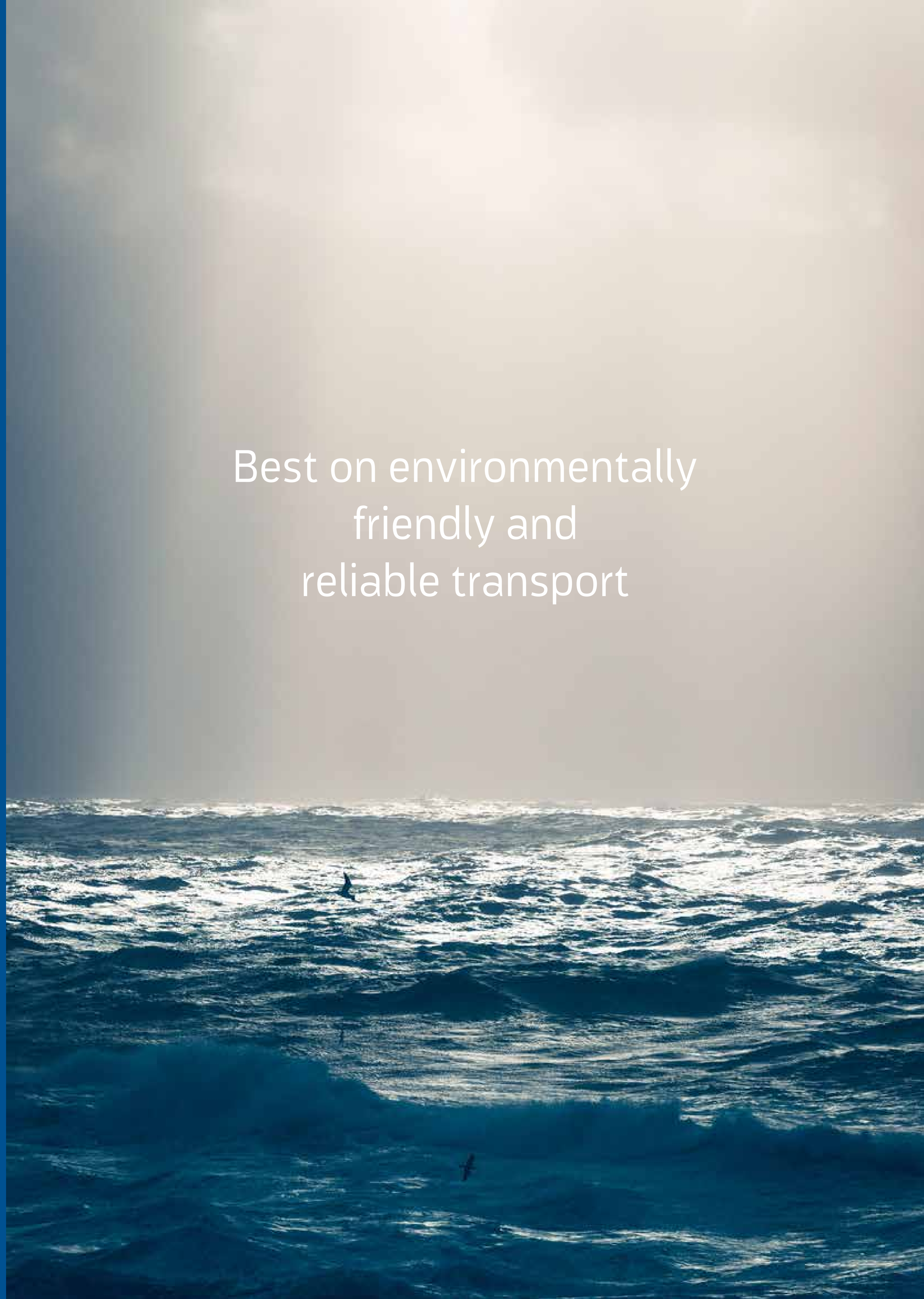
ANNUAL REPORT

2021


Best on environmentally
friendly and
reliable transport

Contents

> Competent employees make Fjord1 a pioneering company when it comes to safety, innovation, technology and the environment.

This is Fjord1

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This is Fjord1

Fjord1's object is to be the safest and most attractive provider of environment-friendly and reliable transport services to customers, clients and business partners.

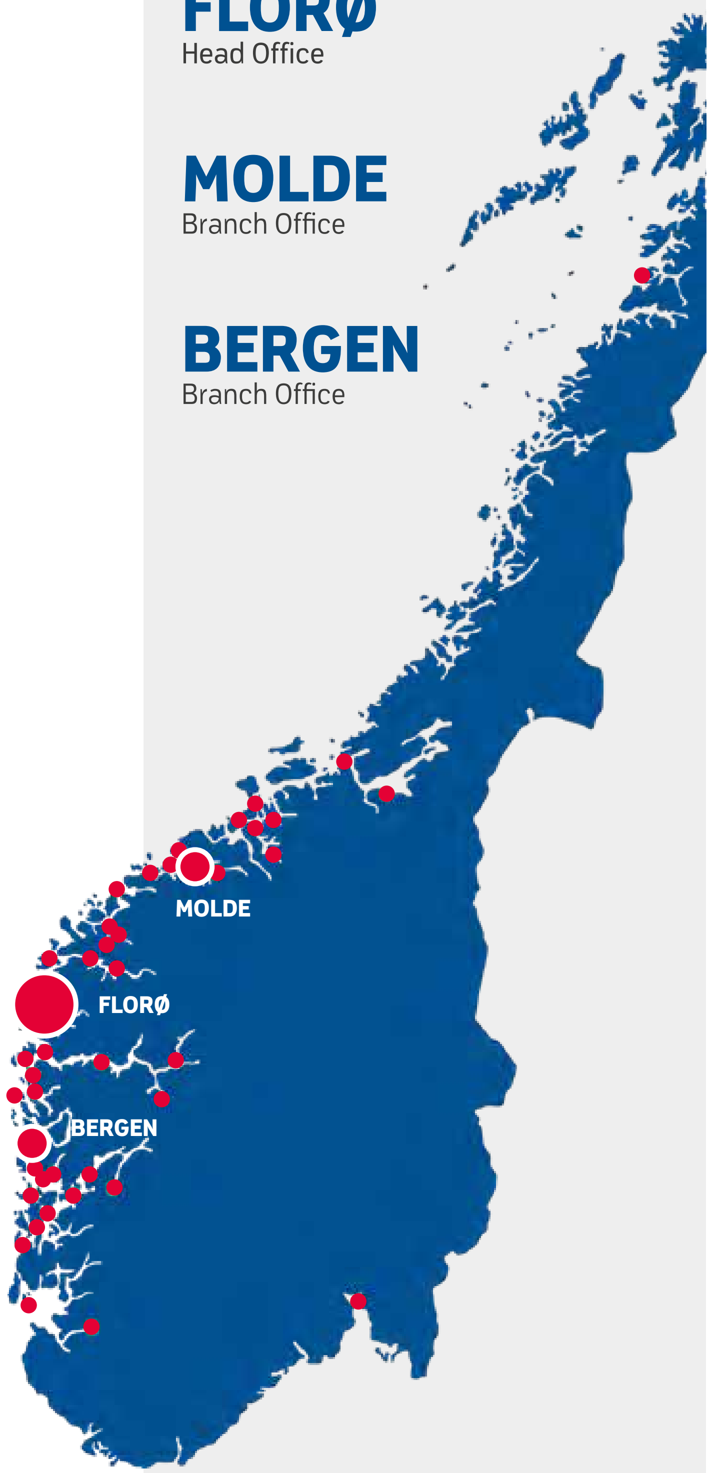
Fjord1 is a leading ferry operator in the Norwegian ferry market. The company also operates passenger boat services and has interests in the catering and tourism industries.

Competent employees enable Fjord1 to be at the forefront with respect to safety, innovation, technology and the environment. Fjord1 is investing in low-emission and zero-emission technologies, and the electrification.

FLORØ
Head Office

MOLDE
Branch Office

BERGEN
Branch Office



Key Figures

EMPLOYEES
1201

VESSELS
79

PASSENGERS
16 million

VEHICLES
9 million

REVENUES
2,9 billion

BALANCE SHEET
10,3 billion

EQUITY
2,6 billion

PRE-TAX
172 million

EBITDA
0,874 billion

INVESTMENTS
0,658 billion

Message from the CEO

The Covid-19 pandemic made 2021 a special year, in which a great deal of time and effort was spent ensuring safe and stable operations to fulfil our role as the provider of critical infrastructure services. However, it was primarily a year in which we worked diligently to perform our normal day-to-day activities, and in that respect we have achieved satisfactory results.

In 2021, we have truly established Fjord1 as the world's most environment-friendly ferry operator. Following the January startup of the Festvåg–Misten route in Nordland County, we now have 34 electric ferries in operation. At the close of the year, as many as 17 of our routes have become fully electric. That corresponds to more than half our fleet!

It has been an incredible journey, from the startup of the world's first fully electric service on the Anda-Lote route in 2018 until today. It is impressive that "little Norway", with Fjord1 taking the lead, has become the world leader in electric ferry operations! Fjord1 has become a green company, with a strong focus on the environmental impact of our activities.

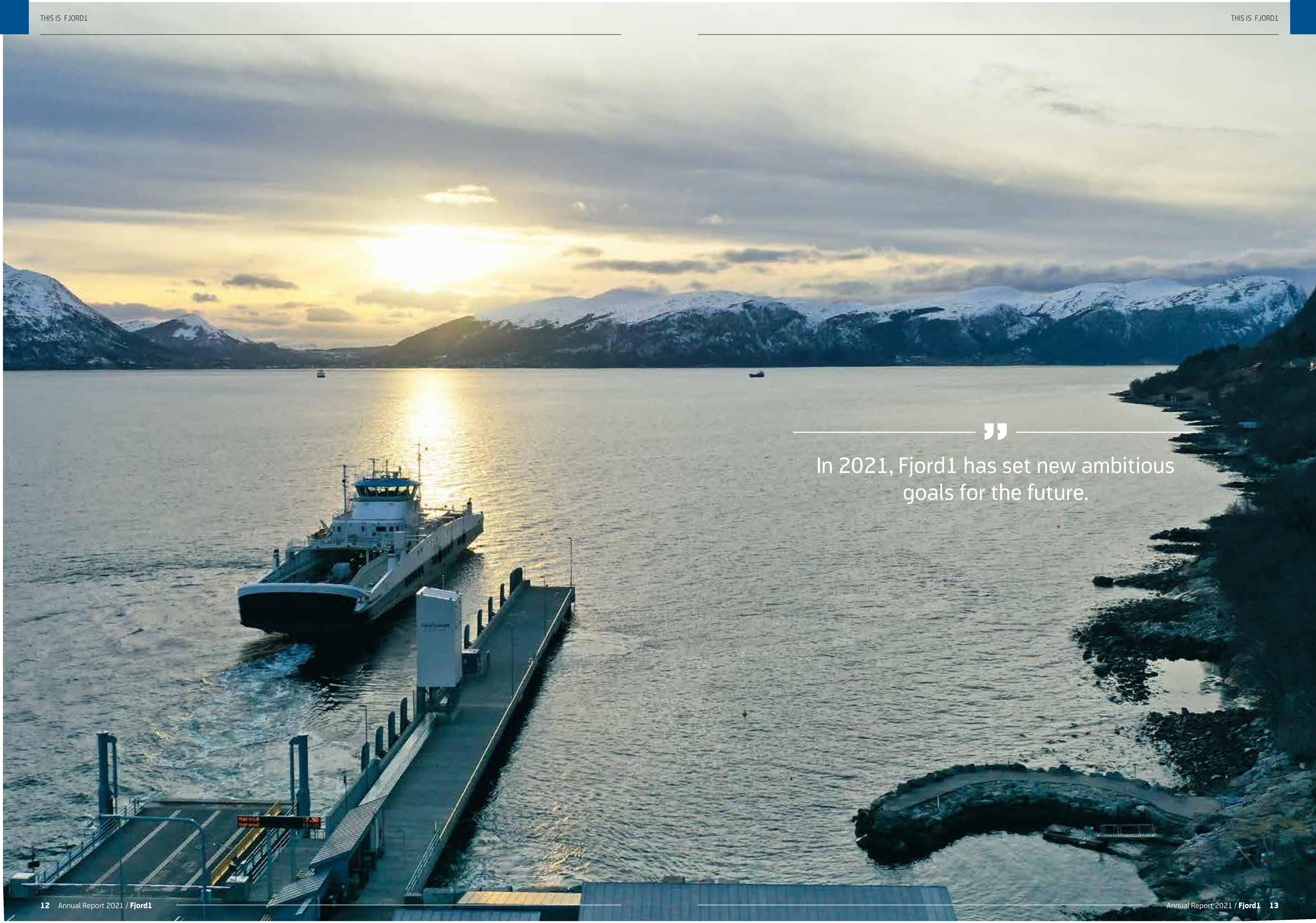
Every day, safety is the most important area in which Fjord1 is working proactively. We aim to operate with no harm to people, vessels or the environment. In the past year, we have continued working to strengthen our safety culture, and the entire workforce has made a contribution. Zero injuries is the top priority of everyone at Fjord1, and we want our passengers to experience the company as a safe provider of ferry and passenger transport services.

It goes without saying that the most important contributor to Fjord1's success is our human resources. In recent years, a lot of time has been spent on electrification, and now it is time to pay more attention to "soft values". In the coming year, therefore, employee development will be the most important focus area.

Going forward, Fjord1 wishes to recruit, retain and develop the best employees in the business. We must see each other and look out for each other, and everyone must make a contribution!

Dagfinn Neteland,
CEO

THIS IS FJORD1



In 2021, Fjord1 has set new ambitious goals for the future.

Highlights from 2021

With our deeply rooted core values, our ability to adapt and strong team spirit, Fjord1 has successfully tackled the challenges encountered in 2021. Driven by many excellent project performances, we generated high revenues and made a good profit. Fjord1 has used 2021 to set new and ambitious targets for the future. Here are some of the successes and events that have characterised the year.

FIRST QUARTER

On 1 January, Fjord1 started operating a new ferry service, the Festvåg–Misten route in Nordland County. This is currently the company's only contract in Northern Norway. Not long afterwards, the company won a new green contract in the same region, the national roads ferry services Bognes–Skarberget and Drag–Kjøpsvik. With electric ferries making up over half of its fleet, Fjord1 has become the world's most environment-friendly ferry operator.

SECOND QUARTER

Following the completion of its 25-vessel fleet renewal programme last year, the company is further pursuing the electrification process through a number of major vessel conversion projects. In the second quarter, three major vessel projects got underway to convert vessels from LNG to hybrid propulsion. In the second quarter, the company also ordered two new vessels for delivery in 2023 and signed contracts for the conversion of a further two vessels at Westcon in Florø and Havyard in Leirvik.

THIRD QUARTER

In July, it was announced that Fjord1 was being delisted from the Oslo Stock Exchange after its main shareholder, Havila Holding AS, completed the privatisation of the company in partnership with the American firm Vision Ridge Partners. This was accomplished by means of the compulsory acquisition of minority shareholdings at a price of NOK 52 per share. This values the company's equity at NOK 5.2 billion.

In September, Fjord1 welcomed a new ferry into its portfolio, MF Rødvenfjord, a vessel that was built entirely during the pandemic. MF Rødvenfjord will go into operation on the Åfarnes–Sølsnes route in Romsdal.

FOURTH QUARTER

In October, Fjord1 was formally delisted from the Oslo Stock Exchange and therefore changed from an "ASA" to an "AS". Fjord1 had been listed on the Oslo Stock Exchange since 15 August 2017.

A comprehensive refurbishment of the company's headquarters in Florø got underway in the fourth quarter. Over half the building (1,200 m2) will be refurbished during the coming year. The work is scheduled for completion in the autumn of 2022.

MF Fanafjord was brought back after a brief period on charter in Germany. The Svelvik–Verket route left Fjord1's ferry portfolio at the close of the year.

Fjord1's Management team

Dagfinn Neteland

CEO

Dagfinn Neteland has been CEO of Fjord1 since January 2017. He also served in this capacity in 2014–2015. Neteland has held various positions in the transport and banking sectors. He has also served as CEO at Tide ASA, HSD ASA and Gjensidige Vest, and was regional manager at Nordea.

Current directorships and executive positions:
CEO: F1 Administrasjon AS, Fjord1 AS,Dato Invest AS.
Chair: Dato Invest AS, Norheimsund Skiheis AS, Presis Vegdrift AS, Baneservice AS. Director: Geiranger Fjordservice AS, Fjord Tours AS, Fjord Tours Group AS, Janus Holding AS.

Anne-Mari Sundal Bøe

CFO

Anne-Mari Sundal Bøe has been CFO at Fjord1 since December 2013. She has previous experience as group chief accountant at INC Invest AS and as a senior manager at PWC. Bøe has a master's degree in economics from the Norwegian School of Economics and Business Administration (NHH).

Current directorships and executive positions:
CFO: Fjord1 AS
CEO/Chair: Fanafjord AS.
Chair: F1 Administrasjon AS.
Director: Nye Fanafjord AS, Fjord Tours Group AS, Fjord Tours AS, Widerøe Holding AS, Widerøe AS, Widerøe's Flyveselskap AS, Evoy AS.

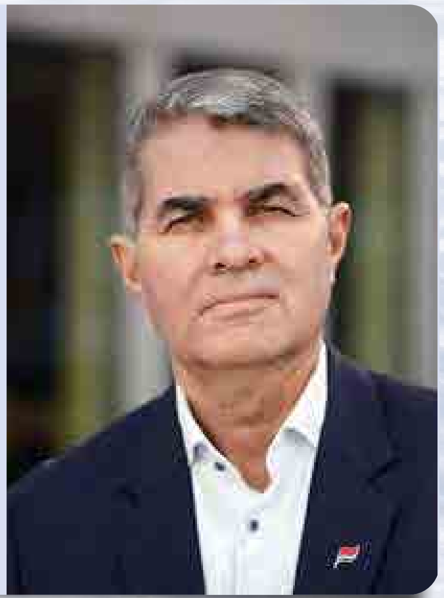
André Høyset

COO

André Høyset has been COO since March 2017. Høyset served as acting CEO at Fjord1 in 2016 and has 25 years' experience from various positions within the company. Høyset has a master's degree in information technology and a higher diploma in economics and business administration.

Current directorships and executive positions:
COO: Fjord1 AS.
Chair: Kolkaia Vest 1.
Director: F1 Administrasjon AS, Widerøe AS, Widerøe's Flyveselskap AS, NHO Sjøfart, Maritimt Opplæringskontor Sør-Vest.

Nils Kristian Berge



DIRECTOR OF TECHNOLOGY & PROJECTS

Nils Kristian Berge joined Fjord1 on 1 January 2018. He has more than 30 years' experience from the shipping industry as well as an MSc in Naval Architecture. Berger has previously served as CEO of Arab Shipbuilding and Repair Yard (ASRY), COO at Utkilen AS and Technical Director at Laurin Maritime Inc. He has also held several other management positions at ship-owning companies and shipyards.

Current directorships and executive positions:
Director of Technology & Projects: Fjord1 AS.
Owner: Berge Consult.
Director: The Fjords DA, Fjord-2 Fjord Cruises AS, The Fjords Fartøy I DA, The Fjords Fartøy II DA, The Fjords Fartøy III DA.

Eilert Nøttingnes

CHIEF SAFETY OFFICER

Eilert Nøttingnes became Chief Safety Officer at Fjord1 in January 2021. Nøttingnes has previous experience from similar positions at GC Rieber Shipping, Wilson Ship Management and Seatrans Ship Management. Nøttingnes has a bachelor's degree in military studies: leadership and nautical science from the Royal Norwegian Naval Academy in Bergen. He has also studied operational risk management at Gjøvik University College (HiG).

Current directorships and executive positions:
Chief Safety Officer: Fjord1 AS

Fjord1's Board of Directors

Vegard Sævik

CHAIR

Vegard Sævik has been a member of the board since 2011. He served as Vice Chair until 2016 and has chaired the Board since July 2017. Sævik is employed by Havila AS as Deputy CEO, and serves on the boards of various companies. He currently chairs the board of Havyard Group ASA. He has a bachelor's degree from the BI Norwegian Business School.

Current directorships and executive positions:
CEO: Havborg 1 Eiendom ANS, Havborg 1 Invest AS, Ohi Eiendom AS, Havblikk Eiendom AS, Havila Invest AS, Innidimman AS, Tangen 7 Invest AS, Havila Ariel AS.
Contact person: Sæviking AS.
Chair: Havyard Group ASA, Never No AS, Fjord1 ASA, Innidimman AS, Nordic Mediatech AS, HAV Group ASA
Director: Raftevold Hotel AS, Sæviking AS, Hotell Ivar Aasen AS, Havilafjord AS, Bakkar og Berg Media AS, Havila Kystruten AS, Eiendom Hornindal AS, Havila Hotels AS, Hardhaus AS, Havborg 1 Eiendom ANS, Havborg 1 Invest AS, Havila Holding AS, Siva Sunnmøre AS, Ohi Eiendom AS, Havblikk Eiendom AS, Havila Invest AS, Tangen 7 Invest AS, Sævard DA, Havila Ariel AS, Brattholm Invest AS, Frøystad Eiendom AS, Havila AS, Havila Sirius AS
Participant with shared liability: Sævard DA.

Per Sævik

DIRECTOR

Per Sævik has been a member of Fjord1's Board of Directors since 2014. From 2011 until that time, he acted as a board observer. He has over 50 years' experience of the operation and management of fishing and supply vessels, and is currently CEO of Havila AS and Havilafjord AS. Sævik was also a member of the Norwegian parliament (Storting) for a four-year period. He currently chairs and serves as a director on the boards of several companies, including companies in the Havila Group.

Current directorships and executive positions:
CEO: Havilafjord AS, Havila Hotels AS, Havila Holding AS, Pison AS, Havila AS.
Contact person: Hh Offshore AS, Sævard DA.
Chair: Sæviking AS, Bratholm AS, Havyard Ship Invest AS, Havilafjord AS, Havila Kystruten AS, Hh Offshore AS, Havila Hotels AS, Havblikk Eiendom AS, Pison AS, Sævard DA, Fosnavåg Vekst AS, Havila Ariel AS, Brattholm Invest AS, Fosnavåg Parkering AS.
Director: Raftevold Hotel AS, Hotell Ivar Aasen AS, Vest Nord Group AS, Eiendom Hornindal AS, Fjord1 AS, Shincon AS.
Participant with shared liability: Sævard DA.

Reuben Munger

DIRECTOR

Reuben Munger is the founder and Managing Partner of Vision Ridge Partners LLC, a leading sustainable investment fund. He founded the company in 2008. He was previously a partner at The Baupost Group LLC, a hedge fund with total assets of over NOK 30 billion. Munger has more than 20 years of investment experience in Norway, the rest of Europe and the USA. He gained a BA in Politics and Economics and a BSc in Business Administration from Washington and Lee University, completing his studies with magna cum laude honours.

Current directorships and executive positions:
Managing partner: Vision Ridge Partners.
Director: Fjord1 AS, Guzma Energy Inc, Key Capture Inc, GSSG Solar LLC, League of Conservation Voters, Securing Americas Future Energy, Vision Ridge Partners UK, LLP, Netherlands LP [to be formed], Sustainable Asset Fund II LP, Sustainable Asset Fund II (Cayman) LP, Norway Delaware LP, Norway Cayman LP, SAF II Master Fund 1 LP, SAF II Master Fund 2 LP, SAF II Master Fund 3 LP, SAF II Master Fund 2 Blocker LP, SAF II Master Funds 3 Blocker 2 LLC, SAF II Master Fund 3 Blocker 1 LLC, VBTC USA LLC, X SAF Partners II LLC, (GP) SAF II Interests LLC, SAF II Holdings LLC, Sustainable Asset Fund LP, Sustainable Asset Fund (SICAV) LP, SAF Investor LP, SAF Partners LLC, SAF Holdings LLC, SAF Vision Ridge Member LLC, EV Holdings LLC, SAF Holdings, II LLC, Sustainable Asset Fund III LP, Sustainable Asset Fund III (US Feeder) LP, Sustainable Asset Fund III (Non-US Feeder) LP, SAF III (US Blocker) LLC, SAF III (Non-US Blocker) LP, SAF III Feeder Aggregator LP, SAF III Holdings LLC, SAF III Interests LLC, SAF Partners III LLC, Runde Holdco AS, Runde Holdings LP

George Polk

DIRECTOR

George Polk is a Partner at Vision Ridge, having been the Managing Partner of Tulum Management USA, which has been investing with Vision Ridge since the firm was founded. Polk is also Chair of Vanguard Renewables and the Cool Planet Group. Polk was a serial entrepreneur, most recently the founder and CEO of The Cloud Networks Ltd, has served as Senior Advisor to McKinsey and Adviser to George Soros on climate change related investments and was recognised as a Global Technology Pioneer by the World Economic Forum. Polk has also founded a number of non-profit organisations and initiatives, including the European Climate Foundation and the Carbon War Room, and he is currently on the board of the Rocky Mountain Institute. He received an AB in History from Harvard University

Current directorships and executive positions:
Chair: Vanguard Renewables, Vision RNG, Cool Planet Group
Trustee: Rocky Mountain Institute

Thomas Rakstang

OBSERVER

Thomas Rakstang has been a member of Fjord1's Board of Directors since July 2016. Rakstang works as a chief engineer and has over 22 years' experience of the profession.

Current directorships and executive positions:
CEO: Erak AS.
Director: Erak AS
Observer: Fjord1 AS

Reidar Tangen

DIRECTOR

Reidar Tangen has been employed as a shipmaster since 1991. During this period, he also spent four years in the HR Department and acted as a maritime inspector for six years before returning to service as a shipmaster in 2006. Employee representative from 2010. Chief Shop Steward 2010–2016.

Current directorships and executive positions:
Deputy Chair: Norwegian Maritime Officers' Association
Director: Fjord1 AS

Pål Harr Wefring

DIRECTOR

Pål Wefring is currently employed as chief engineer on the vessel MF Stavangerfjord. However, he started his career with Fjord1 in 2006 as an inspector.

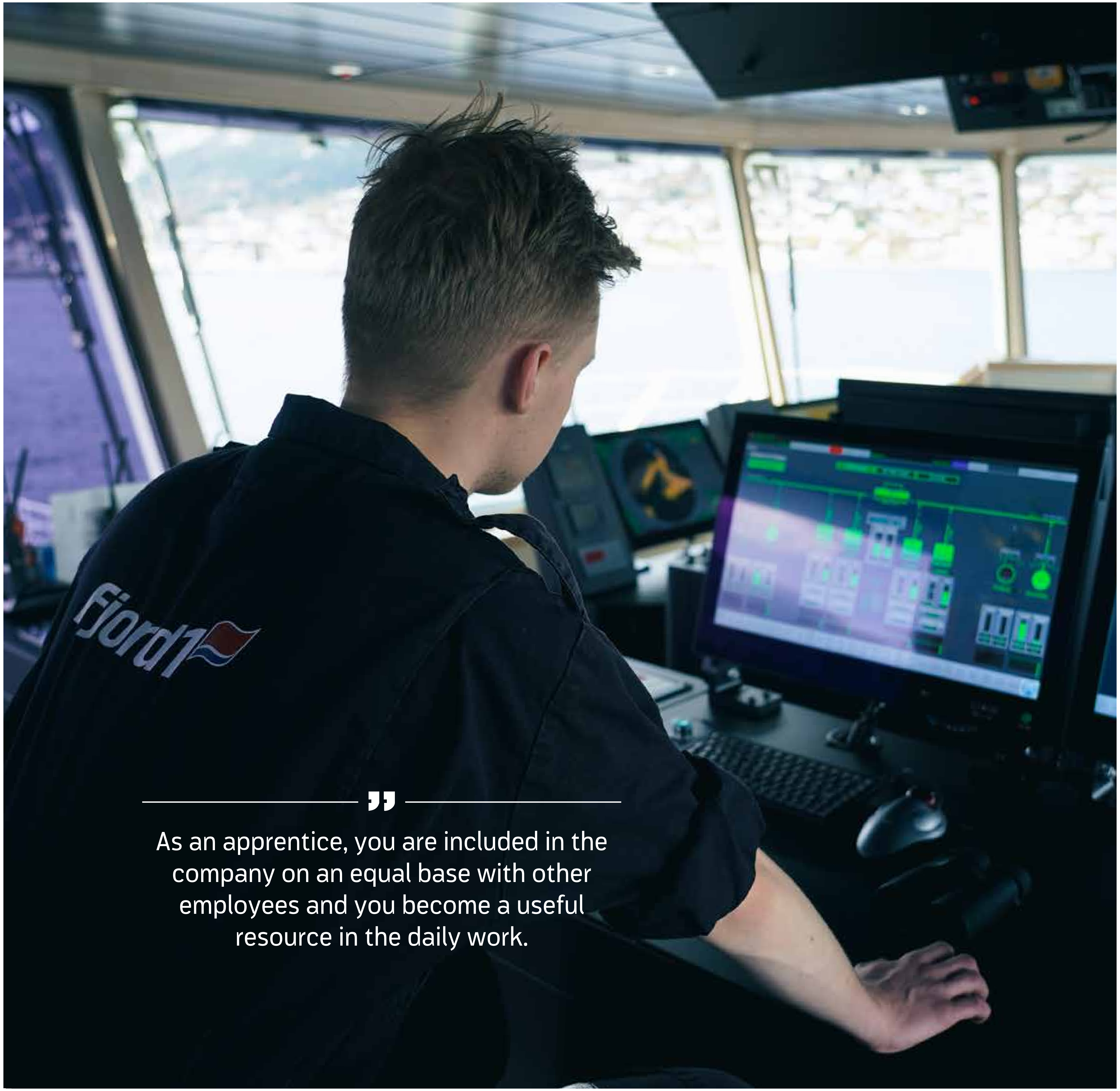
Current directorships and executive positions:
Director: Fjord1 AS

Helge Bøe

OBSERVER

Helge Bøe has been employed as a shipmaster since June 1996 and has nearly 26 years of experience with the company. Helge Bøe has been a member of Fjord1's board since September/October 2021.

