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NFI IFRS Financial Statements 2023.pdf

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The observations relating to accounting matters that EY provided to the Company were designed to assist the Company's management in reaching its own conclusions and do not constitute our concurrence with or support of the Company's accounting or reporting. The Company alone is responsible for the preparation of its financial statements, including all of the judgments inherent in preparing them.

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Nordic Ferry Infrastructure AS

Consolidated Financial Statements 2023

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Notes to the consolidated financial statements

Consolidated statement of comprehensive income

Amounts in NOK thousands	Notes	2023	2022
Revenue from contracts with customers	2.1	8 258 072	5 196 583
Other operating income	2.2	193 816	218 183
Total revenue and other operating income		**8 451 888**	**5 414 767**
Cost of materials		-412 577	-156 033
Employee benefit expenses	2.3	-2 209 745	-1 456 754
Other operating expenses	2.4	-3 466 419	-2 423 254
Total operating expenses		**-6 088 741**	**-4 036 041**
Operating profit or loss before depreciation and amortisation (EBITDA)		**2 363 147**	**1 378 726**
Depreciation	2.5	-1 133 552	-780 234
Amortisation of intangible assets	2.5	-595 363	-440 151
Impairment	5.2	-1 375	-894
Operating profit/loss (-) (EBIT)		**632 857**	**157 446**
Finance income	2.6	571 656	92 687
Finance costs	2.6	-1 104 834	-736 779
Net financial items		**-533 178**	**-644 091**
Profit/Loss (-) before tax		**99 678**	**-486 645**
Income tax expense	2.7	-43 560	106 278
Profit/Loss (-) for the year from continuing operations		**56 119**	**-380 368**
Discontinued operations			
Profit/Loss (-) after tax from the year from discontinued operations	9.1	-	1 149
Profit/Loss (-) for the year		**56 119**	**-379 219**
Attributable to			
Equity holders of the parent company		62 737	-371 404
Non-controlling interests		-6 618	-7 815
Profit/Loss (-) for the year		**56 119**	**-379 219**
Other comprehensive income:			
Items that subsequently will not be reclassified to profit or loss:			
Remeasurement gain/(loss) on defined benefit plans		-2 152	-
Total items that will not be reclassified to profit or loss		-2 152	-
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		241 016	258 071
Total change in hedging reserve, net of tax		-230 138	144 056
Total items that may be reclassified to profit or loss		10 878	402 128
Other comprehensive income/loss (-) for the year, net of tax		**8 726**	**402 128**
Total comprehensive income/loss (-) for the year, net of tax		**64 845**	**22 908**
Attributable to			
Equity holders of the parent company		71 462	30 723
Non-controlling interests		**-6 618**	**-7 815**
		64 845	**22 908**

Consolidated statement of financial position

Amounts in NOK thousands	Notes	31.12.2023	31.12.2022	01.01.2022
ASSETS				
Non-current assets				
Intangible assets	5.1	3 118 512	2 761 333	-
Goodwill	5.2	12 376 164	7 115 869	-
Property, plant and equipment	5.3	11 569 131	9 847 874	-
Right-of-use assets	5.4	1 796 052	1 953 867	-
Deferred tax assets	2.7	40 188	-	-
Non-current financial assets	6.1	2 654 724	2 331 271	-
Total non-current assets		**31 554 771**	**24 010 214**	**-**
Current assets				
Inventories	3.1	279 354	212 718	-
Trade receivables	3.2	204 995	180 470	-
Other receivables	3.2	177 971	136 590	24
Contract assets	2.1	1 832	-	-
Current financial assets	6.1	178 945	323 977	-
Cash and cash equivalents	6.6	1 695 609	499 598	-
Total current assets		**2 538 705**	**1 353 353**	**24**
TOTAL ASSETS		**34 093 476**	**25 363 567**	**24**
EQUITY AND LIABILITIES				
Equity				
Share capital	6.7	90	60	30
Share premium	6.7	11 760 955	7 703 623	-6
Other capital reserves		410 853	402 128	-
Retained earnings		-17 976	-80 713	-
Equity attributable to equity holders of the parent		12 153 922	8 025 098	24
Non-controlling interests		28 693	35 310	-
Total equity		**12 182 615**	**8 060 409**	**24**
Non-current liabilities				
Non-current interest-bearing liabilities	6.2	17 385 724	13 008 500	-
Non-current lease liabilities	5.4	1 483 198	1 539 786	-
Deferred tax liabilities	2.7	1 092 018	1 010 734	-
Non-current provisions	3.4	9 478	6 634	-
Non-current government grants	2.2	199 726	247 564	-
Total non-current liabilities		**20 170 143**	**15 813 218**	**-**
Current liabilities				
Interest-bearing liabilities	6.2	133 684	178 619	-
Other current liabilities		6 995	-	-
Other current financial liabilities	6.3	48 204	-	-
Lease liabilities	5.4	310 669	416 100	-
Trade and other payables	3.3	947 570	600 641	-
Government grants	2.2	83 738	76 910	-
Contract liabilities	2.1	165 115	169 179	-
Income tax payable	2.7	17 825	45	-
Provisions	3.4	26 917	48 446	-
Total current liabilities		**1 740 717**	**1 489 940**	**-**
Total liabilities		**21 910 860**	**17 303 158**	**-**
TOTAL EQUITY AND LIABILITIES		**34 093 476**	**25 363 567**	**24**

Brønnøysund, 2 May 2024

Niels Smedegaard
Chairman of the Board

Carl Sebastian Sjölund
Board member

John Olov Österlund
Board member

Marianne Væver
Board member

Roger Granheim
Board member

Merete Helene Eldrup
Board member

Hans Anders Stenseth
Board member

Liv Monica Bargem Stubholt
Board member

Carsten Grøne Jensen
Chief Executive Officer

Consolidated statement of changes in equity

Amounts in NOK thousands	Share capital	Share premium	Other capital reserves: Hedging reserve	Currency translation differences	Pension revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity as at 1 January 2022 IFRS	**30**	**-6**	**-**	**-**	**-**	**-**	**24**	**-**	**24**
Profit/Loss (-) for the year	-	-	-	-	-	-371 404	**-371 404**	-7 815	-379 219
Other comprehensive income/loss	-	-	144 056	258 049	22	-	**402 128**	-	402 128
Total comprehensive loss	-	-	144 056	258 049	22	-371 404	**30 723**	**-7 815**	22 908
Issue of share capital (note 6.7)	30	7 703 629	-	-	-	-	**7 703 659**	-	7 703 659
Continuity difference (note 4.2)	-	-	-	-	-	290 692	**290 692**	-	290 692
Non-controlling interests arising on a business combination (note 4.2)	-	-	-	-	-	-	-	43 125	43 125
Equity as at 31 December 2022	**60**	**7 703 623**	**144 056**	**258 049**	**22**	**-80 713**	**8 025 098**	**35 310**	**8 060 408**
Profit/loss (-) for the year	-	-	-	-	-	62 737	**62 737**	-6 618	56 119
Other comprehensive income/loss (-)	-	-	-	241 016	-2 152	-	**238 864**	-	238 864
Value adjustments of hedging instruments:									
Fair value adjustments for the year	-	-	-93 138		-	-	**-93 138**	-	-93 138
Value adjustments from hedge reclassified to the profit and loss	-	-	-137 000		-	-	**-137 000**	-	-137 000
Total comprehensive loss	**-**	**-**	**-230 138**	**241 016**	**-2 152**	**62 737**	**71 462**	**-6 618**	**64 845**
Issue of share capital (note 6.7)	30	4 057 332	-	-	-	-	**4 057 362**	-	4 057 362
Equity as at 31 December 2023	**90**	**11 760 955**	**-86 081**	**499 065**	**-2 130**	**-17 976**	**12 153 922**	**28 693**	**12 182 615**

Consolidated statement of cash flows

Amounts in NOK thousands			
Cash flows from operating activities	**Notes**	**2023**	**2022**
Profit/Loss (-) before tax from continuing operations		99 678	-486 645
Profit/Loss (-) before tax from discontinuing operations	9.1	-	1 473
Profit or loss (-) before tax		**99 678**	**-485 173**
Adjustments to reconcile profit before tax to net cash flows:			
Finance income	2.6	-571 656	-41 969
Finance costs	2.6	1 104 834	686 060
Depreciation and amortisation, impairment	2.5	1 730 290	1 221 280
Gain on disposal of property, plant and equipment		-40 534	-6 949
Government grants recognised in the profit and loss	2.2	-84 278	-67 080
Working capital adjustments:			
Changes in inventories	3.1	-52 828	-43 454
Changes in trade and other receivables	3.2	9 200	48 629
Changes in contract assets		-1 832	-
Changes in trade and other payables	3.3, 3.4	158 262	-253 038
Changes in contract liabilities		-4 063	165 281
Changes in other operating items	3.4	-85 633	31 359
Other items			-
Tax paid	2.7	5 209	-9 249
Net cash flows from operating activities		**2 266 648**	**1 245 699**
Cash flows from investing activities (NOK thousands)			
Development expenditures	5.1	-34 293	-20 261
Purchase of property, plant and equipment	5.3	-1 175 041	-1 328 526
Proceeds from sale of property, plant and equipment	5.3	77 514	121 148
Acquisition of subsidiaries, net of cash acquired	4.2	-2 877 001	3 859 363
Proceeds from sale of shares in subsidiaries, net of cash	9.1	-	8 000
Purchase of financial instruments	6.1	-16 820	-227 769
Providing of interest-bearing receivables to related parties		-	-2 086 745
Interest received	2.6	43 033	7 321
Receipt of government grants	2.2	43 268	57 614
Net cash flow from investing activities		**-3 939 340**	**390 145**
Cash flow from financing activities (NOK thousands)			
Proceeds from issuance of equity	6.7	4 057 362	-
Proceeds from borrowings	6.2	3 587 974	13 120 893
Repayment of borrowings	6.2	-3 831 277	-13 474 819
Proceeds from interest rate swap		128 997	-
Payments for the principal portion of the lease liability	5.4	-256 516	-149 297
Payments for the interest portion of the lease liability	5.4	-127 132	-78 279
Interest paid	2.6	-695 709	-257 742
Payment of borrowing fees	6.3	-23 184	-300 619
Net cash flows from financing activities		**2 840 515**	**-1 139 863**
Net increase/decrease (-) in cash and cash equivalents		**1 167 822**	**495 981**
Cash and cash equivalents at the beginning of the period		499 598	-
Net foreign exchange difference		28 189	3 617
Cash and cash equivalents at 31 December		**1 695 609**	**499 598**

Section 1 - General information and accounting policies

1.1 Corporate information

Nordic Ferry Infrastructure AS (referred to as "NFI Group", "NFI AS", "the Company" or "the Group") is a privately held company. The Company was incorporated and domiciled in Norway on the 1 October 2021. The Company's principal office is located at Havnegata 40, 8900 Brønnøysund, Norway.

The combination of Molslinjen and Torghatten under the Company is considered as a business combination under common control, as both companies were ultimately controlled by EQT Infrastructure V fund both before and after the business combination. These transactions have been accounted for by applying a pooling of interest method, and further with the option not to restate prior periods (prospective approach). The acquisition of Öresundslinjen is recorded as a business combination in accordance with IFRS 3, using the acquisition method. For more information on related accounting of the business combinations, see note 4.2 Business combination.

Nordic Ferry Infrastructure AS and its subsidiaries (collectively "the Group") is a Nordic company within the transportation industry. Its core business is in transportation at sea - distributed by several routes for ferries and boats in Norway, Denmark and Sweden.

The ultimate parent of the Group is EQT AB.

1.2 Basis of preparation

The consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and related notes.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU"), and represents the first financial statements of the Group in accordance with IFRS. See note 8.1 for information related to first time adoption of IFRS.

The consolidated financial statements have been prepared on a historical cost basis and also represents the first consolidated financial statements of Nordic Ferry Infrastructure AS.

All figures are presented in thousands, except when otherwise stated. In the statement of comprehensive income, income/gains are presented as positive amounts and expenses/costs are presented as negative amounts. In the notes, both income and expenses are presented as positive numbers.

The NFI Group has selected a presentation in which the description of accounting policies, as well as estimates, assumptions, and judgmental considerations, are disclosed in the notes to which the policies relate.

The consolidated financial statements provide information of the current period. In addition, an additional statement of financial position as at 1 January 2022 is presented in these financial statements. 1 January 2022 is the opening balance date of the Group.

The Group has selected to use a practical approach and accounted the acquisitions at the end of the month in which the acquisitions had taken place. Consequently, the statement of comprehensive income represents

- the activities of the Group and the parent company in the period 1 January - 31 December 2023, and
- the activities of the Group in the period 1 March -31 December 2022 and the activities of the parent company in the period 1 January - 31 December 2022. The activities in the parent company in the period 1 January - 28 February 2022 were limited.

Further, the consolidated financial statements are prepared based on the going concern assumption. The Group was impacted by a greater economic uncertainty in 2023, due to war. European countries are now sourcing oil and gas from countries with longer export pathways due to the war in Ukraine and sanctions on Russia. The increased pathways, along with decreased availability of oil and gas, drove an unstable energy market with significant increase in oil prices in 2022. While oil prices were more stabilised in 2023, the war in Ukraine and sanctions on Russia are still creating uncertainty and higher oil prices. The conflict in Gaza could catalyse further disruptions to the energy market and increase oil price volatility. The Group is partly hedged to oil price fluctuations through their oil hedge contract in Denmark. As a result of this, the Group has a hedge position in Denmark with a fixed oil price of 64% of the expected oil consumption in 2024 and 19% of the expected oil consumption in 2025.

1.2 Basis of preparation (Continued)

Presentation currency and functional currency
IAS 21 defines an entity's functional currency as the currency of the primary economic environment in which the entity operates. This is normally the one in which the entity primarily generates and expends cash. Regarding presentational currency, the entity may present its financial statements in any currency. If the presentation currency differs from the entity's functional currency, the results and financial position is translated into the presentation currency.

The consolidated financial statements are presented in Norwegian kroner ("NOK"). For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Nordic Ferry Infrastructure AS has Norwegian krone ("NOK") as its functional currency, and its subsidiaries has Norwegian krone ("NOK"), Danish krone ("DKK") and Swedish krone ("SEK") as their functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. The resulting translation differences are recognised in other comprehensive income.

1.3 General accounting policies

Nordic Ferry Infrastructure AS has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgmental considerations are disclosed in the notes to which the policies relate. A summary of the Group's general accounting policies not disclosed in the notes, are presented below:

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is:
- Expected to be settled in the normal operating cycle,
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Statement of cash flows
The consolidated statement of cash flows is prepared using the indirect method.

