edda wind

2nd Quarter Report 2022

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Prepared in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union.

Frontpage photo by Håvard Melvær

Letter from the CEO

Further improvements in market outlook

The rate at which coastal nations are developing offshore wind is accelerating. The outbreak of the Ukrainian war has resulted in even greater focus on energy security and alternative sources of energy. In this context, off shore wind will be an even more important part of the energy supply for the future.

Edda Wind supports the requirement to service tomorrow's offshore wind parks. It is not only about wind and sea. It is about ensuring affordable renewable energy to support continued economic growth without destroying the environment. It is about delivering power to people and what we pass on to the next generations.

The two shipbuilding contracts at Colombo Dockyards PLC were cancelled in July, without any cost to Edda Wind, following the adverse development in Sri Lanka. Edda Wind's ongoing newbuilding program will bring the fleet to a total of nine purpose built offshore wind vessels by 2024. This puts the company in a favorable position to meet the increased demand with attractive building prices and delivery dates.

Edda Wind is unfortunately experiencing delays in delivery of gangway systems for the first four vessels to be delivered.

The world-wide offshore wind fleet is projected to require more than 250 vessels by 2030. This presents a tremendous growth opportunity for Edda Wind. The company is a leading operator with a portfolio of both long- and short/medium term contracts, balancing stable cash flows with flexibility to capitalize on favorable market dynamics. Edda Wind is targeting both the operation & maintenance segment as well as the commissioning segment. We expect that the strong demand for vessels, combined with limited supply, will result in favorable day rates, particularly in the shorter commissioning segment. The fact that robust commodity prices is pulling subsea tonnage back to oil & gas is expected to increase the positive development on the day rates in offshore wind.

We are grateful to all stakeholders who have, and continue to, show confidence in Edda Wind and our business.

Kenneth Walland
CEO

Highlights Q2 2022

Market

Strong demand growth, estimated more than 250 vessels by 2030, excluding China, far exceeding existing tonnage and order book of totally 49 vessels

Increasing rates as Oil & Gas tonnage exit offshore wind

Increased focus and accelerated pace for the renewable energy transition

Edda Wind

Seven vessels under construction, including Edda Breeze which was delivered from yard in Q2 2022 and is awaiting installation of the gangway system

Delivery of Edda Breeze and Edda Brint to clients postponed to January 2023 due to delayed delivery of the gangway systems

Vessels ordered at low prices with attractive delivery schedule

99.6% utilization in Q2 2022

Management Report Q2 2022

Operations

Edda Wind ASA and subsidiaries ("The Group") owns and operates two purpose-built SOVs and operates one chartered-in frontrunner vessel. Edda Passat and Edda Mistral operates in the North Sea on long-term charters for Ørsted on Race Bank and Hornsea 1 windfarms, while Edda Fjord is chartered in as a frontrunner for a long-term contract with Ocean Breeze at the Bard Offshore 1 windfarm. All three vessels had near full utilization throughout the quarter with zero injuries.

The Group has a new building program for two SOVs and five CSOVs at yards in Spain.

Group Consolidated results Q2 2022

Operating income for Q2 2022 was EUR 6.9 million, which is similar to Q1 2022 (EUR 6.8 million) and higher than EUR 6.5 million in the same quarter in 2021. The increase in operating income from Q2 2021 is related to longer period for the chartered-in vessel in operation.

Operating expenses in Q2 2022 was EUR 3.1 million. In Q2 2021, the operating expenses was EUR 2.8 million, and the increase is primarily due to chartering-in of a frontrunner for long-term employment contract for one of the newbuildings.

Operating profit before depreciation in Q2 2022 was EUR 1.8 million, versus EUR 2.0 million in Q2 2021. Net financial result in Q2 2022 was EUR -0.5 million, compared to EUR -0.8 million in the same quarter last year, mainly due to reduced interest and guarantee cost.

Profit before tax was EUR 0.6 million, versus EUR 0.4 million in Q2 2021.

