

# *Fjord1*



FIRST QUARTER REPORT  
**20. May 2022**



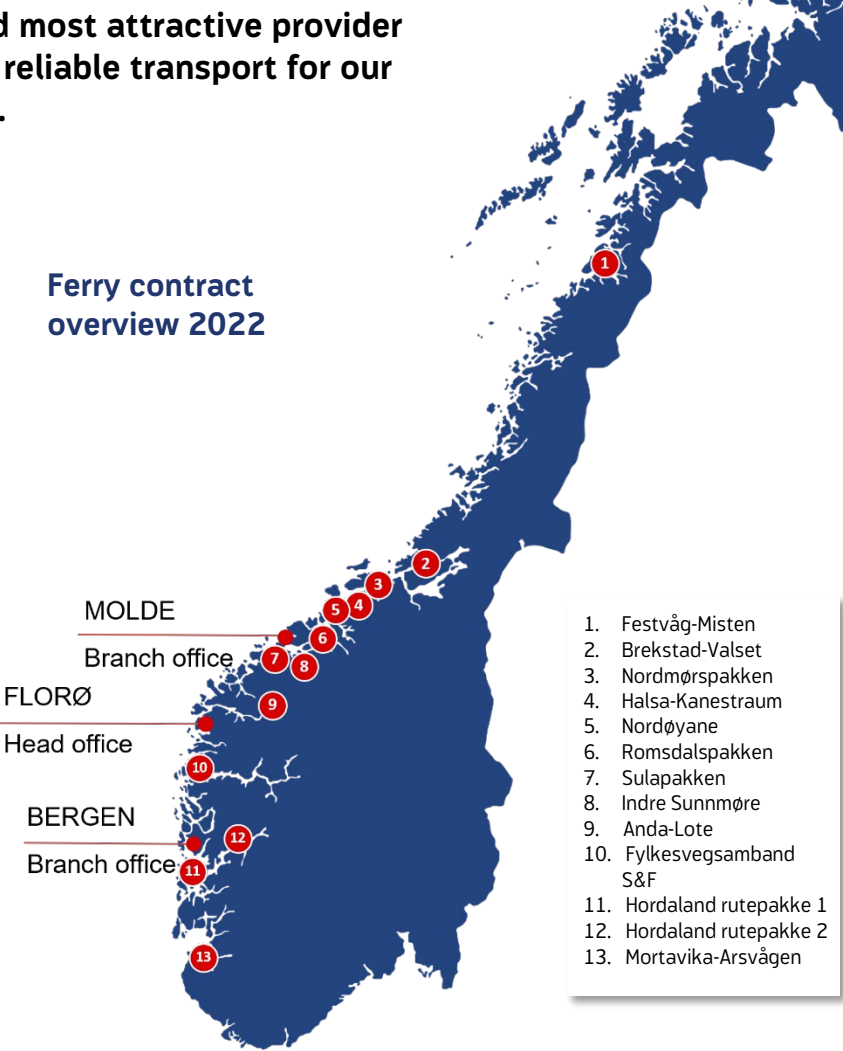
# About Fjord1

Fjord1 aims to be the safest and most attractive provider of environmentally friendly and reliable transport for our customers, clients and partners.

Fjord1's core business is the operation of ferry services. The company also engages in passenger boat services, catering and tourism.

Fjord1 makes use of world-class cutting-edge technology to meet requirements for zero emissions and electrically powered vessels in new contract tenders. As a result of this, the company has also been working to install the necessary quayside charging systems.

### Ferry contract overview 2022



### Our values reflect who we are and the way we work.



Cheerful



Open and honest



Reliable and keeping our promises



Profitable



Working together and team spirit



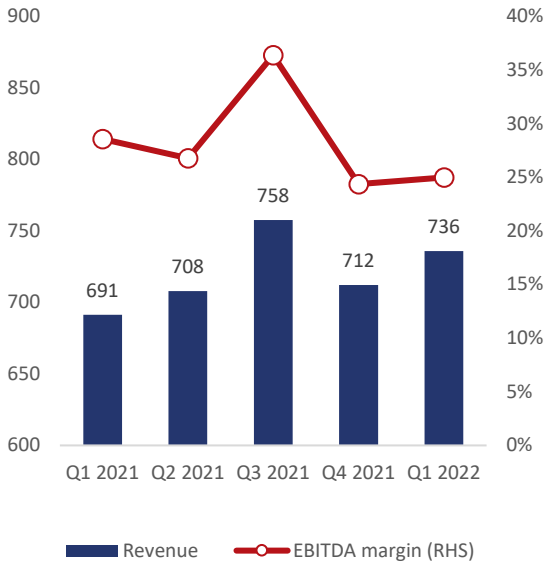
Proud

More information at [www.fjord1.no](http://www.fjord1.no)

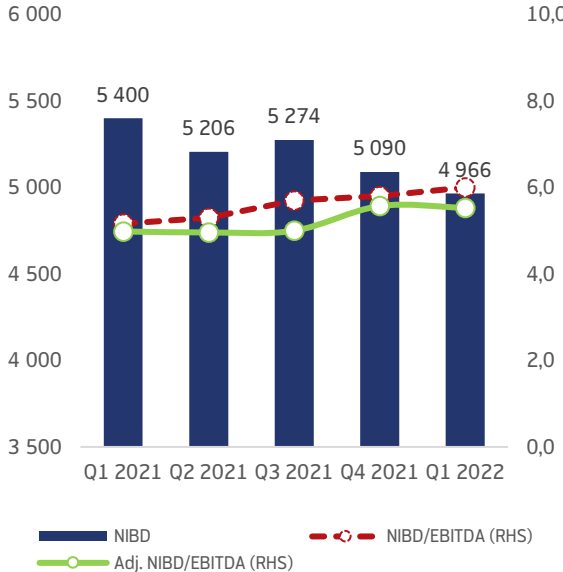
# First quarter 2022 highlights

- Fjord1 has maintained reliable and safe operations while fulfilling its responsibilities as a provider of critical transport infrastructure in coastal Norway.
- Revenue in the first quarter amounted to NOK 736 million, an increase of 6 per cent from the same quarter last year. The increase is mainly attributable to index regulation of ferry routes and infrastructure revenues.
- EBITDA in the first quarter totalled NOK 182 million, and the EBITDA margin declined to 25 per cent from 29 per cent in the same quarter last year. This mainly reflects higher fuel prices and somewhat higher maintenance activity than in the same quarter in 2021.
- Investments amounted to NOK 141 million in the first quarter, mainly related to infrastructure projects and rebuilding of vessels.
- Net interest-bearing debt (NIBD) stood at NOK 4,966 million as per 31 March 2022, down 2 per cent from the previous quarter. The company has lower investment commitments going forward and expects improving operating cash flows, and NOx compensation for electric vessels.
- Fjord1's long-term contract portfolio of NOK 20.3 billion before index regulations and the transition towards low-emission vessels provide a solid base for further development of the company.

Revenue (NOK m) and EBITDA (%)



NIBD (NOK m) and NIBD/EBITDA



Adjusted NIBD/EBITDA reflects covenant allowance to adjust NIBD in alignment with the start-up of associated contracts

## Key figures (NOK million)

<b>Profit &amp; Loss</b>	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>FY 2021</b>
Total revenue	735.8	691.3	<b>2,859.9</b>
Total operating expenses	(545.2)	(477.5)	(1,954.5)
Share of profit/(loss) from JVs and associates	(8.6)	(16.2)	(31.1)
<b>EBITDA</b>	<b>182.0</b>	<b>197.6</b>	<b>874.2</b>
EBITDA margin (%)	25 %	29 %	31%
Total depreciation and impairment	(146.4)	(142.9)	(594.2)
<b>Operating profit (EBIT)</b>	<b>35.6</b>	<b>54.7</b>	<b>280.0</b>
Net financial income/(expenses)	(37.8)	(44.8)	(108.4)
<b>Profit/(loss) before tax</b>	<b>(2.2)</b>	<b>9.9</b>	171.7
Income tax (expense)/income	0.5	(2.2)	(34.2)
<b>Profit/(loss) for the period</b>	<b>(1.7)</b>	<b>7.7</b>	<b>137.5</b>
<b>Balance sheet</b>	<b>31.03.22</b>	<b>31.03.21</b>	<b>31.12.21</b>
<i>Assets</i>			
Non-current assets	9,452.8	9,183.3	9,452.8
Current assets, excl. cash	630.3	637.7	683.3
Cash and cash equivalents	169.3	128.5	144.6
<b>Total assets</b>	<b>10,252.4</b>	<b>9,949.5</b>	<b>10,280.7</b>
<i>Equity and liabilities</i>			
Total equity	2,565.8	2,436.4	2,570.0
Non-current liabilities	4,307.1	5,716.7	4,318.2
Current liabilities	3,379.5	1,796.4	3,392.6
<b>Total equity and liabilities</b>	<b>10,252.4</b>	<b>9,949.5</b>	<b>10,280.7</b>
Equity ratio (%)	25%	24%	25%
Return on equity (12-month rolling) (%)	3.8%	4.7%	4.2%
NIBD	4,966.2	5,400.2	5,090.6
NIBD/EBITDA (12-month rolling)	6.0	5.2	5.8
<b>Cash flow</b>	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>FY 2021</b>
Net cash flow from operating activities	284.7	273.4	1,194.7
Net cash flow from investing activities	(142.8)	(153.9)	(699.1)
Net cash flow from financing activities	(117.2)	(392.9)	(752.9)
Net change in cash and cash equivalents	24.7	(273.4)	(257.3)
<b>Cash and cash equivalents end of period</b>	<b>169.3</b>	<b>128.4</b>	<b>144.6</b>
<b>Net financial items</b>	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>FY 2021</b>
Share of profit/(loss) from other associates	10.9	2.2	65.3
Interest income	0.4	2.2	10.1
Interest expense	(48.4)	(45.0)	(178.9)
Other financial items, net	(0.7)	(4.2)	(4.9)
<b>Net financial items</b>	<b>(37.8)</b>	<b>(44.8)</b>	<b>(108.4)</b>

## Increasing electric operations

Fjord1 has operated in a safe and reliable manner in the first quarter 2022, with eight lost time injury, zero allisions, and 99.3 per cent regularity in the quarter.

After the lifting of Covid-19 related restrictions, traffic volumes are mostly at normalised levels. The number of vehicles transported increased by 13 per cent to 1.8 million in the quarter, whereas the number of passengers increased by 9 per cent to 3.1 million.

