Annual Report 2021

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edda wind

Contents

Letter from the CEO

Edda Wind has taken important steps toward becoming the market leader during 2021.

2021 was the first year of operation for the Edda Wind Group in its current structure, and we have delivered very well on our ambitions. In 2021, we have:

- **established the Group and the management team.**
- **ordered two more CSOVs in addition to the two existing vessels delivered in 2018 and four vessels ordered in 2020**
- **successfully launched the company on Oslo Stock Exchange with a capital increase of about Eur 90 million.**
- **secured a two-year contract for one CSOV and a five-year contract for one SOV, i.e six of the vessels have contract commitments, and**
- **secured debt financing for all vessels being delivered up to Q3 2023.**

In addition to being the market leader in providing C/SOV vessels and services, Edda Wind will also lead the way in providing the most environmentally friendly vessels. All vessels under construction will be ready to implement zero emission technology. Edda Wind has a target to introduce such technology by 2025, where the vessels can operate on Hydrogen (Liquid Organic Hydrogen) for the full operation cycle. It is with great pleasure we see that our charterers are very supportive to these plans, making it possible for Edda Wind to meet our demanding targets.

2021 has been another year influenced by Covid, but we have managed to avoid serious illness and significant impact, both for vessel operations and vessel construction.

The Edda Wind fleet fulfills our quality demands and have operated without injuries to personnel, spill to the environment, or unscheduled offhire throughout the year.

I would like to thank everyone involved in these great achievements: staff onboard the vessels and in the office, our shareholders, creditors and advisors.

I am very happy to say we have delivered on our ambitions and strategies throughout the year and remain confident we will continue to do so for the exiting time ahead of us. Edda Wind already has a strong market position and will take delivery of a unique fleet with technical advantages to meet a rapidly expanding market.

Kenneth Walland
CEO

Highlights 2021

The Offshore Wind market continues to develop favourably, driven by demand for green & renewable energy and supported by economies of scale and established value chains. A rapidly increasing number of coastal nations are establishing firm plans for large scale Offshore Wind farms – migrating the business from predominantly European based to a world-wide industry.

Edda Wind ordered further 2 newbuildings during 2021 and further 3 newbuildings in January 2022. By this, Edda Wind is clearly taking the leading role in the growing market for Commissioning-/ Service Operating Vessels.

Edda Wind was awarded a 2+1 year contract with SSE Renewables at Doggerbank windfarm, as well as a 5-year charter contract with Siemens Gamesa Renewable Energy, adding more industry majors as long-term clients and bringing the firm contract backlog up to EUR 323 million at the end of the year.

Highlights 2021

- Successful IPO with a capital increase of EUR 90 million, securing equity for further investments.
- Concluded a Private Placement of EUR 38 million with a fixed term of 10 years, financing the newbuilding vessel Edda Breeze.
- Entered a 5-year EUR 110 million senior secured ECA-supported green credit facility, securing financing for two existing vessels and two newbuilds.
- 37 % growth in revenue compared to last year as a third vessel entered the fleet in April 2021.
- No unscheduled technical downtime for the vessels.

Financial performance

Photo: Håvard Melvær

KEY FIGURES *EUR mill*	**2021**	**2020**
Revenue	24,416	17,878
Profit(loss)/for the period	2,242	3,013
Vessels	73,611	71,431
Newbuildings	131,077	35,957
Total assets	305,602	151,327
Equity	184,332	63,183
EBITDA[1]	6,182	7 849
EBIT[2]	3,013	4 789
NIBD[3]	20,940	44 112
Equity ratio[4]	60.32 %	41.75 %

[1] EBITDA is defined as Operating revenue and gain/(loss) on sale of assets less Operating expenses.

[2] EBIT is defined as Total income (Operating revenue and gain/(loss) on sale of assets) less Operating expenses, other gain/loss and depreciation and amortisation.

[3] Net interest-bearing debt (NIBD) is defined as total interest-bearing debt (non-current interest-bearing debt and Current interest-bearing debt) less Cash and cash equivalents, restricted cash and Current financial investments.

[4] Equity ratio is defined as Total equity as a percentage of Total assets.

Board of Directors report

Board of Directors

Håvard Framnes - Chair of the Board
Håvard Framnes holds a Master of Science in Business and Economics, MBA in Finance and Accounting from the Norwegian School of Business and Economics (NHH) and National University of Singapore. Håvard Framnes holds the position as investment director at Johannes Østensjø dy AS. Framnes' previous experience includes the role as CFO in the Østensjø Group, founder and chairman in Reach Subsea AS, CFO in DeepOcean ASA and various board positions in DeepOcean ASA group companies. Mr. Framnes has various experience within auditing and corporate finance, including from Selmer, PwC and SEB.

Jan Eyvin Wang - Director
Jan Eyvin Wang has worked in the Wilh. Wilhelmsen Group since 1982, and currently holds the position as Executive Vice President New Energy. He has had several senior positions in the Wilh. Wilhelmsen Group in Norway and abroad, including the position as president and CEO of Wilh. Wilhelmsen ASA, as well as the position as CEO of EUKOR Car Carriers Inc. and CEO of United European Car Carriers (UECC). Wang holds a BA in Business Administration from Heriot-Watt University, Edinburgh, Scotland from 1981, and an Advanced Management Programme from Harvard Business School from 2003.

Martha Kold Bakkevig - Director
Martha Kold Bakkevig is a non-executive director of the public listed companies, Hexagon Purus ASA, Reach Subsea ASA as well as CapeOmega AS and BW LPG Ltd. She holds a master's degree and PhD from the Norwegian University of Science and Technology (NTNU) and a Doctorate in Economics from BI Norwegian Business School. Bakkevig has served two years as Chief Executive Officer of Steinsvik Group and ten years as Chief Executive Officer of DeepWell.

Toril Eidesvik - Director
Toril Eidesvik has broad experience in international shipping and finance, and has previously held the position as Chief Executive Officer of each of Green Reefers ASA, EMS Seven Seas ASA and Nekkar ASA (previously TTS Group ASA). Eidesvik holds several board positions, including in Munck Cranes AS, Port of London Authority and Eksportfinans ASA. Eidsvik holds a Master of Laws from the University of Oslo from 1993.

Adrian Geelmuyden - Director
Adrian Geelmuyden is currently director of Seatankers Management and has experience as Head of Sale and Purchase of Solstad Offshore ASA, Chartering Manager at Deep Sea Supply and has also been partner and shipbroker at R.S. Platou. Geelmuyden holds a Bachelor in Economics from Norwegian School of Business and Economics (NHH).

Duncan Bullock - Director
Duncan Bullock is an investment professional with 15 years' experience working in the energy sector, across developed and emerging markets, and conventional and renewable energy infrastructure projects. He is currently an investment director of Quantum Power. He has previously worked with Octopus Investments, Citigroup and PriceWaterhouseCooper. He holds a Master in Arts from Oxford University.

Cecilie Serck-Hanssen - Director
Cecilie Serck-Hanssen is currently CEO of Gluteus Medius AS, a privately-owned investment company. She has previously held several different positions at SEB and DNB within the corporate and private banking market. She holds a Master of Business Administration from Norwegian School of Business and Economics (NHH).

EDDA BREEZE UNDER CONSTRUCTION

Board of Directors report

Edda Wind ASA ("Edda Wind", "The Group") is a pure-play provider of offshore wind service vessels, headquartered in Haugesund. The Group develops, builds, owns, operates and charters out purpose-built service operation vessels ("SOV") and commissioning service operation vessels ("CSOV") for offshore wind farms world-wide.

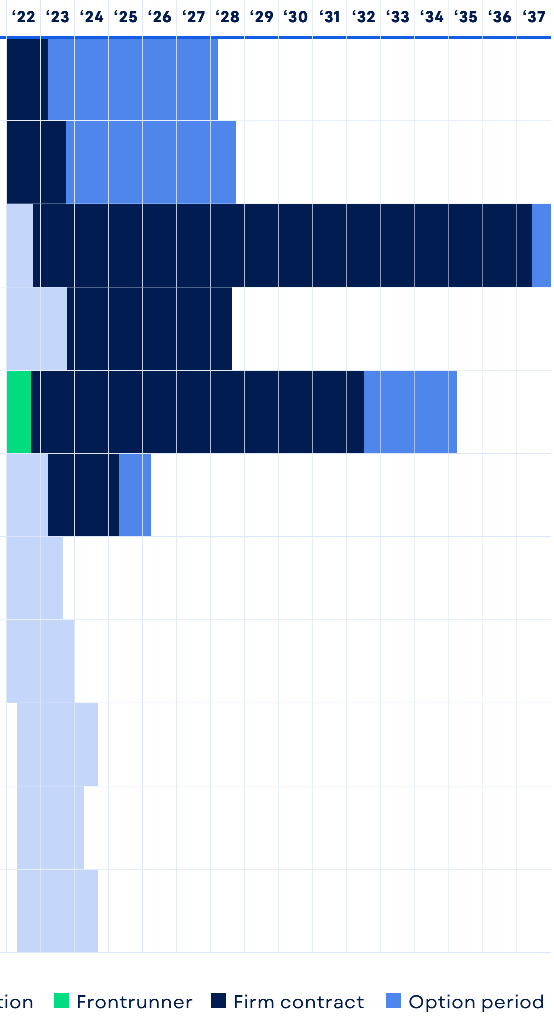
By providing high quality vessels, and over a century of seafaring know-how to the new global offshore wind industry, Edda Wind enables commissioning and operation of offshore wind farms, securing green energy to the world.

The Group owns and operates two purpose-built SOVs, operates one chartered in frontrunner vessel, and has nine dedicated offshore wind vessels under construction, whereof two offshore wind SOVs and seven offshore wind CSOVs. This includes orders for three CSOVs placed after the balance sheet date.

Business Strategy and future priorities

Edda Wind has a long-standing track record from maritime operations. The ambition of the Group is to be the leading provider of offshore wind service vessels. Following delivery of the two offshore wind SOVs and seven offshore wind CSOVs currently under construction, the Group will have the largest fleet of purpose-built offshore wind SOV/CSOVs in the world, solely focusing on the fast-growing market for offshore wind service vessels. The Group's ambition is to have the majority of its vessels on long-term contracts, and at the balance sheet date six vessels/newbuilds have firm long-term contracts. In its contracting strategy, Edda Wind also aims to secure shorter term contracts for its CSOVs.

Name	Vessel	Client	Start	End	Option	Location
Edda Passat		Ørsted	Mar-18	Mar-23	Up to 5 years	Race Bank wind farm, UK
Edda Mistral		Ørsted	Sep-18	Sep-23	Up to 5 years	Hornsea One wind farm, UK
Edda Brint		Vestas	Sep-22	May-37	Up to 1.6 years	Seagreen wind farm, Scotland
SOV NB 416		Siemens Gamesa	Jun-23	Jun-28	Up to 6 months	France
Edda Breeze		Ocean Breeze Energy	Apr-21	Apr-32	Up to 2.6 years	BARD Offshore 1, Germany
CSOV NB 490		SSE	Mar-23	Mar-25	Up to 1 year	Dogger Bank, Scotland
CSOV NB 491						
CSOV NB 492						
CSOV NB 503						
CSOV NB 257						
CSOV NB 258						



Board of Directors report

Sustainability

Sustainability is a strategic objective for Edda Wind and considered key to its ability to create long-term value for its shareholders. It represents an opportunity for innovation and improved efficiency and a foundation for sustained growth. The Group's nine offshore wind vessels under construction are designed to be environmentally friendly without compromising operational capabilities. Edda Wind has recognised the following sustainability priorities:

- Contribute to the transistion to a greener future
- Promote sustained, inclusive and sustainable economic growth, full and protective employment and decent work for all, and
- Ensure integrity, responsibility, quality and transparency in all business desicions.

Edda Winds ESG reporting can be found on page 18 in this report.

Environment

The growing environmental awareness and requirement for green and renewable energy is the basis for the Business Strategy, and operations of Edda Wind's fleet is part of the solution - not the problem. Operation of the Group's vessels nevertheless impacts the environment. Edda Wind has systems in place for continuous measurement of emissions to the environment and Edda Wind is taking measures to protect the environment. The newbuilds are being equipped with battery hybrid propulsion systems, which, together with other energy saving equipment, is expected to reduce emission of greenhouse gases with a minimum of 30 % compared to previous generation offshore wind service vessels. The newbuilds are also being prepared for installation of zero-emission hydrogen technology to enable zero-emission operations.

Health, safety and personnel

The safety of personnel onboard the vessels is paramount to Edda Wind's operations. Vessel operations are subject to certification and audit regime from flag state, classification societies, charterers as well as external bodies. Østensjø Rederi AS is ISM-manager and ship manager of the Edda Wind fleet and qualifies for the following regimes: ISO 9001:2005, ISO 14001:2015, ISO 45001:2018, ISPS. In relation to personnel, the Group is monitoring and reporting lost time injury frequency, total recordable case frequency, restricted work case frequency and medical treatment injury on a monthly basis, which is followed up based on established targets, trends and/or individual cases. The Group had one Lost Time Incident during 2021 related to a non-work-related injury.

No other recordable cases were noted in 2021. The lost-time injury frequency (LTIF) was 0.78, within the target to not exceed 1.0. Total recordable case frequency (TCRF) was 0.78, within the target to not exceed 2.0.

The Group had 7 employees during 2021, whereof 2 are female. Edda Wind hires in services from Østensjø Rederi AS, such as vessel crew, corporate management, and technical management. Edda Wind is dedicated to treating employees and hired in personnel with respect and have a zero-tolerance for discrimination. All personnel working for Edda Wind shall have equal opportunities regardless of gender, ethnic background, nationality, religion or disability. The working environment onshore and offshore is considered to be good.

The COVID-19 pandemic continued to influence the maritime industry during 2021, and Edda Wind was impacted by measures to contain the spread of the virus, such as travel restrictions for its seafarers. During the year, crew changes have been conducted in accordance with applicable guidelines and risk mitigating procedures. The Group experienced an increase in sick leave amongst its hired in personnel during the year. For onshore employees, the Group has facilitated home office arrangements.

Quality

Edda Wind is committed to doing business in accordance with laws and legal requirements, hereunder anti-corruption and bribery laws in all jurisdictions we operate. Laws and other legal requirements, currently applicable to the Group include, but are not limited to, European Union, national state, flag state, class, coastal state, port state and local laws and regulations under multiple jurisdictions worldwide (however mainly in Europe), such as those of the European Union, Norway, United Kingdom, Spain and Germany and the United States.

In addition, Østensjø Rederi AS holds accreditations within Achilles Utilities NCE, Achilles Oil and Gas Europe, Achilles Supply-Line, Magnet Joint Qualification System, and Oil Companies International Marine Forum (OCIMF) and Offshore Vessel Management and Self-Assessment (OVMSA).

Board of Directors report

Financial results - Group

The Group's financial statements for 2021 are prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by the EU.

Total operating income for 2021 was EUR 24,416 thousand compared to EUR 17,878 thousand in 2020. The increase is primarily due to the commencement of a new long-term contract in April 2021. The contract is being served by a frontrunner vessel, Edda Fjord, for the first year of the contract.

Total operating expenses for 2021 was EUR 18,234 thousand compared to EUR 10,028 thousand in 2020. The increase is primarily due to the short-term lease of Edda Fjord as frontrunner vessel. In addition, the Group has established its own management during 2021, resulting in increased payroll expense. Included in operating cost is also non-recurring cost of EUR 1,256 thousand, incurred in relation to the IPO process concluded in November 2021.

Depreciation was EUR 3,169 thousand in 2021 compared to EUR 3,060 thousand in 2020. The depreciation reflects depreciation of Edda Passat and Edda Mistral. The increase reflects effects on translation as Edda Passat and Edda Mistral are booked with GBP as functional currency. There has been no impairment in 2021 or 2020. See further on impairment assessment in the Notes.

Operating profit for 2021 was EUR 3,013 thousand, compared to EUR 4,789 thousand for 2020. The decrease reflects the abovementioned factors.

Net financial expense in 2021 was EUR 772 thousand, compared to EUR 1,758 thousand in 2020. This includes a positive currency difference of EUR 946 thousand in 2021, compared to EUR 427 thousand in 2020. The Group also recognised an unrealised gain on financial derivatives of EUR 208 thousand related to change in fair value, as well as a realised gain on financial derivatives of EUR 299 thousand following termination of one interest swap during the year.

Total comprehensive income ended at EUR 4,386 thousand, an increase of EUR 3,287 thousand compared to 2020. The increase is partly due to the effects mentioned above. In addition, the Group has had a positive effect from currency translation difference due to currency fluctuations. Currency translation difference reflects the effects from revaluating subsidiaries with functional currency in GBP and NOK to EUR.

The Group did not have any R&D activities during 2021 or 2020.

Financial position - Group

Edda Wind's material assets at year-end consist of two purpose-built offshore wind SOVs in operation and six dedicated offshore wind vessels under construction. Total non-current assets as of 31 December 2021 was EUR 204,715 thousand (EUR 107,415 thousand in 2020), whereof book value of Edda Wind's vessels and newbuildings amounted to EUR 73,611 thousand and EUR 131,077 thousand, respectively (71,431 thousand and EUR 35,957 thousand, respectively for 2020). As the vessels have GBP as functional currency, fluctuations in book value may occur due to currency translation. Increase in newbuildings is due to increased predelivery yard instalments. As at 31 December 2021, the remaining yard instalments in relation to firm newbuilding contracts amounted to EUR 149,382 thousand. The Group has received EUR 2,605 thousand in grants from Enova during the year, booked as a reduction of newbuilding cost price.

Total current assets as of 31 December 2021 was EUR 100,886 thousand (EUR 43,913 thousand in 2020), whereof EUR 89,520 thousand in cash and cash equivalents (EUR 6,715 thousand in 2020). The increase is mainly due to the proceeds from the IPO in November. The Group also holds EUR 7,036 thousand in funds classified as restricted cash (EUR 33,000 thousand in 2020). Restricted funds are cash received by drawdown of the "Note Purchase Agreement" of GBP 36,000 thousand less executed yard payments for newbuild C-415.

Cash and cash equivalents amounted to EUR 89,520 thousand in 2021 (EUR 6,715 thousand in 2020). Net cash flow from operating activities was EUR 6,765 thousand in 2021 compared to EUR 10,311 thousand in 2020. The deviation between operating profit in the income statement and net cash flow from operating activities is explained by changes in working capital. Net cash to investment activities (cash used) was EUR 67,512 thousand (EUR 41,525 thousand in 2020). Increase in cash to investments are mainly due to increased pre-delivery yard instalments for newbuildings, offset by reclassification of EUR 25,964 thousand (EUR 33,000 thousand in 2020) in restricted cash from other current assets to cash related to C-415 yard instalments paid during the period. Net cash flow from financing activities was EUR 142,536 thousand in 2021, compared to EUR 31,445 thousand in 2020. The increase is primarily due to the proceeds from issuance of new shares performed in November and December of EUR 90,131 thousand,, as well as increased predelivery yard instalments and cash drawn under vessel financing agreements.

Board of Directors report

As of 31 December 2021, the Group's total liabilities were EUR 121,269 thousand (EUR 88,144 thousand in 2020), whereof EUR 10,724 thousand (EUR 8,814 thousand in 2020) is classified as current liabilities.

Net interest-bearing debt amounted to EUR 20,940 thousand in 2021, compared to EUR 44,113 thousand in 2020. As of 31 December 2021, long-term financing for two vessels and four of the six newbuildings has been secured. The remaining two newbuildings have delivery in the third quarter 2023 and second quarter 2024. See the Notes for further details on interest-bearing debt. Cash drawn under vessel financing agreements are consecutively used to pay predelivery yard instalments. For newbuilding C-415, full loan amount was drawn upon entering the loan agreement, whereof remaining funds are classified as restricted cash.

