

Financial report Q4-2021



28. February 2021



Let's go together

- Boreal is a leading provider of mobility in Norway with 2 400 employees. Mobility is about people, and in Boreal we strive to provide our passengers with service beyond what is expected
- Our core values reflect who we are and our way of working:

Safety

Quality

Environment

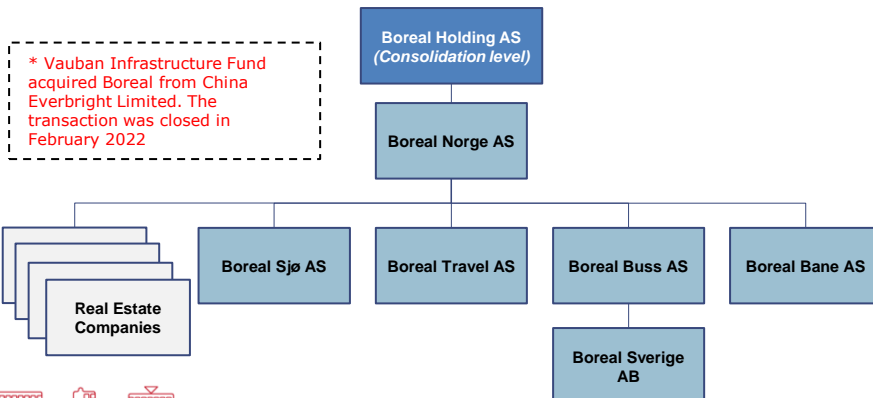
- We are ISO 9001-certified, which commits us to strive for satisfied customers
- We are ISO 14001-certified, which commits us to take care of the environment
- Our zero philosophy commits us to strive for an operation without damage to people, the environment or equipment

Boreal at a glance

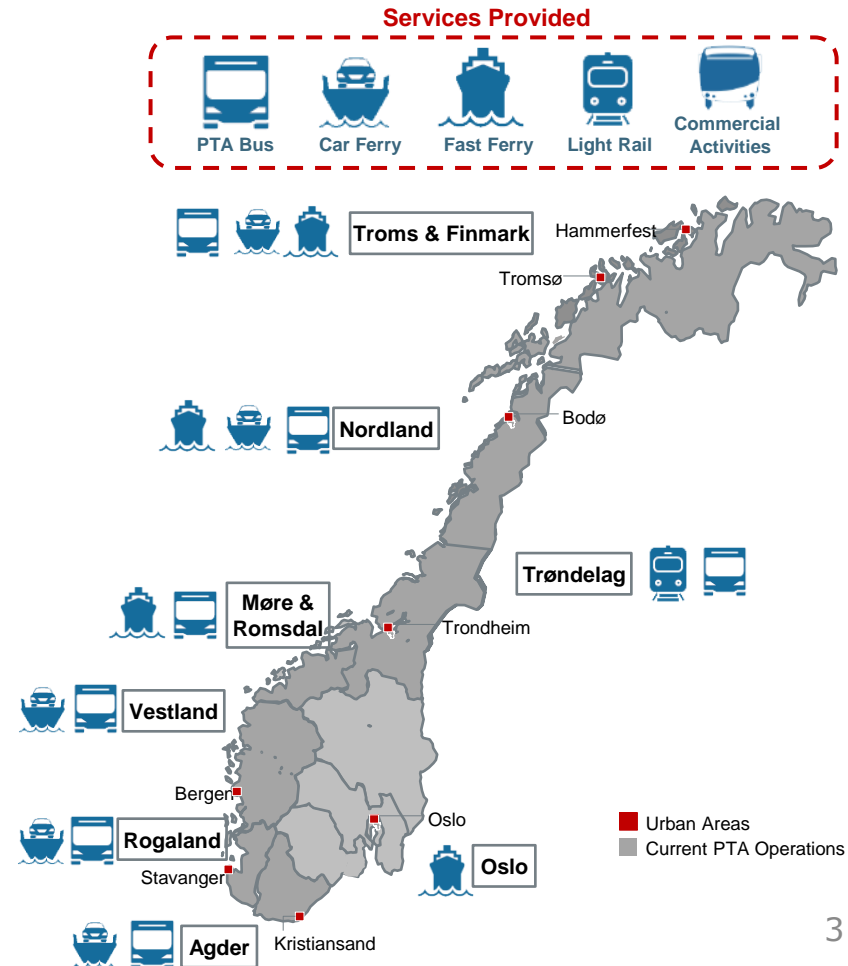
Vast majority of the business relates to PTA contracts

