

Fjord1

SECOND QUARTER REPORT
26. August 2021





About Fjord1

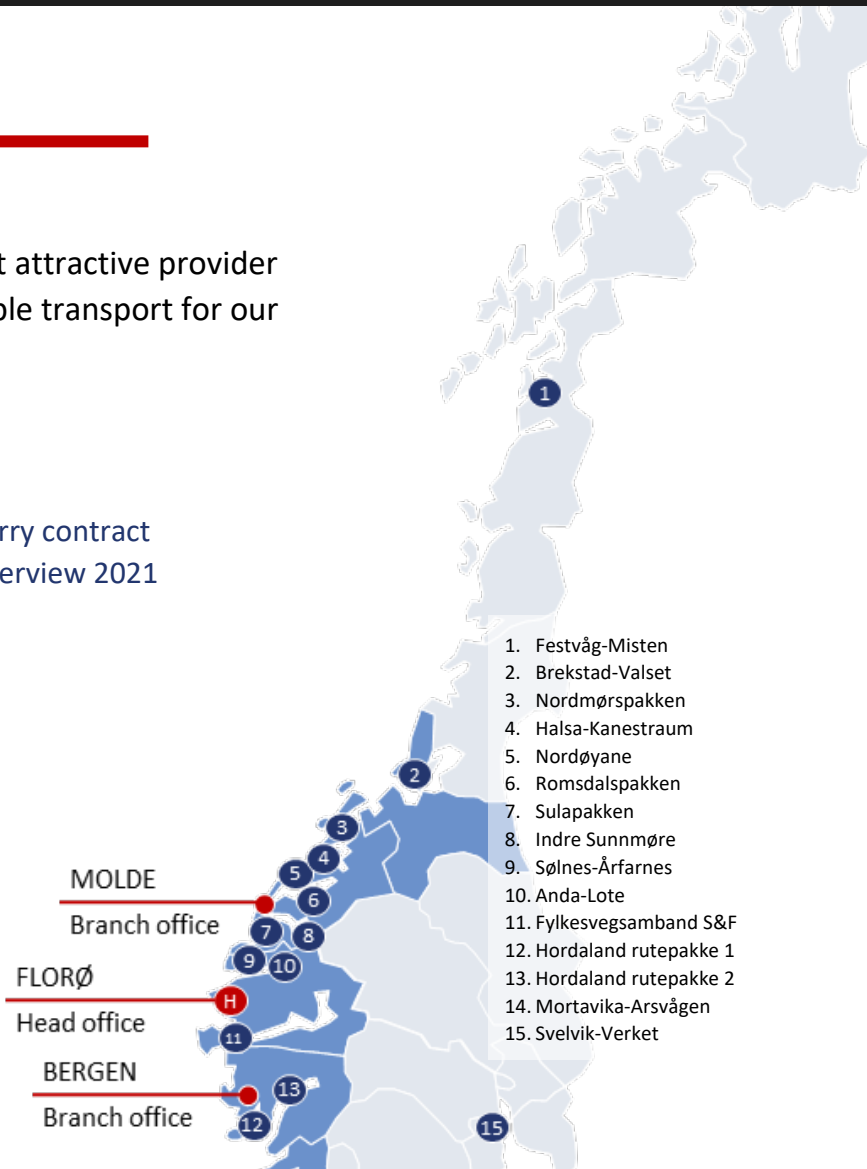
Fjord1 aims to be the safest and most attractive provider of environmentally friendly and reliable transport for our customers, clients and partners.

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.

Fjord1 is listed on the Oslo Stock Exchange under the ticker FJORD.

Ferry contract overview 2021

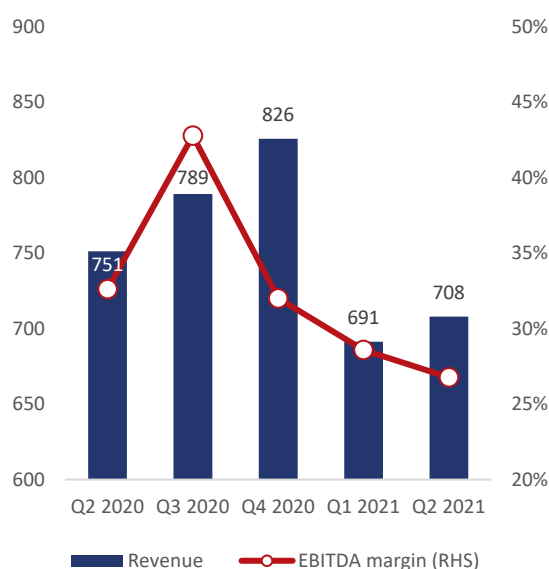


Second quarter and first half year highlights

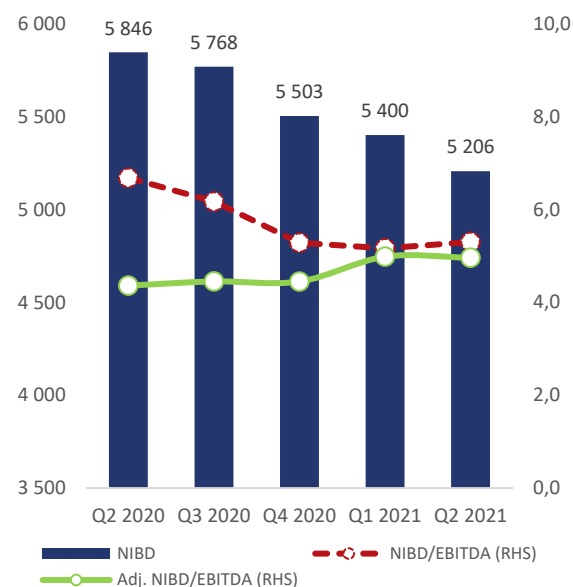
Continued stable operations

- Fjord1 has operated in a safe and responsible manner throughout the Covid-19 pandemic, protecting the safety and security of its employees, customers and suppliers while fulfilling its responsibilities as a provider of critical transport infrastructure in coastal Norway.
- Revenue in the second quarter amounted to NOK 708 million, a decrease of 6 per cent from the same quarter last year. The reduction is mainly attributable to the phasing out of the Molde-Vestnes ferry contract.
- EBITDA in the second quarter was NOK 190 million, down from NOK 245 million in the same period last year. The EBITDA margin declined to 27 per cent from 33 per cent in the same quarter last year, reflecting lower revenue and higher maintenance cost in Ferry, and continued weak results in the Tourism segment due to Covid-19 travel restrictions.
- For the first half year, revenue declined 7 per cent to NOK 1,399 million, with the EBITDA declining 12 per cent to NOK 387 million.
- Investments amounted to NOK 81 million in the second quarter and NOK 154 million for the first half year. Investments are significantly reduced from 2020, as the company is passed the peak of its vessel newbuilding and electrification program.
- Net interest-bearing debt (NIBD) stood at NOK 5,203 million as at 30 June, a decrease of NOK 296 million from the close of 2020.
- Fjord1's long-term contract portfolio, worth NOK 22.7 billion, together with our long-term ambitions for the Tourism segment 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

Stable operations through the first half of 2021

Fjord1's Ferry and Passenger Boat segments showed stable operations throughout the first half year of 2021, with contract structures limiting the financial impact of reduced traffic figures due to Covid-19. Fjord1 started operating several new ferry contracts at the start of 2020. The Tourism segment continues to be significantly affected by international Covid-19 travel restrictions, whereas the Catering segment largely has managed to compensate revenue shortfall through costs reductions and also saw improvement in the second quarter 2021.

Fjord1 in 2020 passed the peak of its large vessel newbuild programme but continues to progress the electrification process by contracting new vessels and rebuilding existing vessels. Hybrid-electric ferries accounted for approximately 40 per cent of the ferry portfolio at the end of 2020, which is expected to increase to some 47% by 2023. This 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 22.7 billion excluding index regulation. Together with long-term ambitions for the Tourism segment, this provides a solid base for further development of the company.

Ferry

The number of passengers transported decreased by 9 per cent year-on-year to 3,9 million in the second quarter, and by 0,6 % to 6,8 million in the first half year. The number of vehicles transported decreased by 6,2 per cent to 2,2 million in the second quarter and increased by 1,3 per cent to 3,9 million in the first half year. This mainly reflect the phasing-out of the Molde-Vestnes contract. Revenue declined by 7 per cent both in the second quarter and first half year. EBITDA declined by 19 per cent to NOK 185 million in the second quarter and by 8 per cent to NOK 385 million in the first half year, mainly reflecting that lower operating costs for the hybrid-electric vessels was offset by higher maintenance costs in the second quarter.