Capital structure and financing

Cash and cash equivalents ended at EUR 74.7 million, up from EUR 69.3 million at the end of Q1 2022.

Investment in vessels and newbuildings was EUR 246.3 million, up from EUR 230.2 million at the end of Q1 2022 due to payments in relation to the seven newbuildings on order.

Total interest-bearing debt was EUR 143.6 million, up from EUR 123.7 million in Q1 2022.

Total equity was EUR 184.3 million by the end of Q2 2022, which is similar to Q1 2022.

Events after the balance sheet date

The adverse development in Sri Lanka, which has become detrimental to its population, as well as to the business and financial sectors, has unfortunately led to a situation whereby Colombo Dockyard PLC is unable to fulfill the contracts.

On 28 July 2022 Edda Wind entered into an agreement with Colombo Dockyard PLC for the cancellation of two newbuilding contracts signed 31 January 2022. Edda Wind has not made any payments to Colombo Dockyard PLC under these agreements and Edda Wind will receive a compensation in excess of incurred project cost.

Hull no. C416 was launched in July 2022.

Management Report Q2 2022

Outlook

Offshore wind is an established industry benefiting from a mature value chain and producing renewable electricity at competitive prices worldwide.

Facing a situation with a need for immediate action in order to limit global warming to around 1.5C, global greenhouse gas emissions would have to peak before 2025 at the latest and be reduced by 43 per cent by 2030, according to the report from Intergovernmental Panel on Climate Change - IPCC/UN.

According to IAE, total offshore wind capacity is forecasted to more than triple by 2026, representing one-fifth of the global wind market. Global capacity additions of offshore wind are set to reach 21 GW by 2026, with rapid expansion in new markets beyond Europe and China. This includes large-scale projects that are expected to be commissioned in the United States, Taiwan, Korea, Vietnam, and Japan. The expected growth is supported by a sharp increase in projects which are already secured by Final Investment Decision, as well as acceleration by many costal nations of their ambitions for increasing the volume and pace of their offshore wind industry even further.

The Russian invasion of Ukraine, with its consequence also for the European energy security, has further emphasized the need for alternative sources of energy.

Increasing energy prices has attracted the fleet of traditional offshore vessels to the oil and gas sector where the rates have increased during the past months. This has reduced the capacity of high-end swing-tonnage, that otherwise might be converted for use in offshore wind, leading to a tighter market for C/SOVs. Dayrates are already seen to increase, and this trend is expected to continue as demand is growing faster than supply.

The requirement for a future zero-emission operation of C-/SOVs, during the entire operating cycle, and without interference with client's operation, is becoming stronger and stronger. Edda Wind proactively monitor solutions for reducing emissions from operation and expects to offer zero-emission operations from 2025.

The newbuilding program

The Group has seven vessels under construction, two SOVs and five CSOVs. The SOVs and CSOVs, respectively, are sister-vessels with the same main components and technology, which will offer benefits in relation to operation, crew training and spares.

The Group considers that its current fleet is ordered at attractive prices. All the newbuilding contracts are based on firm yard prices.

Inflation and shortages in supply chains has been impacted by the war in Ukraine – further increasing 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, delays, and increased cost may indirectly affect the Group, its suppliers, or its clients.

Due to further delay on the gangway system the Group expects Edda Breeze and Edda Brint to be delivered to clients in January 2023. EUR 466 thousand in liquidated damages is capitalized as at 30th june 2022.

C416 and C490 are expected to be ready for operations in Q2 2023.

