Access the future

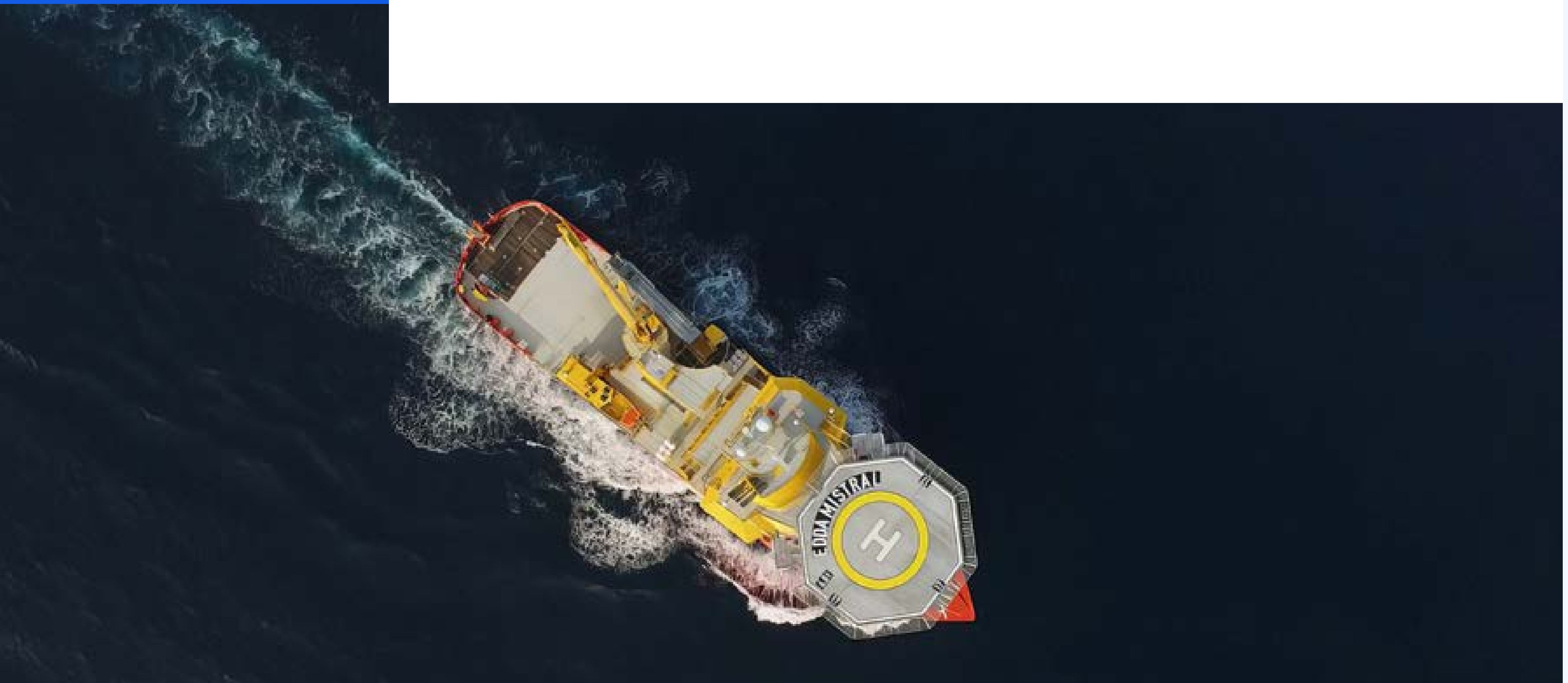
edda wind

Annual Report 2022

eddawind.com

Edda Wind – a pure-play operator in the offshore wind industry

We enable a greener future by providing our clients with easy access to the future of sustainable energy production



Contents

Strategic report

Board of Directors report

Governance report

Financial statements

Photo: Stephan Giesen

Strategic Report

Highlights


Photo: Stephan Giesen

Market fundamentals continue to improve

- Strong growth in demand, estimated to be more than 250 vessels by 2030, excluding China; far exceeding existing tonnage and order book for approximately 60 vessels.
- Increasing rates as oil & gas tonnage exit offshore wind.
- Increased focus and accelerated pace for the renewable energy transition.

Edda Wind established as the undisputed market leader

- Edda Breeze and Edda Brint started operation in March 2023. Edda Boreas and C-416 expected to be ready for operation during Q2 2023 and Q4 2023.
- Eight vessels under construction at year end, ordered at low prices with attractive delivery schedules. Additional four vessels ordered in March 2023.
- Close to 100% utilisation during 2022

Key figures (EUR 1,000)

Revenue
28,425
2021: 24,416

Equity
183,680
2021: 184,332

Vessel book value
66,714
2021: 73,611

EBIT[1]
3,374
2021: 3,013

Profit/(loss) for the period
1,935
2021: 2,242

EBITDA[2]
6,569
2021: 6,182

Total assets
351,138
2021: 305,602

Equity ratio
52.3%
2021: 60.3%

Newbuilding book value
223,082
2021: 131,077

NIBD[3]
107,758
2021: 20,940

1 EBIT (earnings before interest and tax) is defined as total income (operating revenue and gain/loss on sale of assets) less operating expenses, other gain/loss and depreciation and amortisation.
2 EBITDA (earnings before interest, tax, depreciation and amortisation) is defined as operating revenue and gain/loss on sale of assets less operating expenses.
3 NIBD (net interest-bearing debt) 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.

Who are we

Edda Wind ASA ("Edda Wind") is a pure-play provider of purpose-built service operation vessels (SOVs) and commissioning service operation vessels (CSOVs) for offshore wind farms worldwide.

By providing high-quality vessels based on Edda Wind's specifications and know-how we enable a greener future by providing our clients with easy access to the future of sustainable energy production.

Photo: Balenciaga S.A.

Our customers
The Group's customer base consists of offshore wind farm developers and operators, such as Vestas, Ørsted, SSE Renewables, Siemens Gamesa and Ocean Breeze Energy. The Group's portfolio is growing with clients having significant offshore wind ambitions, resulting in great potential to expand the customer base. The Group's business is primarily carried out in Europe, but we are leveraging the Group's network and proven track-record in positioning vessels to win contracts worldwide.

Our fleet
Edda Wind's fleet consists of dedicated state-of-the-art offshore wind vessels. During the year, the Group owned and operated two SOVs and operated one chartered-in frontrunner vessel. The Group also has a newbuilding programme for further SOVs and CSOVs at yards in Spain, Norway and Vietnam, which brings the fleet up to 14 vessels. All of the Group's vessels are designed to transport wind turbine technicians and other personnel, as well as equipment, spares and consumables, to offshore wind farm sites, and to serve as accommodation hubs for wind turbine technicians as they perform work on the wind turbines. All vessels have high-standard cabins and common areas. The Group's CSOVs under construction will be able to accommodate up to 120 persons, while the Group's SOVs can accommodate up to 60 persons.

The Group's vessels are all equipped with motion compensated gangway systems with an adjustable pedestal to ensure safe and optimal connections to the turbines, even in harsh weather conditions, and motion compensated cranes. The design is optimised for an efficient logistical operation for the turbine technicians. The gangway of the Group's CSOVs under construction are also being built for gangway height flexibility, enabling accommodation of various access heights without reconfiguring the vessel.

As per April 2023:

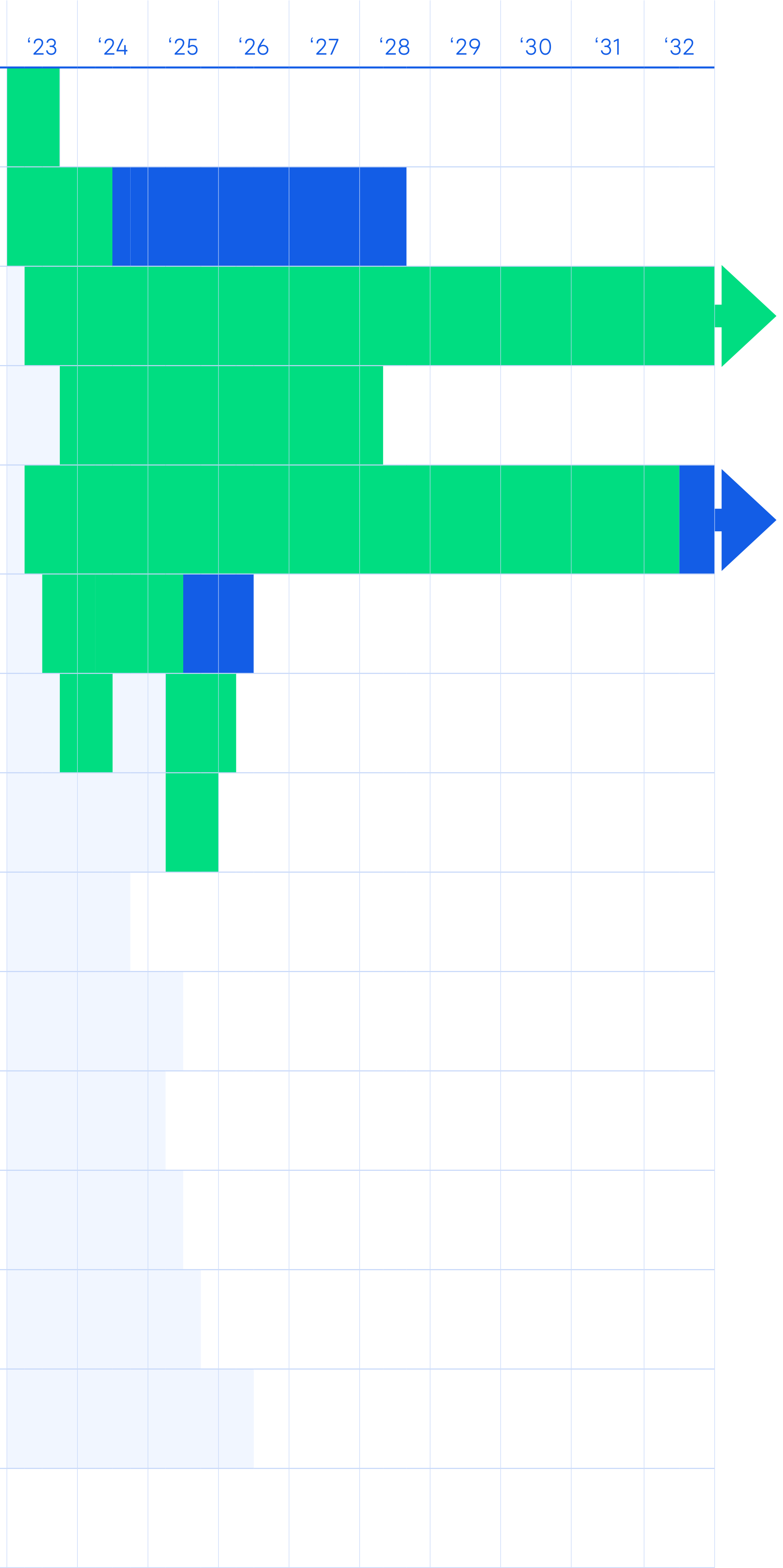
10
vessels under construction

4
operated vessels

Fleet overview

To meet the expected future demand for offshore wind vessels, Edda Wind has increased its fleet to fourteen vessels, through orders placed in 2022 and Q1 2023.

