Group management in Vy. Guidelines and principles as expressed in this statement, are applied in setting executive salaries in Group subsidiaries.

Main principles for executive salaries in Vy

Principles for remuneration to senior executives in the Vy Group are determined by the Group Board and follow Guidelines for salaries and other remuneration of senior executives in enterprises and companies with state ownership interest determined by the Ministry of Industry and Fisheries with effect from 13th of February 2015.

The policy of the Vy Group is to have most openness about salaries and terms for executive management only limited to competitive conditions

The Board annually evaluates the CEO's salary and terms and the Group's Executive Salary Declaration. The CEO determines the remuneration of the other members of the Group Management in accordance with the adopted salary wage principles.

Executive compensation in the Vy Group is determined using the following main principles:

- Executive compensation should be competitive, but Vy will not be a market leader in compensation when compared to equivalent companies. To ensure this, an annual external compensation evaluation on central executive positions is performed including benchmarking with comparative positions outside Vy.
- Total executive compensation in Vy shall reflect the level of responsibility, results and development, and take into consideration the size and complexity of the operation. The compensation must not take form or be at a level where it impairs the Groups' reputation.The compensation system shall attract and keep skillfull leaders.
- The compensation system should be perceived as understandable and acceptable both internally and externally.

The compensation to executive management in Vy consist of the following elements:

The total level of executive management compensation is composed of fixed salary and other benefits. Benefits are: fringe benefits,bonus, right to severance under given conditions and pension. Fixed salary is the main part of the compensation.

a) Fixed salary

The fixed salary is assessed once a year. At hiring of executives, the grandfather-principle should apply and be discussed among executives a level above before the candidate is given an offer. The CEO must consult the Chairman of the Board before hiring and setting executive salaries.
No executives are compensated for Board participation within the Vy-Group.

b) Fringe benefits
Examples are free phone, free internet service, car compensation and free newspapers.

c) Bonus
The CEO and the other executives have a bonus arrangement. The maximum bonus for CEO is five months salary. For other executives maximum bonus is limited to three months salary.

The bonus is linked to achievement of the companies goals as they are defined in the yearly strategy- and budget process. The bonus targets are establised for one year at a time and shall be described and based on objective, definable and measurable criteria which the leader may influence. The bonus to executive management will change from year to year depending on achievement of objectives, but will average through several years be betweeen 50 % and 75 % of maximum bonus for the individuals. The basis for calculation of bonus may consist of both Group common goals and specific goals for the individual leader. Group common goals should be between 70 % and 100 % of the bonus potential.
Until 2020 there was a prerequisite for receiving bonus that the Vy group totally achieve a return on equity of minimum 5 %.

d) Pension
The pension conditions for senior executives shall be in line with other employees' terms except CEO (see below). There are no former senior employees continues to earn occupational pensions after leaving the Group.

All employees are members of a collective pension scheme. The pension scheme in the SPK was ended 1.1.2019 ,and closed for employees over 55 year as of 31th of December 2018. For all other employees, a new deposit scheme is established in Storebrand.
This scheme has a 5.5 percent deposit rate up to 7.1G, and 15 percent between 7.1 and 12G. The pension scheme contains a private AFP, childrens pension and a group life insurance. The disability coverage is the same as in the scheme previously in SPK.

The CEO's pensionable age is 70 years and is included in the regular collective pension arrangement. The arrangement carries rights to a pension of maximum 12 G. On top of that, according to the employment contract ,the CEO is partly compensated with a wage supplement for lapse of defined benefit pension scheme by previous employer. The wage supplement is regulated yearly at the same time and with the same percentage as fixed salary.

e) Severance arrangements
The CEO has the right to six months of severance in addition to six months salary. Any other salary in this severance period will reduce the severance compensation.
For other senior executives an arrangement can be reached for a reasonable pay which takes effect if the employee does not dispute the termination. The total salary including severance cannot exceed 12 months of fixed salary. Compensation for a possible non-compete clause will be added.

Bonus criteria for 2020
For 2020 the board changed the bonus criteria for senior executives to make visible the connection between bonus target and the company's long-term value creation. In 2020 the bonus criteria were linked to three main goals:

- Economic value creation (weighed 50%), measured by return on equity and profit realization from improvement measures in the railway business
- Good operation for the benefit of the owner and the community,measured by the company's key indicators (KPI's) (weighed 30%)
- Strategic initiative for the better for owner and society for the year determined by the board (weighed 20%)

The other members of the group management have bonus criteria with similar target.

The bonus will be paid in the first quarter after the bonus is earned. For 2020 the company do not meet the basic requirement for return of at least 5% on equity. Consequently, no bonus will be paid to the CEO or others in the group management for results achieved in 2020.

Bonus criteria for 2021
For 2021 the board has based itself on main areas that are considered central in meeting the company's challenges within:

- Customer and reputation (weighed 40% - target set for customer satisfaction and reputation)
- Economy and efficiency (weighed 30% - target set for operating profit (regarding profit for the third trimester due to the pandemic) and improvement initiatives)
- Employees - job satisfaction and HMS (weighed 10% - target set for sick leave, injuries and employee engagement)
- Strategy (weighed 20% - to be assessed discretionary by the board. The assessment will include work with the new corporate strategy and tender work)

If the result is weaker than the set threshold value per criteria, no bonus is given. Full bonus per criteria requires that the company delivers significantly better than target.

The boards's statement on the implementation of the remuneration scheme for senior executives in Vy in 2020
The executive compensation policy for 2020 has been completed in accordance with abovementioned guidelines.The previous CEO's fixed salary was adjusted in 2020 by 3,2% to 4.065.000 NOK. Received bonus was 979.826 NOK for results achieved in 2019, 59,7% of potential. The new CEO started in the company 7 September 2020. No bonus criteria have been agreed for the new CEO for 2020 because the required return on equity will not be achieved in 2020 and the bonus is consequently not relevant. In his employment agreement the former CEO had the opportunity to transfer to an advisory position in the company if he or the board so wished. Former CEO announced to the board that he wanted this, and has consequently been employed as an adviser for the CEO from 7 September 2020. The employment contract will be terminated during 2021.

There were no new agreements to enter the Management Group in 2020. There were no severance payments made during 2020 for executives that exceeded 12 month fixed salary.

The principles and guidelines for salary and other benefits to executives have also been applied for the determination of executive salaries in group companies. All group companies have in 2020 followed these principles without exception.

Note 32
Contingencies

The group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

Note 33
Business combinations

On 1 March 2020, Vy Buss AS acquired 100% of the shares in Flygbussarna AB, a leading bus company in Sweden within airport transportation. The company operates bus lines to and from seven airports in Sweden and about five million journeys were made by Flygbussarna in 2019. The purchase consideration for the shares was a cash payment of 1 198 MNOK.