At year-end the Group had a total equity of EUR 184,332 thousand, compared to EUR 63,183 thousand in 2020, corresponding to an equity ratio of 60.32 % in 2021 and 41.75 % in 2020. The increased equity is mainly due to issue of new shares following the Initial Public Offering, as well as a conversion of EUR 27,000 thousand in shareholder loan from current liabilities to equity.

Financial results and financial position – parent

Edda Wind ASA serves as parent company of the Group. In 2021 the loss after tax was EUR 1,085 thousand compared to EUR 917 thousand in 2020. Operating expenses increased by EUR 1,530 thousand during the year, mainly due to non-recurring cost related to the IPO performed in November, as well as cost related to hired in management personnel from Edda Wind Management AS. Net financial income increased from EUR 38 thousand in 2020 to EUR 1,400 thousand in 2021. The increase is mainly due to currency effects partly offset by increased interest expense on shareholder loan of EUR 581 thousand.

The Company's total assets were EUR 170,236 thousand (EUR 53,610 thousand in 2020) and comprise mainly of shares in subsidiaries, receivables to related parties and cash. Booked equity as at 31 December 2021 was EUR 168,121 thousand, compared to EUR 52,444 thousand in 2020. Equity ratio was 98.76 % in 2021 and 97.83 % in 2020.

The Board has recommended that this year's losses of EUR 1,085 thousand be allocated as follows: Transferred of uncovered loss to share premium EUR 1,085 thousand.

Remuneration to management

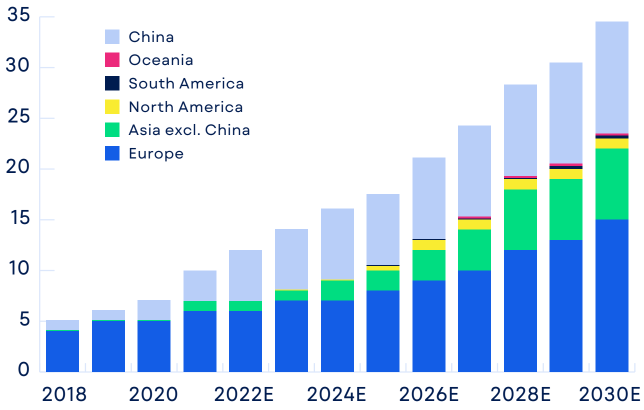
In accordance with section 6-16a and 6-16b of the Norwegian Public Limited Liability Companies Act ("Allmennaksjeloven"), the Board of Directors has issued a statement concerning salaries to senior executives. Guidelines for the Company's senior executive salaries policy are to be presented to the general meeting for approval. The salary and other remuneration of the CEO are decided by the Board of Directors. The Board of Directors has delegated the responsibility for determining the salaries of the other senior executives to the CEO. The Company has approved a share purchase program available for the Company's Board of Directors and management. Senior executives are entitled a bonus based on the changes in trading price for the Group's shares. See further information on remuneration and pay to Board of Directors and Executive Management in the notes.

Edda Wind ASA has signed insurance for its Board of Directors and management covering up to NOK 100 million in the aggregate for the policy period.

Board of Directors report

Market development and outlook

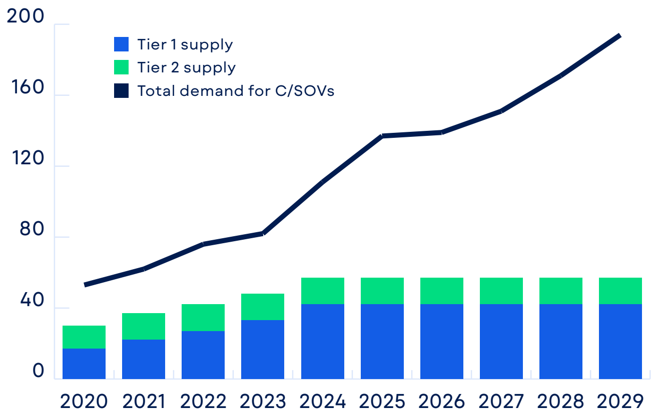
The offshore wind market represents a total installed capacity of around 50 GW globally as of year-end 2021, following rapid growth over the last decade. By 2050 the global capacity is expected to reach approximately 1,000 GW with the largest regions being Asia, Europe, and North America, representing approximately 61 %, 22 % and 16 % of the installed capacity, respectively.
New offshore wind capacity is now cheaper than most other renewable sources and conventional sources such as nuclear, oil, gas and coal. Consequently, the growth of offshore wind is expected to outpace that of other renewable and conventional energy sources significantly. The table below shows the expected growth in number of wind turbines (in thousand) world-wide.



Source: Clarkson Platou

The rapid growth in installed offshore wind capacity calls for a substantial increase in the number of wind turbines. There are, per year end of 2021, around 10,000 offshore wind turbines installed globally, of which approximately 6000 are domiciled in Europe, being the main market for offshore wind as of today. By 2030, the best estimates are that approximately 33,000 wind turbines will be installed offshore.

The following table shows the expected supply and demand for C/SOVs world-wide (excluding China and the Americas). Tier 1 includes purpose built vessels. Tier 2 includes high-end converted offshore vessels.



Source: Clarkson Platou

The strong growth in number of offshore wind turbines is a principal driver for the expected growth in demand for vessels both for the installation & commissioning phase, as well as in operations and maintenance during the wind farms' 25+ years lifespan.

Following strong activity in the offshore wind market, among other things supported by Government ambitions and various forms of subsidies and price guarantees, with several offshore wind farms coming closer to installation, tendering activity has been strong with several long-term contracts awarded during 2021. A strengthened demand for subsea vessels has contributed to an increase in dayrates in the short- and medium-term market, as several of these have left the offshore wind market, thereby reducing potential supply. Generally, the short- and medium-term market has been solid during 2021, but already now an uptick in dayrates for 2022 and in particular 2023 can be identified. The market has seen some ordering of newbuilds since the end of 2020, although less than can be expected given the expected demand development. As can be seen from the above chart, supply of vessels is still well short of present and expected future demand.

In the last six months of 2021, a steady increase in newbuild prices from yards can be identified. This increase amounts to 10 % and in some cases 15-20 % compared with earlier years. The highest prices are generally offered by Northern European, in particular Norwegian, yards. These trends are expected to continue into the next financial year, thereby strengthening the position for vessels under construction for delivery within the next couple of years.

Edda Wind emphasizes that the information included in this annual report contains certain forward-looking statements that address activities or developments that the Group anticipates will or may occur in the future. The statements are based on assumptions and estimates, and some of them are beyond the Group's control and therefore subject to risks and uncertainties.

Board of Directors report

Risk factors

Edda Wind is exposed to operational, commercial, and financial risks that may affect the Group's assets, liabilities, liquidity, and future cash flow. Daily risk management falls under the responsibility of the CEO, in close cooperation with the CFO and the Board of Directors. The Board of Directors perform yearly risk analysis to identify strength, weaknesses, opportunities, and threats and set out risk mitigating actions where needed.

Operational risk

Edda Wind is exposed to the risk of cost increases, hereunder cost of vessel construction, operating cost and maintenance cost, as well as risk related to utilisation of the vessels. If any of the Group's vessels are taken out of operation, this could materially impact the Group's business, prospects and financial results including its ability to be compliant with the financial covenants pursuant to its financing arrangements. Long-term charter agreements include escalation clauses.

Acquisition of new vessels is an important element of the Group's growth strategy. The acquisition, construction, supervision and delivery of new vessels are subject to a number of risks, including the risk of potential cost overruns and delays, risk of new vessels not meeting quality and performance standards and unexpected operational problems, political unrest, and other circumstances including consequences of the Covid-19 pandemic or other macroeconomic factors. The newbuilding contracts are based on fixed price agreements with the yards.

Commercial risk

The Group's earnings and liquidity is dependent on the Group's ability to obtain profitable rates for its vessels. The demand for the Group's services may be volatile and is subject to variations for several reasons, including competition from other service providers and uncertainty in the general demand in the industry. The demand for the Group's vessels is dependent on the future development and operation of Offshore Wind Farms.

Whilst Edda Wind has an ambition to further expand its portfolio of contracts, the process for obtaining new customer agreements is competitive and generally involves an intensive screening and competitive bidding process.

Climate risk

Climate risk refers to the impact climate change may have on the Group's business, such as physical changes in operating environment, changes in demand for the Group's services or regulatory changes.

Effects of climate change, such as rapid weather changes and extreme weather may, however, result in challenging working conditions with higher potential for personal injury or severe damage to or destruction of property and equipment, which in turn may suspend operations and cause adverse financial effects. Edda Wind's vessels are equipped with technology to handle harsh weather conditions, such as motion compensated gangway systems and cranes.

The Group's vessel's main source of emission is CO2. The Group is marketing its vessels as ready for zero-emission technology, meaning that the vessels are prepared for taking on board zero-emission technology. However, the technology is not fully developed and is not expected to be until after a few more years. The vessels have prepared piping, tank arrangement and other onboard infrastructure for use of such zero-emission technology.

The ability of the Group to transform to zero-emission vessel operations and deliver on this, is dependent on several factors, such as development of technologies, ability to get access to zero-emission fuel sources and willingness of customers to pay for upfits and additional operating cost.

In addition, the Group faces the risk of changes in regulatory requirements. Such risks may be penalties or taxation on CO2 emissions or other cost increasing measures affecting the Group. The risk may also be changes in the growth of the offshore wind market due to change in regulatory requirements or technological advances in other renewable energy segments.

Liquidity and Financial risk

Liquidity risk is related to the risk that the Group may not be able to meet its financial and operational obligations as they fall due. The Group's approach to managing liquidity is to manage cash flows from operation from long-term charter contracts, and the liquidity situation is monitored and projected via liquidity budgets prepared by management on a regular basis. The Group's liquidity situation is considered satisfactory at the date of the Annual Report.

As of 31 December 2021, the Group has entered into three financing agreements and secured financing of its vessels in use and four out of six newbuildings. The loan agreements contain financial covenants relating to minimum liquidity, working capital, equity ratio and loan to value. The Group was in compliance with all covenants at year-end and does not anticipate any breaches of the covenants within the next twelve months.

Board of Directors report

The Group faces risk that financing of the two remaining newbuildings may not be obtainable on attractive terms. The repayment profile under the Group's existing financing agreements includes obligations for the Group to repay large parts of the principal loan balance at the final scheduled repayment date, close to or at final maturity of the loan. Consequently, the Group will need to refinance such debts prior to final maturity.

Edda Wind's overall policy is to maintain a strong capital base to maintain investor-, creditor- and marked confidence and to sustain operations and future business developments.

Foreign exchange risk

The Group's reporting currency is Euro. A significant portion of the Group's operating expenses, capital expenses and certain of its current and future revenues is and will likely be incurred in other currencies, such as NOK, GBP and USD. As a result, the Group is exposed to the risks that such other currencies, including the NOK, GBP and USD, may appreciate or depreciate relative to the EUR. The Group has established hedging strategies to monitor and mitigate risks on material exposures.

Interest risk

The Group has incurred, and may in the future incur, significant amounts of debt. The Group has a floating interest under certain of its debt arrangements and is thereby exposed to interest rate risk. To mitigate risk related to this, the Group has entered into two long-term interest rate swaps for a portion of the Groups interest-bearing debt to financial institutions.

Tax risk

Seven of the Group's vessels under construction are subject to certain Spanish tax lease structures. Whilst the Spanish tax lease structures enable the Group to acquire the newbuilds at a discounted net price, the structure involves certain risks including counterparty risk and regulatory risk for the Group. Under such Spanish tax lease structures, Edda Wind assumes certain obligations and liabilities which would not exist if the vessels were acquired under the standalone shipbuilding contract. The tax lease structure is also dependent on compliance of the various requirements and obligations under the arrangement, the failure of which may entail Edda Wind being obliged to repay certain tax lease advantages.

Credit risk

The Group has credit risk related to charter contracts. The customers are considered solid, and the risk of customers not having the financial capability to fulfil their obligations to the Group is considered low.

Subsequent events

On 31 January 2022, Edda Wind ordered three Commissioning Service Operation Vessels (CSOVs) for delivery in January and July 2024 in addition to the six vessels the Group has under construction. The vessels are specially designed for service operations during the commissioning and operation of offshore wind farms. One vessel will be built at Astilleros Gondan, Spain and two vessels are being built at Colombo Dockyard PLC, Sri Lanka. In addition, the Group has options with the yards to build more vessels. In relation to ordering new vessels the Group has established new subsidiaries.

Throughout 2021 inflation became apparent in all regions, an effect which has further accelerated since year end. The war in Ukraine has further increased uncertainty and cost relating to supply of materials, components, and crew. Although the Group is not directly exposed to Russian or Ukrainian suppliers there is still a risk that the disruptions, delay, and increased cost may indirectly affect the Group, its suppliers, or its clients. The shipbuilding contracts the Group has entered are all based on firm prices and comprise penalty for late delivery.

The Group has been informed by the yards that there is a delay in the gangways that will impact the delivery of the two first vessels to be delivered. Consequently, the Group now expects hull no 489/ MV Edda Breeze to be delivered to the client in the beginning of August, and hull no 415 to be delivered to the client mid-September.

The Group is not conducting business with any party subject to sanctions by Norwegian State, the United Nations, the European Union, the Member States of the European Union, the United Kingdom or the United States of America.

Other than what is stated above, the Company has not experienced, nor does it have information about any significant other trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on the Company's financial performance or prospects since the end of 2021 and until the date of the Annual Report.

Going concern

The Consolidated Financial Statements have been prepared based on an assumption of going concern. This is based on the Group's budgets for 2022, as well as cash flow forecast, and contract status for newbuildings.

Board of Directors report

Statement by the Board of Directors

We hereby confirm that, to the best of our knowledge, the Annual Accounts for the period 1 January 2021 to 31 December 2021 have been prepared in accordance with applicable accounting standards; and that the information in the accounts represents a true and fair view of the Group and parent company's assets, liabilities, financial position, and overall performance. We further confirm that the Annual Report provides a true and fair view of the development, earnings and standings of the Group and parent company, and sets out the most important risk factors and uncertainties facing the Group.

Oslo, 7 April 2022 - The board of directors of Edda Wind ASA and CEO

Håvard Framnes
Chairman of the board

Martha Kold Bakkevig
Board member

Toril Eidesvik
Board member

Jan Eyvin Wang
Board member

Adrian Geelmuyden
Board member

Duncan J. Bullock
Board member

Cecilie Wammer Serck-Hanssen
Board member

Kenneth Walland
CEO

Environmental, Social and Governance

To us, sustainability means making responsible business decisions that create value and contribute to society without harming the environment.

Environmental, Social and Governance

Our approach to ESG

Sustainability is a strategic objective for the Group and is considered key to our ability to create long-term value for our shareholders. Overall responsibility for sustainability lies with the Board of Directors. Regular board meetings are held during the year, and sustainability-related topics are considered in the Board's strategic work, as well as in implementation of business plans and monitoring of performance.

Materiality assessment and priorities

Based on a dialogue with stakeholders and assessment of stakeholders' expectations and interests, Edda Wind has assessed prioritised areas within sustainability. Based on the assessment, Edda Wind has recognised the following sustainability priorities:

Contribute to the transition to a greener future

- Contribute to decarbonisation in energy production
- Reduce greenhouse gas emissions
- Reduce impact to the ocean

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Safe operations
- Equality

Ensure integrity, responsibility, quality and transparency in all business decisions

- Responsible business
- Cyber security
- Ethics and anti-corruption

Based on the Group's identified sustainability priorities, the following UN Sustainability Development Goals have been selected as being the most material for the Group:

Contribute to the transition to a greener future

Offshore Wind at the pinnacle of the energy transition

The global energy sector is on the brink of a stepchange as the world is accelerating the transition from fossil-based to zero-carbon energy sources. At the epicenter of the energy transition is the need to considerably reduce energy-related CO_2 emissions to mitigate climate change. Significant decarbonisation of the global energy sector demands urgent actions on all levels with the Paris Agreement laying out bold CO_2 emission reduction targets. To achieve those targets, the global energy sector is dependent on the development of renewable energy sources, such as offshore wind, in tandem with frontier technologies aiming at reducing the carbon footprint in the current energy value chain.

Offshore wind has developed into an industry where proven concepts already have been scaled up to reduce cost and risk. By benefitting from economies of scale and a viable and complete value chain offshore wind has expanded from Europe to other regions of the world. An increasing number of coastal nations are announcing new and ambitious plans for developing large scale offshore wind farms to increase their share of green energy in the mix.

As the only pure-play provider of construction-/service operation vessels in the offshore wind segment, Edda Wind pioneers the field and still come with a proven track record. Able to handle fixed-foundation and floating wind turbines, regardless of size, our vessels are all purpose-build at reputable shipyards, allowing us to operate at high levels of efficiency, reliability and sustainability.

Increased attentiveness towards the energy transition and sustainability by the public, in combination with multiple political initiatives underpinned by governmental support such as the United Nation's focus on the Sustainability Development Goals and the Green deal Zero emission target by 2050, as set forth in the Paris Agreement, provides an ideal backdrop for Edda Wind. The Group sees an opportunity and responsibility in terms of creating a cleaner, more sustainable, and energy-efficient future by actively partaking in the ongoing energy transition.

Environmental, Social and Governance

Offshore Wind at the pinnacle of the energy transition cont.

Since the very initial installation over 20 years ago, the offshore wind industry now constitutes a considerable portion of Europe's renewable energy mix and numerous coastline-nations in the Americas and the Far East have launched significant initiatives to establish offshore wind parks. With turbine technology rapidly evolving whilst costs are concurrently declining, the offshore wind industry has attracted significant investments in all parts of its value chain. Being a pure-play provider in the offshore wind segment, Edda Wind is contributing to providing cleaner, renewable, and cost-efficient energy to the world. Sustainability is at the core of our business model.

Reducing our impact on the environment

Edda Wind fully supports the Green deal Zero emission target by 2050 and is already taking an active part in reaching the target, by contributing to the production of renewable energy. Edda Wind also works actively to manage its own environmental footprint. This includes our ambitions to reduce carbon emissions and address wider industry and societal issues linked to climate action, marine litter and pollution. To provide value to customers while reducing our environmental impact, we work with our customers to optimize our vessels, and collaborate on the development of alternative fuels, including hydrogen. We use the latest technology for battery-hybrid solutions, and our newbuilds are prepared for hydrogen-based operations with zero GHG-emissions.

Edda Wind has high ambitions and target to offer zero-emission solutions and operations to our customers by 2025 and to be completely carbon neutral by 2040.