Name	Client	Start/ Delivery	End	Option	Location
Edda Passat SOV	Ørsted	Mar-18	Oct-23		Race Bank wind farm, UK
Edda Mistral SOV	Ørsted	Sep-18	Sept-24	Up to 4 years	Hornsea One wind farm, UK
Edda Brint SOV	Vestas	Mar-23	May-37	Up to 1.6 years	Seagreen wind farm, Scotland
NB C-416 SOV	SIEMENS Gamesa	Q4-23	Q3-28		Sant-Brieuc wind farm, France
Edda Breeze CSOV	Ocean Breeze Energy	Apr-21	Apr-32	Up to 2.6 years	BARD Offshore 1, Germany
Edda Boreas CSOV	SSE	Q2-23	Q2-25	1 year	Dogger Bank wind farm, UK
NB C-491 CSOV	Vestas	Q4-23			
NB C-492 CSOV	Vestas	Q2-24			
NB C-503 CSOV		Q3-24			
NB C-504 CSOV		Q2-25			
NB 965 CSOV		Q1-25			
NB 966 CSOV		Q1-25			
NB 967 CSOV		Q2-25			
NB 968 CSOV		Q1-26			
5 CSOV options					



Firm contract
Option period
Under construction

October 2015
The Group's fully-owned subsidiary, West Energy AS, was established and entered into a charter party with Ørsted, currently operated by Edda Passat.

May 2016
West Energy AS entered into a charter party with Ørsted, currently operated by Edda Mistral.

2018
Edda Passat and Edda Mistral delivered from shipyard.

January 2020
Shipbuilding contracts were entered into with Astilleros Gondán for two CSOVs, Edda Breeze and Edda Boreas, and with Balenciaga for two SOVs, Edda Brint and C-416.

February 2020
Charter parties were concluded for Edda Breeze and Edda Brint with Ocean Breeze Energy GmbH & Co. KG and Vestas Offshore Wind UK Ltd, respectively.

March 2021
Shipbuilding contracts were entered into with Astilleros Gondán for two CSOVs, C-491 and C-492.

April 2021
Contract with Doggerbank Offshore Windfarm Project 1 Projco Limited was entered into for Edda Boreas.

November 2021
Entered into an EUR 110 million green loan facility for the refinancing of Edda Passat, Edda Mistral and the pre- and post-delivery financing of Edda Boreas and C-416.

Edda Wind ASA was listed on the Oslo Stock Exchange.

January 2022
Three CSOVs ordered, two at Colombo Dockyard (Sri Lanka) and one at Astilleros Gondán, C-503.

May 2022
Edda Breeze delivered from the yard and commenced installation and commissioning of gangway system.

July 2022
Newbuilding order at Colombo Dockyard cancelled due to political unrest.

October 2022
Edda Brint was delivered from the yard and commenced installation and commissioning of gangway system.

November 2022
Ørsted extended charter for Edda Passat by seven months to September 2023.

One CSOV ordered at Astilleros Gondán, C-504.

December 2022
Ørsted extended the charter for Edda Mistral by one year to August 2024.

February 2023
Entered into a EUR 100-120 million green loan facility for the pre- and post-delivery financing of newbuildings C-491, C-492 and C-503.

Edda Boreas delivered from the yard and commenced installation and commissioning of gangway system.

March 2023
Four CSOVs were ordered from Vard shipyard for delivery in 2025 and 2026 and NOK 1.2 billion raised in new equity in Private Placement.

Edda Breeze and Edda Brint commenced operations.

Charter parties were concluded with Vestas for 750 days.

Photo: Bård Gudim

Edda Wind – First full year of operation after IPO

Edda Wind has completed its first full year of operation since listing at Oslo Stock Exchange, and it has truly been an exciting year. The existing contracts has been performed very well, we have secured extensions to contracts as well as new contracts, and ordered more vessels during the year to become the undisputed market leader within C/SOV.

The offshore wind industry is continuing its growth and the upward trend is set to continue. This is backed up by optimism from the industry itself, markets analysts and investors. Market reports indicate a demand for more than 250 service vessels in offshore wind industry by the end of this decade. The supply of existing C/SOVs plus newbuilds amounts to around 60 vessels whereof about 50% are engaged on firm contracts. It is expected that the demand – supply gap will result in favorable day rates, particularly in the shorter commissioning segment. The fact that the subsea tonnage is exiting from offshore wind back to oil & gas has increased this trend. This demand represents an exiting growth opportunity for Edda Wind, being a leading operator with a portfolio of both long- and short/medium term contracts, balancing stable cash flows with flexibility to capitalise on favorable market dynamics.

As at end of 2022 Edda Wind had 10 vessels in the fleet, including newbuilds and an order back log of about EUR 400 million. Today we have increased the fleet to 14 vessels by 2026 and the back log is increased to about EUR 450 million. Several of the newbuilds are uncommitted and will be able to secure work in a market with great demand for this type of vessel with expectations for attractive dayrates.

A NOK 1.2 billion capital increase was successfully closed in March 2023 to cover the equity portion of the last four newbuilds ordered from the Vard Group.

The company has experienced delays on the gangway systems for the first newbuilds. Therefore, good to report that Edda Breeze and Edda Brint started their charter parties with Ocean Breeze and Vestas respectively in March 2023. The sea trials confirms that the completed gangway system makes it possible for these vessels to perform safe personnel transfer in very rough weather conditions. Completion of the next systems are taking advantage of the lessons learned and is progressing well.

The three vessels in operation have performed well with a utilisation of 99.7% and no injuries to personnel during the year. The charted in front runner vessel, Edda Fjord, has provided good service to Ocean Breeze since April 2021. The vessel was redelivered to Østensjø 30 March 2023 when being replaced by the Edda Breeze.

The first full year of operation has gone by, and it has been an exciting and hectic period with its milestones and challenges. I am happy to receive positive feedback on the company as a recognized and trusted service provider to the offshore wind industry.

We have much excitement ahead of us, including five newbuilds that will commence operations during 2023. Edda Wind has started the process to recruit and establish an organisation prepared to meet the increased workload and activities. This project will run until end of 2024, with the intention of having a standalone organisation in place to operate a gradually larger fleet.

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

Kenneth Walland
CEO

Edda Wind is uniquely positioned with competitive advantages along several dimensions:

Focused company with the right set of capabilities

- Dedicated state-of the-art offshore wind vessels
- Sustainability at the very centre of our strategy
- Growing portfolio of clients with large potential
- Extensive experience and competence pool in maritime operations
- Safe and efficient operations
- Newbuildings prepared for zero-emission

Photo: Eivind Røhne

Positioned across the value chain in a global market

- The Group targets to service most of the offshore wind farm value chain
- Actively considering opportunities in all key offshore wind hubs

Photo: Eivind Røhne

Highly attractive backlog and financial profile

- Total backlog of EUR 394 million[1] in place with six of fourteen vessels on contract
- Vessel availability well matched to C/SOV demand and supply curves
- Attractive financing in place for contracted vessels as well as three vessels available from 2024
- Significant share of debt fixed long-term at attractive all-in rates through Private Placement and CIRR-options

Photo: Balenciaga S.A.

1 As per 31 December 2022

Offshore wind value chain

Commissioning and installation

O&M

Offshore wind project stages

Installation of foundations → **Export and array cable laying** → **Installation of tower and turbine** → **Operation and maintenance**

Scope of work

Installation of foundations

- The foundations for wind generation is constructed
- Installation of monopilers, tripods, transition piece and jackets to support installation

Export and array cable laying

- Connection of turbines sub-station and grid
- Cable laying potentially requiring personnel
- Transfer during hook-up

Installation of tower and turbine

- Mounting and installation of the tower and the turbine rotor blades on the transition piece

Operation and maintenance

- Continuous O&M work throughout the life of the wind farm
- Need for continuous logistics solutions and accommodation

C/SOV application

Continuous transfer of crew and equipment
Tailored logistics and accommodation solutions

SOV or CSOV

CSOV

CSOV and SOV

The development of the energy transition

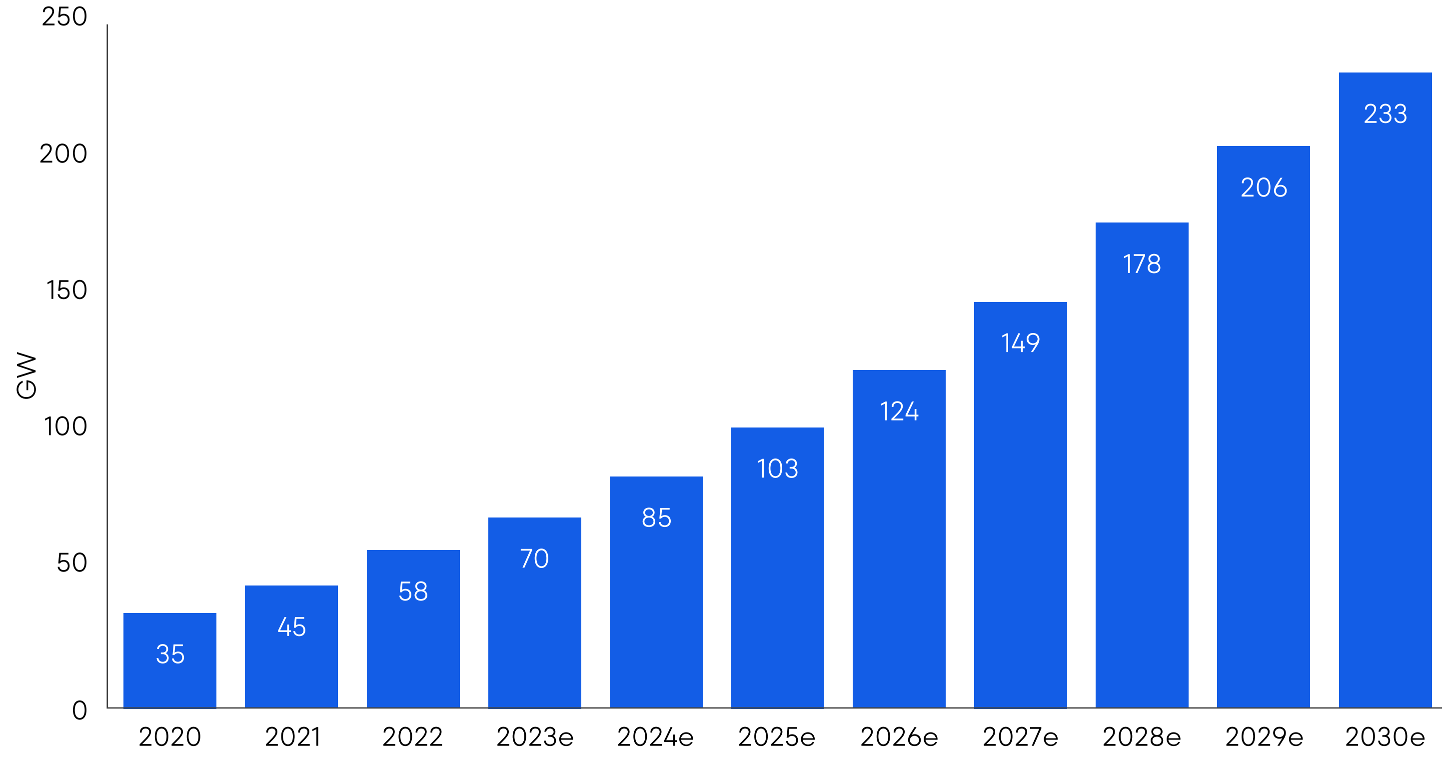
The development of the energy transition
The world is rapidly advancing towards a pivotal moment in the global energy sector, as it shifts away from fossil fuels towards zero-carbon energy sources. The key driver behind this shift is the critical need to significantly reduce CO_2-emissions related to energy production, in order to mitigate the effects of climate change. Achieving this requires immediate and decisive action on all fronts, with the Paris Agreement setting forth bold CO_2 reduction targets. The global energy sector can only meet these targets by developing renewable energy sources such as offshore wind, while simultaneously leveraging new technologies to reduce the carbon footprint of the current energy value chain.