Photo: Ikusmira

Key Figures Q2 2022

(EUR 1 000)

KEY FIGURES	Q2 2022	Q1 2022	Q2 2021	FY 2021
Revenue	6 892	6 768	6 520	24 416
Profit(loss)/for the period	567	782	393	242
Total assets	332 286	310 944	198 934	305 602
Equity	184 320	184 262	65 973	184 332
APM				
EBITDA	1 833	1 904	1 975	6 182
EBIT	1 031	1 088	1 183	3 013
NIBD	62 330	48 043	85 295	20 940
Equity ratio	55.5%	59.3 %	33.2%	60.3 %

Definitions APMs

- EBITDA is defined as Operating Income and gain/(loss) on sale of assets less Operating expenses
- EBIT is defined as Total Income (Operating Income and gain/(loss) on sale of assets) less Operating expenses, other gains/(losses) and depreciation and amortization
- 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.
- Equity ratio is defined as Total equity as a percentage of Total assets

Statement from the board

We confirm that the consolidated accounts for the period 01.01.2022 to 30.06.2022 are to the best of our knowledge, prepared in accordance with IAS 34.

The interim condensed consolidated financial statements give a fair and true value of the enterprise and groups assets, debt, financial position, and result which, in its entirety, gives a true overview of the information in accordance with the §5-6 fourth paragraph of the securities trading act.

Haugesund, 16th August 2022

(signed electronically)

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

Income Statement (Unaudited)

(EUR 1 000)

OPERATING REVENUE AND OPERATING EXPENSES	Notes	Q2 2022	Q2 2021	1H 2022	1H 2021	Full Year 2021
Freight income	2	6 772	6 398	13 416	10 651	23 933
Other operating income	2, 9	120	122	245	235	484
Total operating income		**6 892**	**6 520**	**13 660**	**10 886**	**24 416**
Payroll and remuneration		(1 975)	(1 722)	(3 889)	(3 318)	(7 320)
Other operating expenses	2	(3 084)	(2 823)	(6 034)	(3 426)	(10 914)
Total operating expenses		**(5 059)**	**(4 545)**	**(9 923)**	**(6 744)**	**(18 234)**
Operating profit before depreciation		**1 833**	**1 975**	**3 737**	**4 142**	**6 182**
Depreciation	3	(802)	(793)	(1 618)	(1 571)	(3 169)
Operating profit		**1 031**	**1 183**	**2 119**	**2 570**	**3 013**
FINANCIAL INCOME AND EXPENSES						
Other financial income		4	-	4	-	8
Net currency differences		(42)	(1)	56	36	946
Unrealised gain/(loss) financial derivatives	5	57	6	141	185	208
Realised gain/(loss) financial derivatives	5	-	-	-	-	299
Interest expenses		(417)	(916)	(857)	(1 164)	(1 282)
Other interest expenses to related parties	9	-	(3)	-	(3)	(18)
Other financial expenses		(66)	124	(114)	(52)	(932)
Financial income/(expense)		**(464)**	**(790)**	**(769)**	**(998)**	**(772)**
Profit/(loss) before tax		**567**	**393**	**1 350**	**1 573**	**2 242**
Tax (income)/expense	8	-	-	-	-	-
Profit/(loss) for the year		**567**	**393**	**1 350**	**1 573**	**2 242**
Basic / diluted earnings per share in EUR	7	0.01	0.01	0,02	0,05	0.06

Note 1 to 10 on the next pages are an integral part of these interim condensed consolidated financial statements

Comprehensive income (Unaudited)

(EUR 1 000)

	Notes	Q2 2022	Q2 2021	1H 2022	1H 2021	Full Year 2021
Profit/(loss) for the year		567	393	1 350	1 573	2 242
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT						
Currency translation differences		(510)	(639)	(1 361)	1 218	2 145
Other comprehensive income, net of tax		**(510)**	**(639)**	**(1 361)**	**1 218**	**2 145**
Total comprehensive income for the year		**58**	**(246)**	**(12)**	**2 790**	**4 386**

Note 1 to 10 on the next pages are an integral part of these interim condensed consolidated financial statements

Balance Sheet (Unaudited)

(EUR 1 000)