Despite periodically significant impact from the Covid-19 pandemic, the contract structures have limited the economic consequences from reduced traffic within the Ferry and Passenger Boats segments. Revenue shortfall in the Catering segment has mostly been compensated for by cost reductions, while travel restrictions have impacted the activity level in the Tourism segment.

Fjord1 continues to progress its electrification process of new vessels and onshore infrastructure. Completion of electric infrastructure progressed well in the first quarter, which gives an increasing share of ferry routes operating fully electric. With approximately 43 per cent of the ferry portfolio as hybrid-electric ferries, Fjord1 is one of the most environmentally friendly ferry companies worldwide.

The company remains committed to its long-term strategy of being a leading player in the Norwegian ferry market and providing safe, reliable, and environmentally friendly transport to its customers. The company has a solid long-term contract portfolio, worth NOK 20.3 billion excluding index regulation. Together with long-term ambitions for the Tourism segment, this provides a solid base for further development of the company.

## Group and segment overview

The Fjord1 Group generated total revenues of NOK 736 million in the first quarter 2022, an increase of 6 per cent from the first quarter 2021, whereas EBITDA declined to NOK 182 million from NOK 198 million. The company's fleet expansion and renewal programme, and its investments in the electrification of the ferry operation have resulted in higher depreciation and financial expenses compared to previous periods. Operating profit (EBIT) hence decreased to NOK 35 million in the first quarter 2022, compared to NOK 55 million in the same period in 2021.

The Fjord1 Group has four reporting segments; **Ferry, Passenger Boats, Catering and Tourism**, of which Ferry is the largest.

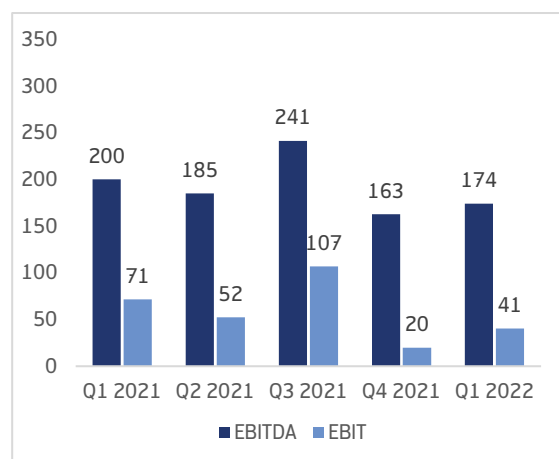
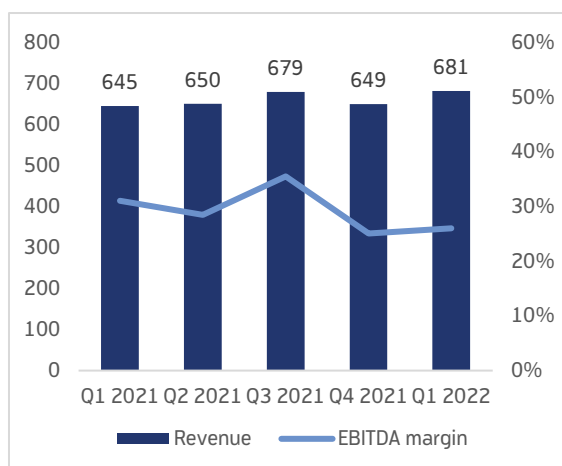
### Ferry

#### Revenue, EBITDA and EBIT (NOK million)

	Q1 2022	Q1 2021	FY 2021
Revenue	681.1	645.1	2,623.5
EBITDA	173.9	200.2	788.9
<i>EBITDA margin</i>	<i>26%</i>	<i>31%</i>	<i>30%</i>
EBIT	40.5	71.4	250.7
<i>EBIT margin</i>	<i>6%</i>	<i>11%</i>	<i>10%</i>

Revenue in the Ferry segment increased by 6 per cent year-on-year in the first quarter, mainly reflecting adjustment of index regulation of ferry routes and infrastructure revenue. The company has significantly reduced fuel consumption the last twelve months with a continuously increasing share of electric routes in operation. However, due to higher fuel prices and somewhat higher maintenance activity in the quarter, operating costs increased by 14 per cent to NOK 507 million compared to NOK 478 million in the first quarter 2021. EBITDA hence declined by 13 per cent to NOK 174 million in the first quarter.

#### Revenue (NOK m) and EBITDA margin (%)



### EBITDA and EBIT (NOK m)

Some of the onshore electrifications have been delayed, primarily due to travel and work restrictions for international technical personnel during the Covid-19 pandemic. This postponed the start-up of more cost-effective fully electric routes, the release of government-funded NO<sub>x</sub> compensation for new electric vessels, and payments for public infrastructure projects.

The onshore electrifications are now progressing well with several electric infrastructure projects completed in the first quarter. This gives an increase share of ferries operating fully electric. The company expects continued good progress on planned electrification projects in the first half of 2022, which will increase the share of electric operations further and reduce fuel costs. This is expected to gradually improve operating costs and EBITDA going forward.

### Ferry contract overview 2022–2034

Contract	Vessels	PCE	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Bognes-Skarberget og Drag-Kjøpsvik	3														
Indre Sunnmøre	12	0.9													
Romsdalspakken	5	1.7													
Nordmørspakken	6	0.9													
Halsa-Kanestraum	3	0.9													
Sulapakken	5	2.4													
Hordaland rutepakke 1	8	1.7													
Hordaland rutepakke 2	6	1.2													
Brekstad-Våset	2	0.3													
Mortavika-Arsvågen	5	2.8													
Anda-Lote	2	0.8													
Fv Sogn og Fjordane	5	0.5													
Festvåg-Misten	1	0.6													
Nordøyane	2	0.2													

Firm contract  
 Options

\*Passenger car equivalents (PCE) capacity (million)

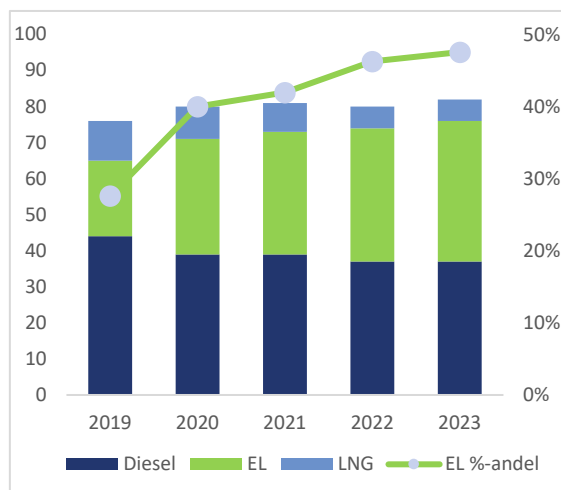
The current contract portfolio has an estimated value of approximately NOK 20.3 billion, including

the three passenger boat contracts but excluding options and index regulation.

In 2020, the company completed a newbuild programme comprising 25 new vessels delivered over four years. The electrification program continued with the delivery of four vessels converted from LNG to hybrid-electric propulsion in the 2021. At the end of 2021, the company had 34 hybrid-electric vessels, of which 28 are operated electrically.

The company has commissioned another two new vessels for delivery in 2023, and signed contracts for two rebuilds at Westcon in Florø and one rebuilding at Havyard in Leirvik, Sogn.

Number of ferries and fuel mix



## Passenger Boats

### Revenue EBITDA and EBIT (NOK million)

	Q1 2022	Q1 2021	FY 2021
Revenue	31.2	28.4	114.5
Associates	0.7	1.4	3.8
EBITDA*	16.0	14.1	55.4
<i>EBITDA margin excl. associates</i>	<i>51%</i>	<i>50%</i>	<i>45%</i>
EBIT	4.1	1.5	5.7
<i>EBIT margin excl. associates</i>	<i>13%</i>	<i>5%</i>	<i>2%</i>

\*EBITDA incl. associates

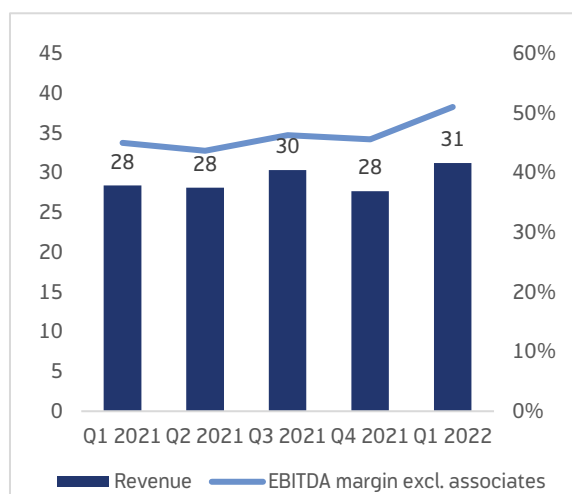
Revenue in the Passenger Boat segment increased by 10 per cent in the first quarter following higher activity level, more than offsetting the decline of NOK 0.7 million from share of profits in associated companies. As a result, EBITDA increased by NOK 1.9 million or 13 per cent.

In May 2021, two of Fjord1's contracts with Vestland County for the operation of local passenger boats was extended until 1 November 2023. Another company has been awarded the contract from November 2023 onwards.

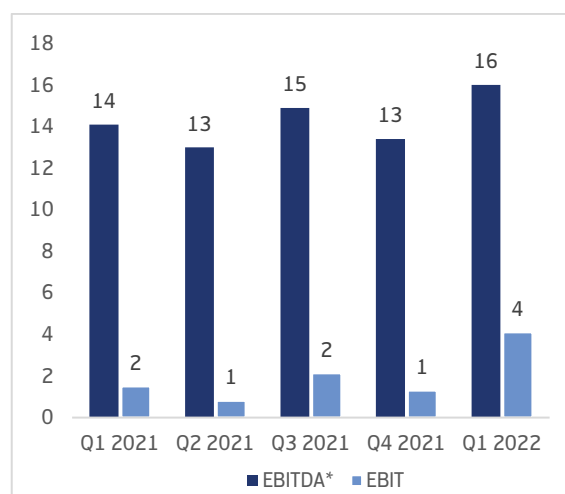
Fjord1 owns 3 of the 10 express boats currently being used in Vestland County, with the remaining 7 under charters. The charters match the contract period of the operated routes.

The company also owns 49 per cent of Partsrederiet Kystekspresen ANS, which operates an express boat service from Kristiansund to Trondheim, Brekstad to Trondheim and Vanvikan to Trondheim.

