

Fjord1

FOURTH QUARTER REPORT
1. March 2022



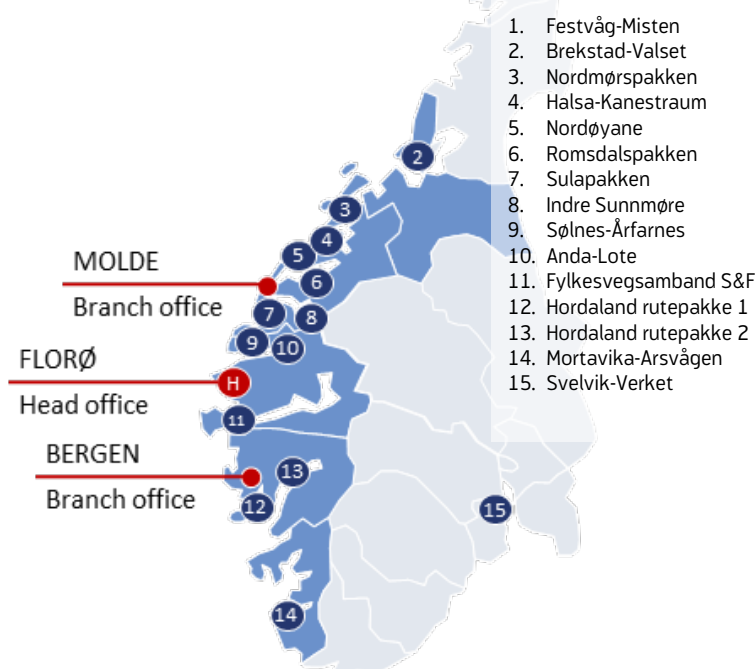
About Fjord1

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 2021



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



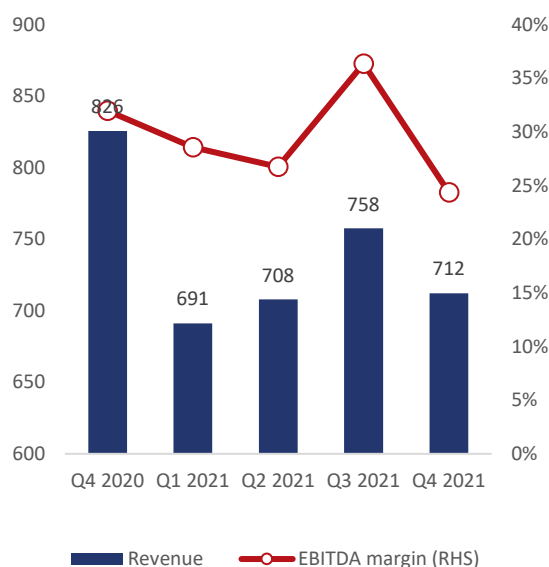
Proud

More information at www.fjord1.no

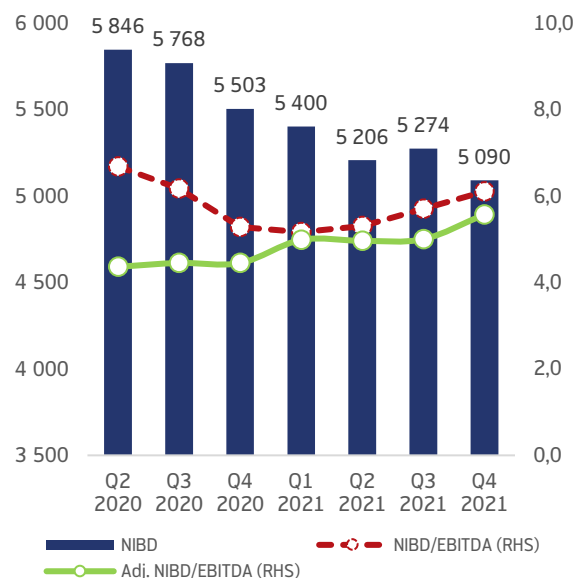
Fourth quarter and full year 2021 highlights

- Fjord1 has maintained reliable and safe operations while fulfilling its responsibilities as a provider of critical transport infrastructure in coastal Norway.
- Revenue in the fourth quarter amounted to NOK 712 million, a decline of 14 per cent from the same quarter last year. The reduction is attributable mainly to the phasing out of the Molde-Vestnes ferry contract.
- EBITDA in the fourth quarter totalled NOK 174 million, and the EBITDA margin declined to 24 per cent from 32 per cent in the same quarter last year. This mainly reflects delayed start-up of fully electrical routes which has postponed fuel cost savings, and higher fuel costs than the same quarter in 2020.
- For the full year 2021 revenue ended at NOK 2,869 million (3,118) and EBITDA to 836 million (1,063), corresponding to an EBITDA-margin of 29 per cent (34).
- Investments amounted to NOK 155 million in the fourth quarter, mainly related to infrastructure projects and rebuilding of vessels. Investments were NOK 634 million for the full year, which represented a 56 per cent reduction from 2020 when investments in the newbuilding and electrification programme peaked.
- Net interest-bearing debt (NIBD) stood at NOK 5,090 million as per 31 December 2021, down 4 per cent from the previous quarter. The company has lower investment commitments going forward and will use operating cash flows, proceeds from infrastructure sales, and NOx compensation for electric vessels to continue to reduce debt.
- Fjord1's long-term contract portfolio of NOK 21.0 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)

Profit & Loss	Q4 2021	Q4 2020	FY 2021	FY 2020
Total revenue	712.3	825.8	2,869.2	3,117.8
Total operating expenses	(528.9)	(568.5)	(2,001.4)	(2,045.8)
Share of profit/(loss) from JVs and associates	(9.8)	8.4	(31.3)	(9.0)
EBITDA	173.6	265.8	836.7	1,062.9
EBITDA margin (%)	24%	32%	29%	34%
Total depreciation and impairment	(156.4)	(153.5)	(594.2)	(571.6)
Operating profit (EBIT)	17.2	112.4	242.5	491.3
Net financial income/(expenses)	(25.6)	(65.2)	(108.4)	(284.5)
Profit/(loss) before tax	(8.4)	47.2	134.2	206.8
Income tax (expense)/income	1.8	(8.2)	(29.5)	(43.4)
Profit/(loss) for the period	(6.5)	38.9	104.2	163.6

Balance sheet	31.12.21	30.09.21	30.09.20	31.12.20
<i>Assets</i>				
Non-current assets	9,354.8	9,314.6	9,129.0	9,187.0
Current assets, excl. cash	646.6	672.6	680.4	750.3
Cash and cash equivalents	144.6	176.3	205.2	401.8
Total assets	10,145.9	10,163.5	10,014.5	10,339.2
<i>Equity and liabilities</i>				
Total equity	2,531.4	2,541.0	2,396.5	2,427.0
Non-current liabilities	4,239.6	5,276.8	5,645.4	5,892.8
Current liabilities	3,369.4	2,345.7	1,972.6	2,019.3
Total equity and liabilities	10,145.9	10,163.5	10,014.5	10,339.2

Equity ratio (%)	25%	25%	24%	23%
Return on equity (12-month rolling) (%)	4.2%	4.5%	4.7%	5.3%
NIBD	5,090.6	5,274.6	5,768.3	5,503.2
NIBD/EBITDA (12-month rolling)	6.1	5.7	6.2	5.3

Cash flow	Q4 2021	Q4 2020	FY 2021	FY 2020
Net cash flow from operating activities	365.8	391.7	1 171.5	906.9
Net cash flow from investing activities	(152.7)	(105.2)	(675.8)	(1 434.7)
Net cash flow from financing activities	(244.9)	(89.9)	(752.9)	445.5
Net change in cash and cash equivalents	(31.7)	196.7	(257.3)	(82.2)
Cash and cash equivalents end of period	144.6	401.8	144.6	401.8

Net financial items	Q4 2021	Q4 2020	FY 2021	FY 2020
Share of profit/(loss) from other associates	16.6	(20.4)	65.3	(42.0)
Interest income	1.6	0.7	10.1	2.5
Interest expense	(46.6)	(44.6)	(178.9)	(214.9)
Other financial items, net	2.8	(1.0)	(4.9)	(30.1)
Net financial items	(25.6)	(65.2)	(108.4)	(284.5)

Safe and reliable operations

Fjord1 has operated in a safe and reliable manner throughout the fourth quarter and full year 2021, with three lost time injury, zero allisions, and 99.7 per cent regularity in the quarter.