Changes in accounting policies
Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations when they become effective. Adopting the standards not yet effective are not expected to have any material impact on the Group's financial performance or financial position.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback - effective in 2024 financial statements
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - effective in 2024 financial statements
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 - effective in 2024 financial statements

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

1.4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are summarised below:

Estimates and assumptions:

- Business combinations under common control and accounting of the establishment of the Group (note 4.2)
- Useful life of intangible assets (note 5.1)
- Goodwill and impairment considerations (note 5.2)
- Useful life and residual value of vessels (note 5.3)

A detailed description of the significant estimates and assumptions are included in the individual note referenced above.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Accounting judgements:

- Accounting of business combinations (note 4.2)
- Capitalisation of internal development cost (note 5.1)
- Service element in leases (note 5.4)
- Grants from NOx fund (note 2.2)

A detailed description of the significant accounting judgements are included in the individual note referenced above.

Section 2 - Operating performance

2.1 Revenue from contracts with customers

Nordic Ferry Infrastructure AS derives revenue from ferry transportation services as well as associated sales of freight services and retail, food and beverages (catering) onboard.

ACCOUNTING POLICIES

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Contract revenue

The contracts revenue is generated from contracts, for different routes, with public authorities. The Group has two types of contracts, gross or net:

- In gross contracts, the Group receives a fixed annual index-adjusted fee, while the public authorities collect the ticket revenue. The revenue from gross contracts is recognised lineally over the contract period.
- In net contracts, the Group receives both a fixed index adjusted fee from the public authorities and the ticket revenue (the vehicle and passenger revenue) for the risk related to passenger volume.

Contracts typically have a contract period followed by a possible extension period ("option period"). An index used to adjust the transaction price compensates for price changes on input factors required to operate the vessels. The promised ferry transportation services are accounted for as a single performance obligation as the contracts with public authorities include a promise to transfer a series of distinct ferry transportation services.

Consideration from contracts with public authorities includes both fixed and variable amounts. Variable component of transaction price compromise ticket revenue (in net contracts), variability due to index-regulation, changes in routes, bonuses, penalties (both in gross and net contracts). The consideration (including both fixed and variable components) is recognised on a voyage-by-voyage basis.

Normal payment terms for contract revenue with the public authorities are 20-30 days.

Vehicle and passenger revenue

Vehicle and passenger revenue comprise revenues from ticket sale generated by transportation of passengers and vehicles. This revenue includes both ticket sale under the net contracts and ticket sale on commercial routes (there are no contracts with public authorities related to these routes). Revenue from the sale of tickets is recognised when the ticket is sold to the customer and the voyage is completed. For prepaid travel cards, revenue is deferred and recognised when utilised.

Payment for ticket revenue is due at the time of delivery.

Catering revenue

The Group receives revenue from catering services. Revenue from catering services is recognised when the item is sold to a customer.

Retail revenue

Passengers can purchase products in the retail stores onboard the ferries' during the route. Revenue from retail is recognised when the item is sold to a customer.

Freight services

For freight services, the Group normally enters separate individual contracts with the customers. Revenue from freight services is recognised over time. Payment terms for invoiced customers are normally 30-60 days.

2.1 Revenue from contracts with customers (Continued)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

All amount in 1000 NOK	2023	2022
Major products and services		
Contract revenue	3 455 790	3 023 888
Vehicle and passenger revenue	3 727 482	1 703 361
Catering revenue	673 266	412 419
Retail revenue	305 477	34 801
Freight and other sales revenue	96 057	22 115
Total revenue	**8 258 072**	**5 196 583**
Geographic information		
Norway	3 579 555	2 701 557
Denmark	3 747 648	2 284 693
Sweden	889 262	174 914
Other	41 607	35 419
Total revenue	**8 258 072**	**5 196 583**
Timing of revenue recognition		
Goods transferred at a point in time	978 743	2 082 898
Goods and services transferred over time	7 279 329	3 113 686
Total revenue	**8 258 072**	**5 196 583**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

Remaining performance obligations	2023	2022
Within one year	4 386 342	3 831 748
More than one year	23 009 158	17 728 394
Total	**27 395 500**	**21 560 142**

Contract balances

	31.12.2023	31.12.2022
Trade receivables (note 3.2)	204 995	180 470
Contract assets	1 832	-
Contract liabilities	165 115	78 760

The acquisition of subsidiaries resulted in an increase in trade receivables of NOK 63 648 thousands (2022: NOK 180 470 thousands). Accounting policies for trade receivables are presented in note 3.2.

Contract assets
A contract asset is initially recognised for revenue earned from rendering of services because the receipt of consideration is conditional on successful completion of the services. Upon completion of the services and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets relate to revenue earned from a Norwegian public transport company.

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract liabilities relate to remuneration received in advance for revenue from contracts with customers as well as the allocated transaction price for the remaining performance obligation. Revenue is recognised when the Group fulfils the performance obligation in the contract.

2.2 Other operating income and government grants

ACCOUNTING POLICIES

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Grants relating to assets is presented in the statement of financial position by setting up the grant as deferred income. Grants related to depreciable assets are recognised as income over the periods in which, and in proportion to, depreciation on those assets is charged. Grants related to income are government grants other than those related to assets. Grants relating to income is presented in the income statement either separately or by deduction in reporting the related expense.

The Group's government grants relate to compensation for construction of new and more sustainable vessels or upgrade of the existing vessels. The grants are received from the NOx-fund and Enova with the purpose to reduce energy use and climate emissions. Both the grants received from the NOx-fund and the grants received from Enova are classified as grants related to assets and are presented in the consolidated statement of financial position as deferred income.

Significant accounting estimates, assumptions and judgements

Recognition of NOx grants in the Consolidated statement of comprehensive income

Recognition of NOx grants is based on management's judgement that the grants are related to the Group's revenue contracts with public authorities. In determining the amortisation period of the grants, management considers that the grants are granted to certain technical measures that are used both to fulfil the conditions of the grant and to fulfil the conditions of the contract with public authorities. The grants are recognised over the period in which, and in proportion to, the related contract with public authorities is recognised, i.e., the grants from the NOx-fund are amortised over the length of the contract with the public authorities.

Recognition of Enova grants in the Consolidated statement of comprehensive income

Recognition of Enova grants is based on management's judgement that the grants are related to depreciable assets. The grants received from Enova relates to a vessel or an onshore power plan; i.e., to purchase, construct or acquire long-term assets. The grants are recognised over the period in which, and in proportion to, depreciation on those assets is recognised, i.e., the grants from Enova are amortised over the useful life of the asset.

Government grants in the Consolidated statement of comprehensive income

Grants	Line item	2023	2022
NOx and Enova grants	Other operating income	86 318	65 004
Total government grants recognised		**86 318**	**65 004**

Government grants in the Consolidated statement of financial position

Government grants liabilities	2023	2022
At 1 January	324 474	-
Additions through acquisitions	-	333 940
Received during the year	43 268	57 614
Released to the statement of profit or loss	-84 278	-67 080
At 31 December	**283 464**	**324 474**
Current	83 738	76 910
Non-current	199 726	247 564
Government grants liabilities	**283 464**	**324 474**

NOx grants

In 2023, the Group received funds from the NOx fund related to measures, in the form of technical installations, both at existing and new vessels. Such measures include energy conversion and energy efficiency measures, among others, with purpose to reduce NOx emission. The Group recognised NOK 58 613 thousands as other operating income in 2023 (2022: NOK 46 417 thousands). As of 31 December 2023, the Group has recognised a liability of NOK 167 153 thousands related to the grant from the NOx fund as presented in the table above (2022: NOK 207 551 thousands)

2.2 Other operating income and government grants (Continued)

Enova grants

In 2023, the Group received funds from Enova for electrification of vessels and building onshore power plants. The Group recognised NOK 27 705 thousands as other operating income in 2023 (2022: NOK 18 587 thousands). As of 31 December 2023, the Group has recognised a liability of NOK 116 311 thousands related to the grant from Enova as presented in the table above (2022: NOK 116 924 thousands).

Government grant receivables of NOK 943 thousands for 2023 are included as other receivables in the consolidated statement of financial position and included in the specification in note 3.2 (2022: NOK 1 623 thousands).

Other operating income

Other operating income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Other operating income comprises income of a secondary nature as viewed in relation to the company's primary activities.

Other operating income	**2023**	**2022**
NOx and Enova grants	86 318	65 004
Compensation for losses on contracts	-	-
Claims and settlements	-	14 712
Gain /loss (-) on disposal of property, plant and equipment	40 534	6 949
Other income	66 963	131 518
Other operating income	**193 816**	**218 183**

Only grants recognised as income are presented in the table above.

2.3 Employee benefit expenses

ACCOUNTING POLICIES

Employee benefit expenses comprise all types of remuneration to personnel employed by the Group (i.e., not contracted manpower) and are expensed when earned. Ordinary salaries can be both fixed pay and hourly wages and are earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pension contributions are earned on a monthly basis. Other employee expenses consist of other benefits such as insurance, telephones and remuneration to the Board of Directors.

Pension plans

The Group's pension liabilities relate to Norway, Sweden and Denmark.

Pension plans in Norway

Defined contribution pension schemes

The Norwegian entities within the Group have a defined contribution pension plan for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The contributions are made to pension plans for full-time employees, and the grants amount to 5% from 0 to 7.1 G and 17% from 7.1 to 12 G of salary. One Norwegian company has a different defined contribution pension plan, where the grants amounts to 6% from 0 to 7.1 G and 18% from 7.1 to 12 G of salary. Once the contribution have been paid, there are no further payment obligations for the Group. The pension premium is expensed when it accrues. The period's net pension cost is classified as wages and personnel costs.

Defined benefit pension schemes

Norwegian entities within the Group have defined benefit pension schemes. The net obligation linked to defined benefit pension schemes is calculated separately for each scheme by estimating the amount of future benefits that the employee has earned through his work effort in the current and previous periods. These future benefits are discounted to calculate the present value, and the fair value of pension assets is subtracted to find the net liability. The discount rate is based on government bond interest with a mark-up to obtain an approximate maturity as the Group's obligations. The calculations have been made by a qualified actuary, and are based on a linear accrual model. The estimated contributions expected to be paid to the Norwegian plan during 2024 amount to NOK 1 947 thousands (2022: NOK 1 940 thousands). All defined benefit pension schemes are now closed. There are 1 active member and 65 retired members of the defined benefit pension plans in 2023 (1 and 68, respectively in 2022).

The AFP scheme

The AFP scheme is a scheme that provides a lifelong supplement to the ordinary pension. The employees can start to receive pay-out between the ages of 62-67. The AFP scheme is a defined benefit multi-company pension scheme, and is financed through premiums set as a percentage of salary. The AFP plan exposes the participating entities to actuarial risk associated with employees of other entities with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual participating entities. Sufficient information is not available to use defined benefit accounting and so the scheme is treated as a defined contribution pension scheme where premium payments are expensed on an ongoing basis, and no provision is made in the accounts. For 2023, the premium is set at 2,6% of total payments between 1 G and 7.1 G to the company's employees (2022: 2,50%). There is no fund building in the scheme and it is expected that the premium level will increase in the coming years.

Pension plans in Denmark

Defined contribution pension schemes

The Danish entities within the Group only have defined contribution pension plans. The pension costs related to defined contribution plans are recognised in the income statement. The recognition happens in the year in which the pension costs are related. Certain employee groups also receive gratuities at resignations and anniversaries, see note 3.4. for details.

Pension plans in Sweden

Defined contribution pension schemes

The Swedish entities within the Group only have defined contribution pension plans. The pension costs related to defined contribution plans are recognised in the income statement. The recognition happens in the year in which the pension costs are related.

2.3 Employee benefit expenses (Continued)

Employee benefit expenses	2023	2022
Salaries	1 870 295	1 234 866
Social security costs	134 169	83 919
Pension costs	160 001	102 197
Other employee expenses	45 280	35 772
Total employee benefit expenses	**2 209 745**	**1 456 754**
Average number of full-time employees (FTEs)	**2 517**	2 100

For information on remuneration to Management and the Board of Directors, including disclosures on shares held, see note 7.2.

Pension costs	2023	2022
Defined contribution pension plans	143 908	90 757
Defined benefit pension plans	4 385	6 218
AFP pension scheme	11 707	5 222
Total pension costs	**160 001**	**102 197**

Pension benefit obligation	2023	2022
Fair value of plan assets, Norway	-25 954	-3 139
Defined benefit obligation, Norway	29 806	5 141
Total net defined benefit pension obligation	**3 852**	**2 002**

2.4 Other operating expenses

ACCOUNTING POLICIES

Other operating expenses are recognised when they occur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortisation, impairment and income tax expense.

Other operating expenses	2023	2022
Audit and accounting services	32 386	8 394
Consulting fees and legal expenses	186 271	38 684
Other services	210 746	40 370
Other operating expenses	218 512	267 030
Terminal and port, costs	496 653	240 924
Fuel*	1 654 880	1 463 978
Sales and administrative expenses	80 118	110 140
Repair and maintenance	485 236	235 129
Insurance	69 170	17 975
Lease expenses (note 5.4)	32 445	628
Total other operating expenses	**3 466 419**	**2 423 254**

No research expenses for 2023 and 2022 was recognised as employee benefit expenses and other operating expenses in the consolidated statement of comprehensive income.

*The above amounts for Fuel include accumulated fair value adjustments transferred from equity relating to financial instruments entered into hedge cash flows of NOK 36 382 thousands in 2023 (2022: NOK 261 205 thousands).

Remuneration to the auditor	2023	2022
Statutory audit fee	2 500	3 198
Other assurance services	775	607
Tax consulting services	2 938	1 438
Other non-assurance services	15 362	1 063
Total remuneration to the auditor	**21 576**	**6 306**

The amounts above are excluding VAT.

2.5 Depreciation and amortisation

ACCOUNTING POLICIES

Depreciation

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciable amount of an asset is determined after deducting its residual value.

Ships and ferries are decomposed into a vessel and dry-docking component, and are depreciated linearly over their useful life. Dry-docking costs are depreciated over the period until the next dry-docking.

Depreciation is calculated using the straight-line method over the following time period:
Real estate: 5-30 years
Ships and ferries: 3-30 years
Dry-docking and periodic inspections: 3-10 years
Carriage material and operating assets: 3-10 years

Operating assets are depreciated to their residual value. For the determination of residual values, the Group's common scale is used. An individual assessment is made of all vessels and certain vessels may therefore deviate from the established scale.

Depreciation period and method are assessed annually to ensure that the method and period used correspond to the economic useful life of the asset. The same applies to residual value. Work in progress is not depreciated before the asset is put into use.

Amortisation

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The initial assessment and review of economic useful lives requires management to make estimates and assumptions on the Group's IP and competition in the future. Changes in the expected useful life are treated as changes in accounting estimates.