## Revenue (NOK m) and EBITDA margin (%)



## EBITDA and EBIT (NOK m)



\* EBITDA incl. associate

## Catering

### Revenue, EBITDA and EBIT (NOK million)

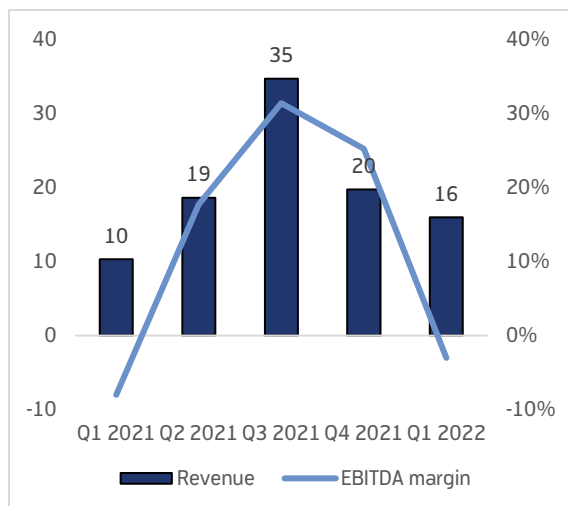
	Q1 2022	Q1 2021	FY 2021
Revenue	16.0	10.3	83.3
EBITDA	(0.5)	(0.8)	18.3
<i>EBITDA margin</i>	<i>(3%)</i>	<i>(8%)</i>	<i>22%</i>
EBIT	(1.0)	(1.6)	15.7
<i>EBIT margin</i>	<i>(6%)</i>	<i>(15%)</i>	<i>19%</i>

Revenue in the Catering segment was significantly affected by Covid-19 restrictions for large parts of both 2020 and 2021, and Fjord1 has worked to adjust the service levels and reduce staffing and costs to compensate for the revenue shortfall. At the same time, the company has further developed its self-service catering solutions.

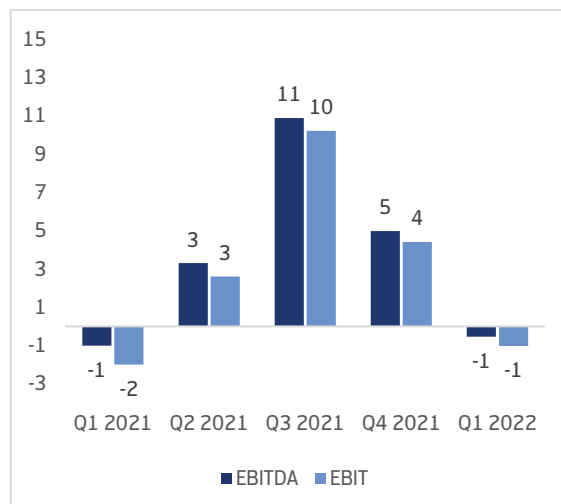
The Catering activity level has gradually normalised after the easing of Covid-19 restrictions and revenue increased by 54 per cent in the first quarter despite still some negative impact from the pandemic. Operating costs increased by 48% to NOK 16 million compared to the same period last year. EBITDA hence ended at negative NOK 0.5 million compared to negative NOK 0.8 million in the first quarter last year.

## Revenues (NOK m) and EBITDA margin (%)





EBITDA and EBIT (NOK m)



## Tourism

### Revenue, EBITDA and EBIT (NOK million)

	Q1 2022	Q1 2021	FY 2021
Revenue	4.6	4.1	18.1
Associates	(9.3)	(17.6)	(34.9)
EBITDA*	(8.3)	(17.5)	(33.2)
<i>EBITDA margin</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
EBIT	(8.5)	(18.1)	(35.4)
<i>EBIT margin</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>

\*EBITDA incl. associates. EBITDA margins and EBIT margins and not meaningful given that earnings in the segment derive primarily from associates

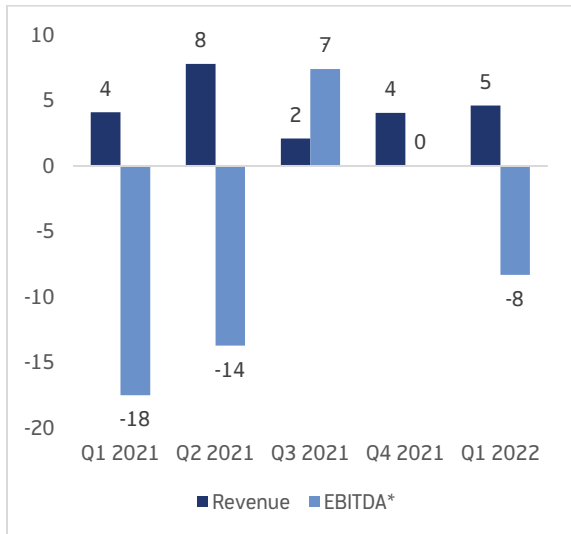
The Tourism segment was significantly affected by Covid-19 through 2020 and 2021, due to the restrictions on both domestic and international travels. With the exception for the domestic summer holiday season, activities have either been shut down or operated at significantly reduced capacity since March 2020.

Activity level is expected to revert to normalised levels during the summer high season in the second quarter.

Fjord1 operates through both wholly owned and partly owned companies. While revenue mainly reflects consolidated vessel leasing revenue, the overall exposure is mainly through associated companies. The share of profits in associated companies was negative NOK 9.3 million in the first quarter, compared to minus NOK 17.6 million in the same quarter last year.

Overall EBITDA was negative NOK 8.3 million for the first quarter, compared to minus NOK 17.5 for the same period in 2021.

### Revenue and EBITDA (NOK m)



Fjord1's main ownership interests are in the Fjord Tours Group, which is owned 50/50 with the Norwegian transport group Vy-Gruppen, and in The Fjords, which is owned 50/50 by Fjord1 and Aurland Ressursutvikling.

To strengthen the positioning of the activities in the Tourism market, Fjord1, Vy-Gruppen and Aurland Ressursutvikling has signed an agreement in principle to establish a new entity including Fjord Tours, The Fjords, Aurland Ressursutvikling and Flåm Utvikling (Flåmsbana). This process is ongoing and is expected to be concluded during the first half of 2022.

## Consolidated statement of profit and loss

Profit & Loss (NOK million)	Q1 2022	Q1 2021	FY 2021
<b>Total revenue</b>	<b>735.8</b>	<b>691.3</b>	<b>2,859.9</b>
Total operating expenses	(545.2)	(477.5)	(1,954.5)
Share of profit/(loss) from JVs and associates	(8.6)	(16.2)	(31.1)
<b>EBITDA</b>	<b>182.0</b>	<b>197.6</b>	<b>874.2</b>
EBITDA margin (%)	25 %	29 %	31%
Total depreciation and impairment	(146.4)	(142.9)	(594.2)
<b>Operating profit (EBIT)</b>	<b>35.6</b>	<b>54.7</b>	<b>280.0</b>
Net financial income/(expenses)	(37.8)	(44.8)	(108.4)
Profit/(loss) before tax	(2.2)	9.9	171.7
Tax (expense)/income	0.5	(2.2)	(34.2)
<b>Profit/(loss) for the period</b>	<b>(1.7)</b>	<b>7.7</b>	<b>137.5</b>

### Revenues and operating profit

The Fjord1 Group generated total revenues of NOK 736 million in the first quarter 2022, with the increase of 6 per cent from the first quarter 2021 primarily explained by index regulation of ferry routes.

Operating costs increased by 14 per cent to NOK 545 million, mainly due to higher fuel costs and somewhat higher maintenance activity in the quarter. Going forward, operating costs are expected to decrease with an increasing share of more cost-effective electric routes. As the fully electric routes come into operation, the company expects costs to stabilise at a lower level.

EBITDA was NOK 182 million in the first quarter, a decline of 8 per cent from the same quarter last year. This included a negative contribution of NOK 8.6 million from JVs and associated companies (-16.2), the main part of which in the Tourism segment.

The company's fleet expansion and renewal programme and its investments in the electrification of the ferry operation have generated higher depreciation than in previous periods, and the operating profit (EBIT) of NOK 36 million compares to NOK 55 million in the same period last year.

### Net financial items

Net financial items	Q1 2022	Q1 2021	FY 2021
Share of profit/(loss) from other associates	10.9	2.2	65.3
Interest income	0.4	2.2	10.1
Interest expense	(48.4)	(45.0)	(178.9)
Other financial items, net	(0.7)	(4.2)	(4.9)
<b>Net financial items</b>	<b>(37.8)</b>	<b>(44.8)</b>	<b>(108.4)</b>

The company's share of profit and loss from other associates refers to its 34 per cent shareholding in WF Holding AS, which owns 100 per cent of the airline Widerøes Flyveselskap AS. The positive share of results of NOK 10.9 million in the first quarter reflects both increasing activity after the lifting of travel restrictions, and gains from forward contracts on jet fuel.

Interest expenses amounted to NOK 48.4 million in the quarter (45.0), mainly reflecting increased interest rate level.

### Profits

Fjord1 incurred a loss before tax of NOK 2.2 million in the first quarter compared to profit before tax of NOK 9.9 million in the first quarter last year.

Tax income was positive NOK 0.5 million in the first quarter, resulting in a net loss of NOK 1.7 million. This compares with a net profit of NOK 7.7 million in the first quarter last year.

Earnings per share on an ordinary and fully diluted basis came to negative NOK 0.02, down from NOK 0.08 in the first quarter 2021.

## Consolidated statement of financial position

<b>Assets (NOK million)</b>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
Non-current assets	9,452.8	9,183.3	9,452.8
Current assets, excl. cash	630.3	637.7	683.3
Cash and cash equivalents	169.3	128.5	144.6
<b>Total assets</b>	<b>10,252.4</b>	<b>9,949.5</b>	<b>10,280.7</b>

Vessels and other PPE amounted to NOK 8,607 million or 91 per cent of non-current assets (8,484). This includes vessels, capitalized maintenance and vessels under construction, infrastructure and infrastructure under construction, property, and machinery and equipment. Please see note 5 for more detailed information.

Current assets include inventories, trade receivable, and other receivables. The decrease of NOK 7.4 million from the same period in 2021 reflects lower other receivables somewhat offset by higher inventories and trade receivables. Please see note 2 for more information.