As described in previous reports, the majority of Fjord1's contracts are based on capacity and sailing frequency rather than traffic volumes, which largely insulates revenue and earnings in the Ferry segment from changes in traffic volumes on routes under contract.

Passenger Boats

In the same way as the Ferry segment, Fjord1's passenger boat revenues are independent of traffic volume on the contracted routes, and lower passenger volumes due to Covid-19 have had limited financial impact through 2020 and 2021. Revenues decreased by 7 per cent in the second quarter and by 5 per cent in the first half year 2021, whereas EBITDA declined by 18 per cent to NOK 13 million in the second quarter and by 9 per cent to NOK 27 million in the first half year.

Catering

The financial effects through Covid-19 have been more significant for the Catering segment, necessitating a substantial reduction of the service level. Revenues increased by 39 per cent as services opened up again in the second quarter although they declined by 12 per cent in the first half year 2021. Fjord1 has managed to adjust the service level and staffing through Covid-19 and generated an EBITDA of NOK 3 million in the second quarter and NOK 1 for the first half year.

Tourism

The Tourism segment remains hard hit by Covid-19 travel restrictions and continued to be loss-making in the first half of 2021. Associated companies and joint ventures make up the bulk of the operations, which overall showed an EBITDA loss of NOK 14 million for the quarter and NOK 31 million for the first half year.

Key figures (NOK million)

Profit & Loss	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Total revenue	708.0	751.2	1,399.3	1,502.7	3,117.8
Total operating expenses	(504.8)	(505.1)	(982.3)	(1,051.8)	(2,045.8)
Share of profit/(loss) from JVs and associates	(13.6)	(1.2)	(29.8)	(12.4)	(9.0)
EBITDA	189.6	245.0	387.2	438.5	1,062.9
EBITDA margin (%)	27%	33%	28%	29%	34%
Total depreciation and impairment	(146.4)	(131.0)	(289.4)	(253.6)	(571.6)
Operating profit (EBIT)	43.2	114.0	97.9	185.0	491.3
Net financial income/(expenses)	(20.9)	(68.8)	(65.7)	(174.5)	(284.5)
Profit/(loss) before tax	22.3	45.2	32.2	10.5	206.9
Income tax (expense)/income	(4.9)	(9.9)	(7.1)	(2.3)	(43.4)
Profit/(loss) for the period	17.4	35.3	25.1	8.2	163.6
Balance sheet			30.06.21	30.06.20	31.12.20
<i>Assets</i>					
Non-current assets			9,134.9	8,982.8	9,187.0
Current assets, excl. cash			598.7	583.4	750.3
Cash and cash equivalents			272.7	316.7	401.8
Total assets			10,006.2	9,882.9	10,339.2
<i>Equity and liabilities</i>					
Total equity			2,453.7	2,281.6	2,427.0
Non-current liabilities			5,328.9	5,782.6	5,892.8
Current liabilities			2,223.6	1,818.6	2,019.3
Total equity and liabilities			10,006.2	9,882.9	10,339.2
Equity ratio (%)			25%	23%	23%
Return on equity (12-month rolling) (%)			6.7%	7.8%	5.3%
NIBD			5,206.3	5,846.1	5,503.2
NIBD/EBITDA (12-month rolling)			5.3	6.7	5.3
Cash flow					
Cash flow	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Net cash flow from operating activities	291.0	138.5	564.4	134.0	906.9
Net cash flow from investing activities	(80.5)	(116.4)	(234.4)	(1,047.4)	(1,434.7)
Net cash flow from financing activities	(66.3)	(75.4)	(459.2)	746.1	445.5
Net change in cash and cash equivalents	144.2	(53.3)	(129.2)	(167.4)	(82.2)
Cash and cash equivalents end of period	272.7	316.7	272.7	316.7	401.8
Net financial items					
Net financial items	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Share of profit/(loss) from other associates	20.9	(7.8)	23.1	(30.8)	(42.0)
Interest income	3.2	0.5	5.4	1.6	2.5
Interest expense	(43.8)	(57.9)	(88.8)	(120.5)	(214.9)
Other financial items, net	(1.2)	(3.6)	(5.4)	(24.9)	(30.1)
Net financial items	(20.9)	(68.8)	(65.7)	(174.5)	(284.5)

Group and segment overview

The Fjord1 Group generated total revenues of NOK 708 million in the second quarter 2021, a decrease of 6 per cent from the second quarter 2020 which is primarily explained by the loss of one major ferry route. Operating costs were flat, and EBITDA hence declined by 23 per cent to NOK 190 million in the quarter. The company's fleet expansion and renewal programme and its investments in the electrification of the ferry operation generate higher depreciation, and the operating profit (EBIT) of NOK 43 million in the second quarter compares to NOK 114 million in the same period last year.

Revenues for the first half year declined by 7 per cent, generating a 12 per cent decline in EBITDA to NOK 387 million. Operating profit (EBIT) declined to NOK 98 million from NOK 185 million in same period last year.

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

Ferry

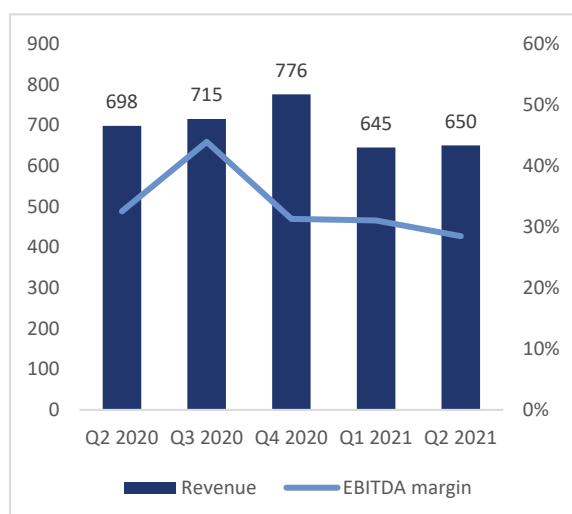
Revenue, EBITDA and EBIT (NOK million)

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Revenue	650.2	689.3	1,295.3	1,390.6
EBITDA	185.0	227.3	385.2	418.8
<i>EBITDA margin</i>	<i>28%</i>	<i>33%</i>	<i>30%</i>	<i>30%</i>
EBIT	52.5	112.4	123.9	194.4
<i>EBIT margin</i>	<i>8%</i>	<i>16%</i>	<i>10%</i>	<i>14%</i>

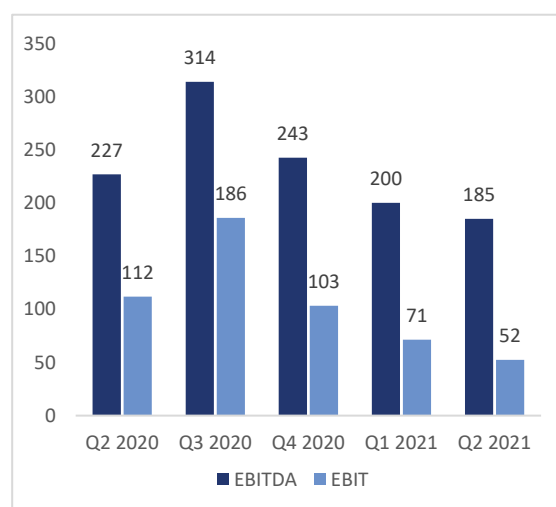
Revenue in the Ferry segment decreased by 7 per cent year-on-year both in the second quarter and the first half year, with the phasing out of the Molde–Vestnes contract only partly being offset by a new contract on Festvåg-Misten in Northern Norway. Other ferry routes operated as normal. Operating costs declined by 1 per cent in the second quarter and by 6 per cent in the first half year, with higher maintenance costs in the second quarter. EBITDA hence declined by 19 per cent to NOK 185 million in the second quarter and by 8 per cent to NOK 385 million for the first half of the year.

MF Greenferry I (previously MF Fanafjord) was leased to Elbferry in Germany on bareboat terms in the first quarter, on a long-term agreement with options to extend and an option to buy.