A public transportation provider

- Leading public transport provider in Norway
- Operating in four PTA segments; bus, car ferry, fast ferry, light rail in addition to commercial activities and Minol services
- 2 400 employees, HQ in Stavanger
- Main revenues stem from operating long-term gross contracts (i.e. availability based) from Norwegian Public Transport Administrators ("PTAs")
- Boreal is owned by Everbright Overseas Infrastructure Investment Fund, managed by China Everbright Limited, since 2018 *



Geographical footprint



Financial highlights – Q4

- Increase in revenue Q4-2021 versus Q4-2020 stems mainly from;
 - Operation of Molde – Vestnes ferry contract
 - Start up Flekkefjord ferry contract
 - Start up Oslofjord fast ferry contract
 - Increase Minol sale
- The Q4-2021 EBITDA is heavily affected by the Covid-19 pandemic and lock-down in Norway in December. Among others the decrease stems from world-wide logistic problems with delivery of components for the newbuilds, a spike in short-term sick leave, use of overtime and increased fuel prices

<i>NOKm</i>	Q4 2021	Q4 2020	Changes
Total revenue	840,1	758,4	81,7
Cost of goods sold	-125,6	-256,6	130,9
Personnel expenses	-341,2	-346,0	4,8
Other operating expenses	-332,5	-49,6	-283,0
Operating expenses	-799,3	-652,1	-147,2
EBITDA	40,8	106,3	-65,5
<i>EBITDA margin</i>	4,9 %	14,0 %	-9,2 %
Depreciation	-85,1	-99,3	14,2
Net financial items	-40,7	-36,4	-4,3
Result before taxes	-85,0	-29,5	-55,6
Estimated tax*	13,2	1,8	11,4
Result after taxes	-71,8	-27,6	-44,2

* Full tax calculations is performed on annual figures. Quarterly tax is estimated from 22% on result before taxes in addition to include deferred tax related to depreciation added values that stems from PPA18

Financial highlights – YTD

- Increase in revenue stems from several areas as mentioned in the previous page
- A decreased travel market in the first quarter was offset by an increased travel market in the second quarter, compared to 2020
- EBITDA YTD 2021 was heavily affected by the Covid-19 pandemic and several lock-downs in Norway through the year, especially in December. This had major impacts on short-term sick leave and delays in delivery of ferries under construction with world-wide logistic problems
- Negative EBITDA effects have been partly offset by the start-up of Molde-Vestnes contract, in addition to an increase in the commercial market, especially in the second quarter, compared to 2020. However far from the level before the pandemic
- Cost savings initiatives/restructuring process within the Groups business aimed at tourism and airport buses also affects the YTD 2021 EBITDA

<i>NOKm</i>	YTD 2021	YTD 2020	Changes
Total revenue	3 406,9	3 160,8	246,1
Cost of goods sold	-410,4	-1 226,7	816,2
Personnel expenses	-1 338,1	-1 309,0	-29,1
Other operating expenses	-1 255,6	-206,6	-1 049,0
Operating expenses	-3 004,1	-2 742,2	-261,9
EBITDA	402,8	418,6	-15,8
<i>EBITDA margin</i>	11,8 %	13,2 %	-1,4 %
Depreciation	-359,5	-350,3	-9,2
Net financial items	-142,7	-132,0	-10,7
Result before taxes	-99,4	-63,8	-35,7
Tax on ordinary result	0,6	-5,1	5,7
Result after taxes	-98,8	-68,8	-30,0

* Full tax calculations is performed on annual figures. Quarterly tax is estimated from 22% on result before taxes in addition to include deferred tax related to depreciation added values that stems from PPA18