Implemented initiatives

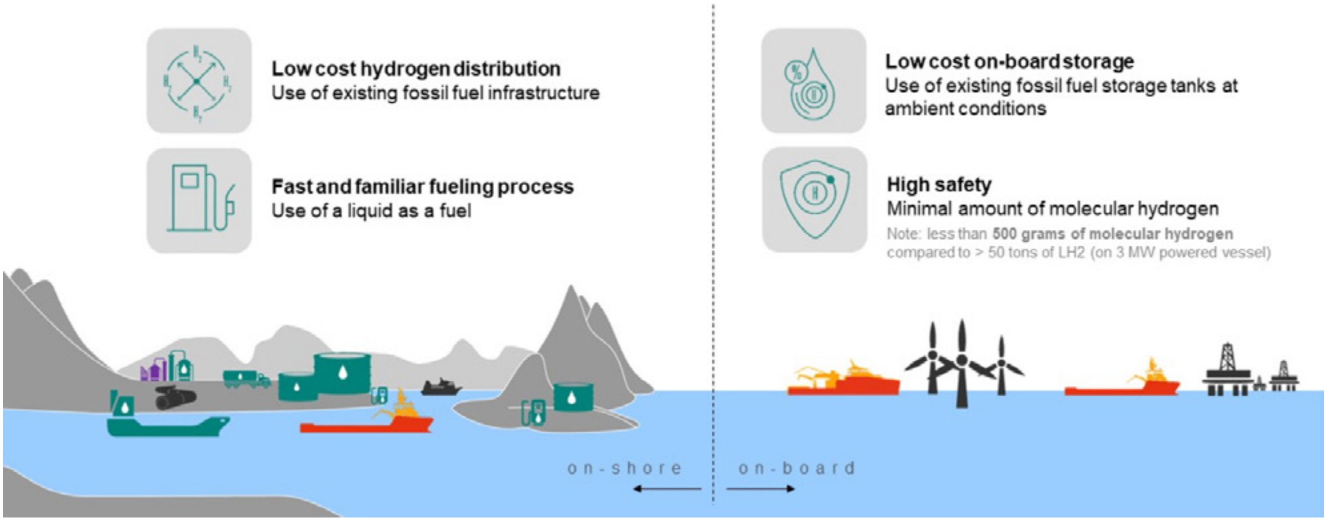
Installed battery packs onboard the vessels

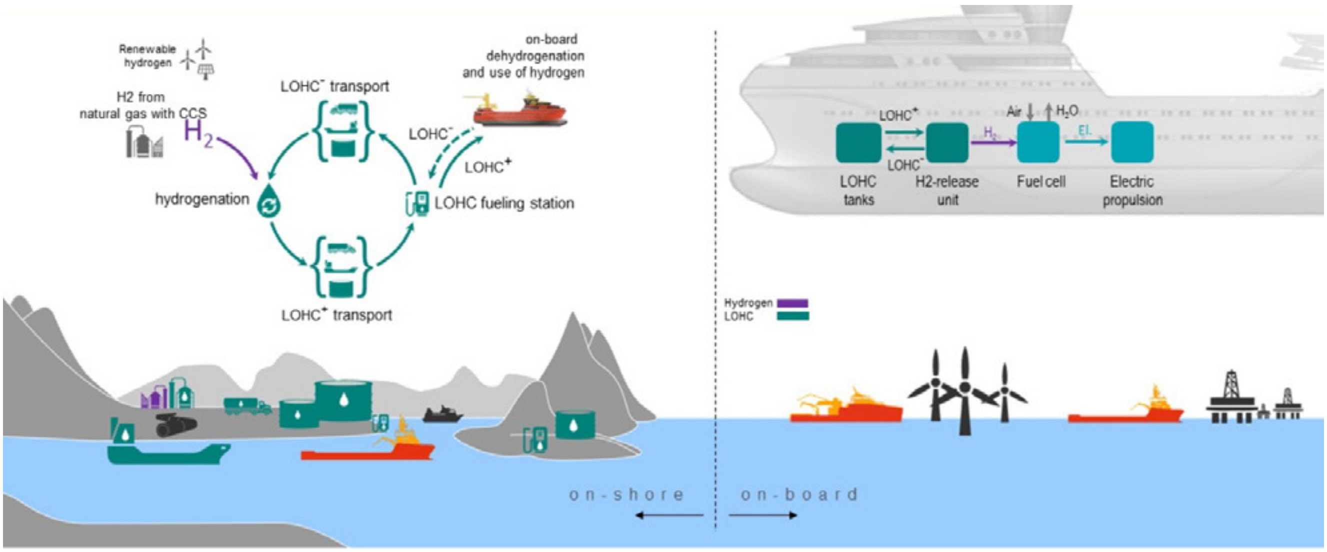
The Group's nine offshore wind vessels under construction are designed to be environmentally friendly without compromising operational capabilities. The newbuilds are being equipped with battery hybrid propulsion systems, which, together with other energy saving equipment, is expected to reduce the emission of greenhouse gases by a minimum of 30 % compared to previous generation offshore wind service vessels with modern diesel electric propulsion lines without battery storage system and variable speed configuration i.e., vessels typically delivered from around 2010 until recently.

Prepared for hydrogen-based operations with zero GHG-emissions

Edda Wind is at the forefront of developing and applying new technology to our vessels and operations. This is related to safe and efficient operation, working environment for personnel onboard as well as technology for the purpose of reducing, or removing pollution. The nine vessels under construction will be prepared to take onboard the Liquid Organic Hydrogen Carriers ("LOHC") concept with potential for future zero-emission operations. In 2021, the Group and Hydrogenious LOHC Maritime AS, a Norwegian company with focus on development, marketing, manufacturing, and sales of LOHC onboard solutions, entered into a letter of intent for using the LOHC technology. Hydrogenius LOHC Maritime AS has developed and patented the LOHC technology for a particularly safe, easy, and efficient storage and transportation of hydrogen, which will revolutionise the supply chain for hydrogen. The unique feature is that hydrogen is chemically bonded to the low-toxic, non-explosive and low-cost carrier oil, which can be used to store and transport large quantities of hydrogen under ambient conditions, using the already existing fossil fuel infrastructure. The carrier oil Hydrogenious LOHC uses – Benzyltoluene – can be loaded and unloaded with hydrogen many hundreds of times and is recyclable many times over. Edda Winds target is to be able to offer this zero-emission solution to clients by the end of 2025.

Environmental, Social and Governance





Environmental, Social and Governance

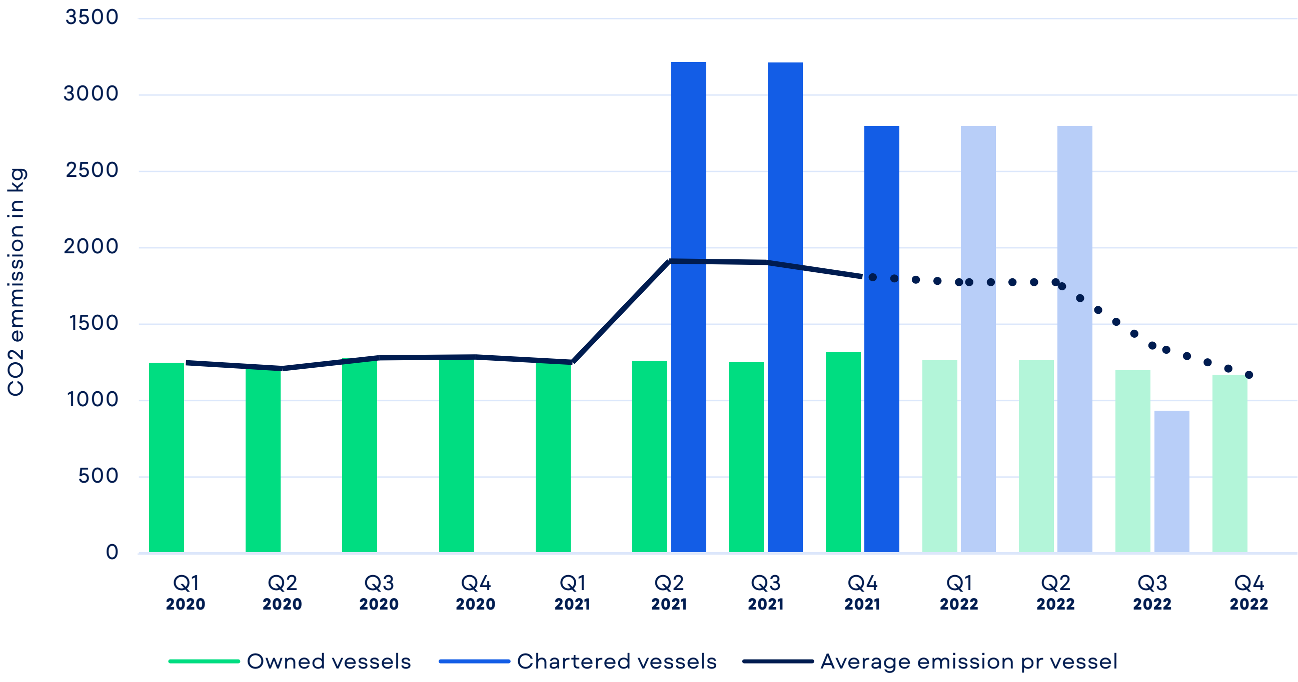
Emissions – performance, targets and initiatives

The main source of GHG emission for Edda Wind is from the consumption of fuel on our vessels. The Group operated two Service Operation Vessels (SOVs) during 2021, as well as a chartered Offshore Service Vessel from April 2021, operating as a frontrunner for one of the Groups newbuilds to be completed in Q3 2022.

2021 Performance	Owned SOVs	Chartered in OSV
Total CO2 (kg)	10 164	9 226
Average CO2 emission pr vessel day[1]	14.1	34.8
SOx (kg)	3 603	5 766
Average SOx emission pr vessel day	5.0	21.8
Nox (kg) per tonnes fuel consumed	16.9	59.5

Edda Wind's two operational SOVs are state of the art vessels delivered from shipyard in 2018, with notably lower GHG emissions than the chartered OSV (built in 2002). Already, Edda Wind is seeing the effects of its investments. With nine new vessels under construction, whereof two are to be delivered in 2022, Edda Wind aims to further reduce emissions per vessel by 15 % as indicated in the table below: In addition, Edda Winds ambition is to offer zero-emission solutions on its vessels by 2025, and thereby further reducing emissions.

CO^2 emissions per quarter per vessel



[1] Average CO2 and SOX emissions per vessel day equals total emissions divided by number of onhire vessel days during the year.

Environmental, Social and Governance

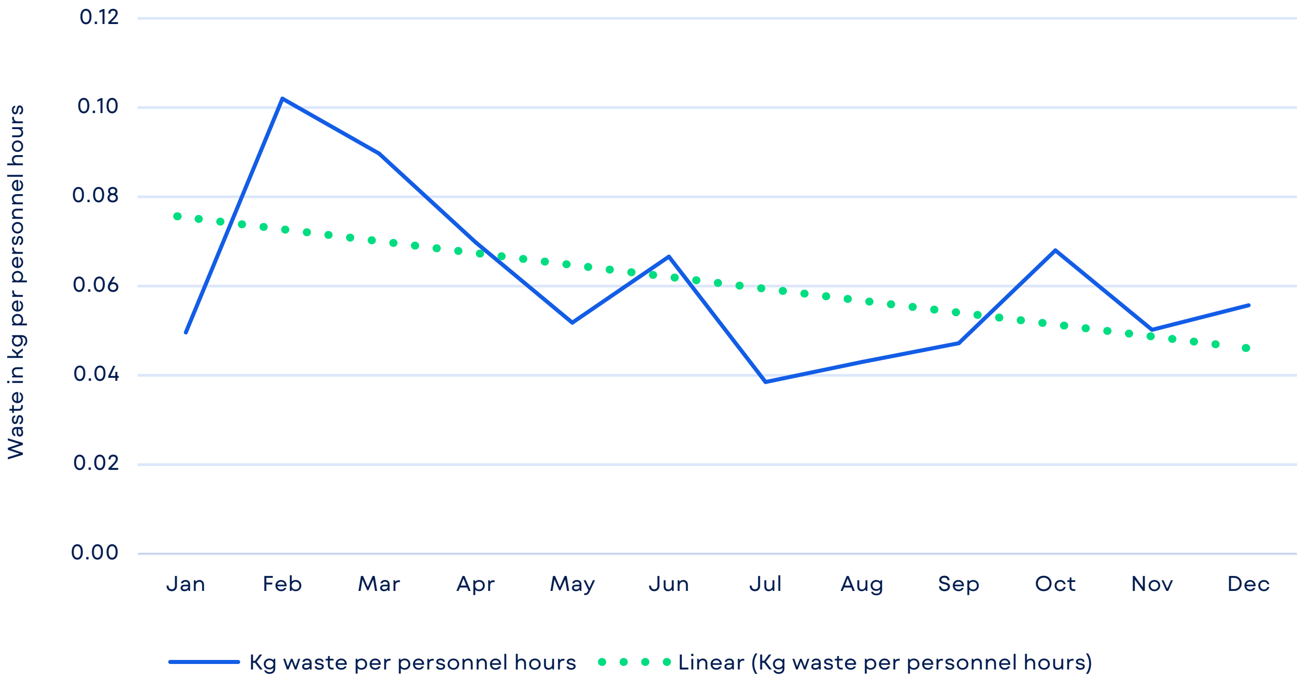
Waste Management

Onboard waste management of the Edda Wind fleet complies with the Convention for Prevention of Marine Pollution (MARPOL), Ballast Water Management Convention (BWMC), and the International Convention on Oil Pollution Preparedness (OPRC). Edda Wind follows Østensjø Rederi AS Garbage Management Procedure. All vessels keep a Garbage Record Book and categorise all waste into categories as defined in the amendments to MARPOL annex V. Waste is disposed in accordance with the guidelines within each category.

Total waste in 2021 was 36,5 tonnes in 2021 compared to 27,7 tonnes in 2020. The increase is due to the introduction of one new vessel in the fleet during 2021.

During 2021, the Edda Wind's average waste in kg per personnel hours was 0,06. The Group aims to reduce its non-recyclable consumption and increase its recycling initiatives.

Kg waste per personnel hours



Spills to the environment

Edda Wind has not had any material spills to the environment during the year.

Environmental, Social and Governance

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Ensuring safe operations

The safety of personnel onboard the vessels is paramount to the Group's operations. Vessel operations are subject to certification and audit regimes from flag states, classification societies, charterers as well as external bodies. Østensjø Rederi AS is ISM-manager and ship manager of the Edda Wind fleet and qualifies for the following regimes: ISO 9001:2005, ISO 14001:2015, ISO 45001:2018, ISPS. In relation to personnel, the Group is monitoring and reporting lost time injury frequency (LTIF), total recordable case frequency (TRCF), restricted work case frequency and medical treatment injury monthly and follow up based on established targets, trends and/or individual cases.

The Group had one Lost Time Incident in 2021 related to a non-work related injury. No other recordable cases were noted in 2021.

Both LTIF and TCRF were 0,78 at the end of the year, which is below the Groups target of LTIF less than 1,0 and TCRF less than 2,0.

Equality

Edda Wind is committed to the principles of non-discrimination and equal opportunities and strive to create a culture where people are treated equally regardless of nationality, gender or other factors.

Edda Wind hires in services from Østensjø Rederi AS, such as vessel crew, corporate services, and technical management. We conduct our business, whether directly or through suppliers, with respect for human rights and labor standards, including conventions and guidelines related to wage and salary, working conditions, freedom of association and the prevention of child- or forced labor and are Maritime Labor Convention (MLC) compliant. Our ISM manager ensures that all seafarers' contracts are in accordance with local Collective Bargaining Agreements (CBA) and International Transport Workers' Federation (ITF) standards.

We go far to ensure that the people working for us can thrive and grow, both onshore and offshore. Offshore we provide amenities like gyms and entertainment, healthy meals, and spacious living quarters for onboard personnel.

Shipping has traditionally been a male dominated business. As per 31 December 2021 the Group had seven employees, whereof two women and a board of directors comprising seven directors whereof three women. Edda Wind seeks to promote a diverse workforce and to ensure non-discriminating recruitment processes, as per HR policies.

Ensure integrity, responsibility, quality and transparency in all business decisions

Responsible business

Our goal is to influence our entire value chain toward sustainable maritime trade. By increasing engagement with our suppliers, customers, and business partners, we can impart our responsible stewardship values and business ethics. The Supplier Code of Conduct seeks to improve the economic, social, and environmental sustainability of international shipping and marine industries and is aligned with the United Nations Guiding Principles on business and human rights.

We continuously focus on performing ethical and responsible practices. We want to enable our employees to deliver the best customer experience and to ensure that we operate with the highest standards of integrity at all times, according to our Code of Conduct. Our Code of Conduct contains a set of important principles, rules, and expectations for ethical standards and behaviors for all employees.

Cyber security

We work closely with the ship manager, each ship's crew, and employees onshore to build and enforce strong cyber protection. We have conducted a vulnerability assessment of all internet-facing resources and put in place internal guidelines for secure application development. GDPR practices have been established and are managed by our data protection administrators.

Ethics and anti-corruption

Our anti-corruption efforts are based on top-level commitment, proportionate procedures, risk assessment, communication, due diligence, monitoring and review. Doing the right things, the right way is the foundation of our governing elements and our culture, and we expect the same of our partners and suppliers. Employees and external stakeholders are encouraged to report non-compliant behavior through the Group's whistleblower procedure. Our ISM manager is a member of Transparency International, and Edda Wind will adhere to the principles of that organization.

CONTRUCTION OF EDDA BREEZE

Corporate Governance

Corporate Governance

Edda Wind ASA is the parent company of the Edda Wind Group. Edda Wind ASA is a Norwegian public limited company listed on Oslo Stock Exchange, subject to Norwegian corporate, accounting, exchange listing and security trading legislations. The Board of Directors has the ultimate responsibility when it comes to ensuring that the Company has implemented sound corporate governance. Edda Wind ASA and its Board of Directors have a strong commitment to ensure trust in the Company and to enhance shareholder value through efficient decision-making and improved communication between the management, the Board of Directors, and the shareholders. The Company's framework for corporate governance is intended to decrease business risk, maximise value and utilise the Company's resources in an efficient, sustainable manner, to the benefit of shareholders, employees, and society at large.

Edda Wind ASA has adopted the Norwegian Code of Practice for Corporate Governance of 17th October 2018 (the "Corporate Governance Code") in 2021. The Corporate Governance Code is based on the principle of "explain or comply", which means that a company must comply with the recommendations of the Corporate Governance Code or explain why it has chosen an alternative approach to specific recommendations.

Business

Edda Wind ASA's objective as set out in its Articles of Association is to directly or indirectly, own and conduct business within the offshore renewable segment including, but not limited to, ownership and management of specialised vessels, various auxiliary services, as well as participation and ownership in other companies. The Company's Articles of Association are available on the Company's webpage www.eddawind.com

The Company's principal objectives, strategies and risk profile are presented in the Annual Report.

Equity and dividends

The Edda Wind Group's objectives when managing capital are to secure financial ability to execute the Group's operational strategy, manage operational and financial risks, deliver attractive returns to the shareholders and to maintain an optimal capital structure to reduce the cost of capital including compliance with covenants in the loan agreements and to meet obligation as they fall due.

At 31 December 2021, the Company's equity amounted to EUR 184,332 thousand.

The Company has an ambition to pay a regular dividend. The Company aims to pay a dividend of more than 50 % of free cash flows after debt service subject to consideration of its outlook, investment opportunities, working capital, debt service and financial position.

Equal treatment of shareholders and transactions with close associates

All shareholders shall be treated on an equal basis. Edda Wind ASA's shares are listed on Oslo Stock Exchange and all issued shares carry equal voting rights.

Any transactions in own shares shall be carried out through the Oslo Stock Exchange.

Any transactions, agreements or arrangements between the Company and its shareholders, members of the Board, members of the executive management team or close associates of any such parties shall only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall comply with the procedures set out in the Norwegian Public Limited Liability Companies Act.

Shares and negotiability

The shares in Edda Wind ASA are freely tradable. The Articles of Association do not impose any limitations on ownership of the Shares.