<b>Equity and liabilities (NOK million)</b>	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.12.2021</b>
Total equity	2,565.8	2,436.4	2,570.0
Non-current liabilities	4,307.1	5,716.7	4,318.2
Current liabilities	3,379.5	1,796.4	3,392.6
<b>Total equity and liabilities</b>	<b>10,252.4</b>	<b>9,949.5</b>	<b>10,280.7</b>

The increase in total equity mainly reflects earnings in 2021. Non-current liabilities include bank debt of NOK 2,825 million, as well as deferred tax liabilities, lease obligations, employee benefit liabilities, and other non-current liabilities.

Current liabilities include current bank loans of NOK 1,374 million due, unsecured bond loan of NOK 959 million, as well as trade payables, current lease obligations, taxes, and duties payable, and other current liabilities.

The company announced 31 March 2022 a refinancing of the group's loan facilities with the purpose of repurchasing the outstanding bond loan, which was completed early in May. Please see important events after the close of the reporting period for more information.

Net interest-bearing debt stood at NOK 4,966 million per 31 March 2022, a reduction of NOK 434 million over the past 12 months.

## Consolidated statement of cash flow

Cash flow	Q1 2022	Q1 2021	FY 2021
Net cash flow from operating activities	284.7	273.4	1,194.7
Net cash flow from investing activities	(142.8)	(153.9)	(699.1)
Net cash flow from financing activities	(117.2)	(392.9)	(752.9)
Net change in cash and cash equivalents	24.7	(273.4)	(257.3)
<b>Cash and cash equivalents end of period</b>	<b>169.3</b>	<b>128.4</b>	<b>144.6</b>

Net cash flow from operating activities was NOK 285 million in the first quarter, up NOK 11 million from the same period last year mainly reflecting changes in working capital.

Net cash outflow from investing activities was 143 million in the first quarter compared to NOK 154 million in the first quarter 2021. The cash outflow in the first quarter mainly reflects investments related to infrastructure projects and rebuilding of vessels in the electrification programme. The declining investment level from 2021 reflects that the large ferry newbuilding program and the onshore electrification infrastructure program peaked in 2020.

The negative cash flow from financing activities in the first quarter mainly reflects net repayment of borrowings and payments of lease obligations. The holding of cash and cash equivalents was NOK 169 million at the end of the first quarter.

## Financing

Fjord1 has been through an expansion phase, with significant capital expenditure related to vessel newbuilds, conversion of existing vessels, and investments in quays and other onshore infrastructure. These investments are crucial elements in the company's transition from fossil fuels to zero-emission and low-emission fuels. The company has a contractual right to compensation for the main part of its infrastructure investments, either through the sale of infrastructure to municipalities upon completion or from payments through the contract period.

Fjord1 has financed its investment programme through a combination of bank loans and bonds. The company's borrowing facility totals NOK 6,468 million, of which NOK 5,751 million has been utilised, including guarantees.

Net interest-bearing debt (NIBD) amounted to NOK 4,966 million at the end of March 2022, compared to NOK 5,400 twelve months earlier. Net interest-bearing debt is expected to decrease with higher operating cash flow, lower investments, and proceeds from sale of infrastructure projects.

Fjord1 refinanced all bank and bond debt with a new bond loan of NOK 6.5 billion after the end of the first quarter. Please see events after the balance sheet day for more information.

Although the infrastructure is gradually compensated for, accounting principles require that the value of Fjord1's right to use the infrastructure be reflected in its balance sheet and depreciated over the lifetime of the contract. Fjord1's bank loan agreements have been amended to take these accounting principles into consideration in the calculation of the equity ratio covenant. The company remains in compliance with all loan covenants, including the equity ratio covenant, which was increased from 22.5% to 25% with effect from the third quarter 2021. Please see Note 8 – Borrowings for further detail.

Per 31 March 2022, Fjord1 had total future capital commitments of approximately NOK 478 million relating to vessel newbuilds and conversions, and future capital commitments of approximately NOK 241 million for quays and other onshore infrastructure. NOK 347 million in 2022 and the remaining NOK 372 million in 2023. The commitment levels hence indicate a lower investment level in the coming quarters. Please see note 6 – Commitments for further detail.

## Important events after the close of the reporting period

Fjord1 announced 31 March 2022 a refinancing of the group's loan facilities and a bond loan, and the refinancing was completed early in May.

The company has issued a new bond loan of NOK 6.5 billion, repaid the bank debt and repurchased and cancelled NOK 848 million of a bond loan with NOK 103.5 million outstanding. The company has funded a defeasance account with the outstanding amount, and the loan covenants of the old bond loan are cancelled.

## Risk and uncertainties

Fjord1 is exposed to various types of operational, financial and market risk, and the public health measures and economic effects of the Covid-19 pandemic have accentuated these risks over the past year. During this special situation, Fjord1 has protected the safety and welfare of both employees and customers, while fulfilling its responsibilities as a provider of essential transport services. Fjord1 has remained fully operational, although the scope of its ferry and passenger boat services has temporarily been reduced at the request of the public contract principals. The Group's long-term contracts with county councils and the Norwegian Public Roads Administration are based primarily on capacity and the departure schedule, rather than actual traffic volume. As a result, the revenue stream has been largely unaffected by the fall in traffic volume caused by the current travel restrictions.

The measures to contain Covid-19 have affected the progress of onshore infrastructure projects required for the electrification of the ferry fleet. For example, the installation of quayside charger towers requires technical personnel from international suppliers. Delayed completion of the electrification infrastructure postpones the release of government-funded NOx compensation for the vessels and public infrastructure payments.

The vessel renewal programme and electrification infrastructure projects have entailed significant investments over the past few years, but the company will be compensated for parts of this through sale of infrastructure projects and the release of public funds related to the electrification process. Delays in this process put pressure on the minimum equity ratio in the company's bank and bond financing arrangements, although both the banks and bondholders have agreed to amendments to loan agreements that reduce the risk of covenant breaches. Net interest-bearing debt (NIBD) has decreased through 2021 and in the first quarter 2022, and the company expects improving operating cash flow, lower investments, and proceeds from sale of infrastructure projects going forward. The company refinanced the bank and bond debt with a new bond loan after the end of the first quarter.

Activities within the smaller Catering and Tourism segments were badly hit by the Covid-19 situation, although the company has to a large degree managed to adjust activity and cost levels to current demand in the Catering segment. Losses in the Tourism segments have partly been offset by government Covid-19 support, and future developments will depend on domestic and international travel patterns. Fjord1, Vy and Aurland Ressursutvikling has signed an agreement in principle to establish a new entity to strengthen the market positioning of their tourist activities. This includes Fjord1's 50 per cent interests in the Fjord Tours Group and The Fjords, as well as Aurland Ressursutvikling and Flåm Utvikling (Flåmsbana). This process is expected to be concluded during the first half of 2022.

For further details concerning risk management, please see the Annual Report for 2021.

## Outlook

Fjord1 is confident that there will continue to be a strong demand for safe, environmentally friendly, and reliable transport in coastal regions in the future. Fjord1 continuously assesses new tender opportunities in the Norwegian market, as well as opportunities outside of Norway. Fjord1's strong contract portfolio is worth NOK 20.3 billion through 2034, excluding options and index regulation, which offers a solid platform for profitable growth.

Going forward, Fjord1 remain committed to reduction of emissions and electrification of Norway's fjord crossings. As the onshore electrification programme progresses and an increasing share of ferries operate fully electrical, the overall costs are expected to stabilise at a lower level, positioning Fjord1 for improved profitability.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**UNAUDITED**

AMOUNTS IN NOK THOUSANDS	NOTE	Q1 2022	Q1 2021	YTD 2022	YTD 2021	Full year 2021
Revenue	3,4,11	731 969	681 758	731 969	681 758	2 834 854
Other operating income	3,4	3 795	9 565	3 795	9 565	25 042
<b>Total operating income</b>		<b>735 763</b>	<b>691 323</b>	<b>735 763</b>	<b>691 323</b>	<b>2 859 896</b>
Purchased goods and fuel	3	(113 229)	(85 141)	(113 229)	(85 141)	(367 830)
Personnel expenses	3	(257 686)	(253 303)	(257 686)	(253 303)	(1 021 732)
Other operating expenses	3,12	(174 230)	(139 097)	(174 230)	(139 097)	(564 983)
<b>Total operating expenses</b>		<b>(545 146)</b>	<b>(477 541)</b>	<b>(545 146)</b>	<b>(477 541)</b>	<b>(1 954 544)</b>
Share of profit/(loss) from associates	3	(8 574)	(16 188)	(8 574)	(16 188)	(31 103)
<b>Operating profit before depreciation and impairment (EBITDA)</b>		<b>182 044</b>	<b>197 593</b>	<b>182 044</b>	<b>197 594</b>	<b>874 249</b>
Depreciation	5,12	(146 440)	(142 944)	(146 440)	(142 944)	(586 773)
(Impairment)/reversal of impairment	5	-	-	-	-	(7 414)
<b>Total depreciation and impairment</b>		<b>(146 440)</b>	<b>(142 944)</b>	<b>(146 440)</b>	<b>(142 944)</b>	<b>(594 187)</b>
<b>Operating profit (EBIT)</b>		<b>35 603</b>	<b>54 650</b>	<b>35 603</b>	<b>54 650</b>	<b>280 061</b>
Share of profit/(loss) from other associates		10 938	2 215	10 938	2 215	65 289
Interest income		369	2 163	369	2 163	10 129
Interest expense		(48 351)	(44 972)	(48 351)	(44 972)	(178 922)
Other financial items, net	9	(740)	(4 183)	(740)	(4 183)	(4 860)
<b>Net financial income/(expense)</b>		<b>(37 785)</b>	<b>(44 777)</b>	<b>(37 785)</b>	<b>(44 777)</b>	<b>(108 364)</b>
<b>Profit/(loss) before tax</b>		<b>(2 182)</b>	<b>9 873</b>	<b>(2 182)</b>	<b>9 873</b>	<b>171 696</b>
Income tax (expense)/income	8	480	(2 172)	480	(2 172)	(34 186)
<b>Profit/(loss) for the period</b>		<b>(1 702)</b>	<b>7 701</b>	<b>(1 702)</b>	<b>7 701</b>	<b>137 512</b>
Attributable to:						
Parent company owners		(1 858)	7 562	(1 858)	7 562	137 072
Non-controlling interest		157	139	157	139	441