ASSETS	Notes	30.06.22	30.06.21	31.12.21
Non current assets				
Deferred tax asset	8	-	38	23
Vessels	3	70 126	73 186	73 611
Newbuildings	3	176 167	77 422	131 077
Machinery and equipment	3	-	3	3
Total non current assets		**246 293**	**150 649**	**204 715**
Current assets				
Account receivables		3 975	3 330	3 575
Other current receivables		799	-	-
Other current assets		6 466	20 887	7 791
Financial derivatives		50	-	-
Cash and cash equivalents		74 702	24 068	89 520
Total current assets		**85 992**	**48 285**	**100 886**
Total assets		**332 286**	**198 934**	**305 602**
EQUITY AND LIABILITIES				
Equity				
Share capital	6, 7	644	9	644
Other paid in capital		-	-	-
Share premium		116 128	-	116 128
Other equity		67 548	65 965	67 560
Total equity		**184 320**	**65 973**	**184 332**
Non current liabilities				
Non current interest-bearing debt	4	134 629	98 542	110 545
Total non current liabilities		**134 629**	**98 542**	**110 545**
CURRENT LIABILITIES				
Account payables		2 740	826	1 555
Financial derivatives	5	-	412	91
Taxes payable		23	50	-
Public duties payable		100	33	96
Current interest-bearing debt	4	8 919	4 707	6 951
Loan from related parties	9	-	27 318	-
Other current liabilities		1 553	1 070	2 031
Total current liabilities		**13 335**	**34 419**	**10 724**
Total equity and liabilities		**332 286**	**198 934**	**305 602**

Note 1 to 10 on the next pages are an integral part of these interim condensed consolidated financial statements

Cash flow statement (Unaudited)

(EUR 1 000)

CASH FLOW FROM OPERATIONS	Notes	Q2 2022	Q2 2021	1H 2022	1H 2021	Full Year 2021
Profit/(loss) before tax		567	391	1 350	1 573	2 242
Financial (income)/expenses		464	790	769	998	772
Depreciation and amortisation	3	802	793	1 618	1 571	3 169
Change in working capital		1 758	(151)	1 411	(2 197)	583
Net cash flow from operations		**3 591**	**1 823**	**5 148**	**1 945**	**6 765**
CASH FLOW FROM INVESTMENT ACTIVITIES						
Investments in fixed assets	3	(17 625)	(33 143)	(45 089)	(38 608)	(93 476)
Changes in restricted cash - investment commitment		(426)	6 927	(1 036)	12 392	25 964
Net cash flow from investment activities		**(18 050)**	**(26 216)**	**(46 125)**	**(26 216)**	**(67 512)**
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of interest-bearing debt	4	20 523	17 861	30 029	17 861	32 190
Repayment of interest-bearing debt	4	-	39	(2 790)	(2 336)	(4 497)
Proceeds from other interest-bearing debt		-	27 318	-	27 318	43 500
Repayment of other debt		-	-	-	-	(16 500)
Interest paid including interest derivatives		(417)	(919)	(857)	(1 167)	(1 101)
Paid other financial expenses		(66)	124	(114)	(52)	(1 187)
Proceeds from issuance of new shares		-	-	-	-	90 131
Net cash flow from financing activities		**20 040**	**44 423**	**26 268**	**41 625**	**142 536**
EFFECTS OF CURRENCY RATE CHANGES ON BANK DEPOSITS, CASH AND EQUIVALENTS						
Net change in bank deposits, cash and equivalents		5 581	20 030	(14 709)	17 353	81 789
Translation difference		(158)	-	(110)	-	1 016
Cash and cash equivalents at period start		69 279	4 037	89 520	6 715	6 715
Cash and cash equivalents at period end		**74 702**	**24 068**	**74 702**	**24 068**	**89 520**

Note 1 to 10 on the next pages are an integral part of these interim condensed consolidated financial statements

Statement of changes in equity (Unaudited)

(EUR 1 000)