General meeting

In accordance with Norwegian law, the Annual General Meeting of the Company's shareholders is required to be held each year on or prior to 30 June. Notice of the General Meeting shall be made by written notification to all shareholders with a known address. Provided documents concerning items to be discussed at the General Meeting are made available at the company's website, the requirement of mailing the documents to the shareholders does not apply. This also applies for documents which, according to the law, shall be included in or attached to the notice of General Meeting. Despite this, each shareholder is entitled to request that the documents concerning items to be discussed at the General Meeting are mailed.

The company may set a deadline in the Notice of General Meeting for registration of attendance to the General Meeting, which shall not fall earlier than five days prior to the General Meeting.

The Board can decide that the shareholders shall be able to cast votes in writing, including by electronic communication, in a period prior to the General Meeting. For such voting an adequate method to authenticate the sender shall be used.

A shareholder may vote at the General Meeting either in person or by proxy. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the General Meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at General Meetings, without any requirement of pre-registration.

Corporate Governance

The General Meeting is chaired by the chair of the Board, or an individual appointed by the chairman of the Board of Directors. Having the chair of the Board of Directors or a person appointed by him/her chairing the General Meetings simplifies the preparations for the General Meetings significantly. The Company encourages shareholders to attend the General Meeting. It is also the intention to have representatives of the Board of Directors attending the General Meeting. The Company will, however, normally not have the entire Board of Directors attending the meeting as this is considered unnecessary.

The Annual General Meeting shall discuss and decide on the following matters:

- approval of the annual accounts and the annual report, including distribution of dividend, if any
- other matters that pursuant to law or the Articles of Association fall under the authority of the general meeting

Nomination committee

According to the Articles of Association the Company shall have a nomination committee consisting of minimum two members to be elected by the general meeting. The members shall be elected for a period of two years. The general meeting determines the remuneration to the nomination committee.

The nomination committee propose candidates for members of the board and the nomination committee, and remuneration to the members of these bodies. The general meeting may decide on guidelines for the nomination committee.

Board of directors

The Company's Board of Directors currently consists of seven members, whereof four men and three women. None of the members of the Board hold positions as executive management in the Company. Three of the members of the Board are independent of the Company's main shareholders.

The Chairman of the Board of Directors together with one Director jointly have the right to sign for and on behalf of the Company. The Board of Directors may grant procuration. The Company's Board of Directors are elected by the Company's shareholders in an ordinary or extraordinary General Meeting for two years at a time.

The work of the board of directors

The Board prepares an annual plan for its work with special emphasis on the Company's goals, strategies and implementation.

The Board of Directors is responsible for the overall management of the Company and may exercise all the powers of the Company. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business; ensuring proper organisation; preparing plans and budgets for its activities; ensuring that the Company's activities, accounts, and asset management are subject to adequate controls; and to undertake investigations necessary to ensure compliance with its duties. The Board of Directors may delegate such matters as it seems fit to the Executive Management. At least every calendar quarter the Company's CEO must brief the Board of Directors about the Company's activities, financial position and operating results.

Risk management and internal control

The Board of Directors hold the responsibility to ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities.

The Board performs annual reviews of risk areas and the internal control systems, and main risks are described in the annual Board of Directors report.

The Board of Directors has established an Audit Committee consisting of two Directors of the Board. The primary purposes of the audit committee are to:

- assist the Board of Directors in discharging its duties relating to the safeguarding of assets; the operation of adequate system and internal controls; control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance, and accounting standards; and
- provide support to the board of directors on the risk profile and risk management of the Company.

Corporate Governance

Remuneration of the Board of Directors

The compensation for the members of the Board of Directors is determined on an annual basis by the shareholders of the Company at the Annual General Meeting. The Company does not have any active share option schemes for the members of the Board.

Remuneration of executive personnel

The Company has a remuneration committee consisting of two members. The members of the remuneration committee are appointed by and among the members of the Board of Directors and shall be independent of the Company's executive management. The principal tasks of the remuneration committee are to prepare:

- the Board of Directors' declaration on determination of salaries and other remuneration for executive management in accordance with the Norwegian Public Limited Liability Companies Act section 6-16a ; and
- other matters relating to remuneration and other material employment issues in respect of the executive management.

The Company has approved a one year (calendar year) rolling incentive scheme for its management. The participants in the incentive scheme are determined by the Board of Directors. The maximum bonus pursuant to the incentive scheme equals the annual base salary, and the bonus accrued is based on changes in the trading price for the shares:

- below 10 % increase does not entitle bonus
- an increase of 30 % or more entitles maximum bonus
- an increase between 10 % and 30 % entitles pro rata share of the maximum bonus.

The Company does not have any active share option schemes for the members of Executive personnel.

Information and communications

The Company has developed Investor Relations Guidelines with the aim to keep shareholders, analysts, investors and other stakeholders continuously updated on the Company's operations and performance. Financial reports and presentations are provided to the market in accordance with the Company's financial calendar, on a quarterly and annual basis. Information of importance is made available to the stock market through notifications to the Oslo Stock Exchange in accordance with the Stock Exchange regulations, and on the Company's website.

Take-overs

The Board of Directors has not established guiding principles on how to act in the event of a takeover bid, as such situations are normally characterised by concrete and one-off situations which makes a guideline challenging to prepare. In the event a takeover were to occur, the board of directors will consider the relevant recommendations in the Corporate Governance Code and whether the concrete situation entails that the recommendations in the Corporate Governance Code can be complied with or not.

Auditor

The Company's independent auditor is Ernst & Young AS. The Auditor is appointed by the General Meeting, which also approves the auditor remuneration.

The auditor shall:

- participate in the Audit Committee meetings.
- present an annual agenda to the Audit committee outlining an audit workplan.
- provide the audit committee with an annual written confirmation of its independence, information on services other than statutory audit provided to the Company during the financial year and inform of any threats to the auditor's independence.
- be present in the Board meeting where the Annual Accounts are on the agenda.
- attend the general meeting if the matters to be dealt with are of such nature that his or her presence is deemed necessary. However, the auditor is in any case entitled to participate in the general meeting.
- at least once a year review the Company's internal control procedures with the Board of Directors and present identified weaknesses and proposals for improvement.

The Board of Directors shall establish guidelines in respect of the executive management's use of the auditor for other purposes than auditing.

Financial Statement Group

Income Statement

(EUR 1.000)

OPERATING REVENUE AND OPERATING EXPENSES	Notes	2021	2020
Freight income	2	23 933	17 480
Other operating income	2	484	398
Total operating income		**24 416**	**17 878**
Payroll and remuneration	3	(7 320)	(6 524)
Other operating expenses	3, 7	(10 914)	(3 505)
Total operating expenses		**(18 234)**	**(10 028)**
Operating profit/(loss) before depreciation		**6 182**	**7 849**
Depreciation	4	(3 169)	(3 060)
Operating profit/(loss)		**3 013**	**4 789**
FINANCIAL INCOME AND EXPENSES			
Other financial income		8	6
Net currency differences		946	427
Unrealised gain/(loss) financial derivatives	10	208	(228)
Realised gain/(loss) financial derivatives	10	299	-
Interest expenses		(1 282)	(1 148)
Other interest expenses to related parties	7	(18)	(8)
Other financial expenses		(932)	(808)
Financial income/(expense)		**(772)**	**(1 758)**
Profit/(loss) before tax		**2 242**	**3 031**
Tax (income)/expense	9	-	18
Profit/(loss) for the year		**2 242**	**3 013**
Basic / diluted earnings per share	13	0.06	0.09

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Statement of comprehensive income

(EUR 1.000)

	Notes	2021	2020
Profit/(loss) for the year		2 242	3 013
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT			
Currency translation differences		2 145	(1 914)
Other comprehensive income, net of tax		**2 145**	**(1 914)**
Total comprehensive income for the year		**4 386**	**1 099**

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Balance Sheet
(EUR 1.000)

ASSETS	Notes	31/12/21	31/12/20
Non current assets			
Deferred tax asset	9	23	23
Vessels	4	73 611	71 431
Newbuildings	4	131 077	35 957
Machinery and equipment	4	3	3
Total non current assets		**204 715**	**107 415**
Current assets			
Account receivables	6.7	3 575	3 023
Other current assets	12	7 791	34 174
Cash and cash equivalents	12	89 520	6 715
Total current assets		**100 886**	**43 912**
Total assets		**305 602**	**151 327**

EQUITY AND LIABILITIES			
Equity			
Share capital	13	644	9
Share premium		116 128	-
Other equity		67 560	63 174
Total equity		**184 332**	**63 183**
Non-current liabilities			
Non-current interest-bearing debt	8	110 545	79 330
Total non-current liabilities		**110 545**	**79 330**

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Balance Sheet

(EUR 1.000)

EQUITY AND LIABILITIES	Notes	31/12/21	31/12/20
Current liabilities			
Account payables	7	1 555	1 751
Financial derivatives	10	91	598
Taxes payable	9	-	48
Public duties payable		96	32
Current interest-bearing debt	8	6 951	4 497
Other current liabilities	7	2 031	1 889
Total current liabilities		**10 724**	**8 814**
Total equity and liabilities		**305 602**	**151 327**

Oslo, 7 April 2022 - The board of directors and CEO of Edda Wind ASA

Håvard Framnes
Chairman of the board

Martha Kold Bakkevig
Board member

Toril Eidesvik
Board member

Jan Eyvin Wang
Board member

Adrian Geelmuyden
Board member

Duncan J. Bullock
Board member

Cecilie Wammer Serck-Hanssen
Board member

Kenneth Walland
CEO

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Cash flow statement

(EUR 1.000)

CASH FLOW FROM OPERATIONS	Notes	2021	2020
Profit/(loss) before tax		2 242	3 031
Financial (income)/expenses		772	1 758
Depreciation and amortisation	4	3 169	3 060
Change in net working capital		583	2 462
Net cash flow from operations		**6 765**	**10 311**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Investments in fixed assets	4	(93 476)	(8 531)
Interest received		-	6
Changes in restricted cash - investment commitment	12	25 964	(33 000)
Net cash flow from investment activities		**(67 512)**	**(41 525)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of interest-bearing debt	8	32 190	39 978
Repayment of interest-bearing debt	8	(4 497)	(4 556)
Proceeds from other interest-bearing debt	8	43 500	-
Repayment of other debt	8	(16 500)	(1 318)
Interest paid including interest derivatives		(1 101)	(1 156)
Paid other financial expenses		(1 187)	(808)
Proceeds from issuance of new shares		90 131	-
Increase capital cash effect		-	188
Dividend / group contribution		-	(883)
Net cash flow from financing activities		**142 536**	**31 445**
EFFECTS OF CURRENCY RATE CHANGES ON BANK DEPOSITS, CASH AND EQUIVALENTS			
Net change in bank deposits, cash and equivalents		81 789	232
Translation difference		1 016	-
Cash and cash equivalents at 01.01		6 715	6 483
Cash and cash equivalents at 31.12		**89 520**	**6 715**

The group is located and operating in several countries and each entity has several bank accounts in different currencies. Unrealised currency effects are included in translation difference.

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Statement of changes in equity
(EUR 1.000)

	Share capital	Share premium	Other paid-in capital	Retained earnings	Foreign currency translation reserve	Other equity	Total equity
Balance at 01.01.2021	**9**	**0**	**27 608**	**34 280**	**1 286**	**63 174**	**63 183**
Share capital increase by conversion of debt	327	26 673	-	-	-	-	27 000
Share capital increase by issuance of new shares, November*	281	81 102	-	-	-	-	81 383
Share capital increase by issuance of new shares, December	27	8 353	-	-	-	-	8 381
Profit for the year	-	-	-	2 242	-	2 242	2 242
Other comprehensive income	-	-	-	-	2 145	2 145	2 145
Balance at 31.12.2021	**644**	**116 128**	**27 608**	**36 522**	**3 430**	**67 560**	**184 332**

*The Group has incurred EUR 4,474 thousand in transaction cost related to the share capital increase in November 2021. The transaction cost is accounted for as a deduction in share premium.

Balance at 01.01.2020	**3**	**0**	**0**	**31 267**	**3 200**	**34 467**	**34 470**
Net capital increase**	6	-	27 608	-	-	27 608	27 614
Profit for the year	-	-	-	3 013	-	3 013	3 013
Other comprehensive income	-	-	-	-	(1 914)	(1 914)	(1 914)
Balance at 31.12.2020	**9**	**0**	**27 608**	**34 280**	**1 286**	**63 174**	**63 183**

**The capital increase in 2020 included the shares of the sister-entities West Energy AS and Edda Supply Ships (UK) Ltd, as a non-cash contribution by Johannes Østensjø dy AS. The transaction has been recorded as a common control business combination using the pooling of interest method and restatement of comparatives. A minor part of the capital increase had cash effect (EUR 188 thousand).

Note 1 to 15 on the next pages are an integral part of these consolidated financial statements

Notes
(EUR 1.000)

NOTE 1 - General accounting principles

General information

Edda Wind ASA and its subsidiaries (collectively, the Group) offer services to the offshore wind segment within the maritime sector. Edda Wind ASA is a public limited liability company registered in Norway with headquarter at Smedasundet 97 in Haugesund and whose shares are publicly traded at the Oslo Stock Exchange.

Edda Wind ASA (Previously Edda Wind AS, "EWAS") was founded in September 2019 as a fully owned subsidiary of Johannes Østensjø dy AS ("JØDY"). In March 2020 there was a contribution of kind transaction, where JØDY inserted the shares in Edda Supply Ships (UK) Ltd ("ESUK") and West Energy AS ("WEAS") in EWAS, and hence the Edda Wind Group was formed. From before the contribution of kind transaction JØDY was in control of both ESUK and WEAS. In November 2021, Edda Wind AS was converted to a public limited company and changed its name to Edda Wind ASA.

Basis of preparation

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union.

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities, including derivatives which are measured at fair value. The consolidated financial statements are presented in Euro (EUR), and are rounded to nearest thousand unless clearly stated otherwise.

The Consolidated financial statements have been prepared on a going concern basis.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory at 31.12.2021 or prior reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods. The Group will apply new and amended standards before or when they become effective.

The following amendments became effective as at 1 January 2021:

- interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16.

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

Principles of consolidation

The Group's consolidated financial statements comprise of Edda Wind ASA and companies in which Edda Wind ASA has a controlling interest as at 31.12.2021. A controlling interest is normally obtained when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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

The subsidiaries included in the consolidated financial statements are listed in note 5.

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. Subsidiaries are fully consolidated from the date of which control is transferred to the Group. They are deconsolidated from the date that control ceases. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised as profit or loss. Any investment retained is recognised at fair value.

For the common control business combination in 2020 the financial statements are presented using the pooling of interest method.

In the consolidated financial statements, income and expenses of both domestic and foreign subsidiaries, not using Euro as functional currency, are translated using the average exchange rate for the accounting period. Balance sheet items are translated using the balance sheet date as exchange rate date.

Notes
(EUR 1.000)

NOTE 1 - General accounting principles cont.

Critical accounting estimates and assumptions

When preparing the financial statements, the Group must make assumptions and estimates. These estimates are based on the actual underlying business, its present and forecasted profitability over time, and expectations about external factors such as interest rates, foreign exchange rates and market fluctuations which are outside the Group's control. This represents a substantial risk that actual conditions will vary from the estimates.

Most balance sheet items will be affected by uncertainty related to estimates and assumptions to a certain degree. The item most affected, and where estimates and assumptions are assessed to have the greatest influence include the Group's assessment of vessel values. Accounting principles applied, estimates and assumptions used by management is presented in the respective notes.

Segment information

The Group's chief operating decision makers (the "CODM"), being the Board of Directors and Group Management team, measures the financial and operating performance of the Group on a consolidated level. The CODM does not review a measure of operating result on a lower level than the consolidated Group, therefore the Group has one reportable segment being the Offshore Wind segment. Refer to note 2 for additional information regarding revenue by geographical region and major customers.

Summary of significant accounting policies

Significant accounting policies adopted in the preparation of these consolidated financial statements are included below in note 1 to the extent they have not already been disclosed in other relevant notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

Classification of assets and liabilities

The Group presents assets and liabilities in the balance sheet 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.
- expected to be realised within twelve months after the reporting period.
- 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.
- it is held primarily for the purpose of trading.
- it is due to be settled within twelve months after the reporting period.
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Business combinations

In order for a business combination to exist, the acquired business or assets must constitute a business, as an integrated set of activities including inputs, processes and outputs. Business combinations under common control is accounted for in accordance with the pooling of interests method where the assets and liabilities of the two combining businesses are consolidated using the carrying value prior to the business combination. The method is applied when the two combining businesses are under common control prior to the transaction, and the transaction is not considered to be transitory.

Business combinations not under common control is accounted for using the acquisition method. The acquired identifiable tangible and intangible assets, liabilities and contingent liabilities are measured at their fair values at the aquisition date. Any excess of the cost of purchase over the net fair value of the identifiable assets purchased is recognised as goodwill. Any excess of net fair value of the identified purchased assets over the cost of purchase is recognised as a bargain purchase gain.

Notes
(EUR 1.000)

NOTE 1 - General accounting principles cont.

Translations and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in income statement.

Foreign exchange gains and losses are presented on a net basis in the income statement, within finance expense.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Foreign currencies

The Group's consolidated financial statements are presented in Euros, which is also the parent company's functional currency. For each entity within the Group, the Group has determined the functional currency based on the primary economic environment of which the entity operates. Items included in the financial statements are measured using that functional currency. The functional currency for the Group's entities are EUR, GBP and NOK.

The financial statements for the Group's foreign operations, i.e. subsidiaries with functional currency other than that of the parent, are translated as follows:

- balance sheet items are translated at the closing exchange rate on the balance sheet date.
- income and expense items are translated at a rate that is representative as an average exchange rate for the period, unless the exchange rates fluctuate significantly for that period, in which case the exchange rates at the dates of the transactions are used.

The foreign exchange translation difference arising from translating foreign operations are recognised in other comprehensive income until disposal of the foreign operation. The Group has not recognised any net investment hedges for its part in net investment in foreign operations.

The Group has used the following exchange rates:

	EUR/NOK	EUR/GBP
As per 31.12.2021	9.9888	0.8369
Average 2021	10.1728	0.8601
As per 31.12.2020	10.5053	0.9005
Average 2020	10.7409	0.8890

Spanish tax lease

In connection with the newbuilding contracts the Group has, together with the Spanish shipyards Balenciaga S.A and Astilleros Gondan, Spanish banks, Bankinter and Banko de Sabadell, and certain Spanish participant companies "AIE" (with external investors) established a structure that qualifies for a Spanish tax regime for financial leasing of newbuild contracts and vessels (Spanish Tax Lease). Spanish Tax Lease is a structure containing certain tax benefits in Spain, that also results in a lower construction cost for the Group's vessels. Management has made several considerations when it comes to accounting of the STL structure. See note 4 for further information.

Financial instruments

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.

Notes
(EUR 1.000)

NOTE 1 - General accounting principles cont.

Financial assets

Financial assets are classified at initial recognition based on the contractual cash flows and the Group's business model for managing the financial assets.

Financial assets are primarily derecognised when the right to receive the cash flows from the financial asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group's financial assets include trade receivables and cash and cash equivalent. Refer to relevant note for disclosure of specific accounting treatment applied.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost except for certain financial liabilities at fair value through the income statement.

Financial liabilities are derecognised when the contractual obligation is discharged, cancelled, or expire. Financial liabilities are also derecognised when terms are modified and the modified financial liability is substantially different, representing a new financial liability based on the modified terms.

The Group's financial liabilities include interest-bearing debt and financial derivatives. Refer to relevant note for disclosure of specific accounting treatment applied.