Amortisation is calculated using the straight-line method over the following time period:

Brand: 10 years
Technology: 3-10 years
Customer contracts: 1-12 years

Internal developed assets are amortised from the time when the assets are available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation and amortisation expenses	**Note**	**2023**	**2022**
Depreciation of property, plant and equipment	5.3	883 919	642 328
Depreciation of right-of-use assets	5.4	249 633	137 907
Amortisation of intangible assets	5.1	595 363	440 151
Impairment	5.3	1 375	894
Total depreciation and amortisation expenses		**1 730 290**	**1 221 280**

2.6 Finance income and costs

ACCOUNTING POLICIES

Interest income and interest expenses are calculated using the effective interest method.

Foreign currency gains or losses are reported as foreign exchange loss or foreign exchange gain in finance income or finance costs, except for currency translation effects from translation of foreign subsidiaries and the parent company which are presented within OCI. For other accounting policies related to the underlying financial instruments, reference is made to note 6.1.

Interest costs on lease liabilities represents the interest rate used to measure the lease liabilities recognised in the consolidated statement of financial position (see note 5.4 for further information).

The Group's interest income and expenses relate to the interest portion of the Group lease assets, realised and unrealised capital gains and losses relating to debt, and amortisation surcharges/deductions relating to financial liabilities measured at amortised cost and financial fees.

Finance costs are recognised in the balance sheet to the extent that these are directly related to an asset under construction. The finance costs incurred during the construction period of the fixed asset are entered in the balance sheet. The finance costs are recognised in the balance sheet until the fixed asset is ready for use.

In 2023 other finance cost are mainly related to establishment cost of NOK 28 379 thousands associated with obtaining a loan (2022: debt-forgiveness of NOK 19 938 thousands related to Secora AS).

Finance income	2023	2022
Interest income	165 719	58 039
Other finance income	49 087	1 576
Foreign exchange gain	356 850	33 072
Total finance income	**571 656**	**92 687**

Finance costs	2023	2022
Interest expenses	903 460	595 928
Interest expense on lease liabilities	127 132	78 279
Foreign exchange loss	8 255	457
Commitment fee	17 944	28 108
Other finance costs	48 042	34 006
Total finance costs	**1 104 834**	**736 778**

2.7 Income tax

ACCOUNTING POLICIES

Current income tax

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity (OCI) and not in the statement of profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The Group operates in Norway, Sweden and Denmark. Norway and Denmark have a corporate income tax rate of 22%, while Sweden has a corporate income tax rate of 20,6% in 2023 and 2022.

Deferred tax relating to items recognised outside profit or loss, is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Deferred tax related to tonnage-tax and liabilities is recognised to the extent that deferred tax is expected to arise.

Tonnage tax

Molslinjen A/S is registered with the Danish tonnage tax scheme with binding effect for a 10-year period, the company is registered as of 2018. In the tonnage tax scheme, the calculation of the taxable income is not based on income and expenses, as in normal corporate taxation. Instead, the taxable income is calculated on the basis of the tonnage used in the period with additions/deductions of taxable profits/losses on disposal of non-tonnage-taxed assets and liabilities calculated in accordance with the general Danish tax rules.
Öresundslinjen is also registered with both Danish and Swedish tonnage tax. Some activities will be taxed in the conventional taxation.

2.7 Income tax (Continued)

For tonnage-taxed assets and liabilities, deferred tax is recognised to the extent that deferred tax is expected to arise. This based on:

- That Molslinjen A/S' activities are only covered by the tonnage tax scheme.
- Öresundslinjen Helsingborg AB's and Øresundslinjen Helsingør ApS' are registered with both Danish and Swedish tonnage tax. Some activities will be taxed in the conventional taxation.
- That there are no plans to withdraw from the tonnage tax scheme.
- That the level of activity and investment is expected to be maintained, which means that there is no obligation to settle any deferred tax regarding tax transitional balances.

The planned use of ships, etc., or settlement of the recovered depreciation, thus entails - by applying the tonnage tax scheme - a deferred tax liability, which is recognised if there are changes in these assumptions. If the shipping company's net investments in ships should fall significantly, the company is liquidated or the company withdraws from the tonnage tax scheme, a contingent tax on ships, etc. is triggered.

The Group has NOK 421 265 thousands as at 31 December 2023 (2022: NOK 759 727 thousands) tax losses carried forward. These losses relate to the Norwegian and Swedish subsidiaries that have a history of losses, and may be used to offset taxable income also in other group companies in Norway and Sweden. The tax loss carried forward from Norwegian and Swedish entities may be offset against future taxable income and will not expire.

The Group utilised tax losses carried forward of NOK 348 426 thousands in 2023 (2022: NOK 44 437 thousands) in the Norwegian subsidiaries via the group contribution scheme.

Current income tax expense:	**2023**	**2022**
Tax payable	85 634	45
Change deferred tax/deferred tax assets (ex. OCI effects)	-42 074	-106 322
Total income tax expense / income (-)	**43 560**	**-106 278**

Deferred tax assets:	**31.12.2023**	**31.12.2022**
Property, plant and equipment	-	8 299
Other current assets	-	1 495
Pension liabilities	-	24 360
Profit and loss account	-	107
Liabilities	-	324 564
Losses carried forward (including tax credit)	195 089	759 727
Basis for deferred tax assets:	**195 089**	**1 118 552**
Calculated deferred tax assets		
- Deferred tax assets not recognised	-	-
Deferred tax assets in the statement of financial position	**40 188**	**246 082**

Deferred tax liabilities	**31.12.2023**	**31.12.2022**
Property, plant and equipment	3 370 558	3 330 093
Pension assets	-1 320	1 551
Other assets	161 021	193 491
Intangible assets	1 776 136	2 118 904
Profit and loss account	18 713	68 759
Liabilities	-277 823	-
Interest rate swap agreements	141 792	-
Losses carried forward (including tax credit)	-226 176	-
Basis for deferred tax liabilities	**4 962 902**	**5 712 797**
Calculated deferred tax liabilities		
- Deferred tax not recognised	815	-
Deferred tax liabilities recognised in the statement of financial position	**1 092 018**	**1 256 815**

Net deferred tax assets (-)/liabilities	31.12.2023	31.12.2022
At 1 January	1 010 734	-
Additions through business combinations	-	1 117 502
Net deferred tax assets (-)/liabilities recognised in the statement of profit and loss	-42 074	-106 322
Net deferred tax assets (-)/liabilities recognised in the statement of equity related to Cash Flow hedges	83 643	-
Net deferred tax assets (-)/liabilities recognised in the statement of equity related to gains and losses on defined benefit pension plan	-474	5
At 31 December	**1 051 829**	**1 010 734**

The Group's operations are subject to income tax in various foreign jurisdictions. The Group operates in Norway, Denmark and Sweden. Entities in Norway and Denmark have the same corporate income tax rate of 22% while entities in Sweden has a corporate tax of 20,6%. The average tax rate for the Group's deferred tax assets are 20,6% for 31 December 2023 (2022: 21,5%). The average tax rate for the Group's deferred tax liabilities are 22,0% for 31.12.2023 (2022: 21,5%).

A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

Reconciliation of income tax expense	2023	2022
Profit/loss before tax from continuing operations	99 678	-498 533
Profit/loss before tax from discontinued operations	-	1 473
Profit/loss before tax	**99 678**	**-497 060**
Tax expense 22% (Norwegian tax rate)	21 929	-109 353
Change to prior period tax expense	-939	-
Effects of foreign tax rates	3 900	-
Effect of not recognising deferred tax assets	-	-
Non-deductible net interest	52 105	-
Other*	-24 719	5 090
Recognised income tax expense/income (-)	**43 560**	**-107 163**
Income tax expense/income (-) reported in the statement of profit and loss	43 560	-106 278
Income tax expense/income (-) attributable to a discontinued operations	-	324

*Significant part of the balance represents the additional tax obligations that would arise if the operations were not included in the Tonnage Tax scheme. Amount related to tonnage tax equals NOK 827 thousands.

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation will come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. Furthermore, the Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in various jurisdictions.

For 2023, the average effective tax rates of the group entities operating in the different jurisdictions are:

	Norway	Denmark	Sweden	Total
Tax expense for year ending 31 December 2023	47 865	-143	-4 163	**43 560**
Accounting profit year ending 31 December 2023	241 300	-41 409	-100 213	**99 678**
2023 Average effective tax rate	**19,84 %**	**0,34 %**	**4,15 %**	**43,70 %**

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. This assessment indicates that the average effective tax rate based on accounting profit is in range of 0,34% - 19,84% for the annual reporting period of 31 December 2023.

As the Group operates in Norway, Sweden and Denmark, which have enacted new legislation to implement the Pillar Two legislation, it expects to be subject to the top-up tax in relation to its operations in Sweden and Denmark. In the two jurisdictions the effective tax rate is below 15 percent due to the subsidiaries being registered within the tonnage tax scheme. However, since the newly enacted tax legislation in Sweden and Denmark is only effective from 1 January 2025, there is no current tax impact for the year ended 31 December 2023.

Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The entity is currently engaged with tax specialists to assist them with applying the legislation.

Section 3 - Other operating activities

3.1 Inventories

ACCOUNTING POLICIES

Inventories consisting of oil bunkers, lubricants, ship spare parts and other consumables are measured at the lower of cost and net realisable value, whichever is lower. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
Inventories purchased in foreign currency are measured on the basis of historical cost prices, and converted at the exchange rate on the transaction date.

The cost price is valued according to the first-in/first-out basis (FIFO method) and includes the cost incurred in bringing each product to its present location and condition.

Spare parts
Major spare parts, stand-by-equipment and servicing equipment are accounted for as property, plant and equipment (PPE) when they meet the definition of PPE. Otherwise, spare parts are carried as inventories.

Inventories	**31.12.2023**	**31.12.2022**
Oil and gas	59 890	48 771
Spare parts [1)]	190 789	153 472
Inventory, catering and retail	27 923	10 108
Inventory LNG	131	-
Uniform warehouse	621	368
Total inventories at the lower of cost and net realisable value	**279 354**	**212 718**

[1)] Spare parts are components related to vessels, for example cylinder covers, propellers, parts for stabiliser, couplings for engine transmission, underwater housing, parts for overhauling thrusters, Schroch electric motors, diesel pumps, propeller blades, geislinger couplings, shaft seals.

There has been no write-down or reversal of write-down of inventory in 2023 or 2022.

3.2 Trade and other receivables

ACCOUNTING POLICIES

Trade and other receivables

The Group's trade receivables consist solely of accounts receivable from revenue contracts with customers. Trade receivables are generally on terms of 20-30 days for Norway and Denmark and 30-60 days for Sweden. Other receivables consist mainly of prepaid expenses and value-added tax (VAT) receivables which are expected to be realised or consumed in the normal operating cycle within twelve months after the reporting period.

Trade and other receivables are financial assets initially recognised at fair value and subsequently at amortised cost using the effective interest rate method. Trade and other receivables are subject to impairment by recognising an allowance for expected credit losses. A receivable is recognised if an amount of consideration that is unconditional is due from the customer or other counterparty (i.e., only the passage of time is required before payment of the consideration is due).

The Group uses the simplified method for measuring expected loss on receivables, where the provision is measured at the expected loss throughout the life of the receivable.

Expected credit losses

The Group recognises an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the payment profiles on sales over a 36-month period and the corresponding ECLs during this period that the Group expects to receive. The Swedish entities calculates the ECL based on a 12-month period. The loss percentage is adjusted with the expected development in macroeconomic factors that may affect customers' ability to pay. The Group assesses gross domestic product (GDP) and energy prices as the most relevant factors, and adjusts the historical loss rate with expectations of developments in these factors. Conditions and policies for considering financial assets as in default and when they are written off are further described in note 6.1.

Trade receivables	**31.12.2023**	**31.12.2022**
Trade receivables from customers at nominal value	208 454	182 576
Allowance for expected credit losses	-3 459	-2 106
Trade receivables	**204 995**	**180 470**

Other receivables	**31.12.2023**	**31.12.2022**
Prepaid expenses	22 699	25 163
VAT receivable	26 930	6 138
Government grants receivable	943	1 623
Claims	14 502	32 446
Accrued income	41 022	43 491
Other receivables	71 875	27 729
Total other receivables	**177 971**	**136 590**

Allowance for expected credit losses	**31.12.2023**	**31.12.2022**
At 1 January	2 106	-
Additions through acquisitions	1 167	2 035
Provision for expected credit losses	88	48
Currency translation effects	98	23
At 31 December	**3 459**	**2 106**

The credit risk of financial assets has not increased significantly from initial recognition.

As at 31 December the ageing analysis of trade receivables is, as follows:

		Trade receivables Past due but not impaired			
Ageing analysis of trade receivables at nominal value	**Not due**	**< 30 days**	**31-60 days**	**Over 60 days**	**Total**
Trade receivables at 31.12.2023	143 703	47 690	2 365	14 696	**208 454**
Trade receivables at 31.12.2022	145 503	25 945	191	10 937	**182 576**

For details regarding the Group's procedures on managing credit risk, see note 6.4.

3.3 Trade and other payables

ACCOUNTING POLICIES

Trade and other payables are liabilities, i.e., present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment). Trade payables consist of invoices for goods and services where the Group has received the significant risks and rewards of ownership as at the end of the reporting period. Other payables mainly consist of VAT, withholding payroll tax and social security tax.

Trade and other payables are measured at fair value upon initial recognition and subsequently at amortised cost. Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

Trade and other payables	31.12.2023	31.12.2022
Trade payables	354 396	172 097
VAT	12 113	3 853
Withholding payroll taxes and social security	109 481	79 017
Salary and holiday pay	295 139	218 945
Other accrued expenses	176 441	126 730
Total trade and other payables	**947 570**	**600 642**

For trade and other payables ageing analysis, reference is made to note 6.3.

3.4 Provisions

ACCOUNTING POLICIES

Provisions are liabilities with uncertain timing or amount and are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, that is, the amount that an entity would rationally pay to settle the obligation at the end of the financial year or to transfer it to a third party. When the timing effect of money is substantial, the provision is equal to the present value of future payments to cover the obligation. An increase in the provision as a result of time is presented as interest costs.

Provisions for gratuities at resignations and anniversaries

The Danish entities within the Group sets aside dismissal liabilities related to liabilities for the payment of severance pay for 1-3 months' salary to certain employees upon resignation after the employee's turned 60. The severance payment is recognised over the vesting period. The empirical probability of times of resignation is the basis when calculating the scope of employees covered by the provision. The final provision is calculated as the present value of total liabilities.

The Danish entities within the Group pay anniversary gratuities to an employee after 25 years and 40 years of employment. The final provision is calculated as the present value of the total liability, which is calculated in accordance with the employee seniority and the empirical probability that 25 years and 40 years of employment, respectively, will be achieved.