Current directorships and executive positions:
Observer: Fjord1 AS



> As an apprentice, you are included in the company on an equal base with other employees and you become a useful resource in the daily work.

People at Fjord1

- HSE targets and results in 2021
- Graphic
- Women at Fjord1
- The search for apprentices
- Trainee at Fjord1
- Health-promoting working environment
- Operation Increased Attendance
- Careers and competence in the workplace
- Health, safety and environment (HSE)
- New safety management system
- Emergency response
- Covid-19

People at Fjord1

Everyone who works for Fjord1 shall have a safe and secure workplace. Fjord1 shall be characterised by a good and equitable working environment, and the company upholds its employees' rights in accordance with applicable laws and international human rights.

HSE targets and results in 2021

Lost-time injuries

per million working hours

Target figures: 0 | **Result: 5,91**

Pollution

measured in events

Target figures: 0 | **Result: 10**

Sickness absence rate

measured in percent

Target figures: 4,9 | **Result: 6,46**

Drugs tests

number of unannounced drugs tests

Target figures: 0 | **Result: 0**

Passenger injuries

per million carry passengers

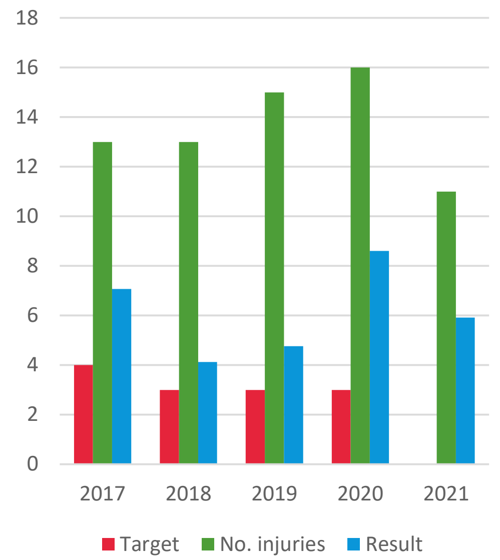
Target figures: 0,3 | **Result: 0,07**

Allisions

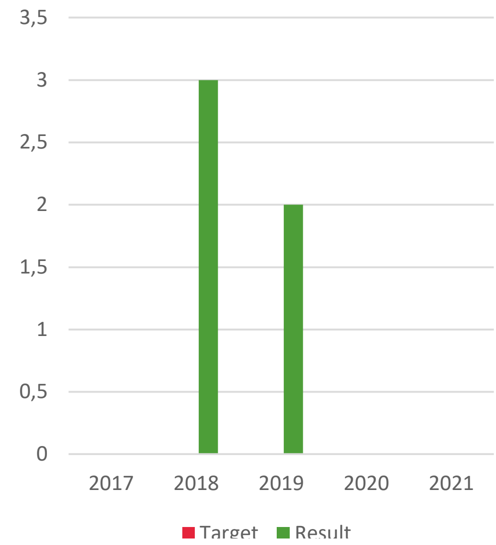
per 100,000 calls

Target figures: 0 | **Result: 0**

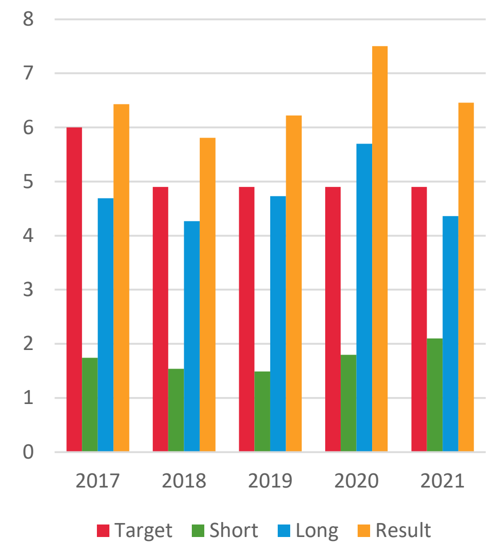
No. of injuries resulting in absence per million working hours



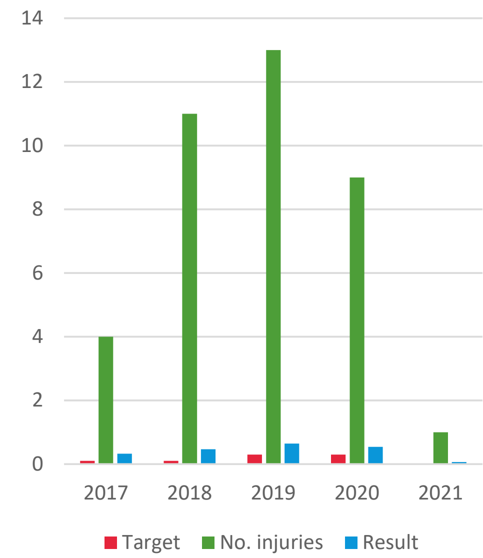
No. of positive unannounced drug tests



Sick leave (%)



No. of passenger injuries per million passengers carried



Gender equality

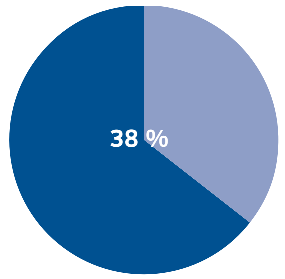
Fjord1 wants the best resources at all times, regardless of gender.

The company is also aware that women and men should have equal opportunities to create a career in Fjord1. Fjord1 wants to ensure women to have complete and real participation in important processes in senior positions. Most men still work in the maritime industry, but more and more woman find their way to the industry.

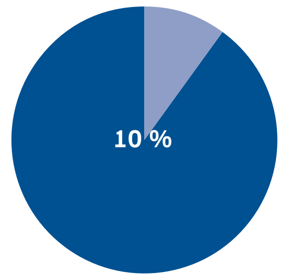
Women at Fjord1

The company has worked actively to increase the number of women employees, particularly in sea-going positions. The company has also worked actively to devise tangible measures to encourage more women to train for maritime occupations and choose the ferry sector as their future workplace.

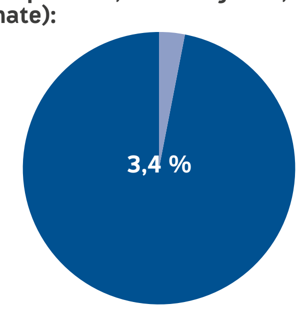
Total percentage of women on shore



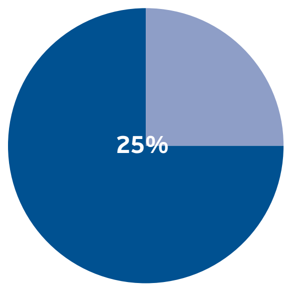
Total percentage of women at sea



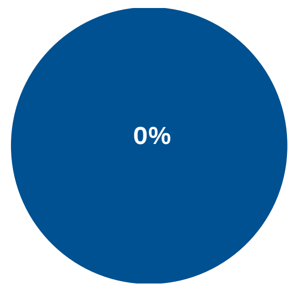
Percentage of women in positions of leadership at sea (shipmaster, chief engineer, first mate):



Percentage of women in positions of leadership on shore (middle managers and senior executives):



No. of women board members (of a total of 8)



First half of the year:

69
apprentices

18
cadets

Second half of the year:

89
apprentices

18
cadets

-I thoroughly enjoyed being an apprentice in a fantastic working environment, along with a really nice group of colleagues! In addition, I gained unique competence in the newest technology in the world, and experience from working on several different types of vessels. There were different challenges and tasks to do every day, and I felt as though I was a useful resource, says earlier sailor apprentice, Adrian Engeset Tafjord.

Fjord1 – Committed to apprenticeship training

As Norway's largest ferry company, Fjord1 has long been the preferred training company for young people seeking a career at sea. It is also the company offering the most training places.

Fjord1's goal is to increase the number of apprentices it takes on. We offer apprentices and cadets practical training and competence with electric, gas-driven and conventional ferries and passenger boats. This enables them to acquire the best expertise through a varied period of training, in which each they are given the opportunity to test their skills and knowledge on a variety of vessels, including newbuilds, as well as in administrative roles. As apprentices, young people are included in the Fjord1 community in the same way as other employees and are considered a useful resource in the company's day-to-day operations. In addition, the company stages annual seminars for its apprentices and cadets. This is part of a strategic endeavour to include them and encourage them to apply for full-time positions with Fjord1 once they have gained their professional qualifications.

Seaman Adrian Engeset Tafjord thoroughly enjoyed his time as an apprentice with Fjord1. He liked it so much that he applied for a position as a deck cadet after completing his mate's training. Today, he is a deck cadet aboard the MF Skopphorn, which plies the Sykkylven–Magerholm route.

The ICT apprentice

Benedikte Oddekalv Heggheim is an ICT apprentice at Fjord1.

-I joined Fjord1 in August 2020 to serve a 2.5-year apprenticeship. I think being an apprentice in this company is exciting and I am learning a lot. The working environment is good and my co-workers are both friendly and highly competent.

Trainee at Fjord1

For many years, Fjord1 has been an active participant in the trainee programme County of Tomorrow – Careers in Vestland [Framtidsfylket – Karriere i Vestland]. In 2021, the company took on two trainees in the fields of finance and technology. The scheme is part of the company's long-term recruitment strategy. Some of the company's current key resources started their careers at Fjord1 through the trainee programme.

Fjord1 works closely with a variety of maritime vocational schools and has long provided school students with periods of work experience aboard its vessels.

Trainee in the Finance Department

Through the Framtidsfylket trainee scheme, Fjord1 has recruited Ingelin Steen.

-Being a trainee at Fjord1 is both exciting and educational, as well as challenging!

From holiday temp to trainee

Through the Framtidsfylket trainee scheme, Fjord1 has recruited Pavithra Sivakolonthu (22) as a trainee in the Finance Department, starting in August. She already knows the company well, having spent four consecutive summers as a holiday temp at Fjord1.

Health-promoting working environment

Through an uncompromising attitude to safety and a systematic and targeted focus on health, the company aims to prevent work-related injuries and illnesses among its employees. No one should become ill from working at Fjord1, and the company's overarching goal is to avoid all forms of work-related absence. Follow-up and workplace adaptation are therefore a particular focus area.

At Fjord1 there is zero tolerance for harassment and negative behaviour that may be perceived as threatening or demeaning. The company strives actively to create an inclusive and inspiring working environment based on mutual respect and equality.

Reducing sickness absence is a continuous process, which requires systematic efforts year-in, year-out. Fjord1 will therefore continue to follow up its workforce closely, with a focus on prevention, the psychosocial working environment and workplace adaptation.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Operation (Increased Attendance)

Through staff surveys and regular appraisal meetings, Fjord1 aims to monitor its working environment and strive to make improvements. Employees can expect their immediate supervisors to follow them up when they are off sick, with the shared objective of facilitating their return to work at the right time.

Over time, Fjord1 has had a sickness absence rate that exceeds its target, that is higher than the industry overall and that varies from place to place. The company has frequently highlighted its efforts to reduce the sickness absence rate through a variety of campaigns.

Fjord1 has guidelines and procedures in place, but success depends on close follow-up in all areas. This close follow-up of existing procedures has been the particular focus of the Operation Increased Attendance scheme that was launched in the autumn of 2021.

A good attendance culture is a continuous process, where constant focus is crucial for success. Through good interaction and compliance with procedures on a daily basis, Fjord1 will achieve its goal of increased attendance.

As at 1 April 2021, Fjord1 had a sickness absence rate of 7.8 per cent at the company level. The goal is to reduce this initially to 5.8 per cent by 1 July 2022, and then continue working to achieve a target of 4.9%.

Operation (Increased Attendance) has the following focus areas

- Ensure the correct registration of sickness absence.
- Ensure the correct and properly documented follow-up of the person taking sick leave.
- Improve the assessment and follow up of residual capacity for work, in consultation with the individual concerned and their doctor.
- Share knowledge of "best practice" in the field.
- Improve competence in boosting employee attendance.tilsette, tillitsvalde, verneombod og leiing er ein føresetnad for å få ned sjukefråværet.

Careers and competence in the workplace

Fjord1 aims to have the most highly skilled and the most motivated employees in the industry. The company wishes to be an attractive workplace, which takes good care of its employees and focuses on professional and personal growth throughout the employment period.

Fjord1 is a competence-based workplace both on shore and at sea. It offers a wide range of job categories in a number of specialist areas. Both the framework conditions specified in the new ferry contracts and the pace of technological development require the implementation of measures to develop the organisation and strengthen its competence accordingly. Such upskilling applies not only to the company as a whole but to the individual employee as well.

Fjord1 follows the principle "attract – retain – develop", and constantly focuses on how its staff can become even better. Fjord1 regularly seeks out new competence in the labour market, but finds it equally important to focus on developing and enhancing the competence of its existing workforce. Professional and personal development is important for today's employees. In the past year, a number of new opportunities for professional development have been introduced in various areas of the company. Facilitation for and encouragement of in-house recruitment and career progression across the company is also an important tool for achieving the desired development.

Health, safety and environment (HSE)

Fjord1's vision is for zero loss of life, harm to people, emissions or material damage. The company's HSE activities are therefore crucial and have a high priority.

In 2021, we have continued working on the "Safety Boost 2020–2022" programme, whose objective is to revitalise our safety management system. The goal is to boost employees' knowledge of the system, create uniform actions and good system compliance.

During the summer, an assessment of the company's safety culture was conducted by a firm of external consultants. The assessment comprised a questionnaire that was distributed to all employees, as well as interviews with employees in various positions both on shore and at sea. The results of the assessment have been incorporated into Fjord1's efforts to develop a new HSE strategy plan for the coming years. This work commenced at the end of 2021 and the new plan will be implemented during the year ahead.

Fjord1 has been keen to involve the entire organisation in the plan's development, to ensure that all employees feel a sense of ownership. The strategy plan's objective is to raise the company's safety culture to a proactive level. This means that the entire organisation, through a combination of safety management and corporate values, engages in continuous improvement efforts to avoid unwanted incidents.

New safety management system

In 2021, Fjord1 implemented a new process-based management system, encompassing all of business areas within the company. The system is certified in accordance with the International Safety Management (ISM) Code and ISO 50001 Energy Management.

The point of the system is to enable employees to implement the company's policies and achieve its goals in an effective manner. The company means the system to be user friendly, adapted to our needs, based on risk assessments, continually updated and have legitimacy throughout the organisation. We will achieve this in part by updating the system from text-based documents to processes that clearly describe responsibilities and activities. The system helps to ensure effective and appropriate routines to ensure that the vessels are operated safely, prevent the recurrence of incidents and improve the competence of staff on shore and at sea.

Emergency response

Fjord1 shall have an emergency response organisation that can effectively handle any accidents that may affect the company. To achieve this, the company conducts emergency response exercises both in-house and with the assistance of third-party entities. By making itself available and playing an active role in such exercises, the company helps to strengthen its emergency response capability both locally and nationally.

In 2021, Fjord1 began implementing its "Proactive Emergency Response Management" procedure. This means identifying, at an early stage, measures that can steer the development of an incident in the desired direction, and implementing measures before circumstances force our hand.

To ensure that accidents are handled correctly and in a pre-agreed manner, the company has drawn up action plans covering relevant accident scenarios. Training with respect to the measures defined in these plans is an important part of our emergency response exercises, both aboard ship and within our onshore organisation. These exercises are based on realistic scenarios and emphasise the interactions between the emergency response group, the vessel's crew and the rescue service. An important aspect of the training involves dealing with the media and caring for the victims' families.

Covid-19

Fjord1 has been closely monitoring developments in the Covid-19 situation, and has at all times complied with the government's national guidelines. The company's highest priority is to protect the safety and health of its employees and passengers.

A dedicated Covid Task working group, comprising representatives from departments across the company, has enabled us to provide continuous support for management and vessels alike. Throughout the pandemic, the company has drawn up its own governing document to ensure a uniform response.

Administrative staff have worked from home as required. This has been done in compliance with local and national guidelines. In addition, we have taken the employees' assessment of their own situation into account.

Responding to the pandemic has been challenging, instructive and resource intensive. Through good dialogue with our clients, the company has largely avoided negative consequences. As a society-critical enterprise, Fjord1 has operated safely and responsibly, while protecting its employees, customers and business partners.

> In the Norwegian ferry industry, Fjord1 the biggest operator.

Operations at Fjord1

- Ferries
- List of vessels
- The 10 most heavily trafficked routes
- List of contracts
- Market share
- Passenger boats
- Catering
- Technology and projects
- Newbuilds and conversions
- Charging facilities
- SEEMP
- Graphs
- Sustainability
- Local engagement and sponsorships

Operations at Fjord1

Ferries

The Ferries segment includes operation of ferry services in six counties in Norway, with the majority in Vestland western part of Norway. Fjord1 is Norway's largest provider of ferry services. In 2021, the company operated three of the ten most heavily trafficked routes in Norway.

List of vessels

Name	Year built	PCE
Driva	1963	29
Bolsøy	1971	38
Veøy	1974	50
Sykkylvsfjord	1975	35
Kvernes	1976	25
Aurland	1977	35
Solnør	1977	36
Aukra	1978	36
Eid	1978	35
Sunnfjord	1978	46
Bjørnsund	1979	61
Geiranger	1979	35
Stordal	1979	51
Solskjel	1981	35
Sogn	1982	110
Sognefjord	1984	64
Dalsfjord	1986	28
Sulafjord	1986	106
Selje	1986	58
Romsdal	1988	73
Gulen	1989	90
Svanøy	1992	89
Ivar Aasen	1997	70
Lærdal	1997	77
Glutra	2000	120
Nordfjord	2001	54
Eira	2002	100
Volda	2002	80
Julsund	2004	99
Dryna	2005	35
Harøy	2005	35
Lote	2006	120
Bergensfjord	2006	212
Stavangerfjord	2006	240
Fanafjord	2007	212
Mastrafjord	2007	240
Raunefjord	2007	212
Årdal	2008	105
Vågsøy	2008	31
Davik	2009	45
Moldefjord	2009	128
Fannefjord	2010	128
Korsfjord	2010	128
Lifjord	2010	110
Norangsfjord	2010	120
Romsdalsfjord	2010	128
Boknafjord	2011	240
Hjørundfjord	2011	120
Storfjord	2011	120
Edøyfjord	2012	50
Hornelen	2016	60
Losna	2016	60
Gloppefjord	2017	120
Eidsfjord	2017	120
Møkstrafjord	2018	130
Husavik	2018	45
Horgefjord	2018	120
Austrått	2018	50
Vestrått	2018	50
Hadarøy	2018	120
Kommandøren	2018	120
Suløy	2019	120
Giskøy	2019	120
Rovdehorn	2019	120
Samlafjord	2019	130
Skopphorn	2019	120
Hillefjord	2019	83
Eresfjord	2019	120
Tustna	2019	80
Fedjebjørn	2019	50
Florøy	2020	83
Grip	2020	80
Bømlafjord	2020	50
Sildafjord	2020	83
Smøla	2020	50
Møringen	2020	50
Stangvikfjord	2020	50
Rødvenfjord	2021	120

Passenger Boats	Year Built	Pass-enger capacity
Fjordglytt	2000	81
Sylvarnes	2000	70
Tansøy	2006	96

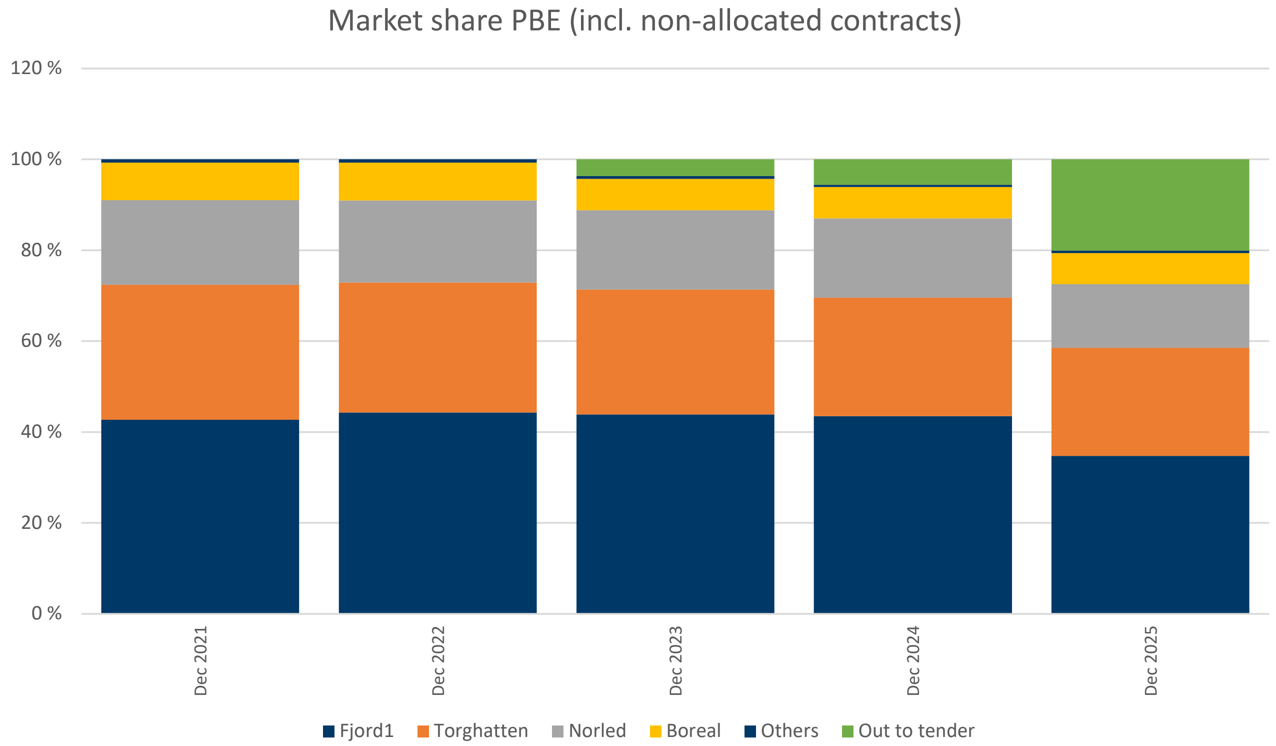
Ships under con-structions	Scheduled Deliver	PCE
TBN 1	2. kv 2023	80
TBN 2	2. kv 2023	80

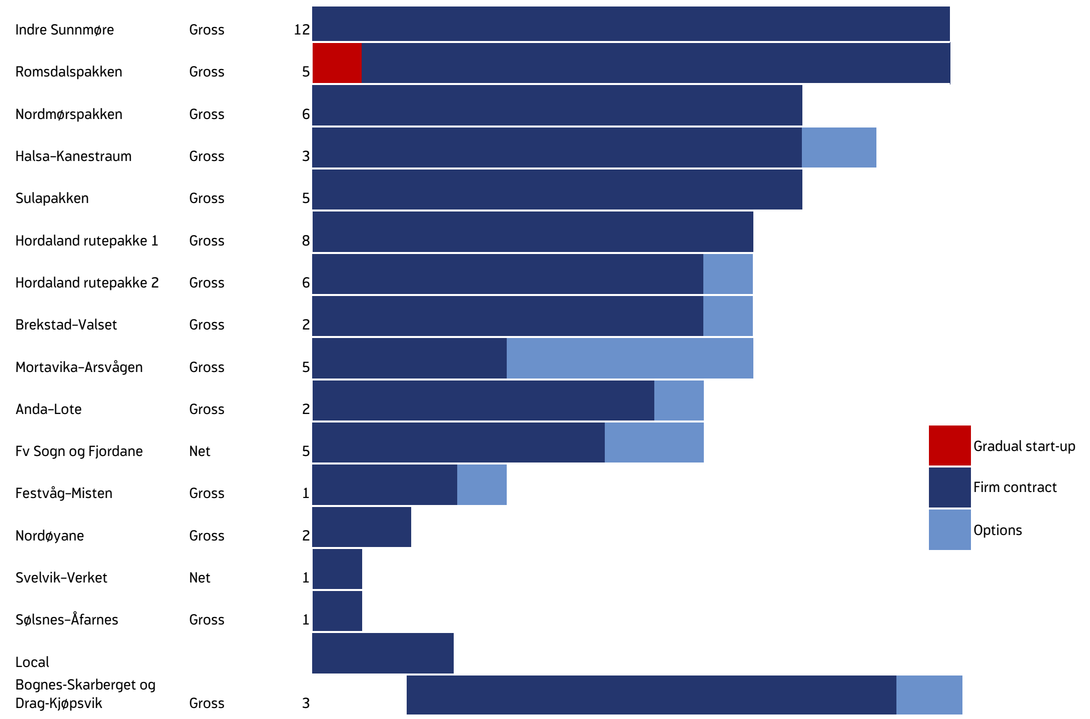
OPERATIONS AT FJORD1

Market share

10 GREATEST CONNECTIONS IN 2021

Connections	Operator	PCE (in thousands)
Moss - Horten	Torghatten	4 069
Mortavika - Arsvågen	Fjord1	2 917
Halhjem - Sandvikvåg	Torghatten	1 943
Molde - Vestnes	Boreal	1 519
Mannheller - Fodnes	Norled	1 296
Hareid - Sulesund	Fjord1	1 161
Lavik - Oppedal	Norled	1 158
Sykkylven - Magerholm	Fjord1	1 144
Festøya - Solavågen	Norled	1 143
Flakk - Rørvik	Torghatten	1 045





Passenger boats

Fjord1 operates local passenger boats on the west coast of Norway. The company owns three vessels, and leases a further seven from subcontractors. Some of the vessels carry only foot passengers, while other carry both foot passengers and vehicles.

2020 was the final year of ordinary contracts on the passenger boat routes. However, after the exercise of options, the contracts now run until 30 April 2022. The “Florabassenget” and “Midtre/Indre” contracts have been extended by two years from 1 May 2022 until a new service package starts in 2024.
In the autumn of 2021, Fjord1 lost two future contracts for passenger boat services it currently operates.
The “Rutepakke 2 lokalbåtruter i Sogn og Fjorddane” contract, for the period 2024-2036 was awarded to a competitor, as was the “Kystvegekspressen” contract for an express passenger boat service between Florø, Selje and Måløy, which will go into effect on 1 May 2024.

The company also owns 49% of Partsrederiet Kystekspressen ANS, which operates an express boat route from Kristiansund to Trondheim.

OPERATIONS AT FJORD1

Catering

Through Fjord1's own catering concept, Ferdamat, the company provides a range of high-quality foods. Food on board the company's vessels is made from quality produce and has a look that is easily recognisable for customers on all Fjord1 routes. The food served by the company is freshly made on board or by local producers, thereby ensuring a high-quality result.

Fjord1 is working continuously to renew its offering by launching new products and staging promotions and tempting special offers. In addition, the company is keen to offer products that take account of various food allergies and preferences, such as vegetarian and organic products. Fjord1's staffed kiosks offer gluten and lactose-free alternatives. Furthermore, all types of coffee are freshly brewed using whole, organically grown beans, bearing the "Fairtrade" label. Fjord1 also wishes to offer a wider range of sustainable products. In recent years, additional products of this type have been introduced in the Catering segment.

Fjord1's signature catering product is the traditional pancake known as a "svele". In 2021, the company sold around 413,000 sveler. This is less than in previous years, but is still a substantial number considering the challenges posed by the Covid-19 pandemic

New technology is also being used in the Catering segment, with Fjord1 leading the way. Fjord1 opened its first self-service kiosk in 2018. In 2021, it had a total of 42. This arrangement has been a success, with both Fjord1 and its customers appreciating this round-the-clock service.

Fjord1 has staffed or self-service kiosks aboard the majority of its vessels, which ensures that most of the company's passengers are able to buy something to eat and drink while on board. In addition, the staffed kiosks also have self-service tills, which means that passengers can still make purchases even out of hours.