	Share capital	Share premium	Other paid-in capital	Retained earnings	Foreign currency translation reserve	Other equity	Total equity
Balance at 01.01.2022	**644**	**116 128**	**27 608**	**36 522**	**3 431**	**67 560**	**184 332**
Profit for the period	-	-	-	1 350	-	1 350	1 350
Other comprehensive income	-	-	-	-	-1 361	-1 361	-1 361
Balance at 30.06.2022	**644**	**116 128**	**27 608**	**37 872**	**2 070**	**67 547**	**184 320**
Balance at 01.01.2021	**9**	**-**	**27 608**	**34 280**	**1 286**	**63 174**	**63 183**
Profit for the period	-	-	-	1 573	-	1 573	1 573
Other comprehensive income	-	-	-	-	1 218	1 218	1 218
Balance at 30.06.2021	**9**	**-**	**27 608**	**35 853**	**2 504**	**65 965**	**65 973**
Balance at 01.01.2021	**9**	**-**	**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	281	81 102	-	-	-	-	81 383
Share capital increase by issuance of new shares	27	8 353	-	-	-	-	8 380
Profit for the period	-	-	-	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**	**3 431**	**67 560**	**184 332**

Note 1 to 10 on the next pages are an integral part of these interim condensed consolidated financial statements

Notes

(EUR 1 000)

NOTE 1

General accounting principles

Basis of preparation

This interim condensed consolidated financial statement has been prepared in accordance with International Accounting Standards (IAS 34), ""interim financial reporting"". The interim condensed consolidated financial report is unaudited and should be read in conjunction with the consolidated Annual Financial Statements for the year ended 31 December 2021 for Edda Wind ASA (Group), which were prepared in accordance with IFRS as endorsed by the EU. Consolidated interim- and yearly financial statements are available on the news services from Oslo Stock Exchange, www.newsweb.no and the Company's webpage, www.eddawind.com.

The Group's interim condensed consolidated financial statement 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 interim financial report is prepared on the assumption of a going concern.

Basic policies

The accounting policies applied are consistent with those applied in the Annual Financial Statements for Edda Wind ASA for the year ended 31 December 2021. No new standards have been applied in 2022.

Notes

(EUR 1 000)

NOTE 2

Revenue from contracts with customers

Operating income

The Groups 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 incude victualling covering meals and bedding provided to customer personell onboard the vessel. The Group's revenue is split into a service element and lease element. The revenue is mainly recognised over time as the performance obligation is satisfied over time.

The Group also provides 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.

The Group has one reportable segment being the Offshore Wind segment.

Offshore Wind operating revenue	Q2 2022	Q2 2021	Full Year 2021
Revenue from contracts with customers:			
Service element from contracts with day rate, including victualling	4 278	4 653	14 900
Other revenue	120	122	484
Lease revenue:			
Lease element from contracts with day rate	2 494	1 746	9 033
Total operating income	**6 892**	**6 520**	**24 417**

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 expected to be ready for use in January 2023. During the second quarter 2022 the Group recognised a lease expense of EUR 2,036 thousand (EUR 1,770 thousand in Q2 2021).

Notes

(EUR 1 000)

NOTE 3

Tangible assets

The tables below show the groups tangible assets as of 30.06.2022, 30.06.2021 and 31.12.2021.

30.06.2022	Vessels	Period Maintenance	Equipment	New-buildings	Total
Cost 01.01.2022	**83 128**	**2 390**	**69**	**131 077**	**216 664**
Additions	-	-	-	45 976	45 976
Currency translation differences	(2 132)	(58)	(0)	(887)	(3 077)
Cost 30.06.2022	**80 996**	**2 332**	**69**	**176 166**	**259 562**
Accumulated depreciation and impairment losses 01.01.2022	**(10 153)**	**(1 753)**	**(66)**	**-**	**(11 972)**
Depreciation	(1 378)	(237)	(3)	-	(1 618)
Currency translation differences	273	47	0	-	320
Accumulated depreciation and impairment losses 30.06.2022	**(11 258)**	**(1 943)**	**(69)**	**-**	**(13 270)**
Carrying amounts	**69 738**	**388**	**0**	**176 166**	**246 293**
Remaining instalments newbuildings 30.06.2022	**-**	**-**	**-**	**259 006**	**259 006**
Remaining instalments newbuildings 30.06.2022 excluding two newbuilding contracts at Colombo Dockyards PLC	**-**	**-**	**-**	**160 406**	**160 406**