The Group classifies provisions in the following categories:

- Salary related costs: Contains a provision for gratuities, restructuring (when the Group has approved a formal and detailed restructuring plan, and the restructuring either has commenced or been announced publicly) and other salary related accruals.
- Defined pension liability: Contains a provision for the accrued social security on PSUs which will be paid when the options are exercised.

A provision is made and calculated based on management assumptions at the time the provision is made and is updated as and when new information becomes available. All provisions are reviewed at the end of the financial year.

Reconciliation of provisions and other liabilities:

	Salary related costs	Defined pension liability	Other	Total
At 1 January 2023	**23 989**	**2 002**	**29 089**	**55 080**
Additional provisions made	2 399	1 680	1 815	5 893
Amounts used	-668	170	-7 572	-8 070
Unused amounts reversed	-16 842	-	-	-16 842
Currency translation effects	334	-	-	334
At 31 December 2023	**9 212**	**3 852**	**23 331**	**36 396**
Current provisions	4 401	-	22 517	**26 917**
Non-current provisions	4 812	3 852	815	**9 478**

The decrease in provisions is mainly related to a payment of 7,5MNOK made to unknown shareholders.

3.4 Provisions (Continued)

	Salary related costs	Defined pension liability	Other	Total
At 1 January 2022	-	-	-	-
Additional provisions made	22 527	155	-	22 683
Additions through business combinations	38 431	2 973	40 063	81 468
Amounts used	-27 213	-170	-10 974	-38 357
Unused amounts reversed	-10 000	-956	-	-10 956
Currency translation effects	243	-	-	243
At 31 December 2022	**23 989**	**2 002**	**29 089**	**55 080**
Current provisions	19 357	-	29 089	**48 446**
Non-current provisions	4 632	2 002	-	**6 634**

The increase in provisions in 2022 is mainly related to additions through business combinations. The amounts used include changes in bonus provision and payments to shareholders.

Section 4 - Group structure

4.1 Group companies

ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of Nordic Ferry Infrastructure AS and its subsidiaries as at 31 December 2023. The subsidiaries are consolidated when control is achieved as defined by IFRS 10 Consolidated Financial Statements. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. However, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Associate and joint venture

The Group does not have ownership in joint arrangements as defined by IFRS 11 Joint Arrangements, other associates, interests in unconsolidated structured entities or interests in unconsolidated subsidiaries that require disclosure under IFRS 12.

The consolidated entities

The subsidiaries of Nordic Ferry Infrastructure AS are presented below:

Consolidated entities as at 31 December 2023 and 31 December 2022	Office	Country	Ownership	Group's voting ownership share
NFI Parent AS	Brønnøysund	Norway	100 %	100 %
NFI Borrower AS	Brønnøysund	Norway	100 %	100 %
Torghatten Group AS	Brønnøysund	Norway	100 %	100 %
Torghatten AS [3]	Brønnøysund	Norway	100 %	100 %
Torghatten Midt AS [1] [6]	Trondheim	Norway	100 %	100 %
Torghatten Nord AS	Tromsø	Norway	100 %	100 %
Bastø Fosen AS	Horten	Norway	100 %	100 %
T-Finans AS	Brønnøysund	Norway	100 %	100 %
Partrederiet Kystekspressen ANS	Trondheim	Norway	51 %	51 %
Molslinjen Group ApS [7]	Aarhus	Denmark	100 %	100 %
Molslinjen A/S	Aarhus	Denmark	100 %	100 %
Molslinjen Drift A/S [4]	Aarhus	Denmark	100 %	100 %
Öresundslinjen Group AB (previously Forsea Group AB) [2]	Helsingborg	Sweden	100 %	100 %
Öresundslinjen AB (previously Forsea AB)	Helsingborg	Sweden	100 %	100 %
Torghatten Servicesenter AS [5]	Brønnøysund	Norway	100 %	100 %
Öresundslinjen I/S	Helsingør	Denmark	100 %	100 %

All subsidiaries are included in the consolidated statement of financial position.

[1] Torghatten Midt AS owns 51 % of the shares in the subsidiary Partrederiet Kystekspressens ANS, located in Trondheim.
[2] Öresundslinjen Group AB (previously Forsea Group AB) was acquired in 2023.
[3] Torghatten Servicesenter AS is merged to Torghatten AS with effective date of 1 January 2023.
[4] Molslinjen Drift A/S was liquidated 25 January 2024.
[5] Torghatten Servicesenter AS is merged to Torghatten AS with effective date of 1 January 2023.
[6] Torghatten Trafikkselskap AS and FosenNamsos Sjø AS merged on 1 March 2022. FosenNamsos Sjø AS was the acquiring company. The name of the company changed to Torghatten Midt AS.
[7] Float Midco DK ApS changed its name to Molslinjen Group ApS in 2022.

Secora AS (100% of the shares) was sold in March 2022. Additional information is provided in note 9.1.

4.2 Business combinations

ACCOUNTING POLICIES

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant.

Business combination under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that the control is not transitory. A business combination under common control where the control is not transitory is outside the scope of IFRS 3.

A business combination under common control can be accounted for using the pooling of interest method as a policy choice.
The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining parties are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. The only adjustments made are to align accounting policies.
- No "new" goodwill is recognised as a result of the combination. The only goodwill that is recognised is any existing goodwill relating to either of the combining parties. Any difference between the consideration transferred and the acquired net assets is reflected within equity.
- The income statement reflects the results of the combining parties.

When applying the pooling of interest method, an entity has two policy choices when it comes to presentation of figures for periods prior to the combination (retrospective and prospective approach). When using a prospective approach, the financial information in the consolidated financial statements is not restated for periods prior to the business combination under common control. The receiving entity accounts for the combination prospectively from the date on which it occurred.

Business combination not under common control

A business combination not under common control are accounted for using the acquisition method, according to IFRS 3. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the group's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units, and tested subsequently for impairment.

Estimates, assumptions and judgements

Valuation of intangible assets in connection with acquisitions is largely based on estimated future cash flows. Estimates related to future cash flows and choice of discount rate to calculate present value are based on management's expectations of market development, competitive situation, technological development, the ability to realise synergies, interest rate level and other relevant conditions.

Acquisitions during 2023

Company/Group	Main business activity	Date of business combination	Proportion of voting equity acquired
Öresundslinjen Group AB (previously Forsea Group AB) and its subsidiaries	Ferry transport	26.01.2023	100 %

Acquisitions during 2022

Company/Group	Main business activity	Date of business combination	Proportion of voting equity acquired
Float Holdco DK ApS	Holding company	10.02.2022	100 %
Float Interco DK Aps [1]	Holding company	10.02.2022	100 %
NFI Parent AS	Holding company	20.01.2022	100 %
NFI Borrower AS	Holding company	20.01.2022	100 %
Float Midco DK Aps	Holding company	10.02.2022	100 %
Molslinjen Group Aps and its subsidiaries	Ferry transport	10.02.2022	100 %
Torghatten Group AS (Hati Midco AS) and its subsidiaries	Ferry transport	10.02.2022	100 %

[1] Float Interco DK Aps merged to Float Holdco DK Aps on 8 August 2022.

SIGNIFICANT ACCOUNTING JUDGEMENT

Business combination of Torghatten and Molslinjen

EQT Infrastructure V fund combined the two leading ferry companies, Molslinjen and Torghatten, under one common holding vehicle in 10 February 2022. The transaction is structured such that Float Topco AS and Hati Holdco AS contribute 100% of the shares in Molslinjen Group and Torghatten Group to Nordic Ferry Infrastructure Holding AS (NFIH AS), NFIH AS contributed the shares to Float Holdco DK Aps and Float Holdco DK Aps contributed it to Nordic Ferry Infrastructure AS (NFI AS). The acquisition of Molslinjen Group and Torghatten Group was executed through issuance of ordinary shares (share-for-share exchange) in all contributions. NFIH AS and NFI AS was set up on the 1 October 2021. Hati Holdco AS acquired all shares in NFIH AS on 20 January 2022.

Acquisition of Torghatten

EQT Infrastructure V fund through Hati BidCo AS entered into a conditional SPA to acquire 50,44% of the shares in Torghatten ASA on 22 December 2020. At 23 December 2020, Hati BidCo launched an offer to acquire all outstanding shares through a voluntary cash offer. At 11 January 2021, Hati BidCo had received acceptance for more than 2/3 of the issued shares, and the completion condition for the Offer was fulfilled. The transaction was closed 25 February 2021. Hati Bidco merged to Torghatten AS with a reversed merger with effective date of 25 February 2021.

Torghatten sold its bus division ("Torghatten Land") to CBRE Investment Management on 27 September 2021.

Acquisition of Molslinjen

Molslinjen A/S and the company's two Danish holding companies were acquired by EQT Infrastructure V via the company Float Bidco DK ApS with effect from 1 March 2021. Upon the acquisition of Molslinjen A/S, an added value was paid in relation to Molslinjen A/S and the two Danish holding companies' book equity per 1 March 2021. The surplus value was distributed via a Purchase Price Allocation (PPA) to the following three intangible assets "Brand", "Technology" and "Goodwill".

The transaction represents a group reorganisation including transfer of entities under common control in exchange for shares. Both Molslinjen and Torghatten are ultimately controlled by EQT Infrastructure V fund both before and after the business combination, and that control is not transitory. The business combination is however excluded from the scope of IFRS 3, as it is under common control and that control is not transitory.

To account for the business combination the Group have decided to use the pooling of interest method as a policy choice. This means that the carrying values from EQT's historical acquisitions of companies in 2021 have been carried forward. When the pooling of interest method is selected, the Group has decided to use the prospective approach (no restatement of periods prior to the business combination) when presenting the figures for periods prior to the combination.

Acquisition of Öresundslinjen

On 26 January 2023, the Group acquired 100% of the voting shares of Öresundslinjen, a ferry company operating between Helsingør, Denmark, and Helsingborg, Sweden. Öresundslinjen provides a ferry connection that is strategically located between Denmark and Sweden. Öresundslinjen heavily focuses on sustainable transport, with two of the company's five ferries being electric.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when NFI obtained control of the legal entities, 26 January 2023.

The acquisition-date fair value of the total consideration transferred was NOK 3 129 millions in cash. The Group has prepared the purchase price allocation relating of the acquisition of Öresundslinjen and the surplus value was distributed via a Purchase Price Allocation (PPA) to the following intangible asset "Goodwill". To account for the business combination the Group have decided to use the acquisition method.

Acquisitions during 2023:

Based on acquisition method the table below illustrates the identifiable assets in Öresundslinjen Group AB and its subsidiaries at acquisition date:

Amounts in NOK thousands	26.01.2023 Öresundslinjen Group AB
ASSETS	
Non-current assets	
Intangible assets	833 979
Right-of-use assets	240 190
Property, plant and equipment	1 187 202
Non-current financial assets	96
Deferred tax assets	21 088
Total non-current assets	**2 282 555**
Current assets	
Inventories	13 288
Trade receivables	63 648
Other receivables	11 459
Cash and cash equivalents	252 472
Total current assets	**340 867**
Total assets	**2 623 421**
Non-current liabilities	
Non-current lease liabilities	202 211
Non-current provisions	963
Financial liabilities	3 726 423
Total non-current liabilities	**3 929 597**
Current liabilities	
Trade and other payables	72 795
Lease liabilities	37 979
Other operating liabilities	122 866
Total current liabilities	**233 640**
Total liabilities	**4 163 237**

Amounts in NOK thousands	26.01.2023 Öresundslinjen Group AB
Total identifiable net assets at fair value	**-1 539 816**
Goodwill arising on acquisition	4 669 289
Purchase consideration transferred	**3 129 473**

Purchase consideration transferred	
Cash	**3 129 473**
Total purchase consideration transferred	**3 129 473**

Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	**252 472**
Cash paid	**3 129 473**
Net cash flow from acquisition	**-2 877 001**

The acquisition-date fair value of the total consideration transferred was NOK 3 129 millions in cash.

The Group determined the fair values for Öresundslinjen at the acquisition date. In that purchase price valuations:

- It was expected that the full contractual amounts of the trade receivable can be collected.
- The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.
- Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is technical goodwill. The remaining goodwill includes the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognised.

The acquisition of Öresundslinjen contributed to total revenue and other operating income in 2023 with NOK 1 410 million, and the income statement with a loss of NOK 96 million. Had the acquisition date for the business combination occurred at the beginning of the fiscal year, revenue for the group would have increased with NOK 81 million and the profit and loss would have been reduced with NOK 161 million.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisitions during 2022:

Based on the the pooling of interest method the table below illustrates the identifiable assets in Torghatten AS and its subsidiaries and Molslinjen Aps and its subsidiaries at acquisition date:

Amounts in NOK thousands	10.02.2022 Torghatten AS	10.02.2022 Molslinjen Aps
ASSETS		
Non-current assets		
Intangible assets	2 465 136	679 497
Right-of-use assets	85 673	2 203 533
Property, plant and equipment	6 294 715	2 692 681
Non-current financial assets	17 533	-
Total non-current assets	**8 863 057**	**5 575 711**
Current assets		
Inventories	62 192	122 744
Trade receivables	164 986	20 146
Other receivables	68 556	82 523
Current financial assets	37 737	141 407
Cash and cash equivalents	3 344 528	514 836
Total current assets	**3 677 998**	**881 655**
Total assets	**12 541 055**	**6 457 366**

4.2 Business combinations (Continued)

Amounts in NOK thousands	10.02.2022 Torghatten AS	10.02.2022 Molslinjen Aps
Non-current liabilities		
Non-current interest-bearing liabilities	4 178 942	4 419 584
Non-current lease liabilities	86 961	2 123 673
Deferred tax liability	1 117 502	-
Non-current provisions	2 973	3 528
Total non-current liabilities	**5 386 378**	**6 546 784**
Current liabilities		
Trade and other payables	478 872	374 351
Government grants	333 940	-
Contract liabilities	-	3 898
Income tax payable	8 479	-
Provisions	74 967	-
Total current liabilities	**896 257**	**378 249**
Total liabilities	**6 282 636**	**6 925 033**
Total identifiable net assets at fair value		
Non-controlling interest (1% of net assets)	-43 125	-
Goodwill arising on acquisition	1 909 689	4 922 635
Purchase consideration transferred	**8 124 984**	**4 454 968**
Other equity due to the pooling of interest method (continuity difference)	222 614	122 060
Purchase consideration transferred		
Shares in NFI AS	4 975 544	2 728 115
Debt issued	3 149 440	1 726 853
Total purchase consideration transferred	**8 124 984**	**4 454 968**
Analysis of cash flows on acquisition		
Net cash acquired with the subsidiary	3 344 528	514 836
Net cash flow from acquisition	**3 344 528**	**514 836**

The acquisition is structured such that Float Topco AS and Hati Holdco AS contribute 100% of the shares in Molslinjen Group ApS and Torghatten Group AS, respectively to NFIH AS against issuance of ordinary shares (share-for-share exchange) and NFIH AS contributed the shares to NFI against issues of ordinary shares. No cash payment was involved in the transactions.