Amidst this, the global energy crisis sparked by Russia's invasion of Ukraine, causing implications for households, businesses and entire economies, promotes urgency for the build-out of renewable energy sources, thus becoming more important than ever. Energy security concerns have motivated countries to increasingly turn to renewables such as solar and wind to reduce reliance on imported fossil fuels, which is now expected to increase to 30% higher than the amount of growth that was predicted a year ago, highlighting how quickly governments have thrown additional policy weight behind renewables.

The public's growing concern for sustainability and the energy transition, combined with various political initiatives supported by governments – such as the United Nations' focus on the Sustainable Development Goals and the Green Deal's target of zero emissions by 2050, creates a favourable environment for Edda Wind. The Company recognises both the opportunity and the responsibility to contribute towards a cleaner, more sustainable, and energy-efficient future by actively participating in the ongoing energy transition.

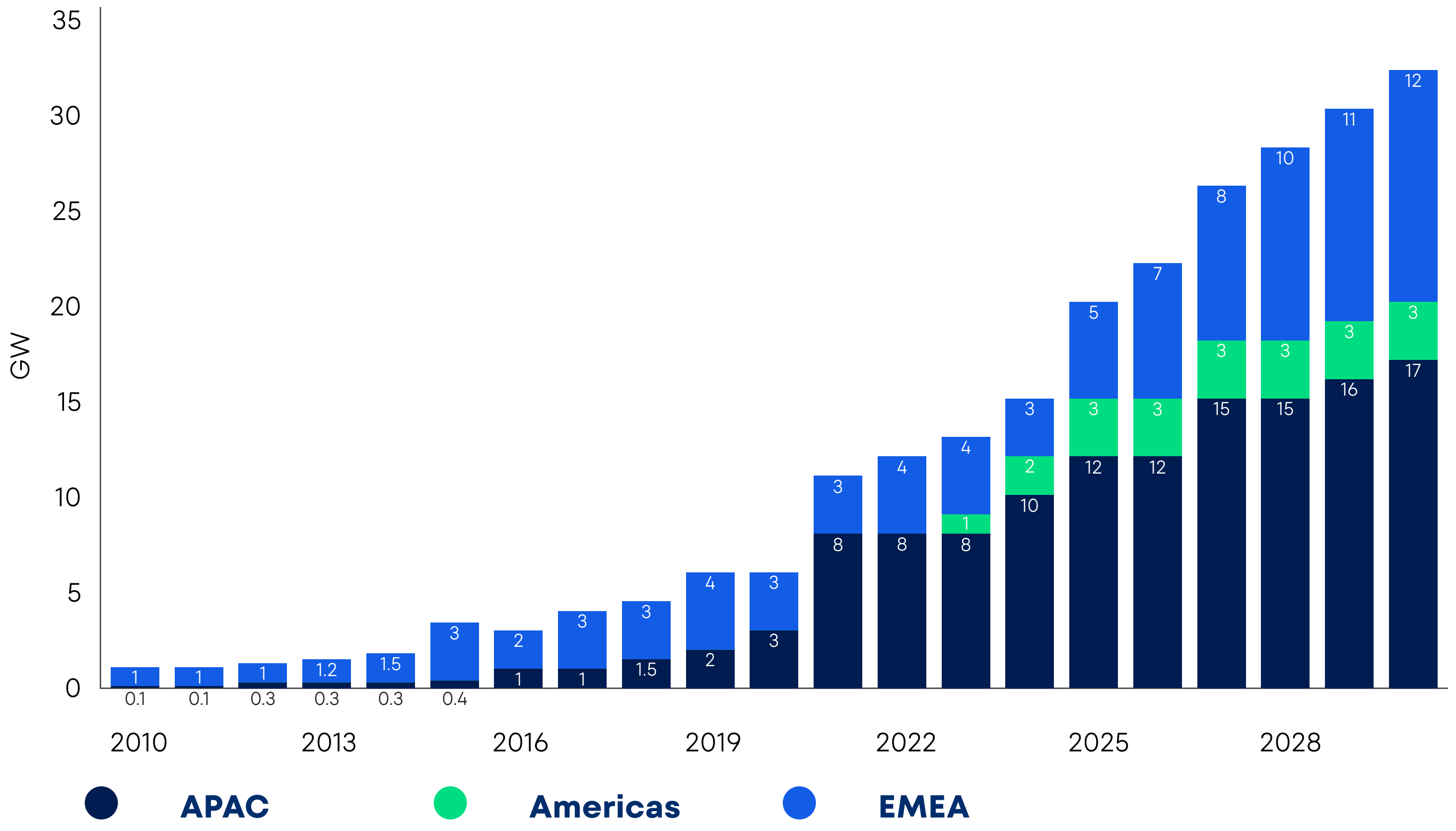
Offshore wind positioned to lead the energy transition
The offshore wind market continues to grow on a global basis. By 2050 the global capacity is expected to reach approximately 1,000 GW.

Offshore wind – global cumulative capacity



Source: Fearnley Offshore Supply AS

Offshore wind – global annual capacity additions



Source: Fearnley Offshore Supply AS

Offshore wind installations are expected to be the fastest growing energy source this decade, surpassing other and conventional energy sources such as onshore wind, solar, hydro, nuclear, oil, gas and coal. By 2050, the electricity generation is expected to increase by approximately 25x on a global basis.

As the offshore wind capacity continues to expand at a rapid pace, the number of wind turbines continue to grow significantly. As of end 2022, there are approximately 11,000 offshore wind turbines installed globally, a number which is expected to grow to 20,000 by 2026. It is anticipated that by 2030, around 33,000 wind turbines will be set up offshore, with Europe and Asia accounting for most installations. The substantial growth in offshore wind turbines is a key catalyst for the growing demand projected for vessels, which will be required both during the commissioning and installation phase and for O&M throughout the wind farms' lifespan, which is expected to be 25 years.

Offshore wind installations are expected to be the fastest growing renewable energy source this decade, though coming from a lower base. In 2020, global installed capacity was roughly 35 GW and is expected to reach 233 GW by 2030. Both water depth and distance to shore for offshore wind farms has increased significantly in the past decade. This has led to more complex operations for servicing the turbines and added additional demand.

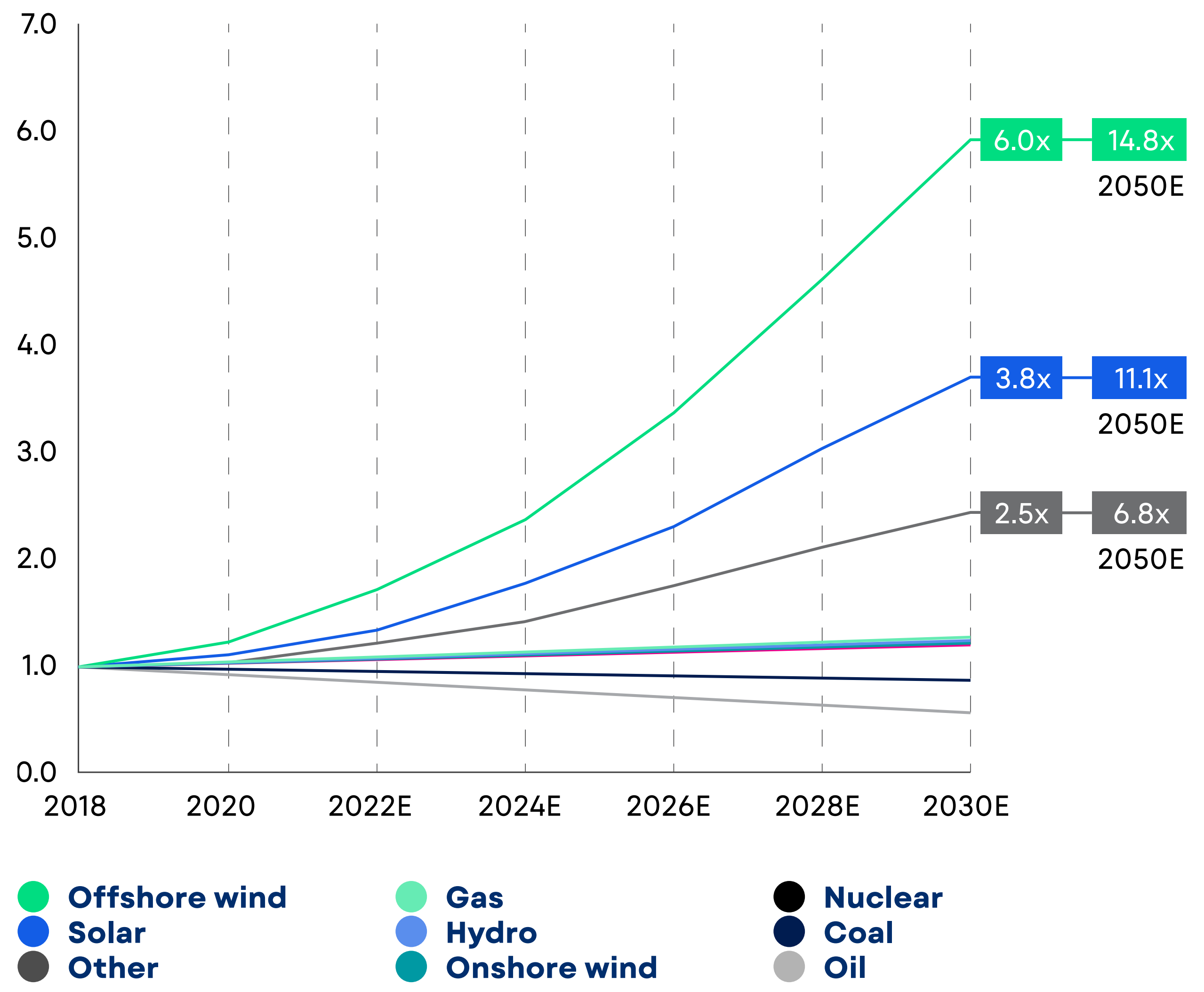
Exponential growth in the number of offshore wind turbines will naturally lead to similar growth in demand for vessels to assist in installation, maintenance and service for turbines. Vessel supply has not been accelerating at the same pace as demand. Leadtimes of 2-3 years in construction of a C/SOV means that supply and demand can be estimated relatively accurately for the next few years. Leading analytical environments predict that there will be a demand for 120 vessels worldwide by 2025 which is expected to increase to about 250 vessels by 2030, exemplified by the chart below. As of 2025, one can expect 55 Tier 1 vessels and 12 Tier 2 vessels available, resulting in a total of 67 vessels, without considering additional newbuilds or scrapping. Despite the anticipation of additional vessels being constructed and options being exercised, the demand forecast suggests a significant gap between supply and demand in the C/SOV market. In other words, there is a clear requirement for more vessels to balance the market. This has for the last 8-10 years been done by tonnage built to service offshore oil and gas installations, due to the crisis this market has been going through. For the last couple of years that market has recovered and this development is expected to continue for the foreseeable future. A significant number of vessels have migrated back from offshore wind, as both willingness and ability to pay for these highly specialised vessels is even higher in oil and gas. Going forward, these vessels can no longer be counted on to balance supply and demand in offshore wind. As a consequence of these developments, offshore wind vessel owners can enjoy a strong market outlook in the short and medium term.