Provisions

Provisions are recognised when the Group faces an obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. The expense related to a provision is presented in the income statement net of any reimbursements. All provisions are reviewed at end of each reporting period and adjusted to reflect best estimate of expected cash outflows.

Statement of consolidated cash flow

The statement of cash flow is prepared in accordance with the indirect model.

Notes

(EUR 1.000)

NOTE 2 - Revenue from contracts with customers

Financial reporting principles

A time charter contract contains both a bareboat element in scope of IFRS 16 and a service component in scope of IFRS 15. Revenue for bareboat agreements are in scope of IFRS 16 Leases. Both the lease element and the service element is recognised as operating income.

Revenue derived from customer contracts in scope of IFRS 15 Revenue from contracts with customers, are assessed using the five-step model, where only customer contracts with a firm commitment is used as basis for revenue recognition. Charter revenue from contracts with customers is recognised upon satisfaction of the performance obligation for the transfer of goods and services in each such contract. The revenue amount recognised is equal to the consideration the Group expects to be entitled in exchange for the goods and services. Any loss on contract is accrued when a loss is probable. The performance obligation is considered satisfied as the charter service is delivered, and apportioned according to the number of days for each contract occurring before and after the end of an accounting period. The contract period begins when the vessel is delivered to the customer, and ends when the vessel is redelivered. As the customers are invoiced in the amount assessed to correspond to the value of the completed performance obligation, the Group have elected to apply the practical expedient to recognise revenue in the amount to which it has the right to invoice.

Leases, in which a significant portion of the risks and rewards of ownership are retained by the Group as lessor, are classified as operating leases. Lease income for the leasing of vessels is recognised as operating lease and recognised in the income statement on a straight-line basis over the lease period. The lease period commences from the time the ship is made available to the customer and terminates upon agreed return.

Operating income

The Group's revenue mainly derives from offering vessels and maritime personnel to the offshore wind sector under long-term chartering agreements. Under these agreements the Group delivers a vessel, including crew, to the customer. The customer determines, within the contractual limits, how the vessel is to be utilised. The Group is remunerated at an agreed daily rate for use of vessel, equipment, crew and other resources or services utilised under the contract. The Group's contracts also include victualling covering meals and bedding provided to customer personell onboard the vessel. The Group's revenue is split into a service element, lease element and revenue from victualling. The revenue is mainly recognised over time as the performance obligation is satisfied over time.

The Group also provide management services to companies outside of the Group. Remuneration for management services is classified as other revenue and recognised over time as performance obligation is satisfied over time.

Notes

(EUR 1.000)

NOTE 2 - Revenue from contracts with customers cont.

Offshore Wind operating revenue	**2021**	**2020**
Revenue from contracts with customers:		
Service element from contracts with day rate	13 152	9 776
Victualling	1 748	1 063
Other revenue	484	398
Lease revenue:		
Lease element from contracts with day rate	9 033	6 641
Total operating income	**24 416**	**17 878**

Payments from charter contracts is generally due within 30 to 60 days after the end of each month or 30 to 60 days after the service is completed. Payment terms for all other services delivered is usually 30 days after the service is invoiced.

Contract balances	**2021**	**2020**
Trade receivables	3 575	3 023
Contract assets	-	-
Contract liabilities	-	-

The Group has not recognised any assets from cost incurred to fulfil a contract at 31.12.2021 (2020:0).
The Group has not recognised any revenue in 2021 from performance obligations satisfied in previous periods (2020: 0), or recognised revenue that was included in the contract liability balance at the beginning of the period (2020: 0).

Notes
(EUR 1.000)

NOTE 2 - Revenue from contracts with customers cont.

Reporting by customers and geographical markets

	2021		2020	
Revenue geographical markets	**Revenue**	**Ratio %**	**Revenue**	**Ratio %**
United Kingdom	18 070	74 %	17 695	99 %
Germany	5 863	24 %	-	0 %
Norway	484	2 %	183	1 %
Total	**24 416**	**100 %**	**17 878**	**100 %**

Geographical distribution of revenue is based on the location of clients.

The Group's revenue in 2021 is mainly derived from two customers, representing EUR 18,1 million and EUR 5,9 million. In 2020, the Group's revenue mainly derived from one customer.

Contract status and coverage

Vessel	Contract duration
Edda Passat	Q1 2023 + extension options
Edda Mistral	Q3 2023 + extension options
Edda Breeze (Delivery Q3 2022)	Delivery to Q2 2032 + extension options
Edda Brint (Delivery Q3 2022)	Delivery to Q2 2037 + extension options
NB C-490 (Delivery Q1 2023)	Q2 2023 to Q2 2025 + extension options
NB C-416 (Delivery Q1 2023)	Q2 2023 to Q2 2028 + extension options
NB C-491 (Delivery Q3 2023)	TBA
NB C-492 (Delivery Q2 2024)	TBA

Leasing

In April 2021 the Group entered into a 12 month lease for the OSV vessel Edda Fjord from related party West Supply VIII AS. This contract is a lease in scope of IFRS 16, however the Group have elected to apply the recognition exemption for short-term leases and the Group has recognised the lease payments as an expense over the lease period. The vessel is operating as a frontrunner for Edda Wind newbuilding vessel Edda Breeze, expected to be delivered in Q3 2022. During the year the Group recognised a lease expense of EUR 5,837 thousand.

Notes
(EUR 1.000)

NOTE 3 - Payroll and remuneration

Financial reporting principles

Employee benefits include wages, salaries, social security contributions, sick leave, parental leave, defined contribution pension and other employee benefits. The benefits are recognised in the period in which the associated services are rendered by the employees.

The Group has establised a management team during 2021 (The “Edda Wind Management”), with key positions employed in Edda Wind Management AS. The Group had in total 7 employees in 2021 (2020:4), whereof 4 are employed through Edda Supply Ships (UK) Limited (“ESS”) (2020:4). All employees are included in defined contribution plans. The vessels crew are hired from Østensjø Rederi AS and external suppliers and presented as hired personnel.

Employee benefits	Notes	2021	2020
Salary and holiday pay		639	245
Employer`s national insurance contribution		81	31
Pension costs		43	15
Other personnel costs		20	10
Total employee benefits		**784**	**301**
Hired personnel	**7**	**6 536**	**6 223**
Total employee benefits and hired crew		**7 320**	**6 524**

Remuneration to management	From date	Wages	Bonus	Other benefits	Other benefits
2021					
Kenneth Walland (CEO)	01/04/2021	162	-	10	8
Håkon Vevang (CCO)	01/04/2021	82	-	1	8
Tom Johan Austrheim (CFO)	18/05/2021	83	-	1	7
Total remuneration to management		**327**	**-**	**12**	**23**

None of the members of the executive management of the Group were employed in the financial year ended 31 December 2020. The CEO has a non-compete restriction in his employment contract. There are no agreements between the Group and the members of management providing for benefits upon termination of employment, except for the CEO who has a contractual right to 12 months’ severance pay following the notice period. There are no loans, prepayments or other guarantees provided to management at year end. The salary and other remuneration of the CEO are decided by the Board of Directors. The Board of Directors has delegated the responsibility for determining the salaries of the other senior executives to the CEO.

Notes
(EUR 1.000)

NOTE 3 - Payroll and remuneration cont.

Management incentive scheme

The Group has approved a one year rolling incentive scheme for its management. The maximum bonus pursuant to the incentive scheme equals the annual base salary, and the bonus is accrued based on changes in the trading price for the shares:

- below 10 % increase does not entitle bonus
- an increase of 30 % or more entitles maximum bonus
- an increase between 10 % and 30 % entitles pro rata share of the maximum bonus.

Any dividends distributed on the shares within the relevant incentive periods will be added to the share price. The bonus will be paid two years after accrual if the employee is still employed at the payment date. The incentive scheme may be terminated by the Board of Directors. If it is terminated, the accrued bonus (if any) will be paid to the employees. As of 31.12.2021, the Group has not recognised any accrued bonus.

Remuneration to Board of Directors		**2021**	**2020**
Håvard Framnes	Chairman	7	-
Jan Eyvin Wang	Director	4	-
Geir Flæsen	Director (ended November 2021)	-	-
Johannes Østensjø	Director (ended November 2021)	-	-
Martha Kold Bakkevig	Director (joined November 2021)	4	-
Toril Eidesvik	Director (joined November 2021)	4	-
Duncan J. Bullock	Director (joined December 2021)	2	-
Cecilie Wammer Serck-Hanssen	Director (joined December 2021)	2	-
Adrian Geelmuyden	Director (joined December 2021)	2	-
Total remuneration to the Board of Directors		**27**	**-**

The Group elected a new Board of Directors in relation to the IPO in November. The former Board of Directors did not receive remuneration. The Remuneration to Board of Directors for 2021 consitutes accrued fees for the new Board of Directors. There are no agreements between the Group and the members of the Board of Directors providing for benefits upon termination.

Expensed audit fee (excluding VAT)	**2021**	**2020**
Audit services	180	31
Non-audit services required by law	13	-
Tax advisory services	45	-
Other non-audit services	81	27
Total expensed audit fee	**318**	**58**

Notes

(EUR 1.000)

NOTE 3 - Payroll and remuneration cont.

Share Purchase Program

The Company approved a share purchase program available for the Company's Board of Directors and management (either personally or through a private holding company). The eligible persons were invited to participate in the Offering in November by subscribing for Offer Shares at a price 25 % lower that the Offer Price, subject to a three year lock-up period on such shares. The price reduction has been assessed as proportional to the shares being subject to the three year lock-up period, and as such considered to be at market terms. No payroll cost has been recognised in 2021 in relation to the Share Purchase Program.

The maximum amount the management was allowed to participate with was three times their annual base salary. The maximum amount for members of the Board of Directors was NOK 500,000 per person.

Shares owned by the Board of Directors and management

The table below shows the shares owned by members of the Board of Directors and by members of management at year end, including shares owned by immediate family and/or controlled companies:

Shareholder		Number of shares	Ownership share
Kenneth Walland AS	Owned by Kenneth Walland (CEO)	260 162	0.40 %
Håkon Vevang	CCO	54 200	0.08 %
Lungo Invest AS	Owned by Tom Johan Austrheim (CFO)	151 761	0.24 %
Framnes Holding AS	Owned by Håvard Framnes (COB)	21 680	0.03 %
Jan Eyvin Wang	Board member	37 940	0.06 %
Kold Invest AS	Owned by Martha Kold Bakkevig (board member)	21 680	0.03 %
Torild Eidesvik	Board member	21 680	0.03 %
Adrial Geelmuyden	Board member	21 680	0.03 %
Cecilie Wammer Serck-Hanssen	Board member	4 336	0.01 %
Total		**595 119**	**0.93 %**

Notes
(EUR 1.000)

NOTE 4 - Tangible assets

Financial reporting principles

Tangible assets are recognised at cost less accumulated depreciation and accumulated impairment losses in accordance with IAS 16 Property, plant and equipment. Tangible assets acquired by the Group companies are stated at historical cost. Historical cost comprises of the assets purchase price, borrowing costs and any direct attribute cost of bringing the asset to its operational condition. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled and depreciation of each component is based on the economic life of the component.

Depreciation of assets is calculated on a straight-line basis over the economic life of the asset adjusted for residual value and impairment. Depreciation commences when the asset is ready for use. Residual value for the vessels after its economic life is set to the expected recycling value of the vessels.

For vessels, a share of the purchase price is decomposed to periodic maintenance and are depreciated until first classification of said vessel. Based on the Group`s periodic maintenance program, the expected lifetime of the vessel is set to 30 years. The periodic maintenance is depreciated over 5 years.

Ordinary repairs and maintenance costs are charged to the income statement in the period which they are incurred, whereas costs for improving and upgrading the asset are added to the acquisition cost and depreciated with the related asset.

Vessels under construction ("Newbuildings") are capitalised based on instalments paid to the shipyard and other costs directly attributable to the construction, including borrowing costs during the construction period. Capitalised cost for vessels under construction is reclassified to vessels when the vessel is delivered and ready for use. Vessels under construction is not subject to depreciation until delivery of the vessel.

Grants received from government agencies directly related to the acquisition of vessels is recognised in accordance with IAS 20 government grants as a reduction in the cost price of the vessel acquired when there is reasonable assurance that the Group comply with conditions attaching to the grants.

Critical accounting estimates and assumptions

The carrying amount of vessels is based on management assumption of useful life and residual value. The basis for the assessment is for the Group to utilise the vessels over the entirety of its economic life, where the residual value of the vessels at the end of the useful life period is expected to be close to future price for steel, less cost of recycling. This includes the hull and other significant components designed to last throughout the vessel's useful life. Due to a high degree of uncertainty in the future market for steel recycling, the Group has concluded to set the residual value to zero for each vessel. Management reassesses the useful life assumption on a yearly basis. Useful life for SOVs and CSOVs is 30 years, and for periodic maintenance 5 years.

At each reporting date the vessels are reviewed for any indicators that the assets may be impaired. The review is carried out by management and IAS 36 Impairment of assets is applied to determine whether tangible assets are impaired and to account for any impairment loss identified. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, estimates of the asset's recoverable amount are prepared. For the purpose of assessing impairment the assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units, "CGUs"). Management has assessed that each vessel is a separate CGU. The recoverable amount is the highest of the fair market value less cost to sell, and the net present value ("NPV") of future estimated cash flow from the employment of the asset ("value in use"). When performing a value in use calculation, management must use judgement in estimating the assets future cash flow, hereunder utilisation, dayrates and discount rates.

The NPV is based on a discount rate according to a weighted average cost of capital ("WACC") reflecting the group's required rate of return. The WACC is calculated based on the company's long-term borrowing rate and a risk-free rate plus a risk premium for the equity. If the recoverable amount is lower than the book value, impairment has occurred, and the asset shall be revalued.

Impairment losses are recognised in the income statement. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes
(EUR 1.000)

NOTE 4 - Tangible assets cont.

2021	Vessels	Period Maintenance	Equipment	New-buildings	Total
Cost 1.1	**77 254**	**2 221**	**69**	**35 957**	**115 501**
Additions	-	-	-	93 476	93 476
Currency translation differences	5 874	169	-	1 644	7 687
Cost 31.12	**83 128**	**2 390**	**69**	**131 077**	**216 664**
Accumulated depreciation 1.1	**(6 859)**	**(1 185)**	**(66)**	**-**	**(8 110)**
Depreciation	(2 704)	(465)	-	-	(3 169)
Currency translation differences	(591)	(103)	-	-	(694)
Accumulated depreciation 31.12	**(10 153)**	**(1 753)**	**(66)**	**-**	**(11 972)**
Carrying amounts	**72 974**	**637**	**3**	**131 077**	**204 692**
Remaining instalments newbuildings				149 382	**149 382**

2020	Vessels	Period Maintenance	Equipment	New-buildings	Total
Cost 1.1	**81 571**	**2 345**	**70**	**-**	**83 986**
Additions	-	-	-	35 957	35 957
Currency translation differences	(4 317)	(124)	-	-	(4 442)
Cost 31.12	**77 254**	**2 221**	**69**	**35 957**	**115 501**
Accumulated depreciation 1.1	**(4 521)**	**(782)**	**(66)**	**-**	**(5 369)**
Depreciation	(2 610)	(450)	-	-	(3 060)
Currency translation differences	273	47	-	-	320
Accumulated depreciation 31.12	**(6 859)**	**(1 185)**	**(66)**	**0**	**(8 110)**
Carrying amounts	**70 395**	**1 036**	**3**	**35 957**	**107 392**
Remaining instalments newbuildings				145 570	**145 570**

The depreciation schedule for vessels is 30 years straight-line depreciation. For period maintenance, the depreciation is set to 5 years.

Notes
(EUR 1.000)

NOTE 4 - Tangible assets cont.

Impairment assessment

The Group has performed an assessment of impairment indicators in accordance with IAS 36. Identification of impairment indicators is based on an assessment of development in market rates, earnings for the fleet, vessel operating expenses, operating profit, technological development, change in regulations, interest rates, discount rates and inherent climate risk. The impairment assessment covers both operational vessels, as well as vessels under construction at year end.
Edda Wind's two operational SOVs, Edda Passat and Edda Mistral, are both on long-term charter party contracts until Q1 2023 og Q3 2023 respectively. Further, Edda Wind has secured contracts for four of its vessels under construction.

Following strong activity in the offshore wind market and several offshore wind farms coming closer to installation, the tendering activity has been strong, with several live tenders during 2021. A strengthened demand for subsea vessels has also contributed to an increase in dayrates, as several subsea vessels have left the offshore wind market and thereby reducing potential supply. The market has seen some ordering of newbuilds since the end of 2020, on par with expectations given the expected demand development. In the last half of 2021, a steady increase in newbuild prices from yard has been identified. These trends are expected to continue into the next financial year. The market expectations are further supported by a positive price/book ratio at year end.

Management reporting show that both operational vessels have been profit making during 2021. The Group has not observed any decline in the asset's value during the year that is significantly more than could be expected from passing of time. The Group has obtained broker valuation reports from two acknowledged independent brokers for the two operational SOVs. The valuation reports indicates that the vessel's fair value is higher than book value.

Exposure to climate-related matters could also be an indicator that an asset it impaired, and the Group has assessed its exposure to climate risk. Climate risk refers to the impact climate change may have on the Group's business, such as physical changes in operating environment, changes in demand for the Group's services or regulatory changes. Effects of climate change, such as rapid weather changes may result in challenging working conditions and affect vessel utilisation.For the Edda Wind fleet, management has assessed this risk as low, as all vessels are equipped with technology to handle harsh weather conditions, such as motion compensated gangway systems and cranes. The Group also faces risk of changes in regulatory requirements. Such risks may be penalties or taxation on CO2 emissions or other cost increasing measures adversely affecting the Group. The risk may also be changes in the growth of the offshore wind market due to change in regulatory requirements or technological advances in other renewable energy segments. Given the accelerating transition from fossil-based to zero-carbon energy sources, with considerable investments within the offshore wind segment, the Group does not expect that regulators will impose adverse requirements to participants within the segment to slow growth. Although the vessels main source of emission is CO2, the vessels are built for zero-emission technology and the Group therefore expects that it will be able to reduce its emissions going forward.

Based on the above, management has concluded that there are no indicators of impairment at 31.12.2021.

Notes
(EUR 1.000)

NOTE 4 - Tangible assets cont.

Spanish tax lease

In connection with the newbuilding contracts the Group has, together with the Spanish shipyards Balenciaga S.A and Astilleros Gondan, Spanish banks, Bankinter and Banco de Sabadell, and certain Spanish participant companies "AIE" (with external investors) established a structure that qualifies for a Spanish tax regime for financial leasing of newbuild contracts and vessels (Spanish Tax Lease, or "STL"). Spanish Tax Lease is a structure containing certain tax benefits in Spain, that also results in a lower construction cost for the Group's vessels.

The newbuilding contracts are agreements between the Group`s Norwegian ship owning companies (the Group subsidiaries) and the shipyards. The structure is established so that the Norwegian ship owning companies sell the newbuilds to the Spanish Tax Lease structure at delivery of the vessels. The Norwegian ship owning company will lease the vessels back from the Spanish structure under a bareboat agreement. This agreement will normally have a contract length of 12 to 36 months from delivery of the vessel. Upon maturity of the lease contract the Norwegian ship owning company has a right and obligation to buy the shares of the Spanish AIE, which has to remain owner of the vessel over a certain period of years in order to maintain the benefits in the tax lease structure.