The Group carried forwarded the values determined when Torghatten AS and Molslinjen Aps were acquired by EQT Infrastructure V. The fair values for Öresundslinjen were determined at the acquisition date. In that purchase price valuations:

- It was expected that the full contractual amounts of the trade receivable can be collected.
- The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.
- Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is technical goodwill. The remaining goodwill includes the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognised.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Section 5 - Fixed assets

5.1 Intangible assets

Nature of the Group's intangible assets

At the acquisition of Molslinjen Group ApS, the Group recognised intangible assets comprising Brand and Technology. In addition, at the acquisition of Torghatten AS, the Group recognised intangible assets for contracts with municipalities. At the acquisition of Öresundslinjen Group AB, the Group recognised intangible assets for Technology and Customer Contracts. The Group has also recognised goodwill from all acquisitions. Subsequently, the Group has recognised intangible assets for development costs related to a digitalisation project. When the development is concluded and the assets are ready for their intended use, the Group reclassifies development costs to relevant asset classes.

ACCOUNTING POLICIES

Intangible assets acquired

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination of Molslinjen Group ApS and Torghatten AS is their fair value on the date of acquisition by EQT Infrastructure V in 2021. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Refer to note 5.2 for accounting policies regarding goodwill.

SIGNIFICANT ACCOUNTING JUDGEMENTS

Capitalisation of internal development costs

Development expenditures on an individual project, which represents new applications, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when the asset is available for its intended use and is amortised over the period of expected future benefit. When an asset is available for its intended use, it is reclassified from internal development to the respective relevant asset class.

Initial capitalisation of direct costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. The milestone is reached when the preliminary project phase is completed. A concept development is performed where an assessment of necessary technology in addition to relevant alternatives are decided on. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The assessment of when product development is capitalised is highly subjective, as the outcome of these projects may be uncertain.

Other costs are classified as research and are expensed as incurred. These expenses are disclosed in note 2.4.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Useful lives of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite and may in some cases involve considerable assessments. Intangible assets with indefinite useful lives are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of comprehensive income in the line for amortisation of intangible assets. A potential change in remaining useful life of an intangible asset would have resulted in increased or decreased amortisation expense and a corresponding decrease or increase in profit and equity.

5.1 Intangible assets (Continued)

	Technology	Brand	Goodwill	Customer Contracts	Digitalisation projects under development	Total
Acquisition cost as at 31 December 2021	-	-	-	-	-	-
Additions	-	-	-	-	20 261	20 261
Additions through acquisitions (note 4.2)	291 212	388 284	6 832 324	2 465 136	-	9 976 957
Currency translation effects	17 085	22 779	283 545	-	-	323 409
Acquisition cost as at 31 December 2022	**308 297**	**411 064**	**7 115 869**	**2 465 136**	**20 261**	**10 320 627**
Additions	346	-	-	-	34 293	34 640
Additions through acquisitions (note 4.2)	34 628	-	4 669 289	799 352	-	5 503 268
Disposals	-9 060	-	-	-	-	-9 060
Transfers*	33 469	-	-	-	-36 881	-3 412
Currency translation effects	21 623	27 006	591 006	41 591	-	681 226
Acquisition cost as at 31 December 2023	**389 303**	**438 070**	**12 376 164**	**3 306 078**	**17 674**	**16 527 289**

	Technology	Brand	Goodwill	Customer Contracts	Digitalisation projects under development	Total
Accumulated amortisation and impairment as at 31 December 2021	-	-	-	-	-	-
Amortisation charge for the year	27 419	36 572	-	376 160	-	440 151
Currency translation effects	1 823	1 451	-	-	-	3 273
Accumulated amortisation and impairment as at 31 December 2022	**29 242**	**38 023**	**-**	**376 160**	**-**	**443 424**
Amortisation charge for the year	61 979	49 486	-	483 899	-	595 363
Transfers*	-264	-	-	-	-	-264
Disposals	-9 060	-	-	-	-	-9 060
Currency translation effects	365	1 727	-	1 057	-	3 149
Accumulated amortisation and impairment as at 31 December 2023	**82 262**	**89 236**	**-**	**861 116**	**-**	**1 032 614**
Net book value:						
At 31 December 2022	**279 055**	**373 041**	**7 115 869**	**2 088 977**	**20 261**	**9 877 202**
At 31 December 2023	**307 042**	**348 834**	**12 376 164**	**2 444 962**	**17 674**	**15 494 676**

	Technology	Brand	Goodwill	Customer Contracts
Economic life (years)	3-10 Years	10 Years	indefinite life	1-12 years
Depreciation plan	Straight-line	Straight-line	n.a.	Straight-line

The Group has an ongoing digitalisation project in Torghatten and Nordic Ferry Infrastructure and have capitalised NOK 17 674 thousands per 31 December 2023 (2022: NOK 20 261 thousands). Refer to figures above regarding Digitalisation project.

*Transfers mainly relates to digitalisation projects under development being moved to technology. It does not net to zero due to some digitalisation projects under development being moved to other fixed assets.

5.2 Goodwill and impairment considerations

ACCOUNTING POLICIES

Recognised goodwill in the Group is derived from the acquisitions of subsidiaries, see note 4.2 for more information.

Goodwill is an intangible asset which may not individually be recognised as an intangible asset due to the requirements in IAS 38 Intangible assets. The value of goodwill is primarily related to synergies, assembled workforce and their competency to generate and commercialise new technology as well as high growth expectations. Goodwill also arises due to the requirement to recognise deferred tax liabilities for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests, and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The Goodwill from the acquisitions was allocated to the Group's CGUs, which is the level management monitors goodwill. The key assumptions used to determine the recoverable amount of the CGU are disclosed further below.

Impairment considerations

The Group has goodwill which is subject to annual impairment testing. The testing is performed annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill or intangible assets with indefinite useful lives relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length terms, for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

5.2 Goodwill and impairment considerations (Continued)

Carrying amount of goodwill allocated to each of the groups of CGUs:

	31.12.2023	31.12.2022
Torghatten	1 909 689	1 909 689
Kattegat	4 045 599	3 792 380
Bornholm	1 055 740	989 660
Fanø	452 460	424 140
Öresundslinjen	4 912 676	-
Total goodwill	**12 376 164**	7 115 869

For impairment testing, goodwill acquired through the business combinations was allocated to the Torghatten CGU, Kattegat CGU, Bornholm CGU, Fanø CGU and Öresundslinjen CGU. Reference is made to note 4.2 for further information on the business combinations.

Basis for determining the recoverable amount

The groups of CGUs' recoverable amount has been determined based on its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows are derived from the detailed budget and forecast calculations for the next five years approved by the Board of Director. Restructuring activities and significant future investments are excluded from the budgets. A long-term growth rate is calculated and applied to project future cash flows after the tenth year. The recoverable amount is sensitive to revenue growth in the forecast period, the discount rate, expected future cash flows and the terminal growth rate.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS
Impairment testing of goodwill

The calculation of value in use for the groups of CGUs is most sensitive to the following assumptions:

- Revenue growth
- Pre-tax discount rate
- Terminal growth rate

Revenue growth

The expected growth in revenues are based on the expected growth in the industry and the Group's market share. The growth forecast is based on management's expectations of future conditions in the markets incl. competition. The assumption is presented as the constant average growth rate over the forecast period of 2024 - 2028 (2022: 2024 - 2027).

Pre-tax discount rate

The discount rate reflects the current market assessment of the risks specific to the groups of CGUs. The pre-tax discount rate is estimated based on the weighted average cost of capital (WACC).

Terminal growth rate

The terminal growth rate is the estimated long-term rate of growth in the economy where the business operates, aligned with long term global inflation targets.

The key assumptions used to determine the recoverable amount for each CGU are presented below:

2023

CGU	Average revenue growth in the forecast period	Pre-tax discount rate (WACC)	Terminal growth rate
Torghatten	2,0 %	9,0 %	2,0 %
Kattegat	5,0 %	7,4 %	1,0 %
Bornholm	4,9 %	7,4 %	1,0 %
Fanø	3,8 %	7,4 %	1,0 %
Öresundslinjen	3,7 %	9,5 %	2,0 %

5.2 Goodwill and impairment considerations (Continued)

2022

CGU	Average revenue growth in the forecast period	Pre-tax discount rate (WACC)	Terminal growth rate
Torghatten	4,5 %	10,5 %	3,2 %
Kattegat	4,9 %	7,3 %	1,0 %
Bornholm	3,5 %	7,3 %	1,0 %
Fanø	3,4 %	7,3 %	1,0 %

The recoverable amount of the cash generating units are higher than their carrying amount and no impairment loss has been recognised in the current or prior period. Reasonably possible change in the key assumptions used to determine the groups of CGUs' recoverable amount would not cause its carrying amount to exceed its recoverable amount, except for Torghatten. A rise in the pre-tax discount rate to 9.16% (i.e., +0.16%) in Torghatten would result in impairment. A decline in the terminal growth rate to 1.76% (i.e., -0.16%) in Torghatten would result in impairment.

Sensitivity analysis

Future events could cause the key assumptions to deviate from the amounts used in the forecast period. The Group has performed a sensitivity analysis for each key assumption; revenue growth in the forecast period, terminal growth rate and the pre-tax discount rate. The table below shows how much the recoverable amount of the CGU changes if each key assumption was increased or decreased in an unfavourable direction by one percentage point:

2023

Sensitivity of assumptions (presented as change in recoverable amount for each CGU)	Headroom	Recoverable amount	Effect of -1% change in revenue growth	Effect of +1% change in the pre-tax discount rate	Effect of -1% change in terminal growth rate
Torghatten	352 470	8 933 072	-821 522	-1 930 971	-1 297 717
Kattegat	2 226 459	9 235 834	-2 871 029	-1 749 473	-1 153 391
Bornholm	3 418 685	7 143 865	-1 787 879	-865 782	-523 152
Fanø	493 979	1 149 749	-276 459	-151 208	-95 833
Öresundslinjen	1 591 696	8 675 108	-461 091	-1 273 835	-405 962

2022

Sensitivity of assumptions (presented as change in recoverable amount for each CGU)	Headroom	Recoverable amount	Effect of -1% change in revenue growth	Effect of +1% change in the pre-tax discount rate	Effect of -1% change in terminal growth rate
Torghatten	2 932 143	12 016 000	-884 720	-2 126 588	-1 439 470
Kattegat	5 284 572	9 076 952	-968 870	-1 226 645	-910 211
Bornholm	3 031 487	4 021 147	-711 786	-529 390	-388 673
Fanø	677 211	1 101 351	-100 511	-149 640	-111 301

Climate-related matters

For information on climate-related matters refer to note 7.1.

5.3 Property, plant and equipment

ACCOUNTING POLICIES

Property, plant and equipment ("PPE") are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

PPE is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of PPE are required to be replaced at intervals (dry-dockings and inspections), the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Useful life and residual value of vessels

When calculating the residual value, the Group takes into account the amount for which the asset is expected to be sold for if the asset had the age and condition that the asset is expected to have at the end of its useful life, less the cost of disposal. Operating assets are depreciated to their residual value. For the determination of residual values, the Group uses a common scale. Ferries are classified as: large, medium, medium-class small and small ferries. Express boats are classified as large or small. An individual assessment is made of all vessels and certain vessels may therefore deviate from the established scale. The Group estimates at the end of 2023 that this residual value remain an expression of the vessels' market value at the end of the periods of use, based on current market conditions and the ships' expected condition. The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

Dry-dockings and inspections

Expenses incurred for periodic inspections of ships and ship engines are added to the particular ships' cost price and depreciated on a straight-line basis until the next planned inspection.

The cost price of ships, including new constructions, is divided into a cost price for the ship and a cost price of the asset relating to docking and inspection. The two elements are separately recognised and depreciated. When purchasing ships, including new constructions, the cost price of the docking/inspection element is estimated based on the company's experience and history of similar ships and docking/ inspection intervals.

Costs for docking and inspection typically consist of external costs for shipyards and repair work, materials used, hiring of crew and costs for own inspectors and staff during docking/inspection periods.

Repair and maintenance costs

Normal vessel repair and maintenance costs are expensed when incurred. These costs include costs related to engine overhaul, costs related to upgrading navigation equipment (autopilot, automatic web-based map update, etc.) and similar repair and maintenance costs.

Impairment assessment

The Group assesses at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its capital value. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The impairment for the year relates to a ship being wrecked due to breakdown.

5.3 Property, plant and equipment (Continued)

	Buildings, terminals and ports	Ships	Other fixed assets	Assets under construction	Total
Acquisition cost as at 31 December 2021	-	-	-	-	-
Additions	13 767	614 415	32 426	665 778	1 326 386
Additions through business combinations (note 4.2)	200 130	8 281 318	100 176	405 771	8 987 396
Disposals	-2 652	-18 110	-225	-	-20 988
Discontinued operations		-18 898	-813	-	-19 710
Transfers	-	24 215	-	-8 544	15 671
Currency translation effects	17 256	179 881	6 304	31 948	235 389
Acquisition cost as at 31 December 2022	**228 501**	**9 062 821**	**137 868**	**1 094 953**	**10 524 143**
Additions	79 147	549 018	54 855	491 674	1 174 694
Additions through business combinations (note 4.2)	630 170	349 524	197 229	10 279	1 187 202
Disposals	-8 402	-35 518	-3 507	-1 355	-48 782
Transfers*	122	868 367	27 622	-893 218	2 893
Currency translation effects	36 822	184 172	11 156	73 525	305 675
Acquisition cost as at 31 December 2023	**966 360**	**10 978 385**	**425 223**	**775 859**	**13 145 826**
Accumulated depreciation and impairment as at 31 December 2021	-	-	-	-	-
Depreciation for the year	24 960	590 369	27 324	-	642 653
Impairment for the year	-	894	-	-	894
Depreciation on disposals	-2 120	-	-225	-	-2 345
Discontinued operations		-311	-13		-325
Currency translation effects	9 994	23 358	2 040	-	35 392
Accumulated depreciation and impairment as at 31 December 2022	**32 835**	**614 310**	**29 125**	**-**	**676 270**
Depreciation for the year	60 649	772 502	50 768	-	883 919
Impairment for the year	-	1 375	-	-	1 375
Depreciation on disposals	-8 263	-15	-3 507	-	-11 785
Transfers*	-	-	264	-	264
Currency translation effects	6 340	22 462	-2 150	-	26 652
Accumulated depreciation and impairment as at 31 December 2023	**91 560**	**1 410 634**	**74 501**	**-**	**1 576 695**
Net book value:					
At 31 December 2022	**195 666**	**8 448 511**	**108 742**	**1 094 953**	**9 847 874**
At 31 December 2023	**874 800**	**9 567 751**	**350 722**	**775 859**	**11 569 131**
Economic life (years)	5-30 years	3-30 years	3-10 years		
Depreciation plan	Straight-line	Straight-line	Straight-line		

*Transfers mainly relates to assets under constructions being moved to ships. It does not net to zero due to some assets under constructions being moved to inventories, in addition to transfer from digitalisation projects under development to other fixed assets.