A strong market outlook is normally accompanied by increasing rates. Over the last few years this has been observed in the C/SOV market, particularly in the shorter term commissioning market.

Long-term SOV O&M contracts are very much linked to newbuilding cost at the time of tendering. Shipyard capacity is currently very limited due to strong demand from several shipping sectors. There is also only a limited number of yards capable of, and experienced in, building C/SOVs, further limiting access to building slots. As a consequence, yard prices have increased dramatically over the last 18 months.

Offshore wind is the fastest growing energy source

Indexed (2018 = 100)



Key offshore wind regions	Offshore GW installed 2018	2030E	2050E
Europe	19	**78**	**215**
Asia	5	**126**	**613**
North America	0	**23**	**164**

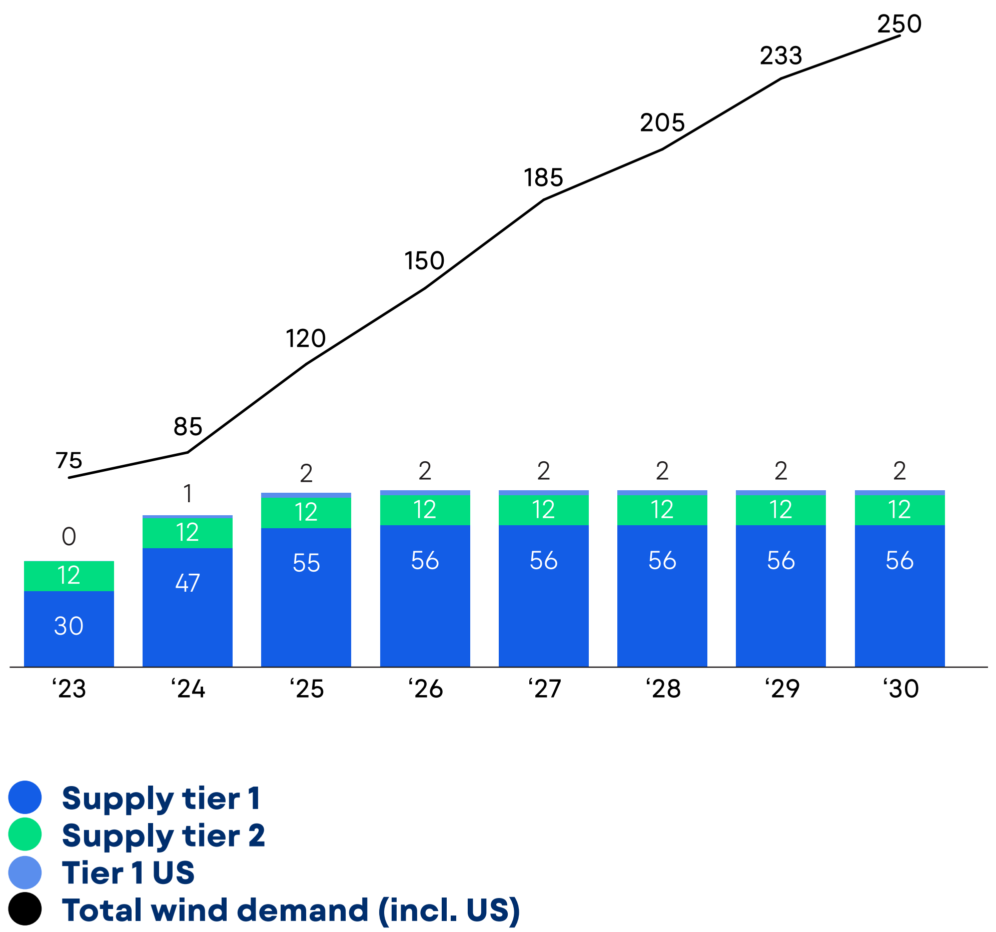
Source: Bloomberg NEF

Naturally, this leads to a competitive edge for owners, such as Edda Wind, that have been able to move early and swiftly and now are in a position with vessels already on order and under construction.

To reap the benefits of the very attractive market for short and medium contracts in the commissioning market, scale and size of fleet is essential. Developers and own equipment manufacturers (OEMs) are only rarely able to contract vessels on long-term contracts in this market. This is because their development programs normally consist of several projects being commissioned either in parallel or with gaps in time between them. The flexibility afforded by a larger fleet, and particularly of vessels built to service the commissioning market, is therefore an invaluable tool for vessel owners. This flexibility enables both achieving the highest possible utilisation of the fleet, by being able to nominate vessels to projects according to availability. In addition, and perhaps at least as important, it enables guaranteeing clients availability of vessel(s) based on their need, given agreed notice times, naturally granted that commitments of access to work are made towards the owner as well. For Edda Wind, as the largest operator in the C/SOV market, the ability to enter into framework agreements or similar will be a definitive competitive advantage going forward.

Demand and supply expectations

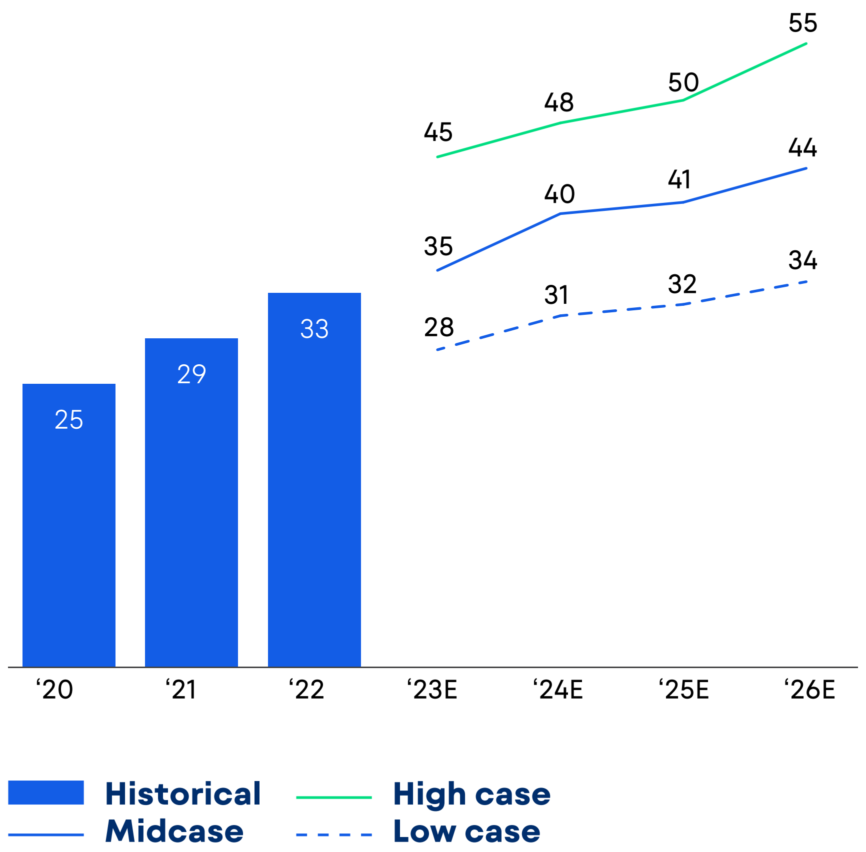
\# of vessels



Source: Fearnley Offshore Supply AS

C/SOV historical dayrates and expectations

EUR 1,000 per day



Source: Fearnley Offshore Supply AS

Our Business Model

Edda Wind develops, builds, owns, operates and charters out purpose-built SOVs and CSOVs for offshore wind farms.

The Group recognises the opportunities and responsibilities to contribute towards a cleaner, more sustainable and energy efficient future. Our business model enables us in doing so.

Optimising

Our capital structure

Edda Wind aims to optimise its capital structure in order to enhance the potential for capital distribution to shareholders and thus fulfil its dividend policy. For newbuilds with longer-term contracts, the Group targets having financial leverage in the range of 70-90% of newbuild costs. For vessels on shorter-term contracts, the Group seeks to have debt financing of 50-70% of newbuild costs.

Balancing

Our approach to long- and short-term contracts

Edda Winds' ambition is to secure a share of long-term contracts which ensures cash flows and enables financing solutions, while having a similar exposure to the short-term spot market which is showing strong fundamentals for the foreseeable future.

Market leading

Providing of offshore wind service vessels

Following delivery of the offshore wind C/SOVs currently under construction, the Group will have the largest fleets of purpose-built offshore wind C/SOVs in the world, solely focusing on the fast-growing market for offshore wind service vessels.

Sustainability at the centre of the strategy

The Group's strategy is focused exclusively on the offshore wind industry, and sustainability is a strategic objective for the Group 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 business model and strategy are supported by the capital, experience and network, and competence of the Group's major shareholders as well as its dedicated management and organisation. The Group is already well positioned within the industry with a diversified contract portfolio with leading clients, including Ørsted, Ocean Breeze, Vestas, Siemens Gamesa and SSE Renewables, as well as having future-ready assets prepared for new zero-emission operations creating a solid platform for further growth and development. Global environmental concerns have led to significant investments in decarbonisation and the offshore wind industry has been able to reduce cost and risk on the back of the accelerating offshore wind sector industrialisation.

The decarbonisation through electrification is expected to continue, which will further support positive development for offshore wind as can be seen in the expansion of bottom fixed wind farms into US and Far East markets as well as new technology development for floating offshore wind farms. While this supports the Group's business model, strategy and prospects, future development will also be influenced by licensing and development of new offshore wind farms, access to capital and competent sea and shore personnel as well as being able to offer cost efficient services to clients while meeting future emission standards.