The Group bought in 2019 100 % of the shares in Trailer & Maskinservice AS, and bought the remaining shares in Go Mobile AS so the company became a completely owned subsidiary from 1st of October 2019. Up to and including 30 of September 2019 Go Mobile AS was included as a associated company

Cash flow regarding acquisition

	2020	2019
Consideration paid	1 198	55
Cash and bank deposit in the company at acquisition date	-24	-
Previous value of the shares in Go Mobile AS	-	-9
Net cashflow regarding acquisition	**1 174**	**46**

Identified assets and liabilities on the balance sheet recognized from the acquisition:	2020	2019
Current assets	40	16
Property, plant and equipment	130	1
Intangible assets	15	28
Current liabilities	-41	-11
Borrowings	-	-5
Deferred tax benefit	-	4
Total net identifiable assets	**144**	**33**
Intangible assets	732	-
Deferred tax regarding intangible assets	-157	-
Goodwill	479	22
Total	**1 198**	**55**

Intangible assets relate to brand,contracts and relationships, customer database and dedicated parking lots at the airports. Goodwill is mainly related to the profitability of the company. Expected cost synergies are allocated to goodwill. The allocation of the purchase consideration is preliminary and may be changed within one year after the acquisition date.

Revenue and profit contribution from the acquired entity in 2020
The company's operating revenue for the period 1 March to 31 December is 78 MNOK and loss after tax is - 144 MNOK. If the aquisition had happened 1 January 2020, operating revenue would have been 144 MNOK and loss after tax -148 MNOK.
These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary, including the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January 2020.

Note 34
Guarantees

The Group has bank guarantees in connection with the normal operations. As per 31 December 2020 the upper limit on these guarantees is 1 084 MNOK (917 MNOK).

Note 35
Events after the reporting date

There are no material events which have occurred after the reporting date that will affect the Groups' profit and final position.

Accounts – Vygruppen AS

Income statement

	Notes	2020	2019
Operating revenue	**4**	**6 520**	**8 807**
Payroll and related expenses	18	2 168	2 652
Depreciation and impairment	22	1 093	1 271
Other operating expenses	23, 26	3 391	4 352
Total operating expenses		**6 652**	**8 275**
Operating profit		**-132**	**532**
Financial items			
Financial income	24	217	559
Financial expenses	24	-389	-139
Net financial expenses - pensions	19, 24	-12	-18
Change in unrealised fair value	24	100	-1
Net financial items		**-84**	**401**
Profit before income tax		**-216**	**933**
Income tax expense	17	-13	-174
Profit for the year		**-229**	**759**
Attributable to			
Equity holders		**-229**	**759**
OTHER COMPREHENSIVE INCOME			
Profit for the year		-229	759
Items that will not be reclassified to profit or loss			
Actuarial gain/loss	19	39	-220
Tax on items that will not be reclassified	17	-9	48
Total comprehensive income for the year		**-198**	**588**
Attributable to			
Equity holders		**-198**	**588**

Overview financial position

	Notes	31.12.2020	31.12.2019
ASSETS			
Deferred tax assets	17	47	69
Property, plant and equipment	6,22	3 208	3 855
Investments in subsidiaries	2	2 249	2 404
Investments in associates	7	-	-
Financial fixed assets	13	160	152
Loans to group companies	26	1 291	-
Total non-current assets		**6 955**	**6 480**
Investments in joint ventures	8	100	119
Inventories	9	408	636
Trade and other receivables	10,11,12	775	864
Financial assets	11	1 492	3 108
Cash and bank deposits	11,13, 14	997	1 249
Total current assets		**3 772**	**5 976**
TOTAL ASSETS		**10 727**	**12 456**
EQUITY AND LIABILITIES			
Ordinary shares and share premium	15	3 685	3 686
Retained earnings		610	808
Total equity		**4 295**	**4 494**
Interest bearing liabilities	5,16,25	2 477	2 923
Retirement benefit obligations	19	559	742
Provisions for other liabilities and charges	21	197	217
Total long term liabilities		**3 233**	**3 882**
Trade and other payables	20	2 226	2 963
Interest bearing liabilities	5,16,25	973	1 117
Total short term liabilities		**3 199**	**4 080**
TOTAL EQUITY AND LIABILITIES		**10 727**	**12 456**

Oslo, 17th of February 2021

Board of directors of the Vy Group

Berit Svendsen/
Chairman of the board

Åsne Havnelid

Geir Inge Stokke

Wenche Teigland

Semming Semmingsen

Ove Sindre Lund

Jan Audun Strand

Grethe Therese Thorsen

Gro Bakstad / CEO

Cash flow statement

	Notes	2020	2019
Profit for the period before income tax		**-216**	**933**
Depreciation and impairment	6,22	1 093	1 271
Impairments of shares in subsidiaries and joint ventures	2	277	-
Gain/loss on sale of assets		4	-5
Net changes to obligations and retirement benefit oblig.	19	-144	-1 169
Change in provisions for other liabilities and charges	21	-120	-30
Change in unrealised fair value	24	-	1
Interest items		-19	-106
Change in working capital		-421	-300
Taxes paid		-	-178
Net cash flow from operating activities		**454**	**417**
Acquisition of subsidiaries	2	-102	-19
Loans paid to/from associated companies	7,8	-	-115
Changes in financial non-current assets		1 621	309
Purchase of PPE	6	-13	-8
Dividends received	24	0	48
Net cash flow from investment activities		**1 506**	**215**
Lease payments received from group companies		60	57
Lease payments		-1 095	-1 287
Loans to subsidiaries	10	-1 197	-
Repayment of loans from subsidiaries	10	-	592
Group contributions paid to subsidiaries		-	-33
Dividends paid to company's shareholders	15	-	-233
Net cash flow from financial activities		**-2 232**	**-904**
Net change in cash and bank deposits for the year		**-272**	**-272**
Cash and bank deposits as at the beginning of the period	14	1 249	1 530
Foreign exchange gain/loss on cash and bank deposits		20	-9
Cash and bank deposits as at the end of the year	**14**	**997**	**1 249**

Statement of changes in equity

2020	Notes	Ord. shares and share premium	Retained earnings	TOTAL
Equity 1st of January	15	3 686	808	4 494
Profit for the year		-	-229	-229
From other comprehensive income		-	30	30
Dividend		-	-	-
Equity 31st of December		**3 686**	**609**	**4 295**

2019	Notes	Ord. shares and share premium	Retained earnings	TOTAL
Equity 1st of January	15	3 686	454	4 140
Profit for the year		-	759	759
From other comprehensive income		-	-172	-172
Dividends paid		-	-233	-233
Equity 31st of December		**3 686**	**808**	**4 494**

Notes to the consolidated financial statements 2020

All figures in the report are in MNOK.