5.4 Right-of-use assets and lease liabilities

ACCOUNTING POLICIES

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

Group as a lessee

At the commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (with an underlying value of less than NOK 50 thousands)

For these leases, the Group recognises the lease payments as operating expenses in the consolidated statement of comprehensive income.

The Group only recognises the lease payments in the calculation of the leases, and all services are recognised in line with their consumption. The calculation of the total lease obligation may have an effect regarding the assessment of whether something is leasing or service. The Group therefore conducts a careful examination of whether the contracts contain a service element, including what costs may relate to a day-to-day operation.

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- The purchase price under a call option, if it is deemed reasonably probable that it will be exercised
- Compensation to the lessor in the event of an early termination of the leasing agreement, if the Group is expected to utilise such an option

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group presents its lease liabilities as separate line items in the consolidated statement of financial position.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, initial direct costs associated with the leasing agreement and estimated obligation to demolish or re-establish the asset after use.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (note 5.3). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.

The Group presents its right-of-use assets as separate line items in the consolidated statement of financial position.

5.4 Right-of-use assets and lease liabilities (Continued)

The Group's leased assets

The Group leases several assets, mainly ferries, terminal and port facilities, office buildings and apartments and office equipments in Norway, Denmark and Sweden.

The Group's right-of-use assets recognised in the consolidated statement of financial position are presented in the table below:

Right-of-use assets	Ships	Office space	Terminals & ports	Other	Total
Carrying amount as at 1 January 2022	-	-	-	-	-
Additions of right-of-use assets	-	-	9 397	462	9 859
Additions through business combinations	1 409 115	12 810	860 959	6 323	2 289 208
Disposals of RoU	-496 405	-	-20 551	-	-516 956
Depreciation of right-of-use assets	-54 082	-4 981	-76 451	-2 394	-137 907
Reversal of depreciation of assets disposed of	179 098	-	20 551	-	199 649
CPI/Currency translation effects	63 317	-	46 696	-	110 013
Carrying amount as at 31 December 2022	**1 101 044**	**7 830**	**840 602**	**4 391**	**1 953 867**
Additions of right-of-use assets	-	15 114	396 775	22 250	434 139
Additions through business combinations (note 4.2)	-	-	239 169	1 021	240 190
Disposals of RoU	-	-	-238 241	-509	-238 750
Depreciation of right-of-use assets	-71 426	-4 699	-166 734	-6 774	-249 633
Remeasurement	-608 054	-	103 730	-	-504 324
CPI/Currency translation effects	94 479	-1 281	65 641	1 723	160 563
Carrying amount as at 31 December 2023	**516 043**	**16 964**	**1 240 943**	**22 102**	**1 796 052**

Remaining lease term or remaining useful life (years)	1-4 years	1-5 years	1-12 years	1-12 years
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line

Expenses in the period related to practical expedients and variable payments	2023	2022
Short-term lease expenses	26 571	276
Low-value assets lease expenses	1 353	352
Variable lease expenses in the period (not included in the lease liabilities)	4 522	-
Total lease expenses in the period	**32 445**	**628**

The lease expenses in the period related to short-term leases, low-value assets and variable lease payments are included in other operating expenses in the consolidated statement of comprehensive income, and the payments are presented in the Group's operating activities in the consolidated statement of cash flows.

The Group's lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	31.12.2023	31.12.2022
Less than one year	380 183	614 613
One to five years	1 096 117	770 285
More than five years	534 460	917 763
Total undiscounted lease liabilities	**2 010 761**	**2 302 661**

Lease liabilities	Total
Carrying amount as at 1 January 2022	-
New leases recognised during the period	7 719
New leases recognised during the period through business combinations	2 210 633
Cash payments	-227 576
Disposal	-221 750
Interest expense on lease liabilities	78 279
CPI/Currency translation effects	108 581
Carrying amount as at 31 December 2022	**1 955 886**
Current lease liabilities in the statement of financial position	416 100
Non-current lease liabilities in the statement of financial position	1 539 786

Carrying amount as at 1 January 2023	**1 955 886**
New leases recognised during the period	434 139
New leases recognised during the period through business combinations	240 190
Cash payments	-383 648
Disposal	-238 767
Remeasurement	-504 324
Interest expense on lease liabilities	127 132
CPI/Currency translation effects	163 259
Carrying amount as at 31 December 2023	**1 793 867**
Current lease liabilities in the statement of financial position	310 669
Non-current lease liabilities in the statement of financial position	1 483 198

Lease commitments not included in the lease liabilities

Inflation adjustments

In addition to the lease liabilities presented above, the Group is committed to pay variable lease payments for its ferries and office buildings, mainly related to future inflation adjustments which is not included in the initial calculation of lease liabilities. The lease liability and right-of-use asset will be adjusted to reflect the inflation adjustment when the uncertainty related to the adjustment has been resolved, however, due to low inflation forecasts these adjustments are expected to be immaterial.

Other matters

The Group's leases do not contain provisions or restrictions that impacts that Group's dividend policies or financing possibilities.

Section 6 - Financial instruments and equity

6.1 Overview of financial instruments

ACCOUNTING POLICIES

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

Classification of financial instruments

The Group's financial instruments are grouped in the following categories:

Financial Assets

Financial assets measured subsequently at amortised cost:

This includes mainly trade receivables, other receivables and cash and cash equivalents.

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. All of the Group's financial assets (i.e., trade receivables and cash and cash equivalents) are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets, primarily applicable to trade receivables, give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the SPPI test.

The Group considers a financial asset in default according to individual assessment of the financial assets. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at fair value through profit and loss

This includes mainly share investments and pension assets.

Derivative financial instruments

Derivative financial instruments are recognised from the trading day and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included under other receivables and other debt in the balance sheet, respectively, and set-off of positive and negative values is only made when the company has the right and intention to settle several financial instruments net. Fair value for derivative financial instruments are calculated on the basis of current market data and recognised valuation methods.

Cash flow hedging (Interest rate swap agreements and oil price contracts)

Changes in the portion of fair value of derivative financial instruments that are classified as and meet the conditions for hedging future cash flows and that effectively hedge changes in future cash flows are recognised in other comprehensive income in a separate reserve for hedging transactions under equity until the hedged cash flows affects the income statement. At this time, gains or losses relating to such hedging transactions are reclassified from other comprehensive income and recognised in the same accounting item as the hedged item.

If the hedging instrument no longer meets the criteria for accounting hedging, the hedging relationship will cease in the future. The accumulated change in value recognised in other comprehensive income is reclassified to the income statement when the hedged cash flows affect the income statement. If the hedged cash flows are no longer expected to be realised, the accumulated change in value is reclassified to the income statement immediately. The part of the value adjustment of a derivative financial instrument that is not included in a hedging relationship is presented under financial items.

Financial Liabilities

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, and derivative financial instruments. The Group subsequently measured the financial liabilities, except for derivative financial instruments, at amortised costs.

Further derivative financial instruments

Derivative financial instruments that do not meet the conditions for treatment as hedging instruments are considered trading stocks and are measured at fair value with recognition of fair value adjustments on an ongoing basis in the income statement as financial items.

6.1 Overview of financial instruments (Continued)

ACCOUNTING POLICIES (continued)

Initial recognition and subsequent measurement

The Group's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss upon impairment, when the instruments are derecognized 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 consolidated statement of comprehensive income.

Financial liabilities measured at amortised cost include the Group's interest-bearing liabilities as well as non-interest-bearing liabilities such as trade payables.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Impairment of financial assets

Financial assets measured at amortised cost are considered for impairment by recognising an allowance for expected credit losses (ECLs). Refer to note 3.2 for details.

Derecognition of financial instruments

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or the Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

A financial liability is derecognized 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 consolidated statement of comprehensive income.

IBOR reform

The Group has non-current interest-bearing loans and borrowings with indexed interest rates based on EURIBOR and NIBOR. As a consequence of the IBOR reform, EURIBOR is already reformed and no further changes are expected as of this date. NIBOR is expected to be discontinued as a benchmark rate and will be replaced by new benchmark rate based on Nowa. The Group is continuously monitoring the situation, however as of 31 December 2023, the Group does not expect any significant effects on the Group's financial reporting as a result of the IBOR reform.

The carrying amount of the Group's financial assets and liabilities are presented in the tables below:

Financial assets

31 December	Note	31.12.2023	31.12.2022
Derivatives designed as hedging instruments			
Interest rate swaps		150 779	269 980
Oil price futures contracts		-	31 538
Currency rate swaps		23 544	-
Financial assets at fair value through profit and loss			
Share investments (current)		37 152	31 445
Share investments (non-current)		47 250	10 599
Pension assets	2.3	1 636	1 697
Financial instruments at amortised cost			
Trade receivables		204 995	180 470
Interest-bearing receivables to related parties	6.5	2 561 835	2 283 143
Other non-current financial receivables		11 420	15 963
Other investments	6.1	53	10 883
Cash and cash equivalents	6.6	1 695 609	499 598
Total financial assets		**4 734 273**	**3 335 316**

6.1 Overview of financial instruments (Continued)

Financial liabilities

31 December	Note	31.12.2023	31.12.2022
Financial liabilities at amortised cost			
Non-current interest-bearing liabilities	6.2	17 385 724	13 008 500
Current interest-bearing liabilities	6.2	133 684	178 619
Trade and other payables	3.3	947 570	600 641
Non-current lease liabilities	5.4	1 483 198	1 539 786
Current lease liabilities	5.4	310 669	416 100
Other current financial liabilities*	6.3	48 204	-
Total financial liabilities		**20 260 844**	**15 743 646**

*Other current financial liabilities relates to the Group's oil hedge contracts.

Significant finance income and finance costs arising from the Group's financial instruments are disclosed separately in note 2.6.

31 December	Note	31.12.2023	31.12.2022
Current financial assets			
Interest rate swaps	6.4	141 792	260 994
Oil price contracts	6.4	-	31 538
Share investments (current)		37 152	31 445
Total Current financial assets		**178 945**	**323 977**
Non-current financial assets			
Interest rate swaps (prepaid option premium)	6.4	8 987	8 987
Currency rate swaps	6.5	23 544	-
Other investments		53	10 883
Interest-bearing receivables to related parties	6.5	2 561 835	2 283 143
Other non-current financial receivables	6.5	11 420	15 963
Share investments (non-current)		47 250	10 599
Pension plan assets	2.3	1 636	1 697
Total Non-current financial assets		**2 654 724**	**2 331 271**

Other investments include investments in WattsUp Power A/S. WattsUp Power A/S develops and sells electromechanical solutions for energy storage. The Group holds 4.0% owner-share.

Interest-bearing receivables to related parties mainly include loan to Float Holdco DK ApS.

Share investments mainly include investments in Zeabuz AS and investments in different savings banks and Gjensidige Forsikring ASA (the investments are carried out through NEF Kapitalforvaltning).

The Group`s financial instruments as of 31 December 2023 includes interest swap, currency swap and oil hedge.

6.2 Interest-bearing liabilities

Specification of the Group's interest-bearing liabilities

NFI Borrower AS (subsidiary of NFI AS) signed a 7-year loan agreement (Senior Facilities Agreement) on 11 March 2022. The purpose of the agreement is refinancing of the Group's existing loans and general corporate and working capital purposes of the Group. The Group has incurred transaction costs in connection with the refinancing of the Group and the preceding restructuring of the Group.

Non-current interest-bearing liabilities	Interest rate	Maturity	31.12.2023	31.12.2022
Term Loan B2 Facility (EUR 445 200 thousands)	EURIBOR+2,325%	04.04.2029	5 004 271	4 680 744
Term Loan B1 Facility (NOK 4 530 000 thousands)	NIBOR+2,325%	04.04.2029	4 530 000	4 530 000
Capex Fac 2+ (EUR)	6,29 %	30.03.2029	2 408 011	-
Revolving Credit Facility	6,98 %	06.03.2024	25 000	-
Capex Fac 1	7,08 %	04.04.2029	240 969	101 317
Revolving Credit Facility	0,00 %		-	20 000
Capex Fac 2B (EUR)	6,29 %	30.03.2029	413 649	222 891
Revolving Credit Facility	6,98 %	06.03.2024	43 000	43 000
Danske Bank	6,78 %	30.04.2024	51 167	59 354
Loan Hati Holdco AS	1,50 %	on demand*	14 516	14 302
Shareholder loan	6,75 %	25.02.2036 / 26.02.2036	4 951 356	3 709 001
- Upfront fee			-162 532	-193 491
Total interest-bearing liabilities			**17 519 407**	**13 187 119**
Current interest-bearing liabilities			133 684	178 619
Non-current interest-bearing liabilities			17 385 724	13 008 500
Total interest-bearing liabilities			**17 519 407**	**13 187 119**

*on demand loan. Loan is due 30 days after lender calls the loan

For the loan arrangement DNB Bank ASA serves as an agent. The original lenders are:

Original lender
DNB Bank ASA
Royal & Sun Alliance Insurance Company
C.M Life Insurance Company
OP Corporate Bank plc
Jyske Bank A/S
Skandinaviska Enskilda Banken AB (publ)
Danske Bank, Norwegian Branch
National Australia Bank
Nykredit Bank A/S
BNP Paribas SA
BNP Paribas Fortis SA/NV
Intesa Sanpaolo Bank Luxembourg S.A.
MUFG Bank (Europe) N.V. Germany Branch
Nordic Investment bank
Massachusetts Mutual Life Insurance Company

6.2 Interest-bearing liabilities (Continued)

Assets pledged as security and guarantee liabilities in NOK thousands

	31.12.2023	31.12.2022
Secured balance sheet liabilities:		
Interest-bearing liabilities to financial institutions	335 136	2 160 669
Value of assets pledged as security for secured liabilities in NOK thousands:		
Trade receivables	70 755	76 569
Inventories	18 052	36 766
Property, plant and equipment	2 501 111	2 664 149
Bank	25 043	42 623
Shares in subsidiaries	7 023 155	7 018 106
Other receivables	235 782	46 508
Total assets pledged as security	**9 873 897**	**9 884 721**

The Group has given guarantees amounted to NOK 311 543 thousands in 2023 (2022: NOK 332 835 thousands). The guarantees were provided by the following entities in the group:

	Amount guaranteed	
Guarantors	**31.12.2023**	**31.12.2022**
T-Finans AS	-	2 879
Torghatten Nord AS	154 480	167 210
Bastø Fosen AS	48 392	48 392
Torghatten Midt AS	50 777	57 107
Torghatten AS	57 247	57 247
Nordic Ferry Infrastructure AS	647	-

Financial Covenants

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. The Group has different financial covenants requirements. The covenants requirements are related to NIBD/EBITDA, and EBITDA/Net Finance Charges. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period or prior period.