Following easing of Covid-19 related restrictions, traffic volumes have returned to normalised levels. The number of vehicles transported increased by 32 per cent to 2.3 million in the quarter and by five per cent to 9.0 million for the full year, whereas the number of passengers increased by 11 per cent to 3.6 million in the quarter and by two per cent to 16.0 million for the full year. Increases on existing routes mitigated the revenue shortfall from the loss of the Molde-Vestnes contract.

Fjord1 continues to progress its electrification process of new vessels and onshore infrastructure. As electrification projects are finalised and emission savings are registered, Fjord1 expects to receive government-funded compensation for reduced NOx emissions during 2022. At the end of 2021, approximately 40 per cent of the ferry portfolio were hybrid-electric ferries, which makes Fjord1 one of the most environmentally friendly ferry operations 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 21.0 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 712 million in the fourth quarter 2021, a decrease of 14 per cent from the fourth quarter 2020, whereas EBITDA declined to NOK 174 million from NOK 266 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 net financial expenses compared to previous periods. Operating profit (EBIT) hence decreased to NOK 17 million in the fourth quarter 2021, compared to NOK 112 million in the same period in 2020.

For the full year 2021, revenue amounted to NOK 2,869 million, EBITDA to NOK 836 million and EBIT to NOK 242 million. This compares to revenue of NOK 3,118 million, EBITDA of NOK 1,063 million, and EBIT of NOK 491 million, for the full year 2020.

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

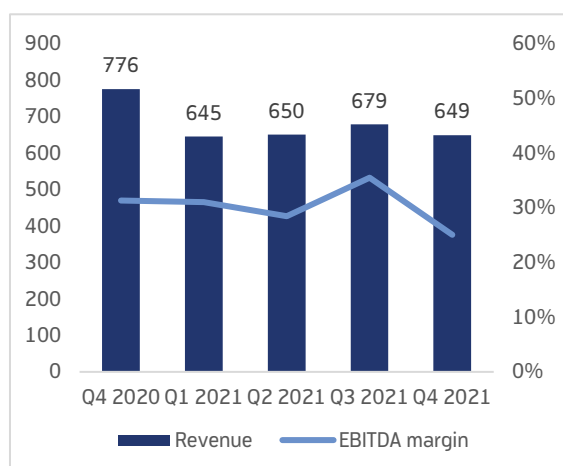
Ferry

Revenue, EBITDA and EBIT (NOK million)

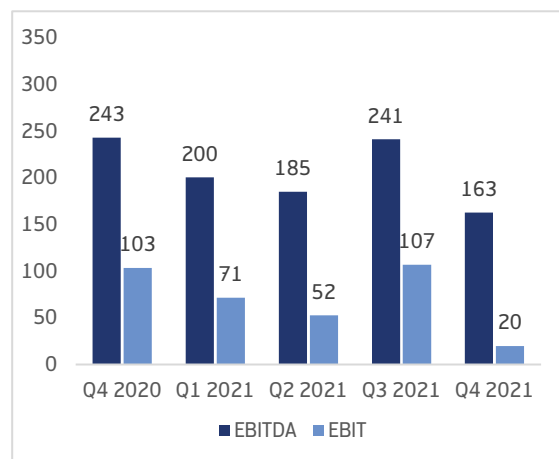
	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	649.3	775.5	2,623.5	2,881.2
EBITDA	162.7	242.9	788.9	976.1
<i>EBITDA margin</i>	<i>25%</i>	<i>31%</i>	<i>30%</i>	<i>34%</i>
EBIT	19.9	103.3	250.7	483.8
<i>EBIT margin</i>	<i>3%</i>	<i>13%</i>	<i>10%</i>	<i>17%</i>

Revenue in the Ferry segment decreased by 16 per cent year-on-year in the fourth quarter and 9 per cent for the full year, with the phasing out of the Molde-Vestnes contract only partly being offset by start-up on Festvåg-Misten in Northern Norway earlier this year. Other ferry routes operated as normal. Operating costs decreased by 9 per cent in the fourth quarter, mainly due reduced personnel costs following operational improvements. However, fuel costs were higher than last year due to increased fuel prices and delayed start-up of fully electric routes has further postponed expected cost savings. EBITDA hence declined by 33 per cent to NOK 162.7 million in the fourth quarter. For the full year, operating costs declined by 4 per cent, whereas EBITDA decreased by 19 per cent to NOK 788.9 million. The company expects the cost level to decrease as the more cost-effective fully electric routes are phased in and public infrastructure projects are finalised during 2022.

Revenue (NOK m) and EBITDA margin (%)



EBITDA and EBIT (NOK m)



As indicated in previous interim reports, some of the onshore electrification projects planned for 2020 rolled over into 2021, primarily due to travel and work restrictions for international technical personnel. This postponed the start-up of more cost-effective fully electric routes, the release of government-funded NO_x compensation for new electric vessels, and payments for public infrastructure projects.

The company expects to complete planned electrification projects over the first half of 2022, which will allow for start-up of the currently planned electric routes. NO_x compensation will typically be due six months after start-up, upon registration of the emission savings. This combined effect is expected to gradually improve cash costs and EBITDA during 2022, and to release cash to be used for debt repayment.

Ferry contract overview 2022–2034

Contract	Vessels	PCE	2021	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-Valset	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														
Svelvik-Verket	1	0.2														
Sølsnes-Åfarnes	1	0.8														

*Passenger car equivalents (PCE) capacity (million)

The current contract portfolio has an estimated value of approximately NOK 21.0 billion, including the three passenger boat contracts but excluding options and index regulation.

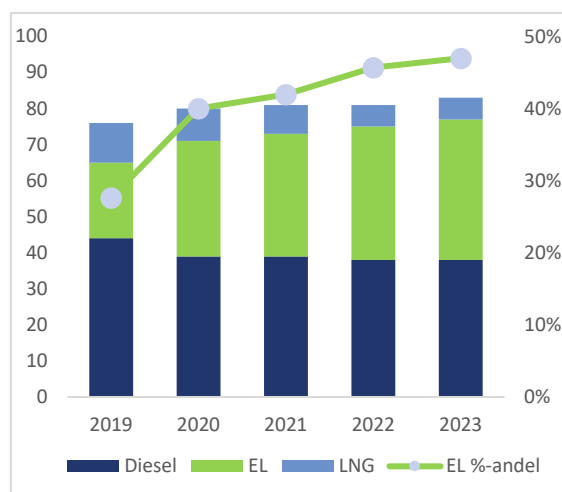
Last year, the company completed a newbuild programme comprising 25 new vessels delivered over four years. The electrification program continued with the delivery of three vessels converted from LNG to hybrid-electric propulsion in

the first half 2021. A fourth hybrid-electric vessel was delivered from yard in August. At the end of the year the company had 34 hybrid-electric vessels, of which 28 are operated electrically.

The Svelvik-Verket contract expired in the fourth quarter and is phased out per 1 January 2022.

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)

	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	27.7	29.5	114.5	120.0
Associates	0.8	1.3	3.8	6.3
EBITDA*	13.4	17.3	55.4	64.9
<i>EBITDA margin excl. associates</i>	<i>46%</i>	<i>54%</i>	<i>45%</i>	<i>49%</i>
EBIT	1.3	5.0	5.7	12.7
<i>EBIT margin excl. associates</i>	<i>2%</i>	<i>12%</i>	<i>2%</i>	<i>5%</i>

*EBITDA incl. associates

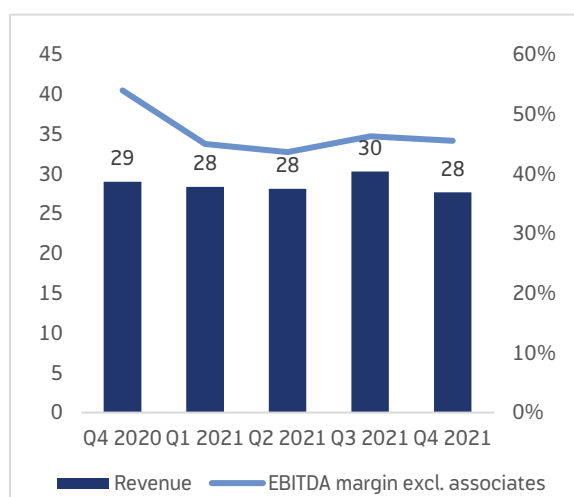
Revenue in the Passenger Boat segment decreased by 6 per cent in the fourth quarter and 5 per cent for the full year and share of profits in associated company declined by NOK 0.5 million in the fourth quarter and NOK 2.5 million for the full year. As a result, EBITDA declined by NOK 3.9 million or 22 per cent in the quarter and by NOK 9.5 million or 15 per cent for the full year.