1. General information and a summary of the most important accounting principles
2. Shares in subsidiaries
3. Passenger train operations in the Nordic Region
4. Segment information
5. Leases
6. Property, plant and equipment
7. Investments in associates
8. Investments in joint ventures
9. Inventory components
10. Trade and other receivables
11. Financial risk management
12. Periodic maintenance
13. Financial instruments by category
14. Cash and bank deposits
15. Share capital and share premium
16. Debt
17. Deferred income tax/Income tax expense
18. Payroll and related expenses
19. Retirement benefit obligations and similar obligations
20. Trade and other payables
21. Provisions for other liabilities and charges
22. Depreciation, amortization and impairment
23. Other expenses
24. Financial income and expenses
25. Liabilities from financing activities
26. Related party transactions
27. Contingencies
28. Events after the reporting date

The financial statements were approved by the Board of Directors on 17th of February 2021.

Note 1
General information and summary of important accounting principles

We refer to note 1 in the Vy group annual report, with the exception of the following:
a) Method for incorporation of associated companies and joint ventures.

Associated companies and joint ventures in Vygruppen AS
Ownership in companies where Vygruppen AS has considerable, but not controlling influence, and ownership in joint venture companies, are treated using the the cost method of accounting is applies. Considerable influence is considered to be when the company owns between 20 % and 50 % of the voting shares.

Note 2
Shares in subsidiaries

See note 2 in Vy group report.
See note 24 below for write-down for shares in subsidiaries

Note 3
Passenger train operations in the Nordic Region

See note 4 in Vy group report.

Note 4
Segment information

Vygruppen AS has only one operating segment - passenger train.

Analysis of operating income by category	2020	2019
Transport revenue	5 988	8 509
Other revenue	532	298
Total	**6 520**	**8 807**

Information on important customers
The company has one customer, the Ministry of Transport and Communications, that constitutes more than 10 % of operating income (see note 26).

Note 5
Leases

Specification of changes in the period	Liability	Assets
Total opening Balance right to use assets/lease obligations per 1 January 2020	4 040	3 783
Total opening Balance right-to-use assets / lease obligations	**4 040**	**3 783**
Lease payments	-1 095	-
Depreciations	-	-1 074
Additions and changes in existing agreements	505	433
Total Closing Balance 31. December 2020	**3 450**	**3 142**

Interest expenses leaseobligation amounted to 80 MNOK in 2020

Specification of changes in the period	Liability	Assets
Total opening Balance right to use assets/lease obligations per 1 January 2019	5 073	4 733
Total opening Balance right-to-use assets / lease obligations	**5 073**	**4 733**
Lease payments	-1 287	-
Depreciations	-	-1 242
Additions and changes in existing agreements	254	292
Total Closing Balance 31. December 2019	**4 040**	**3 783**

Interest expenses leaseobligation amounted to 94 MNOK in 2019

For more specification on the effects from right-of-use assets in the financial accounts refer to note 6 “Fixed Assets”

Liabilities	2020	2019
Short term liabilities	973	1 117
Long term liabilites	2 477	2 923
Total liabilities	**3 450**	**4 040**

Supplementary information

Leases not recognized	2020	2019
Short term agreements (between one month and one year)	11	14
Costs aligned to low-value items	1	-
Total	**12**	**14**

P&L	2020	2019
Revenue from sub-lease	65	63

Cash Flows	2020	2019
Total cash flows on leases	1 175	1 411

Future lease payments	2020	2019
Future nominal lease obligations related to lease of passenger trains not yet received	-	1 255

Note 6
Property, plant and equipment

At 1st of January 2020	Mach-inery and equipm.	Transportation	Under construction	Right-to-use transportation assets	Right-to-use buildings	Total
Accumulated acq.cost	687	365	8	5 046	870	6 976
Accumulated depreciation	-667	-322	-	-1 932	-200	-3 121
Total	**20**	**43**	**8**	**3 114**	**670**	**3 855**
Year ended 31st of December 2020						
Opening net book value	20	43	8	3 114	670	3 855
Additions	-	-	13	436	-3	446
Disposals at acq. cost	43	-33	-	-609	9	-590
Accumulated depreciation disposals	-43	33	-	610	-10	590
Transfers within PPE	-	-	-	-	-	-
Depreciations continuing operations	-9	-10	-	-956	-118	-1 093
Total	**11**	**33**	**21**	**2 595**	**548**	**3 208**
At 31st of December 2020						
Accumulated acq.cost	731	332	21	4 873	875	6 832
Accumulated depreciation	-720	-299	-	-2 278	-327	-3 624
Total	**11**	**33**	**21**	**2 595**	**548**	**3 208**
Depreciation period (years)	5 - 30 years	5 - 30 years		1 - 6 years	1 -20 years	

At 1st of January 2019	Mach-inery and equipm.	Transportation	Under construction	Right-to-use transportation assets	Right-to-use buildings	Total
Accumulated acq.cost	681	366	6	5 104	840	6 997
Accumulated depreciation	-648	-313	-	-1 094	-117	-2 172
Total	**33**	**53**	**6**	**4 010**	**723**	**4 825**
Year ended 31st of December 2019						
Opening net book value	33	53	6	4 010	723	4 825
Additions	-	-	8	225	44	277
Disposals at acq. cost	0	-1	-	-282	-15	-298
Accumulated depreciation disposals	0	1	-	282	39	322
Transfers within PPE	6	0	-6	-	-	0
Depreciations	-19	-10	-	-1 121	-121	-1 271
Total	**20**	**43**	**8**	**3 114**	**670**	**3 855**
At 31st of December 2019						
Accumulated acq.cost	687	365	8	5 046	870	6 976
Accumulated depreciation	-667	-322	-	-1 932	-200	-3 121
Total	**20**	**43**	**8**	**3 114**	**670**	**3 855**
Depreciation period (years)	5 - 30 years	5 - 30 years		1 - 6 years	1 -20 years	

Note 7
Investments in associates

	2020	2019
Book value 1st of January	-	2
Disposals of associates	-	-2
Net book value 31st of December	**-**	**-**

Vygruppen AS has no investmentes in associates companies 31st of December.

2019	Registered office	Assets	Liabilities	Revenues	Profit/loss	% int. held
Fjord Tours AS	Bergen	62	26	88	25	43 %
Total		**62**	**26**	**88**	**25**	

As a result of the contribution in kind of the groups share of 43,38% of Fjord Tours AS into Vy Fjord Reiseliv AS, the group has recognized a gain on disposal of 112 MNOK. The gain is included in the financial income.