Revenue (NOK m) and EBITDA margin (%)



EBITDA and EBIT (NOK m)



As indicated in previous interim reports, some of the electrification projects planned for 2020 rolled over into 2021. 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 have completed most of the electrification projects planned for 2020, and will during second half of 2021 start receiving Nox compensation and payments related to remaining infrastructure projects.

Ferry contract overview 2021–2034

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														

Gradual start-up

Firm contract

Options

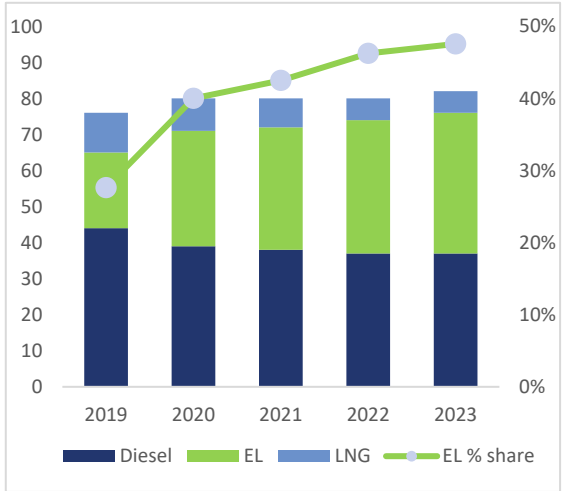
*Passenger car equivalents (PCE) capacity (million)

The current contract portfolio has an estimated value of approximately NOK 22.7 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. To continue the electrification program the company also started converting three vessels from LNG to hybrid-electric propulsion, which were delivered in the first half 2021. At the end of the first half the company had 34 hybrid-electric vessels, of which 25 operated electrically.

Another hybrid-electric vessel under construction in Turkey is scheduled for delivery in August 2021, and the company has commissioned another two new vessels for delivery in 2023. The company has also signed contracts for two rebuilds at Westcon in Florø and one at Havyard in Leirvik, Sogn.

Number of ferries and fuel mix



Passenger Boats

Revenue EBITDA and EBIT (NOK million)

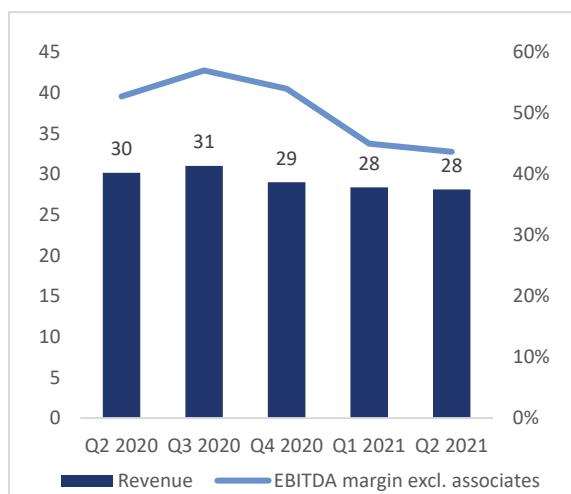
	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Revenue	28.1	30.2	56.5	59.6
Associates	0.7	0.6	2.1	2.8
EBITDA*	13.0	15.9	27.1	29.9
<i>EBITDA margin excl. associates</i>	<i>44%</i>	<i>51%</i>	<i>48%</i>	<i>50%</i>
EBIT	0.8	1.4	2.3	3.4
<i>EBIT margin excl. associates</i>	<i>0%</i>	<i>3%</i>	<i>4%</i>	<i>6%</i>

*EBITDA incl. associates

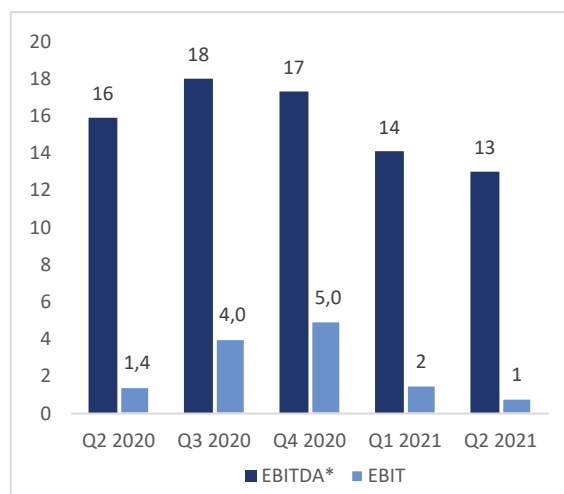
Revenue in the Passenger Boat segment decreased by 7 per cent in the second quarter and 5 per cent in the first half 2021, with EBITDA declining 18 per cent in the quarter and 9 per cent in the first half.

In May 2021, Fjord1 entered into a supplementary agreement with Vestland County for the operation of local passenger boats. The agreement is an extension of the routes that the company already operates on behalf of the County Council. The agreement expires on 1 November 2023, with a 6-month option to extend.

Revenue (NOK m) and EBITDA margin (%)



EBITDA and EBIT (NOK m)



* EBITDA incl. associates

Fjord1 operates 10 express boats in Vestland County. The company owns 3 of the vessels, while 7 are under charter until the end of April 2022. The company also owns 49 per cent of Partsrederiet Kystekspressen ANS, which operates an express boat service from Kristiansund to Trondheim, Brekstad to Trondheim and Vanvikan to Trondheim.

Catering

Revenue, EBITDA and EBIT (NOK million)

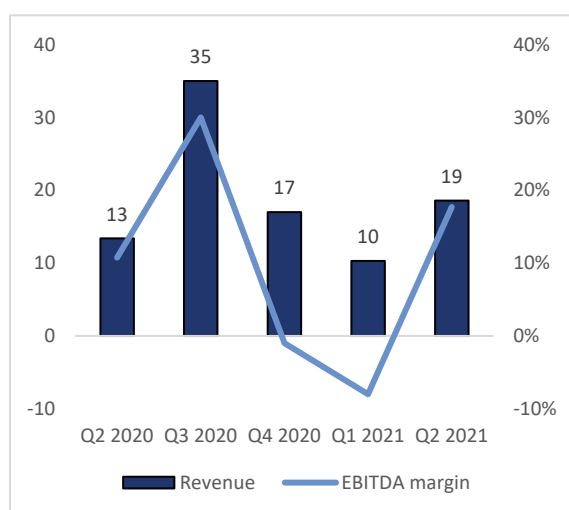
	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Revenue	18.6	13.4	28.9	32.7
EBITDA	3.3	1.4	2.5	(0.2)
<i>EBITDA margin</i>	18%	11%	8%	(1)%
EBIT	2.6	0.7	1.1	(1.6)
<i>EBIT margin</i>	14%	5%	4%	(5)%

Revenue in the Catering segment increased by 39 per cent in the first quarter, reflecting reopening of more normal service on most routes after easing of Covid-19 restrictions during the quarter. Operating costs increased by 28 per cent, and EBITDA improved from NOK 1.4 million to NOK 3.3 million.

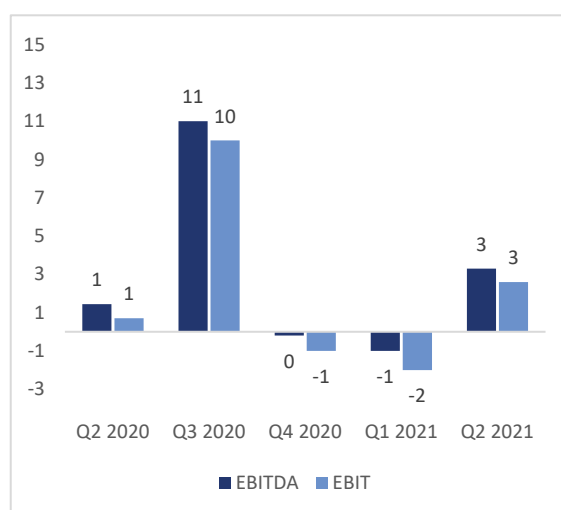
Revenue for the first half year declined by 12 per cent, although operating costs declined by 19 per cent and EBITDA turned to a positive NOK 2.5 million from an EBITDA-loss of NOK 0.2 million in the first half last year.

The company has largely managed to compensate for revenue shortfalls over the past year by adjusting the service level reducing staffing and costs, and has also further developed its self-service catering solutions. The company expects the higher service level to translate into higher revenue and results also in the second half of the year.