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.

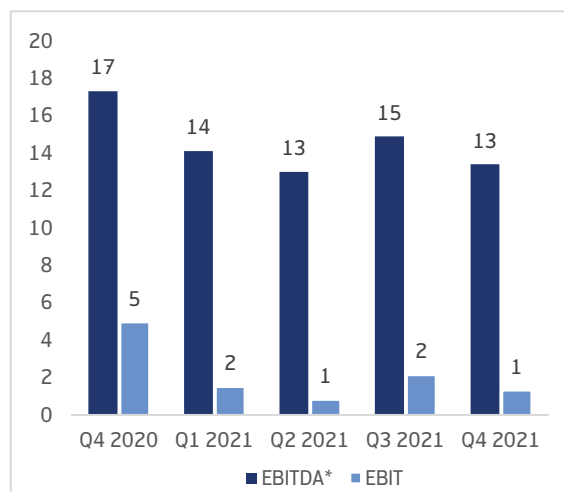
Fjord1 owns 3 of the 10 express boats currently being used in Vestland County, with the remaining 7 under charter until the end of April 2022. Fjord1 has extended the charters to match the contract period of the operated routes.

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. associates

Catering

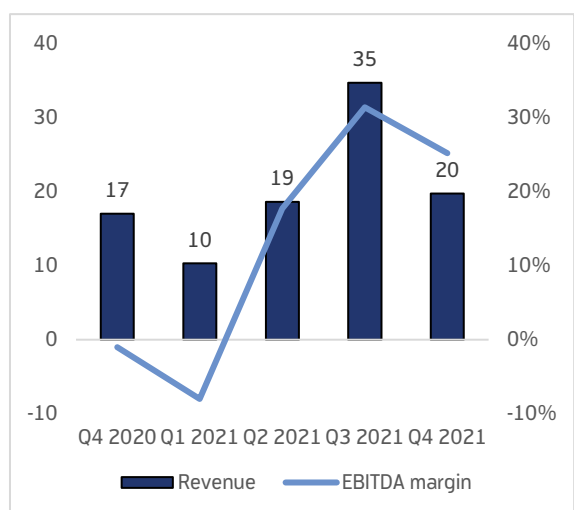
Revenue, EBITDA and EBIT (NOK million)

	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	19.7	17.1	83.3	85.3
EBITDA	5.0	(0.2)	18.3	10.4
EBITDA margin	25%	(1%)	22%	12%
EBIT	4.4	(1.0)	15.7	7.4
EBIT margin	22%	(6%)	19%	9%

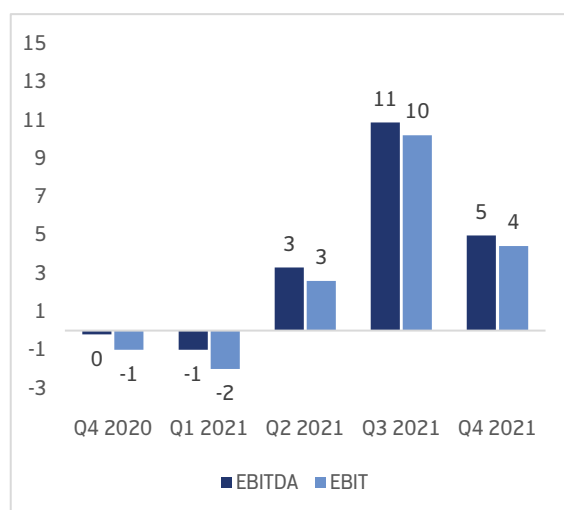
Revenue in the Catering segment was significantly affected by Covid-19 restrictions for large parts of both 2020 and 2021, and Fjord1 has worked to adjust the service levels and reduce staffing and costs to compensate for the revenue shortfall. At the same time, the company has further developed its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

The Catering activity level has gradually normalised after the easing of Covid-19 restrictions and revenue increased by 15 per cent in the fourth quarter and decreased by 2 per cent for the full year. Furthermore, operating costs have been reduced by 15 per cent for the quarter and 13 per cent for the full year. EBITDA hence improved to NOK 5.0 million from negative NOK 0.2 million in the fourth quarter and to NOK 18.3 million from NOK 10.4 million for the full year.

Revenue (NOK m) and EBITDA margin (%)



EBITDA and EBIT (NOK m)



Tourism

Revenue, EBITDA and EBIT (NOK million)

	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	4.0	3.0	18.1	21.6
Associates	(10.6)	7.1	(34.9)	(15.3)
EBITDA*	(9.3)	6.3	(33.2)	(16.0)
EBITDA margin	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
EBIT	(9.9)	5.8	(35.4)	(17.6)
EBIT margin	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>

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

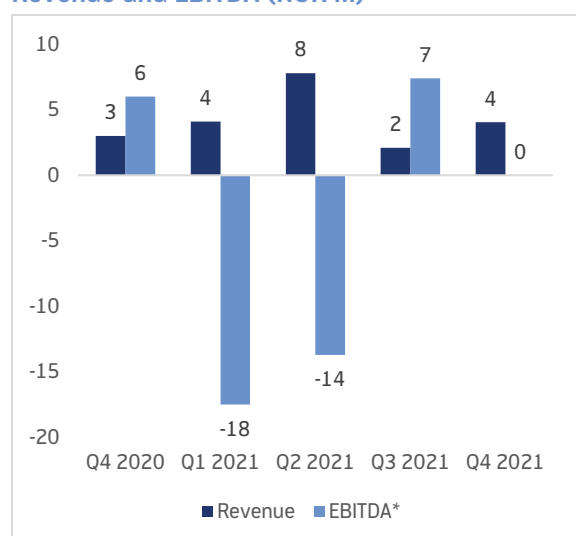
The Tourism segment has been significantly affected by Covid-19 through 2020 and 2021, due to the restrictions on both domestic and international travels. With the exception for the domestic summer holiday season, activities have either been shut down or operated at significantly reduced capacity since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

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 10.6 million in the fourth quarter, compared to a positive of NOK 7.1 million in the same quarter last year. However, the fourth quarter 2020 figures include a compensation under the government Covid-19 support scheme, while this government support ended in October 2021. As a result, the fourth quarter 2021 figures better reflect the underlying business performance.

Overall EBITDA was negative NOK 9.3 million for the fourth quarter, compared to positive NOK 6.3 for the period in 2020. For the full year the EBITDA showed a loss of NOK -33.2 million (-16.0), which included a NOK 6 million negative tax adjustment for previous periods, relating to the Fjords.

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)	Q4 2021	Q4 2020	FY 2021	FY 2020
Total revenue	712.3	825.8	2 869.2	3,117.8
Total operating expenses	(528.9)	(568.5)	(2 001.6)	(2,045.8)
Share of profit/(loss) from JVs and associates	(9.8)	8.4	(31.1)	(9.0)
EBITDA	173.6	265.8	836.5	1,062.9
EBITDA margin (%)	24%	32%	29%	34%
Total depreciation and impairment	(156.4)	(153.5)	(594.2)	(571.6)
Operating profit (EBIT)	17.2	112.4	242.3	491.3
Net financial income/(expenses)	(25.6)	(65.2)	(108.4)	(284.5)
Profit/(loss) before tax	(8.4)	47.2	133.9	206.8
Tax (expense)/income	1.8	(8.2)	(29.5)	(43.4)
Profit/(loss) for the period	(6.5)	38.9	104.5	163.6

Revenues and operating profit

The Fjord1 Group generated total revenues of NOK 712.3 million in the fourth quarter 2021, with the decrease of 14 per cent from the fourth quarter 2020 primarily explained by the loss of one major ferry route.