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**UNAUDITED**

AMOUNTS IN NOK THOUSANDS	NOTE	Q1 2022	Q1 2021	YTD 2022	YTD 2021	Full year 2021
Profit/(loss) for the period		-1 702	7 701	-1 702	7 701	137 512
<b>Other comprehensive income:</b>						
<i>Items that will be reclassified to profit or loss:</i>						
Share of other comprehensive income of associates accounted for using the equity method - net of tax		(2 404)	1 759	(2 404)	1 759	3 677
<i>Items that will not be reclassified to profit or loss:</i>						
Actuarial gain/(loss) on post employment benefit obligations - net of tax		(84)	(39)	(84)	(39)	1 941
<b>Total</b>		<b>(2 488)</b>	<b>1 720</b>	<b>(2 488)</b>	<b>1 720</b>	<b>5 618</b>
<b>Total other comprehensive income for the year, net of tax</b>		<b>(2 488)</b>	<b>1 720</b>	<b>(2 488)</b>	<b>1 720</b>	<b>5 618</b>
<b>Total comprehensive income for the period</b>		<b>(4 190)</b>	<b>9 421</b>	<b>(4 190)</b>	<b>9 421</b>	<b>143 129</b>
<i>Attributable to:</i>						
Parent company owners		(4 346)	9 282	(4 346)	9 282	142 689
Non-controlling interest		157	139	157	139	441

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**UNAUDITED**

AMOUNTS IN NOK THOUSANDS	NOTE	31.03.2022	31.03.2021	31.12.2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Deferred tax assets	8	241 411	166 593	241 411
Vessels and other property, plant and equipment	5	8 607 270	8 484 380	8 606 022
Right-of-use assets	12	58 970	71 909	69 109
Investments in associates	13	519 325	455 601	514 365
Derivative financial instruments	2	4 011	-	-
Other non-current assets	2	21 864	4 816	21 914
<b>Total non-current assets</b>		<b>9 452 850</b>	<b>9 183 300</b>	<b>9 452 821</b>
<b>Current assets</b>				
Inventories		32 198	23 666	27 573
Derivative financial instruments	2	807	-	57
Trade receivables	2	255 877	233 593	269 923
Other current receivables	2	194 662	231 071	239 046
Lease receivable	2,5	-	149 376	-
Cash and cash equivalents	2	169 251	128 452	144 560
		<b>652 794</b>	<b>766 158</b>	<b>681 158</b>
Assets held for sale	5	146 732	-	146 732
<b>Total current assets</b>		<b>799 526</b>	<b>766 158</b>	<b>827 890</b>
<b>Total assets</b>		<b>10 252 376</b>	<b>9 949 458</b>	<b>10 280 711</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent company</b>				
Share capital	14	250 000	250 000	250 000
Share premium		360 924	360 924	360 924
Treasury shares		-3 617	-3 617	(3 617)
Retained earnings		1 952 828	1 823 764	1 957 172
<b>Total equity attributable to owners of the parent company</b>		<b>2 560 135</b>	<b>2 431 070</b>	<b>2 564 479</b>
Non-controlling interests		5 640	5 365	5 485
<b>Total equity</b>		<b>2 565 775</b>	<b>2 436 435</b>	<b>2 569 964</b>
<b>Non-current liabilities</b>				
Borrowings	2,7	2 803 076	4 571 610	2 871 130
Derivative financial instruments	2	-	1 451	1 479
Non-current lease obligations	12	25 590	12 347	31 682
Net employee defined benefit liabilities		23 522	31 237	24 639
Other non-current liabilities		600 698	351 201	534 543
Deferred tax liabilities	8	854 229	748 811	854 709
<b>Total non-current liabilities</b>		<b>4 307 114</b>	<b>5 716 657</b>	<b>4 318 181</b>
<b>Current liabilities</b>				
Borrowings	2,7	2 332 442	957 029	2 364 046
Derivative financial instruments	2	-	49	-
Current lease obligations	12	33 610	61 178	38 328
Trade and other payables	2	191 839	145 161	110 551
Current income tax liabilities	8	417	74	934
Social security and other taxes		71 139	60 851	107 250
Other current liabilities	2	750 040	572 023	771 457
<b>Total current liabilities</b>		<b>3 379 487</b>	<b>1 796 366</b>	<b>3 392 565</b>
<b>Total liabilities</b>		<b>7 686 601</b>	<b>7 513 023</b>	<b>7 710 747</b>
<b>Total equity and liabilities</b>		<b>10 252 376</b>	<b>9 949 458</b>	<b>10 280 711</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**UNAUDITED**

AMOUNTS IN NOK THOUSANDS	Attributable to owners of the parent					Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Total		
<b>Balance at 01.01.2021</b>	<b>250 000</b>	<b>360 924</b>	<b>(3 617)</b>	<b>1 814 481</b>	<b>2 421 788</b>	<b>5 226</b>	<b>2 427 013</b>
Profit/(loss) for the period	-	-	-	137 072	<b>137 072</b>	441	<b>137 513</b>
Other comprehensive income for the period	-	-	-	5 618	<b>5 618</b>	-	<b>5 618</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>142 690</b>	<b>142 690</b>	<b>441</b>	<b>143 130</b>
Dividends paid	-	-	-	-	-	(184)	<b>(184)</b>
<b>Transactions with owners</b>	-	-	-	-	-	<b>(184)</b>	<b>(184)</b>
<b>Balance at 31.12.2021</b>	<b>250 000</b>	<b>360 924</b>	<b>(3 617)</b>	<b>1 957 172</b>	<b>2 564 479</b>	<b>5 485</b>	<b>2 569 964</b>
<b>Balance at 01.01.2022</b>	<b>250 000</b>	<b>360 924</b>	<b>(3 617)</b>	<b>1 957 172</b>	<b>2 564 479</b>	<b>5 485</b>	<b>2 569 964</b>
Profit/(loss) for the period	-	-	-	(1 858)	<b>(1 858)</b>	157	<b>(1 702)</b>
Other comprehensive income for the period	-	-	-	(2 488)	<b>(2 488)</b>	-	<b>(2 488)</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>(4 346)</b>	<b>(4 346)</b>	<b>157</b>	<b>(4 190)</b>
<b>Balance at 31.03.2022</b>	<b>250 000</b>	<b>360 924</b>	<b>(3 617)</b>	<b>1 952 828</b>	<b>2 560 135</b>	<b>5 638</b>	<b>2 565 775</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### UNAUDITED

AMOUNTS IN NOK THOUSANDS	NOTE	Q1 2022	Q1 2021	YTD 2022	YTD 2021	Full year 2021
<b>Operating activities</b>						
Profit before tax		(2 182)	9 873	(2 182)	9 873	171 698
Adjustments for profit and loss items with no effect on liquidity:						
Depreciation and impairment	5,13	146 440	142 944	146 440	142 944	594 187
Interest expense, net		47 983	42 809	47 983	42 809	168 793
Change in fair value of financial instruments	2	(6 240)	(6 565)	(6 240)	(6 565)	(6 643)
Change in pension liabilities		(1 117)	(1 052)	(1 117)	(1 052)	(7 650)
(Gain)/loss on disposal of property, plant and equipment		2 215	4 809	2 215	4 809	8 115
Share of (profit)/loss from jointly controlled entities and associates		(2 364)	13 973	(2 364)	13 973	(34 187)
Change in working capital:						
Trade receivables	2	14 046	75 836	14 046	75 836	39 506
Inventories		(4 625)	(3 462)	(4 625)	(3 462)	(7 369)
Trade payables	2	81 288	(1 762)	81 288	(1 762)	(36 372)
Other accruals		54 805	39 577	54 805	39 577	458 066
<b>Cash generated from operations</b>		<b>330 251</b>	<b>316 980</b>	<b>330 251</b>	<b>316 980</b>	<b>1 348 145</b>
Interest paid, net		(45 599)	(43 417)	(45 599)	(43 417)	(153 214)
Income tax paid		-	(150)	-	(150)	(185)
<b>Net cash from operating activities</b>		<b>284 652</b>	<b>273 413</b>	<b>284 652</b>	<b>273 413</b>	<b>1 194 746</b>
<b>Investing activities</b>						
Purchase of ships and other property, plant and equipment	5	(140 652)	(124 479)	(140 652)	(124 479)	(657 850)
Purchase of shares incl. jointly controlled entities		(5 000)	(31 310)	(5 000)	(31 310)	(46 310)
Proceeds from dividends from associates		-	-	-	-	6 314
Proceeds from sale of ships and other property, plant and equipment		2 827	156	2 827	156	5 370
Proceeds from other non-current assets, net		49	79	49	79	(17 018)
Proceeds from lease receivable		-	1 610	-	1 610	10 419
<b>Net cash from investing activities</b>		<b>(142 776)</b>	<b>(153 944)</b>	<b>(142 776)</b>	<b>(153 944)</b>	<b>(699 074)</b>
<b>Financing activities</b>						
Proceeds from borrowings	8	1 019	5 211	1 019	5 211	163 755
Repayment of borrowings	8	(104 817)	(381 650)	(104 817)	(381 650)	(850 217)
Payment of lease obligation	13	(13 387)	(16 415)	(13 387)	(16 415)	(66 486)
<b>Net cash from financing activities</b>		<b>(117 185)</b>	<b>(392 854)</b>	<b>(117 185)</b>	<b>(392 854)</b>	<b>(752 948)</b>
<b>Net change in cash and cash equivalents</b>		<b>24 691</b>	<b>(273 386)</b>	<b>24 691</b>	<b>(273 386)</b>	<b>(257 276)</b>
<b>Cash and cash equivalents at start of period</b>		<b>144 560</b>	<b>401 836</b>	<b>144 560</b>	<b>401 836</b>	<b>401 836</b>
<b>Cash and cash equivalents at end of period</b>		<b>169 251</b>	<b>128 452</b>	<b>169 251</b>	<b>128 452</b>	<b>144 560</b>

## **NOTE 1 ACCOUNTING PRINCIPLES**

### **GENERAL INFORMATION**

Fjord1 AS and its subsidiaries (together 'the Group') operates passenger ferries and other passenger boats in Norway. The Group's core business is concentrated at sea transportation through its operation of ferries and express passenger boats, in addition to on-board catering operation.

Fjord1 AS is incorporated and domiciled in Norway. The address of its registered office is Strandavegen 15, 6900 Florø, Norway.

These condensed interim financial statements were approved by the Board of Directors for issue on the 19<sup>th</sup> of May 2022.

These condensed interim financial statements have not been audited.