Revenue (NOK m) and EBITDA margin (%)



EBITDA and EBIT (NOK m)



Tourism

Revenue, EBITDA and EBIT (NOK million)

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Revenue	7.8	7.0	12.0	14.4
Associates	(14.4)	(1.8)	(32.0)	(15.3)
EBITDA*	(13.7)	(1.9)	(31.3)	(14.7)
<i>EBITDA margin</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
EBIT	(14.3)	(2.4)	(32.4)	(15.2)
<i>EBIT margin</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>

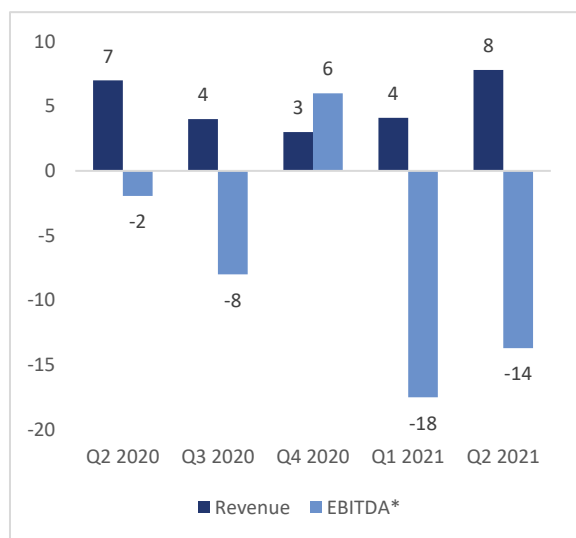
*EBITDA incl. associates. EBITDA margins and EBIT margins and not meaningful given that earnings in the segment derive primarily from associates

The Tourism segment continued to be significantly affected by Covid-19, due to the continued restrictions on international travels. With the exception for the domestic holiday season in July last summer, 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, with associates making up the bulk of the overall exposure. The combined result for the associated company showed a net loss of NOK 14 million in the second quarter and a loss of NOK 31 million for the first half year. The latter includes a NOK 6 million negative tax adjustment from previous periods, relating to The Fjords.

Reported revenue mainly reflects consolidated vessel leasing revenue.

Revenue and EBITDA (NOK m)



*EBITDA incl. associated companies

Consolidated statement of profit and loss

Profit & Loss (NOK million)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Total revenue	708.0	751.2	1,399.3	1,502.7	3,117.8
Total operating expenses	(504.8)	(505.1)	(982.3)	(1,051.8)	(2,045.8)
Share of profit/(loss) from JVs and associates	(13.6)	(1.2)	(29.8)	(12.4)	(9.0)
EBITDA	189.6	245.0	387.2	438.5	1,062.9
EBITDA margin (%)	27%	33%	28%	28%	34%
Total depreciation and impairment	(146.4)	(131.0)	(289.4)	(253.6)	(571.6)
Operating profit (EBIT)	43.2	114.0	97.9	185.0	491.3
Net financial income/(expenses)	(20.9)	(68.8)	(65.7)	(174.5)	(284.5)
Profit/(loss) before tax	22.3	45.2	32.2	(10.5)	206.9
Tax (expense)/income	(4.9)	(9.9)	(7.1)	(2.3)	(43.4)
Profit/(loss) for the period	17.4	35.3	25.1	8.2	163.6

Revenues and operating profit

The Fjord1 Group generated total revenues of NOK 708 million in the second quarter 2021, with the decrease of 6 per cent from the second quarter 2020 primarily explained by the loss of one major ferry route.

Operating costs were flat, as lower underlying operating costs for the hybrid-electric vessels were offset by higher fuel costs for the remaining fleet and higher ferry maintenance costs than in the corresponding period last year. Cost developments going forward will depend on the timing of the completion of ongoing electrification projects and the start-up of the last fully electric routes. Upon the completion of these projects, the company expects costs to stabilise at a lower level.

EBITDA declined by 23 per cent to NOK 190 million in the quarter. This includes a negative contribution of NOK 14 million from JVs and associated companies, mainly 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, and the operating profit (EBIT) of NOK 43 million compares to NOK 114 million in the same period last year.

Revenues for the first half year declined by 7 per cent, generating a 12 per cent decline in EBITDA to NOK 387 million including a negative contribution of NOK 30 million from JVs and associated companies. Operating profit (EBIT) declined to NOK 98 million from NOK 185 million in same period last year.

Net financial items

Net financial items	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Share of profit/(loss) from other associates	20.9	(7.8)	23.1	(30.8)	(42.0)
Interest income	3.2	0.5	5.4	1.6	2.5
Interest expense	(43.8)	(57.9)	(88.8)	(120.5)	(214.9)
Other financial items, net	(1.2)	(3.6)	(5.4)	(24.9)	(30.1)
Net financial items	(20.9)	(68.8)	(65.7)	(174.5)	(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 result of NOK 21 million in the second quarter reflects gains from forward contracts on jet fuel.

Interest income increased to NOK 3.2 million from NOK 0.5 million, related to the lease of MF Greenferry I.

Interest expenses continued to decline through the first half of the year, reflecting the decline in interest-bearing debt.

Profits

Fjord1 made a profit before tax of NOK 22 million in the second quarter and NOK 32 million for the first half year 2021. This compares with a profit before tax of NOK 45 million in the second quarter last year, and NOK 10 million for the first half year 2020.

Tax amounted to NOK 5 million in the second quarter and NOK 7 million in the first half year 2021, resulting in a net profit of NOK 17 million for the quarter and NOK 25 million for the first half year. This compares with a net profit of NOK 35 million in the second quarter last year, and a net profit of NOK 8 million for the first half year 2020.

Earnings per share on an ordinary and fully diluted basis came to NOK 0.17 in the second quarter and NOK 0.25 for the first half year, compared with NOK 0.35 and NOK 0.08 for the corresponding periods last year.

Consolidated statement of financial position

Assets (NOK million)	30.06.2021	30.06.2020	31.12.2020
Non-current assets	9,134.9	8,982.7	9,187.0
Current assets, excl. cash	598.7	583.4	750.3
Cash and cash equivalents	272.7	316.7	401.8
Total assets	10,006.2	9,882.9	10,339.2

The increase in total assets mainly reflects increased non-current assets, which in turn reflect the continued investments during 2020 and the first half of 2021. The reduced cash position reflects debt repayments.

During the first quarter 2021, MF Greenferry I, which has previously been recognised as an asset held for sale, started operating under a bareboat lease contract in Germany. It is currently recognised as a lease receivable under current assets with a value of NOK 151 million.

Equity and liabilities (NOK million)	30.06.2021	30.06.2020	31.12.2020
Total equity	2,453.7	2,281.6	2,427.0
Non-current liabilities	5,328.9	5,782.6	5,892.8
Current liabilities	2,223.6	1,818.6	2,019.3
Total equity and liabilities	10,006.2	9,882.9	10,339.2

The increase in total equity mainly reflects earnings in the period. Net interest-bearing debt stood at NOK 5,206 million per 30 June, a reduction of NOK 297 million from close of 2020 and NOK 640 million from the close of the first half year 2020. The increase in current liabilities reflects that NOK 416 million of bank debt due for repayment in February 2022 has been transferred from non-current to current liabilities.

Consolidated statement of cash flow

Cash flow	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Net cash flow from operating activities	291.0	138.5	564.4	134.0	906.9
Net cash flow from investing activities	(80.5)	(116.4)	(234.4)	(1,047.4)	(1,434.7)
Net cash flow from financing activities	(66.3)	(75.4)	(459.2)	746.1	445.5
Net change in cash and cash equivalents	144.2	(53.3)	(129.2)	(167.4)	(82.2)
Cash and cash equivalents at end of period	272.7	316.7	272.7	316.7	401.8

Cash flow from operating activities was NOK 291 million in the second quarter and NOK 564 million in the first half year. This was a significant increase from the same periods last year, reflecting both higher cash earnings due to new contracts, and positive changes in net working capital.

Net cash outflow from investing activities fell to NOK 81 million in the second quarter and NOK 234 million in the first half year, from NOK 116 million and NOK 1,047 million in the corresponding periods last year. The lower net capital expenditure level reflects that the large ferry newbuilding program peaked last year and that the onshore electrification infrastructure program is nearing completion.

The negative cash flow from financing activities in the second quarter and first half year mainly reflects loan repayments. The holding of cash and cash equivalents was NOK 273 million at the close of the first half year.

Financing and funding

Fjord1 has been through an expansion phase, with significant capital expenditure related to vessel newbuilds, the 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.