By 2021, it was sold approximately

413 000

sveler

In 2021, Fjord1 has a total of

42

self-service kiosks

Tourism

Fjord1 is involved in several different tour companies, which all provide fjord-based travel experiences. The company has a long tradition of providing fjord-based travel experiences, and has in recent years sharpened its focus in collaboration with various partners, whose services, marketing and operations complement each other.

The Tourism segment has suffered under the national and international travel restrictions imposed during the Covid-19 pandemic. Developments in the Tourism segment going forward will depend on people gradually returning to their normal travel patterns once restrictions are lifted.

To soften the negative consequences of the pandemic-related international travel restrictions, Fjord1 and its partners are working to tailor their offerings to domestic Norwegian tourists.

Foto: Sverre Hjørnevik

Fjord Tours Group AS

The object of Fjord Tours Group is to foster growth in the local tourist industry and create jobs. It also aims to achieve better coordination between national, regional and local operators in the sector. In 2019, Fjord1 and the Vy Group established a 50/50 joint venture.

Fjord Tours Group will offer seamless and sustainable round trips in Norway, primarily using various types of public transport. The company offers complete package tours throughout Norway to both the national and international market. Its primary target group is the independent traveller.

Fjord Tours Group owns 74% of the shares in Fjord Tours AS and 30.5% of the shares in Geiranger Fjordservice AS.

Geiranger Fjordservice AS aims to turn Geiranger into an attractive destination, where visitors are offered experiences on the fjord and activities in the local area. The company's primary product is the passenger boat service that provides sightseeing round-trips along Geirangerfjord. Geiranger Fjordservice also offers bicycle and car rental services, and can provide transport, guided tours and a variety of activities.

Foto: Sverre Hjørnevik

The Fjords

The Fjords specialises in providing unique experiences to tourists wishing to explore the Norwegian fjords. The company operates services in the natural World Heritage Sites Nærøyfjord, Aurlandsfjord and Geirangerfjord, in addition to Lysefjord and Hardangerfjord.

The vessels have been specially built for sightseeing along the Norwegian fjords. Their design was inspired by the fjord-side mountain paths. With its specially designed vessels and a focus on product development, the company has attracted a great deal of attention both in Norway and abroad.

The company is owned 50/50 by Fjord1 and Norway's Best AS (previously Flåm AS). The establishment of this company in 2015 was a long-term investment, in which the environment and sustainable development were key

Technology and projects

The Anda–Lote route, with two fully electric ferries, has now been in operation for over three years. In line with the start-up of new green contracts, the number of hybrid battery vessels increased during the period. At the close of 2021, Fjord1 therefore had 34 hybrid battery vessels operating on 17 routes. The phasing in of new battery technology and vessel operations focused on environmental requirements and efficiency have become the new normal for Fjord1.

Newbuilds and conversions

SThe company received delivery of one newbuild vessel in 2021. This was the 120-vehicle ferry MF Rødvenfjord, which was delivered from the Tersan Shipyard in Turkey on 9 September. The vessel is now operating on the Sølsnes–Åfarnes route, along with its sister ship MF Eresfjord, which was delivered in November 2019.

The company has taken delivery of and put into service a total of 26 new hybrid battery ferries since December 2017. During the same period, a further eight vessels have been converted to hybrid-battery propulsion. The last three vessels to be converted, MF Romsdalsfjord, MF Korsfjord and MF Moldefjord, went into operation on the Halsa–Kanestraum route in the second half of 2021.

In May, a contract was signed with the Tersan Shipyard for two more newbuilds, with delivery scheduled in May and June 2023. These are 80-vehicle ferries, which will operate on the Stranda–Liabygda and Eidsdal–Linge routes.

OPERATIONS AT FJORD1

In the early summer, a contract was signed with Westcon Yards for the conversion of MF Glutra and MF Fannefjord, while Havyard Leirvik was contracted to convert MF Lote. The vessels went into dry dock in October. From 1 December 2022, the vessels will go into operation on the Bognes–Skarberget and Drag–Kjøpsvik routes in Nordland County.

When MF Glutra was commissioned in 2000, she was the first car ferry in the world to be powered by liquid natural gas (LNG). Twenty-one years later, she has completed her final voyage as a gas-powered ferry. A new life awaits her as a hybrid battery vessel, operating as the B-ferry on the Bognes–Skarberget route, one of the most heavily trafficked routes in Nordland.

Pictured from left: Captain Tron Erling Vikøren and technical inspector Kim Andrè Arnesen with MF Raunefjord in the dock at Westcon Yards Florø.

Charging facilities

Charging facilities are vital for the operation of battery-powered ferries. During 2021, Fjord1 completed the installation of several new charging facilities. At the close of the year, 34 such facilities were providing power to 28 vessels on 17 routes. Some charging facilities remain to be completed in 2022. However, the bulk of the installation project lies behind us and the company is now focusing on reliable operation of its charging systems and vessels.

The operation and maintenance of the facilities is important, and Fjord1 has developed maintenance systems and signed service contracts with critical suppliers to ensure that charging facilities have good regularity and uptime.

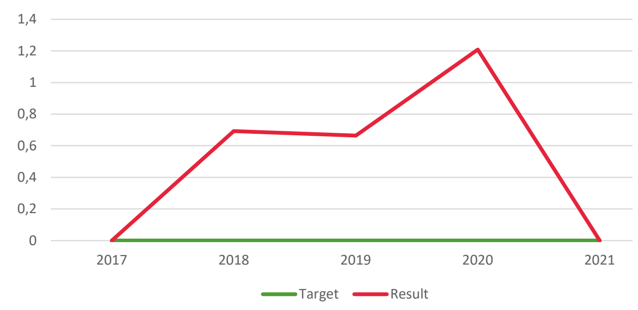
All vessels on Boknafjorden have undergone a 5-year classification. The maintenance project was completed in March 2022, and is one of the largest class projects that Fjord1 has ever had.

SEEMP

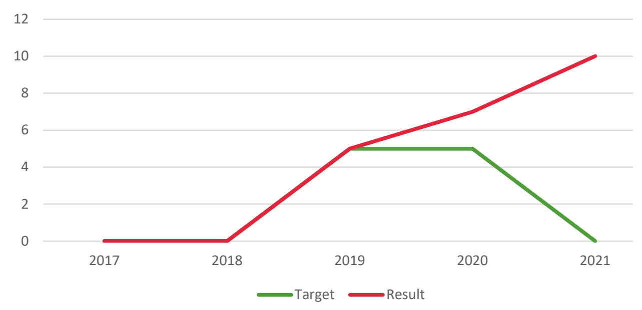
SEEMP (Ship Energy Efficiency Management Plan) is a statutory plan that all large vessels are required to have in place. Fjord1 has its own plan that is tailored to its fleet and patterns of operation. This is a key aspect of its efforts to increase the attention paid to energy consumption and reduce emission levels.

Initiatives and opportunities for more energy-efficient operations are registered in the SEEMP. Some of the most common topics include the right crossing speed, correct trim and proper maintenance of auxiliary systems.

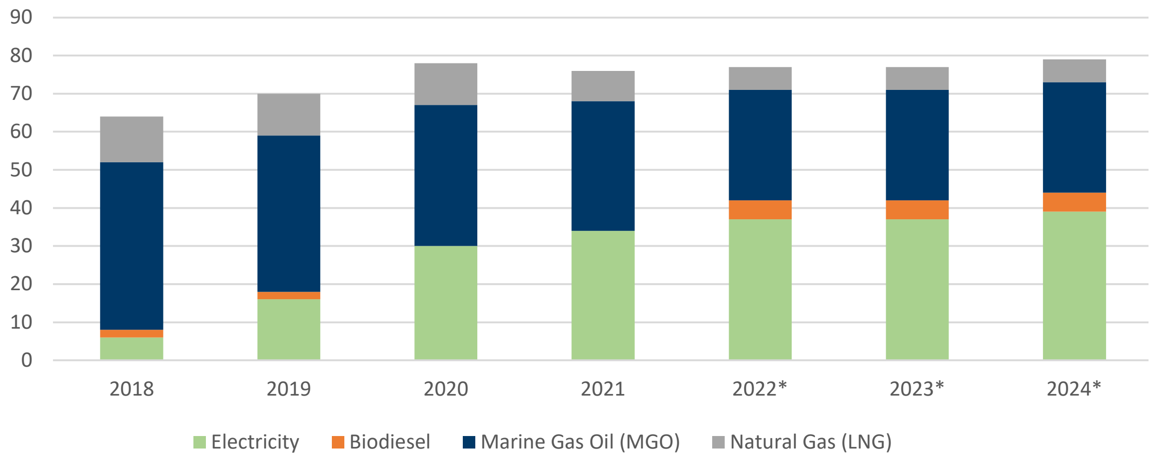
No. of allisions per 100,000 port calls



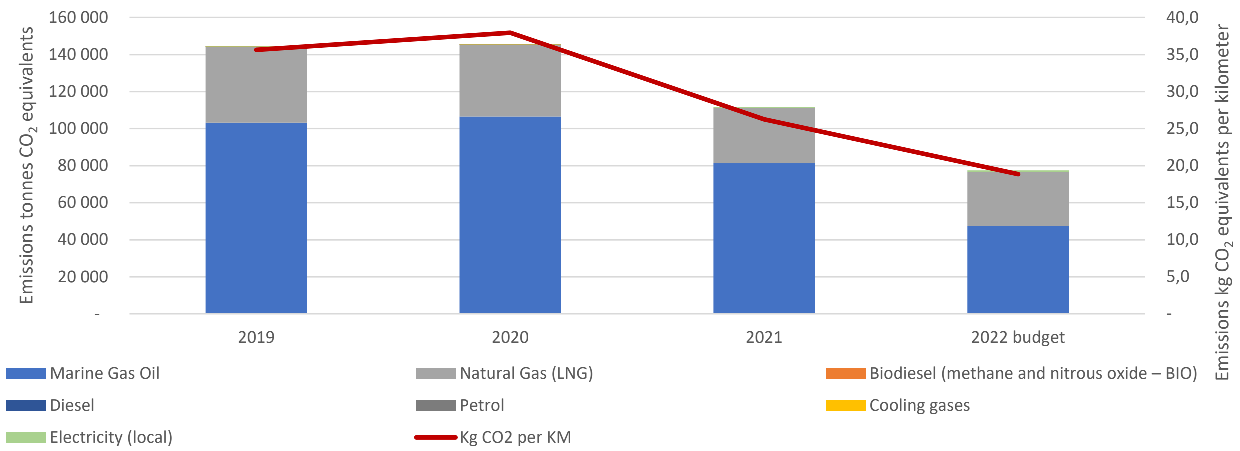
No. of pollution incidents



Number of ferries per main energy source



Emissions of CO2 equivalents by emission source



Sustainability

The main areas of sustainability prioritised by Fjord1 are the sustainable use of resources and a good working environment, as well as sound business ethics. Environmental, financial and social factors are included in Fjord1's business activities and in all parts of the company's day-to-day operation.

Fjord1 has integrated the United Nations Sustainable Development Goals (SDGs) into its overarching strategy, and has identified the SDGs where we have the best opportunity to make a difference through our continued efforts. The company is at the forefront with regard to the development of environment-friendly tourism and ferry operations in Norway.

Fjord1 will continue to pursue its long-term strategy of being the best provider of eco-friendly transport in the years to come. For more information about Fjord1's work in the field of sustainability, please see our separate Sustainability Report.

Fjord1 will continue to be an important contributor to the achievement of the UN's Sustainable Development Goals. The company has identified the following SDGs as most relevant to its operations:

By securing requirements for concluding major procurement agreements and by thinking locally and long-term in procurement practices nationally.

By contributing to innovation with own initiatives, investing in new solutions, testing new forms of energy and investing in infrastructure locally.

By reducing consumption of fossil energy sources, reducing / stopping environmental destruction, reducing food waste and implementing sustainable procurement.

By increasing the number of environmentally friendly ferries and reducing the company's total greenhouse gas emissions.

By reducing unnecessary emissions and the impact on local ecosystems, as well as facilitating that waste does not end up in the sea.

By collaborating for innovation and development of new solutions across different actors.

Local engagement and sponsorships

Through its sponsorship activities, Fjord1 wishes to promote diversity and enjoyment in the fields of sport and culture in districts where it operates ferry and passenger boat services.

The company wishes to engage in the local community and supports clubs, organisations and good causes through long-term projects and in connection with individual events. In addition, the company supports a number of individuals and entities through advertising material.

Fjord1's largest sponsorship agreements are in the field of sport and culture, where children and young people are an important target group. Through its sponsorships, Fjord1 builds relationships with customers, employees and business partners in sports, culture and the voluntary sector.

Annual report and financial statements

- Board of Directors report 2021
- Group overview – introduction
- Operational review
- Financial review
- Shareholder information
- Risks and uncertain factors
- Events after the balance sheet date
- Outlook
- Consolidated financial statements 2021
- Parent company financial statemens 2021
- Statements from the Board and CEO
- Statement from the independent auditor

Fjord1 Board of Directors' Report 2021

Fjord1 was last year transformed from a publicly held company to a private limited liability company, following the acquisition of all shares in the company by Havila Holding AS and a subsequent delisting of the shares from the Oslo Stock Exchange. The company changed its name from Fjord1 ASA to Fjord1 AS.

Group Overview - Introduction

The vision of the Fjord1 Group ("Fjord1", "the Group" or "the Company") is to be the safest and most attractive provider of environmentally friendly ferry and passenger boat transport for customers, contractors, and other partners.

Fjord1 plays a very important role in the coastal transportation infrastructure in Norway, tying together coastal communities primarily in Western and Northern Norway. Fjord1 operates 16 ferry contract packages on Norwegian fjord crossing, with associated catering services. These connections are operated with a fleet of 76 ferries. Fjord1 also provides regional passenger boats services and is engaged in environmentally friendly tourism in coastal Norway. Fjord1 is headquartered in Florø and has regional offices in Molde and Bergen.

Fjord1's values are; cheerful, open and honest, reliable and keeping all promises, profitable, proud, working together and team spirit. These values reflect the identity of the Company and its mode of operation and are used as a management tool that guides all employees in their daily tasks both internally and externally. The values have been selected by the employees and are anchored at every level of the Company.

These values guide the Company to continuously work to achieve six primary objectives:

- be the best at environmentally friendly transport
- provide our owners with stable, good returns on their invested capital
- keep the promises we make to customers
- treat our employees in a way that makes people want to work for us
- be a preferred collaboration partner for our clients
- have solid financial results, healthy business management, and quality in all processes

Traffic figures were significantly affected by Covid-19 travel restriction in both years, although the contract structures between Fjord1 and the public principals largely shield the company from the financial effects of fluctuation traffic volumes.

ANNUAL REPORT AND FINANCIAL STATEMENTS

Fjord1's main priorities during the Covid-19 pandemic have been to protect the safety and welfare of its employees, customers and suppliers, and to safeguard its operational capabilities. The company has acted responsibly and in compliance with national and local regulations and recommendations, and has remained fully operational to fulfil its responsibilities as the provider of essential transport services in coastal Norway.

Financially, 2021 was a transitional year for Fjord1. The Company completed a large vessel newbuild programme to progress the electrification of the fleet in 2020. However, the work to complete the onshore electrification infrastructure has been delayed, primarily due to Covid-19 related travel restrictions for foreign engineers working on the installation of the onshore chargers.

This had a dual adverse impact on the company's financials in 2021. Firstly, this delayed the expected fuel cost savings of switching from diesel to electricity, and the effect of this was accentuated by a significant increase in diesel prices during 2021. Secondly, the delays have led to a corresponding delay in the NOx compensation from the Government. NOx compensation is payable upon documented NOx savings, which is typically around six months after start-up of fully electric services.

Overall, the Group reported revenue of NOK 2,860 million in 2021, with the decline of 8 percent from 2020 primarily explained by the loss of the Molde-Vestnes contract at the beginning of the year. EBITDA declined by 18% to NOK 874 million, with the EBITDA-margin declining to 31 percent from 34 percent in 2020. Group profit after tax declined to NOK 137.5 million from NOK 163.5 million in 2020. More information on the 2021 financial results is to be found in the financial review of this report and in the consolidated financial statements in the annual report.

Operational Review

The Fjord1 Group has four reporting segments; Ferry, Passenger boats, Catering, and Tourism. A brief presentation of the segments and key financials follows, and additional details can be found in note 3 on Segment information in the consolidated financial statements.

Ferry

Fjord1 is a leading Norwegian ferry operator with a market share of around 42,5 percent measured by the number of passengers and vehicles transported. At the end of 2021, the Company operated 39 connections under 16 ferry contract packages.

The revenue decline in 2021 is primarily explained by the loss of the Molde-Vestnes connection at the beginning of 2021. This was only partly compensated by the new Festvåg-Misten route in Nordland county which was taken over from 1 January 2021. During the year the company was awarded a ten-year contract in Nordland with start-up late in 2022, for the Drag-Kjøpsvik and Bognes-Skarberget connections. An overview of the Company's contract portfolio at the end of 2021 can be found on page 43 in the annual report.

Traffic volumes were affected by Covid-19 both in 2020 and 2021. However, the total number of passengers increased by two percent to 16 million in 2021, whereas the number of vehicles transported increased by five percent to 9 million.

The level of operation through pandemic has been in agreement with the principals in the different county authorities (Fylkeskommunene) and the Directorate of Public Roads (Statens Vegvesen). Whenever principals have requested reduced service due to Covid-19, Fjord1 has retained its contractual revenues whereas the related cost savings have benefited the contract counterparties. The overall financial impact on Fjord1 has hence been limited.

At the end 2021, the Company's own ferry fleet counted 76 owned vessels. The vessel fleet is gradually transitioning to low- and zero emission technology, and the transitioning to electricity will reduce both direct emissions and fuel cost. At the end of 2021, approximately 45% of Fjord1's capacity was low- or zero-emission vessels.

Fjord1 in 2017-2020 carried out a vessel newbuilding program counting 25 new vessels. However, the renewal of the fleet continued in 2021, with the delivery of three LNG to hybrid-electric vessel retrofits from yards in Florø, Norway, and a new vessel delivered from yard in Turkey. At the end of the year the company had a total of 34 hybrid-electric vessels. The Company has signed contracts for three more vessel retrofits and has ordered two new ferries for delivery in 2023.

Continued work on electrification of the connections will contribute to reduce CO_2 and NOx emissions further.

Ferry (NOK million)	2021	2020
Revenue	2,631	2,881
EBITDA	827	977
EBITDA-margin	31 %	35 %
EBIT	288	484
EBIT-margin	11 %	17 %

Passenger Boats

Fjord1 operates several express boat routes in Sogn og Fjordane, with 3 owned and 7 leased vessels. Fjord1 and Vestland Fylkeskommune extended in May 2021 two out of three contracts through to 1 November 2023, after this date the contracts have been awarded to another company. Fjord1 expects to extend the vessel charters to match the contract periods for the operated routes.

Fjord1 also owns 49 per cent of Partsrederiet Kystekspressen ANS, which operates an express boat route from Kristiansund to Trondheim.

Passenger Boats (NOK million)	2021	2020
Revenue	114	120
Associated co's	4	6
EBITDA*	55	65
*EBITDA-margin***	45 %	49 %
EBIT	6	13
*EBIT-margin***	2 %	5 %

*EBITDA incl. associated companies
** Excluding associated companies

Catering

The Company's catering business provides catering services to passengers travelling with ferries and passenger boats.

Having declined sharply in 2020 due to Covid-19, the revenue in Catering stabilised in 2021. Fjord1 implemented cost-cutting measures both in 2020 and 2021 to mitigate the effect of lower demand and has also significantly expanded its self-service catering solutions during the pandemic. This has enabled the company to generate positive and increasing operating profits.

Catering (NOK million)	2021	2020
Revenue	83	85
EBITDA	18	10
EBITDA-margin	22 %	12 %
EBIT	16	7
EBIT-margin	19 %	9 %

Tourism

Fjord1 operates through both wholly owned and partly owned companies in the Tourism segment, with associates making up a significant part of the overall exposure. Reported revenues mainly reflects income from leases of vessels. Fjord1's main interests lie in the Fjord Tours Group, which is 50/50 owned with the Norwegian transport company Vy-Gruppen, and in The Fjords, which is 50/50 owned together with Aurland Ressursutvikling.

The Tourism segment has been hard hit by the travel restrictions during Covid-19 both in 2020 and 2021, and with the exception for the Norwegian holiday season the activities have for all practical purposes been shut down or run at significantly reduced capacity for since March 2020. Losses incurred in the period have only partly been offset by payments under the Government's Covid-19 compensation schemes.

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.

An overview of the Group's ownership positions can be found in note 4 in the consolidated financial statements.

Tourism (NOK million)	2021	2020
Revenue	18	22
Associated co's	(35)	(15)
EBITDA*	(33)	(16)
EBITDA-margin	n.m.	n.m.
EBIT	(35)	(18)
EBIT-margin	n.m.	n.m.

*EBITDA incl. associates. EBITDA margins and EBIT margins and not meaningful given that earnings in the segment primarily reflects associated companies

ANNUAL REPORT AND FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

DECLARATIONS REGARDING THE FINANCIAL STATEMENTS
The following sections provides an overview of the Group's and the Parent company's 2021 results, and the Board of Directors believes that the financial statements provide a fair and correct view of the Group's and the Parent company's financial development and result for 2021 and the financial position at year end.

GOING CONCERN
In according to section 3-3 of the Accounting Act, the Board of Directors confirm that the prerequisites for continued operations as a going concern have been met. This assumption is based on the preparations of the accounts, forecast and budgets for 2022 and the Group's long-term forecast.

Financial review – Group (2020 numbers in brackets)

PROFIT AND LOSS
In 2021, the Group's total revenue amounted to NOK 2,859 million (NOK 3,118). The EBITDA was NOK 874 million (NOK 1,063 million), resulting in an EBITDA-margin of 31 % (34%). Operating profit (EBIT) was NOK 280 million (NOK 491 million), whereas profit after tax was NOK 138 million (NOK 163 million).

The revenue decline of 8 percent compared to 2020 mainly reflects the loss of the large Molde-Vestnes connection, which was partly compensated by the new smaller route on Festvåg-Misten in Nordland.

Operating costs overall declined by 4 percent in 2021, explained mainly by the lower activity level. The increase in the cost percentage reflects higher fuel prices and higher maintenance costs compared with 2020. Diesel consumption was also higher than expected, due to delays in the completion of electrification infrastructure and the corresponding start-up of fully electric routes.

Net financial costs amounted to NOK 108.4 million in 2021 (NOK 284.5), mainly reflecting lower interest expenses and significantly improved earnings in the 34% owned associated company WF Holding (Widerøes Flyveselskap). The latter reflects both increasing activity after the lifting of travel restrictions and gains from forward contracts on jet fuel.

Fjord1 hence made a profit before tax of NOK 171.7 million for 2021, compared to a profit of NOK 206.9 million in 2020. Tax amounted to NOK 34.2 million (NOK 43.4), generating a net profit of NOK 137.5 million for 2021. This compares to a net profit of NOK 163.5 million in 2020.

Earnings per share on an ordinary and fully diluted basis came to NOK 1.37 in 2021, down from NOK 1.63 for the 2020.

FINANCIAL POSITION
At the end of 2021, total assets amounted to NOK 10,281 million (NOK 10,339 million). Non-current assets amounted to NOK 9,453 million (NOK 9,187), with vessels and other PPE accounting for NOK 8,606 million or 91 per cent (NOK 8,492). 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 amounted to NOK 682 million including inventories, trade receivable, other receivables and cash and cash equivalents (NOK 996 million). The decrease reflects lower trade receivables and cash holdings, somewhat offset by higher inventories.

Cash and cash equivalents stood at NOK 145 million at the end of the year (NOK 402).

The equity ratio was 25% (23%) at year end. Equity increased by NOK 143 million to NOK 2,570 million (NOK 2,427 million).

At the end of the year, the Group had non-current liabilities of NOK 4,318 million (NOK 5,893 million), and current liabilities of NOK 3,393 million (NOK 2,019 million). Total liabilities hence declined by roughly NOK 201 million.

Net interest-bearing debt stood at NOK 5,091 million at the end of 2021 (NOK 5,503). Although net debt has passed the peak it declined less than expected in 2021, due to delays in the completion of the electrification infrastructure. More information can be found in 15 Borrowing.

The Boards of Directors considers the Group's financial position to be satisfactory.

CASH FLOW
In 2021, net cash flow from operating activities was NOK 1,195 million (NOK 907 million), reflecting higher cash earnings due to new contracts and positive changes in net working capital.

Net cash outflow from investing activities was NOK 699 million in 2021 (NOK 1,435 million), net of 44.4 million in total NOx compensation received during the year. The significantly lower investment level reflects that the company passed the peak of its vessel renewal program and onshore infrastructure investments in 2020.

Net cash flow from financing activities was a negative NOK 753 million in 2021 (NOK +446 million), mainly reflecting repayments of debt. The company will continue using part of its cash flow from operating activities to repay debt also going forward.

Cash and cash equivalents at year end was NOK 145 million (NOK 402 million).

FINANCING AND FUNDING
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.

Net interest-bearing debt (NIBD) amounted to NOK 5,091 million at the end of December 2021, compared to NOK 5,503 at the end of 2020. 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 compensation for lower emissions 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. Please see Note 8 – Borrowings for further details.

On 31.03.22 Fjord1 refinanced the group's loan facilities. Completion of the Refinancing is subject to documentation and customary closing mechanisms and is expected to occur in April 2022 or early May 2022.

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 indicate a lower investment level in 2022 and 2023 than in 2020 and 2021. Please see note 17 – Commitments for further detail.

The Boards of Directors considers the Group's liquidity to be satisfactory.

Financial review – Parent company (2020 numbers in brackets)

PROFIT AND LOSS
In 2021, the Parent's total revenue amounted to NOK 2,856 million (NOK 3,116 million). The EBIT was NOK 328 million (NOK 489 million). Profit for the year was NOK 119 million (NOK 208 million).

FINANCIAL POSITION
At the end of 2021, total assets amounted to NOK 9,756 million (NOK 9,910 million). The total equity of the Parent company was NOK 2,385 million (NOK 2,266 million). The total equity ratio was 24% (23%) at year end.

At the end of the year, the Parent company had non-current liabilities of NOK 4 280 million (NOK 5,905 million), and current liabilities of NOK 1,963 million (NOK 841 million).

The Boards of Directors considers the Parent's financial position to be satisfactory.

CASH FLOW

In 2021, net cash flow from operating activities in the parent company was NOK 1,141 million (NOK 795 million). Net cash flow used in investing activities was NOK 695 million (NOK 1,398 million). Net cash flow from financing activities was negative NOK 682 million (positive NOK 510 million).

The total net change in cash and cash equivalents was NOK negative 236 million in 2021, and cash and cash equivalents at year end were NOK 136 million (NOK 373 million).

The Boards of Directors considers the Parent company's liquidity to be satisfactory.

OTHER INVESTMENTS

Fjord1 has a 34% ownership in WF Holding AS. This is a financial interest in Widerøe's Flyveselskap AS. Widerøe is the largest regional airline in the Nordic countries, with both commercial and PSO (public service obligation) routes in Norway. The airline owns and operates 45 aircraft, serving 50 destinations in Norway and Scandinavia.

DIVIDEND

Fjord1's underlying long-term business provides for a balanced, owner-friendly and long-term dividend policy. The Company's dividend policy is to pay dividends of up to 50% of the Group's profit for the year after tax. The dividend payment is evaluated considering the Group's financial position. The Company's capital structure is adapted to the Group's strategy and risk profile. Decisions regarding dividend payments will be made by the General Meeting based on a proposal by the Board of Directors.

ALLOCATION OF PROFIT IN THE PARENT COMPANY

In 2021, Fjord1 AS, the Parent company reported an income of NOK 2,856 million (NOK 3,116 million). Operating profit was NOK 328 million (NOK 489 million) while the after-tax profit was NOK 119 million (NOK 208 million). The parent company's financial statements are disclosed in the annual report.

CORPORATE SOCIAL RESPONSIBILITY

Fjord1 is committed to corporate social responsibility and lives up to this through its values and ethical guidelines. For 2021, the company has prepared a sustainability report that describes Fjord1's corporate social responsibility in line with Section 3-3c of the Norwegian Accounting Act. The sustainability report reviews topic such as the company's long-term value creation, climate change, humanity and local communities, innovation and development, ethical guidelines and focus at sustainability in our value chain. For more information read Fjord1's sustainability report 2021.

SAFETY

Fjord1's vision is to be the safest and most attractive provider of environmentally friendly ferry and passenger boat transport for customers, contractors and other partners. The vision sets the ambition for safety within the Group. The Group has high safety standards and expectations which are clearly communicated through the Company's procedures, policies, and safety targets. Reference is being made to the Safety section in the Annual Report 2021 on page 35.

ENVIRONMENT

Fjord1's vision sets the Group's ambition for environment: to provide the most environmentally friendly ferry and passenger boat transportation. The Group will continue to upgrade existing vessels for electricity use. The Group expects the transition to zero- and low emission fuel to continue.