Note 8
Investments in joint ventures

	2020	2019
Book value 1st of January	119	5
Addition of associates	-	114
Write-down	-19	-
Net book value 31st of December	**100**	**119**

Vygruppen AS has interest in joint ventures as follows:

Joint venture:	Year of acquisition	Registered office	Votes and profit share	Equity	Profit/loss	Book value 31st of December
Flåm Utvikling AS	2013	Aurland	50 %	77	-16	84
Fjord Tours Group AS	2019	Oslo	50 %	225	-7	234
Total				**302**	**-23**	**318**

The table above shows equity that includes this year's profit, profit/loss and book value (100 %).

Description of operations:

Flåm Utvikling AS
Flåm Utvikling has for 20 years, with Vygruppen AS as a provider of train transport services, operated the tourism product; the Flåm line. Flåm Utvikling conducts product development, sales, marketing, customer relationship management and brand development of the Flåm line, as well as develops the foundation for commercial operations of the Flåm line all year-round. The Flåm line is the country's first complete all year-round mountain/fjord destination.

Fjord Tours Group AS
Vy Fjord1 Reiseliv AS was founded in April 2019 and changed name to Fjord Tours Group AS 4th of March 2020. Together with the subsidiary Fjord Tours the company shall combine and sell combined tours with public transport. AS of today "Norway in a nutshell", with among others the Bergen Line and Flåmsbana,is the most famous round trip. The tourists travel with public transport and the package includes accomodation, activities and other experiences.

Note 9
Inventory components

	2020	2019
Components	408	636
Total inventory	**408**	**636**

Note 10
Trade and other receivables

	2020	2019
Trade receivables	290	360
Group internal trade receivables	194	140
Less: provision for impairment of receivables	-1	-1
Trade receivables - net	483	499
Prepayments	166	284
Other receivables	126	81
Total trade and other receivables	**775**	**864**
Loans to group companies	-	-
Total	**775**	**864**

The carrying amounts of the trade receivables, prepayments and other receivables approximate their fair value. Trade receivables include mainly passenger train income.

Maturity of receivables:	2020	2019
Matured receivables on balance sheet date	13	40
Matured between 0 - 2 mnths ago	9	22
Matured between 2 - 6 mnths ago	-	15
Matured more than 6 mnths ago	4	3

Note 11
Financial risk management

This table shows future maturities for the Company's liabilities as of 31st of December 2020:

Liquidity risk	< 1 year	1 - 2 years	2 - 5 years	> 5 years
Short term liabilities	2 226	-	-	-
Lease obligations train	854	802	1 281	-
Lease obligations property	128	124	277	133
Property, plant and equipment	-	-	-	-

Vygruppen AS assesses maximum credit risk to be the following:	2020	2019
Cash and bank deposits	997	1 249
Financial assets	1 492	3 108
Trade receivable and other short term receivables	775	864
Total	**3 264**	**5 221**

Note 12
Periodic maintenance on leased trains

Periodic maintenance on leased trains	2020	2019
Prepaid maintenance as of 1st of January	17	15
Accrual for incurred maintenance cost through the year	-101	-129
Conducted maintenance through the year	137	159
Change in accrual	-17	-28
Prepaid maintenance as of 31st of December	**36**	**17**

As a train lessee, the Company is under the lease agreement responsible for carrying out heavy maintenance. Provisions for maintenance costs are continuously recorded on the basis of estimated costs per kilometer driven, and the route- and maintenance plan. Costs are estimated based on existing maintenance contracts, and historic maintenance work. Actual incurred maintenance costs are offset against the provision. Upon return of the leased equipment, the Company will have to compensate, or will be entitled to a compensation from the lessor, based on the equipment's maintenance level, assessed at the end of the lease period. The assessment involves use of judgment and estimates. The balance is included in Trade and other receivables (see note 10).

Note 13
Financial instruments by category

Assets at 31st of December	Loans and receivables		Assets at fair value through profit and loss		Total	
Year	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Financial fixed assets	160	152	-	-	160	152
Trade and other receivables (excl. prepayments)	1 899	574	-	-	1 899	574
Financial assets at fair value	-	-	1 492	3 108	1 492	3 108
Cash and bank deposits	997	1 249	-	-	997	1 249
Total	**3 056**	**1 975**	**1 492**	**3 108**	**4 548**	**5 083**

Liabilities at 31st of December	Other financial liabilities at amortised cost		Liabilities at fair value through profit and loss		Total	
Year	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Financial lease liabilities	3 450	4 040	-	-	3 450	4 040
Trade and other payables excl. statutory liabilities	2 154	2 649	-	-	2 154	2 649
Total	**5 604**	**6 689**	**-**	**-**	**5 604**	**6 689**

Financial assets and liabilities at fair value through profit or loss at 31st of December 2020:

	Level 1	Level 2	Level 3	Total
Derivatives used for hedging	1 492			1 492
Total assets	**1 492**	**-**	**-**	**1 492**

The meaning of the different levels are described in the note regarding accounting principales

Financial assets and liabilities at fair value through profit or loss at 31st of December 2019:

	Level 1	Level 2	Level 3	Total
Derivatives used for hedging	3 108	-	-	3 108
Total assets	**3 108**	**-**	**-**	**3 108**

Note 14
Cash and bank deposits

	2020	2019
Cash and bank deposits	997	1 249

Includes restricted funds of 120 MNOK (2019: 89 MNOK).

Note 15
Share capital and share premium

See note 20 in Vy group report.

Note 16
Debt

The Group has the following undrawn borrowing facilities:	2020	2019
Floating interest rate		
- Expiring within one year	400	50
Total	**400**	**50**

The facility that expires within one year is a bank overdraft related to Vy group bank account system: The credit is for one year at the time and is renewed annually.