Balance sheet

Currently significant newbuilds program

- As a result of PTA ferry contracts starting up the coming two years Boreal has a large newbuild ferry program. Currently nine ferries are under construction. As such fixed assets will increase quarter by quarter
- Bsjø took delivery of Malmefjord in June 2021 and Tomrefjord in October. Both large electric ferries to the Molde – Vestnes ferry contract
- The first electric ferry to the Oslofjord contract was delivered in November
- Increase in long-term debt is related to vessels under construction, delivered ferries and bond tap
- Boreal waived leverage ratio until Q2-2022
- Boreal is in compliance with the other covenants

NOKm	Q4 2021	Q4 2020	Changes
Assets			
Fixed assets	5 000,4	4 351,3	649,1
Cash and cash eq.	186,3	682,6	-496,3
Other current assets	324,8	300,2	24,5
Total assets	5 511,5	5 334,1	177,4
Equity and liabilities			
Equity	825,7	919,4	-93,7
Long term liabilities	4 032,9	3 688,7	344,2
Current liabilities	652,8	726,0	-73,1
Total equity and liabilities	5 511,5	5 334,1	177,4

Spec long term debt	Q4 2021
Bond	2 225,7
Subordinated loan	572,0
Term loan and other	1 061,6
Deferred tax liabilities	173,6
Long term liabilities	4 032,9

Cash flow statement

<i>NOKm</i>	Q4 2021	Q4 2020
Ordinary result before taxes	-71,8	-29,5
Depreciation and write-downs	85,1	99,3
Paid taxes	0,0	-3,7
Change current rec., liab. and other periodisation	61,6	87,7
Net cash flow from operations	75,0	153,8
Capex fixed assets	-340,3	-211,5
Sales fixed assets	31,6	0,0
Net cash flow from investments	-308,8	-214,5
Proceeds from increased long term debt	172,9	3,9
Repayments long term debt	-133,4	-44,8
Other changes (e.g. financial lease)	-1,8	-6,3
Net cash flow from financing activities	37,6	-47,1
Change in cash position in the period	-196,2	-107,8
Liquidity reserve at the beginning of the period	382,5	790,4
Liquidity reserve at the end of the period	186,3	682,6

Operational highlights – Q4

- Boreal Sjø had a positive start up of the new 12-year contract in Oslofjorden. The contract consist of five electric fast ferries operating in the inner part of Oslofjorden transporting people to the city islands
- Due to Covid-19 the market in general are experiencing world-wide delays regarding construction of newbuilds. This also applies for Boreal. However, all operations are conducted according to the PTA contract requirements. Currently Boreal have seven newbuilds under construction. These are expected to be delivered within first half of 2022
- Boreal Sjø, and -Buss have significant effects related to Covid-19 regarding our PTA contract portfolio. The revenue is at the same levels as in the fourth quarter 2020, however the result is heavily negatively affected as a consequence of the increased cost level due to the to the effect of Covid-19



Oslofjord I – Electric fastferry operating in Oslofjorden



Charging tower for the Oslofjord ferries

Operational highlights – YTD

- Boreal Sjø had a positive operational startup of the new 8-year Molde-Vestnes contract. Due to Covid-19 there are delays in delivery of new vessels, but all operations are conducted according to contract requirements
- Two out of three electric newbuilds to the Molde-Vestnes contract delivered in the second and fourth quarter, Malmefjord and Tomrefjord. The third will be delivered in the first quarter next year
- Boreal Sjø signed a NOK 140 million rebuilding contract, in the second quarter, with the Norwegian yard Fiskarstrand verft. The contract is related to electric converting of the ferry Karlsøyfjord, operating in the Molde – Vestnes contract. The rebuild will be executed in the first half of 2022.
- Boreal Sjø acquired 49% of Trollcruise AS, one of the largest charter cruise operators in Oslofjorden
- Boreal Travel took delivery of the first Norwegian registered class 3 electric tour bus
- Boreal Travel was awarded a PTA health care transport in Tromsø, commencing in Feb22 and comprise of 20 electrical cars
- Boreal Buss acquired Arctic Bus Sweden AB in January 2021
- Boreal Buss was awarded a 9+2 years PTA zero emission bus contract in Halden. There has been placed an order of 40 electric buses. Contract will start-up at 20.06.2022
- As part of Boreal´s autonomous initiative we are conducting a project North of the polar circle on behalf of Nordland County and Bodø Municipality.



IR – Boreal

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