Operating costs decreased by 7 per cent to NOK 528.9 million, mainly due to lower personnel expenses. Fuel costs increases and delayed start-up of fully electrical routes have however postponed expected cost-savings. Going forward, cost development will depend on the completion of electrification projects and start-up of the last fully electric routes, which are expected to reduce operating costs. Upon the completion of these projects, the company expects costs to stabilise at a lower level.

EBITDA was NOK 173.6 million in the fourth quarter, a decline of 35 per cent from the same quarter last year. This included a negative contribution of NOK 9.8 million from JVs and associated companies (+8.4), 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 17.2 million compares to NOK 112.4 million in the same period last year.

Revenues for the full year declined by 8 per cent, with EBITDA declining by 21 per cent to NOK 836.5 million. This included a negative contribution of NOK 31.3 million from JVs and associated companies (-9.0). Operating profit (EBIT) declined to NOK 242.3 million from NOK 491.3 million last year.

Net financial items

Net financial items	Q4 2021	Q4 2020	FY 2021	FY 2020
Share of profit/(loss) from other associates	16.6	(20.4)	65.3	(42.0)
Interest income	1.6	0.7	10.1	2.5
Interest expense	(46.6)	(44.6)	(178.9)	(214.9)
Other financial items, net	2.8	(1.0)	(4.9)	(30.1)
Net financial items	(25.6)	(65.2)	(108.4)	(284.5)

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 16.6 million in the fourth quarter and NOK 65.3 million for the full year reflects both increasing activity after the lifting of travel restrictions, and gains from forward contracts on jet fuel.

Interest income increased to NOK 1.6 million in the fourth quarter (0.7) and NOK 10.1 million for the full year (2.5), with the increase mainly reflecting the lease of MF Greenferry I to Elbferry in Germany. However, this lease ended late in the fourth quarter when Elbferry was declared insolvent. The vessel is now held for sale.

Interest expenses amounted to NOK 46.6 million in the quarter (44.6) and NOK 178.9 million for the full year (214.9), with the reduction reflecting the decline in interest-bearing debt over the past year.

Profits

Fjord1 incurred a loss before tax of NOK 8.4 million in the fourth quarter and a profit before tax of NOK 133.9 million for the full year 2021. This compares with a profit before tax of NOK 47.2 million in the fourth quarter last year, and NOK 206.8 million for the full year 2020.

Tax income was positive NOK 1.8 million in the fourth quarter, resulting in a net loss of NOK 6.5 million. For the full year, tax expenses amounted to NOK 29.5 million, leading to a net profit of NOK 104.5 million. This compares with a net profit of NOK 38.9 million in the fourth quarter last year, and a net profit of NOK 163.6 million for the full year 2020.

Earnings per share on an ordinary and fully diluted basis came to negative NOK 0.07 in the fourth quarter and positive NOK 1.04 for the full year 2021, compared with NOK 0.39 and NOK 1.63 for the 2020.

Consolidated statement of financial position

Assets (NOK million)	31.12.2021	31.12.2020
Non-current assets	9,354.8	9,187.0
Current assets, excl. cash	646.6	750.3
Cash and cash equivalents	144.6	401.8
Total assets	10,145.9	10,339.2

Vessels and other PPE amounted to NOK 8,582.8 million or 92 per cent of non-current assets (8,491.9). 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 103.7 million from the same period in 2020 reflects lower trade receivables and other receivables, somewhat offset by higher inventories. Please see note 2 for more information.

Equity and liabilities (NOK million)	31.12.2021	31.12.2020
Total equity	2,531.4	2,427.0
Non-current liabilities	4,239.6	5,892.8
Current liabilities	3,369.4	2,019.3
Total equity and liabilities	10,145.9	10,339.2

The increase in total equity mainly reflects earnings in 2021. Non-current liabilities include bank debt of NOK 2,871 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 1,364 million due, unsecured bond loan of NOK 1,000 million, as well as trade payables, current lease obligations, taxes, and duties payable, and other current liabilities. The company has initiated a process to refinancing the existing loan facilities, in whole or in part, to optimise the long-term financing structure.

Net interest-bearing debt stood at NOK 5,090.6 million per 31 December, a reduction of NOK million over the past year.

Consolidated statement of cash flow

Cash flow	Q4 2021	Q4 2020	FY 2021	FY 2020
Net cash flow from operating activities	365.8	391.7	1,171.5	906.9
Net cash flow from investing activities	(152.7)	(105.2)	(675.8)	(1,434.7)
Net cash flow from financing activities	(244.9)	(89.9)	(752.9)	445.5
Net change in cash and cash equivalents	(31.7)	196.7	(257.3)	(82.2)
Cash and cash equivalents at end of period	144.6	401.8	144.6	401.8

Cash flow from operating activities was NOK 365.8 million in the fourth quarter and NOK 1,171.5 million for the full year. While this was a considerable improvement for the full year, the lower operating cash flow in the fourth quarter reflect both lower profits and changes in working capital.

Net cash outflow from investing activities was NOK 152.7 million in the fourth quarter and NOK 675.8 million for the full year, compared to NOK 105.2 million and NOK 1,434.7 million in the corresponding periods last year. The cash outflow in the fourth quarter mainly reflects investments related to infrastructure projects and rebuilding of vessels in the electrification programme. The declining investment level during 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 fourth quarter and full year mainly reflects net repayment of borrowings and payments of lease obligations. The holding of cash and cash equivalents was NOK 144.6 million at the end of the year.

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 5,802 million has been utilised, including guarantees. Fjord1 also has a NOK 1,000 million bond outstanding, maturing in the fourth quarter 2022. Fjord1 owns NOK 45 million of the bond after a repurchase in the fourth quarter 2021.

Net interest-bearing debt (NIBD) amounted to NOK 5,090.6 million at the end of December 2021, compared to NOK 5,503.2 at the end of 2020. Net interest-bearing debt is expected to decrease with higher operating cash flow, lower investments, and proceeds from sale of infrastructure projects.

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 the equity ratio covenant, which was increased from 22.5% to 25% with effect from the third quarter 2021.

However, due to delayed start-up of fully electric routes and completion of infrastructure projects, compensation for lower emissions and proceeds from sale of infrastructure have been lower than projected for the period, resulting in a higher net interest-bearing debt than expected. Combined with higher fuel prices which negatively impacted EBITDA, the company obtained a temporary waiver for the bank loan leverage covenant (NIBD/EBITDA) for the fourth quarter. With the electrification programme progressing, the company expects to receive all government-funded NO_x compensation during 2022 and will operate in compliance with all bank loan covenants from the first quarter 2022. Please see Note 8 – Borrowings for further detail.

Per 31 December 2021, 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.

Shareholder matters

Havilafjord AS, a company wholly owned by Havila Holding AS, on 7 July 2021 announced that it had entered into a purchase agreement to acquire 4,736,246 shares in Fjord1 from independent third-party sellers and 3,850,000 shares from Runde Holdco AS at NOK 52 per share. Following completion of the purchases, Havila Holding AS controlled 93,546,095 shares in Fjord1, equal to 93.55% of the shares in Fjord1.

On 26 July, it was announced that Havila Holding through subsidiaries owned 98,792,149 shares, representing approximately 98.8% of the shares capital and voting rights in Fjord1, and a compulsory acquisition of the remaining outstanding shares at NOK 52 per share was announced on 28 July. The right of ownership of the minority shares was transferred and Havila Holding AS was as of 28 July the beneficial owner of 100% of the shares other than treasury shares held by Fjord1 itself. The shares of Fjord1 were delisted from the Oslo Stock Exchange on 23 August 2021.

Following the delisting, Fjord1 has deregistered as a public limited company (ASA) and registered as a limited company (AS). The company is now owned 100% by Fjord1 HoldCo AS, which in turn is owned 100% by Fjord1 TopCo AS, which in turn is owned 50/50 by Havila and US-based Vision Ridge Partners.

Important events after the close of the reporting period

No material events took place after the close of the reporting period.