Fjord1 monitors its emissions to sea and air closely. The Group operates within all environmental legislation and regulations. The Group's main source of greenhouse gas emissions is fuel combustion. In Fjord1's new contracts there are strict requirements for low- or zero emission fuel. As the low- or zero emission fuel vessels get fully operational, average emissions per passenger transported are expected to be reduced. As is the case for most electricity in Norway, the electricity for the vessels is generated from renewable energy sources.

Reference is being made to the Sustainability report 2021.

PEOPLE

The employees are the Group's most important resource, and Fjord1's ambition is to have the most satisfied employees in the transportation industry. At the end 2021, Fjord1 had 1,201 full-time equivalents, compared to 1,257 in 2020, with the decline reflecting a lower activity level after the phasing out of the Molde-Vestnes contract. Fjord1's culture is built on its values; cheerful, open and honest, reliable and keeping our promises, profitable, working together and team spirt and proud.

Fjord1 focuses on employee well-being. The Group has continuous and systematic follow-up of employee health and working environment. In 2021, the sickness absence rate was 6.5% compared to 7.6% in 2020. These numbers were adversely affected by Covid-19 in both years. The Group will continue with a close follow-up of the absence rate due to sickness. Fjord1 will continue to focusing on preventive activities, on the psychosocial working environment, work adaption, and closer follow-up of employees on sick leave. The Group embraces equality and continues to strive for a more diverse organization including a better gender balance. The share of female employees was 38% at the end of 2021 (37%), and the share of females working onboard the vessels was 10% in 2021 (10%). The relatively low share of female employees must be seen in the context of the share of females choosing a maritime career. The Group is aware of the importance of treating men and women equally in terms of salary and salary adjustments. Fjord1 AS is an Inclusive Working Life company (IWL) and has drawn up its own IWL plan. The Groups' goal is to be a workplace where there is no discrimination.

Reference is being made to equality section in the Annual report 2021 and the section for code of conduct in the Sustainability report 2021.

CORPORATE GOVERNANCE

Fjord1 AS values good corporate governance, as this fosters effective and sustainable use of resources, strengthens operational risk management, and fortifies all stakeholders' confidence in the company. This benefits financial stakeholders, employees, customers, and society at large.

The company's Articles of Association are available on the company's website. The Company operates in compliance with Article 2: "The Company's purpose is to engage, either on its own or through full or partial ownership in other businesses, in activities related to transport, communication and tourism." The Board of Directors has set a strategy, risk profile and goals within the framework of Article 2, and the company operates with a satisfactory capital structure and liquidity considering the strategy, risk profile and goals.

As a Fjord1 was a public limited company (ASA), the company adhered to the Norwegian Code of Practise for Corporate Governance (the Code). During 2021, the company transformed from an ASA to a private limited company (AS), following the acquisition of all shares by Fjord1 TopCo AS, which in turn is owned 50/50 by Havila AS and US-based Vision Ridge Partners. Given the change in incorporation and the ownership structure major parts of the Code are no longer relevant.

Fjord1 has nevertheless retained an organization and mandates for the Board of Directors, the management, the Audit Committee, and the Nomination Committee that are compliant with the Code. This includes the Board of Directors' responsibilities to ensuring that the company has a dedicated system for risk management and internal control, and the retainment of PwC as the company's auditor.

Insurance has been taken out for the board members (directors) and senior officers for the personal liability for asset damage that they may incur in connection with the exercises of their positions (board and management responsibilities). The insurance is subscribed for on market terms in an international insurance company with a solid rating.

The company also maintains its Code of Conduct, the framework for transactions with related parties, the regulations for handling of inside information, and the guidelines for information and investor relations.

The company is conscious of its corporate social responsibility for the environment and the local communities in which we operate along the Norwegian coast. The company has established guidelines for corporate social responsibility, human rights, labour rights, equality and non-discrimination, working conditions, protection of the external environment and corruption prevention, pursuant to the Norwegian Accounting Act. These matters are described in more detail in the Sustainability report.

The Code's guidelines for equal treatment of shareholders, dividend policy, authorizations for purchase of shares, authorizations to increase share capital, freely negotiable shares, and general meetings have been retained as far as they are relevant given the current incorporation and ownership structure.

SHAREHOLDER INFORMATION

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 hence 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 de-listed from the Oslo Stock Exchange on 23 August 2021.

Following the delisting, Fjord1 deregistered as a public limited company (ASA) and registered as a private 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 Havilafjord AS and US-based Vision Ridge Partners.

RISK AND UNCERTAINTY FACTORS

The Group is exposed to various types of operational, financial and market risk which are monitored and assessed on a continuous basis. Over the past two years these risks have been accentuated by the Covid-19 pandemic and the public health measures intended to limit the spreading of the disease.

Fjord1 has embraced its responsibility for the safety and security of employees and customers during the Covid-19 pandemic, and its responsibilities as a provider of critical transport infrastructure services in coastal Norway. Fjord1 has remained fully operational throughout the pandemic. The company's long-term contracts with Norwegian county authorities (Fylkeskommuner) and the Norwegian Public Roads Administration (Statens Vegvesen) are primarily based on capacity and sailing frequencies rather than traffic volume, which to a large degree has shielded the revenue streams from changes in traffic volumes.

Travel restrictions to contain Covid-19 have affected the progress of onshore infrastructure projects in both 2020 and 2021.. Delayed completion of the electrification infrastructure has postponed the release of government-funded NOx compensation for the vessels, public infrastructure payments, and the forecasted fuel cost savings after transitioning to full-electric routes.

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 2021. 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 heavily affected by the Covid-19 situation in both 2020 and 2021, 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 the concluded during the first half of 2022.

More information on the Group's financial risk management can be found in Note 12 Financial risk management, financial assets, and financial liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

On 16.03.2022 the contract counterparty declared one option year on the contract Fylkesveg Sogn og Fjordane, extending the contract from 2025 to 2026.

On 31.03.22 Fjord1 refinanced the group's loan facilities. Completion of the Refinancing is subject to documentation and customary closing mechanisms and is expected to occur in April 2022 or early May 2022.

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.

CONSOLIDATED FINANCIAL STATEMENTS

2021

Consolidated statement of profit or loss

AMOUNTS IN NOK THOUSANDS	NOTE	2021	2020
Revenue	3	2 834 854	3 086 160
Other income	3, 5	25 042	31 611
Total income		**2 859 896**	**3 117 771**
Purchased goods and fuel		(367 830)	(404 143)
Personnel expenses	7, 14, 19	(1 021 732)	(1 096 041)
Other operating expenses	8	(564 983)	(545 615)
Total operating expenses		**(1 954 544)**	**(2 045 799)**
Share of profit/(loss) from associates	4	(31 103)	(9 026)
Operating profit before depreciation and impairment (EBITDA)		**874 249**	**1 062 946**
Depreciation	11, 16	(586 773)	(525 807)
Impairment	11	(7 414)	(48 935)
Reversal of impairment	11	-	3 105
Total depreciation and impairment		**(594 187)**	**(571 637)**
Operating profit (EBIT)		**280 062**	**491 308**
Share of profit/(loss) from other associates	4	65 289	(41 958)
Interest income	12	10 129	2 514
Interest expense	12	(178 922)	(214 897)
Other financial items, net	8	(4 860)	(30 127)
Net financial income/(expenses)		**(108 364)**	**(284 468)**
Profit/(loss) before tax		**171 698**	**206 839**
Income tax (expense) / income	9	(34 186)	(43 374)
Profit/(loss) for the year		**137 513**	**163 466**
Attributable to:			
Parent company owners		137 072	162 985
Non-controlling interest		441	481
Basic earnings per share (in NOK)*	10	1,37	1,63
Diluted earnings per share (in NOK)*	10	1,37	1,63

*Based on weighted average number of shares outstanding. Reference is made to note 10 and 13 regarding earnings per share and share capital.

Consolidated Statement of Comprehensive Income

AMOUNTS IN NOK THOUSANDS	NOTE	2021	2020
Profit/(loss) for the year		137 513	163 466
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Share of other comprehensive income of associates accounted for using the equity method - net of tax	4	3 677	(1 813)
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on pension obligations - net of tax	14	1 941	(4 300)
Total		**5 618**	**(6 113)**
Total other comprehensive income for the year, net of tax		**5 618**	**(6 113)**
Total comprehensive income for the year		**143 130**	**157 353**
Attributable to:			
Parent company owners		142 690	156 872
Non-controlling interest		441	481

Consolidated Statement of Financial Postition

AMOUNTS IN NOK THOUSANDS	NOTE	31.12.2021	31.12.2020
Assets			
Non current assets			
Deferred tax assets	9	241 411	166 593
Property, plant and equipment	11	8 606 022	8 491 947
Right-of-use assets	16	69 109	87 067
Investments in associates	4	514 365	436 506
Other non-current financial assets	12	21 914	4 895
Total non-current assets		**9 452 821**	**9 187 008**
Current assets			
Inventories		27 573	20 204
Derivative financial instruments	12	57	-
Trade receivables	12	269 923	309 429
Other current receivables	12	239 046	264 345
Cash and cash equivalents	12	144 560	401 836
		681 158	995 814
Assets classified as held for sale	11	146 732	156 340
Total current assets		**827 890**	**1 152 154**
Total assets		**10 280 711**	**10 339 162**
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	13	250 000	250 000
Share premium		360 924	360 924
Treasury shares	13	(3 617)	(3 617)
Retained earnings		1 957 172	1 814 481
Total equity attributable to owners of the parent		**2 564 479**	**2 421 788**
Non-controlling interests		5 485	5 226
Total equity		**2 569 964**	**2 427 014**
Non-current liabilities			
Borrowings	12, 15	2 871 130	4 747 106
Derivative financial instruments	12	1 479	6 890
Non-current lease obligations	16	31 682	24 518
Net employee defined benefit liabilities	14	24 639	32 289
Other non-current liabilities	5	534 543	335 391
Deferred tax liabilitites	9	854 709	746 639
Total non-current liabilites		**4 318 181**	**5 892 832**
Current liabilities			
Borrowings	12, 15	2 364 046	1 157 972
Derivative financial instruments	12	-	1 175
Current lease obligations	16	38 328	64 255
Trade and other payables	12	110 551	146 923
Current income tax liabilities	9	934	617
Social security and other taxes		107 250	102 128
Other current liabilities	12	771 457	546 245
Total current liabilities		**3 392 565**	**2 019 315**
Total liabilities		**7 710 747**	**7 912 148**
Total equity and liabilities		**10 280 711**	**10 339 162**

ANNUAL REPORT AND FINANCIAL STATEMENTS

The Board of Directors of Fjord1 AS

Florø, 6 April 2022

Vegard Sævik
Chairman

Per Rolf Sævik
Board member

George W Polk
Board member

Pål Harr Wefring
Board member

Reidar Tangen
Board member

Reuben Aguilar Samuels Munger
Board member

Dagfinn Neteland
CEO

Consolidated Statement of Changes in equity

AMOUNTS IN NOK THOUSANDS	Attributable to owners of the parent						
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES[1]	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 01.01.2020	**250 000**	**360 924**	**(3 616)**	**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 year	-	-	-	(6 113)	**(6 113)**	-	**(6 113)**
Total comprehensive income for the year	-	-	-	**156 872**	**156 872**	**481**	**157 353**
Aquisition of treasury shares	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Other contributions to owners	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Balance at 31.12.2020	**250 000**	**360 924**	**(3 616)**	**1 814 481**	**2 421 788**	**5 226**	**2 427 014**
Balance at 01.01.2021	**250 000**	**360 924**	**(3 616)**	**1 814 481**	**2 421 788**	**5 226**	**2 427 014**
Profit/(loss) for the period	-	-	-	137 072	**137 072**	441	**137 513**
Other comprehensive income for the year	-	-	-	5 618	**5 618**	-	**5 618**
Total comprehensive income for the year	-	-	-	142 690	**142 690**	441	**143 130**
Aquisition of treasury shares	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(184)	**(184)**
Other contributions to owners	-	-	-	-	-	-	**-**
Transactions with owners	-	-	-	-	-	**(184)**	**(184)**
Balance at 31.12.2021	**250 000**	**360 924**	**(3 617)**	**1 957 172**	**2 564 479**	**5 485**	**2 569 964**

[1] See note 13.

Consolidated Statement of Cash Flows

AMOUNTS IN NOK THOUSANDS	NOTE	2021	2020
Operating activities			
Profit before tax		171 698	206 839
Adjustments for:			
Depreciation and impairment	11, 16	594 187	571 637
Interest expense - net		168 793	212 383
Change in fair value of financial instruments	12	(6 643)	(38)
Non-cash post-employment benefit expense		(7 650)	19 184
Gain on disposal of property, plant and equipment		8 115	2 826
Share of profit from associates and joint ventures		(34 187)	50 985
Change in working capital:			
Trade receivables		39 506	(170 267)
Inventories		(7 369)	2 253
Trade payables		(36 372)	(55 597)
Other accruals		458 066	266 550
Cash generated from operations		**1 348 145**	**1 106 755**
Interest paid		(163 342)	(201 311)
Interest received		10 129	2 514
Income tax paid		(185)	(1 044)
Net cash from operating activities		**1 194 746**	**906 914**
Investing activities			
Purchases of property, plant and equipment	11	(657 850)	(1 427 915)
Purchase of shares incl. joint ventures		(46 310)	(11 000)
Proceeds from dividends from associates		6 314	3 151
Proceeds from sale of property, plant and equipment	11	5 370	1 298
Net proceeds/(investments) from other non-current financial assets		(17 018)	(225)
Proceeds from lease receivable		10 419	-
Net cash used in investing activities		**(699 074)**	**(1 434 690)**
Financing activities			
Proceeds from borrowings	12	163 755	1 210 506
Repayment of borrowings	12	(850 217)	(700 126)
Payment of lease obligation	16	(66 486)	(64 852)
Net cash used in financing activities		**(752 947)**	**445 529**
Net change in cash and cash equivalents		**(257 275)**	**(82 247)**
Cash and cash equivalents 01.01.		401 836	484 081
Cash and cash equivalents at 31.12.		**144 560**	**401 836**

Note 1 Accounting Principles

General information
Fjord1 AS and its subsidiaries (together 'the Group') operates passenger ferries and other passenger boats in Norway. The Group's core business is concentrated at sea transportation through its operation of ferries and express passenger boats, in addition to on-board catering operation. Fjord1 AS is incorporated and domiciled in Norway. The address of its registered office is Strandavegen 15, 6900 Florø, Norway.

These consolidated financial statements were approved by the Board of Directors on 6. April 2022.

These consolidated financial statements have been audited.

Basis for preparation
These consolidated financial statements of Fjord1 AS for the year ended December 31, 2021, have been prepared in accordance with International Financial Reporting Standards (IFRS).

Going concern
The Group has adopted the going concern basis in preparing its consolidated financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing ferry contracts and other service contracts, debt service and obligations under existing newbuilding contracts. Forecasts 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.

Basis of measurement
The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, and derivative instruments, which are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

Changes in accounting policies and disclosures
The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:
- Covid-19-related Rent Concessions – Amendments to IFRS 16
- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The group also chose to implement the following changes at an early stage:
- Annual Improvements to IFRS Standards 2018-2020 Cycle.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Principles of consolidation and equity accounting
Subsidiaries
(i) Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates
Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.
Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described below in the section "Impairment of assets".

(iv) Changes in ownership interests
The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Fjord 1 AS.

Principles of consolidation and equity accounting
When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.
The Board of Fjord1 AS is deemed to be the chief operating decision maker.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian kroner, which is Fjord1 AS functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.
Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Revenue recognition
Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service

The specific accounting policies for the group's main types of revenue are as follows:
(i) Sale of goods: The Group offers certain catering services related to its ferry operations where revenue is recognised when the item is sold to a customer.

(ii) Sale of tickets: Revenue from sale of tickets are recognised as revenue when it is sold to a customer. For prepaid travel cards, revenue is deferred and recognised when utilised.

(iii) Revenue from ferry contracts: The group derives revenue from operating ferries and passenger boats on behalf of public authorities. There are two types of contract:
- Gross contracts, where the Group receives a fixed annual index-adjusted fee. The amount received each year depends on the planned number of voyages. Number of voyages is used as a measure of progress. The index used to adjust the transaction price compensates for price changes on input factors required to operate the vessels. The variability in transaction price caused by the index is allocated to the year to which the adjustment relates. If the index increases throughout the contract period, revenue will therefore increase year by year. The Group receives monthly/quarterly payments from the public authority, while ticket fees collected from passengers are transferred to the public authority each month.

- Net contracts, where the Group assumes the risk related to passenger volume and receives a fixed fee from the contractor in addition to revenues from sale of tickets to passengers. The fixed fee from the public authority is recognised over the contract period using number of passengers as a measure of progress. The contracts will usually have the same index adjustments as for the contracts above. The ticket revenues are a variable component of the transaction price, which is recognised as revenue on a voyage-by-voyage basis.

The Group is entitled to compensation for lost revenue when the customer introduced a new tariff structure compared to assumptions outlined in the tender for certain ferry contracts. The parties are yet to agree on the final calculation of the compensation. The compensation is considered to be a variable consideration, where the most likely amount of consideration is recognised as revenue in the financial statements. A variable consideration is only recognised to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Leases
The Group's leasing policy is described in note 16.

Impairment of assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 12 for further information about the group's accounting for trade receivables and credit risk.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

i) Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For the purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, employee loans and other non-current receivables.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.
Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity instruments which the Group had not irrevocably elected to classify at fair value through OCI.

Derecognition
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred substantially all the risks and rewards of the asset.

When changing the basis for determining contractual cash flows that are necessary as a direct consequence of the IBOR reform and which are considered economically equivalent, the Group applies the Interest Rate Benchmark Reform Phase 2. This means that such changes will not result in an immediate gain or loss in the income statement.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:
- Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

- Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 15.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

When changing the basis for determining contractual cash flows that are necessary as a direct consequence of the IBOR reform and which are considered economically equivalent, the Group applies the Interest Rate Benchmark Reform Phase 2. This means that such changes will not result in an immediate gain or loss in the income statement.

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivatives and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has no designated hedges as the derivatives used by the Group does not qualify for hedge accounting.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.
When changing the basis for determining contractual cash flows that are necessary as a direct consequence of the IBOR reform and which are considered economically equivalent, the Group applies the Interest Rate Benchmark Reform Phase 2. This means that such changes will not result in an immediate gain or loss in the income statement.

Property, plant and equipment
All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are disclosed in note 11.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 11)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit

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or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Assets held for sale
The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Trade and other payables
These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

Provisions
Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits
The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans. All pension schemes are in accordance with the requirements in the Norwegian Act relating to mandatory occupational pensions.

Pension obligations
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Earnings per share
(i) Basic earnings per share Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding shares issued during the year and excluding treasury shares (note 10)
(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
-the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Note 2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

1) Recognition of variable consideration
The Group is entitled to compensation for lost revenue when the customer introduced a new tariff structure compared to assumptions outlined in the tender for certain ferry contracts. 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

Per 31.12.2021 the Group has a receivable 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.

2) Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that the assets may be impaired. If any indication exists, or when annual impairment testing is required by IFRS, the Group estimates the assets' recoverable amount.

An impairment loss recognised in prior periods for the assets other than goodwill shall be reversed if, and only if, there has been a change in estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount is increased to the recoverable amount of the impaired assets.

The carrying amount of the Group's vessels represents a significant share of the total assets in the statement of financial position. Consequently, policies and estimates linked to the vessels have a significant impact on the Group's financial statements.

The Group has determined that impairment indicators existed at the reporting date. As a result, the Group has performed impairment assessments at 31 December 2021.

The impairment test is based on fair value less costs of disposal. Each ferry contract, including designated vesssels for the ferry contract, is determined to be a cash-generating unit (CGU). Since each CGU is primarily measured at contract level, the Group uses fair value less costs of disposal and not value in use. When calculating fair value, the Group use cash flow projections for the remaining contract period and estimate residual values at the end of each contract. Forecasted cash flows are based on the latest EBITDA forecast taking into account the contract terms and forecasted operating expenses, together with forecasted maintenance capital expenditures.

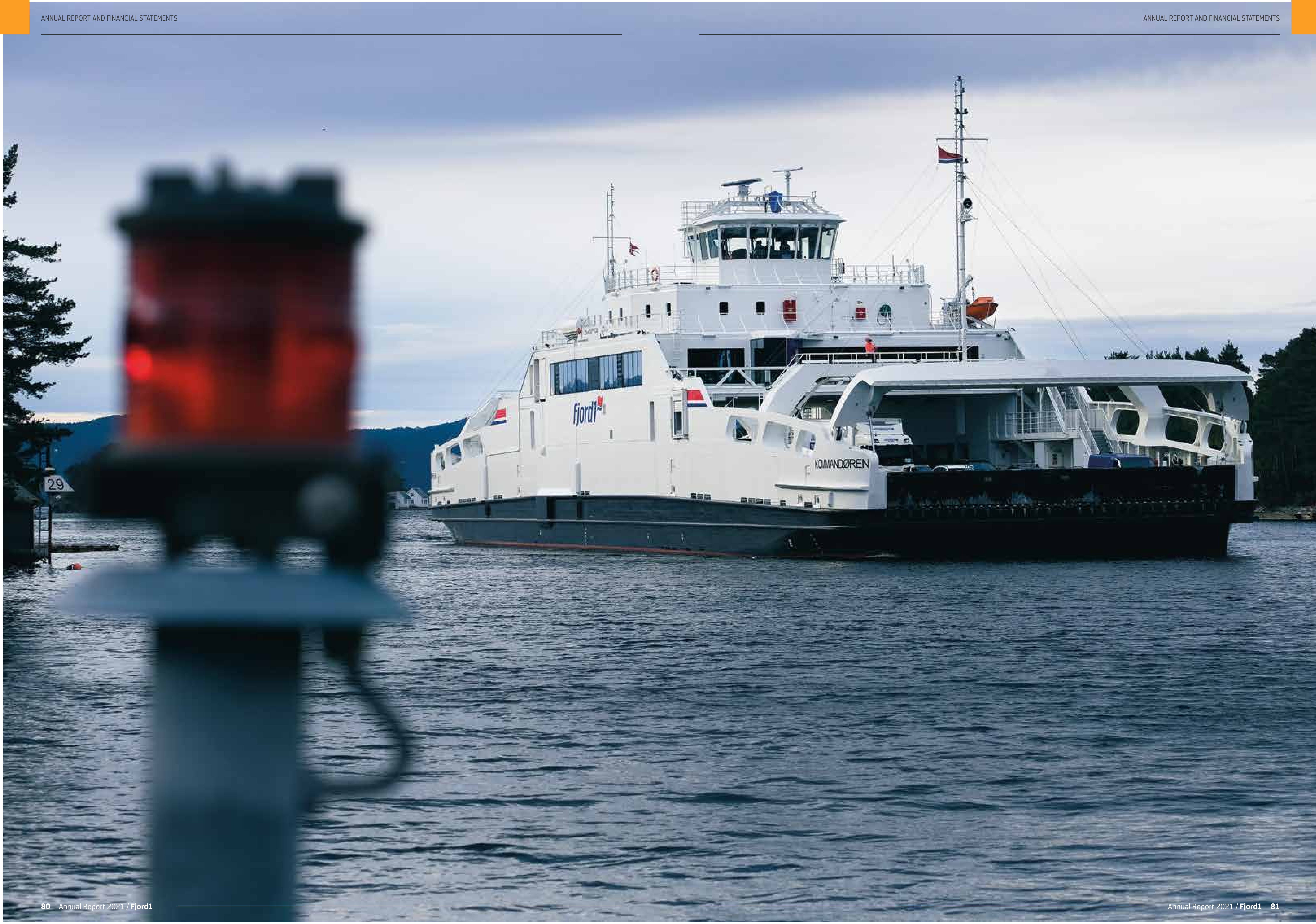
At the end of the contract period, the Group has estimated a realisable value of each vessel. The realisable value is based on the average of two external broker estimates obtained at the balance sheet date adjusted for inflation and expected depreciation during the remaining contract period. The broker valuations are based on the basis of "willing seller and willing buyer" and on a contract free basis.

The total of the present value of the contract and the present value of the estimated realisable values at the end of the contract period are deemed to be the Group's estimate of the vessels fair value less costs of disposal.

The Weighted Average Cost of Capital (WACC) is used as a discount rate in the calculation of the present value of the contracts, and reflects a normalised capital structure for the industry. The WACC represents the rate of return the Group is expected to pay to its sources of finance for cash flows with similar risks. Cash flows are calculated after tax and discounted with an after tax discount rate. The nominal WACC used in the calculations is 5.1%.

Sensitivity analysis have been carried out for the key assumptions in the assessment, including WACC, EBITDA and residual value.

Reference is made to note 11 for further details.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Note 3 Segment information

The Group provides ferry- and passengerboat 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 segment reporting to the chief operating decision-maker does not include a segment balance or segment cash flow. 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
- Passengerboat
- 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.

All Group activities are carried out in Norway. The Group has the following customers representing more than 10% of revenue:

		2021		2020	
Amounts in NOK thousands	Segment	Income	%	Income	%
Vestland fylkeskommune	Ferry, Passengerboat	885 104	31%	914 483	29%
Møre og Romsdal fylkeskommune	Ferry	875 692	31%	840 639	27%
Statens Vegvesen	Ferry	757 223	26%	996 979	32%
Total		**2 518 019**	88%	**2 752 101**	88%

Year ended 31 December 2021

Amounts in NOK thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Income							
External customers	2 630 538	114 477	83 359	18 163	2 846 537	13 357	2 859 896
Total income	**2 630 538**	**114 477**	**83 359**	**18 163**	**2 846 537**	**13 357**	**2 859 896**
Operating expenses excluding depreciation and impairment	(1 803 863)	(62 861)	(65 043)	(16 402)	(1 948 169)	(6 376)	(1 954 544)
Share of profit/(loss) from associates	-	3 833	-	(34 935)	(31 102)	-	(31 103)
EBITDA	**826 676**	**55 449**	**18 316**	**(33 174)**	**867 267**	**6 981**	**874 250**
Depreciation	(530 806)	(49 721)	(2 639)	(2 225)	(585 392)	(1 382)	(586 773)
(Impairment)/Reversal of impairment	(7 414)	-	-	-	(7 414)	-	(7 414)
Segment profit	**288 455**	**5 728**	**15 677**	**(35 399)**	**274 461**	**5 599**	**280 062**

Year ended 31 December 2020

Amounts in NOK thousands	Ferry	Passenger-boats	Catering	Tourism	Total segments	Corporate and eliminations	Consolidated
Income							
External customers	2 881 207	119 973	85 339	21 596	3 108 116	9 655	3 117 771
Total income	**2 881 207**	**119 973**	**85 339**	**21 596**	**3 108 116**	**9 655**	**3 117 771**
Operating expenses excluding depreciation and impairment	(1 884 022)	(61 379)	(74 950)	(22 291)	(2 042 642)	(3 158)	(2 045 799)
Share of profit/(loss) from associates	-	6 314	-	(15 340)	(9 026)	-	(9 026)
EBITDA	**997 185**	**64 908**	**10 390**	**(16 035)**	**1 056 448**	**6 497**	**1 062 946**
Depreciation	(467 576)	(52 225)	(3 021)	(1 526)	(524 349)	(1 457)	(525 806)
(Impairment)/Reversal of impairment	(45 831)	-	-	-	(45 831)	-	(45 831)
Segment profit	**483 778**	**12 683**	**7 368**	**(17 561)**	**486 268**	**5 039**	**491 308**

Reconciliation to Consolidated profit/(loss) for the year	**2021**	**2020**
Segment profit	280 062	491 308
Share of profit from other associates	65 289	(41 958)
Interest income	10 129	2 514
Interest expense	(178 922)	(214 897)
Other financial items, net	(4 860)	(30 127)
Income tax (expense)	(34 186)	(43 374)
Group profit	**137 513**	**163 466**

See note 5 for a further breakdown of segment revenue.

Note 4 Interests in other entities

4.1 Material subsidiaries
The Group's principal subsidiaries at 31 December 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of entity	Place of business	Ownership interest held by the Group	Ownership interest held by non-controlling interests	Principal activities
F1 Administrasjon AS	Florø	100 %	0 %	Group administration
Fanafjord AS	Florø	100 %	0 %	Holding company
Nye Fanafjord AS	Florø	100 %	0 %	10% is held by Fanafjord AS, an entity 100% controlled by the Group.
Bolsønes Verft AS	Molde	100 %	0 %	Shipyard
Måløy Reisebyrå AS	Måløy	100 %	0 %	Travel agency
ÅB Eigedom AS	Årdal	66 %	34 %	Owner of property
Hareid Trafikkterminal AS	Hareid	63 %	37 %	Owner of property

4.2 Interests in associates
Set out below are the associates of the Group as at 31 December 2021 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	% of ownership	Nature of relationship	Measurement method	31.12.2021	31.12.2020
The Fjords DA	50,0 %	Associate	Equity method	(781)	6 399
The Fjords Fartøy I DA	50,0 %	Associate	Equity method	17 625	16 655
The Fjords Fartøy II DA	50,0 %	Associate	Equity method	21 308	20 146
The Fjords Fartøy III DA	50,0 %	Associate	Equity method	18 215	17 135
Partsrederiet Kystekspressen	49,0 %	Associate	Equity method	26 748	29 229
Sognefjorden Farty I AS	50,0 %	Associate	Equity method	579	579
WF Holding AS*	34,0 %	Associate	Equity method	350 763	281 797
Fjord Tours Group AS	50,0 %	Associate	Equity method	79 911	64 568
Investments in joint ventures and associates				**514 368**	**436 508**

**WF Holding AS holds 100% of the shares in Widerøe's Flyveselskap AS. The company is controlled by Torghatten AS, who prepare consolidated accounts where WF Holding AS is included. The consolidated accounts for Torghatten AS is available at its head office in Havnegata 40, 8900 Brønnøysund. Consequently, Fjord1's share of underlying profit or loss in Widerøe is 34%.