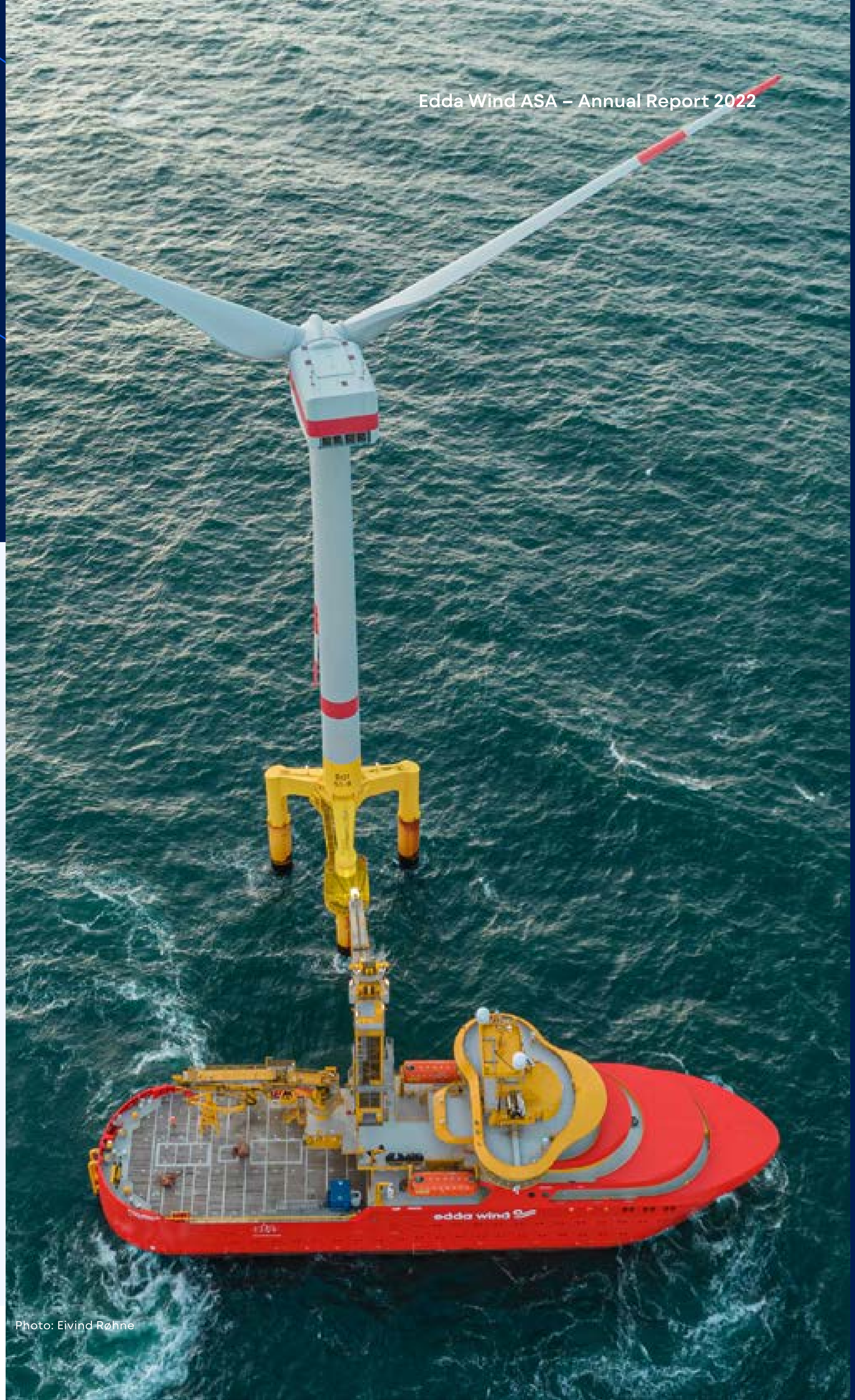


Photo: Eivind Røhne

Working for our stakeholders

Maintaining a regular and open dialogue with key stakeholders is important for Edda Wind, as it contributes to a better understanding of stakeholder expectations, possible challenges and opportunities, and the potential impact of our activities. This, in turn, serves as a basis for better decision-making.

Stakeholders are defined as those entities or individuals that are expected to be significantly affected by Edda Wind's activities, services and decisions.

Key stakeholders and how we communicate with them:

Investors

- Annual and quarterly reports and presentations.
- Regular Board meetings (for main investors).
- Press releases and stock exchange notices.

Customers

- Customer meetings.
- Regular dialogue.
- Tender activities.

Suppliers

- Procurement policies.
- Supplier assessments.
- Regular dialogue with key suppliers.

Employees

- Performance appraisals.
- Management communication.

Authorities and local communities

- Membership organisations.
- Sponsorships.

Ship manager

- Day-to-day communication.
- Regular operations meetings.

Environmental, social and governance

Sustainability reporting

Edda Wind's sustainability reporting is prepared in reference with the Global Reporting Initiative (GRI) Standards 2021. The report should be read in conjunction with the GRI Index, which is published on the Group's webpage, www.eddawind.com. The report has been prepared by senior management and reviewed by the Audit Committee. No third-party verification has been performed.

Scope of the report and reporting boundaries
The report covers activities for the calendar year 2022 for Edda Wind and its subsidiaries and is aligned with the other information provided in the Annual Report. Østensjø Rederi is ship manager for Edda Wind and has performed corporate management services for Edda Wind during 2022. The scope of reporting covers all activities under Edda Wind's operational control, including activities performed by Østensjø Rederi on our behalf. Environmental data, such as greenhouse gas (GHG) emissions and waste disposals, are reported on an operational control basis (i.e. covering both owned and hired-in vessels). People-related data includes data from personnel under direct employment, as well as personnel working on board our vessels hired in through Østensjø Rederi.

Refer to note 5 to the Consolidate Financial Statements for full overview of entities within the Group.

Our sustainability highlights

Contribute to a greener future

Environment

- Taken delivery of two newbuilds from yard equipped with battery hybrid systems and prepared for LOHC technology.
- Three vessels in operation during 2022 within renewable energy.

Photo: Lukasz Bis

Be a safe workplace and inclusive employer

Social

- No fatalities or lost time incidents.

Photo: Eivind Røhne

Be a trusted and transparent business partner

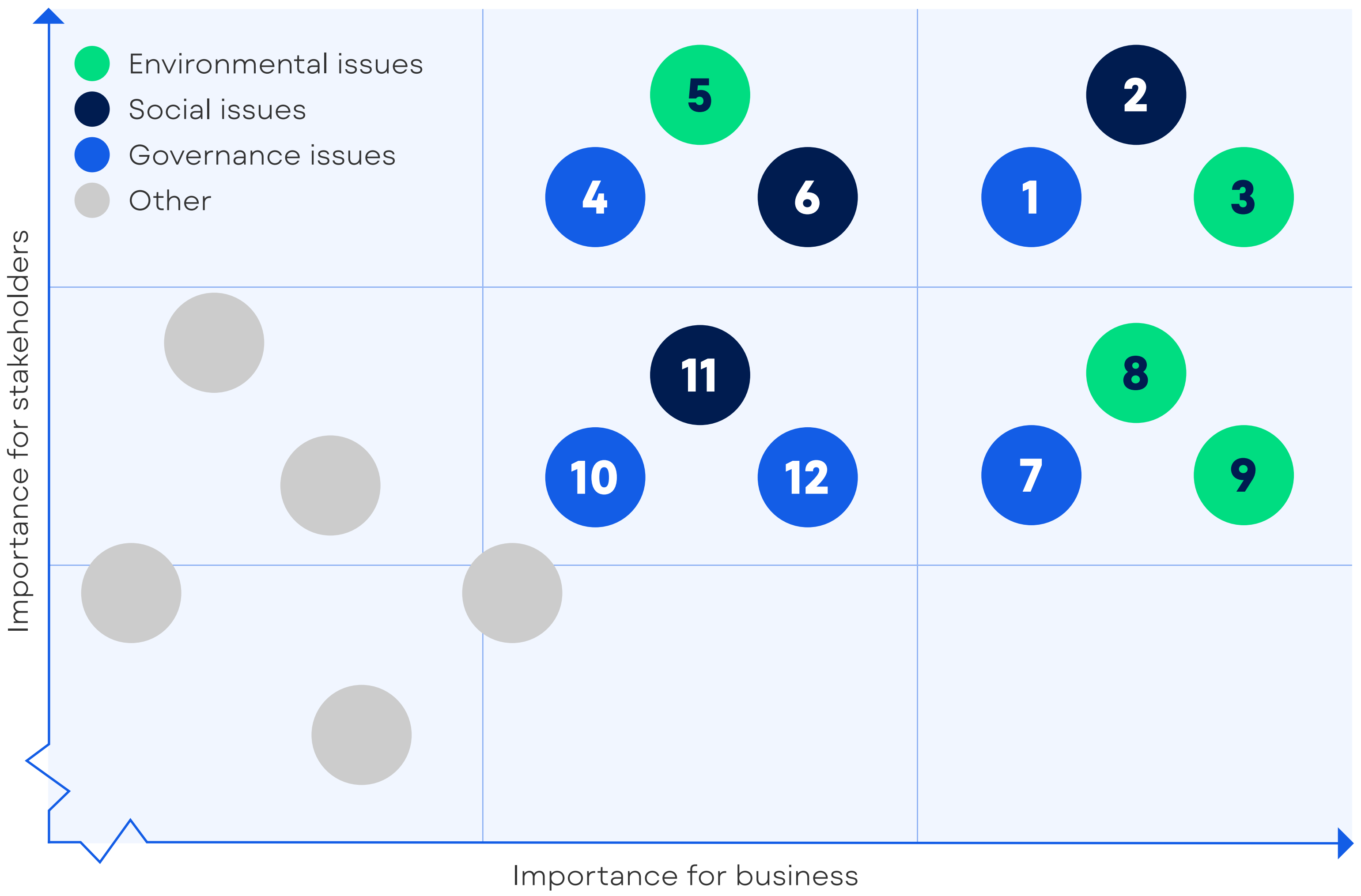
Governance

- Conducted our first materiality assessment.

Materiality assessment and priorities

Edda Wind has conducted its first materiality assessment in 2022, where we have directly engaged with our key stakeholders to identify the different perspectives our stakeholders have on our business impacts.

In the assessment, the importance of different topics is ranked by internal and external stakeholders, such as Board members, investors, banks, suppliers, customers and members of executive management. The assessment provided the following results, where the topics have been ranked on the impact on Edda Wind's business and the importance for stakeholders.



1. Business ethics and anti-corruption
2. Operational safety, prevention of accidents, injuries and absence
3. GHG emissions from operations
4. Supply chain management
5. Waste management and ship recycling
6. Human rights and equal treatment
7. Tax transparency
8. Green growth and decarbonisation
9. Sustainable innovation
10. Customer focus
11. Human capital development
12. Data privacy and data security

Based on the materiality assessment, the Group management team has defined the following sustainability priorities and related material topics, which were also approved by the Board:

Contribute to a greener future

- Investing in sustainable solutions
- GHG emissions
- Non-GHG emissions

Be a safe workplace and inclusive employer

- Operational safety on board
- Equality, diversity and inclusion in the workforce
- Investing in human capital

Be a trusted and transparent business partner

- Business ethics and anti-corruption
- Supply chain management
- Cyber security

Contribute to a greener future

Offshore wind at the pinnacle of decarbonising the global energy market
Edda Wind's fleet represents an important piece of the puzzle of supporting tomorrow's offshore wind parks and thereby contributing to providing cleaner, renewable, and cost-efficient energy to the world. Sustainability is at the very centre of Edda Wind's strategy, exclusively focusing on the offshore wind sector targeting both the O&M segment, as well as the commissioning segment.

Investing in sustainable solutions
Edda Wind fully supports the Green Deal's target of zero emissions by 2050 and is already taking an active part by contributing to the production of renewable energy. We also work actively to reduce our own environmental footprint as part of the offshore wind value chain. To provide value to customers while reducing our environmental impact, we work with our customers to optimise our vessels and collaborate on the development of alternative fuels, including hydrogen. We use the latest technology for battery-hybrid solutions, and our newbuildings are prepared for hydrogen-based operations with zero GHG emissions. Edda Wind has high ambitions and targets to offer zero-emission solutions and operations for the newbuildings within by the end of this decade and for these to be carbon-neutral by 2040.