Fjord1 has financed its investment programme through a combination of bank loans and bonds, and net interest-bearing debt (NIBD) amounted to NOK 5,206 million at the close of first half year 2021. Net interest-bearing debt is expected to continue to decrease through 2021 as a result of higher EBITDA, lower investments and the sale of infrastructure projects.

The company's borrowing facility totals NOK 6,395 million, of which NOK 5,813 million has been utilised, including guarantees. In 2018, Fjord1 issued an unsecured bond of NOK 1,000 million with a coupon of 4.96 per cent, maturing in the fourth quarter 2022.

The company has a contractual right to compensation for the majority of its infrastructure investments, either through the sale of infrastructure to municipalities upon completion or from payments through the contract period. 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 of 22.5 per cent.

In June 2020, the 22.5 per cent minimum equity ratio covenant in the company's bond was extended by one year until the end of the first half of 2021. Please see Note 8 – Borrowings for further details.

As at 30 June 2021, Fjord1 had total future capital commitments of approximately NOK 857 million relating to vessel newbuilds, and future capital commitments of approximately NOK 237 million for quays and other onshore infrastructure.

Important events after the close of the reporting period

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.

Any objections to, or rejection of, the offered redemption price must be made no later than 30 September 2021.

The shares were suspended from trading on the Oslo Stock Exchange with effect from 29 July, and the shares in Fjord1 is de-listed on 23 August.

Public listing of the shares is a covenant in Fjord1's outstanding NOK 1bn bond, and the company will contact its bondholders the resolve this matter.

Share information

As at 30 June 2021, Fjord1 ASA had 100.0 million issued shares. Fjord1 held 90,402 treasury shares, corresponding to 0.09 per cent of total shares outstanding.

As described above, Havila Holding AS during July increased its shareholding to 98.8% and issued a compulsory acquisition of the remaining shares with effect from 28 July.

The shares have been suspended from trading at the Oslo Stock Exchange, and last day of listing was 23. August 2021.

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 and a half.

Fjord1 has worked to protect the safety and welfare of both employees and customers while fulfilling its responsibilities as a provider of essential transport services in this period. Fjord1 has remained fully operational, although the scope of its ferry and passenger boat services has occasionally 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.

Activities within the smaller Catering and Tourism segments have been significantly harder 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. Activity in the Catering segment increased significantly in the second quarter 2021 as Covid-restrictions were gradually lifted.

Tourism segment depends on a lifting of travel restrictions for international tourists, although the company and its subsidiaries and joint ventures have sought to tailor its product packages and schedules to cater for domestic tourists through the Summer holiday season.

The measures to contain Covid-19 have delayed the progress of onshore infrastructure projects required for the ongoing electrification of the ferry fleet. Delayed completion of the electrification infrastructure has in turn postponed 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 agreed to amendments to loan agreements that reduce the risk of covenant breaches. Net interest-bearing debt decreased in the first half of 2021 and is expected to continue to decrease through the second half of the year.

The company's interest-bearing debt is denominated in NOK with floating interest rates tied to NIBOR. The company has no derivatives in place to mitigate the effects of changes in short-term interest rates. The credit risk is considered minimal, with state and county counterparties for public infrastructure payments and compensations schemes, and pre-paid or on-site payment of all its services.

The company incurs commodity price risk primarily related to fuel oil and has not used derivatives to mitigate the effects of potential changes in fuel oil prices on its own operations. The partly owned subsidiary WF Holding AS, which owns 100 per cent of the airline Widerøes Flyveselskap AS is however actively using derivative contracts for jet fuel.

The company's foreign exchange risk is limited, and primarily tied to vessel newbuilds. Having completed a major vessel newbuilding program in 2020 and having received three additional vessels in the first half of 2021, the company has a limited newbuilding program. One more newbuild will be delivered in 2021 and two in 2023, with a total USD exposure of approximately NOK [...] million. The company has not deployed any derivatives to mitigate the effect of potential changes in the USD/NOK exchange ratio.

The liquidity risk is considered low given the current cash position and loan maturity profile. At the end of June 2021 the company had cash and cash equivalents of NOK 273 million.

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 and is assessing new tender opportunities both in the Norwegian and in international markets. Fjord1's strong contract portfolio is worth NOK 22,7 billion through 2034, excluding options and index regulation, which offers a solid platform for profitable growth.

The company saw 14 per cent revenue growth and stable operating margins in 2020. In the first half 2021, revenue declined by 7 per cent due to loss of a major ferry route, and operating margins have been negatively affected by higher maintenance costs compared to the same period last year. Fjord1 expects a stable outlook for the remainder of 2021, while allowing for the seasonal variations between the two remaining quarters of the year.

Fjord1 has a strong operational cash flow, and combined with lower investments and proceeds from sale of infrastructure assets this will be used to reduce interest-bearing debt further in the second half of the year.

Responsibility Statement from BoD and CEO

We confirm, to the best of our knowledge, that condensed set of the unaudited financial statements for the first half year 2021 -which have been prepared in accordance with IAS 34 –Interim Financial Reporting and generally accepted accounting principles in Norway, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole.

We also confirm that the interim report includes a true and fair review of the development and performance of the business and the position of the entity and the group.

Florø, 26 August 2021

Vegard Sævik
Styreleiar

Birthe Lepsøe
Styremedlem

Reuben Munger
Styremedlem

Terje Hals
Styremedlem

Per Sævik
Styremedlem

Siri Hatland
Styremedlem

Atle Trollebø
Styremedlem

Dagfinn Neteland
Adm. Dir/CEO

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
UNAUDITED

AMOUNTS IN NOK THOUSANDS	NOTE	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Full year 2020
Revenue	3,12	698 274	738 732	1 380 032	1 481 664	3 086 160
Other operating income	3,4	9 729	12 481	19 293	21 061	31 611
Total operating income		708 003	751 212	1 399 326	1 502 725	3 117 771
Purchased goods and fuel	3	(89 737)	(84 927)	(174 878)	(212 500)	(404 143)
Personnel expenses	3	(267 073)	(278 229)	(520 375)	(553 984)	(1 096 041)
Other operating expenses	3,13	(147 946)	(131 897)	(287 043)	(285 272)	(545 615)
Total operating expenses		(504 755)	(505 053)	(982 296)	(1 051 755)	(2 045 799)
Share of profit/(loss) from associates	3	(13 627)	(1 177)	(29 816)	(12 422)	(9 026)
Operating profit before depreciation and impairment (EBITDA)		189 620	244 982	387 214	438 548	1 062 946
Depreciation	5,13	(146 413)	(130 968)	(289 357)	(253 573)	(525 807)
(Impairment)/reversal of impairment	5	-	-	-	-	(45 830)
Total depreciation and impairment		(146 413)	(130 968)	(289 357)	(253 573)	(571 637)
Operating profit (EBIT)		43 206	114 015	97 857	184 976	491 308
Share of profit/(loss) from other associates		20 897	(7 756)	23 113	(30 769)	(41 958)
Interest income		3 214	475	5 377	1 591	2 514
Interest expense		(43 814)	(57 945)	(88 786)	(120 480)	(214 897)
Other financial items, net	10	(1 217)	(3 594)	(5 400)	(24 852)	(30 127)
Net financial income/(expense)		(20 919)	(68 820)	(65 696)	(174 510)	(284 468)
Profit/(loss) before tax		22 288	45 195	32 161	10 466	206 839
Income tax (expense)/income	9	(4 903)	(9 943)	(7 075)	(2 289)	(43 374)
Profit/(loss) for the period		17 384	35 252	25 086	8 177	163 466
Attributable to:						
Parent company owners		17 216	35 108	24 778	7 868	162 985
Non-controlling interest		169	144	308	309	481
Basic earnings per share (in NOK)*	7	0,17	0,35	0,25	0,08	1,63
Diluted earnings per share (in NOK)*	7	0,17	0,35	0,25	0,08	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	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Full year 2020
Profit/(loss) for the period		17 384	35 252	25 086	8 177	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		131	-	1 890	-	(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		-	-	-	-	-
Actuarial gain/(loss) on post employment benefit obligations - net of tax		(39)	(301)	(78)	(301)	(4 300)
Total		92	(301)	1 812	(301)	(6 113)
Total other comprehensive income for the year, net of tax		92	(301)	1 812	(301)	(6 113)
Total comprehensive income for the period		17 476	34 951	26 897	7 876	157 353
Attributable to:						
Parent company owners		17 307	34 807	26 589	7 567	156 872
Non-controlling interest		169	144	308	309	481