Commitments and contingent liabilities in respect of associates and joint ventures
As an unlimited liability partner in The Fjords DA, The Fjords Fartøy I DA, The Fjords Fartøy II DA and The Fjords Fartøy III DA, the Group is jointly liable with respect to all liabilities concerning these entities.

Summarised financial information for associates and joint ventures
The tables below provide summarised financial information for those joint ventures and associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Note 4.2 Interests in associates (continued)

Summarised balance sheet	The Fjords DA		The Fjords Fartøy I DA	
Amounts in NOK thousands	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Cash and cash equivalents	3 775	1 362	3 696	1 407
Other current assets	7 840	21 898	1 610	453
Total current assets	11 614	23 259	5 305	1 860
Non-current assets	851	1 836	77 386	81 726
Trade payables	6 556	13 179	1 320	19
Other current liabilities	7 416	11 376	3 073	3 010
Total current liabilities	13 972	24 555	4 394	3 028
Borrowings	-	-	43 050	47 250
Other non-current liabilities	-	-	-	-
Total non-current liabilities	-	-	43 050	47 250
Net assets	(1 507)	540	35 248	33 308
Reconciliation to carrying amounts:				
Opening net assets 1 January	12 798	26 622	33 308	31 707
Profit/(loss) for the period	(54 359)	(33 824)	1 939	1 601
Other comprehensive income	-	-	-	-
(Dividends paid)/Capital contribution	40 000	20 000	-	-
Closing net assets 31 December	(1 561)	12 798	35 248	33 308
Group's share in %	50,0 %	50,0 %	50 %	50 %
Group's share in NOK thousands	(781)	6 399	17 625	16 655
Carrying amount	(781)	6 399	17 625	16 655

Summarised statement of comprehensive income				
Amounts in NOK thousands				
Revenue	69 209	89 294	9 439	9 770
Operating expenses	(122 590)	(119 016)	(441)	(1 148)
Depreciation and amortisation	(829)	(1 730)	(5 961)	(5 596)
Net financial items	(149)	(119)	(1 098)	(1 425)
Income tax expense	-	(2 253)	-	-
Profit/(loss for the period)	(54 359)	(33 824)	1 939	1 601
Other comprehensive income	-	-	-	-
Total comprehensive income	(54 359)	(33 824)	1 939	1 601

Note 4.2 Interests in associates (continued)

Summarised balance sheet	The Fjords Fartøy II DA		The Fjords Fartøy III DA	
Amounts in NOK thousands	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Cash and cash equivalents	8 115	5 508	4 086	1 657
Other current assets	1 539	100	1 058	60
Total current assets	9 654	5 608	5 144	1 717
Non-current assets	106 707	114 364	107 363	113 167
Trade payables	143	11	1	10
Other current liabilities	154	131	416	961
Total current liabilities	297	141	417	971
Borrowings	73 448	79 538	75 662	79 644
Other non-current liabilities	-	-	-	-
Total non-current liabilities	73 448	79 538	75 662	79 644
Net assets	42 616	40 292	36 428	34 270
Reconciliation to carrying amounts:				
Opening net assets 1 January	40 292	39 609	34 270	31 684
Profit/(loss) for the period	2 324	2 683	2 158	586
Other comprehensive income	-	-	-	-
(Dividends paid)/Capital contribution		(2 000)	-	2 000
Closing net assets 31 December	42 616	40 292	36 428	34 270
Group's share in %	50,0 %	50,0 %	50 %	50 %
Group's share in NOK thousands	21 308	20 146	18 214	17 135
Carrying amount	21 308	20 146	18 214	17 135

Summarised statement of comprehensive income				
Amounts in NOK thousands				
Revenue	12 521	13 917	10 201	4 988
Operating expenses	(822)	(1 154)	(499)	(518)
Depreciation and amortisation	(7 657)	(7 751)	(5 804)	(2 919)
Net financial items	(1 719)	(2 329)	(1 739)	(965)
Income tax expense	-	-	-	-
Profit/(loss for the period)	2 324	2 683	2 158	586
Other comprehensive income	-	-	-	-
Total comprehensive income	2 324	2 683	2 158	586

Note 4.2 Interests in associates (continued)

Summarised balance sheet	Partsrederiet Kystekspressen ANS		WF Holding Group	
Amounts in NOK thousands	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Cash and cash equivalents	30 876	30 391	487 093	29 485
Other current assets	12 983	8 235	439 737	337 306
Total current assets	**43 859**	**38 626**	**926 830**	**366 791**
Non-current assets	**104 797**	**115 005**	**2 400 965**	**2 490 129**
Trade payables	13 076	12 243	182 958	138 029
Other current liabilities	22 354	22 703	760 498	756 949
Total current liabilities	**35 429**	**34 947**	**943 456**	**894 978**
Borrowings	66 859	72 317	1 025 250	859 655
Other non-current liabilities	-	-	327 431	273 472
Total non-current liabilities	**66 859**	**72 317**	**1 352 681**	**1 133 127**
Net assets	**46 368**	**46 368**	**1 031 656**	**828 813**
Reconciliation to carrying amounts:				
Opening net assets 1 January	59 647	51 152	828 814	957 555
Profit/(loss) for the period	7 822	12 886	192 027	(123 407)
Other comprehensive income	-	-	10 815	(5 334)
(Dividends paid)/Capital contribution	(12 886)	(4 390)	-	-
Closing net assets 31 December	**54 583**	**59 647**	**1 031 656**	**828 814**
Group's share in %	49,0 %	49,0 %	34,0 %	34,0 %
Group's share in NOK thousands	26 747	29 229	350 763	281 797
Carrying amount	**26 747**	**29 229**	**350 763**	**281 797**

Summarised statement of comprehensive income				
Amounts in NOK thousands				
Revenue	148 353	154 502	4 624 271	4 069 168
Operating expenses	(127 348)	(128 882)	(4 087 030)	(3 718 663)
Depreciation and amortisation	(11 790)	(11 085)	(343 240)	(407 288)
Net financial items	(1 392)	(1 648)	53 322	(103 131)
Income tax expense	-	-	(55 295)	36 507
Profit/(loss for the period)	**7 822**	**12 886**	**192 028**	**(123 407)**
Other comprehensive income	-	-	10 815	(5 334)
Total comprehensive income	**7 822**	**12 886**	**202 843**	**(128 741)**

Note 4.2 Interests in associates and joint ventures (continued)

Summarised balance sheet	Fjord Tours Group AS	
Amounts in NOK thousands	31.12.2021	31.12.2020
Cash and cash equivalents	30 239	16 311
Other current assets	1 857	4 129
Total current assets	**32 096**	**20 440**
Non-current assets	**268 534**	**243 035**
Trade payables	3 695	3 380
Other current liabilities	11 661	6 535
Total current liabilities	**15 356**	**9 915**
Borrowings	-	-
Other non-current liabilities	15 676	22 065
Total non-current liabilities	**15 676**	**22 065**
Net assets	**269 597**	**231 495**
Reconciliation to carrying amounts:		
Opening net assets 1 January	129 135	130 868
Profit/(loss) for the period	(21 934)	(41 933)
Minority's share of profit/(loss) for the period	(5 544)	(12 422)
Other comprehensive income	-	-
Minority's share of equity	5 544	12 422
Contribution in kind	-	-
(Dividends paid)/Capital contribution	52 619	-
Excess value		40 200
Closing net assets 31 December	**159 821**	**129 135**
Group's share in %	50,0 %	50,0 %
Group's share in NOK thousands	79 911	64 568
Carrying amount	**79 911**	**64 568**

Summarised statement of comprehensive income		
Amounts in NOK thousands		
Revenue	31 006	36 782
Operating expenses	(55 870)	(37 027)
Depreciation and amortisation	(9 447)	(51 328)
Share of profit/(loss) from associates	(831)	(610)
Net financial items	(706)	(556)
Income tax expense	8 371	(1 615)
Profit/(loss for the period)	**(27 478)**	**(54 354)**
Other comprehensive income	-	-
Total comprehensive income	**(27 478)**	**(54 354)**

Individually immaterial associates

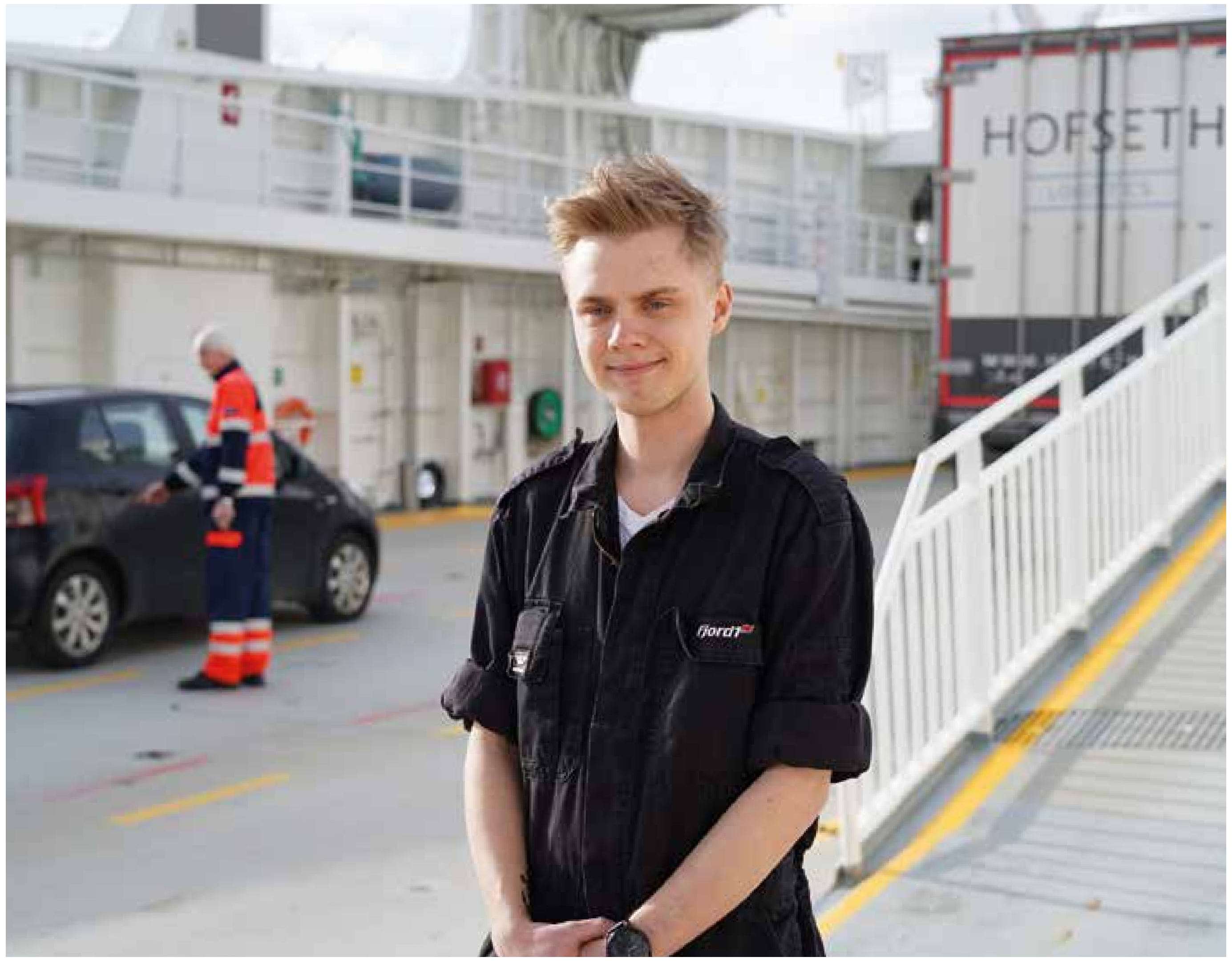
In addition to the interests in associates disclosed above, the Group also has interests in Sognefjorden Farty I AS that is deemed individually immaterial associate, accounted for using the equity method.

	2021	2020
Carrying amount of immaterial associates	579	579
Profit/(loss) for the period	(3)	(38)

4.3 Share of profit/(loss) from associates

Share of profit or loss from associates are recognised in either as part of operating profit/(loss) or as part of net financial items, based on the nature of the ownership in the associates. Associates that are suppliers or customers of the Group are classified as operating activities

	2021	2020
The Fjords DA	(27 180)	(16 042)
The Fjords Fartøy I DA	970	801
The Fjords Fartøy II DA	1 162	1 342
The Fjords Fartøy III DA	1 080	293
Fjord Tours Group AS	(10 967)	(1 733)
Partsrederiet Kystekspressen ANS	3 833	6 314
Share of profit/(loss) from associates classified as operating activities	**(31 103)**	**(9 026)**
WF Holding AS	65 289	(41 958)
Share of profit/(loss) from associates classified as financial items	**65 289**	**(41 958)**
WF Holding AS	3 677	(1 814)
Share of profit/(loss) from associates classified as OCI	**3 677**	**(1 814)**



Note 5 Revenue from contracts with customers

Revenue from contracts with customers

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

- Gross contracts where 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 where 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 point in time.

Disaggregation of revenue from contracts with customers

Year ended 31 December 2021	**Ferry**	**Passenger-boats**	**Catering**	**Tourism**	**Corporate and eliminations**	**Total**
Amounts in NOK thousands	*Norway*	*Norway*	*Norway*	*Norway*		
Revenue from external customers	2 630 538	114 477	83 359	18 163	13 357	**2 859 896**
Timing of revenue recognition						
Over time	2 638 757	114 477	-	18 163	4 717	2 776 115
At a point in time	(8 218)	-	83 359	-	8 640	83 780
Breakdown of revenue:						
Contract revenue ferry and passenger boats, revenue from gross contracts	2 458 403	112 275	-	-	-	2 570 677
Contract revenue ferry and passenger boats, revenue from net contracts	133 050	-	-	-	-	133 050
Freight of passengers under net contracts	41 857	-	-	-	-	41 857
Sale of food and beverages	-	-	83 359	-	-	83 359
Other revenue	4 302	1 450	-	84	74	5 909
Total revenue	**2 637 612**	**113 724**	**83 359**	**84**	**74**	**2 834 854**
Rental income	690	65	-	14 201	898	15 854
Gain/(loss) on disposal of property, plant and equipment	(8 218)	-	-	-	486	(7 732)
Other income	455	688	-	3 878	11 899	16 920
Total other income	**(7 073)**	**753**	**-**	**18 079**	**13 283**	**25 042**

Year ended 31 December 2020	**Ferry**	**Passenger-boats**	**Catering**	**Tourism**	**Corporate and eliminations**	**Total**
Amounts in NOK thousands	*Norway*	*Norway*	*Norway*	*Norway*		
Revenue from external customers	2 881 207	119 973	85 339	21 596	9 655	**3 117 771**
Timing of revenue recognition						
Over time	2 881 488	119 973	-	21 596	4 889	3 027 947
At a point in time	(281)	-	85 339	-	4 765	89 823
Breakdown of revenue:						
Contract revenue ferry and passenger boats, revenue from gross contracts	2 294 204	117 764	-	-	-	2 411 968
Contract revenue ferry and passenger boats, revenue from net contracts	284 746	-	-	-	-	284 746
Freight of passengers under net contracts	265 878	-	-	-	-	265 878
Sale of food and beverages	-	-	85 339	-	-	85 339
Other revenue	31 385	1 465	-	-	59	32 909
Total revenue	**2 876 213**	**119 229**	**85 339**	**-**	**59**	**3 080 840**
Rental income	1 859	216	-	17 684	815	20 574
Gain/(loss) on disposal of property, plant and equipment	(281)	-	-	-	3 107	2 826
Other income	3 416	528	-	3 912	5 674	13 530
Total other income	**4 994**	**744**	**-**	**21 596**	**9 596**	**36 930**

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

Amounts in NOK thousands	31.12.2021	31.12.2020
Non-current contract liabilities relating to Ferry services	534 543	335 391
Total non-current contract liabilities	**534 543**	**335 391**
Current contract liabilities relating to Ferry and passenger-boat services	452 734	273 415
Total current contract liabilities	**452 734**	**273 415**
Total contract liabilities	**987 277**	**608 806**

All trade receivables are related to IFRS 15 transactions.

Unsatisfied performance obligations long-term ferry contracts
The following table shows unsatisfied performance obligations resulting from long-term ferry contracts.
The amount disclosed do not include variable consideration which is constrained.

Amounts in NOK thousands	2022	2023	2024	2025-2026	2027-2034	Total
Amount of the transaction price allocated to long-term ferry contracts	2 830 945	2 760 131	2 627 557	3 884 515	7 030 629	**19 133 777**

The amounts above does not include options.

Note 6 Contingencies

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

See note 2.1.

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Note 7 Personnel expenses

Amounts in NOK thousands	Note	2021	2020
Salaries		818 051	853 440
Social security		116 847	113 857
Pension expenses	14	40 726	73 804
Other benefits		46 108	54 940
Total personnel expenses		**1 021 732**	**1 096 041**
Number of employees		1 201	1 257

Defined benefit pension obligations are covered through insurance companies and KLP.
Norwegian entities are obligated to establish a mandatory company pension. This obligation is fulfilled under the current pension plans.

Note 8 Other income and expense items

This note provides a breakdown of the items included in other operating expenses and other net financial items.

Other operating expenses

Amounts in NOK thousands	Note	2021	2020
Port fees, sanitation and other route related costs		67 855	59 715
Repair and maintenance		278 349	260 072
Vessel operating expenses	16	200 131	207 329
Other operating expenses		18 648	18 499
Total other operating expenses		**564 983**	**545 615**

Other financial items

Amounts in NOK thousands		2021	2020
Change in fair value derivatives	12	6 644	38
Foreign exchange gains		2 793	1 904
Foreign exchange losses		(6 421)	(1 302)
Commitment fees		(7 682)	(6 486)
Amendment and coordination fees		(4 653)	(24 328)
Other financial income		4 696	36
Other financial expenses		(238)	10
Total other financial items		**(4 860)**	**(30 127)**

Note 9 Income tax

Specification of tax expense recognised in stament of profit or loss

Amounts in NOK thousands	2021	2020
Tax payable on profit for the year	801	617
Adjustments prior years tax payable	132	1 110
Change in deferred tax/(tax asset)	33 252	41 647
Tax expense recognised in statement of profit or loss	**34 186**	**43 374**

Reconciliation of statutory tax rate to effective tax rate:

Amounts in NOK thousands	2021	2020
Profit before tax	171 698	206 839
Income tax at statutory tax rate	**37 774**	**45 505**
Tax expenses recognised in statement of profit or loss	34 186	43 374
Difference	**3 588**	**2 131**
Permanent differences	3 588	2 131
Difference	-	-

Specification of basis for deferred tax

	2021	2020
Property, plant and equipment	3 781 103	3 263 059
Receivables	(48)	(51)
Deferred capital gain	48 597	70 431
Shares in partnerships	29 828	8 753
Pension liabilities	(24 639)	9 549
Derivatives	(1 768)	(8 411)
Arrangement fee	25 513	42 072
Deferred revenue	(899 987)	(335 391)
Temporary differences	2 958 599	3 050 012
Loss carried forward	(170 880)	(413 438)
Basis for calculation of deferred tax/(tax assets)	2 787 719	2 636 573
Deferred tax/(tax asset)	613 298	580 046
Deferred tax asset recognised in statement of financial position	**241 411**	**166 593**
Deferred tax recognised in statement of financial position	**854 709**	**746 639**
Net position	*613 298*	*580 046*

Reconciliation of change in net deferred tax

	2021	2020
Opening balance	580 046	538 399
Changes recognised in profit or loss	33 252	41 647
Closing balance	**613 299**	**580 046**

Temporary differences related to deferred revenue consists of payment for infrastructure which is recognised over the contract period.

Note 10 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.

Amounts in NOK thousands	2021	2020
Profit/(loss) attributable to equity holders of the company	137 072	162 984
Weighted average number of ordinary shares in issue	99 909 598	99 909 598
Earnings per share in NOK	**1,37**	**1,63**

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Note 11 Property, plant and equipment

2021	Vessels	Periodic maintenance	Vessels under construction	Property	Infrastructure	Infrastructure under construction	Machinery and equipment	Total
Cost price 01.01.	10 061 476	552 191	242 564	173 278	438 299	357 892	223 332	12 049 032
Additions	-	46 745	453 097	7 385		148 987	1 636	657 850
Transferred from vessels/infrastructure under construction	446 902	-	-446 902	-	286 081	-286 081	-	-
Disposals	-150 933	-15 345	-	-	-	-	-4 343	-170 620
Cost price 31.12.	**10 357 445**	**583 592**	**248 759**	**180 662**	**724 380**	**220 798**	**220 625**	**12 536 261**
Accumulated depreciation 01.01.	2 898 066	270 155	-	73 155	17 627	-	186 178	3 445 181
Depreciation for the year	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.	**3 115 993**	**341 116**	**-**	**81 803**	**80 705**	**-**	**191 304**	**3 810 921**
Accumulated impairment losses 01.01.	102 195	-	-	-	-	-	9 709	111 904
Impairment loss	7 414	-	-	-	-	-	-	7 414
Reversal impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Accumulated impairment losses 31.12.	**109 609**	**-**	**-**	**-**	**-**	**-**	**9 709**	**119 318**
Carrying amount 31.12.	**7 131 843**	**242 475**	**248 759**	**98 859**	**643 675**	**220 798**	**19 612**	**8 606 022**

2020	Vessels	Periodic maintenance	Vessels under construction	Property	Infrastructure	Infrastructure under construction	Machinery and equipment	Total
Cost price 01.01.	8 799 219	444 860	523 740	173 634	35 339	484 371	218 723	10 679 886
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.	**10 061 476**	**552 191**	**242 564**	**173 278**	**438 299**	**357 892**	**223 332**	**12 049 033**
Accumulated depreciation 01.01.	2 592 606	196 431	-	65 090	1 178	-	178 176	3 033 481
Depreciation for the year	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.	**2 898 066**	**270 155**	**-**	**73 155**	**17 627**	**-**	**186 178**	**3 445 181**
Accumulated impairment losses 01.01.	87 105	-	-	-	-	-	-	87 105
Impairment loss	18 195	-	-	-	-	-	9 709	27 904
Reversal impairment	-3 105	-	-	-	-	-	-	-3 105
Disposals	-	-	-	-	-	-	-	-
Accumulated impairment losses 31.12.	**102 195**	**-**	**-**	**-**	**-**	**-**	**9 709**	**111 904**
Carrying amount 31.12.	**7 061 215**	**282 035**	**242 564**	**100 124**	**420 672**	**357 892**	**27 444**	**8 491 948**
Useful life	*10-40 years*	*5 years*		*5-33 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.

One vessel was delivered in 2021: MF Rødvenfjord
In addition, the Group has two additional vessels under construction as of 31 December 2021.

Disposals
Three vessels were disposed of in 2021: MF Rauma, MF Stryn and MF Nordmøre.

Held for sale
The vessel MF Fanafjord ("Greenferry I") is held for sale as at 31 December 2021. The financial lease of the vessel 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 11 Property, plant and equipment (continued)

Infrastructure
Infrastructure relates to quay structures and land investments for chargings of the Group's electrical fleet. The structures are customised to fit the Group's vessels and is depreciated over the contract period.

Impairment test of vessels
The Group has during 2021 identified impairment indicators for the Group's vessels in the Ferry segment

Due to the identified indicators for the Ferry segment, the Group has conducted impairment tests for its vessels by estimating the recoverable amount. Each ferry contract, and all vessels designated for use under the different ferry contracts, has been identified as separate CGUs (Cash Generating Unit).

When evaluating the potential impairment of the different ferry contracts, the Group has assessed each contract's recoverable amount based on a fair value less costs of disposal. The value in use is not assumed to be significantly higher than fair value. The fair value is based on a calculated net present value of forecasted cash flow under each ferry contract, with a residual value equal to an estimated value of the vessels after the expiration of the different ferry contracts based on two independent broker values. The broker values have been reduced with an estimated sales commission, which is the estimate of the costs of disposal. A reversal of any impairment of vessels in previous periods is recognised when circumstances and evidence indicates that impairment recognised in previous years no longer exists or has decreased. Please refer to note 2 for further information about the estimates and judgements applied. The performed impairment test represents a valuation at level 3 in the fair value hierarchy according to IFRS 13.

Based on impairment tests performed as at 31 December 2021, the Group has recognised an impairment of one vessel.

Impairment of one vessel
As a result of changed use of one vessel the Group has calculated an impairment loss on the vessel.
As a result of the calculation, the Group has written down the vessel to the estimated fair value less costs of disposal. The fair value has been estimated based on the remaining value of the contract (CGU) and the estimated residual vessel value at the end of the contract.

The cash flows are discounted using an estimated Weighted Average Cost of Capital (WACC). Cash flows are calculated after tax and discounted with an after tax discount rate. The nominal WACC used in the calculations is 5.1%.

Sensitivity analysis - impairment test
The Group has a portfolio of ferry contracts where the Group has identified the key sensitive assumptions applied in the impairment test to be the discount rate (WACC), Net cash flow from contract and residual value of the vessels at the expiration date of the different ferry contracts. Changes in these assumptions would have considerable effects on the fair value.

	Impairment	Reversal impairment	Net impairment (reversal)
Recognised in statement of profit or loss 2021	7 414	-	7 414

	Impairment	Change	Impact
WACC increased by 1 percentage point	42 227	34 813	Distributed between 3 contracts
WACC increased by 2 percentage point	145 546	138 132	Distributed between 4 contracts
Net cash flow from contract decreased by 5%	8 859	1 445	Distributed between 2 contracts
Net cash flow from contract decreased by 10%	38 570	31 156	Distributed between 3 contracts
Residual value decreased by 5%	7 414	-	Distributed between 1 contracts
Residual value decreased by 10%	9 579	2 165	Distributed between 3 contracts

Note 12 Financial risk management, financial assets and financial liabilities

This note provides information about the Group's financial instruments, including:
- an overview of all financial instruments held by the Group
- specific information about each type of financial instrument
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved
- financial risk management

The Group holds the following financial instruments:

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	508 969	573 774
Employee loans	-	105
Other non-current receivables	305	503
Cash and cash equivalents	144 560	401 836
Financial assets at fair value through other comprehensive income (FVOCI)	-	-
Financial assets at fair value through profit or loss (FVPL)	4 608	4 287
Derivative financial instruments		
Held for trading at FVPL	57	-
Total	**675 499**	**980 504**

Financial liabilities

Amounts in NOK thousands	31.12.2021	31.12.2020
Liabilities at amortised cost		
Trade and other payables *	882 008	693 168
Borrowings **	5 235 176	5 905 078
Lease liabilities **	70 010	88 774
Derivative financial instruments		
Held for trading at FVPL	1 465	8 065
Total	**6 188 658**	**6 695 085**

* Excluding non-financial liabilities
** See note 16 for details about the impact from changes in accounting policies.

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.

Trade receivables

Amounts in NOK thousands	31.12.2021	31.12.2020
Current assets		
Trade receivables from contract with customers	272 871	309 452
Loss allowance	(2 948)	(23)
Total	**269 923**	**309 429**

(i) Classification as trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current.
Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 1.

(ii) Fair value of trade receivables
Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(iii) Impairment and risk exposure
The groups exposure to credit risk and foreign currency risk is limited as the majority of the trade receivables are related to contractual income from public authorities.

Other current receivables

Amounts in NOK thousands	31.12.2021	31.12.2020
Prepayments	17 752	19 569
Insurance claims	-	10 697
VAT receivable	-	11 520
Accrued revenue	182 128	180 950
Other receivables (ii)	39 166	41 610
Total	**239 046**	**264 346**

Other financial assets at amortised cost

(i) Classification of financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include the following debt investments:

	31.12.2021			31.12.2020		
Amounts in NOK thousands	Current	Non-current	Total	Current	Non-current	Total
Employee loans	-	3 617	3 617	-	3 617	3 617
Total	**-**	**3 617**	**3 617**	**-**	**3 617**	**3 617**

(ii) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within three years from the end of the reporting period.

Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts.