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. The sale of infrastructure projects and the release of public funds related to the electrification process were projected to lower interest-bearing debt through 2020. 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 the full year 2021, however not as much as projected due to the mentioned delays. As a result, the company obtained a waiver for the leverage covenant (NIBD/EBITDA) related to the bank loan for the fourth quarter 2021. As the electrification process progresses and public funds are released, NIBD is expected to continue to decrease due to higher operating cash flow, lower investments, and sale of infrastructure projects. Fjord1 expects to be within all covenants from first quarter 2022.

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 2020.

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 assesses new tender opportunities in the Norwegian market on an ongoing basis, as well as opportunities outside of Norway. Fjord1's strong contract portfolio is worth NOK 21.0 billion through 2034, excluding options and index regulation, which offers a solid platform for profitable growth.

Entering 2022, Fjord1 remain committed to reduction of emissions and electrification of Norway's fjord crossings. As the planned electrical routes are phased in and the onshore electrification programme progresses, the overall costs are expected to stabilise at a lower level, positioning Fjord1 for improved profitability.

The company had net interest bearing debt of NOK 5.1 billion at the end of the year, down from NOK 5.8 billion at the end of last year. The company plans for a lower investment level going forward and expects the main part of the cash flow from operating activities and proceeds from the sale of infrastructure assets to be used to reduce interest-bearing debt further.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

UNAUDITED

AMOUNTS IN NOK THOUSANDS	NOTE	Q4 2021	Q4 2020	YTD 2021	YTD 2020	Full year 2020
Revenue	3,4,12	710 804	821 446	2 844 188	3 086 160	3 086 160
Other operating income	3,4	1 476	4 402	25 042	31 611	31 611
Total operating income		712 280	825 848	2 869 230	3 117 771	3 117 771
Purchased goods and fuel	3	(103 563)	(91 982)	(384 202)	(404 143)	(404 143)
Personnel expenses	3	(259 635)	(292 280)	(1 029 599)	(1 096 041)	(1 096 041)
Other operating expenses	3,13	(165 686)	(184 194)	(587 836)	(566 647)	(545 615)
Total operating expenses		(528 884)	(568 457)	(2 001 637)	(2 066 831)	(2 045 799)
Share of profit/(loss) from associates	3	(9 807)	8 430	(31 103)	(9 026)	(9 026)
Operating profit before depreciation and impairment (EBITDA)		173 589	265 820	836 491	1 041 914	1 062 946
Depreciation	5,13	(148 948)	(138 374)	(586 774)	(525 807)	(525 807)
(Impairment)/reversal of impairment	5	(7 414)	(15 090)	(7 414)	(24 799)	(45 830)
Total depreciation and impairment		(156 362)	(153 464)	(594 187)	(550 605)	(571 637)
Operating profit (EBIT)		17 227	112 357	242 303	491 308	491 308
Share of profit/(loss) from other associates		16 601	(20 357)	65 289	(41 958)	(41 958)
Interest income		1 586	731	10 129	2 514	2 514
Interest expense		(46 592)	(44 619)	(178 922)	(214 897)	(214 897)
Other financial items, net	10	2 816	(951)	(4 860)	(30 127)	(30 127)
Net financial income/(expense)		(25 589)	(65 197)	(108 364)	(284 468)	(284 468)
Profit/(loss) before tax		(8 362)	47 160	133 939	206 839	206 839
Income tax (expense)/income	9	1 840	(8 244)	(29 466)	(43 374)	(43 374)
Profit/(loss) for the period		(6 523)	38 916	104 473	163 466	163 466
Attributable to:						
Parent company owners		(6 496)	38 921	104 032	162 985	162 985
Non-controlling interest		(27)	(5)	441	481	481
Basic earnings per share (in NOK)*	7	(0,07)	0,39	1,04	1,63	1,63
Diluted earnings per share (in NOK)*	7	(0,07)	0,39	1,04	1,63	1,63

*Based on weighted average number of shares outstanding. Reference is made to note 7 and 15 regarding earnings per share and share capital.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

UNAUDITED

AMOUNTS IN NOK THOUSANDS	NOTE	Q4 2021	Q4 2020	YTD 2021	YTD 2020	Full year 2020
Profit/(loss) for the period		-6 523	38 916	104 473	163 466	163 466
Other comprehensive income:						
Items that will be reclassified to profit or loss:						
Share of other comprehensive income of associates accounted for using the equity method - net of tax		341	-	3 677	-	(1 813)
Items that will not be reclassified to profit or loss:						
Share of other comprehensive income of associates accounted for using the equity method - net of tax		-	(4 985)	-	(1 813)	-
Actuarial gain/(loss) on post employment benefit obligations - net of tax		2 059	(3 397)	1 941	(4 300)	(4 300)
Total		2 400	(8 382)	5 618	(6 113)	(6 113)
Total other comprehensive income for the year, net of tax		2 400	(8 382)	5 618	(6 113)	(6 113)
Total comprehensive income for the period		(4 123)	30 534	110 091	157 353	157 353
Attributable to:						
Parent company owners		(4 096)	30 539	109 650	156 872	156 872
Non-controlling interest		(27)	(5)	441	481	481

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

UNAUDITED

AMOUNTS IN NOK THOUSANDS	NOTE	31.12.2021	31.12.2020	31.12.2020
ASSETS				
Non-current assets				
Deferred tax assets	9	166 593	166 593	166 593
Vessels and other property, plant and equipment	5	8 582 785	8 491 947	8 491 947
Right-of-use assets	13	69 109	87 067	87 067
Investments in associates	14	514 365	436 506	436 506
Other non-current assets	2	21 914	4 895	4 895
Total non-current assets		9 354 766	9 187 008	9 187 008
Current assets				
Inventories		27 573	20 204	20 204
Derivative financial instruments	2	43	-	-
Trade receivables	2	269 923	309 429	309 429
Other current receivables	2	202 333	264 345	264 345
Lease receivable	2,5	-	-	-
Cash and cash equivalents	2	144 560	401 836	401 836
		644 431	995 814	995 814
Assets held for sale	5	146 732	156 340	156 340
Total current assets		791 163	1 152 154	1 152 154
Total assets		10 145 930	10 339 162	10 339 162
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent company				
Share capital	15	250 000	250 000	250 000
Share premium		360 924	360 924	360 924
Treasury shares		-3 617	-3 617	(3 617)
Retained earnings		1 924 131	1 814 481	1 814 481
Total equity attributable to owners of the parent company		2 531 438	2 421 788	2 421 788
Non-controlling interests		5 485	5 226	5 226
Total equity		2 536 923	2 427 014	2 427 014
Non-current liabilities				
Borrowings	2,8	2 871 130	4 747 106	4 747 106
Derivative financial instruments	2	1 465	6 890	6 890
Non-current lease obligations	13	31 682	24 518	24 518
Net employee defined benefit liabilities		24 639	32 289	32 289
Other non-current liabilities		534 543	335 391	335 391
Deferred tax liabilities	9	776 106	746 639	746 639
Total non-current liabilities		4 239 564	5 892 832	5 892 832
Current liabilities				
Borrowings	2,8	2 364 046	1 157 972	1 157 972
Derivative financial instruments	2	-	1 175	1 175
Current lease obligations	13	38 328	64 255	64 255
Trade payables	2	110 551	146 923	146 923
Tax payable	9	934	617	617
Taxes and duties payable		107 250	102 128	102 128
Other current liabilities	2	748 334	546 245	546 245
Total current liabilities		3 369 442	2 019 316	2 019 315
Total liabilities		7 609 006	7 912 148	7 912 148
Total equity and liabilities		10 145 930	10 339 162	10 339 162

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		
Balance at 01.01.2020	250 000	360 924	(3 617)	1 657 612	2 264 919	4 745	2 269 663
Profit/(loss) for the period	-	-	-	162 985	162 985	481	163 466
Other comprehensive income for the period	-	-	-	(6 113)	(6 113)	-	(6 113)
Total comprehensive income for the period	-	-	-	156 872	156 872	481	157 353
Balance at 31.12.2020	250 000	360 924	(3 617)	1 814 481	2 421 788	5 226	2 427 014
Balance at 01.01.2021	250 000	360 924	(3 617)	1 814 481	2 421 788	5 226	2 427 014
Profit/(loss) for the period	-	-	-	104 032	104 032	441	104 473
Other comprehensive income for the period	-	-	-	5 618	5 618	-	5 618
Total comprehensive income for the period	-	-	-	109 650	109 650	441	110 091
Dividends paid	-	-	-	-	-	(184)	(184)
Transactions with owners	-	-	-	-	-	(184)	(184)
Balance at 31.12.2021	250 000	360 924	(3 617)	1 924 130	2 531 437	5 483	2 536 923