Prior to delivery of the vessel from the Shipyard, the Norwegian ship owning company pays instalments directly to the shipyard equal to the net price of the vessel. Following the delivery, the vessel is sold to a leasing company within the STL structure at a consideration equal to the gross price of the vessel. The difference between the gross and net price is the STL benefit. In accordance with the lease agreements, all financing and cash payments in the Spanish lease structure in the leasing period are pre-arranged between the involved parties, and based on the agreement, the consideration from the leasing company is paid to the Norwegian ship owning company and immediately deposited to an account under the STL structure, less the STL benefit, which is re-routed to the Shipyard. Following the deposit, Edda Wind is released from making any other payment under the STL agreements. As such, the STL benefit is a pre-arranged flow-through of cash in Edda Wind originating from within the STL structure. Construction cost for newbuildings under Spanish Tax lease arrangement is therefore recorded on a net basis (i.e. net of tax benefit) for the Group.

There are no opportunities for the external investors of the AIE to make any decisions for the AIE that has not been regulated in the contracts following the newbuilding contract and the tax lease contracts, and they are at the end of the lease contract period obliged to sell the shares to the Norwegian ship owning company for EUR 1. All construction financing is made from the Norwegian ship owning companies to the shipyards, and the payments follows a fixed plan in accordance with the newbuilding contract. The external post delivery financing of the vessel will remain in the Norwegian ship owning company during the tax lease period.

By leasing back the vessels from the spanish tax structure through a bareboat agreement, the Group retains the control and use, substantially all the economic benefit of this use, and the right to direct the use of the vessels.

Hence, the Norwegian ship owning companies remain in control of the vessels over the entire tax lease contract period, first through the bareboat agreement and then at the end of the tax lease where they have the right and the obligation to buy the shares in the Spanish AIE which owns the vessel at that time.

Based on all facts and cirmumstances discussed above, the Group have assessed that the sale and purchase agreement of the vessels do not constitute a sale of the vessels, and that the vessels shall continue to be recognised and subsequently measured in accordance with IAS 16 Property, Plant and equipment during and after the lease period.

Government grants

For newbuildings, the Group has received a cash grant from Enova SF, whereof EUR 2.6 million has been received during the year. The Enova SF grant provides financial support for the installation of the Liquid Organic Hydrogen Carriers concept with potential for future zero-emission operations. All of the fleets newbuildings are prepared for hydrogen-based operations with zero emission of green house gases.

Notes
(EUR 1.000)

NOTE 5 - Subsidiaries

Financial reporting principles

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Subsidiaries	Date of acquisition	Business office/ country	Nature of business	Ownership/ voting rights
Edda Wind Management AS	01/02/2021	Haugesund, Norway	Management services	100 %
Edda Wind Investment AS	01/04/2021	Haugesund, Norway	Investment	100 %
Edda Wind I AS	09/12/2019	Haugesund, Norway	Vessel operations	100 %
Edda Wind II AS	24/01/2020	Haugesund, Norway	Vessel operations	100 %
Edda Wind III AS	24/01/2020	Haugesund, Norway	Vessel operations	100 %
Edda Wind IV AS	24/01/2020	Haugesund, Norway	Vessel operations	100 %
Edda Wind V AS	01/02/2021	Haugesund, Norway	Vessel operations	100 %
Edda Wind VI AS	01/02/2021	Haugesund, Norway	Vessel operations	100 %
West Energy AS	27/03/2020	Haugesund, Norway	Vessel operations	100 %
Edda Supply Ships UK Ltd	25/03/2020	Aberdeen, United Kingdom	Management services	100 %
Tier-subsidiaries of parent West Energy AS				
Puerto de Calella SL	20/12/2018	Santa Cruz de Tenerife, Spain	Vessel owner	100 %
Puerto de Llafranc SL	18/12/2019	Santa Cruz de Tenerife, Spain	Vessel owner	100 %
Tier-subsidiaries of Edda Supply Ships (UK) Ltd.				
Edda Supply Ships III Ltd	03/07/2020	Aberdeen, United Kingdom	Dormant	100 %

The Group's principal subsidiaries at 31.12.2021 are set out above. There have been no changes to the ownership/voting rights since the date of acquisition as stated above. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Notes
(EUR 1.000)

NOTE 6 - Receivables

Financial reporting principles

Account receivables and other receivables, that have fixed or determinable payments that are not quoted in an active market and that do not contain a significant financing component are classified as receivables. Account receivables and other receivables are recognised at the original transaction price as determined in accordance with IFRS 15, where the invoiced amount is considered to be approximately equal to the value derived if the amortised cost method would have been applied. Amortised cost is approximately equal to fair value.

The Group applies a simplified approach in calculating the expected credit loss in accordance with IFRS 9 Financial Instruments, recognising a loss allowance based on the estimated lifetime credit losses at each reporting date based on historical credit losses and knowledge of customers.

Account receivables	2021	2020
Receivables from third-party customers	3 440	2 975
Receivables from other related parties	135	48
Total accounts receivables	**3 575**	**3 023**
Allowance for expected credit losses	-	-
Total accounts receivables, net	**3 575**	**3 023**

At 31.12.2021, EUR 209,091 in account receivables had fallen due but not been subject to impairment. Corresponding figures for 2020 are EUR 79,079. Historically, the percentage of bad debts has been low, and the Group expects the customers to settle outstanding receivables. Receivables fallen due but not subject to impairment have the following age composition:

Aging of account receivables past due but not impaired	2021	2020
Up to 90 days	187	60
Over 90 days	22	20
Total fallen due	**209**	**79**

Notes
(EUR 1.000)

NOTE 7 - Related party transactions

Financial reporting principles

Related parties are defined as entities outside of the Group that are under control directly or indirectly, joint control or significant influence by the owners of Edda Wind ASA. All transactions with related parties are entered into on marked terms based on arm's length principles. Transactions with related parties include shared services and other services provided by the Group. Shared Services are priced in accordance with the principles set out in the OECD Transfer Pricing Guidelines and are delivered according to agreements that are renewed annually. The services are:

- Operation and supervision of the vessels
- Crew hire
- Corporate management services
- Leasing of frontrunner vessel Edda Fjord

Material related parties

The group's material related parties are:

- Østensjø Wind AS, which owns 25.7 % of Edda Wind ASA
- Johannes Østensjø d.y. AS, the parent company of Østensjø Wind AS
- Østensjø Rederi AS, a sister company of Østensjø Wind AS.
- Solent Towage Ltd, a company 85 % owned by Johannes Østensjø d.y. AS
- Wilhelmsen New Energy AS, which owns 25.7 % of Edda Wind ASA
- West Supply VIII AS, a company 70.9 % owned by Johannes Østensjø d.y. AS
- Wilhelmsen Insurance Services AS, a sister company of Wilhelmsen New Energy AS

Transactions with related parties - Group	2021	2020
Leasing of Edda Fjord from West Supply VIII AS	5 836	-
Purchase of management services, operation and supervision of vessels from Østensjø Rederi AS	758	1 103
Sale of services to Østensjø Rederi AS	(395)	(393)
Hired crew from Østensjø Rederi AS	5 138	5 524
Guarantee commission to Johannes Østensjø d.y. AS	529	33
Interest on shareholder loan to Johannes Østensjø d.y. AS and Wilhelmsen New Energy AS	581	-
Insurance cost to Wilhelmsen Insurance Services AS	61	-
Interest expenses to Johannes Østensjø d.y. AS on other short term debt	9	8
Total transactions with related parties	**12 517**	**6 276**

Notes
(EUR 1.000)

NOTE 7 - Related party transactions cont.

The balance sheet includes the following amounts resulting from transactions with related parties.

Accounts receivable	31/12/2021	31/12/2020
Østensjø Rederi AS	52	48
Edda Crewing Services Ltd	11	-
AS Havørn	2	-
Solent Towage Ltd	63	-
West Supply I AS	7	-
Total accounts receivable	**135**	**48**
Accounts payable		
Østensjø Rederi AS	350	589
Johannes Østensjø d.y. AS	114	285
West Supply VIII AS	88	-
Edda Crewing Services Ltd	233	-
Mercator Services AS	13	-
Total accounts payable	**799**	**874**
Current debt		
Østensjø Rederi AS	27	42
Johannes Østensjø d.y. AS	207	189
Solent Towage Ltd	79	74
West Supply VIII AS	49	-
Total current debt	**362**	**304**

Notes
(EUR 1.000)

NOTE 8 - Interest-bearing debt

Financial reporting principles

Loans are recognised at fair value when the proceeds are received, net of transaction costs. In subsequent periods, loans are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the loan. Loans are classified as current liabilities unless the Group or the parent company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest expense is recognised in the income statement as incurred. Any gain or loss on derecognition is recognised in the income statement.

In 2020, the Group issued a private placement senior secured notes (the "Senior secured notes 2020 Facility") of GBP 36 million in connection with the financing of installment payments for newbuilding vessel to be delivered in 2022.

In March 2021, the Group entered into a Facility Agreement of EUR 38 million in connection with the the pre- and post-delivery financing of the first CSOV newbuilding to be delivered from Astilleros Gondan in Q3 2022. As per 31.12.2021, the Group has drawn down EUR 32.5 million of the facility. The facility has a fixed annual interest rate of 3.15 %, and is guaranteed by Edda Wind ASA and Johannes Østensjø d.y. AS.

In November, the Group entered into a pre- and post delivery senior secured green term loan Facility Agreement ("ECA Facility"). The ECA Facility will be used for the pre- and post-delivery financing of one SOV (C-416) under construction at the Spanish yard Balenciaga S.A., one CSOV (C-490) under construction at the Spanish yard Astilleros Gondan S.A. The facilities were further used for refinancing of existing debt relating to the Group's two operation offshore wind SOVs, Edda Passat and Edda Mistral, incurred under a GBP 48,600,000 term loan agreement entered into by West Energy AS. As per 31.12.2021, the Group has drawn down EUR 42.3 million of the Facility.

During the year, the Group has drawn EUR 43.5 million in shareholder loans from Johannes Østensjø dy AS and Wilhelmsen New Energy AS. In November 2021 the Group converted EUR 27 million in shareholder loan to equity and repaid the remaining loan of EUR 16.5 million. The loans held an interest of 4 % p.a.

Interest-bearing debt	31/12/21	31/12/20
Debt to financial institutions	42 021	43 850
Bonds	75 476	39 978
Total interest-bearing-debt	**117 496**	**83 828**

Notes
(EUR 1.000)

NOTE 8 - Interest-bearing debt cont.

The tables below show a summary of the terms of the Group's interest-bearing debt. The Group hedges a part of its interest-bearing debt with floating interest. Refer to note 10 for further details.

2021 - Debt instrument	Facility	Currency	Interest rate	Maturity	Carrying amount
Debt to financial institutions	Senior Secured Green term loan Facility / Newbuild Vessel Pre-delivery Facility C416	EUR	EURIBOR + 2.89 %	Upon delivery, no later than Oct 2023	-
Debt to financial institutions	Senior Secured Green term loan Facility / Newbuild Vessel Pre-delivery Facility C490	EUR	EURIBOR + 2.89 %	Upon delivery, no later than Oct 2023	-
Debt to financial institutions	Senior Secured Green term loan Facility / Edda Passat and Edda Mistral ECA tranche	GBP	Compounded reference rate + 3.03 %	Feb 2030	22 479
Debt to financial institutions	Senior Secured Green term loan Facility / Edda Passat and Edda Mistral Commercial tranche	GBP	Compounded reference rate + 2.95 %	Dec 2026	19 541
Bond	Edda Wind I Facility	EUR	Fixed 3.15 %	Sept 2031	32 459
Bond	Edda Wind III Facility / Senior Secured Notes 2020	GBP	Fixed 3.30 %	2037	43 017
Total interest-bearing debt					**117 496**

2020 - Debt instrument	Facility	Currency	Interest rate	Maturity	Carrying amount
Debt to financial institutions	Facility A	GBP	LIBOR + 3.1 %	Aug 2030	23 279
Debt to financial institutions	Facility B	GBP	LIBOR + 3.1 %	Aug 2023	20 572
Bond	Edda Wind III Facility / Senior Secured Notes 2020	GBP	Fixed 3.30 %	2037	39 978
Total interest-bearing debt					**83 828**

Notes
(EUR 1.000)

NOTE 8 - Interest-bearing debt cont.

The tables below show the actual maturity structure, with the amount due in year one as the first year's instalment classified under other current liabilities. The amounts are based on contractual undiscounted cash flows ex. interest payments and interest hedge. Repayments in foreign currency is calculated based on currency rate at the balance sheet date.

Repayment schedule for debt to financial institutions	31/12/21	31/12/20
Due in year 1	4 839	4 497
Due in year 2	4 839	4 497
Due in year 3	4 839	11 355
Due in year 4	4 839	9 772
Due in year 5 and later	22 663	13 132
Total repayment schedule for debt to financial institutions	**42 021**	**43 253**

Repayment schedule for bond	31/12/21	31/12/20
Due in year 1	2 111	-
Due in year 2	4 161	897
Due in year 3	4 159	1 839
Due in year 4	4 342	1 901
Due in year 5 and later	60 702	35 341
Total repayment schedule for bond	**75 476**	**39 978**

The table below show the book value of pledged assets. The Group's vessels and newbuilds financed with interest-bearing debt is held as collateral.

Book value of pledged assets	31/12/21	31/12/20
Pledged vessels	72 974	70 395
Pledged vessels under construction	85 718	-
Total book value of pledged assets	**158 691**	**70 395**

Notes
(EUR 1.000)

NOTE 8 - Interest-bearing debt cont.

The table below show the group's net interest-bearing debt.

Net interest-bearing debt	31/12/21	31/12/20
Non-current interest-bearing debt	110 545	79 330
Current interest-bearing debt	6 951	4 497
Total interest-bearing debt	**117 496**	**83 828**
Cash and cash equivalent	89 520	6 715
Restricted cash	7 036	33 000
Net interest-bearing debt	**20 940**	**44 113**

Notes
(EUR 1.000)

NOTE 8 - Interest-bearing debt cont.

Changes in liabilities arising from financing activities

The tables below show the changes in the Group's liabilities arising from financing activities.

Changes in net interest-bearing debt from financing activities	Cash and cash equivalent	Restricted cash	Interest-bearing debt due within 1 year	Interest-bearing debt due after1 year	Debt to related parties	Total financing activities	Total change in net interest-bearing debt
2021							
Net Interest-bearing debt 01.01	**6 715**	**33 000**	**4 497**	**79 330**	**0**	**83 828**	**44 113**
Reclassifications			6 951	(6 951)	-	-	-
Cash flows	81 789	(25 964)	(4 497)	32 190	27 000[1]	54 693	(1 132)
Foreign exchange adjustments	1 016			6 032	-	6 032	5 016
Other non-cash movements				(56)	(27 000)	(27 056)	(27 056)
Net Interest-bearing debt 31.12	**89 520**	**7 036**	**6 951**	**110 545**	**-**	**117 496**	**20 940**

[1] The cash flow for debt to related parties comprise of proceeds of EUR 43,500 thousand and repayment of EUR 16,500 thousand.

2020							
Net Interest-bearing debt 01.01	**6 483**	**-**	**4 749**	**46 301**	**0**	**51 050**	**44 567**
Reclassifications			4 307	(4 307)	-	-	-
Cash flows	232	33 000	(4 559)	39 883	-	35 325	2 093
Foreign exchange adjustments				(2 657)	-	(2 657)	(2 657)
Other non-cash movements				111	-	111	111
Net Interest-bearing debt 31.12	**6 715**	**33 000**	**4 497**	**79 330**	**0**	**83 828**	**44 113**

Notes
(EUR 1.000)

NOTE 8 - Interest-bearing debt cont.

Financial covenants

Loan agreements entered into by the Group contain financial covenants. Per 31.12.2021 the Group is not in breach with any of the covenants included in the facilities as described below and is not expected to breach any of the covenants within the next twelve months, provided that the Group's operations will continue in accordance with the current plan and course of business.

ECA facility

i) Free liquidity, on a consolidated basis (but excluding Edda Wind I AS and Edda Wind III AS) of at least equal to the sum of EUR 1,500,000 for each of the Group's vessels on contract acceptable to the lenders and EUR 2,250,000 for each of the Group's vessels without acceptable contract (subject to certain exclusions). Minimum liquidity cannot be lower than 5 % of the gross interest-bearing debt (including any lease obligations and excluding Edda Wind I AS and Edda Wind III AS) for the Company of a consolidated basis

ii) Working capital > 0

iii) Book equity to total assets of minimum 25 % until 31.12.2022 and thereafter minimum 30 %

iv) From 12 months after the delivery of newbuild vessels, ratio of consolidated EBITDA to interest expenses on at last twelve months basis > 2,5x

The ECA Facility is guaranteed by Edda Wind ASA, and further includes customary vessel covenants, including, (i) minimum market value (ii) ship registry, (iii) classification society (iv) insurance (v) technical and commercial management. The ECA Facility further includes customary negative covenants, including (i) ownership (ii) sale of vessels (iii) change to business, (iv) STL structure, (v) distributions. (vi) investments and acquisitions, (vii) negative pledge (viii) additional financial indebtedness (ix) corporate reconstruction, (x) chartering of vessels and (xi) compliance. The ECA Facility also includes provisions with respect to prepayment in the event of a change of control.

The ECA Facility agreement also include requirements for environmental and social compliance, such as compliance with requirements relating to manning and financial responsibility and compliance with all material requisite environmental approvals applicable for Edda Wind. Edda Wind must under these requirements maintain procedures to monitor compliance with and to prevent liability under any environmental or social laws. Edda Wind is also required under the facility to ensure responsible dismantling of vessels when the vessel is taken out of service.

The ECA Facility is secured by customary security, including, inter alia, ship mortgages (C-416, C-490, Edda Mistral and Edda Passat), assignment of insurance proceeds, assignment of earnings, assignment of refund guarantees, assignment of shipbuilding contracts, share pledges in the borrowers and West Energy AS and assignment of rights of the obligors in relation to the STL structure.

Notes
(EUR 1.000)

NOTE 8 - Interest-bearing debt cont.

Edda Wind I Facility

i) Debt ratio of Edda Wind I AS not being less than 1.10:1.00 after March 2023

ii) the Company having a consolidated book equity of at least EUR 30,000,000

iii) As at the date falling 6 years after the delivery date of CSOV C-489, the aggregate outstanding amount of drawn debt guarantees by the Company in respect of any vessel financings as a percentage of the maximum notational amount of debt available under such vessel financings not exceeding 70 %.

The Edda Wind I Facility further includes a change of control clause and related pre-payment obligations. The definition of change of
control includes JØDY and Wilhelmsen New Energy AS, acting jointly, ceasing to control directly or indirectly Edda Wind I AS, including as a result of an acquisition of 50 % or more by any individual, entity or group of the beneficial ownership, ownership or voting power of the shares in Edda Wind I AS. The EW I Facility further includes negative covenants with respect to changes of business, distributions, corporate reconstructions and ability to incur indebtedness of the Company and its subsidiaries.

The EW I Facility is partly guaranteed by Edda Wind ASA, and is secured by customary security, including, inter alia, that the Company has pledged its shares in Edda Wind I AS in favour of Nordic Trustee AS as security agent on behalf of the lenders and that mortgage over the newbuild C489 shall be granted upon delivery of the vessel from the yard. Final maturity under the facility agreement is 31.09.2031.