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
UNAUDITED

AMOUNTS IN NOK THOUSANDS	NOTE	30.06.2021	30.06.2020	31.12.2020
ASSETS				
Non-current assets				
Deferred tax assets	9	166 593	37 399	166 593
Vessels and other property, plant and equipment	5	8 412 067	8 379 231	8 491 947
Right-of-use assets	13	61 511	114 006	87 067
Investments in associates	14	473 002	447 650	436 506
Other non-current assets	2	21 691	4 505	4 895
Total non-current assets		9 134 865	8 982 791	9 187 008
Current assets				
Inventories		22 802	18 729	20 204
Trade receivables	2	235 920	185 611	309 429
Other current receivables	2	189 090	201 674	264 345
Lease receivable	2,5	150 908	-	-
Cash and cash equivalents	2	272 660	316 707	401 836
		871 380	722 721	995 814
Assets held for sale	5	-	177 372	156 340
Total current assets		871 380	900 093	1 152 154
Total assets		10 006 245	9 882 884	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		1 841 072	1 669 262	1 814 481
Total equity attributable to owners of the parent company		2 448 379	2 276 569	2 421 788
Non-controlling interests		5 349	5 054	5 226
Total equity		2 453 728	2 281 623	2 427 014
Non-current liabilities				
Borrowings	2,8	4 105 605	5 009 325	4 747 106
Derivative financial instruments	2	3 447	11 531	6 890
Non-current lease obligations	13	11 904	52 713	24 518
Net employee defined benefit liabilities		30 185	7 765	32 289
Other non-current liabilities		424 068	123 246	335 391
Deferred tax liabilities	9	753 714	578 043	746 639
Total non-current liabilities		5 328 923	5 782 622	5 892 832
Current liabilities				
Borrowings	2,8	1 373 340	1 153 445	1 157 972
Derivative financial instruments	2	383	2 814	1 175
Current lease obligations	13	51 120	62 809	64 255
Trade payables	2	166 781	131 215	146 923
Tax payable	9	-67	-	617
Taxes and duties payable		93 746	81 688	102 128
Other current liabilities	2	538 291	386 669	546 245
Total current liabilities		2 223 594	1 818 640	2 019 315
Total liabilities		7 552 517	7 601 261	7 912 148
Total equity and liabilities		10 006 245	9 882 885	10 339 162

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
UNAUDITED

AMOUNTS IN NOK THOUSANDS	Attributable to owners of the parent					Total	Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings				
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	-	-	-	24 778		24 778	308	25 086
Other comprehensive income for the period	-	-	-	1 812		1 812	-	1 812
Total comprehensive income for the period	-	-	-	26 590		26 590	308	26 898
Dividends paid	-	-	-	-		-	(185)	(185)
Transactions with owners	-	-	-	-		-	(185)	(185)
Balance at 30.06.2021	250 000	360 924	(3 617)	1 841 073		2 448 380	5 349	2 453 728

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
UNAUDITED

AMOUNTS IN NOK THOUSANDS	NOTE	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Full year 2020
Operating activities						
Profit before tax		22 288	45 195	32 161	(34 729)	206 839
Adjustments for profit and loss items with no effect on liquidity:						
Depreciation and impairment	5,13	146 413	130 968	289 357	122 604	571 637
Interest expense, net		40 600	57 470	83 409	61 419	212 383
Change in fair value of financial instruments	2	2 329	(14 757)	(4 236)	20 999	(38)
Change in pension liabilities		(1 052)	(2 670)	(2 104)	(2 669)	19 184
Gain/loss on disposal of property, plant and equipment		-	(25)	4 809	452	2 826
Share of profit/loss from jointly controlled entities and associates		(7 270)	8 933	6 703	34 258	50 985
Change in working capital:						
Trade receivables	2	(2 327)	118 876	73 509	(165 325)	(170 267)
Inventories		864	5 031	(2 598)	(1 303)	2 253
Trade payables	2	21 620	(105 709)	19 858	34 403	(65 597)
Other accruals		102 308	(50 423)	141 885	22 670	266 550
Cash generated from operations		325 773	192 890	642 752	92 780	1 106 755
Interest paid, net		(34 752)	(54 361)	(78 169)	(61 419)	(198 797)
Income tax paid		-	-	(150)	(35 900)	(1 044)
Net cash from operating activities		291 021	138 529	564 433	(4 539)	906 914
Investing activities						
Purchase of ships and other property, plant and equipment	5	(57 996)	(111 607)	(182 475)	(32 390)	(1 427 915)
Purchase of shares incl. jointly controlled entities		(10 000)	(6 000)	(11 310)	-	(11 000)
Proceeds from dividends from associates		317	-	317	-	3 151
Proceeds from sale of ships and other property, plant and equipment		-	140	156	1 265	1 298
Proceeds from other non-current assets, net		(6 875)	70	(6 796)	96	(225)
Proceeds from lease receivable		4 049	-	1 610	-	-
Net cash from investing activities		(80 505)	(116 397)	(238 498)	(31 029)	(1 434 690)
Financing activities						
Proceeds from borrowings	8	5 212	132 003	10 423	992 951	1 210 506
Repayment of borrowings	8	(54 906)	(191 247)	(436 556)	(155 213)	(700 126)
Payment of lease obligation	13	(6 614)	(16 181)	(3 029)	(16 251)	(64 852)
Net cash from financing activities		(66 308)	(75 425)	(459 162)	821 487	445 529
Net change in cash and cash equivalents		144 208	(53 293)	(133 227)	(114 081)	(82 247)
Cash and cash equivalents at start of period		128 452	370 001	401 836	484 081	484 081
Cash and cash equivalents at end of period		272 661	316 709	272 660	370 001	401 836

GENERAL INFORMATION

Fjord1 ASA 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 ASA 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 26st of August, 2021.

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 December 31st, 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	30.06.2021	30.06.2020
Financial assets at amortised cost		
Trade receivables and other receivables	425 010	387 285
Employee loans	-	112
Other non-current receivables	404	106
Lease receivable	150 908	-
Cash and cash equivalents	272 660	316 707
Financial assets at fair value through profit or loss (FVPL)	4 287	4 287
Total	853 269	708 497

FINANCIAL LIABILITIES

AMOUNTS IN NOK THOUSANDS	30.06.2021	30.06.2020
Liabilities at amortised cost		
Trade and other payables *	705 072	517 884
Borrowings	5 478 945	6 162 770
Lease liabilities **	63 025	115 522
Derivative financial instruments		
Held for trading at FVPL	3 829	14 345
Total	6 250 871	6 810 520

*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	30.06.2021	30.06.2020
Non-current assets		
Unlisted equity securities	855	855
Equity contribution for pension plan membership	3 432	3 432
Total non-current assets	4 287	4 287
Total	4 287	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 30.06.2021	Level1 NOK 000	Level2 NOK 000	Level3 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	-	3 829	-	3 829
Total financial liabilities	-	3 829	-	3 829

RECURRING FAIR VALUE MEASUREMENTS AT 30.06.2020	Level1 NOK 000	Level2 NOK 000	Level3 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	-	14 345	-	14 345
Total financial liabilities	-	14 345	-	14 345

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 30.06.2021 the fair value of the embedded derivatives was NOK (3.8) million. The Group recognised a loss of NOK 2.3 million relating to the embedded derivatives in the second 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.