30.06.2021	Vessels	Period Maintenance	Equipment	New-buildings	Total
Cost 01.01.2021	**77 254**	**2 221**	**70**	**35 957**	**115 502**
Additions	-	-	-	38 608	38 608
Currency translation differences	3 597	104	-	2 857	6 558
Cost 30.06.2021	**80 851**	**2 325**	**69**	**77 422**	**160 668**
Accumulated depreciation and impairment losses 01.01.2021	**(6 859)**	**(1 185)**	**(66)**	**-**	**(8 110)**
Depreciation	(1 340)	(231)	-	-	(1 571)
Currency translation differences	(320)	(55)	-	-	(375)
Accumulated depreciation and impairment losses 30.06.2021	**(8 519)**	**(1 471)**	**(66)**	**-**	**(10 056)**
Carrying amounts	**72 332**	**854**	**3**	**77 422**	**150 612**
Remaining instalments newbuildings 30.06.2021	**-**	**-**	**-**	**201 627**	**201 627**

Notes

(EUR 1 000)

NOTE 3

Tangible assets cont.

31.12.2021	Vessels	Period Maintenance	Equipment	New-buildings	Total
Cost 01.01.2021	**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 31.12.2021	**83 128**	**2 390**	**69**	**131 077**	**216 664**
Accumulated depreciation and impairment losses 01.01.2021	**(6 859)**	**(1 185)**	**(66)**	**-**	**(8 110)**
Depreciation	(2 704)	(465)	(0)	-	(3 169)
Currency translation differences	(591)	(103)	0	-	(694)
Accumulated depreciation and impairment losses 31.12.2021	**(10 153)**	**(1 753)**	**(66)**	**-**	**(11 972)**
Carrying amounts	**72 975**	**637**	**3**	**131 077**	**204 692**
Remaining instalments newbuildings 31.12.2021	**-**	**-**	**-**	**149 382**	**149 382**

The depreciation schedule for vessels is 30 years straight-line depreciation.
For periodic maintenance, the depreciation is set to 5 years based on time expected until next maintenance.

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.

Notes

(EUR 1 000)

NOTE 3

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. Each vessel is considered as a separate CGU.

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, see contract status below.

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 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 and first half of 2022, a steady increase in newbuild prices from yard has been identified. These trends are expected to continue into the next financial year.

Management reporting show that both operational vessels have been profit making during 2022. 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.

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 30 June 2022.

Notes
(EUR 1 000)

NOTE 3

Contract status and coverage

Vessels (ready for operations)	Contract duration
Edda Passat	Q1 2023 + extension options
Edda Mistral	Q3 2023 + extension options
Edda Breeze (Q1 2023)	January 2023 to Q2 2032 + extension options
NB490 (Q2 2023)	Q2 2023 to Q2 2025 + extension options
NB415 (Q1 2023)	January 2023 to Q2 2037 + extension options
NB416 (Q2 2023)	Q3 2023 to Q3 2028 + extension options
NB491 (Q3 2023)	TBA
NB492 (Q2 2024)	TBA
NB503 (Q3 2024)	TBA
NB257 (*)	
NB258 (*)	

(*) Cancelled as per agreement 28 July 2022

Notes
(EUR 1 000)

NOTE 4

Interest-bearing debt

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

	30.06.2022	30.06.2021	31.12.2021
Non-current interest-bearing debt	134 629	98 542	110 545
Current interest-bearing debt	8 919	31 707	6 951
Total interest-bearing-debt	**143 549**	**130 250**	**117 496**

Loan agreements entered into by the Group contain financial covenants related to liquidity, working capital, book equity ratio, and market value. The Group was in compliance with these covenants at 30 June 2022 (analogous for 30 June 2021).