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

UNAUDITED

AMOUNTS IN NOK THOUSANDS	NOTE	Q4 2021	Q4 2020	YTD 2021	YTD 2020	Full year 2020
Operating activities						
Profit before tax		(8 362)	47 160	133 939	206 840	206 839
Adjustments for profit and loss items with no effect on liquidity:						
Depreciation and impairment	5,13	156 362	153 464	594 187	550 606	571 637
Interest expense, net		45 006	43 889	168 793	212 383	212 383
Change in fair value of financial instruments	2	(2 062)	(7 312)	(6 643)	(38)	(38)
Change in fair value of assets held for sale			21 032	-	21 032	-
Change in pension liabilities		(4 494)	27 194	(7 650)	19 184	19 184
(Gain)/loss on disposal of property, plant and equipment		3 674	3 025	8 116	2 826	2 826
Share of (profit)/loss from jointly controlled entities and associates		(6 794)	11 927	(34 187)	50 985	50 985
Change in working capital:						
Trade receivables	2	30 074	(8 590)	39 506	(170 267)	(170 267)
Inventories		(2 538)	789	(7 369)	2 253	2 253
Trade payables	2	(27 020)	(21 995)	(36 372)	(55 597)	(55 597)
Other accruals		216 670	121 362	472 585	266 550	266 550
Cash generated from operations		400 515	391 945	1 324 906	1 106 756	1 106 755
Interest paid, net		(34 691)	(4 324)	(153 214)	(198 797)	(198 797)
Income tax paid		-	4 111	(185)	(1 044)	(1 044)
Net cash from operating activities		365 824	391 732	1 171 507	906 915	906 914
Investing activities						
Purchase of ships and other property, plant and equipment	5	(154 508)	(103 168)	(634 613)	(1 427 915)	(1 427 915)
Purchase of shares incl. jointly controlled entities		-	-	(46 310)	(10 000)	(11 000)
Proceeds from dividends from associates		-	-	6 315	2 151	3 151
Proceeds from sale of ships and other property, plant and equipment		1 369	(2 062)	5 370	1 298	1 298
Proceeds from other non-current assets, net		(264)	49	(17 018)	(225)	(225)
Proceeds from lease receivable		711	-	10 419	-	-
Net cash from investing activities		(152 692)	(105 180)	(675 837)	(1 434 690)	(1 434 690)
Financing activities						
Proceeds from borrowings	8	(7 209)	-	163 755	1 210 506	1 210 506
Repayment of borrowings	8	(220 953)	(73 630)	(850 217)	(700 126)	(700 126)
Payment of lease obligation	13	(16 708)	(16 250)	(66 486)	(64 852)	(64 852)
Repayment of short-term borrowings		-	-	-	-	-
Net cash from financing activities		(244 870)	(89 879)	(752 948)	445 528	445 529
Net change in cash and cash equivalents		(31 737)	196 673	(257 278)	(82 248)	(82 247)
Cash and cash equivalents at start of period		176 297	205 164	401 836	484 081	484 081
Cash and cash equivalents at end of period		144 560	401 836	144 560	401 836	401 836

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 28th of February 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 31st of December 2020, 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 31st, 2020, 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	31.12.2021	31.12.2020
Financial assets at amortised cost		
Loan to associates	17 000	-
Trade receivables and other receivables	472 256	573 774
Employee loans	-	105
Other non-current receivables	305	503
Lease receivable	-	-
Cash and cash equivalents	144 560	401 836
Financial assets at fair value through profit or loss (FVPL)	4 608	4 287
Total	638 772	980 505

FINANCIAL LIABILITIES

AMOUNTS IN NOK THOUSANDS	31.12.2021	31.12.2020
Liabilities at amortised cost		
Trade and other payables *	858 885	693 168
Borrowings	5 235 176	5 905 078
Lease liabilities **	70 010	88 773
Derivative financial instruments		
Held for trading at FVPL	1 465	8 065
Total	6 165 535	6 695 083

*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	31.12.2021	31.12.2020
Non-current assets		
Unlisted equity securities	855	855
Equity contribution for pension plan membership	3 753	3 432
Total non-current assets	4 608	4 287
Total	4 608	4 287

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 31.12.2021	Level 1 NOK'000	Level 2 NOK'000	Level 3 NOK'000	Total NOK'000
Financial assets				
Financial assets at fair value through profit or loss (FVPL)				
Unlisted equity securities	-	-	855	855
Equity contribution for pension plan membership	-	-	3 753	3 753
Total financial assets	-	-	4 608	4 608
Financial liabilities				
Derivative financial instruments				
Held for trading	-	1 465	-	1 465
Total financial liabilities	-	1 465	-	1 465

RECURRING FAIR VALUE MEASUREMENTS AT 31.12.2020	Level 1 NOK'000	Level 2 NOK'000	Level 3 NOK'000	Total NOK'000
Financial assets				
Financial assets at fair value through profit or loss (FVPL)				
Unlisted equity securities	-	-	855	855
Equity contribution for pension plan membership	-	-	3 432	3 432
Total financial assets	-	-	4 287	4 287
Financial liabilities				
Derivative financial instruments				
Held for trading	-	8 065	-	8 065
Total financial liabilities	-	8 065	-	8 065

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 31.12.2021 the fair value of the embedded derivatives was NOK (1.4) million. The Group recognised a profit of NOK 2.1 million relating to the embedded derivatives in the fourth quarter of 2021.

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.

FOURTH QUARTER 2021

NOK IN THOUSANDS	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	649 271	27 670	19 747	4 053	700 741	11 538	712 280
Total revenue	649 271	27 670	19 747	4 053	700 741	11 538	712 280
Expenses							
Operating expenses excluding depreciation and impairment	(486 525)	(15 065)	(14 771)	(2 746)	(519 107)	(9 777)	(528 884)
Share of profit from associates	-	825	-	(10 631)	(9 806)	-	(9 807)
EBITDA	162 747	13 430	4 976	(9 324)	171 829	1 760	173 589
Depreciation	(135 394)	(12 131)	(559)	(556)	(148 641)	(307)	(148 948)
Impairment	(7 414)	-	-	-	(7 414)	-	(7 414)
Segment profit	19 938	1 299	4 417	(9 880)	15 774	1 453	17 227

YTD 2021

NOK in thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	2 623 500	114 477	83 359	18 163	2 839 499	29 730	2 869 230
Total revenue	2 623 500	114 477	83 359	18 163	2 839 499	29 730	2 869 230
Expenses							
Operating expenses excluding depreciation and impairment	(1 834 584)	(62 861)	(65 043)	(16 402)	(1 978 890)	(22 747)	(2 001 637)
Share of profit from associates	-	3 833	-	(34 935)	(31 102)	-	(31 103)
EBITDA	788 917	55 449	18 316	(33 174)	829 508	6 982	836 491
Depreciation	(530 806)	(49 721)	(2 639)	(2 225)	(585 392)	(1 382)	(586 774)
Impairment	(7 414)	-	-	-	(7 414)	-	(7 414)
Segment profit	250 696	5 728	15 677	(35 399)	236 702	5 600	242 303

FOURTH QUARTER 2020

NOK in thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	775 514	29 467	17 124	3 008	825 113	735	825 848
Total revenue	775 514	29 467	17 124	3 008	825 113	735	825 848
Expenses							
Operating expenses excluding depreciation and impairment	(532 602)	(13 461)	(17 299)	(3 887)	(567 249)	(1 207)	(568 456)
Share of profit from associates	-	1 301	-	7 130	8 431	-	8 430
EBITDA	242 912	17 307	(175)	6 251	266 295	(472)	265 822
Depreciation	(124 529)	(12 354)	(790)	(494)	(138 168)	(207)	(138 375)
Impairment	(15 090)	-	-	-	(15 090)	-	(15 090)
Segment profit	103 293	4 953	(965)	5 756	113 037	(679)	112 357