SECOND QUARTER 2021

NOK IN THOUSANDS	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	650 215	28 117	18 592	7 840	704 765	3 237	708 002
Total revenue	650 215	28 117	18 592	7 840	704 765	3 237	708 002
Expenses							
Operating expenses excluding depreciation and impairment	(465 175)	(15 841)	(15 299)	(7 200)	(603 515)	(1 239)	(604 754)
Share of profit from associates	-	747	-	(14 375)	(13 628)	-	(13 628)
EBITDA	185 040	13 023	3 293	(13 734)	187 621	1 998	189 619
Depreciation	(132 573)	(12 237)	(690)	(656)	(146 055)	(658)	(146 414)
Segment profit	52 468	786	2 603	(14 291)	41 566	1 640	43 206

YTD 2021

NOK in thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Revenue							
External customers	1 295 332	56 497	28 938	11 989	1 392 755	6 569	1 399 325
Total revenue	1 295 332	56 497	28 938	11 989	1 392 755	6 569	1 399 325
Expenses							
Operating expenses excluding depreciation and impairment	(101 135)	(31 516)	(26 479)	(11 294)	(170 424)	(2 871)	(173 295)
Share of profit from associates	-	2 145	-	(31 960)	(29 815)	-	(29 815)
EBITDA	385 197	27 126	2 459	(31 265)	383 515	3 698	387 213
Depreciation	(261 295)	(24 826)	(1 407)	(1 113)	(288 640)	(717)	(289 357)
Segment profit	123 902	2 299	1 052	(32 378)	94 874	2 982	97 856

SECOND QUARTER 2020

NOK in thousands	Passenger-				Total segments	Corporate and eliminations	Consolidated
	Ferry	boats	Catering	Tourism			
Revenue							
External customers	698 274	30 158	13 406	6 999	748 837	2 375	751 212
Total revenue	698 274	30 158	13 406	6 999	748 837	2 375	751 212
Expenses							
Operating expenses excluding depreciation and impairment	(470 990)	(14 871)	(11 964)	(7 144)	(504 969)	(63)	(605 050)
Share of profit from associates	-	614	-	(1 791)	(1 177)	-	(1 177)
EBITDA	227 285	15 901	1 442	(1 936)	242 691	2 291	244 984
Depreciation	(114 901)	(14 487)	(734)	(426)	(130 547)	(422)	(130 968)
Segment profit	112 384	1 414	708	(2 361)	112 145	1 870	114 016

YTD 2020

NOK in thousands	Passenger-				Total segments	Corporate and eliminations	Consolidated
	Ferry	boats	Catering	Tourism			
Revenue							
External customers	1 390 573	59 577	32 702	14 473	1 497 325	5 400	1 502 725
Total revenue	1 390 573	59 577	32 702	14 473	1 497 325	5 400	1 502 725
Expenses							
Operating expenses excluding depreciation and impairment	(971 768)	(32 540)	(32 867)	(13 884)	(1 051 059)	(697)	(1 051 754)
Share of profit from associates	-	2 844	-	(15 266)	(12 422)	-	(12 422)
EBITDA	418 806	29 881	(165)	(14 677)	433 844	4 702	438 548
Depreciation	(224 377)	(26 456)	(1 422)	(480)	(252 734)	(839)	(253 572)
Segment profit	194 429	3 425	(1 587)	(15 156)	181 111	3 864	184 976

Reconciliation to Consolidated profit/(loss) for the period

NOK in thousands	Q2 2021	YTD 2021	Q2 2020	YTD 2020
Segment profit	43 206	97 857	114 015	184 976
Share of profit from other associates	20 897	23 113	(7 756)	(30 769)
Interest income	3 214	5 377	475	1 591
Interest expense	(43 814)	(88 786)	(57 945)	(120 480)
Other financial items, net	(1 217)	(5 400)	(3 594)	(24 852)
Income tax (expense)	(4 903)	(7 075)	(9 943)	(2 289)
Group profit	17 384	25 086	35 252	8 177

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
SECOND QUARTER 2021						
AMOUNTS IN NOK THOUSANDS	Norway	Norway	Norway	Norway		
Revenue from external customers	650 215	28 117	18 592	7 840	3 333	708 098
Timing of revenue recognition						
Overtime	650 215	28 117	-	7 840	1 044	687 217
At a point in time	-	-	18 592	-	2 289	20 881
YTD 2021						
AMOUNTS IN NOK THOUSANDS	Norway	Norway	Norway	Norway		
Revenue from external customers	1 295 332	56 497	28 938	11 989	6 571	1 399 326
Timing of revenue recognition						
Overtime	1 295 332	56 497	-	11 989	2 129	1 365 946
At a point in time	-	-	28 938	-	4 442	33 380
SECOND QUARTER 2020						
AMOUNTS IN NOK THOUSANDS	Norway	Norway	Norway	Norway		
Revenue from external customers	698 274	30 158	13 406	6 999	2 375	751 212
Timing of revenue recognition						
Overtime	698 274	30 158	-	6 999	840	736 271
At a point in time	-	-	13 406	-	1 535	14 941
YTD 2020						
AMOUNTS IN NOK THOUSANDS	Norway	Norway	Norway	Norway		
Revenue from external customers	1 390 573	59 577	32 702	14 473	5 400	1 502 725
Timing of revenue recognition						
Overtime	1 390 573	59 577	-	14 473	2 456	736 271
At a point in time	-	-	32 702	-	5 969	14 941

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	30.06.2021	30.06.2020
Contract liabilities		
Non-current liabilities		
Non-current contract liabilities relating to Ferry and passengerboat services	424 068	123 246
Total non-current contract liabilities	424 068	123 246
Current liabilities		
Current contract liabilities relating to Ferry and passengerboat services	310 693	235 170
Total current contract liabilities	310 693	235 170
Total contract liabilities	734 760	358 416

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 do not include options or variable considerations which is constrained.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

SECOND 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	(0)	12 455	107 588	2 884	0	58 551	997	182 475
Transferred from vessels/infrastructure under construction	255 161	-	(255 161)	-	150 977	(150 977)	-	(0)
Disposals	(9 708)	-	-	-	-	-	(4)	(9 712)
Cost price 30.06.2021	10 306 929	564 646	94 991	176 162	589 276	265 466	224 325	12 221 795
Accumulated depreciation 01.01.2021	2 898 065	270 155	-	73 156	17 627	-	186 178	3 445 180
Depreciation for the period	179 188	42 158	-	4 318	27 268	-	4 455	257 386
Reclassified to held for sale	-	-	-	-	-	-	-	-
Disposals	(4 743)	-	-	-	-	-	-	(4 743)
Accumulated depreciation 30.06.2021	3 072 510	312 313	-	77 473	44 894	-	190 633	3 697 824
Accumulated impairment losses 01.01.2021	102 195	-	-	-	-	-	9 709	111 904
Impairment loss	-	-	-	-	-	-	-	-
Reversal in impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Accumulated impairment losses 30.06.2021	102 195	-	-	-	-	-	9 709	111 904
Carrying amount 30.06.2021	7 132 224	252 333	94 991	98 689	544 381	265 466	23 984	8 412 067

SECOND 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	-	42 911	823 260	190	-	170 078	7 557	1 043 996
Transferred from vessels/infrastructure under construction	985 408	29 600	(1 015 008)	-	79 846	(79 846)	-	-
Disposals	(17 673)	(5 173)	-	(88)	-	-	(9 274)	(32 158)
Cost price 30.06.2020	9 766 954	512 198	331 991	173 786	115 185	574 603	217 006	11 691 723
Accumulated depreciation 01.01.2020	2 592 606	196 431	-	65 090	1 178	-	178 176	3 033 481
Depreciation for the period	168 620	37 213	-	4 140	5 581	-	5 523	221 077
Disposals	(21 068)	(4 931)	-	-	-	-	(3 174)	(29 173)
Accumulated depreciation 30.06.2020	2 740 158	228 713	-	69 230	6 759	-	180 525	3 225 385
Accumulated impairment losses 01.01.2020	87 105	-	-	-	-	-	-	87 105
Accumulated impairment losses 30.06.2020	87 105	-	-	-	-	-	-	87 105
Carrying amount 30.06.2020	6 939 691	283 484	331 991	104 556	108 425	574 603	36 480	8 379 230
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 largely relates to the rebuilding of MF Korsfjord, MF Moldefjord and MF Romsdalsfjord.

HELD FOR SALE/LEASE RECEIVABLE

The financial lease of MF Greenferry I commenced on 01.02.2021, thus the vessel has been derecognised from assets held for sale and recognised as a lease receivable.

NOTE 6 COMMITMENTS

CAPITAL COMMITMENTS

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

AMOUNTS IN NOK THOUSANDS	2021	2022	After 2022	Total
New buildings and conversions	323 259	252 000	282 000	857 259
Quay structures/land investments	74 852	750	161 230	236 832
Total	398 111	252 750	443 230	1 094 091

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.