2040

Carbon neutral target for newbuildings

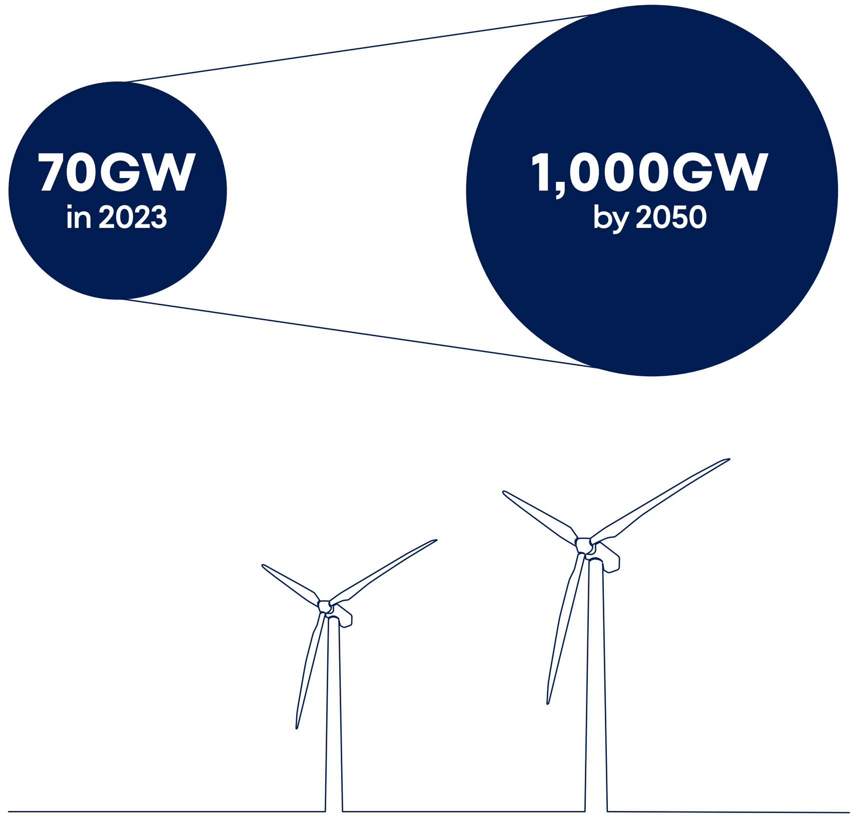
The fleet
Edda Wind's ongoing newbuilding programme will bring the fleet to a total of 14 purpose-built offshore wind vessels by 2026. With this, Edda Wind's fleet will consist of next-generation offshore wind service vessels.

Implemented energy-saving equipment
Each vessel under construction is designed to have a low environmental footprint without compromising its operational capabilities. The vessels are designed with systems to increase energy efficiency and decrease overall energy consumption.

The vessels are equipped with battery hybrid propulsion systems that enable us to reduce the number of diesel generators in operation since the batteries can be considered as a spinning reserve in critical situations. It also enables us to reduce the size and number of generator sets, which will simplify maintenance, reduce vessel weight and reduce fuel consumption. In addition, the ventilation systems on board are set up to utilise the residual heat from the engines cooling water systems, rather than from the diesel generators. The energy-saving equipment implemented will give the newbuildings a minimum of 30% reduction in GHG emissions compared to first-generation offshore wind service vessels.

Prepared for zero-emission
All of Edda Wind's newbuildings are prepared for zero-emission operations without compromising operational capabilities. The vessels are prepared to take on board the Liquid Organic Hydrogen Carriers ("LOHC") concept with the potential for zero-emission operations. Edda Wind has received NOK 75 million in grants from Enova related to this in 2021-2022.

Edda Wind has entered into a letter of intent for using the LOHC technology with Hydrogenius LOHC Maritime AS. Hydrogenius LOHC Maritime AS has developed and patented the LOHC technology for 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 over the lifetime of the vessel. Edda Wind's target is to be able to offer this zero-emission solution to clients by the end of this decade.



GHG emissions

During 2022, Edda Wind had three vessels in operation, of which two owned SOVs and one chartered offshore service vessel. The main source of GHG emissions for Edda Wind is the consumption of fuel on our vessels, resulting in main emissions of CO_2, NO_x and SO_x. Edda Wind actively works with Østensjø Rederi to reduce emissions on vessels in operation.

The two owned vessels that were in operation in 2022 are purpose-built offshore wind SOVs, built in 2018. Each vessel is operated with variable speed generators. The vessels are equipped with additional power-saving measures, such as heat recovery systems, utilising the residual heat from the engines cooling water systems and thereby substituting electrical warming, frequency-controlled propellers, pumps and fans. The mentioned measures have the potential to reduce fuel consumption and CO_2 emissions by up to 30%.

Each vessel also operates with a selective catalyst reactor (SCR). The SCR system reduces the level of nitrogen oxide in the exhaust gas from the engine by means of catalyst elements and a reducing agent (urea). The SCR system can reduce levels of NO_x emissions by as much as 90%. Customers are encouraged to utilise the SCR system and to use low-sulfur marine gas oil to reduce SO_x emissions.

A Ship Energy Efficiency Management Plan (SEEMP) is implemented on all operated vessels, describing initiatives and measurable goals to increase energy efficiency. The SEEMP also clarifies roles and responsibilities on board, thereby increasing awareness among crew members. To further reduce CO_2 emissions, the vessels are delivered with recommended eco speed during transit. The eco speed is calculated to be the speed level giving the best energy efficiency during transit. In addition, the ship propellers are frequently polished, and the ship hulls are regularly cleaned to reduce water resistance.

The 2022 increase in total CO_2 emissions is driven by the higher number of operational vessel days on Edda Fjord in 2022 compared to 2021, as well as the delivery of two newbuildings in Spain.

There is also a slight increase in emission from owned vessels in operation due to increased fuel consumption in work mode, mainly due to changes in weather conditions under which the vessels have operated. Edda Wind expects total CO_2 emissions to increase in 2023-2026 following the delivery of newbuilds from yard. However, due to the low-emission profile of the newbuilds, the relative CO_2 emissions per work hour is expected to be reduced.

The chartered vessel operating as frontrunner for one of the newbuilds, is a multipurpose platform supply vessel built in 2002. This vessel is a previous-generation offshore vessel and as such not equipped with the same emission-reducing equipment as mentioned above. Therefore, higher emissions is reported on this vessel in 2022. This vessel has been replaced by newbuilding Edda Breeze in March 2023.

Scope 1

Total CO_2 emissions[1,2]		**2022**	**2021**
Owned vessels in operation[3]	Tonnes per year	10,315	10,164
Chartered vessels in operation[4]	Tonnes per year	11,138	9,226
Newbuilds delivered from yard[5]	Tonnes per year	1,394	–

Average CO_2 emissions[6,7]		**2022**	**2021**
Owned vessels in operation	Kg per work hour	822	749
Chartered vessels in operation	Kg per work hour	1,505	1,602

1 CO_2 emission is calculated using emissions factor from DEFRA.
2 Calculated in accordance with the GHG Protocol (Operational control approach).
3 Emissions from owned vessels in operation is derived from Edda Passat and Edda Mistral.
4 Emissions from chartered vessels in operation is derived from Edda Fjord.
5 Emissions from newbuilds delivered from yard is derived from Edda Breeze and Edda Brint. Edda Breeze was delivered from yard in May 2022. Edda Brint was delivered from yard in October 2022. None of the vessels were operational in 2022 due to delay in gangway installation.
6 Average CO_2 emissions is calculated as kg CO_2 emission per work hour. The vessels spend on average 40% of their operational time in work mode. The remainder of time is spent either waiting at location/standby (37%), alongside port (16%) or in transit (7%).
7 CO_2 emissions in work mode will vary with weather conditions.

Scope 1 continued

Total NO_x emissions		2022	2021
Owned vessels in operation	Tonnes	62.98	53.68
Chartered vessels in operation	Tonnes	205.46	194.08
Newbuilds delivered from yard	Tonnes	5.43	–

Relative NO_x emissions		2022	2021
Owned vessels in operation	kg per tonne of fuel consumed	19.50	16.90
Chartered vessels in operation	kg per tonne of fuel consumed	59.00	59.50
Newbuilds delivered from yard	kg per tonne of fuel consumed	13.60	–

Total SO_x emissions		2022	2021
Owned vessels in operation	Tonnes	4.87	3.60
Chartered vessels in operation	Tonnes	6.96	5.77
Newbuilds delivered from yard	Tonnes	0.37	–

Relative SO_x emissions		2022	2021
Owned vessels in operation	kg per tonne of fuel consumed	1.51	1.13
Chartered vessels in operation	kg per tonne of fuel consumed	2.00	2.00
Newbuilds delivered from yard	kg per tonne of fuel consumed	0.85	–

Scope 2

Purchased electricity onshore is provided by Østensjø Rederi as part of the corporate management agreement. Østensjø Rederi has entered into an agreement guaranteeing that 100% of energy consumption at headquarters is from renewable hydropower in compliance with the European Energy Certificate System.

Shore-based power supply is mainly due to Edda Breeze and Edda Brint, as both vessels have been quayside at a Danish shipyard pending installation of gangway systems.

1 Market-based emissions factor is based on certificate of consumption from Blåfalli III facility (hydropower).
2 Location-based emissions factor is based on Danish Production Mix 2021, AIB.

	2022		2021	
	kWh	CO_2(t)	kWh	CO_2(t)
Purchased electricity				
Location based	–	–	–	–
Marked based[1]	11,891	–	6,276	–
Share-based power supply				
Location based[2]	635,303	115	–	–
Market based	–	–	–	–

Non-GHG emissions

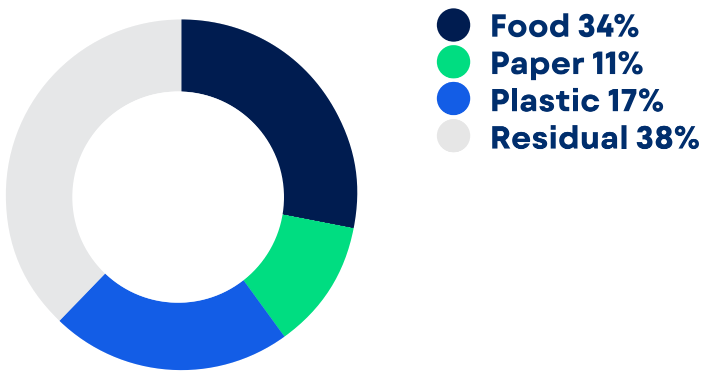
Edda Wind operates in marine surroundings, and we recognise that our operations can have potentially adverse impacts on those surroundings, such as waste discharges and oil spills. We actively work with our ship manager, Østensjø Rederi, to manage the environmental aspects of our operations.