Edda Wind III Facility

The Note Purchase Agreement contains several affirmative and negative covenants and related events of default and acceleration clauses such as no change to the ownership of Edda Wind III AS, no termination of any material contracts, Spanish tax lease arrangements and no distributions by Edda Wind III AS (or subsidiaries of Edda Wind II AS) to any affiliate (with certain exceptions). The Note Purchase Agreement also contain change of control clause and related pre-payment obligations. Change of control is defined as an event where the Edda Wind ASA as parent collectively cease to own, directly or indirectly, at least 50.1 % of the voting class capital of the Edda Wind III AS.

The Note Purchase Agreement is secured by customary security, including, inter alia, that the Company has pledged its shares in Edda Wind III AS in favour of Nordic Trustee AS as security trustee for the purchasers and holders of notes and that mortgage over the newbuild C-415 shall be granted upon delivery of the vessel from the yard. The notes issued under the Note Purchase Agreement fall due on 30.04.2037.

Notes
(EUR 1.000)

NOTE 9 - Tax

Financial reporting principles

Income tax in the income statement consists of current tax, effect of changes in deferred tax / deferred tax assets, and withholding tax incurred in the period. Income tax is recognised in the income statement unless it relates to items recognised directly in equity or other comprehensive income.

Current tax:
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date that will be paid during the next 12 months. Current tax also includes any adjustment of taxes from previous years and taxes on dividends recognised in the year.

Deferred tax / deferred tax asset:
Deferred tax is calculated using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, and that the temporary differences can be deducted from this profit. Deferred income tax is calculated on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group.

Withholding tax and any related tax credits are generally recognised in the period they are incurred.

Ordinary taxation

The ordinary rate of corporation tax in Norway is 22 % of net profit for 2021 and 2020. Norwegian limited liability companies are encompassed by the participation exemption method for share income. Thus, share dividends and gains are tax free for the receiving company. Corresponding losses on shares are not deductible. The participation exemption method does not apply to share income from companies considered low taxed and that are located outside the European Economic Area (EEA), and on share income from companies owned by less than 10 % resident outside the EEA.

For Group companies located in the same country and within the same tax regime, taxable profits in one company can be offset against tax losses and tax loss carry forwards in other Group companies. Deferred tax/deferred tax asset has been calculated on temporary differences to the extent that it is likely that these can be utilised in each country and for Norwegian entities the Group has applied a rate of 22 % for 2021 and 2020.

The effective tax rate for the Group will, from period to period, change dependent on the Group gains and losses from investments inside the exemption method and tax exempt revenues from tonnage tax regimes.

Foreign taxes

Companies domiciled outside Norway will be subject to local taxation, either on ordinary terms or under special tonnage tax rules. When dividends are paid, local withholding taxes may be applicable. This generally applies to dividends paid by companies domiciled outside the EEA.

Notes
(EUR 1.000)

NOTE 9 - Tax cont.

The Group`s Spanish subsidiaries, Puerto de Calella SL and Puerto de Llafranc SL, are taxed in accordance with the Spanish Tonnage Tax regime. Tonnage tax is recognised as an operating expense in the income statement.

Allocation of tax expense/(income) for the year	**2021**	**2020**
Change in deferred tax	-	18
Total tax expense/(income)	**-**	**18**
Tax effect of temporary differences		
Fixed assets	7	9
Tax loss carried forward	(2 411)	(236)
Limitation of interest expense carry forward	(599)	(569)
Deferred tax asset	**(3 003)**	**(796)**
Deferred tax asset	(3 003)	(796)
Deferred tax allowance	2 980	773
Deferred tax asset	**(23)**	**(23)**

Notes

(EUR 1.000)

NOTE 10 - Financial risk

Financial reporting principles

The Group uses derivatives to address financial risk. Derivatives are initially recognised at fair value and subsequently measured at fair value through the income statement. Derivatives are classified as financial liabilities when the fair value is negative, and as financial asset when the fair value is positive.

Market risk

The Group is subject to financial risk through operations, financial markets risk, foreign currency risk, interest rate risk, and freight rates. The financial risk affects the value of the Group's financial assets, liabilities and future cash flows.

The Group has established hedging strategies to monitor and mitigate risks on material exposures. Derivatives are only used to manage the risk related to fluctuations in interest rates. Changes in the market value of financial derivatives are recognised through the income statement. The fair value of derivatives used for hedging is disclosed below.

The fair value of financial derivatives traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial derivatives not traded in an active market is determined using valuation methodology, such as the discounted value of future cash flows. Independent experts verify the value determination for instruments which are considered material.

Management performs a continuous evaluation on the effects of the financial instruments applied to address risk. The Group has not elected to apply hedge accounting, as the financial instrument is not a significant component of the Group's activity, revenue, or equity.

Foreign exchange risk

The Group is exposed to currency risk on revenues and costs in non-functional currencies (transaction risk), and balance sheet items denominated in currencies other than non-functional currencies (translation risk). The Group's largest foreign exchange exposures are GBP against EUR and NOK against EUR.

The Groups expected future charter revenue is partly hedged by debt financing and operating expenses in the corresponding foreign currency, reducing the effect of currency fluctuations in the Group's income statement.

Notes
(EUR 1.000)

NOTE 10 - Financial risk cont.

The effects of changes in currency have the following effects on the Group's income statement and other comprehensive income:

Currency through the income statement	**2021**	**2020**
Net currency items in the income statement	946	427
Currency translations through other comprehensive income	2 145	(1 914)
Total currency effects through the income statement and other comprehensive income	**3 091**	**(1 487)**

The Group's long-term interest-bearing debt is allocated in the following currencies:

Allocation of currency for interest bearing debt	**31/12/2021**	**31/12/2020**
EUR	32 459	-
GBP	85 038	83 828
SUM	**117 496**	**83 828**

The following table show the Group's sensitivity on profit and loss before tax due to changes in GBP from the Group's monetary assets and liabilities.

Income statement sensitivities of changes in foreign currency	**(10 %)**	**(5 %)**	**0 %**	**5 %**	**10 %**
EUR/GBP Spot rate 31.12.2021	1.08	1.14	1.19	1.25	1.31
Income statement effect 2021 (before tax)	**7 088**	**4 665**	**2 242**	**-181**	**-2 604**
EUR/GBP Spot rate 31.12.2020	1.00	1.05	1.11	1.17	1.22
Income statement effect 2020 (before tax)	**6 401**	**4 716**	**3 031**	**1 346**	**-339**

Except for translation adjustments from subsidiaries with functional currency other than EUR, there are no effects on other comprehensive income. The Group has an immaterial exposure from NOK against EUR.

Notes
(EUR 1.000)

NOTE 10 - Financial risk cont.

Interest rate risk

The Group's exposure to interest risk relates primarily to the Group's interest-bearing debt with floating interest rates. To mitigate risk related to this, the Group have entered into two long-term interest rate swaps for a portion of the Group's interest-bearing debt to finance institutions. One of the interest swaps were terminated in end of 2021. The share of interest-bearing debt to finance institutions under interest swap agreement was 23.6 % and 46.9 % per year end 2021 and 2020 respectively.

See note 8 for information on the Group's interest-bearing debt as per 31.12.2021

A 1 % increase in interest rate, will cause a EUR 432 thousand increase in interest cost in 2021 (2020: EUR 222 thousand). Changes is interest rate does not have any effects on Other Comprehensive Income as the Group does not use hedge accounting.

The following table show the Group's financial instrument exposed to changes in interest rates.

Financial instruments

2021	Currency	Swap	Maturity	Notional amount	Market value
Interest rate swap agreement one	GBP	1.35 %	27/02/2023	9 933	(91)
Total interest rate swap at 31.12				**9 933**	**(91)**

2020	Currency	Swap	Maturity	Notional amount	Market value
Interest rate swap agreement one	GBP	1.35 %	27/02/2023	10 286	(299)
Interest rate swap agreement two	GBP	1.35 %	27/02/2023	10 286	(299)
Total interest rate swap at 31.12				**20 572**	**(598)**

Credit risk

The Group is exposed to credit risk related to charter contracts as the Group has signed contracts with few customers. The customers are considered solid, and the risk of customers not having the financial capability to fulfil their obligations to the Group is considered low. The Group has applied the practical simplified approach in accordance with IFRS 9 to calculate loss on receivables. In calculating loss provisions, receivables are reviewed and assessed on an individual level taking into account facts and circumstances for the individual customer. No loss provisions have been recognised for receivables in 2021 or 2020.

The following table shows the ageing of accounts receivables:

	Not yet due	1-30 days overdue	31-60 days overdue	61-90 days overdue	>90 days overdue	Total
2021	3 366	187	-	-	22	3 575
2020	3 020	3	-	-	-	3 023

The main portion of overdue receivables has been paid after the balance sheet date.

Notes
(EUR 1.000)

NOTE 10 - Financial risk cont.

Liquidity and financing risk

Liquidity risk relates to the risk that the Group will not be able to meet its financial and operational obligations as they are due. The Group's approach to managing liquidity is to manage cash flows from operation from long-term charter contracts, and the liquidity situation is monitored and projected via liquidity budgets prepared by management on a regular basis. The Group has secured financing for four of its newbuilding vessels due to be delivered in 2022-2024, and expects to be able to secure financing for the remaining vessels under construction.

The tables below show the expected future undiscounted cash flows from financial liabilities. Interest due is based on interest rates at period end 31.12.2021 and 31.12.2020.

2021 - Undiscounted cash flows financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years
Debt to financial institutions	4 839	4 839	14 518	17 825
Bond	2 111	4 161	13 346	55 857
Debt to group companies	-	-	-	-
Financial derivatives	91			
Interest due	3 797	3 587	9 030	11 053
Total undisclosed cash flow financing liabilities	**10 838**	**12 587**	**36 894**	**84 735**
Current liabilities, excluding next year's installment on interest-bearing debt	3 773			
Total gross undiscount cash flows financial liabilities 31.12.2021	**14 611**	**12 587**	**36 894**	**84 735**

2020 - Undiscounted cash flows financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years
Debt to financial institutions	4 497	4 497	21 127	13 132
Bond		897	3 740	35 341
Financial derivatives	598			
Interest due	1 352	1 211	2 141	1 641
Total undisclosed cash flow financing liabilities	**6 447**	**6 606**	**27 008**	**50 114**
Current liabilities, excluding next year's installment on interest-bearing debt	8 814			
Total gross undiscount cash flows financial liabilities 31.12.2020	**15 261**	**6 606**	**27 008**	**50 114**

Notes
(EUR 1.000)

NOTE 10 - Financial risk cont.

Capital structure and equity risk

The Group's overall policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain operations and future business development.

Capital structure	31/12/2021	31/12/2020
Total equity	184 332	63 183
Total assets	305 602	151 327
Equity ratio	**60.3 %**	**41.8 %**

Fair value

The fair value of financial instrument nominated in other currencies than EUR is determined based on the currency exchange rate at the balance sheet date. The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded in an active market (over-the-counter contracts) is based on third party quotes. These quotes use observable market rates for price discovery. Specific valuation techniques used by financial counterparties (banks) to value financial derivatives include:

- Quoted market prices or dealer quotes for similar derivatives.
- The fair value of interest rate swaps is calculated as the net present value of the estimated future cash flows based on observable yield curves.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The Group estimates the fair value of financial liabilities for disclosure purposes by discounting the future contractual cash flows at current market interest rates available to the Group for similar financial derivatives.

The following table show the fair value and book value of the Group's interest-bearing debt.

2021 - Interest-bearing debt	Fair value	Book value
Debt to financial institutions	42 345	42 021
Bonds	75 476	75 476
Total interest-bearing debt 31.12	**117 821**	**117 496**

2020 - Interest-bearing debt	Fair value	Book value
Debt to financial institutions	43 253	43 849
Bonds	39 978	39 978
Total interest-bearing debt 31.12	**83 231**	**83 827**

The fair values are based on cash flows discounted using a rate based on market rates including margins and are within level 2 of the fair value hierarchy.

Notes
(EUR 1.000)

NOTE 10 - Financial risk cont.

Fair value

The following table show the Group's financial liabilities as measured in the fair value hierarchy. The Group's only financial liabilities measured at fair values are interest rate swaps financial derivatives. The Group does not hold financial assets measured at fair value.

Financial liabilities at fair value	31/12/2021	31/12/2020
Level 1		
Level 2	91	598
Level 3		
Total financial liabilities at fair value	**91**	**598**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 1: The quoted market price used for financial assets is the current close price. The Group does not hold financial assets or liabilities measured at level 1 as of year end 2021 or 2020.

Level 2: The fair value of financial instruments not traded in an active market (over-the-counter contracts) are based on third party quotes (Mark-to-Market). These quotes use observable market rates for price discovery. The different techniques typically applied by financial counterparties (banks) were described above. These instruments - interest rate swap derivatives - are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the financial asset or liability is in level 3. The Group does not hold financial assets or liabilities measured at level 3 as of year end 2021 or 2020. As such, there are no changes in level 3 instruments during the periods.

The following tables show the changes in financial instruments measured at fair value

Financial liabilities at fair value	2021	2020
Financial liabilities measured at fair value at 1.1	598	370
Gain/(loss) in fair value through the income statement	(208)	228
Derecognition of interest swap due to termination	(299)	-
Total financial liabilities at fair value 31.12	**91**	**598**

Notes

(EUR 1.000)

NOTE 10 - Financial risk cont.

Financial instrument by category

The following tables show the Group's financial assets and liabilities by measurement category.

2021 Assets	Amortised cost	Fair value through income statement	Total
Accounts receivable and other short-term receivables	11 366		11 366
Cash and cash equivalents	89 520		89 520
Total assets 31.12.	**100 886**	**0**	**100 886**
Liabilities			
Non-current debt to financial institutions	37 181		37 181
Non-current bonds	73 364		73 364
Financial derivatives	-	91	91
Current debt to financial institutions	4 839		4 839
Current bonds	2 111		2 111
Other current liabilities	3 682		3 682
Total liabilities 31.12.	**121 178**	**91**	**121 269**

2020 Assets	Amortised cost	Fair value through income statement	Total
Accounts receivable and other short-term receivables	37 197		37 197
Cash and cash equivalents	6 715		6 715
Total assets 31.12	**43 912**	**0**	**43 912**
Liabilities			
Non-current debt to financial institutions	39 352		39 352
Bonds	39 978		39 978
Financial derivatives		598	598
Current debt to financial institutions	4 497		4 497
Other current liabilities	3 640		3 640
Total liabilities 31.12	**87 467**	**598**	**88 065**

Notes
(EUR 1.000)

NOTE 11 - Other circumstances

COVID-19

The Covid-19 pandemic has had a limited economic impact in 2021 compared to what could be expected when the pandemic started. Although there has been certain logistical challenges, especially related to crew-changes and supplies, and thereby somewhat increased expenses, the Group has handled the consequences of the Covid-19 through established routines and implemented measures, and thereby managed to ensure a stable operation of the Group's vessels through 2021. Going forward, there is still uncertainty to what extent Covid-19 may negatively affect operation, newbuilding projects and economic growth, but the Group will continue to monitor the situation closely and take actions as required to ensure stable operations.

Inflation and risk in supply chains

Throughout 2021 inflation became apparent in all regions where the Group operates, an effect which has further accelerated into 2022. Together with shortages and bottlenecks in several value chains, this has generally increased prices and uncertainty related to delivery of parts and components. The war in Ukraine has further increased uncertainty and cost relating to supply of materials, components, and crew. This includes, but is not limited to, delivery of steel and other components to the yards. Although the Group is not directly exposed to Russian or Ukrainian suppliers, there is still a risk that disruptions, delay, and increased cost may indirectly affect the Group, its suppliers, or its clients.

The shipbuilding contracts the Group has entered are all based on firm prices and include penalty for late delivery as well as security for pre-delivery installments. However, there is a risk that such clauses will not fully compensate the Group in case of non-performance by the yards.

The time-charter contracts include escalation clauses to mitigate the effect of increases related to technical and crew cost on an annual basis. Although such clauses are constructed and intended to be aligned with the underlying cost base, there is a risk that they do not fully compensate the Group for any and all cost increases as they materialize. Generally, such clauses are based on annual official statistics and consequently income escalation, or de-escalation are performed in arrears.

Vessel delivery and commissioning

The Group has a significant newbuilding program and will enter the market with a fleet of purpose built newbuildings. A majority of the vessels are built at a yard where the Group, through Østensjø Rederi AS - as technical manager, has a longstanding and successful track-record. However, in relation to new vessels and equipment there is always an element of risk until delivery and commissioning – generally, as well as specifically in relation to the situation following the war in Ukraine.

Notes
(EUR 1.000)

NOTE 12 - Cash and cash equivalents

Financial reporting principles

Cash and cash equivalents include cash in hand and deposits held at call with banks with maturities of three months or less. Restricted deposits are classified separately from unrestricted bank deposits under cash and cash equivalents.

Cash and cash equivalents 31.12.	2021	2020
Bank deposits	89 520	6 715
Sum cash and cash equivalents 31.12.	**89 520**	**6 715**

In addition to amount in cash and cash equivalent, the Group holds restricted cash of EUR 7.0 million at 31.12.2021 (2020: EUR 33 million) in Edda Wind III AS only available for expected instalment to shipyards for newbuildings. The Group also holds restricted cash related to withheld tax of EUR 39 thousand.

NOTE 13 - Share capital

Financial reporting principles

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares is shown in equity as a deduction, net of tax, from the proceeds.

Shares owned by Johannes Østensjø d.y. AS was transferred to Østensjø Wind AS in October.

In November 2021, the Company was converted into a public limited liability company (ASA) and increased its share capital from NOK 101 thousand to NOK 3,300 thousand through conversion of shareholder loan in the amount of EUR 27 million, The increase was performed by increasing the par value of the shares. Following the increase in share capital, the number of shares was increased from 3,300 shares at nominal value of NOK 100 per share, to 33 million shares with nominal value of NOK 0.1 per share.

In November 2021, Edda Wind performed an Initial Public Offering and was listed on Oslo Stock Exchange. The Offering included 28,601,626 New Shares issued, and the Company increased its Share Capital by NOK 2,860,163. In December 2021, Edda Wind increased its share capital by NOK 271,286 by issuance of 2,712,862 new shares. The increase was performed in connection with the over-allotment option following the Initial Public Offering.

Following the conversion of shareholder loan and share capital increase, Edda Wind's share capital amounts to NOK 6,431,449 divided into 64,314,488 shares, each with a nominal value of NOK 0.1.

Notes
(EUR 1.000)

NOTE 13 - Share capital

20 largest shareholders at 31.12.2021	Country	Number of shares	Ownership share
ØSTENSJØ WIND AS	Norway	16 500 000	25.7 %
WILHELMSEN NEW ENERGY AS	Norway	16 500 000	25.7 %
CREDIT SUISSE (SWITZERLAND) LTD	Ireland	6 504 065	10.1 %
GEVERAN TRADING CO LTD	Cyprus	6 504 065	10.1 %
J.P. MORGAN BANK LUXEMBOURG S.A.	Luxembourg	1 362 500	2.1 %
THE NORTHERN TRUST COMP, LONDON BR	United Kingdom	738 855	1.1 %
J.P. MORGAN BANK LUXEMBOURG S.A.	Luxembourg	634 402	1.0 %
VERDIPAPIRFONDET DNB SMB	Norway	629 902	1.0 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	Sweden	603 153	0.9 %
FORENEDE INDUSTRIER SHIPPING AS	Norway	585 716	0.9 %
PORTIA AS	Norway	500 000	0.8 %
LUDVIG LORENTZEN AS	Norway	500 000	0.8 %
VJ INVEST AS	Norway	469 581	0.7 %
VERDIPAPIRFONDET NORDEA NORGE VERD	Norway	455 285	0.7 %
VERDIPAPIRFONDET ALFRED BERG NORGE	Sweden	419 334	0.7 %
VERDIPAPIRFONDET NORDEA AVKASTNING	Norway	357 724	0.6 %
CITIBANK, N.A.	Ireland	330 150	0.5 %
BECK ASSET MANAGEMENT AS	Norway	313 000	0.5 %
VERDIPAPIRFONDET ALFRED BERG AKTIV	Sweden	306 795	0.5 %
VERDIPAPIRFONDET STOREBRAND NORGE	Norway	300 000	0.5 %
20 largest shareholders		**54 514 527**	**84.8 %**
Others		9 799 961	15.2 %
Total		**64 314 488**	**100.0 %**

Largest shareholders at 31.12.2020			
Johannes Østensjø d.y AS	Norway	750	75 %
Wilhelmsen New Energy AS	Norway	250	25 %
Total		**1 000**	**100 %**

At 31.12.2020 the Group's share capital represented 1000 shares at nominal value NOK 101.