### **BASIS FOR PREPARATION**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31<sup>st</sup> of December 2021, which have been prepared in accordance with IFRS.

### **GOING CONCERN**

The Group has adopted the going concern basis in preparing its interim financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing contracts, debt service and obligations under existing new building contracts. Forecasts also take into consideration expected future net income from assets under construction. After making such assessments, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

### **ACCOUNTING PRINCIPLES**

The accounting policies adopted are consistent with those of the previous financial year except that income tax expense is recognised in each interim period using the expected weighted average annual income tax rate for the full financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

### **USE OF ESTIMATES**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31<sup>st</sup>, 2021, except for income taxes and post-employment benefits.

Income tax expense and deferred income tax liability is calculated by applying an estimated effective tax rate, while in annual financial statements income tax expense and deferred income tax liability is calculated by applying the actual tax rate applicable

Present value of defined benefit obligations and the fair value of plan assets at the end of each interim reporting period is estimated by extrapolation of the latest actuarial valuation, while in the annual financial statements this estimate is based on an updated actuarial valuation.

## NOTE 2 FINANCIAL RISK MANAGEMENT, FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The condensed interim financial statements do not include all financial risk management information and disclosures required in annual financial statements.

### FINANCIAL ASSETS

AMOUNTS IN NOK THOUSANDS	31.03.2022	31.03.2021
<b>Financial assets at amortised cost</b>		
Loan to associates	17 000	-
Trade receivables and other receivables	450 539	464 664
Employee loans	-	181
Other non-current receivables	256	957
Lease receivable	-	149 376
Cash and cash equivalents	169 251	128 452
<b>Financial assets at fair value through profit or loss (FVPL)</b>	4 608	4 287
<b>Derivative financial instruments</b>		
Held for trading at FVPL	4 818	-
<b>Total</b>	<b>646 472</b>	<b>747 917</b>

### FINANCIAL LIABILITIES

AMOUNTS IN NOK THOUSANDS	31.03.2022	31.03.2021
<b>Liabilities at amortised cost</b>		
Trade and other payables *	941 879	717 184
Borrowings	5 135 518	5 528 639
Lease liabilities **	59 199	73 525
<b>Derivative financial instruments</b>		
Held for trading at FVPL	-	1 500
<b>Total</b>	<b>6 136 596</b>	<b>6 320 848</b>

\*Excluding non-financial liabilities.

\*\*See note 13.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

### FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

#### Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are not held for trading
- equity contribution for pension plan membership, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets mandatorily measured at FVPL include the following:

AMOUNTS IN NOK THOUSANDS	31.03.2022	31.03.2021
<b>Non-current assets</b>		
Unlisted equity securities	855	855
Equity contribution for pension plan membership	3 753	3 432
<b>Total non-current assets</b>	<b>4 608</b>	<b>4 287</b>
<b>Total</b>	<b>4 608</b>	<b>4 287</b>

## RECOGNISED FAIR VALUE MEASUREMENTS

### (i) Fair value hierarchy

This section explains the judgements and the estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

RECURRING FAIR VALUE MEASUREMENTS AT 31.03.2022	Level 1 NOK'000	Level 2 NOK'000	Level 3 NOK'000	Total NOK'000
<b>Financial assets</b>				
<b>Financial assets at fair value through profit or loss (FVPL)</b>				
Unlisted equity securities	-	-	855	855
Equity contribution for pension plan membership	-	-	3 753	3 753
<b>Derivative financial instruments</b>				
Held for trading	-	4 818	-	4 818
<b>Total financial assets</b>	<b>-</b>	<b>4 818</b>	<b>4 608</b>	<b>9 426</b>
<b>Financial liabilities</b>				
<b>Derivative financial instruments</b>				
Held for trading	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

RECURRING FAIR VALUE MEASUREMENTS AT 31.03.2021	Level 1 NOK'000	Level 2 NOK'000	Level 3 NOK'000	Total NOK'000
<b>Financial assets</b>				
<b>Financial assets at fair value through profit or loss (FVPL)</b>				
Unlisted equity securities	-	-	855	855
Equity contribution for pension plan membership	-	-	3 432	3 432
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>4 287</b>	<b>4 287</b>
<b>Financial liabilities</b>				
<b>Derivative financial instruments</b>				
Held for trading	-	1 500	-	1 500
<b>Total financial liabilities</b>	<b>-</b>	<b>1 500</b>	<b>-</b>	<b>1 500</b>

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**(ii) Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps, foreign exchange contracts and bunker derivatives is recognised based on “market-to-market” estimates provided by external brokers
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis

All the resulting fair value estimates are included in level 2 except for unlisted equity securities, where the fair values have been determined based on present values.

**FIXED-PRICE CONTRACTS FOR PURCHASE OF ELECTRICITY**

The Group has entered fixed-price contracts for purchase of electricity for its own production (ferry operations). The contracts have a duration of 10 years and covers approximately 70% of the Groups yearly estimated consumption. The contracts are considered an exemption from the scope of the standard (“own use”) and have therefore not been recognised as assets/liabilities in the condensed consolidated financial statements.

For fixed-price contracts with a settlement in foreign currency, the embedded derivatives has been recognised in accordance with IFRS 9 and is measured at fair value in the condensed consolidated financial statements. As at 31.03.2022 the fair value of the embedded derivatives was NOK 4.8 million. The Group recognised a profit of NOK 6.2 million relating to the embedded derivatives in the first quarter of 2022.



## NOTE 3 SEGMENT INFORMATION

The Group provides ferry- and passenger boat services, catering, and tourism services. Operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Board examines the Group's performance from a type of services perspective. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The Group has four reportable segments:

- Ferry
- Passenger boat
- Catering
- Tourism

No operating segments have been aggregated to form the above reportable segments. Financing (including finance costs, finance income and profit or loss from the interest in Widerøe) and income taxes are managed on a group basis and are not allocated to operating segments.

### FIRST QUARTER 2022

NOK IN THOUSANDS	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
<b>Revenue</b>							
External customers	681 089	31 186	15 960	4 614	732 849	2 914	735 763
<b>Total revenue</b>	<b>681 089</b>	<b>31 186</b>	<b>15 960</b>	<b>4 614</b>	<b>732 849</b>	<b>2 914</b>	<b>735 763</b>
<b>Expenses</b>							
Operating expenses excluding depreciation and impairment	(507 150)	(15 894)	(16 492)	(3 695)	(543 232)	(1 914)	(545 145)
Share of profit from associates	-	684	-	(9 258)	(8 574)	-	(8 574)
<b>EBITDA</b>	<b>173 939</b>	<b>15 976</b>	<b>(532)</b>	<b>(8 340)</b>	<b>181 043</b>	<b>1 001</b>	<b>182 043</b>
Depreciation	(133 438)	(11 889)	(492)	(212)	(146 031)	(409)	(146 440)
Impairment	-	-	-	-	-	-	-
<b>Segment profit</b>	<b>40 501</b>	<b>4 087</b>	<b>(1 024)</b>	<b>(8 552)</b>	<b>35 012</b>	<b>592</b>	<b>35 603</b>

### YTD 2022

NOK in thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
<b>Revenue</b>							
External customers	681 089	31 186	15 960	4 614	732 849	2 914	735 763
<b>Total revenue</b>	<b>681 089</b>	<b>31 186</b>	<b>15 960</b>	<b>4 614</b>	<b>732 849</b>	<b>2 914</b>	<b>735 763</b>
<b>Expenses</b>							
Operating expenses excluding depreciation and impairment	(507 150)	(15 894)	(16 492)	(3 695)	(543 232)	(1 914)	(545 145)
Share of profit from associates	-	684	-	(9 258)	(8 574)	-	(8 574)
<b>EBITDA</b>	<b>173 939</b>	<b>15 976</b>	<b>(532)</b>	<b>(8 340)</b>	<b>181 043</b>	<b>1 001</b>	<b>182 043</b>
Depreciation	(133 438)	(11 889)	(492)	(212)	(146 031)	(409)	(146 440)
Impairment	-	-	-	-	-	-	-
<b>Segment profit</b>	<b>40 501</b>	<b>4 087</b>	<b>(1 024)</b>	<b>(8 552)</b>	<b>35 012</b>	<b>592</b>	<b>35 603</b>

## FIRST QUARTER 2021

NOK in thousands					Total segments	Corporate and eliminations	Consolidated
	Ferry	Passenger-boats	Catering	Tourism			
<b>Revenue</b>							
External customers	645 116	28 380	10 346	4 148	687 991	3 332	691 323
<b>Total revenue</b>	<b>645 116</b>	<b>28 380</b>	<b>10 346</b>	<b>4 148</b>	<b>687 991</b>	<b>3 332</b>	<b>691 323</b>
<b>Expenses</b>							
Operating expenses excluding depreciation and impairment	(444 960)	(15 675)	(11 180)	(4 094)	(475 909)	(1 632)	(477 541)
Share of profit from associates	-	1 398	-	(17 585)	(16 187)	-	(16 187)
<b>EBITDA</b>	<b>200 156</b>	<b>14 103</b>	<b>(834)</b>	<b>(17 531)</b>	<b>195 895</b>	<b>1 701</b>	<b>197 595</b>
Depreciation	(128 722)	(12 590)	(717)	(556)	(142 585)	(358)	(142 944)
Impairment	-	-	-	-	-	-	-
<b>Segment profit</b>	<b>71 434</b>	<b>1 513</b>	<b>(1 551)</b>	<b>(18 087)</b>	<b>53 309</b>	<b>1 342</b>	<b>54 652</b>

## YTD 2021

NOK in thousands					Total segments	Corporate and eliminations	Consolidated
	Ferry	Passenger-boats	Catering	Tourism			
<b>Revenue</b>							
External customers	645 116	28 380	10 346	4 148	687 991	3 332	691 323
<b>Total revenue</b>	<b>645 116</b>	<b>28 380</b>	<b>10 346</b>	<b>4 148</b>	<b>687 991</b>	<b>3 332</b>	<b>691 323</b>
<b>Expenses</b>							
Operating expenses excluding depreciation and impairment	(444 960)	(15 675)	(11 180)	(4 094)	(475 909)	(1 632)	(477 541)
Share of profit from associates	-	1 398	-	(17 585)	(16 187)	-	(16 187)
<b>EBITDA</b>	<b>200 156</b>	<b>14 103</b>	<b>(834)</b>	<b>(17 531)</b>	<b>195 895</b>	<b>1 701</b>	<b>197 595</b>
Depreciation	(128 722)	(12 590)	(717)	(556)	(142 585)	(358)	(142 944)
Impairment	-	-	-	-	-	-	-
<b>Segment profit</b>	<b>71 434</b>	<b>1 513</b>	<b>(1 551)</b>	<b>(18 087)</b>	<b>53 309</b>	<b>1 342</b>	<b>54 652</b>

## Reconciliation to Consolidated profit/(loss) for the period

NOK in thousands	Q1 2022	YTD 2022	Q1 2021	YTD 2021
Segment profit	35 603	35 603	54 650	54 650
Share of profit from other associates	10 938	10 938	2 215	2 215
Interest income	369	369	2 163	2 163
Interest expense	(48 351)	(48 351)	(44 972)	(44 972)
Other financial items, net	(740)	(740)	(4 183)	(4 183)
Income tax (expense)	480	480	(2 172)	(2 172)
<b>Group profit</b>	<b>(1 702)</b>	<b>(1 702)</b>	<b>7 701</b>	<b>7 701</b>

## NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from the operations of ferries and passenger boats. There are two types of contracts:

- Gross contracts: The customer assumes the risk related to passenger volume. The Group receives a fixed annual price-index adjusted fee. The amount received each contract year depends on the planned number of voyages.
- Net contracts: The Group assumes the risk related to passenger volume and receives a fixed fee from the customer in addition to revenue from sale of tickets to passengers.