YTD 2020

NOK in thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	2 881 207	119 973	85 339	21 596	3 108 116	9 655	3 117 771
Total revenue	2 881 207	119 973	85 339	21 596	3 108 116	9 655	3 117 771
Expenses							
Operating expenses excluding depreciation and impairment	(1 905 054)	(61 379)	(74 950)	(22 291)	(2 063 674)	(3 158)	(2 066 832)
Share of profit from associates	-	6 314	-	(15 340)	(9 026)	-	(9 026)
EBITDA	976 153	64 908	10 390	(16 035)	1 035 416	6 497	1 041 914
Depreciation	(467 576)	(52 225)	(3 021)	(1 526)	(524 349)	(1 457)	(525 806)
Impairment	(24 799)	-	-	-	(24 799)	-	(24 799)
Segment profit	483 778	12 683	7 368	(17 561)	486 268	5 039	491 308

Reconciliation to Consolidated profit/(loss) for the period

NOK in thousands	Q4 2021	YTD 2021	Q4 2020	YTD 2020
Segment profit	17 227	242 303	112 357	491 308
Share of profit from other associates	16 601	65 289	(20 357)	(41 958)
Interest income	1 586	10 129	731	2 514
Interest expense	(46 592)	(178 922)	(44 619)	(214 897)
Other financial items, net	2 816	(4 860)	(951)	(30 127)
Income tax (expense)	1 840	(29 466)	(8 244)	(43 374)
Group profit	(6 523)	104 473	38 916	163 466

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:

FOURTH QUARTER 2021	Ferry	Passenger-boats	Catering	Tourism	Corporate	
AMOUNTS IN NOK THOUSANDS	Norway	Norway	Norway	Norway	and eliminations	Total
Revenue from external customers	649 271	27 670	19 747	4 053	11 540	712 280
Timing of revenue recognition						
Over time	649 271	27 670	-	4 053	1 511	682 505
At a point in time	-	-	19 747	-	10 029	29 776

YTD 2021	Ferry	Passenger-boats	Catering	Tourism	Corporate	
AMOUNTS IN NOK THOUSANDS	Norway	Norway	Norway	Norway	and eliminations	Total
Revenue from external customers	2 623 500	114 477	83 359	18 163	29 731	2 869 230
Timing of revenue recognition						
Over time	2 623 500	114 477	-	18 163	4 717	2 760 858
At a point in time	-	-	83 359	-	25 014	108 373

FOURTH QUARTER 2020	Ferry	Passenger-boats	Catering	Tourism	Corporate	
AMOUNTS IN NOK THOUSANDS	Norway	Norway	Norway	Norway	and eliminations	Total
Revenue from external customers	775 514	29 467	17 124	3 008	735	825 848
Timing of revenue recognition						
Over time	775 514	29 467	-	3 008	21	808 009
At a point in time	-	-	17 124	-	714	17 838

YTD 2020	Ferry	Passenger-boats	Catering	Tourism	Corporate	
AMOUNTS IN NOK THOUSANDS	Norway	Norway	Norway	Norway	and eliminations	Total
Revenue from external customers	2 881 207	119 973	85 339	21 596	9 655	3 117 771
Timing of revenue recognition						
Over time	2 881 207	119 973	-	21 596	4 889	3 027 666
At a point in time	-	-	85 339	-	4 765	90 104

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	31.12.2021	31.12.2020
Contract liabilities		
Non-current liabilities		
Non-current contract liabilities relating to Ferry and passenger-boat services	534 543	335 391
Total non-current contract liabilities	534 543	335 391
Current liabilities		
Current contract liabilities relating to Ferry and passenger-boat services	419 896	273 415
Total current contract liabilities	419 896	273 415
Total contract liabilities	954 439	608 806

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	2022	2023	2024-2025	2026-2033	Total
Amount of the transaction price allocated to long-term ferry contracts	2 830 945	2 760 131	4 637 088	8 905 613	19 133 777

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

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

FOURTH 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		46 745	429 860	7 385		148 987	1 636	634 613
Transferred from vessels/infrastructure under construction	446 902	-	(446 902)	-	286 081	(286 081)	-	0
Disposals	(150 933)	(15 345)	-	-	-	-	(4 343)	(170 620)
Cost price 31.12.2021	10 357 445	583 591	225 522	180 663	724 379	220 798	220 625	12 513 023
Accumulated depreciation 01.01.2021	2 898 064	270 156	-	73 156	17 627	-	186 178	3 445 181
Depreciation for the period	358 211	84 076	-	8 648	63 078	-	8 551	522 564
Disposals	(140 284)	(13 115)	-	-	-	-	(3 426)	(156 824)
Accumulated depreciation 31.12.2021	3 115 992	341 118	-	81 804	80 704	-	191 303	3 810 921
Accumulated impairment losses 01.01.2021	102 195	-	-	-	-	-	9 709	111 904
Impairment loss	7 414	-	-	-	-	-	-	7 414
Reversal impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Accumulated impairment losses 31.12.2021	109 609	-	-	-	-	-	9 709	119 318
Carrying amount 31.12.2021	7 131 845	242 474	225 522	98 859	643 675	220 798	19 613	8 582 785

FOURTH QUARTER 2020

AMOUNTS IN NOK THOUSANDS	Vessels	Periodic maintenance	Vessels under construction	Property	Infrastructure	Infrastructure under construction	Machinery and equipment	Total
Cost price 01.01.2020	8 799 219	444 860	523 739	173 634	35 339	484 371	218 723	10 679 885
Additions	-	76 560	1 059 668	1 323	-	276 481	13 883	1 427 915
Transferred from vessels/infrastructure under construction	1 300 243	40 600	(1 340 843)	-	402 960	(402 960)	-	-
Disposals	(37 986)	(9 829)	-	(1 679)	-	-	(9 274)	(58 768)
Cost price 31.12.2020	10 061 476	552 191	242 563	173 278	438 299	357 892	223 332	12 049 032
Accumulated depreciation 01.01.2020	2 592 606	196 431	-	65 090	1 178	-	178 176	3 033 481
Depreciation for the period	345 201	80 681	-	8 378	16 449	-	11 176	461 885
Disposals	(39 741)	(6 957)	-	(313)	-	-	(3 174)	(50 185)
Accumulated depreciation 31.12.2020	2 898 066	270 155	-	73 155	17 627	-	186 178	3 445 181
Accumulated impairment losses 01.01.2020	87 105	-	-	-	-	-	-	87 105
Impairment loss	18 195	-	-	-	-	-	9 709	27 904
Reversal impairment	(3 105)	-	-	-	-	-	-	(3 105)
Disposals	-	-	-	-	-	-	-	-
Accumulated impairment losses 31.12.2020	102 195	-	-	-	-	-	9 709	111 904
Carrying amount 31.12.2020	7 061 215	282 035	242 563	100 124	420 672	357 892	27 444	8 491 947
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_x 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 third quarter of 2021, MF "Rauma" was sold in July.

In the fourth quarter of 2021, MF "Nordmøre" was sold in November and MF "Stryn" in December.

HELD FOR SALE/LEASE RECEIVABLE

The financial lease of MF "Greenferry I" commenced on 01.02.2021, thus the vessel was derecognised from assets held for sale and recognised as a lease receivable. The financial lease ended medio December and the vessel is therefore recognised as an asset held for sale as at 31.12.2021.

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	197 789	280 000	-	477 789
Quay structures/land investments	148 987	91 614	-	240 601
Total	346 776	371 614	-	718 390

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 EARNINGS PER SHARE

The basic and diluted earnings per share are the same, as there are no convertible bond loan or stock option plans. Earnings per share is calculated as net result allocated to shareholders for the year divided by the weighted average number of outstanding shares.