The fair values were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

(iii) Impairment and risk exposure

Impairment of financial assets and the Group's exposure to credit risk if further described below.

The majority of the financial assets at amortised cost are denominated in NOK. As a result, there is limited exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

Financial assets at fair value trough profit or loss

(i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value trough 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**

(ii) Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss:

Amounts in NOK thousands	2021	2020
Fair value gains (losses) on equity investments at FVPL recognised in other gains/(losses)	-	-
Total	**-**	**-**

(iii) Risk exposure and fair value measurements

Information about the Group's exposure to risk is provided below. For information about the methods and assumptions used in determining fair value, refer to table below.

Cash and cash equivalents

Amounts in NOK thousands	31.12.2021	31.12.2020
Current assets		
Cash at bank and in hand*	144 560	401 836
Deposits at call	-	-
Total available funds	**144 560**	**401 836**

*Restricted cash as at 31.12.2021 was NOK 187 thousand and NOK 53 thousand as at 31.12.2020. Nordea Bank and DNB have issued guarantees of MNOK 60 related to payroll tax deductions.

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Amounts in NOK thousands	31.12.2021	31.12.2020
Balances as above	144 560	401 836
Bank overdrafts	-	-
Balances per statement of cash flows	**144 560**	**401 836**

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a manturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. See note 1 for the Group's other accounting policies on cash and cash equivalents.

Trade and other payables

Amounts in NOK thousands	31.12.2021	31.12.2020
Current liabilities		
Trade payables	110 551	146 923
Prepayments from customers, travelcards	21 338	24 686
Prepayments from customers, ferry contracts	431 371	250 183
Accrued salary and holiday pay	157 184	155 685
Other current payables	161 564	115 691
Total	**882 008**	**693 168**

Trade payables are unsecured and are usually paid within 30 days of recognition.
The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Borrowings

(i) Overwiev of borrowings

See note 15 for details.

(ii) Compliance with loan covenants

Fjord1 AS has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting period, see note 15 for details.

(iii) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

(iv) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are detailed below.

Net debt reconciliation
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Liabilities from financing activities		
Amounts in NOK thousands	Borrowings	Leases	Total
Net debt as at 1 January 2020	5 376 186	46 644	5 422 830
Cash flow changes			
Proceeds from borrowings	1 210 506	-	1 210 506
Repayment of borrowings	(700 126)	-	(700 126)
Payment of lease obligation	-	(64 852)	(64 852)
Non cash changes			
Acquisitions - leases	-	110 635	110 635
Other changes*	18 512	(3 653)	14 858
Net debt as at 31 December 2020	5 905 077	88 774	5 993 851
Cash flow changes			
Proceeds from borrowings	163 755	-	163 755
Repayment of borrowings	(850 217)	-	(850 217)
Payment of lease obligation	-	(66 486)	(66 486)
Non cash changes			-
Acquistion - leases	-	46 250	46 250
Other changes*	16 561	1 473	18 034
Net debt as at 31 December 2021	5 235 176	70 010	5 305 187

* Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

Fixed-price contracts for purchase of electricity
The Group has entered into 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. In accordance with IFRS 9 the contracts are considered an exception from the scope of the standard ("own use"), cf. IFRS 9.2.4. Accordingly, the contracts have therefore not been recognised as assets/liabilities in the financial statements.

For fixed-price contracts with a settlement in foreign currency, the embedded derivates has been recognised in accordance with IFRS 9 and is measured at fair value in the financial statements.

Recognised fair value measurements
(i) Fair value hierarchy
This section explains the judgements and 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	**Level 1**	**Level 2**	**Level 3**	**Total**
At 31. December 2021	*NOK'000*	*NOK'000*	*NOK'000*	*NOK'000*
Financial assets				
Financial assets at fair value trough profit or loss (FVPL)				
Unlisted equity securities	-	-	855	855
Equity contribution for pension plan membership	-	-	3 753	3 753
Derivative financial instruments				
Held for trading	-	57	-	57
Total financial assets	-	57	4 608	4 665
Financial liabilities				
Derivative financial instruments				
Held for trading	-	1 465	-	1 465
Total financial liabilities	-	1 465	-	1 465

Recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
At 31. December 2020	*NOK'000*	*NOK'000*	*NOK'000*	*NOK'000*
Financial assets				
Financial assets at fair value trough 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

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.
The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end for the reporting period.

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 similiar instruments
- the fair value of interest rate swaps, forward 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 of 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.

Financial risk management
The Group's exposed to a range of financial risks, including:

Risk	Exposure arising from	Measurement	Management
Market risk - foreign exchange	New building contracts nominated in foreign currencies	Sensitivity analysis	Forward foreign exchange contracts
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - commodity prices	Fuel consumption	Sensitivity analysis	Use of fuel derivatives
Market risk - security prices	Investments in equity securities	Not applicable	Holding of equity securities are limited and related to non-listed equity securities. The Group is indirectly exposed to security price risk through its defined employee benefit agreement where part of the plan assets are invested in securities. This risk is managed through investment in diversified portfolios and managed by external insurance companies.
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Aging analysis	Diversification of bank relationships and credit limits
Liquidity risk		Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group's risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risk in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, commodity price risk, use of derivate financial instruments and non-derivate financial instruments, and investment of excess liquidity.

Derivates
Derivates are only used for economic hedging purposes and not as speculative investments. However, where derivates do not meet the hedge accounting criteria, changes in the fair value of the derivate instruments are recognised immediately in profit or loss and are included in other income or other expenses. The Group has the following derivate financial instruments:

Amounts in NOK thousands	31.12.2021	31.12.2020
Foreign exchange rate contracts	(1 422)	(8 065)
Total	**(1 422)**	**(8 065)**

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

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

Individual receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The credit risk is considered limited as the major customers are the public sector.

Liquidity risk
Prudent liquidity risk management implies mantaining sufficient cash and marketable securities and the availability of funding through adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Group manage liquidity risk based on 12-months rolling liquidity forecasts.

Maturities of financial liabilities
The table below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:
(a) all non-derivative financial liabilities
(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31. December 2021	< 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Trade payables	110 551	-	-	-	-	110 551
Borrowings	1 057 357	1 472 359	398 636	2 225 768	542 918	5 697 037
Derivatives	(28)	(29)	294	1 185	-	1 422
Leasing	23 394	16 528	29 544	7 728	4 419	81 614
Total	**1 191 274**	**1 488 858**	**428 474**	**2 234 681**	**547 337**	**5 890 624**

At 31. December 2020	< 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Trade payables	146 923	-	-	-	-	146 923
Borrowings	591 511	719 889	1 960 508	2 276 000	854 321	6 402 229
Derivatives	585	590	2 228	4 508	154	8 065
Leasing	32 782	32 596	21 406	3 120	1 440	91 344
Total	**771 801**	**753 075**	**1 984 142**	**2 283 628**	**855 915**	**6 648 561**

Interest Rate Benchmark Reform
The Group has assessed the consequences of the Interest Rate Benchmark Reform, replacing the IBOR-rate with a new reference rate. It has not yet been decided if and when NIBOR is to be discontinued and be replaced with NOWA. The direct effects of the reform are therefore uncertain, and at this point the Group has not identified consequences of material impact on the financial statement.

The Group has the following financial instruments sorted by reference rates:

Amounts in NOK thousands	Reference rate	Amount
Financial assets		
Loan to associates	NIBOR	17 000
Financial liabilitites		
Borrowings	NIBOR	5 235 176
Lease liabilities	NIBOR	70 010

Note 13 Share capital

Share capital in Fjord1 AS was 250 000 000 as of 31 December 2021 divided into 100 000 000 shares of nominal value of NOK 2.50 per share.

See list below for information on share capital and the shareholders as of 31 December 2021 and 31 December 2020.

	Number of shares 31.12.2021	Nominal value per share 31.12.2021	Total nominal value 31.12.2021	Voting rights 31.12.2021
FJORD1 HOLDCO AS	99 909 598	2,50	249 773 995	99,9 %
FJORD1 AS	90 402	2,50	226 005	0,1 %
Number of shares in the 20 largest shareholders	100 000 000	2,50	250 000 000	100,0 %
Other	-	2,50	-	0,0 %
Total	**100 000 000**	**2,50**	**250 000 000**	**100 %**

	Number of shares 31.12.2020	Nominal value per share 31.12.2020	Total nominal value 31.12.2020	Voting rights 31.12.2020
HAVILAFJORD AS	55 476 516	2,50	138 691 290	55,5 %
HAVILAFJORD HOLDING 2 AS	18 459 849	2,50	46 149 623	18,5 %
HAVILAFJORD HOLDING AS	11 023 484	2,50	27 558 710	11,0 %
Citibank, N.A.	3 850 000	2,50	9 625 000	3,9 %
DZ PRIVATBANK S.A.	3 131 680	2,50	7 829 200	3,1 %
CLEARSTREAM BANKING S.A.	1 195 989	2,50	2 989 973	1,2 %
Brown Brothers Harriman & Co.	1 068 326	2,50	2 670 815	1,1 %
Pictet & Cie (Europe) S.A.	650 000	2,50	1 625 000	0,7 %
Skandinaviska Enskilda Banken AB	472 264	2,50	1 180 660	0,5 %
Citibank, N.A.	410 051	2,50	1 025 128	0,4 %
GH HOLDING AS	354 020	2,50	885 050	0,4 %
HVALSUND MILJØLANDBRUK AS	289 218	2,50	723 045	0,3 %
The Bank of New York Mellon	215 000	2,50	537 500	0,2 %
Euroclear Bank S.A./N.V.	200 000	2,50	500 000	0,2 %
VERDIPAPIRFONDET STOREBRAND	174 318	2,50	435 795	0,2 %
Banque de Luxembourg S.A.	174 200	2,50	435 500	0,2 %
Bank Julius Bär & Co. AG	160 090	2,50	400 225	0,2 %
VERDIPAPIRFONDET KLP AKSJENORGE IN	141 515	2,50	353 788	0,1 %
SIX SIS AG	121 812	2,50	304 530	0,1 %
FJORD1 ASA	90 402	2,50	226 005	0,1 %
Number of shares in the 20 largest shareholders	97 658 734	2,50	244 146 835	97,7 %
Other	2 341 266	2,50	5 853 165	2,3 %
Total	**100 000 000**	**2,50**	**250 000 000**	**100 %**

Treasury shares

Overview of purchase and sale of treasury shares

	2021		
Amounts in NOK thousands	Number of shares	Compensation	Percent of the share capital
Number of treasury shares as of 01.01	90 402	3 617	1,4 %
Number of treasury shares as of 31.12	**90 402**	**3 617**	**1,4 %**

	2020		
Amounts in NOK thousands	Number of shares	Compensation	Percent of the share capital
Number of treasury shares as of 01.01	90 402	3 617	1,4 %
Number of treasury shares as of 31.12	**90 402**	**3 617**	**1,4 %**

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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 subsidiaties 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 de- listed 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.

Note 14 Pension liabilities

Defined contribution pension plans
The Group has defined various contribution plans covering a total of 1,448 persons. The plans entails saving of 3-5% of salary up to 7G, and 8-15% for salary between 7 and 12 G.

In addition, the Group has a pension scheme for seamen covering 1,054 persons.

Defined benefit pension plans
The Group pension schemes covering a total of 183 persons, of which 163 pensioners. The scheme entitles staff to defined future benefits. These are mainly dependent on the number of years of service, the salary level at pensionable age and the size of benefits paid by the national insurance. The liabilities are covered through an insurance company (funded).

Among these, the Group has a defined benefit plan trough KLP which covers 118 persons, of which 115 pensioners. The agreement entitles staff to Contractual pension agreement (CPA) benefits from the age of 62 until they are eligible for a national insurance pension when reaching the age of 67. Around 50% of this arrangement is secured through KLP. KLP is not able to separate the secured part of the liability from the unsecured part. Therefore, all liablilities related to CPA are presented as funded obligations.

The defined benefit plan's pension expenses and liabilities are presented according to IAS 19 (revised).

The Group terminated one of its defined benefit pension schemes with effect from 01.01.2020. The scheme covered 1,184 persons in 2019 of which 133 pensioners. The scheme was replaced with a defined contribution pension plan in 2020.

Risk exposure
Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below.

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to OMF bonds; if plan assets underperform this yield, this will create a deficit. All plans holds a significant portion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

Changes in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk: Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy: The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Note 13 Share capital

Share capital in Fjord1 AS was 250 000 000 as of 31 December 2021 divided into 100 000 000 shares of nominal value of NOK 2.50 per share.

See list below for information on share capital and the shareholders as of 31 December 2021 and 31 December 2020.

	Number of shares 31.12.2021	Nominal value per share 31.12.2021	Total nominal value 31.12.2021	Voting rights 31.12.2021
FJORD1 HOLDCO AS	99 909 598	2,50	249 773 995	99,9 %
FJORD1 AS	90 402	2,50	226 005	0,1 %
Number of shares in the 20 largest shareholders	100 000 000	2,50	250 000 000	100,0 %
Other	-	2,50	-	0,0 %
Total	**100 000 000**	**2,50**	**250 000 000**	**100 %**

	Number of shares 31.12.2020	Nominal value per share 31.12.2020	Total nominal value 31.12.2020	Voting rights 31.12.2020
HAVILAFJORD AS	55 476 516	2,50	138 691 290	55,5 %
HAVILAFJORD HOLDING 2 AS	18 459 849	2,50	46 149 623	18,5 %
HAVILAFJORD HOLDING AS	11 023 484	2,50	27 558 710	11,0 %
Citibank, N.A.	3 850 000	2,50	9 625 000	3,9 %
DZ PRIVATBANK S.A.	3 131 680	2,50	7 829 200	3,1 %
CLEARSTREAM BANKING S.A.	1 195 989	2,50	2 989 973	1,2 %
Brown Brothers Harriman & Co.	1 068 326	2,50	2 670 815	1,1 %
Pictet & Cie (Europe) S.A.	650 000	2,50	1 625 000	0,7 %
Skandinaviska Enskilda Banken AB	472 264	2,50	1 180 660	0,5 %
Citibank, N.A.	410 051	2,50	1 025 128	0,4 %
GH HOLDING AS	354 020	2,50	885 050	0,4 %
HVALSUND MILJØLANDBRUK AS	289 218	2,50	723 045	0,3 %
The Bank of New York Mellon	215 000	2,50	537 500	0,2 %
Euroclear Bank S.A./N.V.	200 000	2,50	500 000	0,2 %
VERDIPAPIRFONDET STOREBRAND	174 318	2,50	435 795	0,2 %
Banque de Luxembourg S.A.	174 200	2,50	435 500	0,2 %
Bank Julius Bär & Co. AG	160 090	2,50	400 225	0,2 %
VERDIPAPIRFONDET KLP AKSJENORGE IN	141 515	2,50	353 788	0,1 %
SIX SIS AG	121 812	2,50	304 530	0,1 %
FJORD1 ASA	90 402	2,50	226 005	0,1 %
Number of shares in the 20 largest shareholders	97 658 734	2,50	244 146 835	97,7 %
Other	2 341 266	2,50	5 853 165	2,3 %
Total	**100 000 000**	**2,50**	**250 000 000**	**100 %**

Treasury shares

Overview of purchase and sale of treasury shares

	2021		
Amounts in NOK thousands	Number of shares	Compensation	Percent of the share capital
Number of treasury shares as of 01.01	90 402	3 617	1,4 %
Number of treasury shares as of 31.12	**90 402**	**3 617**	**1,4 %**

	2020		
Amounts in NOK thousands	Number of shares	Compensation	Percent of the share capital
Number of treasury shares as of 01.01	90 402	3 617	1,4 %
Number of treasury shares as of 31.12	**90 402**	**3 617**	**1,4 %**

Note 15 Borrowings

	31.12.2021			31.12.2020		
Amounts in NOK thousands	Current	Non-current	Total	Current	Non-current	Total
Secured						
Bank loans	1 409 179	2 871 130	4 280 309	1 157 972	3 750 713	4 908 685
Unsecured						
Bonds	954 867	-	954 867	-	996 393	996 393
Total borrowings	**2 364 046**	**2 871 130**	**5 235 176**	**1 157 972**	**4 747 106**	**5 905 078**

Bank loans are secured by first mortgages over the Group's vessels in 2021 and 2020.
Book value of assets pledged as security:

Amounts in NOK thousands	31.12.2021	31.12.2020
Vessels	7 131 843	7 061 215
Assets held for sale	146 732	156 340
Total	7 278 576	7 217 555

The Group has complied with its financial covenants during 2021.

The Group issued a bond loan with a nominal amount of NOK 1 billion at 22 November 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 maturing in November 2022. In june 2020, the equity ratio requirement of 22.5% was extended for a period to and including 30 June 2021 through an amendment to the Bond terms. Additionaly, 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 5,802 million has been utilised as at 31.12.2021, including guarantees. Part of the facility was utilised for repayment of all existing bank loan facilities at the time. 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 30. June 2021. In addition, the NIBD/EBITDA-covenant has been amended, increasing from 5 to 6 for the period 31.12.21 - 31.03.22.

Financial covenants
Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:
- NIBD/EBITDA at maximum 5 (6 in the period 31.12.21 - 31.03.22)
- Equity ratio above 25.00% The bond loan agreement include the following financial covenants:
- Minimum equity ratio of 25.00%
- Minimum liquidity of NOK 75 million

Note 16 Right-of-use assets and lease liabilities

Amounts recognised in the balance sheet
The balance sheet shows the following amounts relating to leases:

Amounts in NOK thousands		
Right of use assets	**31.12.2021**	**31.12.2020**
Buildings	2 347	4 943
Machinery and equipment	2 567	2 926
Vessels	64 194	79 198
Total	69 109	87 067

Amounts in NOK thousands		
Lease liabilities	**31.12.2021**	**31.12.2020**
Current	38 328	64 255
Non-Current	31 682	24 518
Total	70 010	88 774

Amounts in NOK thousands	**2021**	**2020**
Additions to the right-of-use assets	46 250	110 635

Amounts recognised in the statement of profit or loss
The statement of profit or loss shows the following amounts relating to leases:

Amounts in NOK thousands		
Depreciation charge of right-of-use assets	**2021**	**2020**
Buildings	2 721	2 769
Machinery and equipment	1 438	1 000
Vessels	60 049	60 152
Total	64 208	63 921

Interest expense	1 463	2 451
Expenses relating to short-term leases	1 295	1 846
Expenses relating to leases of low-value	3 318	1 707
Expenses relating to variable lease payments not included in lease liabilities	-	-

Amounts in NOK thousands	**2021**	**2020**
Total cash outflow for leases	66 435	64 852

ANNUAL REPORT AND FINANCIAL STATEMENTS

The group's 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.

Extention 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 17 Commitments

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

Amounts in NOK thousands	2022	After 2022	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**

17.2 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 mantain the vessels' operational ability and compliance with laws and regulations.

Note 18 Related party transactions

The following transactions were carried out with related parties:

Amounts in NOK thousands

Revenue from related parties

Related party	Relation	2021	2020
The Fjords DA	Associate	27 067	26 409
The Fjords Fartøy III DA	Associate	-	304
WF Holding AS	Associate	273	-
Havyard Ship Technology AS	Controlled by the same ultimate owner	-	1 592

Expenses to related parties

Related party	Relation	2021	2020
The Fjords DA	Associate	(6 144)	(6 106)
Havyard Ship Technology AS	Controlled by the same ultimate owner	-	(573 817)
New Havyard Ship Technology AS	Controlled by the same ultimate owner	(50 916)	(526)
Havyard Design & Solutions AS	Controlled by the same ultimate owner	-	(213)
Norwegian Electric Systems AS	Controlled by the same ultimate owner	(33 627)	(37 380)
Havila AS	Controlled by the same ultimate owner	-	(104)
Havila Holding AS	Owner	-	(33)

Receivables/(Liabilities) to related parties

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	(1 006)	-
Havyard Production & Service sp.z.o	Controlled by the same ultimate owner	-	(30)

Havila Holding AS owns 50% of Fjord1 Topco AS, which owns 100% of Fjord1 Holdco AS. Fjord1 Holdco AS owns 99.9% of Fjord1 AS.. Havila Holding AS owns 40.4% of Havyard Group ASA which owns 100% of Havyard Ship Technology AS and New Havyard Ship Technology AS. New Havyard Ship Technology AS has carried out repair and remodeling of ferries for Fjord1 AS for NOK 50.9 million in 2021.

Norwegian Electric Systems AS is owned 100% by Havyard Group ASA, and supplied NOK 31.9 million related to quay structures/land investments to Fjord1 AS in 2021.

Note 19 Remuneration

Executive management 2021:

Amounts in NOK thousands	Salary	Bonus	Payment in kind	Other benefits	Pension costs	Total remuneration	Number of shares
Dagfinn Neteland (CEO)	3 164	-	-	204	1 905	5 273	-
Anne-Mari Sundal Bøe (CFO)	2 187	-	-	16	78	2 281	-
André Høyset (COO)	2 187	-	-	28	78	2 293	-
Nils Kristian Berge (Technology & Project Director)	2 078	-	-	92	77	2 247	-
Total remuneration executive management	**9 616**	**-**	**-**	**340**	**2 138**	**12 094**	**-**
Pension obligation CEO as at 31.12.2021						**9 316**	

The Company's CEO, Dagfinn Neteland, is entitled to a severance pay equal to twelve months' ordinary salary on the Company's termination of his employment, and upon Mr. Neteland's termination of the employment upon certain material changes in control or changes to the business strategy and operations of the Company. No other member of the executive management team or of the Board has any service contract with the Company providing for material benefits upon termination of employment. The CEO has a supplemental defined benefit pension agreement. The annual pension expense linked to this includes the actuarial cost related to this agreement.

Board of directors 2021:

Amounts in NOK thousands	Total remuneration	Number of shares
Vegard Sævik (Chairman)	455	*
Per Rolf Sævik (Board member)	225	*
Reuben Aguilar Samuels Munger (Board member)	225	-
George Polk (Board member from 22.10.2021)	-	-
Pål Harr Wefring (Board member from 30.08.2021)	-	-
Reidar Tangen (Board member from 30.08.21, Deputy member/Employee representative until 30.08.21)	-	-
Siri Hatland (Board member until 22.10.2021)	255	-
Birthe Cecilie Lepsøe (Board member until 22.10.2021)	285	-
Hege Sævik Rabben (Deputy member)	-	*
Bjørn Sørlie (Deputy member/Employee representative from 30.08.2021)	-	-
Per Inge Rundhovde (Deputy member/Employee representative from 30.08.2021)	-	-
Helge Bøe (Observer/Employee representative from 30.08.2021)	-	-
Thomas Rakstang (Observer/Employee representative from 30.08.2021)	80	-
Lars Johan Storækre (Vara observer/Employee representative from 30.08.2021)	-	-
Anne-Mone Strandmann (2. Vara observer from 30.08.2021, Deputy member/Employee representative until	-	-
Atle Olav Trollebø (Employee representative until 30.08.2021)	225	-
Terje Hals (Board member/Employee representative until 30.08.2021)	225	-
Anders Gjestad (Vara observer/Employee representative until 30.08.2021)	-	-
Ole Kjell Eidem (Deputy member/Employee representative until 30.08.2021)	-	-
Karl-Andreas Grinde Pedersen (Deputy member/Employee representative until 30.08.2021)	-	-
Daniel Nedrelid (Observer/Employee representative until 30.08.2021)	80	-
Egil Kirkebø (Vara observer/Employee representative until 30.08.2021)	6	-
Total remuneration Board of directors 2021 **	**2 061**	**-**

* Owners of shares through other companies: Vegard, Hege and Per Sævik through Fjord1 Holdco AS.
See note 13.

** In addition, NOK 80 thousand has been paid to the Board's Election Committee and 6 thousand meeting allowance to the Board's members.

The Company has not granted any loans, guarantees or other commitments to any of its board members or to any member of the executive Management team.

Note 19 Remuneration (continued)

Executive management 2020:

Amounts in NOK thousands	Salary	Bonus	Payment s in kind	Other benefits	Pension costs	Total remuneration	Number of shares
Dagfinn Neteland (CEO)	3 224	750	-	208	1 695	5 877	59 988
Anne-Mari Sundal Bøe (CFO)	1 972	414	-	12	77	2 475	17 939
André Høyset (COO)	1 972	414	-	38	77	2 501	18 005
Deon Mortensen (CTO)	624	-	-	4	32	660	15 710
Nils Kristian Berge (Project Director)	1 834	388	-	90	75	2 388	10 720
Total remuneration executive management	**9 626**	**1 966**	**-**	**352**	**1 957**	**13 901**	**122 362**
Pension obligation CEO as at 31.12.19						**8 300**	

*CTO until 01.07.2020

The Company's CEO, Dagfinn Neteland, is entitled to a severance pay equal to twelve months' ordinary salary on the Company's termination of his employment, and upon Mr. Neteland's termination of the employment upon certain material changes in control or changes to the business strategy and operations of the Company. No other member of the executive management team or of the Board has any service contract with the Company providing for material benefits upon termination of employment. The CEO has a supplemental defined benefit pension agreement. The annual pension expense linked to this includes the actuarial cost related to this agreement.

The Group Executive Management received a bonus according to the established bonus program.

Board of directors 2020:

Amounts in NOK thousands	Total remuneration	Number of shares
Vegard Sævik (Chairman)	455	*
Per Rolf Sævik (Board member)	225	*
Siri Hatland (Board member)	255	-
Birthe Cecilie Lepsøe (Board member from 24.02.2020)	285	
Reuben Aguilar Samuels Munger (Board member from 24.02.2020)	225	-
Hege Sævik Rabben (Deputy member from 07.06.2019)	-	*
Atle Olav Trollebø (Employee representative)	225	1 400
Terje Hals (Employee representative from 25.06.2019)	225	-
Anders Gjestad (Vara observer/Emloyee representative)	-	290
Reidar Tangen (Deputy member/Employee representative)	-	624
Ole Kjell Eidem (Deputy member/Employee representative)	-	624
Karl-Andreas Grinde Pedersen (Deputy member/Employee representative from 25.06.2019)	-	318
Bjørn Sørlie (Deputy member/Employee representative from 25.06.2019)	-	290
Anne-Mone Strandmann (Deputy member/Employee representative)	-	
Thomas Rakstang (Observer/Employee representative)	80	-
Egil Kirkebø (Vara observer/Employee representative from 25.06.2019)		-
Daniel Nedrelid (Observer/Employee representative from 25.07.2017 until 19.01.2018 and anew from 25.0	80	457
Total remuneration Board of directors 2020 **	**2 055**	**4 003**

* Owners of shares through other companies: Vegard, Hege and Per Sævik through Havilafjord AS. See note 13.

** In addition, NOK 80 thousand has been paid to the Board's Election Committee and 6 thousand meeting allowance to the Board's members.

The Company has not granted any loans, guarantees or other commitments to any of its board members or to any member of the executive Management team.

Audit fee

Amounts in NOK thousands	2021	2020
Statutory audit	3 661	2 292
Tax advisory services	-	49
Other services	1 270	1 115
Total	**4 931**	**3 456**

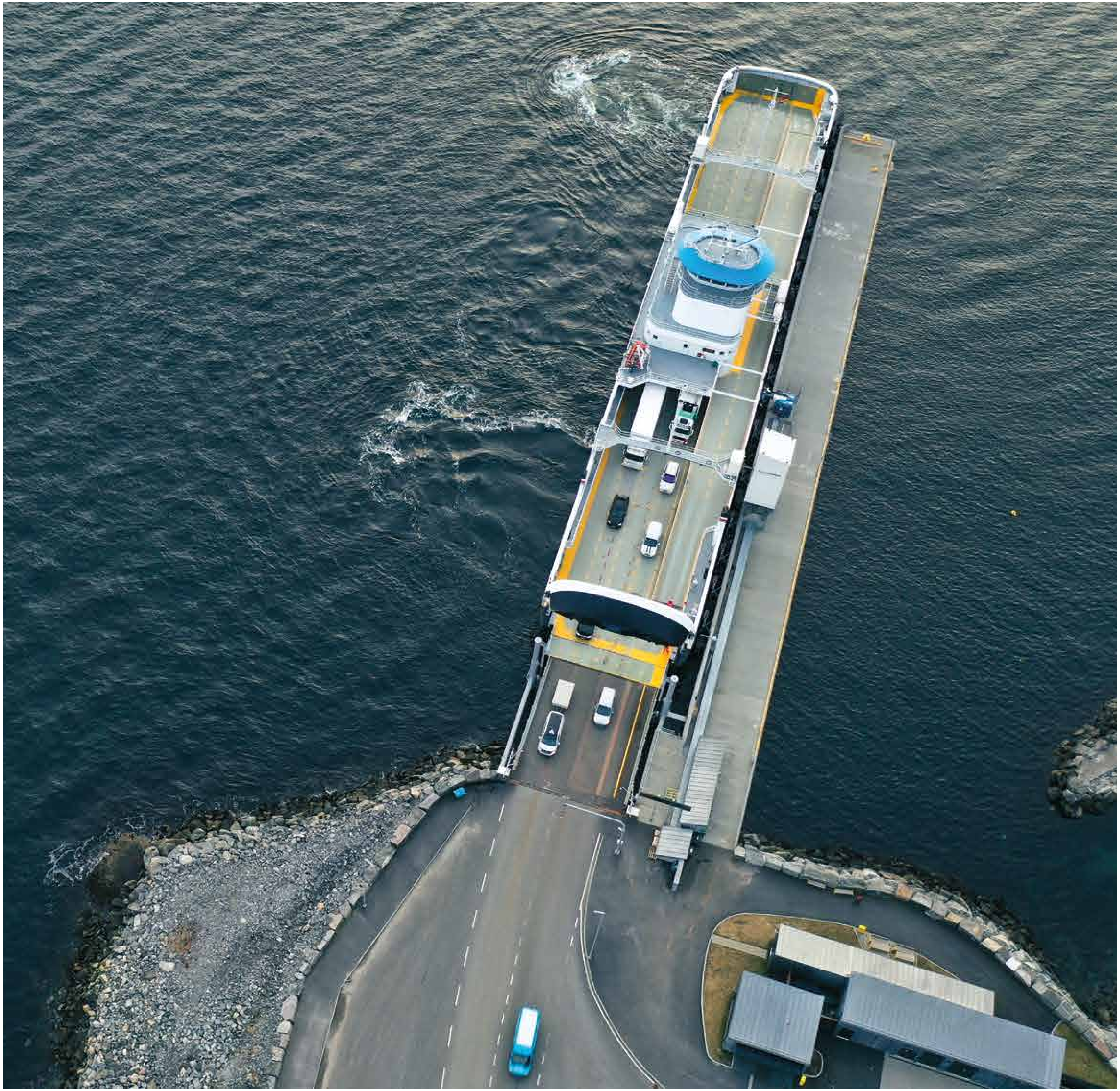
Note 20 Events after the reporting period

On 16.03.2022 the countract counterparty declared one option year on the contract Fylkesveg Sogn & Fjordane, extending the contract from 2025 to 2026.