Note 17
Deferred income tax/Income tax expense

Income tax expense	2020	2019
Current income tax payable	-	67
Changes in deferred tax	13	107
Total income tax expense	**13**	**174**

Tax payable on the balance sheet are as follows:	2020	2019
Current payable tax expense	-	67
Tax on group contribution received this year	-	-67
Tax payable on the balance sheet	**-**	**-**

Reconciliation between nominal and actual tax expense rate:	2020	2019
Net income before tax	-216	933
Expected income tax using the nominal tax rate (22 %)	-48	205
Tax effect of the following items:		
Tax-exempt dividend	-	-10
Other non-deductible expenses	61	1
Other non-taxable income	-	-25
Effect of change in tax rules and tax rate	-	3
Income tax expense	**13**	**174**
Effective tax rate	**-6 %**	**19 %**

2020	Book value 01.01.	Exchange diff.	Acquisition of subsidiary	Income state-ment charge	Charge to other compre-hensive income	Charged directly to equity	Tax effect Group contri-bution	Book value 31.12.
Benefit (+) / Liability (-)								
Fixed assets	-996	-	-	194	-	-	-	-802
Inventories	22	-	-	-5	-	-	-	17
Receivables	-8	-	-	1	-	-	-	-7
Lease obligations	43	-	-	43	-	-	-	86
Value changes to financial current assets	4	-	-	-6	-	-	-	-2
Retirement benefit obligations	718	-	-	-127	-39	-	-	552
Provisions for other liabilities and charges	263	-	-	-66		-	-	197
Gains (losses)	-9	-	-	-14		-	-	-23
Losses carried forward	278	-	-	-82	-	-		196
Total gross temporary differences	315	-		-62	-39	-	-	215
Net temporary differences	**315**			**-62**	**-39**		**-**	**215**
Net deferred tax asset/liability on the balance sheet 22%	**69**	**-**	**-**	**-14**	**-9**	**-**	**-**	**47**

2019	Book value 01.01.	Exchange diff.	Acquisition of subsidiary	Income statement charge	Charge to other comprehensive income	Charged directly to equity	Tax effect Group contribution	Book value 31.12.
Benefit (+) / Liability (-)								
Fixed assets	-1 260	-	-	264	-	-	-	-996
Inventories	12	-	-	10	-	-	-	22
Receivables	-6	-	-	-2	-	-	-	-8
Lease obligations	37	-	-	6	-	-	-	43
Value changes to financial current assets	13	-	-	-9	-	-	-	4
Retirement benefit obligations	1 548	-	-	-1 050	220	-	-	718
Provisions for other liabilities and charges	249	-	-	14	-	-	-	263
Gains (losses)	-11	-	-	2	-	-	-	-9
Losses carried forward	-	-	-	278	-	-	-	278
Total gross temporary differences	581	-		-486	220	-	-	315
Net temporary differences	**581**			**-486**	**220**		**-**	**315**
Net deferred tax asset/liability on the balance sheet 22%	**128**	**-**	**-**	**-107**	**48**	**-**	**-**	**69**

Deferred income tax asset and liabilities are offset when there is a legally enforced right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to the same tax authority. The offset amounts are as follows:

Deferred income tax assets	**2020**	**2019**
Deferred income tax assets to be recovered after more than 12 months	232	231
Deferred income tax assets to be recovered within 12 months	-	61
Total	**232**	**292**

Deferred tax liabilities	**2020**	**2019**
Deferred income tax liabilities to be recovered after more than 12 months	-182	-221
Deferred income tax liabilities to be recovered within 12 months	-3	-2
Total	**-185**	**-223**
Total deferred income tax assets (net)	**47**	**69**

Note 18
Payroll and related expenses

	2020	**2019**
Wages and salaries, including employment taxes	1 999	2 301
Pension costs – defined contribution plans (note 19)	129	140
Pension costs – defined benefit plans (note 19)	25	181
Other employee benefit expenses	16	29
Total	**2 168**	**2 652**

Benefits for Chief Executive Officer and key management are referred to in the note for related-party transactions (note 26).

	2020	**2019**
Average man-labour year	2 318	2 680
Average number of employees	2 767	3 093

31st of December man-labour year 2 022 and number of employees 2 605.

The calculation is based on a weighted average based on the true number of man-labour year throughout the year.

Note 19

Retirement benefit obligations and similar obligations

General

The Group has pension arrangements related to age-disability- and bereaved benefits for spouses and children. Below is a further description of type of arrangements and how these are organized.

Defined benefit pension plan

The companies in the Group have several collective pension agreements that are handled by the Norwegian Public Service Pension Fund (SPK) or insurance companies that for the Norwegian companies satisfy the demands according to the law on public pension. The arrangement covers benefits from the pension basis up to 12G and results in a age- and disablity pension of 66 % of the pension basis when fully vested. The obligations connected to these agreements covers 354 active members, 301 retirees and 119 earned rights..The retirement benefit plans entitle defined future services that mainly are dependent on the number of contribution years and wage level at the time of retirement.

The companies have, through tariff agreements, retirement benefit obligations in affiliation with Early Retirement Pension Regulated by Contract (AFP). Obligations through this agreement cover 354 active members.

The additional defined benefit pension plan agreement for top leadership is not funded and will be paid through operations.

Closing of the defined benefit plan and changing to contribution scheme

A decision was made during 2017 to close the current defined benefit plan in SPK for employees within Vygruppen AS that were older than 55 years of age by the year end of 2018/2019. These employees were included in a new, closed defined benefit plan with effect from 1st January 2019. All employees younger than 55 years of age were granted an earned right in the SPK and were included in a new defined contribution plan in Storebrand as of January 2019. SPK made a final settlement to employees during 4th quarter of 2019. Agreed compensation to employees for whom the defined benefit pension plan settlement had a negative effect, is previously expensed with 78 MNOK.
The employees included in the new defined contribution plan in Storebrand are also included in a private AFP pension plan. This scheme is also accounted for as a defined contribution plan.
As of 31st of December 2020, 2.034 employees are active members in the defined contribution scheme in Storebrand.

Specification of net defined benefit pension plan obligations	**2020**	**2019**
Present value of earned pension rights for funded collective pension plans	2 129	2 682
Fair value of plan assets	-1 593	-1 962
Present value of unfunded obligations	536	720
Unrecognised actuarial losses	23	22
Net pension obligation on the balance sheet	**559**	**742**
Changes in pension retirement obligations:		
Book value net pension obligation 1st of January	742	1 691
This years' actuarial deviations	-35	192
This years net return on assets/increase in obligation continued operations	39	-40
Net financial items in the acount from continuing operations	13	18
Curtailments/transfer	-112	-861
Payments to plan	-134	-258
Plan change	46	
Book value 31st of December	**559**	**742**
Pension expenses included in the accounts, defined benefit pension plan		
Present value of current pension earnings	71	90
Curtailments/transfer	-46	91
Total return on pension plan, incl. in payroll and related expenses – see note 18	25	181
Total financial items in the accounts	**12**	**18**
Total pension expenses defined benefit pension plan	**37**	**199**
Contribution plans		
Total return on pension plan, incl. in payroll and related expenses – see note 18	**129**	**140**
Total pension expenses	**166**	**339**

Agreed compensation amount for employees who get worse in closing of pension plan is former expensed with 78 MNOK, of which 20 MNOK regards compensation for lack of set rights. In 2020 11 MNOK of this provision is resolved and reduced total operating expenses (see note 23)

Changes in regular pension is due to changes in coordination betwen SPK and National Insurance and is stated as plan change in 2020. Shortening/ settelement regards effect of reduced number of members due to business transfer. The settlement with SPK led to some 170 MNOK higher expenses than expected (net after the contribution from Norwegian state). The amount has been recognised as pension expenses in 2019.