	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Full year 2020
Profit/(loss) attributable to equity holders of the company	17 215 601	35 107 964	24 777 862	7 868 290	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	0,17	0,35	0,25	0,08	1,63

NOTE 8 BORROWINGS

AMOUNTS IN NOK THOUSANDS	30.06.2021	30.06.2020	31.12.2020
Non-current bank loan	3 135 112	4 059 676	3 787 035
Non-current bond loan	1 004 286	1 000 000	1 002 143
Capitalised arrangement fee	(33 793)	(48 972)	(42 072)
Current bank loan	1 373 340	1 153 445	1 157 972
Total	5 478 945	6 164 150	5 905 079

Movements in borrowings are analysed as follows:

SIX MONTHS ENDED 30 JUNE 2021

AMOUNTS IN NOK THOUSANDS

Opening amount as at 1 January 2021	5 905 079
New bank loan raised	2 143
Arrangement fee	8 280
Repayments of borrowings	(436 556)
Closing amount as at 30 June 2021	5 478 945

SIX MONTHS ENDED 30 JUNE 2020

AMOUNTS IN NOK THOUSANDS

Opening amount as at 1 January 2020	5 376 187
New bank loan raised	1 124 953
Arrangement fee	9 470
Repayments of borrowings	(346 460)
Closing amount as at 30 June 2020	6 164 150

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 equity ratio requirement of 22.5% was extended for a period to and including June 30th, 2021 through an amendment to the Bond terms. Additionally, 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 6.395 million loan facility with DNB and Nordea, of which a total amount of NOK 6.063 million has been utilised, including guarantees. The loan facility was amended in May 2020 where the covenant of an equity ratio above 22.5% was prolonged for the period to and including June 30th, 2021. The covenant was further prolonged for the period to and including March 31st, 2022 through a new amendment in March 2020.

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 above 22.5%
- 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 22.5% for the ten-quarter period starting January 1st 2019 or 25% at any other point in time.
- 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	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Full year 2020
Profit before tax	22 288	45 195	32 161	10 466	206 839
Tax expense	(4 903)	(9 943)	(7 075)	(2 289)	(43 374)
Average tax rate	22,0 %	22,0 %	22,0 %	21,9 %	21,0 %
Change in deferred tax liabilities	(4 903)	(9 943)	(7 075)	(2 289)	(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	(4 903)	(9 943)	(7 075)	(2 289)	(43 374)

NOTE 10 OTHER FINANCIAL ITEMS, NET

AMOUNTS IN NOK THOUSANDS	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Full year 2020
Change in fair value derivatives	(2 329)	14 756	4 236	(6 242)	38
Currency exchange gains	2 694	57	2 694	1 872	1 904
Currency exchange losses	(41)	(773)	(6 924)	(873)	(1 302)
Fee and contingency commission for bank- and bond bans	(1 540)	(17 634)	(2 850)	(19 609)	(30 814)
Other financial income	-	-	24	-	36
Other financial expenses	(1)	-	(3 581)	-	10
Total other financial items, net	(1 217)	(3 594)	(5 401)	(24 853)	(30 127)

NOTE 11 CONTINGENCIES

REBATE COMPENSATION

Fjord1 ASA 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 31.12.2020 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		Fullyear
Related party	Relation	Q2 2021	2021	Q2 2020	2020	2020
The Fjords DA	Associate	8 307	12 843	4 282	8 024	26 409
The Fjords Fartøy III DA	Associate	-	-	-	152	304
Havyard Ship Technology AS	Controlled by the same ultimate owner	-	-	-	-	1 592

EXPENSES TO RELATED PARTIES

AMOUNTS IN NOK THOUSANDS		YTD		YTD		Fullyear
Related party	Relation	Q2 2021	2021	Q2 2020	2020	2020
The Fjords DA	Associate	(1 536)	(3 072)	(1 091)	(2 728)	(6 106)
Havyard Ship Technology AS	Controlled by the same ultimate owner	-	-	(132 915)	(401 989)	(573 817)
New Havyard Ship Technology AS	Controlled by the same ultimate owner	-	(19)	-	-	(26)
Havyard Design & Solutions AS	Controlled by the same ultimate owner	-	-	(212)	(212)	(213)
Norwegian Electric Systems AS	Controlled by the same ultimate owner	3 311	(13 669)	23 845	(42 215)	(37 380)
Havila AS	Controlled by the same ultimate owner	-	-	(4)	(0.04)	(0.04)
Havila Holding AS	Owner	-	-	-	-	(3)

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.

RECEIVABLES/(LIABILITIES) TO RELATED PARTIES

AMOUNTS IN NOK THOUSANDS			
Related party	Relation	30.06.2021	30.06.2020
The Fjords DA	Associate	6 671	2 285
The Fjords Fartøy III DA	Associate	-	-
Havila AS	Controlled by the same ultimate owner	-	-
Havyard Ship Technology AS	Controlled by the same ultimate owner	-	21 077
New Havyard Ship Technology AS	Controlled by the same ultimate owner	-	-
Norwegian Electric Systems AS	Controlled by the same ultimate owner	4 412	(8 050)
Havyard Production & Service s.p.z.o	Controlled by the same ultimate owner	-	(30)

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	30.06.2021	30.06.2020	31.12.2020
Right of use assets			
Buildings	3 500	11 586	4 943
Machinery and equipment	3 212	404	2 926
Vessels	54 799	102 016	79 198
Total Right of use assets	61 511	114 006	87 067

LEASE LIABILITIES

AMOUNTS IN NOK THOUSANDS	30.06.2021	30.06.2020	31.12.2020
Lease liabilities			
Current	51 121	62 809	64 255
Non-Current	11 904	52 713	24 518
Total lease liabilities	63 025	115 522	88 773

AMOUNTS IN NOK THOUSANDS	Q2 2021	Q2 2020	Full year 2020
Additions to the right-of-use assets	5 206	92 340	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 Q2 2021	YTD Q2 2020	Full year 2020
Depreciation charge of right-of-use assets			
Buildings	1 339	1 965	2 769
Machinery and equipment	703	230	1 000
Vessels	29 928	30 797	60 152
Total Depreciation charge of right-of-use assets	31 970	32 992	63 921
Interest expense	859	1 267	2 451
Expenses relating to short-term leases	799	929	1 846
Expenses relating to leases of low value	1 560	1 126	1 707

AMOUNTS IN NOK THOUSANDS	Q2 2021	Q2 2020	Full year 2020
Total cash outflow for leases	16 563	16 181	64 852

THE GROUPS' LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

Fjord1 ASA 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 ASA, 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 2021 where Fjord1 ASA contributed NOK 15 million corresponding to its 50 % share of the company.

FJORD TOURS GROUP AS

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

NOTE 15 SHARE CAPITAL AND SHAREHOLDERS

Largest shareholders as at 30.06.2021:

Shareholder	Number of shares	Voting rights	Nominal value per share	Total nominal value
HAVILAFJORD AS	55 476 516	55,5 %	2,50	138 691 290
HAVILAFJORD HOLDING 2 AS	18 459 849	18,5 %	2,50	46 149 623
HAVILAFJORD HOLDING AS	11 023 484	11,0 %	2,50	27 558 710
Citibank, N.A.	3 951 913	4,0 %	2,50	9 879 783
DZ PRIVATBANK SA.	3 850 000	3,9 %	2,50	9 625 000
CLEARSTREAM BANKING SA.	1 279 906	1,3 %	2,50	3 199 765
Brown Brothers Harriman & Co.	1 068 326	1,1 %	2,50	2 670 815
Pictet & Cie (Europe) SA.	650 000	0,7 %	2,50	1 625 000
Citibank, N.A.	472 264	0,5 %	2,50	1 180 660
Skandinaviska Enskilda Banken AB	467 411	0,5 %	2,50	1 168 528
HVALSUND MILJØLANDBRUK AS	289 218	0,3 %	2,50	723 045
The Bank of New York Mellon	215 000	0,2 %	2,50	537 500
Euroclear Bank SA/NV.	200 000	0,2 %	2,50	500 000
Banque de Luxembourg SA.	181 700	0,2 %	2,50	454 250
Bank Julius Bär & Co. AG	130 386	0,1 %	2,50	325 965
SKS SE AG	125 472	0,1 %	2,50	313 680
VERDIPAPRFONDET STOREBRAND	117 427	0,1 %	2,50	293 568
FJORD1 ASA	90 402	0,1 %	2,50	226 005
BNP Paribas Securities Services	89 600	0,1 %	2,50	224 000
ØSTLANDSKE PENSJONISTBOLIGER AS	84 721	0,1 %	2,50	211 803
Total owned by top 20	98 223 595	98,2 %	2,50	245 558 988
Other	1 776 405	1,8 %	2,50	4 441 013
Total number of shares	100 000 000	100,0 %	2,50	250 000 000