The table below shows specifications of the group's interest-bearing debt

	30.06.2022	30.06.2021	31.12.2021
Pledged debt to financial institutions	63 678	43 544	42 021
Bonds	79 871	59 706	75 476
Shareholder loan	-	27 000	-
Total interest bearing debt	**143 549**	**130 250**	**117 496**

Notes
(EUR 1 000)

NOTE 4

Interest-bearing debt

The tables below show the repayment schedule of the group's interest-bearing debt.

Repayment schedule for debt to financial institutions	30.06.2022	30.06.2021	31.12.2021
Due in year 1	4 710	4 707	4 839
Due in year 2	9 310	4 707	4 839
Due in year 3	9 310	18 510	4 839
Due in year 4	9 310	2 499	4 839
Due in year 5 and later	31 036	13 120	22 663
Total repayment schedule for debt to financial institutions	**63 678**	**43 544**	**42 021**

Repayment schedule for bond			
Due in year 1	4 209	-	2 111
Due in year 2	4 016	4 259	4 161
Due in year 3	4 193	4 262	4 159
Due in year 4	4 383	4 269	4 342
Due in year 5 and later	63 071	46 915	60 702
Total repayment schedule for bond	**79 871**	**59 706**	**75 476**

Notes

(EUR 1 000)

NOTE 5

Fair value financial liabilities

The table below shows the Group's financial derivatives measured at fair value.

Financial liabilities at fair value	30.06.2022	30.06.2021	31.12.2021
Financial liabilities measured at fair value at 01.01	91	598	598
Changes in fair value through the income statement (+loss/-profit)	(141)	(185)	(208)
Derecognition of interest swap due to termination	-	-	(299)
Total Financial liabilities measured at fair value	**(50)**	**412**	**91**

The Group's financial liabilities measured at fair value consists of an interest rate swap for a portion of the Group's interest bearing debt to financial institutions in order to mitigate risk related to interest rate, as well as an outright foreign exchange contract. The Group terminated one of its interest rate swaps in December 2021.

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 financial instruments are not traded in an active market (over-the-counter contracts) and is based on level 2 input, consisting of 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 for similar derivatives, and calculations of the net present value of the estimated future cash flows based on observable yield curves.

The Group does not hold fair value financial assets or liabilities measured using significant unobservable inputs (level 3).

All other financial assets and liabilities held by the Group is measured at amortised cost.

Notes
(EUR 1 000)

NOTE 6

Share capital

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.

20 Largest shareholders at 30.06.2022

Shareholder	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	6 504 665	10.1 %
GEVERAN TRADING CO LTD	Cyprus	6 504 065	10.1 %
J.P. Morgan SE	Luxembourg	1 124 416	1.7 %
VJ INVEST AS	Norway	777 101	1.2 %
J.P. Morgan SE	Luxembourg	712 500	1.1 %
VERDIPAPIRFONDET DNB SMB	Norway	663 415	1.0 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	Sweden	598 971	0.9 %
Morgan Stanley & Co. Int. Plc.	United Kingdom	585 967	0.9 %
FORENEDE INDUSTRIER SHIPPING AS	Norway	585 716	0.9 %
KONTRARI AS	Norway	500 000	0.8 %
PORTIA AS	Norway	500 000	0.8 %
LUDVIG LORENTZEN AS	Norway	500 000	0.8 %
VARNER EQUITIES AS	Norway	469 254	0.7 %
VERDIPAPIRFONDET NORDEA NORGE VERD	Norway	455 285	0.7 %
VERDIPAPIRFONDET NORDEA AVKASTNING	Norway	357 724	0.6 %
The Northern Trust Comp, London Br	United Kingdom	339 538	0.5 %
VERDIPAPIRFONDET ALFRED BERG AKTIV	Sweden	306 795	0.5 %
LØREN HOLDING AS	Norway	300 000	0.5 %
20 largest shareholders		**54 785 412**	**85.2 %**
Others		9 529 076	14.8 %
Total		**64 314 488**	**100.0 %**

Notes

(EUR 1 000)

NOTE 7

Share capital

The table below shows the earnings per share.