Sensitivity analysis with change in central assumptions
The table below shows estimates for potential effects with change in assumptions that significantly affects the defined benefit pension plans in Norway. Actual results may substantially differ from these estimates.

	Discount rate		Salary growth rate		Increase in G	
	1 %	-1 %	1 %	-1 %	1 %	-1 %
Increase (+)/decrease (-) this period's net pension expense in %	(18-19%)	9-10%	9-10%	(8-9%)	17-18%	(14-15%)
Increase (+)/decrease (-) net pension obligation at 31st of December in %	(14-15%)	18-19%	3-4%	(3-4%)	14-15%	(11-12%)

The Population is affected by a high pensioner population and high average age on participants that affects the sensitivity analysis.

The last few years' development in pension expenses and pension obligations shows:

	2020	2019	2018	2017	2016	2015
INCOME STATEMENT						
Present value of current pension earnings	71	90	220	232	191	47
Curtailments/transfer	-46	91	-	-	-	-
Plan changes during the year	-	-	60	-	-	-
Tot.cost in the income statment	25	181	280	232	191	47
Tot.financial.items in the acc.	12	18	29	33	25	32
Tot.pension cost in the acc.	**37**	**199**	**309**	**265**	**216**	**79**

Financial position						
Total obligations	2 129	2 682	7 072	6 808	6 558	6 461
Pension assets	-1 593	-1 962	-5 420	-5 297	-4 909	-5 051
Total net pension obligations	536	720	1 652	1 511	1 649	1 410
Non-recognised actuarial losses	23	22	39	46	-	-
Net pension oblig. at the balance sheet date	**559**	**742**	**1 691**	**1 557**	**1 649**	**1 410**

	2020	2019	2018	2017	2016	2015
Discount rate	1,50%	2,05 %	2,85 %	2,50 %	2,60 %	2,70 %
Expected return on plan assets	1,50%	2,05 %	2,85 %	2,50 %	2,60 %	2,70 %
Average salary growth	1,75%	2,70 %	2,50 %	2,25 %	2,55 %	2,60 %
G-regulation	1,75%	2,10 %	2,60 %	2,40 %	2,50 %	2,40 %
Annual reg. of pension increases	1,00%	1,35 %	1,85 %	1,65 %	1,75 %	1,65 %
Average social security tax	14,10 %	14,10 %	14,10 %	14,10 %	14,10 %	14,10 %

Explanation to selected assumptions 31st of December 2020
The discount rate has been set at 1.50 % (2.05%) and is determined with basis in preferential bonds (OMF). The OMF-market has been assessed to represent a deep and liquid marked with relevance to maturities that qualifies to be used as a reference for interest rate according to IAS 19.

Salary adjustment for Norwegian arrangements are mainly calculated as the sum of expected nominal salary growth of 0.25 % and inflation of 1.5 % with some individual adjustments. Regulation of pensions during disbursements mainly follows average salary growth (equivalent to G-regulation) less a fixed factor of 0,75 %.

For the demographic factors, the tariffs K2013 and IR 73 has been used for determination of mortality rate and disability risk.

Average remaining life expectancy for a person retiring when he/she turns 65 years old will according to K2013 be:
Female 24,1 years
Male 20,6 years

Actuarial deviations in 2020 are mainly due to changes in economic parameters.

Risk evaluation of defined benefit contribution plans
The company is affected through its defined benefit contribution plans by several factors due to uncertainties in assumptions and future development. The most central factors are described as follows:

Expected longevity
The company has assumed an obligation to pay pension to the employees for as long as they live. An increase in life expectancy among members results in an increased obligation for the company.

Yield risk
The company is affected by a reduction in actual yield on the pension assets, which will cause an increase to obligations for the company.

Inflation- and salary growth risk
The company's pension obligation has risks related to both inflation and salary development, even though the salary development is close related to inflation. Higher inflation and salary development than what is used in the pension calculations, result in increased obligation for the company.

Note 20
Trade and other payables

	2020	2019
Trade payables	165	198
Group internal trade payables	1 316	1 461
Social security and other taxes	72	314
Other current liabilities	673	990
Total	**2 226**	**2 963**

Total trade and other payables include liabilities to related parties in 2020: 97 MNOK (223 MNOK).

Book value of trade and other payables corresponds to fair value. Other current liabilities include pre-paid revenue, accrued payroll and related expenses as well as other accrued expenses.

Note 21
Provisions for other liabilities and charges

Provisions for other liabilities 2020	**Reorganization obligation**	**Other**	**Total**
At 1st of January	217	-	217
Used during the year	-20	-	-20
Total	**197**	**-**	**197**

Provisions for other liabilities 2019	**Reorganization obligation**	**Other**	**Total**
At 1st of January	247	-	247
Used during the year	-30	-	-30
Total	**217**	**-**	**217**

Analysis of total provisions:	**2020**	**2019**
Non-current liabilities	197	217

Legal disputes
Vygruppen AS is involved in legal disputes, where some of them will be tried in court. Provisions are made for disputes where it appears to be a probable and qualified risk of losing.

Restructuring
Vygruppen AS announced a restructuring plan in 2016. The purpose of the restructuring is to adapt to the changes required by the railway reform . The restructuring provision amounted to 139 (146) MNOK at the end of 2020, and is mainly due to downsizing. The accruals at 31.12.2020 includes in addition a compensation related to changed pension plans. This remaining accruals for this is 58 (70) MNOK at the end of 2020.

Note 22
Depreciation, amortization and impairment

	2020	2019
Depreciation charges (note 6)	1 093	1 271
Total	**1 093**	**1 271**

Note 23
Other expenses

	2020	2019
Sales- and overhead expenses	889	1 147
Energy used in operations	165	300
Repair and maintenance, machinery rental, property expenses	1 102	1 440
Other operating expenses	1 235	1 465
Total	**3 391**	**4 352**

Auditing fees for total operations (excluding VAT):	2020	2019
Statutory audit fee	2	1
Other services	0	2
Total fee to auditor	**2**	**3**

Note 24
Financial income and expenses

	2020	2019
Interest income	32	114
Dividend	-	48
Group contribution	163	290
Gain from sale of shares	-	114
Net foreign exchange gains	22	-7
Total financial income	**217**	**559**
Interest expense	-88	-121
Other financial expenses	-16	-16
Write-down shares in subsidiaries *)	-277	-
Net foreign exchange losses	-8	-2
Total financial expenses	**-389**	**-139**
Net financial expenses - pensions	-12	-18
Change in unrealised fair value	100	-1
Total financial items	**-84**	**401**

*) Write-down shares in subsidiaries relates to:

Vy Mobility AS	-60	-
Vy Tåg AB	-125	-
Cargonet AS	-72	-
Fjord Tours Group AS	-19	-
Write-down shares in subsidiaries	**-277**	-

Note 25
Liabilities from financing activities

	Liabilities
Liabilities 1. January 2020	4 040
Cash flow from financial activities	-1 095
Non-cash changes	
Additions to liabilities	505
Liabilities 31 December 2020	**3 450**

Note 26
Related party transactions

Vygruppen AS has the following related parties:

Owner
As the owner of Vygruppen AS, the Ministry of Transport and Communication is a related party. In addition, other businesses owned by the Ministry of Transport and Communication will also be a related party to Vygruppen AS.