In addition, on the 31.03.2022 Fjord1 AS reached an agreement with investors for a refinancing of the group's loan facilities. Completion of the refinancing is subject to documentation and customary closing mechanisms and is expected to occur in April 2022 or early May 2022. As part of the refinancing the outstanding bond loan will also be repaid. Following fulfilment of the closing procedures, the Company will fund a defeasance account with sufficient funds to pay all outstanding interest and principal until and including the maturity date 22 November 2022.

PARENT COMPANY FINANCIAL STATEMENTS

2021



Income statement 01.01. - 31.12.

AMOUNTS IN NOK THOUSAND	NOTE	2021	2020
Sales	22	127 919	384 643
Contract income, route operations	22	2 698 024	2 696 715
Other income	1, 22	30 052	34 782
Total income		**2 855 994**	**3 116 139**
Cost of sales		(30 451)	(31 468)
Personnel expenses	13, 17	(887 477)	(955 985)
Depreciation	1	(509 378)	(448 393)
Impairment	1	9 537	(24 799)
Other operating expenses	8, 18, 19	(1 109 983)	(1 166 506)
Total operating expenses		**(2 527 752)**	**(2 627 152)**
Operating profit		**328 242**	**488 988**
Income from investment in subsidiaries	2	(296)	36 481
Income from investment in associates	3	6 314	3 151
Interest income from group companies		267	316
Interest income from associates		271	-
Other interest income		985	2 387
Other financial income	3, 18, 20	3 216	1 941
Impairment of financial fixed assets		-	(20 000)
Other interest expenses		(176 381)	(208 407)
Other financial expenses	18, 20	(13 001)	(33 853)
Net financial income/(expenses)		**(178 625)**	**(217 983)**
Profit/(loss) before tax		**149 617**	**271 004**
Income tax (expense)/income	12	(30 681)	(63 471)
Profit/(loss) for the year		**118 936**	**207 534**
Attributable to:			
Other equity		118 936	207 534
Total allocated		**118 936**	**207 534**

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Balance sheet as at 31.12.

AMOUNTS IN NOK THOUSAND	NOTE	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Fixed assets			
Buildings, property, land and infrastructure	1	926 246	840 270
Machinery and equipment	1	618	964
Vessels	1, 15	7 579 665	7 530 188
Movables, tools, fixtures and fittings etc.	1	23 207	30 406
Total fixed assets		**8 529 736**	**8 401 828**
Financial fixed assets			
Investments in subsidiaries	2	127 153	127 766
Loans to group companies	6	45 356	58 700
Loans to group associates	3	17 000	-
Investments in associates	3	364 872	318 563
Investments in shares and units	4	840	840
Bonds and other receivables	5	305	608
Total financial fixed assets		**555 527**	**506 477**
Total non-current assets		**9 085 263**	**8 908 305**
Current assets			
Inventories	7	27 435	20 161
Receivables			
Trade receivables	8	264 647	307 304
Other receivables	9	238 878	264 148
Receivables from group companies	6	3 371	37 366
Total receivables		**506 896**	**608 819**
Cash and cash equivalents	15	136 498	372 732
Total current assets		**670 828**	**1 001 711**
TOTAL ASSETS		**9 756 091**	**9 910 016**

AMOUNTS IN NOK THOUSAND	NOTE	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
EQUITY			
Paid-in equity			
Share capital	10, 11	250 000	250 000
Treasury shares		(3 617)	(3 617)
Share premium		360 924	360 924
Total paid-in equity		**607 307**	**607 307**
Retained earnings			
Other equity	11	1 777 720	1 658 784
Total retained earnings		**1 777 720**	**1 658 784**
Total equity		**2 385 027**	**2 266 091**
LIABILITIES			
Provisions			
Deferred tax	12	588 334	557 653
Other provisions	14	538 927	340 214
Total provisions		**1 127 261**	**897 867**
Other non-current liabilities			
Bond loan	15	-	996 393
Debt to credit institutions	15	4 280 309	4 908 685
Total other non-current liabilities		**4 280 309**	**5 905 078**
Current liabilities			
Trade payables		110 344	146 451
Social security and other taxes		96 897	93 505
Other current liabilities	16	755 713	531 284
Bond loan	15	954 867	-
Liabilities to group companies	6	45 673	69 740
Total current liabilities		**1 963 494**	**840 980**
Total liabilities		**7 371 064**	**7 643 925**
TOTAL EQUITY AND LIABILITIES		**9 756 091**	**9 910 016**

ANNUAL REPORT AND FINANCIAL STATEMENTS

The Board of Directors of Fjord1 AS

Florø, 6 April 2022

Vegard Sævik
Chairman

Per Rolf Sævik
Board member

George W Polk
Board member

Pål Harr Wefring
Board member

Reidar Tangen
Board member

Reuben Aguilar Samuels Munger
Board member

Dagfinn Neteland
CEO

Cash flow

AMOUNTS IN NOK THOUSAND	NOTE	2021	2020
Operating activities			
Profit before tax		149 617	271 004
Adjustments for profit and loss items with no effect on liquidity:			
Depreciation and impairment	1	499 841	473 192
Interest expense, net		175 396	206 020
Income from investment in subsidiaries	2	296	(36 481)
Income from investment in associates	3	(6 314)	(3 151)
Non-cash post-employment benefit expense	13	-	14 733
(Gain)/loss on disposal of property, plant and equipment	1	2 463	597
Impairment of financial fixed assets		-	20 000
Change in working capital:			
Trade receivables		42 657	(170 079)
Inventories		(7 274)	2 247
Trade payables		(36 107)	(54 685)
Other accruals		472 078	270 462
Cash generated from operations		**1 292 654**	**993 859**
Interest paid		(153 214)	(201 184)
Interest received		1 523	2 387
Income tax paid	13	-	-
Net cash from operating activities		**1 140 963**	**795 063**
Investing activities			
Purchase of vessels and other property, plant and equipment	1	(657 840)	(1 427 614)
Purchase of shares incl. associates	3	(46 310)	(11 000)
Proceeds from dividends from subsidiaries	2	317	317
Proceeds from dividends from associates	3	6 314	3 151
Proceeds from sale of ships and other property, plant and equipment	1	5 851	1 298
Proceeds from loan receivables (current/non-current), net		303	(239)
Proceeds from loan receivables to group companies (current/non-current), net		13 344	36 100
Proceeds from loan receivables to associates (current/non-current), net		(17 000)	-
Net cash from investing activities		**(695 021)**	**(1 397 987)**
Financing activities			
Proceeds from borrowings		168 041	1 210 506
Repayment of borrowings		(850 217)	(700 126)
Net cash from financing activities		**(682 176)**	**510 380**
Net change in cash and cash equivalents		**(236 234)**	**(92 544)**
Cash and cash equivalents as at 01.01.		372 732	465 277
Cash and cash equivalents as at 31.12.		**136 498**	**372 732**

Accounting policies
The parent company financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles.

Use of estimates
Preparation of financial statements in accordance with the Norwegian Accounting Act requires the use of estimates. Application of the company's accounting policies further requires the management to exercise judgement. Areas involving significant estimates or a high degree of complexity, and areas where assumptions and estimates are material to the financial statements, are shown in grey in the notes.

Accounting policies for shares in subsidiaries and associates
Subsidiaries are companies where the parent company has control and thereby decisive influence on the company's financial and operational strategy, normally by owning more than half of the voting capital. Companies where Fjord1 AS owns 20-50% of the voting capital and has a significant influence are defined as associates. For an overview of subsidiaries and associates as at 31 December 2021, see notes 2and 3.

We value investments in companies at the purchase price of the shares (cost method), unless write-down has been necessary. We recognise group contributions to subsidiaries, after tax, as an increase to the cost of the shares. Dividends/group contributions are recognised as income in the same year as provision is made for this in the financial statements of the subsidiary/associate. If dividends/group contributions significantly exceed the part of the profits that is retained in the company after the purchase, we consider the excess as repayment of invested capital and deduct it from the value of the investment in the balance sheet.

Operating income
Income from the sale of goods is recognised at the time of delivery. Income from services is recognised in line with provision of said services.

Operating income, income from car, passenger and freight services, other operating income and contract payments from public-sector clients are recognised as income in the year in which they are earned.

Contract payments are recognised in the balance sheet as receivables if they are not paid in full by yearend.

Sales of discount cards for passengers and vehicles on ferry routes are recognised at the time of use, with the company being liable for unused value. Unused value is classified as other short-term liabilities in the balance sheet.

Classification and valuation of balance sheet items
We classify assets intended for permanent ownership or use as fixed assets. We classify assets associated with the operating cycle as current assets Receivables are classified as current assets if they are to be paid back within one year after they were paid out. We apply analogous criteria to liabilities.

Current assets are assessed at the lower of purchase price and fair value. Short-term liabilities in Norwegian kroner are recognised in the balance sheet at their nominal amounts when established.

Fixed assets are valued at purchase price. The purchase price for operating assets with long production times also includes loan costs associated with manufacture of the operating asset. Fixed assets that fall in value are depreciated using the straight-line method over the anticipated useful life.

Assets are written down to fair value in case of impairment, where this is required by the accounting rules. Long-term liabilities in Norwegian kroner are recognised in the balance sheet at their nominal amounts when established. Provisions are discounted if the interest component is material.

Property, plant and equipment
Property, plant and equipment is recognised in the balance sheet and depreciated using the straight-line method over the expected lifetime of the asset if it has an expected lifetime of more than 3 years and a cost price in excess of NOK 15,000. The depreciation term for investments/expenditures/major replacements will follow the operating asset's assumed lifetime. Important operating assets made up of larger components with different lifetimes are broken down into different depreciation periods for the different components.

Maintenance of operating assets is recognised as a cost under operating expenses on an ongoing basis. Capital additions or improvements are added to the operating asset's cost price and depreciated in line with the operating asset. We calculate the difference between maintenance and capital improvements based on the operating asset's technical condition at the time of purchase.

All ships are covered by an annual maintenance programme. Classification costs and maintenance costs are recognised as expenses in connection with the annual maintenance programme, with the exception of main engines, thrusters and associated equipment, and 5-year surveys. Costs for these are capitalised and depreciated over the period up until the next periodic maintenance. The costs are capitalised under Ships and specified in note 1. On delivery of newbuilds, part of the cost price is recognised in the balance sheet as regular maintenance and depreciated at the first regular maintenance.

Leasing
A lease agreement is classified as a financial or operating lease according to the actual content of the individual agreement. If a substantial part of the economic risk and control associated with the leased object has been transferred to the lessee, the agreement is classified as a financial lease. Other lease agreements are classified as operating leases. Operating assets held under lease agreements regarded as financial leases are capitalised in the balance sheet at the value of the consideration in the lease agreement and depreciated as property, plant and equipment. The instalment component of the consideration is shown as a long-term liability. The total charge is reduced by the lease payments made less calculated interest expenses.

For agreements that are classified as operating leases, the lease payments are treated as an operating expense that is systematically allocated over the entire term of the lease.

Other long-term equity investments
The cost method is applied to investments in other shares etc. We value the investments at the cost price of the shares, unless write-down has been necessary. Investments are written down to fair value if a decrease in value is attributed to reasons not thought to be transitory. Write-

downs are reversed if the basis for the write-down no longer exists. Dividends are initially recognised as financial income once the dividend has been adopted. If the dividends significantly exceed the part of retained earnings after the purchase,he surplus is used to reduce the cost price.

Investments in associates and subsidiaries Investments in associates and subsidiaries are assessed using the cost method.

Write-down of fixed assets
If there is an indication that the carrying amount of a fixed asset is greater than the fair value, we perform a test for impairment. We assess whether the recoverable amount for the fixed asset related to the associated valuation object is greater than the carrying amount. The test is performed for the lowest level of fixed assets with independent cash flows. Recoverable amount is calculated as the higher of the valuation object's value in use and net sales value. Value in use is understood to mean the present value of future cash flows that are expected to arise from the valuation object, while net sales value is defined as the difference between market value on the balance sheet date and estimated selling costs. Where the fixed assets in the valuation object are tied up in contracts and cannot be realised without the opposite party claiming breach of contract, we simply use a value in use as an alternative to recoverable amount. Future cash flows cover the valuation object's cash flows from operating activities plus the terminal value of the associated fixed asset on expiry of any contracts that may have formed the basis for the valuation object. If the carrying amount is higher than both the sales value and recoverable amount, it is written down to the higher of the two.

Previous write-downs are reversed if the conditions for the write-down are no longer present (except for writedowns for goodwill).

Hedging
The company has not used fair value hedging.

Cash flow hedging
Forward contracts that hedge future incoming and outgoing payments are recognised on realisation of the forward contracts. Any change in value of the hedging instrument is not recognised. The hedging instrument is recognised at the time of the transaction. The company uses various hedging instruments and fixed-price contracts to secure its cash flows, especially for various kinds of fuel and interest rates. The company assesses the use of hedging instruments relative to the adjustment clauses in the relevant contracts. If the relevant adjustment clauses for a contract are not thought to provide satisfactory cover for price development for the input factor in question, the company can use available hedging instruments to reduce or eliminate the price development risk.

Fuel
The company uses forward contracts in order to reduce the price risk in the fuel market for those contracts that do not have adjustment mechanisms for price changes. In months in which the relevant market price is higher than the hedging price, the opposite party will pay the company the difference. In months in which the relevant market price is lower than the hedging price, the company will pay the opposite party the difference. The company will have a fixed price for the agreed volume during an agreed period.

Interest rates
The company uses interest rate swaps, where we agree interest rates and repayment periods with an opposite party. In months in which the relevant market interest rate is above the level for which we have a hedging agreement in place, the opposite party will pay the company the difference calculated on the remainder of the principal sum. In months in which the relevant market interest rate is below the level for which we have a hedging agreement in place, the company will pay the opposite party the difference calculated on the remainder of the principal sum. The company will use such agreements to obtain fixed interest rates for agreed amounts and periods. The company has made limited use of agreements whereby we are ensured a price or interest rate corridor. The purpose of such agreements is to hedge against consequences of extreme fluctuations in underlying price developments.

Inventories
Inventories of purchased goods are valued at the lower of purchase price based on the FIFO principle and fair value. A write-down is made for anticipated obsolescence.

Receivables
Accounts receivable and other receivables are recognised in the balance sheet at nominal value less provision for anticipated losses. Provision for losses is made on the basis of individual valuations of the specific receivables. We also make a nonspecific provision to cover anticipated losses on other receivables.

Other receivables, both short-term receivables and long-term receivables, are recognised at the lower of nominal and fair value. Fair value is the present value of anticipated future inward payments. However, there is no discounting where the effect of such discounting is not material for the financial statements. Provision for losses is valued in the same way as for accounts receivable.

Short-term investments
Short-term investments (shares and holdings that are current assets) are valued at the lower of average cost price and fair value on the balance sheet date. Dividends and other distributions received are recognised as other financial income. Onerous contracts/write-down of fixed assets The company's activities entail, among other things, entering into contracts with the public sector for the provision of public transport services. For several of these contracts, the company bears a large part of the risk for developments in a number of cost types (e.g. pay, interest and fuel), without any corresponding change in income. This can result in these contracts becoming unprofitable if costs increase more than revenues. The company therefore measures the present values of expected future cash flows from operating activities in each contract, with estimated outgoing payments covering all unavoidable future operating expenses payable. Depreciation, amortisation and write-downs and financial expenses are not included.

If the individual contract is regarded as a cashgenerating unit, the cash flow is defined in the same way as the cash flow used in the impairment tests for the fixed assets, except that the fixed assets' terminal value on expiry of the contracts is not included. If the calculations show a negative present value, we recognise this amount in the balance sheet as a provision. Before any provision is made for onerous contracts, the need to write down the fixed assets is assessed. This means that the fixed assets are written down before any provision is made for onerous contracts.

Any provision for onerous contracts is recognised in the balance sheet under Other provisions (long-term liabilities). Provision for onerous contracts linked to the operating cycle or with expected settlement times within one year of the balance sheet date is classified as Other short-term liabilities. The depreciation/write-down is reversed in line with any reduction in negative present value in subsequent periods.

If a new contract for a single route is announced as part of an existing tender package, concrete consideration is given to whether this/these routes can be assessed as part of the original cashgenerating unit.

With several of the tender contracts, the client has an option to continue the contracts. Consideration is given to whether this option will be exercised and should therefore be included in the cash flows linked to the cash-generating unit.

Currency
Transactions in foreign currencies are translated at the rate on the transaction date. Monetary items in foreign currencies are valued according to the exchange rate at the end of the financial year. Exchange rate changes are recognised under financial items in the income statement in the accounting period to which they relate.

Pensions
The company has various pension plans. These plans are financed by payments into publicly or privately administered insurance policies/companies, with the exception of the AFP plans and some that are covered via operations. The company has both defined contribution and defined benefit plans.

Defined contribution plans
With defined contribution plans, the company pays contributions into publicly or privately administered insurance plans/companies. The company has no further payment obligations after payment of the contribution. The contribution is recognised as staff costs. Any pre-paid contribution is capitalised as an asset (plan assets) if the contribution can be refunded or used to reduce future payments.

Defined benefit plans
A defined benefit plan is a pension scheme that is not a defined contribution plan. A defined benefit plan is typically a pension scheme that defines the pension that an employee will receive on retirement. The pension paid out is usually dependent on a number of factors, such as age, years of service and salary. The capitalised liability for defined benefit plans is the present value of the defined benefits on the balance sheet date, less fair value of the plan assets (amounts paid to the insurance company), adjusted for estimate differences not recognised in the financial statements and costs not recognised in the financial statements relating to pension accruals in previous periods. The pension liability is calculated annually by an independent actuary using a linear accrual method.

Plan changes are amortised over the anticipated remaining contribution time. The same applies to estimate differences resulting from new information or changes in the actuarial assumptions if these exceed 10% of the greater of the pension liabilities and the plan assets (corridor).

Tax
The tax cost in the income statement covers both the tax payable for the period and change in deferred tax. Deferred tax is calculated using the current tax rate (22 %) based on the temporary differences existing between book and tax values, and any tax loss carryforward at the end of the financial year. Temporary differences that increase or reduce tax and that are or can be reversed in the same period are offset. The deferred tax asset relating to net taxreducing differences that cannot be offset and that are tax-loss carryforwards is worked out from expected future earnings. Deferred tax and tax assets that may be recognised in the balance sheet are shown net in the balance sheet.

When acquiring a company, it is considered whether the present value of the deferred tax on the temporary differences should be used. Tax on group contributions paid that are recognised as an increase in cost of shares in other companies, and tax on group contributions received that are entered directly against equity, are entered directly against tax in the balance sheet (the entry is made against tax payable if the group contribution impacts tax payable and against deferred tax if the group contribution impacts deferred tax).

Cash flow statement
The cash flow statement is prepared using the indirect method. Cash and cash equivalents cover cash, bank deposits and other short-term, liquid investments that can be converted into known cash amounts with immediate effect and negligible currency risk, and which have a due date within three months of the date of issue.

ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 1 - Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT	Buildings, property and land	Infrastructure under construction	Infratructure	Vessels	Vessels under con-struction	Means of transport	Movables, tools, fixtures and fittings etc.	Total property, plant and equipment
Cost and ordinary depreciation								
Cost at 01.01.	113 646	357 891	438 299	10 679 032	247 960	2 426	226 020	12 065 274
+ additions during the year	7 384	148 987	-	45 897	453 886	58	1 627	657 840
+ additions transferred from under construction	-	(286 081)	286 081	446 902	(446 902)	-	-	-
– disposals in the year	-	-	-	(245 369)	-	-	(5 231)	(250 600)
Cost at 31.12.	**121 030**	**220 797**	**724 380**	**10 926 462**	**254 944**	**2 484**	**222 416**	**12 472 514**
Accumulated ordinary depreciation at 31.12.	59 257	-	80 704	3 506 892	-	1 867	189 521	3 838 241
Accumulated writedowns at 31.12.	-	-	-	94 849	-	-	9 688	104 537
Carrying amount at 31.12.	**61 773**	**220 797**	**643 676**	**7 324 721**	**254 944**	**617**	**23 207**	**8 529 736**
Depreciation for the year	7 317	-	63 078	432 649	-	346	5 988	509 378
Reversal of write-downs for the year	-	-	-	(15 730)	-	-	-	(15 730)
Write-downs for the year	-	-	-	6 193	-	-	-	6 193
Economic lifetime	0-30 year		10-15 year	5-40 year		5-10 year	3-5 year	
Depreciation schedule	Straight-line		Straight-line	Straight-line		Straight-line	Straight-line	

Gains on the sale of property, plant and equipment are classified as other operating income.

Additions
Additions for the period are net of government-funded NOx compensation for the new vessels.

One vessels was delivered in 2021: MF Rødvenfjord. In addition, the Company has two additional vessels under construction as of 31 December 2021.

Disposals
Three vessels were disposed of in 2021: MF Rauma, MF Stryn and MF Nordmøre.

Impairment test of vessels
The company has during 2021 identified impairment indicators for the vessels in the Ferry segment. Further, the company has identified indications that impairment losses recognised in prior periods no longer exist or have decreased at the reporting date.

Due to the identified indicators for the Ferry segment, the company has conducted impairment tests for its vessels by estimating the recoverable amount. Each ferry contract, and all vessels designated for use under the different ferry contracts, has been identified as separate CGUs (Cash Generating Unit).

When evaluating the potential impairment of the different ferry contracts, the company has assessed each contract's recoverable amount based on a fair value less costs of disposal. The value in use is not assumed to be significantly higher than fair value. The fair value is based on a calculated net present value of forecasted cash flow under each ferry contract, with a residual value equal to an estimated value of the vessels after the expiration of the different ferry contracts based on two independent broker values. The broker values have been reduced with an estimated sales commission, which is the estimate of the costs of disposal. A reversal of any impairment of vessels in previous periods is recognised when circumstances and evidence indicates that impairment recognised in previous years no longer exists or has decreased.

Based on impairment tests performed as at 31 December 2021, the company has recognised an impairment of one vessel and reversal of impairment of one vessel:

Impairment of one vessel
As a result of changed use of one vessel the company has calculated an impairment loss on the vessel. As a result of the calculation, the company has written down the vessel to the estimated fair value less costs of disposal. The fair value has been estimated based on the remaining value of the contract (CGU) and the estimated residual vessel value at the end of the contract.

Reversal of impairment of one vessel
For one of the company's vessel previously calculated impairment losses does no longer exist and thus the previously recognised impairment has been reversed.

The cash flows are discounted using an estimated Weighted Average Cost of Capital (WACC). Cash flows are calculated after tax and discounted with an after tax discount rate. The nominal WACC used in the calculations is 5,1%.

ANNUAL REPORT AND FINANCIAL STATEMENTS

Note 2 - Information about subsidiaries

Amounts in NOK thousand Subsidiary	Registered office	Equity interest	Voting right	Share capital	Total number of shares	Number of shares	Equity in subsidiary	Profit (loss) in subsidiary	Book value	Dividend paid (Fjord1's share)	Group contribution
Hareid Trafikkterminal AS	Hareid	63 %	63 %	1 200	1 200	760	7 172	1 283	768	317	-
F1 Administrasjon AS	Florø	100 %	100 %	1 500	15 000	15 000	18 714	4 724	4 082	-	-
Bolsønes Verft AS	Molde	100 %	100 %	100	100	100	8 604	665	25 215	-	-601
ÅB Eigedom AS	Årdal	66 %	66 %	2 750	2 750	1 814	7 843	-21	6 038	-	-
Måløy Reisebyrå AS	Måløy	100 %	100 %	300	50	50	5 313	551	2 508	-	-11
Fanafjord AS	Florø	100 %	100 %	400	1 000	1 000	10 080	-88	4 407	-	-
Nye Fanafjord AS	Florø	90 %	90 %	30	30 000	27 000	103 196	-1 400	84 135	-	-
Total							**160 924**	**5 714**	**127 153**	**317**	**-613**

Note 3 - Shares in associates

Amounts in NOK thousand Associates	Registered office	Equity interest / voting share	Cost	Profit (loss) in 2021	Book equity, 31.12.2021	Dividend paid (Fjord1's share)
The Fjords DA	Flåm	50,0 %	20 000	(42 101)	(1 506)	-
The Fjords Fartøy I DA	Flåm	50,0 %	15 400	1 939	35 248	-
The Fjords Fartøy II DA	Flåm	50,0 %	19 625	2 324	42 616	-
The Fjords Fartøy III DA	Flåm	50,0 %	16 910	2 159	36 429	-
Sognefjorden Farty I AS	Flåm	50,0 %	630	(3)	858	-
Partsrederiet Kystekspressen ANS	Trondheim	49,0 %	13 382	7 822	46 368	6 314
WF Holding AS*	Bodø	34,0 %	178 600	84 319	975 338	-
Fjord Tours Group AS	Oslo	50,0 %	100 325	(21 934)	269 597	-
Total			**364 872**	**34 527**	**1 404 948**	**6 314**

* WF Holding AS is a subsidiary of Torghatten ASA and is included in that company's consolidated financial statements.
The parent company has its head office at Havnegata 40, 8900 Brønnøysund, Norway.

The Fjords DA
A capital increase was performed in the jointly controlled entity in where Fjord1 AS paid NOK 5 million corresponding to its 50 % share of the company. An additional capital contribution of NOK 5 million corresponding to Fjord1 AS's share was performed in April, June and July, everytime of NOK 5 millon. Fjord1 AS's total contribution for 2021 in the company is of 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.

WF Holding AS
A loan agreement was entered into in June 2021, between WF Holding AS and Fjord1 AS, for NOK 17 million. The loan will be repaid in full in July 2024.

Note 4 - Investments in shares and units

Amounts in NOK thousand	Book value
Fjord Invest AS	100
Other shares and units	741
Total shares and units	**840**

Note 5 - Bonds and other receivables

Amounts in NOK thousand	31.12.2021	31.12.2020
Employee loans	-	105
Other long-term receivables	305	503
Total other receivables	**305**	**608**

Note 6 - Intercompany balances

Amounts in NOK thousand	Sales		Purchases	
Group companies	**2021**	**2020**	**2021**	**2020**
F1 Administrasjon AS	-	349	137 188	138 144
Bolsønes Verft AS	-	271	5 891	7 892
Måløy Reisebyrå AS	-	-	1 582	1 588
Hareid Trafikkterminal AS	307	378	-	15
Nye Fanafjord AS	-	44	3 875	4 575
Fanafjord AS	29	28	-	-
Total, group companies	**336**	**1 070**	**148 536**	**152 214**
Associates				
The Fjords DA	34 021	26 409	-	-
The Fjords Fartøy I DA	-	-	-	-
The Fjords Fartøy II DA	-	-	-	-
The Fjords Fartøy III DA	-	304	-	-
Geiranger Fjordservice AS	-	-	-	-
Total, associates	**34 021**	**26 713**	**-**	**-**

Amounts in NOK thousand	Short-term receivables		Long-term receivables	
Group companies	**31.12.2021**	**31.12.2020**	**31.12.2021**	**31.12.2020**
F1 Administrasjon AS	361	519	-	-
Bolsønes Verft AS	-	3 053	13 000	13 500
Måløy Reisebyrå AS	-	742	-	-
Hareid Trafikkterminal AS	-	-	-	200
Nye Fanafjord AS	202	33 053	32 356	45 000
Fanafjord AS	-	-	-	-
The Fjords DA*	2 808			
Total, group companies	**3 371**	**37 366**	**45 356**	**58 700**

*The Fjords DA is an associated company.