Earnings per share	Q2 2022	Q2 2021	Full Year 2021
Net profit attributable to ordinary shareholders of Edda Wind ASA	567 413	390 742	2 241 853
Weighted average number of outstanding shares to calculate EPS	64 314 488	33 000 000	35 843 280
Earnings per share	**0.01**	**0.01**	**0.06**

Earnings per share is calculated based on the average number of outstanding shares during the period. Basic earnings per share is calculated by dividing profit for the period by average number of total outstanding shares. The Group does not have any dilutive instruments.

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.

NOTE 8

Tax

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.

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.

The Group recorded a tax expense of EUR nil during the second quarter of 2022 (EUR 0 during second quarter 2021), and recognised a deferred tax asset of EUR 0 as of 30.06.2022 (deferred tax asset of EUR 38 thousand as of 30.06.2021).

Notes
(EUR 1 000)

NOTE 9

Related party transactions

Related party transactions include shared services and other services provided and purchased from entities outside of the Edda Wind Group that are under control directly or indirectly, joint control or significant influence by the owners of Edda Wind ASA. This includes operation and supervision of vessels, crew hire, and corporate management services.

Services are priced on commercial market terms and in accordance with the principles set out in the OECD Transfer Pricing Guidelines and are delivered according to agreements that are renewed annually.

Transactions with related parties	Q2 2022	Q2 2021	Full Year 2021
Leasing of Edda Fjord from West Supply VIII AS	2 036	1 770	5 836
Purchase of management services, operation and supervision of vessels from Østensjø Rederi AS	174	253	758
Sale of services to Østensjø Rederi	-153	-107	-395
Hired crew from Østensjø Rederi AS	1 366	1 318	5 138
Guarantee commission to Johannes Østensjø d.y. AS	395	52	529
Interest on shareholder loan	-	137	581
Insurance cost to Wilhelmsen Insurance Services AS	61	-	61
Interest expenses to Johannes Østensjø d.y. AS on other short term debt	-	-	9
Total transactions with related parties	**3 878**	**3 423**	**12 517**

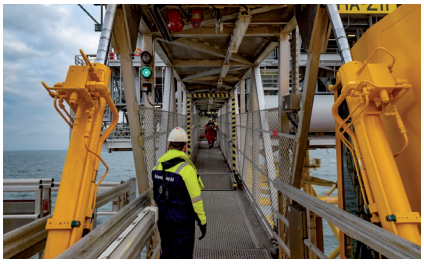
NOTE 10

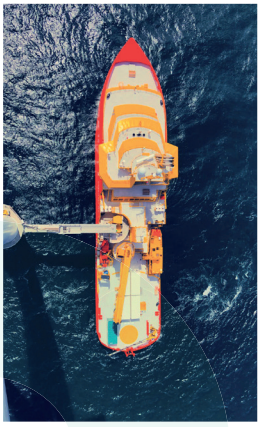
Subsequent events

The adverse development in Sri Lanka, which has become detrimental to its population, as well as to the business and financial sectors, has unfortunately led to a situation whereby Colombo Dockyard PLC is unable to fulfill the contracts. On 28 July 2022 Edda Wind entered into an agreement with Colombo Dockyard PLC for the cancellation of two newbuilding contracts signed 31 January 2022. Edda Wind has not made any payments to Colombo Dockyard PLC under these agreements and Edda Wind will receive a compensation in excess of incurred project cost.

Inflation and shortages in supply chains is further impacted by the war in Ukraine, increasing 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, delays, and increased cost may indirectly affect the Group, its suppliers, or its clients.

Access the future





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