Companies within the same Group
All subsidiaries, associates and joint ventures as noted in notes 2, 7 and 8 as well as other Group companies that are related parties to these companies will be a related party to Vygruppen AS.

Board of Directors and executive management
Executive management or on the Board of Directors are also related party to Vygruppen AS.

Below is an overview of transactions, balances and guarantees to related parties:

Sale of goods and services:	**2020**	**2019**
Public purchase of passenger traffic services	3 453	3 792
Sales of other goods and services	125	433
Sales to other companies within the Group	589	120
Total	**4 168**	**4 345**
Purchases from companies in the Group:	198	234
Purchases of goods and services:	3 224	3 777
Total	**3 422**	**4 011**

Intercompany balances with related parties as a result of buying and selling of goods and services:

Group internal trade reveivables	**2020**	**2019**
Associated companies	282	75
Entities owned by the Ministry of Transportation	4	0
Total	123	280
Sum	**409**	**355**

Debts	**2020**	**2019**
Group internal trade payables	1 316	1 461
Entities owned by the Ministry of Transportation	97	223
Total	**1 413**	**1 684**

Loans to related parties		
Other companies in the Group	1 291	-

There are no borrowings from related parties.

Vygruppen AS has issued a guarantee of 40 MSEK on behalf of its fully owned subsidiary Vy Tåg AB, related to a contract with Varmlandstrafikk AB for licensing to operate trains in Värmland in Sweden.

Vygruppen AS has issued a guarantee of 150 MSEK on behalf of its fully owned subsidiary Vy Tåg AB related to a contract with Norrtåg AB.

Vygruppen AS has issued a guarantee of 240 MNOK to Jernbanedirektoratet on behalf of its fully owned subsidiary Vy Tog AS, regarding the contract Trafikkpakke 3 Vest.

Vygruppen AS has in 2020 sold its business Trafic, which includes trafic operations, to its subsidiary Vy Tog As. Vygruppen AS has recognized a profit of 19 MNOK related to this transaction in 2020.

Compensation for members of the Board and executive management
See note 31 in Vy group report.

Note 27
Contingencies

The group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

Note 28
Events after the reporting date

There are no material events which have occurred after the reporting date that will affect the Groups' profit and final position.

Statement from the Board and CEO regarding the annual report 2020

The Board of Directors confirm that to the best of our knowledge the condensed set of Group financial statements and the financial statements for the parent company for the period 1 January 2020 to 31 December 2020 have been prepared in accordance with IFRS as determined by EU, with requirements of supplementary information in the Accounting Act, and that the information in the accounts give a true and fair view of the company's and Group's assets, liabilities, debt, financial position and profit or loss as a whole.

The Board of Directors confirm that the annual report give a true and fair view of the development, profit and position for the company and the Group, as well as a description of the most central risk- and uncertainty factors the company and the Group faces.

Oslo, 17th of February 2021

Board of directors of the Vy Group

Berit Svendsen/ Chairman of the board

Åsne Havnelid

Geir Inge Stokke

Wenche Teigland

Semming Semmingsen

Ove Sindre Lund

Jan Audun Strand

Grethe Therese Thorsen

Gro Bakstad / CEO

Tax policy

Background

In line with expectations from the owner enshrined in Eierskapsmeldingen (Meld.St.8 2019–2020), Vygruppen AS has prepared a policy for the group's tax behaviour. The policy has been communicated to all our subsidiaries.

About Vygruppen and our tax policy

Vygruppen is a transport and tourism group owned by the Norwegian state via the Ministry of Transport. We will ensure customers the best journey by providing environmentally friendly, smart, cost-effective and safe transport. In addition, the Group provides freight of goods on track.

All our activities are carried out with a focus on safety and are based on environmental solutions.

Our tax policy rests on three fundamentals:

1. Sutainability

Tax revenues are a prerequisite for sustainable development.
Profitable companies contribute to increased tax revenues, which in turn contributes to the financing of the individual state's development. Through success in our work, we will indirectly contribute to the funding of key institutions such as health, welfare and education, as well as fixed assets and infrastructure.

2. Origin and transparency

Our companies must pay taxes to the country where the values are created.
Vygruppen operates in Norway and Sweden. Regardless of where the business is located, all our companies shall pay tax to the host country where the values are generated. In addition, all our companies are expected to act transparently towards each host country's tax authorities, including providing timely and correct information to form the basis for taxation of the company. Our companies are expected to follow the tax laws of the countries in which they operate, both in terms of the letter and intent of the law.

Through active follow-up, Vygruppen will ensure that our companies are operated responsibly and professionally. This also means that we will contribute to increased awareness of tax legislation and compliance with the rules that apply to the individual company.

3. Integrity and fairness

We are not participating in artificial schemes to reduce taxes.
Vygruppen should not knowingly contribute to harmful tax practices. We will to the best of our ability ensure that our companies do not engage in harmful or potentially harmful tax behavior. At the same time, we consider it appropriate that the companies within the group are taking advantage of the tax incentives that exist for its businesses.

Our companies are further encouraged to:

a) Comply with tax legislation
Companies must comply with all applicable laws and regulations in the countries in which they operate.

b) Do not participate in undermining the country's tax base or encourage to transfer of profits
Companies must not adopt artificial schemes, such as the use of internal pricing to move taxable profits from where they have their business.

c) Do not take part in aggressive tax planning
Companies should not take part in any kind of aggressive tax planning that drains the local tax base.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

To the General Meeting of Vygruppen AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

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

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

In our opinion:

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

Basis for Opinion

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

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

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

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

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

We communicate with 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 and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 17 February 2021
Deloitte AS

Eivind Skaug
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Corporate governance

1. Reporting on corporate governance

This statement is prepared according to the chapters in the Norwegian Code of Practise for Corporate Governance. Vygruppen AS and the Vygruppen (the Vy Group) follows the Code, with exceptions because the Group is not listed on a stock exchange, is owned 100 % by the Norwegian State and has certain limits in the articles of association.
The Code is composed to ensure that companies listed on the stock exchange shall have ownership control and corporate governance that clarifies the roles between share owners, the Board of Directors and management in addition to what is included in the legislation. The recommendation shall strengthen the confidence the share holders, the capital markets and other interested parties have towards the company.
The Group Board has adopted a set of values and guidelines for ethics and social responsibility which are published on vy.no.