Associates				
The Fjords DA	-	4 831	-	-
Total, associates	**-**	**4 831**	**-**	**-**

Amounts in NOK thousand	Short-term liabilitites				Long-term liabilities	
	31.12.2021		31.12.2020		31.12.2021	31.12.2020
Group companies	*Other*	*Group account*	*Other*	*Group account*		
F1 Administrasjon AS	13 635	16 083	12 250	15 554	-	-
Bolsønes Verft AS	378	-	3 861	-	-	-
Måløy Reisebyrå AS	188	4 639	798	4 423	-	-
ÅB Eigedom AS	-	5 252	-	5 306	-	-
Hareid Trafikkterminal AS	-	5 409	-	4 496	-	-
Nye Fanafjord AS	-	89	3 875	19 177	-	-
Total, group companies	**14 201**	**31 472**	**20 783**	**48 956**	**-**	**-**

Note 7 - Inventories

Amounts in NOK thousand	31.12.2021	31.12.2020
Gas stock, vessels	2 198	2 027
Oil stock, vessels	22 358	16 049
Goods bought for resale	2 879	2 086
Inventories	**27 435**	**20 161**

Inventories comprise goods bought in for resale, as well as stocks of MGO, biodiesel and LNG. No write-downs have been made for obsolescence. The carrying amount is the lower of purchase price and fair value.

Note 8 - Trade receivables

Amounts in NOK thousand	31.12.2021	31.12.2020
Trade receivables at nominal value 31.12	264 670	307 327
Provision for bad debts 31.12.	(23)	(23)
Trade receivables	**264 647**	**307 304**
Actual loss for the year on receivables	(99)	(268)
Loss on receivables	**(99)**	**(268)**

Loss on receivables is recognised in other operating expenses.

Note 9 - Other short-term receivables

Amounts in NOK thousand	31.12.2021	31.12.2020
Prepayments	38 009	58 376
Other receivables	143	2 607
Other accruals – income	200 725	180 950
Sea damage claims	-	10 697
VAT receivables	-	11 520
Other short-term receivables	**238 878**	**264 148**

Note 10 - Share capital and shareholders

At 31.12.2021, Fjord1 AS had share capital of NOK 250,000,000 divided into 100,000,000 shares with a nominal value of NOK 2.50. The company has only one share class.

	Number of shares	Voting rights
FJORD1 HOLDCO AS	99 909 598	99,9 %
FJORD1 AS	90 402	0,1 %
Number of shares in the 20 largest shareholders	100 000 000	100,0 %
Other	-	0,0 %
Total	**100 000 000**	**100 %**

Shares owned by the executive management	Number of shares 31.12.2021
Dagfinn Neteland (CEO)	-
Anne-Mari Sundal Bøe (CFO)	-
André Høyset (COO)	-
Nils Kristian Berge (Technology & Project Director)	-
Total number of shares owned by the Executive Management	**-**

Shares owned by the board of directors	Number of shares 31.12.2021
Vegard Sævik (Chairman)	*
Per Rolf Sævik (Board member)	*
Reuben Aguilar Samuels Munger (Board member)	-
George Polk (Board member from 22.10.2021)	-
Pål Harr Wefring (Board member from 30.08.2021)	-
Reidar Tangen (Board member from 30.08.21, Deputy member/Employee representative until 30.08.21)	-
Siri Hatland (Board member until 22.10.2021)	-
Birthe Cecilie Lepsøe (Board member until 22.10.2021)	-
Hege Sævik Rabben (Deputy member)	*
Bjørn Sørlie (Deputy member/Employee representative from 30.08.2021)	-
Per Inge Rundhovde (Deputy member/Employee representative from 30.08.2021)	-
Helge Bøe (Observer/Employee representative from 30.08.2021)	-
Thomas Rakstang (Observer/Employee representative from 30.08.2021)	-
Lars Johan Storækre (Vara observer/Employee representative from 30.08.2021)	-
Anne-Mone Strandmann (2. Vara observer from 30.08.2021, Deputy member/Employee representative until 30.08.2021)	-
Atle Olav Trollebø (Employee representativ until 30.08.2021)	-
Terje Hals (Board member/Employee representativ until 30.08.2021)	-
Anders Gjestad (Vara observer/Employee representativ until 30.08.2021)	-
Ole Kjell Eidem (Deputy member/Employee representativ until 30.08.2021)	-
Karl-Andreas Grinde Pedersen (Deputy member/Employee representativ until 30.08.2021)	-
Daniel Nedrelid (Observer/Employee representativ until 30.08.2021)	-
Egil Kirkebø (Vara observer/Employee representativ until 30.08.2021)	-
Total number of shares owned by the Board of Directors	**-**

* Owners of shares through other companies: Vegard Sævik, Hege Sævik Rabben and Per Sævik through Fjord1 Holdco AS.

** In addition, NOK 80 thousand has been paid to the Board's Election Committee and 6 thousand meeting allowance to the Board's members.

The Company has not granted any loans, guarantees or other commitments to any of its board members or to any member of the executive Management team.

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Note 11 - Equity

Changes in equity in the year:

Amounts in NOK thousand	Share capital	Treasury shares	Share premium fund	Other equity	Total equity
Equity at 01.01.2021	250 000	(3 617)	360 924	1 658 785	2 266 092
Profit for the year				118 936	118 936
Equity at 31.12.2021	**250 000**	**(3 617)**	**360 924**	**1 777 721**	**2 385 028**

Treasury shares

Summary of purchase and disposal of treasury shares:

	2021		
Amounts in NOK thousand	Number	Consideration	Share of share capital
Holding at 1. January	90 402	3 617	1,4 %
Holding of treasury shares at 31. December	**90 402**	**3 617**	**1,4 %**

Havilafjord AS, a company wholly owned by Havila Holding AS, on July 7 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 July 26, it was announced that Havila Holding through subsidiaties 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 July 28. The right of ownership of the minority shares was transferred and Havila Holding AS was as of that day the beneficial owner of 100% of the shares, other than treasury shares held by Fjord1 itself. The shares of Fjord1 were de- listed from the Oslo Stock Exchange on August 23, 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 Holding AS and US-based Vision Ridge Partners.

Note 12 - Accounting treatment of tax

Amounts in NOK thousands	2021	2020
Tax payable is made up as follows:		
Profit on ordinary activities before tax	149 617	271 004
Permanent differences	10 159	(17 500)
Tax base	159 776	253 504
Change in temporary differences	(139 460)	(288 503)
Loss carryforward	(163 934)	(344 970)
Taxable income (tax base)	(143 619)	(379 969)
Tax cost for the year is made up as follows:		
Tax payable on profit for the year	-	-
Change in tax payable on profit for prior year	-	-
Change in deferred tax/tax asset in the balance sheet	30 681	63 471
Total tax cost for the year	**30 681**	**63 471**
Tax payable in the balance sheet is made up as follows:		
Tax payable on profit for the year	-	-
Total tax payable	**-**	**-**
Specification of deferred tax base:		
Differences offset:		
Operating assets	3 632 827	3 102 434
Receivables	(23)	(23)
Profit and loss account	45 637	66 732
Accrued contract payment	(899 987)	(340 214)
Pensions	-	-
Units in general partnerships	29 828	8 753
Other differences	25 513	42 072
Deficit and allowance for performance	(159 550)	(344 970)
Tax base for deferred tax/tax asset in the balance sheet	**2 674 245**	**2 534 784**
Deferred tax asset/deferred tax	588 334	557 653
Deferred tax asset in the financial statements	**-**	**-**
Deferred tax	**588 334**	**557 653**
Reconciliation of tax cost:		
Accounting result before tax	149 617	271 004
Expected tax cost (22%)	32 916	59 621
Tax cost in the income statement	30 681	63 471
Deviation	(2 235)	3 850
Explanation of deviation:		
22% of permanent differences	2 235	(3 850)
Total explained deviation	2 235	(3 850)

Note 13 - Pension liabilitites

Occipational pension schemes
Fjord1 AS has group occupational pension schemes for all employees. The schemes meet the requirements of the Norwegian Mandatory Occupational Pensions Act.

Defined benefit pension schemes
The company has terminated its contribution-based schemes with effect from 01.01.2020.

For accounting purposes, group defined benefit pension schemes has been handled in accordance with the Norwegian pensions standard. The schemes provide a right to defined future benefits. These mainly depend on the number of qualifying years, salary, salary at pension age and the level of any payments from the national insurance scheme. Pension cost and liability/plan assets are shown in the note under Secured pension schemes.

Defined contribution pensions
Defined contribution pensions are schemes where the company commits to pay an annual premium. The pension is dependent on the funds paid in and the return on these. For the company, the cost for the year is equal to the year's premiums. The plan entails a saving of 3% of salary up to 7,1G (Basic amount), and 15% of salary up to 12G.

In addition, the company has a pension scheme for sailors covering 1,054 persons as at 31.12.2021.

Pension costs, defined benefit schemes

Amounts in NOK thousand

Pension cost	2021	2020
Present value of pension accruals for the year	-	-
Interest expenses on the pension liabilities	-	-
Expected return on plan assets	-	-
Recognised past service cost	-	17 474
Recognised estimate differences	-	(2 741)
Net pension costs	**-**	**14 733**

Change in accrued liability	31.12.2021	31.12.2020
Accrued liability at the start of the year	-	57 167
Present value of pension accruals for the year	-	-
Interest expenses on the pension liabilities	-	-
Service cost	-	(63 952)
Estimate changes	-	6 785
Benefits paid from the schemes	-	-
Accrued liability at the end of the year	**-**	**-**

Change in plan assets	31.12.2021	31.12.2020
Fair value of plan assets at the start of the year	-	76 782
Estimate changes	-	4 643
Return on plan assets	-	-
Paid in	-	(81 426)
Pensions paid out from schemes	-	-
Fair value of plan assets at the end of the year	**-**	**-**

Note 13 - Pension liabilitites cont.

The company's total pension costs (defined benefit and defined contribution)

	2021	2020
Cost of defined benefit schemes according to note	-	14 733
Cost of defined contribution schemes	33 531	46 020
Total pension costs	**33 531**	**60 753**

Fjord1 AS's balance on pension contribution fund as of 31.12.21 was NOK 5,9 million and NOK 6,7 million as of 31.12.20.

Note 14 - Other provisions

Amounts in NOK thousand	31.12.2021	31.12.2020
Provision for contract payment	4 385	4 823
Prepayment infrastructure	534 543	335 391
Total other provisions	**538 927**	**340 214**

The provision for contract payment is accrued based on the difference between the repayment period for property, plant and equipment used in contracts with the public sector, and the book depreciation.

Prepayment of infrastructure relates to amounts paid by the customer for purchase of the infrastructure which Fjord1 AS has built as a part of the contractual terms. Fjord1 AS uses the infrastructure in it's operation and recognises the revenue in line with the use of the asset over the contract period.

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Note 15 - Pledges, guarantees, etc.

Amounts in NOK thousand

Interest-bearing debt	**31.12.2021**	**31.12.2020**
Unsecured		
Bond loan	957 617	1 006 429
Amortised cost	2 750	5 750
Total bond loan	**954 867**	**996 393**
Secured		
Debt to credit institutions	4 303 072	4 945 008
Amortised cost	22 763	36 322
Total debt to credit institutions	**4 280 309**	**4 908 685**
Total long-term liabilities	**4 280 309**	**5 905 078**
Total short-term liabilities	**954 867**	**-**

* Fair value of bond loan at 31.12.2021 is based on the last trading price on Oslo Stock Exchange at 99,1, which corresponds to a total of NOK 991.000 thousand. The entire loan is due in 2022.

Repayment profile, long-term liabilities

	Balance at 31.12.2021	Repayments 2022	Repayments 2023	Repayments 2024	Repayments 2025	Repayments 2026	Repayments 2027 or later
Bond loan	957 617	1 006 429	-	-	-	-	-
Debt to credit institutions	4 303 072	1 373 806	319 446	1 130 603	833 722	134 955	510 540
Total	**5 260 689**	**2 380 235**	**319 446**	**1 130 603**	**833 722**	**134 955**	**510 540**

	31.12.2021	**31.12.2020**
Total debt with terms longer than 5 years	510 540	836 903

The interest on the bond loan is regulated each quarter in accordance with 3M NIBOR plus a margin of 3.5%. 3M NIBOR averaged 0.47% in 2021 and 0,70% in 2020. The interest rate on other debt to credit institutions at 31.12.2021 is 6M NIBOR, which averaged 0.60% in 2021 and 0.78% in 2020, with the margin varying from 1.775% to 3.175%. Parts of new loans are guaranteed via GIEK and the margin varies between 1.435% - 2.365% with margins to credit institutions varying between 0.44% to 0.81%.

Financial covenants
The terms of the major loan agreements require the group to comply with the following financial covenants:
- NIBD/EBITDA must not exceed 5 (6 in the period 31.12.21 - 31.03.22)
- Equity ratio above 25.00 %
- Contract volume (NIBD/contract revenue)

The financial covenant of the company's debt to credit institutions was amended in may 2020 where the covenant of an equity ratio above 22.5% was prolonged for the period to and including 30. June 2021. In addition, the NIBD/EBITDA-covenant has been amended, increasing from 5 to 6 for the period 31.12.21 - 31.03.22.

The bond loan includes the following financial covenants:
- Minimum equity ratio of 25.00%
- Minimum liquidity of NOK 75 million

In connection with the amendment to the bond loan in june 2020, the covenant of an equity ratio above 22.5% was prolonged for the period to and including 30. June 2021 and the loan will mature at a price equal to 101 per cent of the nominal value.

Since the loan is at floating interest and has a stable credit margin over time, the fair value of long-term debt to credit institutions is not considered to deviate significantly from the carrying amount.

Interest accrued as at 31.12.2021 was NOK 23.8 million, but this is classified as short term, as it falls due for payment within six months of the reporting date.

	31.12.2021	**31.12.2020**
Total guarantee liabilities, surety, guarantee for transport licences etc.	365 605	392 418

There are no guarantee liabilities other than those listed above. All the guarantee liabilities are via Nordea and DnB.

Carrying amount of assets pledged as security	31.12.2021	31.12.2020
Vessels	7 579 665	7 530 188
Total	**7 579 665**	**7 530 188**

The Fjord1 group's liquidity is organised in a group account scheme with Nordea. The group account system has been set up to contribute to optimal liquidity management in the Fjord1 group. Fjord1 AS is the group account owner and thus the owner of the bank deposits. The group account incorporates the companies' operating accounts, and all the companies are jointly and severally liable for deposits in the group account scheme.

The subsidiaries' detail accounts are formally treated as receivables from and debt to the parent company, Fjord1 AS. The total credit balance in the group's group account scheme at 31.12.2021 was NOK 109.2 million. This is classified as bank deposit in Fjord1 AS. Fjord1 ASs' share of group account scheme was NOK 77.7 million. Subsidiaries share of the group account was NOK 31.5 million. This is classified as bank deposits and debt to subsidiaries in the financial statement of Fjord1 AS.

With regard to tax-withholding accounts, Nordea has issued a guarantee to the respective tax offices for the tax liability of NOK 60 million. Other than this arrangement, there were no locked-in amounts for withholding tax at 31.12.2021.

In February 2018, bank loans in Fjord1 ASA were refinanced by means of a syndicated loan via Nordea and DnB. From this date forward, there is no long-term debt linked to the former group agreement.

Note 16 - Other short-term liabilities

Amounts in NOK thousand	31.12.2021	31.12.2020
Card database, maritime companies	48 864	26 436
Pay and holiday pay due/accrued	143 713	142 671
Prepayment of contract revenue	431 371	250 183
Incurred costs	39 674	39 674
Accrued interest/hedging transactions	23 849	24 269
Other short-term liabilities	68 242	48 052
Total other short-term liabilities	**755 713**	**531 284**

Note 17 - Salaries, social security costs and auditor

Amounts in NOK thousand	2021	2020
Wages	708 820	743 548
Employer's contribution	99 067	97 527
Pension costs	33 531	60 753
Other benefits	46 059	54 157
Total wages	**887 477**	**955 985**
Number of employed FTEs:	1 068	1 132

The pension schemes are funded via insurance companies and KLP. The total pension costs for Fjord1 AS recognised in the income statement are NOK 33.5 million.

The company's pension plans are in compliance with the provisions of the Mandatory Occupational Pensions Act.

No loans have been provided/security put up for the CEO, chairman of the board or other related parties. No loans have been provided/security put up representing more than 5% of the company's equity

Amounts in NOK thousand **Payments to senior management**	CEO	Board of Directors/corporate assembly
Wages	3 164	2 061
Bonus	-	-
Pension costs	1 633	-
Other remuneration	204	-
Total	**5 001**	**2 061**
Pension liability	8 165	-

The CEO is appointed and receives a salary from F1 Administrasjon AS, and is entitled to severance pay equal to 12 months' ordinary salary if his contract is terminated by the company, or if he gives notice in connection with significant changes in control or changes in business strategy and running of the company.

No other members of corporate management or the Board of Directors have contracts that provide significant benefits in connection with termination of contract.

The company has no liabilities linked to share-based remuneration for employees or employee representatives.

As of today's date, the company has formal agreements in place on bonuses or share-based remuneration or other benefits for the Senior Management.

Amounts in NOK thousand **Auditor (excl. VAT)**	2021	2020
Statutory audit (including technical assistance with financial statements)	3 445	1 944
Tax advice (including technical assistance with tax declaration)	-	49
Attestation services	-	115
Other services	1 270	1 115
Total	**4 715**	**3 223**

Note 18 - Items that have been combined in the financial statements

Amounts in NOK thousand

Other operating expenses	2021	2020
Repairs and maintenance	301 645	269 269
Fuel	335 768	371 475
Ship costs	204 009	253 080
Service costs	50 449	58 410
Other operating expenses	218 112	214 271
Total other operating expenses	**1 109 983**	**1 166 506**

Amounts in NOK thousand

Other financial income	2021	2020
Foreign exchange gains	131	1 905
Share/customer dividends	3 086	36
Gain on realisation of shares	-	-
Total other financial income	**3 216**	**1 941**

Amounts in NOK thousand

Other financial expenses	2021	2020
Decrease in value of interest rate hedging	-	1 749
Currency expenses (exchange loss)	465	1 290
Other financial expenses	12 536	30 814
Total other financial expenses	**13 001**	**33 853**

Note 19 - Leases

Amounts in NOK thousand

At the end of 2021, the company had various leases for vessels/passenger boats and other operating equipment:	Duration	Expensed lease payments
Leases for ships and passenger boats, external	2023	75 958
Other leases		10 431
Internal lease of ferry "MS Fanafjord"	2021	3 875
Vehicle leases	2023	717

Note 20 - Hedging contracts and other financial expenses

Fixed-price contracts for purchase of electricity

The company has entered into fixed-price contracts for purchase of electricity for its own production (ferry operations). The contracts have duration of 10 years and covers approximately 70% of the companys yearly estimated consumption. The company has not recognised any assets or liability relating to the fixed-price contracts.

Note 21 - Other information

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 contract counterparty has issued a summons and brought a case before the courts.

The companys' best estimate have been used for recognising revenue related to the rebate compensation.

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Note 22 - Specification of revenue from sales and contracts

Fjord1 AS's revenue derives mainly from ferry operations, passenger boats, leasing vessels for tourism purposes and sale of kiosk goods on board ferries.

The ferry segment covers operations in Norway where the routes are subject to contracts. Kiosks are operated on board the ferries in these geographical areas. As well as ferry operations, the company operates local passenger boat routes in Sogn og Fjordane.

Vessels that are leased to tourism businesses operate on the UNESCO World Heritage fjords: the Nærøyfjord and the Geirangerfjord

Amounts in NOK thousand

Sales	2021	2020
Ferry operations	52 612	297 263
Passenger boats	1 450	1 465
Sale of kiosk goods (catering)	73 699	85 775
Tourism	84	81
Other areas	74	59
Total sales income	**127 919**	**384 643**

Amounts in NOK thousand

Contract income	2021	2020
Ferry operations	2 585 749	2 578 950
Passenger boats	112 275	117 764
Total contract income	**2 698 024**	**2 696 715**

Amounts in NOK thousand

Other operating income	2021	2020
Rental income	15 854	20 574
Gains on disposals of operating assets	3 504	2 669
NOx refund	-	-
Advertising	1 858	2 166
Other income	8 836	9 372
Total other operating income	**30 052**	**34 782**

Note 23 - Key figures

		2021	2020
Return on total assets (1)	%	3,1 %	5,0 %
Operating margin (2)	%	11,5 %	15,7 %
Equity ratio (3)	%	24,2 %	23,0 %
Return on equity (4)	%	5,1 %	10,4 %
Liquidity ratio (5)	%	66,0 %	119,1 %
Debt-servicing capacity (6)	this year	8,9	8,4
Market funding (7)	%	5,5 %	13,5 %

1) Return on total assets:	Profit for the year + financial expenses / average total assets
2) Operating margin:	Profit after depreciation and amortisation / total operating income
3) Equity ratio:	Equity / total assets
4) Return on equity:	Profit for the year / average equity
5) Liquidity ratio:	Current assets / short-term liabilities
6) Debt-servicing capacity:	Average net interest-bearing liabilities / profit of the year + ordinary depreciation
7) Market funding:	Total operating income – contract income on route operations / total operating income

Responsibility Statement from the BoD and CEO

We hereby confirm that, in our opinion, the financial statements for Fjord1 AS for the period 1 January to 31 December 2021 have been prepared in accordance with current applicable accounting standards and that the disclosures in the financial statements provide a good and fair view of the parent company's and the Group's assets, liabilities, financial position and result as a whole.

Further, we also declare that the Board of Directors' report provides a fair view of the development, result and financial position of the parent company and the Group, together with an outline of the key risks and uncertainties facing the business and information on any material transactions with related parties.

The Board of Directors of Fjord1 AS

Florø, 6 April 2022

Vegard Sævik
Chairman

Per Rolf Sævik
Board member

George W Polk
Board member

Pål Harr Wefring
Board member

Reidar Tangen
Board member

Reuben Aguilar Samuels Munger
Board member

Dagfinn Neteland
CEO

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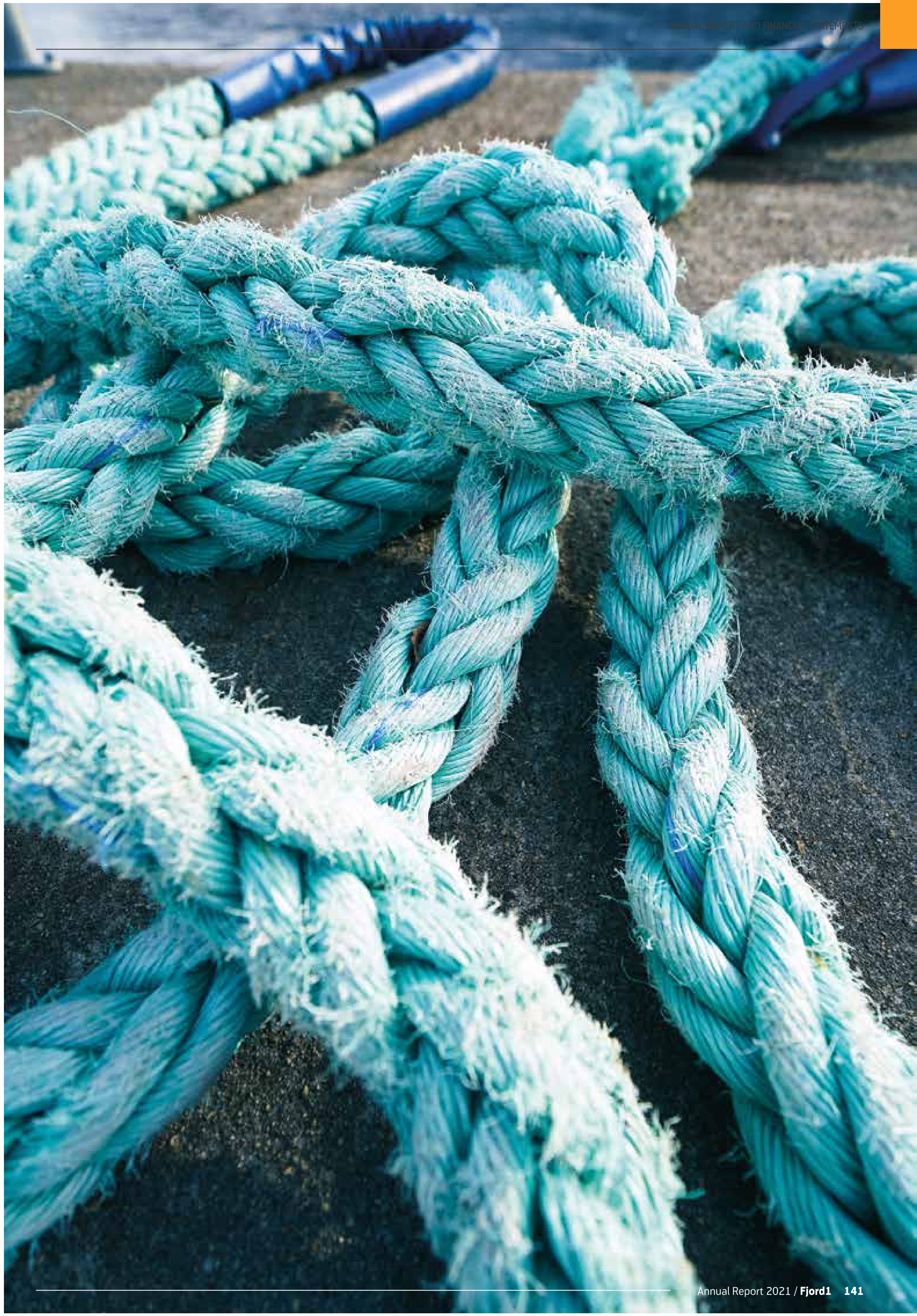

To the General Meeting of Fjord1 AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fjord1 AS, which comprise:

- The financial statements of the parent company Fjord1 AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Fjord1 AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International

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T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 22.05.2018 for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The company's operations are largely unchanged from 2020. Impairment assessment of vessels represent approximately the same level of complexity and risk as in 2020. As a result, impairment assessment of vessels has been a key audit matter also in this year's audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of vessels	
At 31 December 2021, the Group had vessels with a book value of NOK 7 623 078 thousand and a vessel held for sale with a book value of NOK 146 732 thousand. This represents approximately 76% of total assets in the Group's financial statements. We focused on this area because a potential impairment could have a significant impact on the book value of the Group's assets, and that the impairment assessment involves significant management judgement Management has identified indicators of potential impairment. The recoverable amount was calculated based on fair value less costs to sell. Each contract and vessels allocated for the specific contract were deemed to be a cash generating unit. Use of judgement is in particular related to discount rate (WACC), future revenue from ferry contracts, operating expenses, capital expenditures and net realizable value of the vessels at the end of contract.	We evaluated and tested the design and operating effectiveness of key controls in relation to impairment testing, with particular focus on the controls linked to external documentation supporting key assumptions applied in the impairment assessment. We reviewed management's identification of cash generating units and found these to be in accordance with the requirements in IFRS. We assessed key assumptions on future revenue from ferry contracts, operating expenses, capital expenditures and net realizable value of the vessels at the end of the contract. In order to evaluate assumptions on revenue, we reconciled revenue from ferry contracts to existing contracts and compared tender offers. We compared the operating expenses to historical operating expenses and compared profit in 2021 per contract with budgeted profit for 2021. We found that revenue and operating expenses was reasonable compared to revenue in existing contracts and that operating expenses was reasonable compared to historical operating expenses The applied discount rate was assessed by comparing the different input parameters in the discount rate to observable market data were applicable, and internal

The managements impairment assessment resulted in an impairment of NOK 7414 thousand. We refer to notes 2 and 11 in the consolidated financial statements where the management explains the impairment model and key assumptions.	data. We found the applied discount rate to be within a range of reasonable outcomes. We evaluated external broker estimates obtained by management to assess assumptions on future net realizable value of the vessels at the end of the contracts. In order to evaluate external broker estimates we also compared historical sale of vessels to historical broker estimates. We found expected net realizable values to be reasonable compared to broker estimates and historical values. We performed sensitivity analysis on key assumptions in the impairment assessment and found the impairment assessment to be sensitive to changes in WACC and net realizable value of vessels at the end of contracts. We reconciled the sensitivity analysis to information presented in notes. We evaluated the appropriateness of the related note disclosures in the financial statements and found that they satisfied IFRS requirements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name Fjord1_AS-2021-12-31-no have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Bergen, 6 April 2022
PricewaterhouseCoopers AS

Fredrik Gabrielsen
State Authorised Public Accountant

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

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