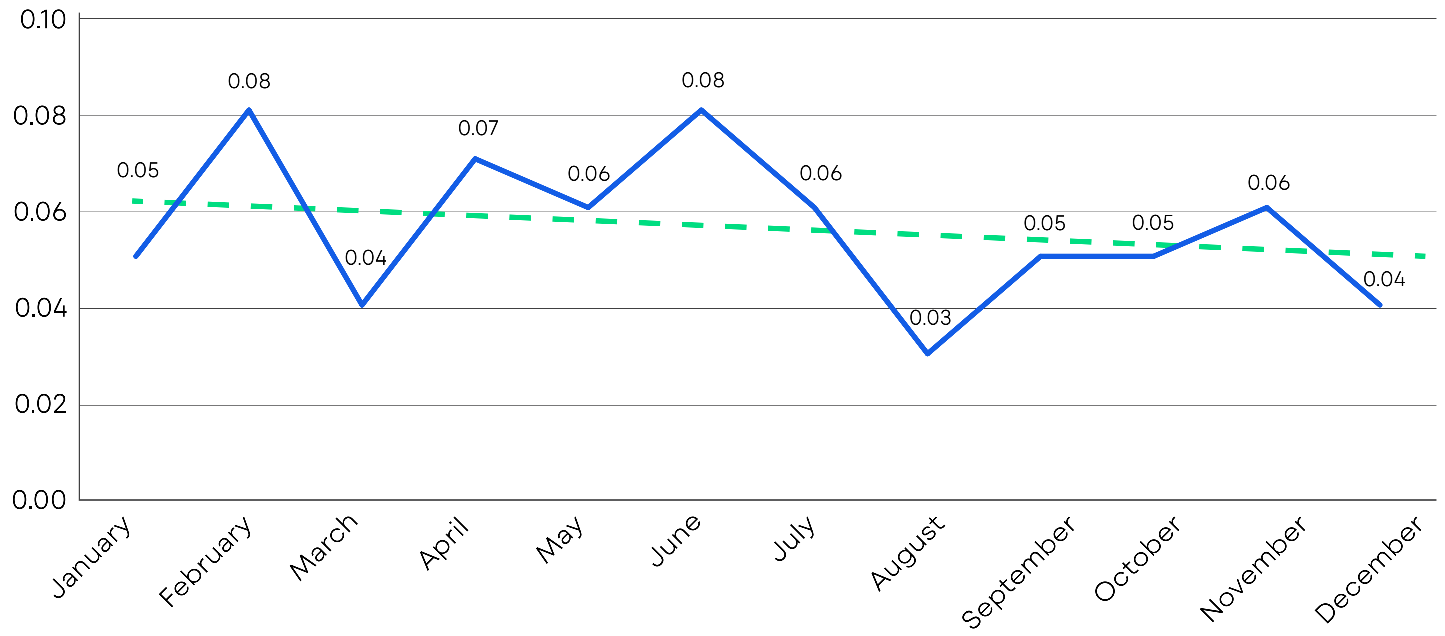
Waste management
On board waste management of the Edda Wind fleet complies with the Convention for Prevention of Marine Pollution (MARPOL). All waste is handled in accordance with the Garbage Management Procedure, whereby all waste is categorised into categories as defined in the amendments to MARPOL annex V and disposed of in accordance with the requirements for each category.

During 2022, Edda Wind generated 62.0 tonnes of waste, compared to 51.3 tonnes in 2021. The increase is due to a higher number of vessel days in 2022 compared to last year. Waste is mainly generated from personnel on board.

The average waste in kg per personnel hour was 0.05, compared to 0.06 in 2021. Edda Wind's ambition is to keep waste per personnel hour low and not exceed this level.

Waste distribution





Spills to environment
Edda Wind follows the International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC). Our ambition is to comply with all regulations regarding marine pollution and have zero spills of hazardous materials into the environment. All vessels are equipped with oil pollution prevention equipment such as booms and sorbents. Shipboard areas where spillage is most common are protected so that the residues are easily recovered. Each vessel has an Emergency Preparedness Manual which also covers emergency procedures in case of spills. All spills are reported to management, and cause and corrective actions are followed up.

Edda Wind had one spill on Edda Fjord during 2022 of 15 litres of hydraulic and lube oil, compared to a spill of a total of 1.5 litres in 2021. Both spills were related to hydraulic hose failures.

Ballast and bilge water
Edda Wind complies with the regulations in the Ballast Water Management (BWM) Convention and CLEAN class notation. Bilge water discharged to the environment complies with MARPOL requirements.

Ship recycling
Edda Wind has not performed any ship recycling during the period. Edda Wind's fleet consists of new vessels with a long remaining economic lifetime, and as such Edda Wind does not expect to perform any ship recycling in the near or mid-future. However, Edda Wind recognises that ship recycling must be performed in accordance with strict standards to mitigate any adverse effects on the environment, personnel health, and safety. As such, Edda Wind will in due course comply with applicable regulations for future ship recycling.

Climate risk

Edda Wind follows the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance
Overall responsibility for the assessment and management of climate risk lies with the Board of Directors. The Board has a sub-committee, the Audit Committee, which assists the Board in monitoring and overseeing risk management, including climate-related risks.

Strategy
Edda Wind's strategy is exclusively focusing on the offshore wind industry. With the increasing focus on decarbonisation of the global energy market, Edda Wind sees major opportunities in the offshore wind market. Edda Wind's fleet consists of purpose-built offshore wind vessels with modern technology. The newbuilding programme includes ten vessels that will operate with a minimum of 30% less GHG emissions compared to the previous generation offshore wind vessels, and are prepared for zero-emission operations with LOHC technology.

Risk management
Risk management is part of the daily duties of the Group management team. Climate-related risks are followed up by management and periodically reported to the Board of Directors. Edda Wind has a strong focus on sustainable and innovative solutions, and as such, climate-related risk discussions are an integral part of Edda Wind's day-to-day business.

Targets and metrics
Edda Wind aims to offer zero-emission solutions to its customers by the end of this decade and for its newbuilds to be carbon neutral by 2040. Emissions are monitored through Scope 1 and 2, as well as internal KPIs showing relative emissions compared to activity levels. For emission statistics, refer to pages 19-20.

Edda Wind has identified the following climate-related risks with potential financial impact:

Category	Risks	Financial impacts
Physical	• Harsher weather conditions • Rising sea levels	• Reduced utilisation of vessels leading to reduced revenue potential • Reduced predictability and more demanding crew changes driving higher cost
Regulatory	• CO_2 emission requirements	• Higher capital expenditure to meet requirements
Technological	• LOHC technology not materialising • New radical technology changes • Lack of infrastructure for new technology • Lack of access to new technology	• Capital expenditures on new technology to stay competitive • Vessel value declining • Reduced dayrates
Market	• New emerging technology for energy production	• Reduced demand for offshore wind leading to reduced market rates, utilisation and revenue potential
Reputational	• Changes in preferences for employees • Changes in preference to shareholders	• Increased recruitment costs • Less attractive to investors • Reduced access to and higher pricing on capital

Be a safe workplace and inclusive employer

At Edda Wind, we work proactively to create a safe working environment with no personal injuries. Safety is the cornerstone of good seamanship and something we never compromise on.

Operational safety on board
The crew on board our vessels are hired through Østensjø Rederi and the vessels operate under Østensjø Rederi's safety management system, which is ISM-certified by several flag states.
All personnel on board our vessels are covered by the safety management system. Østensjø Rederi also holds the following certifications:

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- ISPS

Edda Wind continuously works together with Østensjø Rederi to minimise the risk of personal injuries, and environmental and property damage. Risk assessments are performed regularly on shore and on board the vessels. A risk assessment shall be in place in advance of any operation to ensure that the operation can be safely executed. Any hazards that are identified in the assessment shall have corresponding mitigating control measures. This creates awareness among our personnel and underpins the safety culture within Edda Wind. The crew also have the right to remove themselves from work situations that they believe can cause injuries or ill health, through a "Stop the job" policy. All personnel shall have knowledge of this policy when entering a vessel.

All crew members must complete a familiarisation checklist as part of their introduction to the vessel. This is a comprehensive checklist that includes a review of both general and vessel-specific topics, such as relevant HSEQ policies, use of equipment, assessment of risks and hazards, and reporting routines.

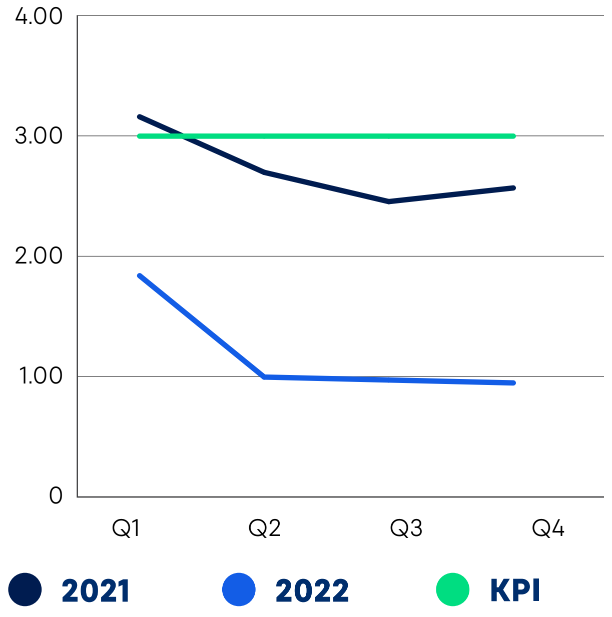
All incidents, accidents and near-misses, as well as other non-conformities, damage or breakdowns, shall be reported. In addition, all observations from which the Company may learn should be notified to the HSE department. All reports are reviewed by the HSE department and delegated to a responsible person (fleet manager) in charge of follow-up and implementing mitigating actions.

The Group monitors and reports lost time incident frequency (LTIF), total recordable case frequency (TRCF), restricted work case frequency, medical treatment injuries, and sick leave. This is reported monthly to management.

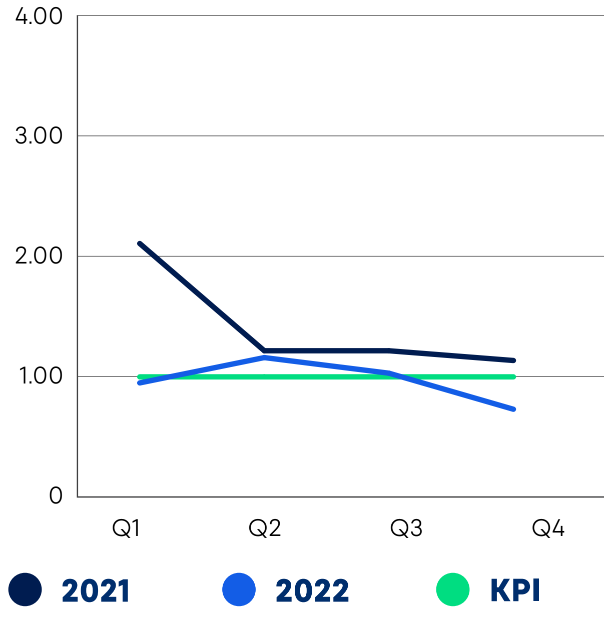
LTIF[1] was 0.0 as of 31 December 2022 and TRCF[2] 0.69. Our target is to have LTIF less than 1 and TRCF less than 2. The main type of injuries reported are due to slips and falls. Edda Wind has not had any fatalities on its vessels.

All personnel on board undergo a health examination by a certified medical examiner before commencing work on board our vessels. Once on board, our personnel are trained to keep a high standard of food and personal hygiene at all times. All vessels are equipped with exercise equipment on board for the crew's disposal. In addition, there are procedures in place to ensure prompt access to medical care and treatment whether on board a vessel or ashore.