2. Nature of business

Vy is a transport group with activity in Norway and other Nordic countries. The parent company, Vygruppen AS, is owned by the Norwegian Government represented by the Ministry of Transport and Communication. The Group's headquarter are in Oslo.

The groups business as stated in the articles of association:

- *The company social mission is to provide efficient, available, secure and environment friendly passenger and freight transport*
- *The company business is passenger traffic by rail in Norway, transport of passengers and goods in Norway and other Nordic countries as well as business connected to the above*
- *The business can be run by the company itself, by wholly owned subsidiaries, through other partly owned companies or cooperating companies. The company can do business in other Nordic countries as far as this helps to strengthen the company effectiveness on the Norwegian market and/or helps to strengthen the company's ability to solve the social duties which is the reason for state ownership*

3. Equity and dividends

Vygruppen AS is a State Limited Liability company. This is a type of limited liability company where the state owns 100 % of the shares. The responsible minister or whom he gives authority safeguards the rights of the shareholders in the general meeting.

Important special rules for such companies are:

- The general assembly is not bound by the dividend recommendation given by the board of directors
- The Office of the Auditor General of Norway audits the management of state ownership and has a right to demand information from CEO, the board and the external auditor

The government expects that the dividend level should be 50 % of the Group profit after tax, but the exact level will be decided annually. The board has not been given mandate to approve the distribution of dividends or to increase the number of shares.

4. Equal treatment of shareholders and transactions with close associates

The company has only one class of shares. They are not listed on a stock exchange and there are no share transactions.
The Norwegian Railway Directorate, governed by The Ministry of Transport and Communication, and Vygruppen AS have entered into an agreement about public purchase of passenger traffic services on non-profitable lines that are not exposed to competition. Similarly, the Ministry of Transport and Communication has entered into an agreement with Vy's subsidiary Vy Gjøvikbanen

AS regarding operation of the Gjøvik line.

Guidelines on how to treat material transactions between the company and members of the Board of Directors or management are included in the Group's ethical guidelines and in the instructions for the Board of Directors and President and CEO.

5. Freely negotiable shares

The articles of association do not include any restrictions on negotiability.

6. General assembly

The general assembly consists of the government represented by the Ministry of Transport and Communication. The ministry calls the meeting. An annual ordinary meeting is held before the end of June.
The members of the Board, CEO and the auditor have the right to attend the General Assembly meetings.

The other recommendations in the code regarding the general assembly are not applicable due to the state ownership.

7. Nomination committee

The general assembly consists of the government represented by the Ministry of Transport and Communication. The general assembly has not appointed a nomination committee.

8 The Board of directors: composition and independence

The board is elected by the general assembly. Two or three board members with deputies are elected by and among the employees. An agreement has been made not to have a corporate assembly, and therefore the employees elect a board member with deputy in addition to the above representatives.
The members of the Board of Directors are chosen based on experience, competence, diversity and ability to contribute to the development of the company. Company management cannot be a member of the Board of Directors and do not own shares in the company. Information on board members is published on vy.no.

9. The work of the Board of Directors

The Board's work is governed by the Norwegian Companies Act, which is to manage the company's values on the behalf of the owners. The task of the Board has been determined in separate instructions. The Board works according to an annual activity plan. The work plan is based on the Board's main tasks with emphasis on goals, strategy, organisation and control of the business. The board evaluates its activities annually.

The Board has established a separate set of instructions for the CEO.

The board shall ensure that there are satisfactory systems for internal control of the company's activities, and that risk analyses are carried out regularly with follow-up preventive measures and emergency measures.

The Board shall according to the principles of association ensure that the company acts socially responsible.

The Board has established audit and remunerations committees.

10. Risk management and internal control

To ensure the quality of internal control, a separate governing system has been implemented. This includes leadership documents, preparedness plans, safety procedures and processes to govern and control operations. Guidelines, routines, handbooks and authorization matrixes are in place to ensure the quality of the company's economics, accounting and financing issues.
Risk analysis of the different activities of the Group are evaluated on an annual basis, and measures are taken to control the risks. The board annually reviews the company risk management and internal control.

11. Remuneration of the Board of Directors

Information on the compensation of the board and key management is included in notes to the financial statement. The remuneration if the board is not linked to the company´s performance. The shareholder elected members of the Board of Directors do not normally take on specific assignments for the company

12. Remuneration of executive personnel

The Board of Directors hires the CEO and decides the remuneration. The board evaluates the CEO's performance and salary conditions on an annual basis, and reviews the compensation of key management. The board has prepared a statement on the determination of salaries and other remuneration for senior executives. The CEO is authorized to determine salaries and other compensation for the company / group's top management within the state's "Guidelines for salaries and other remuneration to senior executives in companies and companies with state ownership" and the principles for executive salaries set by the board. The guidelines for remuneration of management are on the agenda of the general assembly. Information on the compensation of the board and key management is included in notes to the financial statement.

13. Information and communications

Public information is communicated by the senior management of the Group. Dates for important events and publication of financial information are posted on the company's website.
Through § 10 in the articles of association, Vy has a distinct duty to inform the shareholder about the Group's operation. Matters of principle or social significance should be communicated to the Minister of Transport and Communication before the Board of Directors makes their final decision.

Every year the Board of Directors is obliged to present to the Minister of Transport and Communication a plan for the operations of the Vy Group which includes the following aspects:

1. An assessment of the market and the Vy Group, including the development since the last plan.
2. The Group's main activities for the next few years, including plans for major restructuring, further development and unwinding of existing operations and development of new ones.
3. The level of investments, major investments and their financing.
4. The Group's economic development.
5. A report on measures and results regarding the company's social mission

The Board of Directors has to submit information regarding material changes of already communicated plans to the Minister of Transport and Communication.

14. Take-overs

Based on the state ownership this part of the code is not considered relevant for the company.

15. Auditor

The auditor is elected by the general assembly. The auditor submits an annual plan to the board for the audit work. The auditor submits annually a Management Letter to the Board of Directors, reporting the main findings from the audit of the company and status regarding management and internal control. The Board of Directors hosts an annual meeting with the auditor where the CEO will not be present.
The auditor participates in board meetings that deal with reporting and other issues on which the board is to comment. The auditor attends the General Assembly.

The remuneration of the auditor is included in notes to the financial statement.