In the catering segment, revenue is recognised at a point in time.

### DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from the transfer of goods and services over time and at a point in time from the following segments and geographical regions:

	Ferry	Passenger-boats	Catering	Tourism	Corporate and eliminations	Total
<b>FIRST QUARTER 2022</b>						
<b>AMOUNTS IN NOK THOUSANDS</b>	Norway	Norway	Norway	Norway		
Revenue from external customers	681 089	31 186	15 960	4 614	2 915	735 764
Timing of revenue recognition						
Over time	683 304	31 186	-	4 614	1 062	720 166
At a point in time	(2 215)	-	15 960	-	1 853	15 598
<b>YTD 2022</b>						
<b>AMOUNTS IN NOK THOUSANDS</b>	Norway	Norway	Norway	Norway		
Revenue from external customers	681 089	31 186	15 960	4 614	2 915	735 764
Timing of revenue recognition						
Over time	683 304	31 186	-	4 614	1 062	720 166
At a point in time	(2 215)	-	15 960	-	1 853	15 598
<b>FIRST QUARTER 2021</b>						
<b>AMOUNTS IN NOK THOUSANDS</b>	Norway	Norway	Norway	Norway		
Revenue from external customers	645 116	28 380	10 346	4 148	3 332	691 323
Timing of revenue recognition						
Over time	645 116	28 380	-	4 148	1 044	678 689
At a point in time	-	-	10 346	-	2 289	12 635
<b>YTD 2021</b>						
<b>AMOUNTS IN NOK THOUSANDS</b>	Norway	Norway	Norway	Norway		
Revenue from external customers	645 116	28 380	10 346	4 148	3 332	691 323
Timing of revenue recognition						
Over time	645 116	28 380	-	4 148	1 044	678 689
At a point in time	-	-	10 346	-	2 289	12 635

## ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets and liabilities related to contracts with customers:

AMOUNTS IN NOK THOUSANDS	31.03.2022	31.03.2021
<b>Contract liabilities</b>		
Non-current liabilities		
Non-current contract liabilities relating to Ferry and passenger-boat services	600 698	351 201
<b>Total non-current contract liabilities</b>	<b>600 698</b>	<b>351 201</b>
Current liabilities		
Current contract liabilities relating to Ferry and passenger-boat services	451 591	315 173
<b>Total current contract liabilities</b>	<b>451 591</b>	<b>315 173</b>
<b>Total contract liabilities</b>	<b>1 052 289</b>	<b>666 374</b>

All trade receivables are related to IFRS 15 transactions.

## UNSATISFIED PERFORMANCE OBLIGATIONS FROM LONG-TERM FERRY CONTRACTS

The following table shows unsatisfied performance obligations resulting from long-term ferry contracts:

AMOUNTS IN NOK THOUSANDS	2023	2024	2025-2026	2027-2034	Total
Amount of the transaction price allocated to long-term ferry contracts	2 760 131	2 627 557	3 884 515	7 030 629	<b>16 302 832</b>

The amounts above do not include options or variable considerations which is constrained.

## NOTE 5 PROPERTY, PLANT AND EQUIPMENT

### FIRST QUARTER 2022

AMOUNTS IN NOK THOUSANDS	Vessels	Periodic maintenance	Vessels under construction	Property	Infrastructure	Infrastructure under construction	Machinery and equipment	Total
Cost price 01.01.2022	10 357 445	583 592	248 759	180 662	724 380	220 798	220 625	12 536 261
Additions	-	12 260	76 922	188	-	51 243	40	140 652
Transferred from vessels/infrastructure under construction	961	-	(961)	-	99 585	(99 585)	-	-
Disposals	(84 051)	(6 284)	-	-	-	-	-	(90 335)
<b>Cost price 31.03.2022</b>	<b>10 274 355</b>	<b>589 568</b>	<b>324 720</b>	<b>180 850</b>	<b>823 965</b>	<b>172 455</b>	<b>220 665</b>	<b>12 586 578</b>
Accumulated depreciation 01.01.2022	3 115 993	341 116	-	81 803	80 705	-	191 304	3 810 921
Depreciation for the period	88 681	19 947	-	2 142	21 399	-	1 919	134 093
Disposals	(81 849)	(3 171)	-	-	-	-	-	(85 019)
<b>Accumulated depreciation 31.03.2022</b>	<b>3 122 825</b>	<b>357 893</b>	<b>-</b>	<b>83 945</b>	<b>102 104</b>	<b>-</b>	<b>193 223</b>	<b>3 859 990</b>
Accumulated impairment losses 01.01.2022	109 609	-	-	-	-	-	9 709	119 318
Impairment loss	-	-	-	-	-	-	-	-
Reversal impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Accumulated impairment losses 31.03.2022</b>	<b>109 609</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 709</b>	<b>119 318</b>
<b>Carrying amount 31.03.2022</b>	<b>7 041 921</b>	<b>231 674</b>	<b>324 720</b>	<b>96 905</b>	<b>721 861</b>	<b>172 455</b>	<b>17 733</b>	<b>8 607 270</b>

### FIRST QUARTER 2021

AMOUNTS IN NOK THOUSANDS	Vessels	Periodic maintenance	Vessels under construction	Property	Infrastructure	Infrastructure under construction	Machinery and equipment	Total
Cost price 01.01.2021	10 061 476	552 191	242 564	173 278	438 299	357 892	223 332	12 049 031
Additions	-	16 400	94 283	2 180	-	11 572	43	124 479
Transferred from vessels/infrastructure under construction	176 582	-	(176 582)	-	36 754	(36 754)	-	-
Disposals	(9 708)	-	-	-	-	-	-	(9 708)
<b>Cost price 31.03.2021</b>	<b>10 228 351</b>	<b>568 591</b>	<b>160 264</b>	<b>175 458</b>	<b>475 052</b>	<b>332 710</b>	<b>223 376</b>	<b>12 163 803</b>
Accumulated depreciation 01.01.2021	2 898 065	270 155	-	73 156	17 627	-	186 178	3 445 180
Depreciation for the period	88 918	21 285	-	2 171	12 212	-	2 495	127 081
Disposals	(4 743)	-	-	-	-	-	-	(4 743)
<b>Accumulated depreciation 31.03.2021</b>	<b>2 982 241</b>	<b>291 441</b>	<b>-</b>	<b>75 327</b>	<b>29 839</b>	<b>-</b>	<b>188 672</b>	<b>3 567 519</b>
Accumulated impairment losses 01.01.2021	102 195	-	-	-	-	-	9 709	111 904
Impairment loss	-	-	-	-	-	-	-	-
Reversal impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Accumulated impairment losses 31.03.2021</b>	<b>102 195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 709</b>	<b>111 904</b>
<b>Carrying amount 31.03.2021</b>	<b>7 143 915</b>	<b>277 151</b>	<b>160 264</b>	<b>100 131</b>	<b>445 214</b>	<b>332 710</b>	<b>24 994</b>	<b>8 484 380</b>

Useful life	10-40 years	5 years	0-33 years	10-15 years	3-10 years
Depreciation method	Straight line	Straight line	Straight line	Straight line	Straight line

### ADDITIONS

Additions for the period are net of government-funded NO<sub>x</sub> compensation for the new vessels.

Additions during the period mainly relates to the conversions of MF "Korsfjord", MF "Moldefjord" and MF "Romsdalsfjord".

### DISPOSALS

In the first quarter of 2022, MF "Romsdal" was sold in March.

### HELD FOR SALE

The vessel MF "Fanafjord" is recognised as an asset held for sale as at 31.03.2022.

## NOTE 6 COMMITMENTS

### CAPITAL COMMITMENTS

Significant capital expenditure contracted but not recognised as liabilities has the following agreed payment structure:

AMOUNTS IN NOK THOUSANDS	2022	2023	After 2023	Total
Newbuildings and conversions	122 277	318 000	-	440 277
Quay structures/land investments	107 442	139 763	8 533	255 738
<b>Total</b>	<b>229 719</b>	<b>457 763</b>	<b>8 533</b>	<b>696 015</b>

### REPAIRS AND MAINTENANCE

Periodic maintenance is related to major inspections and overhaul costs which occur at regular intervals over the life of a vessel, normally every 5 years. Thus, there are commitments for the Group to maintain the vessels' operational ability and compliance with laws and regulations.

## NOTE 7 BORROWINGS

AMOUNTS IN NOK THOUSANDS	31.03.2022	31.03.2021	31.12.2021
Non-current bank loan	2 824 449	3 606 328	2 896 643
Non-current bond loan	-	1 003 214	-
Capitalised arrangement fee	(21 373)	(37 932)	(25 513)
Current bank loan	1 373 806	957 029	1 406 429
Current bond loan	958 636	-	957 617
<b>Total</b>	<b>5 135 518</b>	<b>5 528 639</b>	<b>5 235 176</b>

Analysis of the movements in borrowings for the periods:

#### THREE MONTHS ENDED 31 MARCH 2022

AMOUNTS IN NOK THOUSANDS	
Opening amount as at 1 January 2022	5 235 176
New bank loan raised	1 019
Arrangement fee	4 140
Repayments of borrowings	(104 817)
<b>Closing amount as at 31 March 2022</b>	<b>5 135 518</b>

#### THREE MONTHS ENDED 31 MARCH 2021

AMOUNTS IN NOK THOUSANDS	
Opening amount as at 1 January 2021	5 905 079
New bank loan raised	1 071
Arrangement fee	4 140
Repayments of borrowings	(381 650)
<b>Closing amount as at 31 March 2021</b>	<b>5 528 639</b>

Bank loans are secured by first mortgages over the Group's vessels. Booked value of the vessels is pledged as security.