Notes
(EUR 1.000)

NOTE 14 - Earnings per share

Financial reporting principles

Basic/diluted earnings per share ("EPS") is calculated by dividing profit for the period attributable to the owners of the parent company, by average number of total outstanding shares.

The calculation of basic and diluted earnings per share is based on the income attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding. The company does not hold treasury shares and the weighted average number of diluted and ordinary shares is the same, as the company does not hold any dilutive instruments.

Earnings per share	2021	2020
Net profit attributable to ordinary shareholders of Edda Wind ASA	2 241 591	3 012 909
Weighted average number of outstanding shares to calculate EPS	35 843 280	33 000 000
Earnings per share in EUR	**0.06**	**0.09**

The Group performed a share split during 2021 and increased its number of shares to 33 million. The EPS calculation has been adjusted for this in all periods presented. Refer to note 13 for further information.

NOTE 15 - Events after balance sheet date

On 31.01.2022, Edda Wind ordered three new Commissioning Service Operation Vessels (CSOVs) for delivery in January and July 2024 in addition to the six vessels the Company already has under construction. In relation to ordering new vessels, the Group has established new subsidiaries as contract-parties under the new shipbuilding contracts.

CONSTRUCTION OF EDDA BREEZE

Financial Statement Parent

Income Statement (Parent company)

(EUR 1.000)

OPERATING EXPENSES	Notes	2021	2020
Other operating expenses	6	2 485	955
Total operating expenses		**2 485**	**(955)**
Operating profit		**(2 485)**	**(955)**

FINANCIAL INCOME AND EXPENSES			
Interest income from group companies	6	358	75
Other financial income	6	237	-
Net currency differences		1 496	(31)
Interest paid to group companies	6	(40)	3
Interest expenses to related parties	6	(581)	-
Other financial expenses		(71)	3
Financial income/(expense)		**1 400**	**38**
Profit/(loss) before tax		**(1 085)**	**(917)**
Tax (income)/expense	7	-	-
Profit/(loss) for the year		**(1 085)**	**(917)**

Note 1 to 9 on the next pages are an integral part of these financial statements

Balance Sheet (Parent company)
(EUR 1.000)

ASSETS	Notes	31/12/21	31/12/20
Financial assets			
Investment in subsidiary companies	3	66 365	45 058
Total financial assets		**66 365**	**45 058**
Current assets			
Receivables from group companies	6	23 282	6 034
Dividend	6	-	2 221
Other short-term receivables	6	587	59
Cash and cash equivalents	8	80 002	239
Total current assets		**103 871**	**8 552**
Total assets		**170 236**	**53 610**

EQUITY AND LIABILITIES			
Equity			
Share capital	4,5	644	9
Share premium	5	167 478	52 435
Total equity		**168 121**	**52 444**
Current liabilities			
Account payables	6	874	782
Other current liabilities	6	1 241	385
Total current liabilities		**2 115**	**1 167**
Total equity and liabilities		**170 236**	**53 610**

Note 1 to 9 on the next pages are an integral part of these financial statements

Balance Sheet (Parent company)

(EUR 1.000)

Oslo, 7 April 2022 - The board of directors and CEO of Edda Wind ASA

Håvard Framnes
Chairman of the board

Martha Kold Bakkevig
Board member

Toril Eidesvik
Board member

Jan Eyvin Wang
Board member

Adrian Geelmuyden
Board member

Duncan J. Bullock
Board member

Cecilie Wammer Serck-Hanssen
Board member

Kenneth Walland
CEO

Note 1 to 9 on the next pages are an integral part of these financial statements

Cash flow statement (Parent company)

(EUR 1.000)

CASH FLOW FROM OPERATIONS	Notes	2021	2020
Profit/(loss) before tax		(1 085)	(917)
Change in trade payables		92	782
Change in other current assets and other liabilitites		(18 341)	321
Net cash flow from operations		**(19 334)**	**60**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Dividends received from subsidiaries	6	2 314	-
Investments in subsidiaries		(21 376)	(13)
Net cash flow from investment activities		**(19 063)**	**(13)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from other interest-bearing debt		43 500	-
Repayment of other interest-bearing debt		(16 500)	-
Increase capital	4	90 131	188
Net cash flow from financing activities		**117 131**	**188**
EFFECTS OF CURRENCY RATE CHANGES ON BANK DEPOSITS, CASH AND EQUIVALENTS			
Net change in bank deposits, cash and equivalents		78 734	235
Translation difference		1 028	-
Cash and cash equivalents at 01.01		239	3
Cash and cash equivalents at 31.12		**80 002**	**239**

Note 1 to 9 on the next pages are an integral part of these financial statements

Notes

(EUR 1.000)

NOTE 1 - Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

Shares in subsidiaries

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued at cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered to be temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period. Dividend, group contributions and other distribution from subsidiaries are recognised in the same year as they are recognised in the financial statements of the provider. If dividends / group contributions exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Provisions

Provisions are recognised when the Company faces an obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. The expense related to a provision is presented in the statement of profit and loss. All provisions are reviewed at end of each reporting period and adjusted to reflect best estimate.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria. Current assets are valued at the lower of historical cost and fair value. Fixed assets are carried at historical cost but are written down to their recoverable amount if this amount is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule. Other long-term liabliities, as well as short-term liablities, are valued at nominal value.

Use of estimates

The management has used estimates and assumptions that have affected the income statement and the valuation of assets and liabilities, as well as uncertain assets and liabilities on the balance sheet date during preparation of the financial statements in accordance with generally accepted accounting principles in Norway.

Foreign currency

The financial statements of the Company are presented in Euro. Monetary items (assets, liabilities and bank deposits) in foreign currency are converted at the exchange rate as on the balance sheet date.

The functional currency in the Company was changed from NOK to EUR in 2020.

Receivables

Receivables are recognised at nominal value, less the accrual for expected losses of receivables.

Provisions for doubtful accounts are made on the basis of individual assessment of each receivable. For the remaining receivables, a general provision is estimated based on expected loss.

Dividend

Dividend income is recognised when the right to receive payment is established, normally when the dividend is approved by the General Meeting of subsidiary. Dividend distribution to Shareholders is recognised as a liability when the dividend is approved by the General Meeting.

Tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax assets are recorded on the balance sheet when it is more likely than not that the tax assets will be utilised. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Cash flow statements

The statement of cash flow is prepared in accordance with the indirect model. Cash and cash equivalents include cash, bank deposits and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Notes
(EUR 1.000)

NOTE 2 - Payroll and remuneration

Edda Wind ASA has no employees and is therefore not obliged to follow the Mandatory Occupational Pensions Act. Edda Wind ASA's management team is employed and remunerated through subsidiary Edda Wind Management AS as shown in table below:

Remuneration to management	From date	Wages	Bonus	Other benefits	Other benefits
2021					
Kenneth Walland (CEO)	01/04/2021	162	-	10	8
Håkon Vevang (CCO)	01/04/2021	82	-	1	8
Tom Johan Austrheim (CFO)	18/05/2021	83	-	1	7
Total remuneration to management		**327**	**-**	**12**	**23**

Remuneration to Board of Directors		2021	2020
Håvard Framnes	Chairman	7	-
Jan Eyvin Wang	Director	4	-
Geir Flæsen	Director (ended November 2021)	-	-
Johannes Østensjø	Director (ended November 2021)	-	-
Martha Kold Bakkevig	Director (joined November 2021)	4	-
Toril Eidesvik	Director (joined November 2021)	4	-
Duncan J. Bullock	Director (joined December 2021)	2	-
Cecilie Wammer Serck-Hanssen	Director (joined December 2021)	2	-
Adrian Geelmuyden	Director (joined December 2021)	2	-
Total remuneration to the Board of Directors		**27**	**-**

The Group elected a new Board of Directors in relation to the IPO in November. The former Board of Directors did not receive any remuneration. The Remuneration to Board of Directors for 2021 consitutes accrued fees for the new Board of Directors.There are no agreements between the Group and the members of the Board of Directors providing for benefits upon termination.

Expensed audit fee (excluding VAT)	2021	2020
Audit services	126	2
Non-audit services required by law	8	-
Tax advisory services	45	-
Other non-audit services	81	12
Total expensed audit fee	**259**	**14**

Notes
(EUR 1.000)

NOTE 3 - Investment in subsidiaries

Subsidiaries	Business office/ country	Nature of business	Ownership/ voting rights	Equity	Result	Book value
Edda Wind Management AS	Haugesund, Norway	Management services	100 %	25	16	33
Edda Wind Investment AS	Haugesund, Norway	Investment	100 %	(2)	(5)	4
Edda Wind I AS	Haugesund, Norway	Vessel operations	100 %	9 425	(1 603)	11 424
Edda Wind II AS	Haugesund, Norway	Vessel operations	100 %	8 114	(482)	8 869
Edda Wind III AS	Haugesund, Norway	Vessel operations	100 %	3 877	(2 182)	6 798
Edda Wind IV AS	Haugesund, Norway	Vessel operations	100 %	7 598	(163)	7 915
Edda Wind V AS	Haugesund, Norway	Vessel operations	100 %	3 896	(157)	4 055
Edda Wind VI AS	Haugesund, Norway	Vessel operations	100 %	3 979	(74)	4 055
West Energy AS	Haugesund, Norway	Vessel operations	100 %	26 468	158	23 169
Edda Supply Ships UK Ltd	Aberdeen, United Kingdom	Management services	100 %	209	99	43

Based on the subsidiaries underlying assets and operation, no impairment charge has been made to the investments in 2021. Edda Wind ASA has given a group contribution of EUR 28 336 to Edda Wind Management AS during 2021, booked as increase in investment.

NOTE 4 - Share capital

In November 2021, the Company was converted into a public limited liability company (ASA) and increased its share capital from NOK 101 thousand to NOK 3,300 thousand through conversion of shareholder loan in the amount of EUR 27 million, The increase was performed by increasing the par value of the shares. Following the increase in share capital, the number of shares was increased from 3,300 shares at nominal value of NOK 100 per share, to 33 million shares with nominal value of NOK 0.1 per share.

In November 2021, Edda Wind performed an Initial Public Offering and was listed on Oslo Stock Exchange. The Offering included 28,601,626 New Shares issued, and the Company increased its Share Capital by NOK 2,860,163. In December 2021, Edda Wind increased its share capital by NOK 271,286 by issuance of 2,712,862 new shares. The increase was performed in connection with the over-allotment option following the Initial Public Offering.

Following the conversion of shareholder loan and share capital increase, Edda Wind's share capital amounts to NOK 6,431,449 divided into 64,314,488 shares, each with a nominal value of NOK 0.1.

Notes
(EUR 1.000)

NOTE 4 - Share capital cont.

20 largest shareholders at 31.12.2021	Country	Number of shares	Ownership share
ØSTENSJØ WIND AS	Norway	16 500 000	25.7 %
WILHELMSEN NEW ENERGY AS	Norway	16 500 000	25.7 %
CREDIT SUISSE (SWITZERLAND) LTD	Ireland	6 504 065	10.1 %
GEVERAN TRADING CO LTD	Cyprus	6 504 065	10.1 %
J.P. MORGAN BANK LUXEMBOURG S.A.	Luxembourg	1 362 500	2.1 %
THE NORTHERN TRUST COMP, LONDON BR	United Kingdom	738 855	1.1 %
J.P. MORGAN BANK LUXEMBOURG S.A.	Luxembourg	634 402	1.0 %
VERDIPAPIRFONDET DNB SMB	Norway	629 902	1.0 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	Sweden	603 153	0.9 %
FORENEDE INDUSTRIER SHIPPING AS	Norway	585 716	0.9 %
PORTIA AS	Norway	500 000	0.8 %
LUDVIG LORENTZEN AS	Norway	500 000	0.8 %
VJ INVEST AS	Norway	469 581	0.7 %
VERDIPAPIRFONDET NORDEA NORGE VERD	Norway	455 285	0.7 %
VERDIPAPIRFONDET ALFRED BERG NORGE	Sweden	419 334	0.7 %
VERDIPAPIRFONDET NORDEA AVKASTNING	Norway	357 724	0.6 %
CITIBANK, N.A.	Ireland	330 150	0.5 %
BECK ASSET MANAGEMENT AS	Norway	313 000	0.5 %
VERDIPAPIRFONDET ALFRED BERG AKTIV	Sweden	306 795	0.5 %
VERDIPAPIRFONDET STOREBRAND NORGE	Norway	300 000	0.5 %
20 largest shareholders		**54 514 527**	**85 %**
Others		9 799 961	15.2 %
Total		**64 314 488**	**100.0 %**

Largest shareholders at 31.12.2020			
Johannes Østensjø d.y AS	Norway	750	75 %
Wilhelmsen New Energy AS	Norway	250	25 %
Total		**1 000**	**100 %**

Notes
(EUR 1.000)

NOTE 5 - Changes in equity

	Share capital	Share premium	Other equity	Total equity
Balance at 01.01.2021	**9**	**52 435**	**-**	**52 444**
Capital increase 03.11.2021	327	26 673	-	27 000
Capital increase 26.11.2021	281	81 102	-	81 383
Capital increase 29.12.2021	27	8 353		8 380
Profit/loss for the year			(1 085)	-1 085
Allocation of uncovered loss to share premium		(1 085)	1 085	-
Balance at 31.12.2021	**644**	**167 478**	**-**	**168 121**

Notes
(EUR 1.000)

NOTE 6 - Transactions with related parties

The profit and loss statement includes the following amounts resulting from transactions with related parties.

Dividend	2021	2020
West Energy AS	-	2 221
Total	**-**	**2 221**

Management fee		
Edda Wind Management AS	11	-
Total	**11**	**-**

Reimbursed cost		
Edda Wind Management AS	468	-
Total	**468**	**-**

Interest income		
Edda Wind Management AS	7	-
Edda Wind I AS	96	36
Edda Wind II AS	136	-
Edda Wind III AS	-	39
Edda Wind IV AS	108	-
Edda Wind V AS	10	-
Edda Wind VI AS	1	-
Total	**358**	**75**

Interest expenses		
West Energy AS	27	-
Edda Wind III AS	7	-
Johannes Østensjø dy AS	6	3
Østensjø Wind AS	290	-
Wilhelmsen New Energy AS	290	-
Total	**621**	**3**

Financial income - received group contribution		
West Energy AS	209	-
Edda Wind Management AS	28	-
Total	**237**	**-**

Notes
(EUR 1.000)

NOTE 6 - Transactions with related parties cont.

The balance sheet includes the following amounts resulting from transactions with related parties.

Short term receivables	2021	2020
Edda Wind Management AS	286	-
Edda Wind I AS	1 102	6 033
Edda Wind II AS	6 395	-
Edda Wind IV AS	10 618	-
Edda Wind V AS	4 861	-
Edda Wind VI AS	21	-
Total	**23 282**	**6 033**

Accounts payable		
Edda Wind Management AS	164	-
Østensjø Rederi AS	(2)	22
Johannes Østensjø dy AS	128	5
Total	**291**	**27**

Short term debt		
Østensjø Rederi AS	-	1
Johannes Østensjø dy AS	134	121
West Energy AS	298	-
Edda Wind Investment AS	1	-
Edda Wind III AS	137	124
Total	**572**	**247**

Notes
(EUR 1.000)

NOTE 7 - Tax

Income tax for the year	**2021**	**2020**
Tax payable	-	-
Change in deferred tax	-	-
Tax on ordinary result	**-**	**-**

Basis for tax payable		
Profit before tax	(1 085)	(917)
Other permanent differences	9	-
Change in temporary differences	-	-
Basis tax payable	**(1 077)**	**(917)**

Temporary differences and deferred tax		
Fixed assets	-	-
Total temporary differences	**-**	**-**
Tax loss carried forward	(1 998)	(917)
Basis deferred tax	**(1 998)**	**(917)**
Deferred tax/deferred tax asset	(440)	(202)
Not recorded deferred tax asset	440	202
Deferred tax (+) / Deferred tax asset (-)	**-**	**-**

Notes
(EUR 1.000)

NOTE 8 - Cash and cash equivalents

	2021	2020
Bank deposits EUR	77 277	225
Bank deposits NOK	2 725	14
Total cash and cash equivalents	**80 002**	**239**

The Company does not have any restricted cash as of 31.12.2021.

NOTE 9

Subsequent events

Edda Wind ASA has established new subsidiaries as contract-parties under new shipbuilding contracts, entered into in January 2022.

Auditor's Report

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Edda Wind ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Edda Wind ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2021 and the income statement and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

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

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have been the auditor of the Company for 3 years from the election by the general meeting of the shareholders on 18. October 2019 for the accounting year 2019.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Accounting estimates related to vessels and newbuildings

Basis for the key audit matter

At December 31, 2021, the carrying amount of the two Service Operation Vessels (SOV's) in operation, as well as two SOVs and four Commissioning Service Operation Vessels (CSOV's) under construction, amounted to EUR 204,7 million, which is 67 % of total assets. The accounting estimates for these assets have a material impact for the Group due to their high value and long-lived nature.

The key aspects requiring judgement include the determination of the useful lives and residual values, identification of cash generating units (CGU) and evaluation of indicators of impairment. Management estimated useful lives based on experience as well as industry practice for similar vessels. The residual value has been based on an average of observable recycling prices, considering the expected impact of the EU Ship Recycling Regulation for safer and greener recycling.

Management considered each vessel and newbuilding as a separate CGU in their assessment of impairment indicators. No impairment indicators were identified. Given the significant judgement involved in evaluating the estimates used in management's assessment this was considered a key audit matter.

Our audit response

We compared the estimates of useful life and residual value to industry practice and plans for docking and maintenance. We further compared the Group's strategy plan with the estimated useful life and the Group strategy for vessel utilization in the future. We also compared the estimates for docking and maintenance with industry practice. We recalculated depreciations for the year.

Based on our understanding of the nature of the Group's business and the economic environment in which its vessels operate, we assessed the determination of the CGUs that make up the Group. We reviewed management's assessments of potential impairment indicators.

We refer to note 4 in the consolidated financial statement.

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Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and chief executive offices) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirement

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

Opinion

As part of our audit of the financial statements of Edda Wind ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name eddawindasa-2021-12-31-en, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

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Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, 7 April 2022
ERNST & YOUNG AS

Øyvind Nore
State Authorised Public Accountant (Norway)

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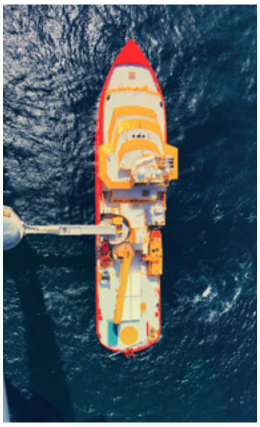

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