The covenant says the Company shall ensure that the interest coverage ratio (EBITDA/Net Finance Charges) in respect of each testing period shall not be less than 1,75:1. Also, the Net Debt Cover ratio (NIBD/EBITDA) shall not exceed 7,56 as at 31 December 2023 (2022: 1,75:1 and 8,21, respectively). Regarding Net Debt coverage the Company has a long-term testing period schedule in which the ratio are not to exceed at maximum 8,21 and minimum 6,54. The testing period is scheduled with six months intervals ranging from 31 December 2022 to 31. December 2028, and is set up so that the Company must increase its EBITDA in relation to net debt in order to be compliant in the long term.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2023.

6.3 Ageing of financial liabilities

Contractual undiscounted cash flows from financial liabilities, including interest payments are presented below:

			Remaining contractual maturity			
31.12.2023	**Note**	**On demand**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities						
Non-current interest-bearing liabilities	6.2	-	1 138 511	4 554 045	20 033 890	**25 726 446**
Current interest-bearing liabilities	6.2	14 516	121 169	-	-	**135 686**
Non-current lease liabilities	5.4	-	-	1 096 117	534 460	**1 630 578**
Lease liabilities	5.4	-	380 183	-	-	**380 183**
Trade and other payables	3.3	27	968 629	-	-	**968 656**
Other current financial liabilities	6.5	-	48 204	-	-	**48 204**
Total financial liabilities		**14 543**	**2 656 696**	**5 650 162**	**20 568 350**	**28 889 752**

			Remaining contractual maturity			
31.12.2022	**Note**	**On demand**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities						
Non-current interest-bearing liabilities	6.2	-	707 708	2 881 132	15 692 478	**19 281 318**
Current interest-bearing liabilities	6.2	14 302	164 317	-	-	**178 619**
Non-current lease liabilities	5.4	-	-	770 285	917 763	**1 688 048**
Lease liabilities	5.4	-	614 613	-	-	**614 613**
Trade and other payables	3.3	-	600 641	-	-	**600 641**
Total financial liabilities		**14 302**	**2 087 280**	**3 651 417**	**16 610 241**	**22 363 239**

Reconciliation of changes in liabilities incurred as a result of financing activities:

			Non-cash changes					
2023	**01.01.2023**	**Cash flow effect**	**Capitalised interests**	**New leases recognised**	**Other changes**	**Additions through acquisition**	**Capitalised transaction costs (net)**	**31.12.2023**
Non-current interest-bearing liabilities	13 008 500	-240 116	312 019	-	547 940	3 726 423	30 958	**17 385 724**
Current interest-bearing liabilities	178 619	-3 187	215	-	-41 963	-	-	**133 684**
Lease liabilities	1 955 885	-383 648	-	434 139	-452 700	240 190	-	**1 793 867**
Total liabilities from financing	**15 143 004**	**-626 951**	**312 233**	**434 139**	**53 276**	**3 966 613**	**30 958**	**19 313 274**

2022	**01.01.2022**	**Cash flow effect**	**Capitalised interests**	**New leases recognised**	**Other changes**	**Additions through acquisition**	**Capitalised transaction costs (net)**	**31.12.2022**
Non-current interest-bearing liabilities	-	-353 926	259 717	-	-178 619	13 474 819	-193 491	**13 008 500**
Current interest-bearing liabilities	-	-	-	-	178 619	-	-	**178 619**
Lease liabilities	-	-449 326	-	7 719	186 859	2 210 633	-	**1 955 885**
Total liabilities from financing	**-**	**-803 252**	**259 717**	**7 719**	**186 859**	**15 685 452**	**-193 491**	**15 143 004**

6.4 Financial risk management

Overview

The Group's principal financial liabilities, comprise interest bearing liabilities, lease liabilities, and trade payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, share investments, derivative financial instruments, other financial receivables and cash and short-term deposits that derive directly from its operations.

The Group is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Group seeks to minimise potential adverse effects of such risks through sound business practice, risk management and hedging.

Risk management is carried out by Group management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises three types of risk: interest rate risk, currency risk and oil price risk. Financial instruments affected by market risk include interest bearing debt, cash and cash equivalents, trade receivables, lease liabilities and trade and other payables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing liabilities with floating interest rates.

NFI Borrower AS (subsidiary of NFI AS) entered into three interest rate swap agreements in 2022. The notional amounts per contracts are NOK 906 millions, EUR 300 millions and EUR 145,2 millions. The interest rate swap is for 100% of the EUR Term Loan B2 Facility and 20% of NOK Term Loan B1 Facility. The loan facilities are for 6 years while the interest rate swap is for 3 years. The interest rate swap secure a fixed interest rate of 0,85% for the Term Loan B2 Facility and interest rate cap of 2,5% for the 20% of the Term Loan B1 Facility.

In 2023 the Group entered into two interest rate swap agreements. The notional amounts per contracts are NOK 144 million and EUR 70 million. The interest rate swap is for 100% of the EUR Capex Facility 2. The loans facilitates are for 7 years while the interest rate swap is for 4 years. The interest rate swap secure a fixed interest rate of 2,829% for the contract of NOK 144 million and 2,85 for the contract of EUR 70 million. The purpose of the swap agreements is to mitigate the risk related to fluctuations in the interest rate.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

Interest rate swap	**31.12.2023**	**31.12.2022**
Remaining debt	17 681 939	13 380 610
Expiry of interest rate swap*	31.03.2025 / 24.01.2027	31.03.2025

* Different interest swap agreements, one agreement expires 31 March 2025 and two expires 24 January 2027.

Interest rate sensitivity

The sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

Interest rate sensitivity	**Increase / decrease in basis points**	**Increase/ decrease in profit before tax**	**Increase/ decrease in equity***
31 December 2023	+/- 100	-95 866	1 241 157
31 December 2022	+/- 100	-77 939	150 086

*The Group has financial instruments through OCI and hence the effects on equity are shown.

6.4 Financial risk management (Continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's interest-bearing liabilities in EUR.

The Group's presentation currency is NOK. Accordingly, changes in the value of the currencies in which it generated revenues incurs costs in relation to NOK affect the Group's overall revenue, profit or loss and financial position. The Group partly hedges currency exposure with the use of financial instruments and monitors the exposure over time. The Group has a foreign currency hedge in which expires in 2024. The value of the currency hedge is NOK 23 554 thousands in 2023 (2022: NOK 0 thousands). The Group doesn't apply hedge accounting for the currency hedge.

Foreign currency sensitivity

The following table illustrates the sensitivity for a hypothetical increase or decrease in the foreign exchange rates in the period, holding all other variables constant:

Foreign currency sensitivity	Date	Change in FX rate	Effect on profit before tax	Effect on equity
Increase / decrease in NOK/EUR	31.12.2023	+/- 10%	782 593	610 423
Increase / decrease in NOK/EUR	31.12.2022	+/- 10%	490 364	382 484

10 % is used as it is considered to be a reasonable fluctuation in EUR/ NOK based on calculations on previous years variance.

Commodity price risk / Oil price risk

The Group is affected by the price volatility of oil.

It is the Group's policy to continuously secure a share of the next two years' oil consumption regarding both oil price risk and currency risk. The company does not engage in active speculation within the financial risk market.

Within Kattegat and the western routes, the Group's policy is to ensure 50-70% of oil consumption for the next 12 months and to ensure 30-50% of oil consumption for the following 13-24 months. At Bornholm, the Group's policy is to ensure 10-30% of oil consumption for the next 12 months and ensure 10-30% of oil consumption for the following 13-24 months. However, 100% may be guaranteed if it may be done at prices below (budgeted prices).

The Group purchases oil for ships on the spot market in force at any given time. The forward contracts do not result in physical delivery of oil but are designated as cash flow hedges to offset the effect of price changes in oil. The Group's management continuously assess on the basis of current oil prices, expected oil price developments and current CAP and forward prices, whether and, if so, for what period the oil price is hedged. Hedging is done in DKK and NOK.

The Group has per 31 December 2023 secured a fixed oil price in DKK/NOK of 64% of the expected oil consumption in 2024 (2022: 71%) and 19% of the expected oil consumption in 2025 (2022: 26%). Volume of oil purchases under forward contracts per 31.12.2023 amounts to 59,90 tonnes (2022: 75,55 tonnes) and expires as follows:

	Expire in 2024	Expire in 2025
Hedged quantity, tonnes	46 400	13 500
Average guaranteed price in NOK per ton	8 279	7 188

Commodity price risk / Oil price sensitivity

The following table shows the effect of price changes in oil prices net of hedge accounting impact.

Oil price sensitivity		Increase/ Decrease in year-end price	Increase/ Decrease effect in profit before tax	Increase/ Decrease effect on equity*
Increase / decrease in oil price	31.12.2023	+/- 10%	-	43 296
Increase / decrease in oil price	31.12.2022	+/- 10%	-	58 345

*The Group has financial instruments through OCI and hence the effects on equity are shown.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group is considered not to have a significant credit risk linked to a single counterparty or several counterparties that can be seen as a group due to similarities in the credit risk. As the most important part of the Group's income is either sale to travellers or sales related to government grants from the state, county or municipality, the Group's overall credit risk is considered to be very low. For the part of the Group that conducts sales on credit, such sales are only made to customers who have not had significant problems with payment in the past. In addition, outstanding amounts must not exceed any established credit limits. The Group does not expect any credit losses.

The Group does not guarantee the debts of third parties. The Group's guarantee obligations apply to counter-guarantees in connection with necessary guarantees on behalf of group companies, including in connection with submitted offers regarding the operation of the state highway ferry connections, guarantees in accordance with regulations and EEAC-rules regarding access to the profession of road transportation, as well as guarantees within travel agency operations.

As the counterparty in derivatives trading is normally banks, the credit risk associated with derivatives is considered to be small. The Group therefore considers its highest risk exposure to be the balance sheet value of trade receivables and other current assets. For an overview of the ageing of trade receivables and the expected credit losses recognised for trade receivables see note 3.2.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its working capital, overdue trade receivables and establishing credit facilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of excess liquidity from operations and additional financing through establishment of credit facilities and interest-bearing liabilities. The Group has a positive cash flow from operating activities, including a steady revenue stream and cash reserves which limits its liquidity risk.

An overview of the maturity profile of the Group's financial liabilities with corresponding cash flow effect is presented in note 6.3.

Capital management
The main purpose of the Group's capital management is to ensure that it maintains high creditworthiness and solidity in order to maintain the confidence of investors, creditors and the market. The board wishes to maintain a balance between a higher return, which is made possible by a higher level of borrowings, and the benefits and security that follow from solid equity. As a result of this, the Group's objective is for the Group's equity to be over 30% of the Group's total capital. The Group's main focus in capital management is that the Group as a whole, and all main subsidiaries individually, must have sufficient working capital to finance their ordinary activities in the various contracts with the client for the execution of public transport, the focus is on getting payment terms from the client and financing of means of transport in place from banks, which make a positive contribution to working capital.

6.5 Fair value measurement

ACCOUNTING POLICIES

The Group measures financial instruments such as derivatives, and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk-free interest rates.

Derivatives

The fair value of the oil price derivatives, currency derivatives and the interest rates derivatives are valued according to generally accepted valuation methods based on relevant observable market values for oil prices in DKK, NOK and SEK and forward pricing for interest rate, respectively. Only observable and relevant market inputs were used in the valuation therefore the fair value measurement was classified as level 2 valuation.

Interest-bearing liabilities

The fair values of the Group's interest-bearing liabilities are determined by using the Discounted Cash Flow (DCF) method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair values of the Group's interest-bearing loans and borrowings are in most cases similar to carrying amount, as the interest rates are floating and as the own non-performance risk as at the end of the reporting period was assessed to be insignificant.

Share investments

Share investments include investments in listed companies.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

6.5 Fair value measurement (Continued)

Fair value measurement	Note	Carrying amount	Fair value	Level 1	Level 2	Level 3
Current financial assets as at 31.12.2023						
Interest rate swap agreements	6.4	141 792	141 792		X	
Share investments (current)	6.4	37 152	37 152	X		
Total		**178 945**	**178 945**			
Non-current financial assets as at 31.12.2023						
Interest rate swaps (prepaid option premium)	6.4	8 987	8 987		X	
Currency rate swaps		23 544	23 544		X	
Other investments		53	53			X
Interest-bearing receivables to related parties		2 561 835	2 561 835			X
Other non-current financial receivables		11 420	11 420			X
Share investments (non-current)		47 250	47 250		X	
Pension plan assets		1 636	1 636			X
Total		**2 654 724**	**2 654 724**			
Financial liabilities as at 31.12.2023						
Interest-bearing liabilities	6.2	17 519 407	17 519 407			X
Oil price contracts	6.3	48 204	48 204		X	
Total		**17 567 611**	**17 567 611**			

Fair value measurement	Note	Carrying amount	Fair value	Level 1	Level 2	Level 3
Current financial assets as at 31.12.2022						
Interest rate swap agreements	6.4	260 994	260 994		X	
Oil price contracts	6.4	31 538	31 538		X	
Share investments (current)	6.4	31 445	31 445	X		
Total		**323 977**	**323 977**			
Non-current financial assets as at 31.12.2022						
Interest rate swaps (prepaid option premium)	6.4	8 987	8 987		X	
Other investments		10 883	10 883			X
Interest-bearing receivables to related parties		2 283 143	2 283 143			X
Other non-current financial receivables		15 963	15 963			X
Share investments (non-current)		10 599	10 599		X	
Pension plan assets		1 697	1 697			X
Total		**2 331 271**	**2 331 271**			
Financial liabilities as at 31.12.2022						
Interest-bearing liabilities	6.2	13 187 119	13 187 119			X
Total		**13 187 119**	**13 187 119**			

There was no transfer between the levels of the fair value hierarchy in the current or prior periods.

6.6 Cash and cash equivalents

ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

Cash and cash equivalents	**31.12.2023**	**31.12.2022**
Bank deposits, unrestricted	1 643 508	455 049
Bank deposits, restricted	52 101	44 549
Total cash and cash equivalents	**1 695 609**	**499 598**

Bank deposits earns a low interest at floating rates based on the bank deposit rates.

6.7 Share capital, reserves, and shareholders information

ACCOUNTING POLICIES

Costs related to equity transactions
Transaction costs are deducted from equity, net of associated income tax.

Distribution to shareholders
The Group recognises a liability to make distributions to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

No distributions were made to shareholders in the current or prior period. Further, there are no proposed dividends.

The ultimate parent
The ultimate parent of the Group is EQT AB.