The Group issued a bond loan with a nominal amount of NOK 1.000 million on November 22<sup>nd</sup>. 2017. The bond was listed at Oslo Stock Exchange in Q2 2018.

The bond loan pays a floating interest coupon consisting of NIBOR 3 months plus 3.5 percent and matures in November 2022. In June 2020, the Bond terms was amended. Under the amended Bond terms, the bond loan will mature at a price equal to 101 per cent of the nominal amount.

The Group has in February 2018 and in 2019 secured a NOK 6.468 million loan facility with DNB and Nordea, of which a total amount of NOK 5.802 million has been utilised, including guarantees.

The Group has refinanced its loan facilities in 2022, see note 15 for further details.

## FINANCIAL COVENANTS

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- Adjusted\* leverage (NIBD/EBITDA) at maximum 5.00 (6.00 in the period 31.12.21 – 31.03.22)
- Equity ratio equal or above 25.00%
- Contracted volume (NIBD/contracted income)

\*The loan agreements include a grace period for measurement of the adjusted leverage covenants such that borrowings incurred in relation to investments in new contracts will not be included in the adjusted leverage measurement until after the start of the respective contracts. After start of a contract, borrowings are included with an increasing percentage over the next four quarters after start of the specific contract.

The bond loan agreement includes the following financial covenants:

- Minimum equity ratio of 25.00%
- Minimum liquidity of NOK 75 million

## NOTE 8 INCOME TAX

Interim income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

AMOUNTS IN NOK THOUSANDS	Q1 2022	Q1 2021	YTD 2022	YTD 2021	Full year 2021
Profit before tax	(2 182)	9 873	(2 182)	9 873	171 696
Tax expense	480	(2 172)	480	(2 172)	(34 186)
Average tax rate	22,0 %	22,0 %	22,0 %	22,0 %	19,9 %
Change in deferred tax liabilities	480	(2 172)	480	(2 172)	(108 070)
Change in deferred tax asset	-	-	-	-	74 818
Tax payable	-	-	-	-	(801)
Adjustments prior years tax expense	-	-	-	-	(132)
<b>Tax expense in statement of profit or loss</b>	<b>480</b>	<b>(2 172)</b>	<b>480</b>	<b>(2 172)</b>	<b>(34 186)</b>

## NOTE 9 OTHER FINANCIAL ITEMS, NET

AMOUNTS IN NOK THOUSANDS	Q1 2022	Q1 2021	YTD 2022	YTD 2021	Full year 2021
Change in fair value derivatives	6 240	6 565	6 240	6 565	6 644
Currency exchange gains	22	-	22	-	2 793
Currency exchange losses	(13)	(5 883)	(13)	(5 883)	(6 421)
Fee and contingency commission for bank- and bond loans	(6 966)	(1 309)	(6 966)	(1 309)	(12 335)
Other financial income	-	24	-	24	4 696
Other financial expenses	(24)	(3 580)	(24)	(3 580)	(238)
<b>Total other financial items, net</b>	<b>(740)</b>	<b>(4 183)</b>	<b>(740)</b>	<b>(4 183)</b>	<b>(4 860)</b>

## NOTE 10 CONTINGENCIES

### REBATE COMPENSATION

Fjord1 AS is entitled to compensation for loss of transport revenue as a consequence of the client changing the conditions for the discount structure and fare zones beyond what was set out in the tender. Since 2010, no final settlement by the client has been made for some contracts. Payments from the client since 2010 have been made subject to conditions. The choice of model used for calculation of compensation, may affect the final level of compensation. As a result, the Group may receive additional compensation or may receive a claim on paid out preliminary compensation.

The following variable consideration has been recognised:

- For the period 2014 – 2016: NOK 375.58 million
- For the period 2017 – 2018: NOK 98.22 million
- For the period 2019: NOK 35.90 million

As at 31.03.2022 the Group has receivables relating to the variable consideration of NOK 78.22 million. The Group is currently negotiating the final settlement of compensation for the period 2014-2019. The variable consideration recognised has been determined based on what the Group considers to be the most likely amount of revenue, and thus the final outcome of the negotiations with the client may result in a compensation that differ from what the Group has recognised as variable consideration.

## NOTE 11 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

### REVENUE FROM RELATED PARTIES

AMOUNTS IN NOK THOUSANDS						
Related party	Relation	Q1 2022	YTD 2022	Q1 2021	YTD 2021	Full year 2021
The Fjords DA	Associate	3 387	3 387	4 536	4 536	27 067
WF Holding AS	Associate	153	153	-	-	273

### EXPENSES TO RELATED PARTIES

AMOUNTS IN NOK THOUSANDS						
Related party	Relation	Q1 2022	YTD 2022	Q1 2021	YTD 2021	Full year 2021
The Fjords DA	Associate	(1 663)	(1 663)	(1 536)	(1 536)	(6 144)
New Havyard Ship Technology AS	Controlled by the same owner	(18 436)	(18 436)	(19)	(19)	(50 916)
Norwegian Electric Systems AS	Controlled by the same owner	(31 593)	(31 593)	(16 980)	(16 980)	(33 627)
Havila Holding AS	Owner	(51)	(51)	-	-	-

Expenses related to New Havyard Ship Technology AS, Havyard Ship Technology AS and Norwegian Electric Systems AS are mainly related to investing in the construction of new vessels or conversions.

### RECEIVABLES/(LIABILITIES) TO RELATED PARTIES

AMOUNTS IN NOK THOUSANDS			
Related party	Relation	31.03.2022	31.03.2021
The Fjords DA	Associate	994	1 675
WF Holding AS	Associate	17 153	-
New Havyard Ship Technology AS	Controlled by the same owner	(9 212)	(19)
Norwegian Electric Systems AS	Controlled by the same owner	(340)	(11 045)
Havyard Production & Service sp.z.o	Controlled by the same owner	-	(30)



**NOTE 12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****AMOUNTS RECOGNISED IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The condensed consolidated statement of financial position shows the following amounts relating to leases:

**RIGHT-OF-USE ASSETS**

AMOUNTS IN NOK THOUSANDS	31.03.2022	31.03.2021	31.12.2021
<b>Right of use assets</b>			
Buildings	3 618	4 241	2 347
Machinery and equipment	2 383	2 598	2 567
Vessels	52 968	65 070	64 194
<b>Total Right of use assets</b>	<b>58 970</b>	<b>71 909</b>	<b>69 109</b>

**LEASE LIABILITIES**

AMOUNTS IN NOK THOUSANDS	31.03.2022	31.03.2021	31.12.2021
<b>Lease liabilities</b>			
Current	33 610	12 347	38 328
Non-Current	25 590	61 178	31 682
<b>Total lease liabilities</b>	<b>59 199</b>	<b>73 525</b>	<b>70 010</b>

AMOUNTS IN NOK THOUSANDS	Q1 2022	Q1 2021	Full year 2021
Additions to the right-of-use assets	2 212	704	46 250

**AMOUNTS RECOGNISED IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

The condensed consolidated statement of profit or loss shows the following amounts relating to leases:

AMOUNTS IN NOK THOUSANDS	YTD Q1 2022	YTD Q1 2021	Full year 2021
<b>Depreciation charge of right-of-use assets</b>			
Buildings	628	707	2 721
Machinery and equipment	370	328	1 438
Vessels	11 353	14 827	60 049
<b>Total Depreciation charge of right-of-use assets</b>	<b>12 351</b>	<b>15 862</b>	<b>64 208</b>
Interest expense	365	46	1 463
Expenses relating to short-term leases	453	434	1 295
Expenses relating to leases of low-value	702	1 061	3 318

AMOUNTS IN NOK THOUSANDS	Q1 2022	Q1 2021	Full year 2021
Total cash outflow for leases	13 387	16 415	66 435

**THE GROUPS' LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR**

Fjord1 AS agreements consist of buildings, cars, vessels used in the operating activities and office machines. Cars usually have a lease period of 5 years, while several of the buildings have a longer time frame. The office machines are leased in a 3-5 year period. Some of the building leases have extension options and this has been taken into account.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Fjord1 AS, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

### **VARIABLE LEASE PAYMENTS**

The group's leasing portfolio mainly consists of lease of vessels, property and vehicles, and these contracts does not include variable lease payments.

### **EXTENSION AND TERMINATION OPTIONS**

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

### **RESIDUAL VALUE GUARANTEES**

To optimise lease costs during the contract period, the group sometimes provides residual value guarantees in relation to equipment leases.

## NOTE 13 INTERESTS IN OTHER ENTITIES

### THE FJORDS DA

A capital increase was performed in the jointly controlled entity in February 2022 where Fjord1 AS contributed NOK 5 million corresponding to its 50 % share of the company.

## NOTE 14 SHARE CAPITAL AND SHAREHOLDERS

Larges shareholders as at 31.03.2022:

Shareholder	Number of shares	Voting rights	Nominal value per share	Total nominal value
FJORD1 HOLDCO AS	99 909 598	99,9 %	2,50	249 773 995
FJORD1 AS	90 402	0,1 %	2,50	226 005
<b>Total owned by top 20</b>	<b>100 000 000</b>	<b>100,0 %</b>	<b>2,50</b>	<b>250 000 000</b>
Other	-	0,0 %	2,50	-
<b>Total number of shares</b>	<b>100 000 000</b>	<b>100,0 %</b>	<b>2,50</b>	<b>250 000 000</b>

## NOTE 15 EVENTS AFTER THE REPORTING PERIOD

Fjord1 announced 31 March 2022 a refinancing of the Group's loan facilities and a bond loan, and the refinancing was completed early in May.

The company has issued a new bond loan of NOK 6.5 billion, repaid the bank debt and repurchased and cancelled NOK 848 million of a bond loan with NOK 103.5 million outstanding. The Group has funded a defeasance account with the outstanding amount, and the loan covenants of the old bond loan are cancelled.