	Q4 2021	Q4 2020	YTD 2021	YTD 2020	Full year 2020
Profit/(loss) attributable to equity holders of the company	(6 495 854)	38 920 750	104 032 387	162 985 327	162 985 426
Weighted average number of ordinary shares in issue	99 909 598	99 909 598	99 909 598	99 909 598	99 909 598
Earnings per share in NOK	(0,07)	0,39	1,04	1,63	1,63

NOTE 8 BORROWINGS

AMOUNTS IN NOK THOUSANDS	31.12.2021	31.12.2020
Non-current bank loan	2 896 643	3 787 035
Non-current bond loan	-	1 002 143
Capitalised arrangement fee	(25 513)	(42 072)
Current bank loan	1 406 429	1 157 972
Current bond loan	957 617	-
Total	5 235 176	5 905 079

Analysis of the movements in borrowings for the periods:

TWELVE MONTHS ENDED 31 DECEMBER 2021

AMOUNTS IN NOK THOUSANDS

Opening amount as at 1 January 2021	5 905 079
New bank loan raised	163 755
Arrangement fee	16 559
Repayments of borrowings	(801 405)
Purchase of parts of own bond loan	(48 812)
Closing amount as at 31 December 2021	5 235 176

TWELVE MONTHS ENDED 31 DECEMBER 2020

AMOUNTS IN NOK THOUSANDS

Opening amount as at 1 January 2020	5 376 187
New bank loan raised	1 212 648
Arrangement fee	16 370
Repayments of borrowings	(700 126)
Closing amount as at 31 December 2020	5 905 079

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 22nd, 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 5.462 million has been utilised, including guarantees.

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
- 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 9 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	Q4 2021	Q4 2020	YTD 2021	YTD 2020	Full year 2020
Profit before tax	(8 362)	47 160	133 939	206 839	206 839
Tax expense	1 840	(8 244)	(29 466)	(43 374)	(43 374)
Average tax rate	22,0 %	17,5 %	22,0 %	21,0 %	21,0 %
Change in deferred tax liabilities	1 840	(8 244)	(29 466)	(43 374)	(170 841)
Change in deferred tax asset	-	-	-	-	129 194
Tax payable	-	-	-	-	(617)
Adjustments prior years tax expense	-	-	-	-	(1 110)
Tax expense in statement of profit or loss	1 840	(8 244)	(29 466)	(43 374)	(43 374)

NOTE 10 OTHER FINANCIAL ITEMS, NET

AMOUNTS IN NOK THOUSANDS	Q4 2021	Q4 2020	YTD 2021	YTD 2020	Full year 2020
Change in fair value derivatives	2 062	7 312	6 644	38	38
Currency exchange gains	96	3	2 793	1 904	1 904
Currency exchange losses	(74)	(97)	(6 421)	(1 302)	(1 302)
Fee and contingency commission for bank- and bond loans	(3 646)	(8 215)	(12 335)	(30 814)	(30 814)
Other financial income	4 587	36	4 696	36	36
Other financial expenses	(209)	10	(238)	10	10
Total other financial items, net	2 816	(951)	(4 860)	(30 127)	(30 127)

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 31.12.2021 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 12 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

REVENUE FROM RELATED PARTIES

AMOUNTS IN NOK THOUSANDS			YTD		YTD	Full year
Related party	Relation	Q4 2021	2021	Q4 2020	2020	2020
The Fjords DA	Associate	5 731	27 067	10 508	26 409	26 409
The Fjords Fartøy III DA	Associate	-	-	-	304	304
WF Holding AS	Associate	138	273	-	-	-
Havyard Ship Technology AS	Controlled by the same ultimate owner	-	-	(3 531)	1 592	1 592

EXPENSES TO RELATED PARTIES

AMOUNTS IN NOK THOUSANDS			YTD		YTD	Full year
Related party	Relation	Q4 2021	2021	Q4 2020	2020	2020
The Fjords DA	Associate	(1 536)	(6 144)	(1 637)	(6 107)	(6 106)
Havyard Ship Technology AS	Controlled by the same ultimate owner	-	-	-	(573 817)	(573 817)
New Havyard Ship Technology AS	Controlled by the same ultimate owner	(36 846)	(36 865)	(4)	(519)	(526)
Havyard Design & Solutions AS	Controlled by the same ultimate owner	-	-	(1)	(213)	(213)
Norwegian Electric Systems AS	Controlled by the same ultimate owner	(2 916)	(33 627)	(3 312)	(36 578)	(37 380)
Havila AS	Controlled by the same ultimate owner	-	-	-	(104)	(104)
Havila Holding AS	Owner	-	-	-	33	(33)

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	31.12.2021	31.12.2020
The Fjords DA	Associate	2 234	7 089
WF Holding AS	Associate	17 138	-
New Havyard Ship Technology AS	Controlled by the same ultimate owner	(13 835)	(14)
Norwegian Electric Systems AS	Controlled by the same ultimate owner	-	143
Havyard Production & Service sp.z.o	Controlled by the same ultimate owner	-	(30)
Norwegian Electric Systems AS	Controlled by the same ultimate owner	(1 006)	-

NOTE 13 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	31.12.2021	31.12.2020	31.12.2020
Right of use assets			
Buildings	2 347	4 943	4 943
Machinery and equipment	2 567	2 926	2 926
Vessels	64 194	79 198	79 198
Total Right of use assets	69 109	87 067	87 067

LEASE LIABILITIES

AMOUNTS IN NOK THOUSANDS	31.12.2021	31.12.2020	31.12.2020
Lease liabilities			
Current	38 328	64 255	64 255
Non-Current	31 682	24 518	24 518
Total lease liabilities	70 010	88 774	88 773

AMOUNTS IN NOK THOUSANDS	Q4 2021	Q4 2020	Full year 2020
Additions to the right-of-use assets	39 901	322	110 635

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 Q4 2021	YTD Q4 2020	Full year 2020
Depreciation charge of right-of-use assets			
Buildings	2 721	2 769	2 769
Machinery and equipment	1 438	1 000	1 000
Vessels	60 049	60 152	60 152
Total Depreciation charge of right-of-use assets	64 208	63 922	63 921
Interest expense	1 463	2 451	2 451
Expenses relating to short-term leases	1 295	1 846	1 846
Expenses relating to leases of low-value	3 318	1 707	1 707

AMOUNTS IN NOK THOUSANDS	Q4 2021	Q4 2020	Full year 2020
Total cash outflow for leases	16 708	16 250	64 852

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 14 INTERESTS IN OTHER ENTITIES

THE FJORDS DA

A capital increase was performed in the jointly controlled entity in January 2021 where Fjord1 AS contributed NOK 5 million corresponding to its 50 % share of the company. Additional capital increases were performed in April, June and July, each with a corresponding amount of NOK 5 million. Fjord1 AS's total capital contribution as at 31.12.2021 amounts to NOK 20 million.

FJORD TOURS GROUP AS

A capital increase was performed in the jointly controlled entity in March 2021 where Fjord1 AS paid NOK 26.3 million corresponding to its 50 % share of the company.

NOTE 15 SHARE CAPITAL AND SHAREHOLDERS

Larges shareholders as at 31.12.2021:

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
Total owned by top 20	100 000 000	100,0 %	2,50	250 000 000
Other	-	0,0 %	2,50	-
Total number of shares	100 000 000	100,0 %	2,50	250 000 000

Havilafjord AS, a company wholly owned by Havila Holding AS, on 7 July 2021 announced that it had entered into a purchase agreement to acquire 4,736,246 shares in Fjord1 from independent third-party sellers and 3,850,000 shares from Runde Holdco AS at NOK 52 per share. Following completion of the purchases, Havila Holding AS controlled 93,546,095 shares in Fjord1, equal to 93.55% of the shares in Fjord1.

On 26 July, it was announced that Havila Holding through subsidiaries owned 98,792,149 shares, representing approximately 98.8% of the shares capital and voting rights in Fjord1, and a compulsory acquisition of the remaining outstanding shares at NOK 52 per share was announced on 28 July. The right of ownership of the minority shares was transferred and Havila Holding AS was as of 28 July the beneficial owner of 100% of the shares other than treasury shares held by Fjord1 itself. The shares of Fjord1 were delisted from the Oslo Stock Exchange on 23 August 2021.

Following the delisting, Fjord1 has deregistered as a public limited company (ASA) and registered as a limited company (AS). The company is now owned 99.9% by Fjord1 HoldCo AS, which in turn is owned 100% by Fjord1 TopCo AS, which in turn is owned 50/50 by Havila and US-based Vision Ridge Partners.