Issued capital and reserves:

Share Capital Increase 10 February 2022
On 10 February 2022, the share capital of the Company was increased by NOK 30 thousands and the share premium by NOK 7 703 629 thousands by increase of par value on the shares from NOK 10 to NOK 20 per share. The share contribution was settled by Float Topco AS and Hati Holdco AS contributing 100% of the shares in Molslinjen Group ApS and Torghatten Group AS, respectively, to NFI AS against issuance of ordinary shares (share-for-share exchange).

Share Capital Increase 23 January 2023
On 23 January 2023, the share capital of the Company was increased by NOK 30 thousands and the share premium by NOK 4 057 061 thousands to finance to acquisition of Öresundslinjen Group AB. The share capital increase was performed by increasing the par value of the shares from NOK 20 to NOK 30.

Share capital in Nordic Ferry Infrastructure AS

	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position (NOK thousands)
At 01 January 2022	**3 000**	**10**	**30**
Increase share capital 10 February 2022		10	30
At 31 December 2022	**3 000**	**20**	**60**
Increase share capital 23 January 2023		10	30
At 31 December 2023	**3 000**	**30**	**90**

All shares are ordinary and have the same voting rights and rights to dividends. Reconciliation of the Group's equity is presented in the statement of changes in equity.

Share premium in Nordic Ferry Infrastructure AS

At 01 January 2022	-6
Share capital increase at 10 February 2022	7 703 629
At 31 December 2022	**7 703 623**
Share capital increase at 23 January 2023	4 057 332
At 31 December 2023	**11 760 955**

6.7 Share capital, reserves and shareholders information (Continued)

The Group's shareholders:

Shareholders in Nordic Ferry Infrastructure AS at 31.12.2023	Total shares	Ownership/ Voting rights
Float Holdco DK ApS	3 000	100 %
Total	**3 000**	**100 %**

Shareholders in Nordic Ferry Infrastructure AS at 31.12.2022	Total shares	Ownership/ Voting rights
Float Holdco DK ApS	3 000	100 %
Total	**3 000**	**100 %**

Shares held by management and the Board of Directors at the end of the reporting period is disclosed in note 7.2.

Hedging reserve

The hedging reserve relates to cash flow hedges of future secured revenues and expenses fluctuations in oil price and interest rates. The income statement effects of such instruments are recognised in accordance with the progress of the underlying contract as part of revenues or expenses as appropriate. The hedging reserve represents the value of such hedging instruments that is not yet recognised in the income statement. The underlying nature of a hedge is that a positive value on a hedging instrument exists to cover a negative value on the hedged position, see note 6.1 Overview of financial instruments.

Amounts in thousands NOK	Oil price agreements	Interest rate swap	Total
Reserves as at 31 December 2021	**-**	**-**	**-**
Fair value adjustment of derivative financial instruments	-116 937	260 994	144 056
Cash flow hedges, related tax	-	-57 419	-57 419
Reserves as at 31 December 2022 (adjusted)	**-116 937**	**203 575**	**86 638**
Fair value adjustment of derivative financial instruments	-43 360	9 796	-33 564
Cash flow hedges, related tax	-	-2 155	-2 155
Reclassified to profit & loss interest expense	-	-128 997	-128 997
Reclassified to profit & loss interest expense, tax effect	-	28 379	28 379
Other Comprehensive income / loss (-) for the period	-79 742	-92 977	-172 719
Basis adjustment transferred to inventory	-36 382	-	-36 382
Currency translation differences	-	-	-
Reserves as at 31 December 2023	**-196 679**	**110 598**	**-86 081**

The Group recorded the net tax effect of interest rate swap from 2022 and 2023, in 2023 as presented below:

Amounts in thousands NOK	Oil price agreements	Interest rate swap	Total
Reserves as at 31 December 2022	**-116 937**	**260 994**	**144 056**
Adjusted tax effect in 2022	-	-57 419	-57 419
Adjusted tax effect in 2023	-	26 224	26 224
Total tax effect recorded in 2023	**-**	**-31 194**	**-31 194**
Fair value of derivative financial instruments as at 31 December 2023	-79 742	141 792	62 050
Reserves as at 31 December 2023	**-196 679**	**110 598**	**-86 081**

Currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences from hedges of net investments in foreign operations. The foreign currency translation reserve includes exchange differences arising from the translation of the net investments in foreign operations. Upon the disposal of investments in foreign operations or liquidation of such entities, the accumulated currency translation differences related to these entities are reclassified from the currency translation reserve to the income statement.

Section 7 - Other disclosures

7.1 Climate Risk

The Group is exposed to transition risks and physical risks related to climate change. Transition risks are risks related to the transition to a low carbon economy, and physical risk are risks related to the physical effects from climate change.

Transition risks
Emerging regulation, new technology, and changing markets are examples of transition risk that the Group is exposed to.

European Regulation
The EU Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards exemplify the emerging sustainability regulatory regime the Group is exposed to. Regulatory changes aimed at reducing greenhouse gas emissions will result in increased fees on transportation vessels that are not compliant with emerging environmental standards. This, along with e.g. increased carbon prices from various regulations, make it necessary to address climate related risk and its interaction with the Group's business model. The Group is working on a plan to address regulatory risk while being in the process of implementing new reporting regulations.

Technology and markets
Tenders put strict requirements on green technology to facilitate the green transition, and grants/subsidies are available mechanisms as part of tenders, which helps to reduce technology risk. The ability to deliver good concepts in contracts requiring e.g. electric vessels will increasingly define the Group's competitiveness, and the Group has been working strategically to access capital which allows for green investments. The transition to an electrified fleet will reduce the the company's exposure to transitional climate-related risks.

Green transition
The Group has made targeted decisions related to capital expenditures and leasing to address climate risk. Specifically, the management team for Molslinjen Group have revised the estimated remaining useful life on two leased ferries, resulting in an adjustment of the lease term. This reconsideration changes the present value on the right-of-use assets and lease liabilities (note 5.4). Furthermore, the Group's cash flow calculations include vessel related climate taxes, and a more sustainable fleet is anticipated to improve long-term cash flow.

Physical risks
Physical risks include the physical effects from climate change on the Group's business, such as the risk of damage to infrastructure, e.g. ports and operational risk from e.g. extreme weather events.

The Group plans to address physical risks and transition risks in more depth going forward.

7.2 Remuneration to Management and Board

Remuneration to the management team

The Board determines the principles applicable to the Group's policy for compensation to the management team. The Board is directly responsible for determining the CEO's salary and other benefits. The Group's management team includes the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") in NFI AS. The individuals constituting the total remuneration for 2022, differ from those in the current fiscal year.

Bonus

The management team are entitled to a performance-based bonus agreement. The criteria for bonus realisation for the CEO is determined on the Group's financial performance and achievement of KPIs.

Pension

All members of the management team are part of the defined contribution pension scheme, refer to section 2.3 for further information.

Indirect share investment program

Executive management and certain key employees in Molslinjen A/S and Torghatten participate in an indirect share investment program. The share investment is subject to customary leaver provision. Management and key employees together hold an indirect interest less than 1 % as of 31 December 2023. The participants paid fair value for the shares and has an obligation to sell upon resignation.

Remuneration to the management team for the year ended 31 December 2023:

NOK thousands

	Base salary	Bonus	Pension	Total Remuneration
Carsten Grøne Jensen, CEO	4 966	909	517	**6 392**
Total for management team	4 966	909	517	**6 392**

Remuneration to the management team for the year ended 31 December 2022:

NOK thousands

	Base salary	Bonus	Pension	Total Remuneration
Total for management team*	8 219	1 680	556	**10 455**

*The company had hired management in 2022, which was employees of two of the sub-group entities.

Remuneration to the Board of Directors

Remuneration for the members of the Board is determined by the Annual General Meeting (AGM).

Remuneration to the Board of Directors for the year ended 31 December:

NOK thousands	2023	2022
Total compensation to Board of Directors	**1 548**	**2 054**

7.3 Related party transactions

Related parties are group companies, major shareholders, members of the Board, Management team in the parent company and the group subsidiaries. Note 4.1 provides information about the Group structure, including details of the subsidiaries and shareholders. Significant agreements and remuneration paid to management and the Board for the current and prior period is presented in note 7.2. Shares and PSUs held by the management team and the Board are also summarised in note 7.2.

All transactions within the Group or with other related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

2023

Amounts in 1000 NOK	Amounts received from related parties	Payments made to related parties	Amounts owed by related parties	Amounts owed to related parties
Hati LuxCo S.á.r.l.	490 791	-	-	2 808 856
Nysnø Klimainvesteringer AS	11 266	-	-	65 080
EQT Infrastructure V Collect EUR SCSp	197 738	-	-	1 239 501
EQT Infrastructure V Collect USD SCSp	111 612	-	-	696 592
EQT Infrastructure V Co-Investment (A) SCSp (Sampensi	20 192	-	-	129 848
Other shareholders	-	-	-	11 504
Hati Holdco AS	812	-	23	14 516
Float Topco AS	885	-	1 194	-
Nordic Ferry Infrastructure Holding AS	2 001	-	79 303	-
Float Holdco DK ApS	-	-	2 490 970	-
Total related-party transactions	**835 296**	**-**	**2 571 490**	**4 965 897**

Amounts received from related parties relate to fees received for administration and accounting services provided by the Group, and loan paid out by related parties.

In 2023, amounts owed to related parties consist of shareholder-loans of NOK 4 951 million and loan of NOK 14,5 million to Hati Holdco AS.

In 2023, amounts owed by related parties mainly consist of intercompany loan to Float Holdco DK ApS of NOK 2 490 970 million. The loan have a duration of 7 year from 31 March 2022. At the time of entry the interest rate was set to 1, 3 or 6-month Euribor + 2,25% in the first three year, 2,5% in the years 4 and 5, 2,75% in the year 6 and 3% in the year 7. With effect from 20 June 2023 the margin was increased with 0,075%.

Shareholder-loans are classified as non-current interest-bearing liabilities (see note 6.2). The loans have maturity of 15 years from February/March 2021 with an annual interest of 6,75 %. At the time of the entry, the interest level was assessed to be on market terms.

7.3 Related party transactions (Continued)

2022

Amounts in 1000 NOK	**Amounts received from related parties**	**Payments made to related parties**	**Amounts owed by related parties**	**Amounts owed to related parties**
Hati LuxCo S.á.r.l.	-	-	-	2 142 156
Nysnø Klimainvesteringer AS	-	-	-	49 739
EQT Infrastructure V Collect EUR SCSp	-	-	-	903 721
EQT Infrastructure V Collect USD SCSp	-	-	-	507 468
EQT Infrastructure V Co-Investment (A) SCSp (Sampensi	-	-	-	95 141
Other shareholders	-	-	-	10 777
Hati Holdco AS	225	-	-	3 709 001
Float Topco AS	225	-	-	-
Nordic Ferry Infrastructure Holding AS	957	-	67 510	-
Float Holdco DK ApS	36 258	-	1 562 767	-
Nordic Ferry Infrastructure Holding AS	-	-	-	35
EQT Infrastructure V Investments S. à.r.l.	-	63 574	-	-
Total related-party transactions	**37 665**	**63 574**	**1 630 276**	**7 418 037**

Amounts received from related parties relate to fees received for administration and accounting services provided by the Group.

Payments made to related parties relate to fees paid for transaction advisory services in connection with the establishment and refinancing of the Group.

In 2022, amounts owned to related parties consist of shareholder-loans of NOK 3 709 million and loan of NOK 14 million to Hati Holdco AS (see note 6.2). Amounts owed by related parties amounted to NOK 1 630 million. Related interests are capitalised hence not incurred cash effect.

7.4 Commitments and contingencies

ACCOUNTING POLICIES

Other commitments and contingencies

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the possibility of an outflow of economic resources is considered remote.

Contingent assets are not recognised in the annual accounts but are disclosed when an inflow of economic benefits is considered probable.

Other commitments

The Group has entered into agreements to purchase several new electric ferries with expected delivery during 2024 and 2025. The acquisition price is expected to total approx. DKK 630 million and EUR 237 million of which DKK 214 million and EUR 87 million has already been paid and included under assets under construction.

Assets pledged as security and guarantee liabilities

For assets pledged as security and guarantee liabilities, see note 6.2.

Legal claims

The Group does not have significant legal claims to be disclosed.

7.5 Events after the reporting period

ACCOUNTING POLICIES

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Non-adjusting events

In March 2024, NFI secured additional capex facilities to further support the green transition and growth plans of the company. However, this does not affect the financial position as at 31 December 2023.

Section 8 - Changes in accounting policies

8.1 First time adoption of IFRS

These financial statements, for the period ended 31 December 2023 are the first the Group has prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2023, together with the comparative period ended 31 December 2022, as described in the basis of preparation (note 1.2). In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2022, the Group's date of transition to IFRS.

This note explains the principal adjustments made by the Group when transitioning to IFRS from its previous reporting framework; Generally Accepted Accounting Principles in Norway ("NGAAP") as of 1 January 2022, as well as for the period ended 31 December 2022.

Effect of transition to IFRS

None of the implementations have had any material impact on the income statement, statement of other comprehensive income, cash flow statement and balance sheet presented as at 1 January 2022, 31 December 2022 and 31 December 2023 when converting to the Norwegian GAAP to the IFRS as adopted by the EU.

International Tax Reform-Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

• A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

• Disclosure requirements for affecting entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

Reconciliation of transitional effects

Reconciliation of equity and financial position as at 1 January 2022:
Amounts in NOK thousands

	Note	NGAAP	IFRS
ASSETS			
Current assets			
Other receivables	3.2	24	**24**
Total current assets		**24**	**24**
TOTAL ASSETS		**24**	**24**
EQUITY AND LIABILITIES			
Equity			
Share capital	6.7	30	**30**
Share premium		-6	**-6**
Total equity		**24**	**24**
TOTAL EQUITY AND LIABILITIES		**24**	**24**

Section 9 - Discontinued operations

9.1 Discontinued operations

The Group has no discontinued operations in 2023.

On 31 March 2022, the Group signed the agreement to sell Secora AS, a wholly owned subsidiary. The Group has recognised a gain of NOK 8 000 thousands on the sale of all shares in Secora AS.

Financial information relating to the discontinued operation for the period from the date of incorporation to the date of disposal is set out below.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the 1 month: March 2022.

Amounts in NOK thousands	2023	2022
Operating profit/loss (-)	-	**1 467**
Finance income	-	5
Finance costs	-	-
Profit/ Loss(-) before income tax from discontinued operations	-	**1 472**
Tax benefit/(expense)	-	-324
Profit/Loss (-) for the year from discontinued operations	**-**	**1 148**
Net cash flow from operating activities	-	1 170
Net cash flow from investing activities	-	-
Net cash flow from financing activities	-	-
Net decrease in cash generated by the subsidiary	**-**	**1 170**