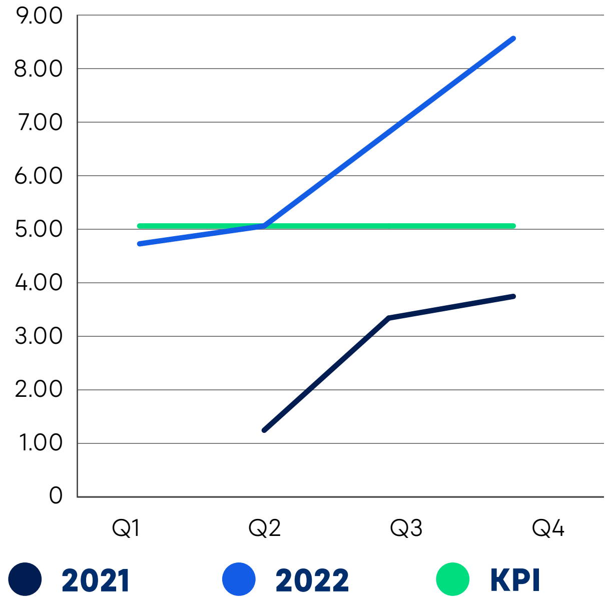
Long-term sick-leave %



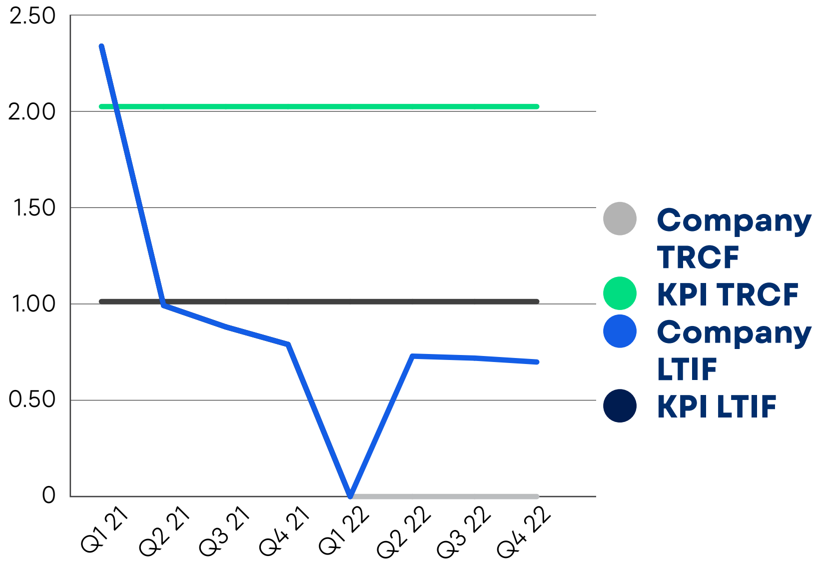
Short-term sick-leave %



Turnover %



LTIF[1] and TRCF[2]



1 LTIF is calculated as: total lost time incidents x 1,000,000 / number of exposure hours. As established standard exposure hours is set to 24 hours per day per person.
2 TRCF is calculated as: total recordable incidents x 1,000,000 / number of exposure hours. As established standard exposure hours is set to 24 hours per day per person.

Be a safe workplace and inclusive employer continued

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

Equality, diversity and inclusion in the workforce
Edda Wind hires in services from Østensjø Rederi, such as vessel crew, corporate services and technical management. We conduct our business, whether directly or through suppliers, with respect for human rights and labour standards, including conventions and guidelines related to wage and salary, working conditions, freedom of association, and the prevention of child or forced labour, and are Maritime Labour Convention (MLC) compliant.

Østensjø Rederi ensures that all seafarers' contracts are in accordance with local collective bargaining agreements and International Transport Workers' Federation (ITF) standards. Edda Wind goes 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 on board personnel.

Edda Wind also hires in corporate management services from Østensjø Rederi. These services constitute an average 9.5 FTEs in 2022.

Shipping has traditionally been a male-dominated business. Edda Wind seeks to promote a diverse workforce and to ensure non-discriminating recruitment processes, as per HR policies.

Investing in human capital
The skills and competencies of the people working for us are crucial to our performance and our ability to live up to our vision. Edda Wind has and will continue to focus on having the adequate capacity and competence at all times.

Edda Wind's Board of Directors, employees and hired crew have the following distribution:

			Gender		Age			Employment region			
		Number	Male	Female	<30	30-50	>50	Norway	UK	Central Europe	Asia
Board of Directors	**Head-count**	7	57%	43%	0%	43%	57%	7	0	–	–
Employees	**Head-count**	9	78%	22%	0%	33%	67%	5	4	–	–
Hired-in offshore personnel[1]	**FTE**	135	90%	10%	16%	63%	21%	21	36	61	17

1 Hired-in personnel represents offshore crew members hired in through Østensjø Rederi.

Be a trusted and transparent business partner

Business ethics and anti-corruption
Edda Wind strives to uphold the highest standard of ethical behaviour in all our operations. 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. 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 from our partners and suppliers.

The Group has a zero-tolerance policy regarding corruption and bribery. We conduct our business in compliance with all applicable laws, rules and regulations on anti-bribery, anti-corruption and anti-money laundering. No incidents of non-compliance with such laws and regulations have been noted in 2022. Edda Wind has not conducted any business in countries with a high risk of corruption, according to Transparency International's Corruption Perception Index from 2021. Our ISM manager, Østensjø Rederi AS, is a member of Transparency International, and Edda Wind will adhere to the principles of that organisation.

It is important that someone who discovers wrongdoing and non-compliance with policies or applicable law is able to report it without risk of retaliation or discrimination. Edda Wind has established a Whistleblowing policy which purpose is to encourage employees, crew members and other external stakeholders to raise concerns about matters occurring within or related to the Group so that the problem can be resolved promptly and efficiently. No whistles have been reported during 2022. The Group is currently exploring options for formalising a whistleblower communication channel.

Be a trusted and transparent business partner continued

Supply chain management
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.

Edda Wind is committed to respecting and securing human rights and business ethics through the supply chain. In relation to the Transparency Act that came into force 1 July 2022, Edda Wind has performed a due diligence and started a process of mapping its suppliers through a Supplier Qualification questionnaire. The purpose of this process is to ensure sustainability in our supply chain. Each supplier will be scored based on their input to the questionnaire. Only suppliers with a score over a set threshold will be considered qualified for future purchases. The Transparency Act report will be published on the Group's webpage, www.eddawind.com.

Refer to **page 09** for our value chain.

Cyber security
Our objective is to minimise cyber security risk and to secure employees' active contribution to a risk prevention culture. We work closely with our 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. We will continue to develop the maturity of our systems to strengthen our defence and to keep up with regulatory updates.

GDPR practices have been established and are managed by our data protection administrators.

Photo: Jamie F. Pola

Photo: Håvard Melvær

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 of the Østensjø Group, founder and Chair of Reach Subsea AS, CFO of 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 of Executive Vice President New Energy. He has had several senior positions in the Wilh. Wilhelmsen Group in Norway and abroad, including the position of president and CEO of Wilh. Wilhelmsen ASA, as well as the position of 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.

Mr. Bullock 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).

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 (SOVs) and commissioning service operation vessels (CSOVs) for offshore wind farms worldwide.

During 2022, the Group operated two purpose-built SOVs and one chartered in frontrunner vessel. The Group also has 12 dedicated offshore wind vessels under construction, of which two SOVs and ten CSOVs, including four CSOVs ordered after the balance sheet date. Two of the newbuildings, Edda Breeze and Edda Brint, commenced operations during the first quarter of 2023.

Edda Wind has a long-standing track record in maritime operations. The ambition of the Group is to be the leading provider of offshore wind service vessels. Following delivery of vessels under construction, Edda Wind will have the largest fleet of purpose-built offshore wind C/SOVs in the world, solely focusing on the fast-growing offshore wind market. The Group's ambition is to secure a share of long-term contracts to ensure cash flows, while also having exposure in the short-term spot market.

Market development and outlook
The ongoing restructuring of the world's energy systems in a greener direction has continued and strengthened throughout 2022. The leading analytical environments within offshore wind estimates a continued significant growth in energy generation capacity from offshore wind turbines until at least the end of this decade. This will naturally be accompanied by a sharp growth in the number of wind turbines installed and in operation. As of the end of 2022, there were approximately 11,000 offshore wind turbines installed globally, which is anticipated to grow to approximately 33,000 wind turbines by 2030. As a consequence, it is estimated that in excess of 250 C/SOVs will be needed to assist with commissioning and operation of these; a number that compares favourably with the existing fleet size of less than 60 vessels, including vessels under construction. Further market information can be found in our strategic report.

Edda Wind emphasises 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.

Consolidated annual accounts
The Group's financial statements for 2022 are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the EU.

Income statement
Total operating income for the year ended 31 December 2022 were EUR 21,856 thousand compared to EUR 18,234 thousand for the year ended 31 December 2021. The increase is due to an increase in operational days on hired-in frontrunner Edda Fjord, as well as a compensation received from Colombo Dockyard PLC under an agreement entered into for the cancellation of two newbuilds.

Total operating expenses before depreciation for the year ended 31 December 2022 were EUR 21,856 thousand compared to EUR 18,234 thousand for the year ended 31 December 2021. The increase is related to the lease of the vessel employed as a frontrunner on a long-term contract to be served by Edda Breeze from March 2023. In addition, the Group cancelled two of its newbuilds in 2022 and consequently reclassified the incurred construction cost from the balance sheet to operating cost.

Depreciation cost for the year ended 31 December 2022 was EUR 3,195 thousand compared to EUR 3,169 thousand for the year ended 31 December 2021. The depreciation cost reflects the depreciation of Edda Passat and Edda Mistral. The decrease reflects effects on currency translation as both vessels are booked with GBP as functional currency. No impairment cost is recognised in 2022 or 2021. See further information on impairment assessment in the Notes to the Consolidated Financial Statements.

Operating profit for the year ended 31 December 2022 was EUR 3,374 thousand compared to EUR 3,013 thousand for the year ended 31 December 2022. The increase is primarily due to the above-mentioned factors.

Financial items for the year ended 31 December 2022 was EUR 1,440 thousand in net financial expense, compared to a net financial expense of EUR 773 thousand for the year ended 31 December 2021. The decrease in financial result is mainly due to a negative effect on currency differences. In addition, the Group terminated one of its interest swaps in 2021 resulting in a realised gain. The effects mentioned above are offset by reduced costs related to long-term debt to financial institutions.

Total comprehensive income for the year ended 31 December 2022 was EUR (652) thousand compared to EUR 4,386 thousand for the year ended 31 December 2021. The decrease is due to the above-mentioned factors as well as due to currency translation differences. Currency translation difference was EUR (2,587) for the year ended 31 December 2022, compared to EUR 2,145 thousand for the year ended 31 December 2021. Currency translation difference reflects the effects of currency fluctuations when revaluing subsidiaries with functional currency in GBP or NOK to EUR.

The Group did not have any R&D activities during 2022 or 2021.

Statement of financial position
The Group's material assets at year end consist of two purpose-built offshore wind SOVs and eight dedicated offshore wind vessels under construction.

Total non-current assets as of 31 December 2022 was EUR 296,853 thousand (EUR 204,715 thousand as of 31 December 2021), of which book value of vessels and newbuildings amounted to EUR 66,714 thousand and EUR 223,082 thousand (EUR 73,611 thousand and EUR 131,077 thousand as of 31 December 2021), respectively. Vessel book value is measured in GBP as its functional currency and, thus, fluctuations may occur due to currency translation. Increase in newbuildings is mainly due to paid pre-delivery yard instalments. As of 31 December 2022, the remaining yard instalments in relation to firm newbuilding contracts amounted to EUR 186,142 thousand. The Group has received EUR 4,569 thousand in grants from Enova during 2022 (EUR 2,605 thousand during 2021), booked as a reduction of newbuilding cost price.

The Group has also incurred EUR 4,588 thousand in liquidated damages related to delayed delivery of Edda Breeze and Edda Brint to clients. Further, the Group has entered into a loan agreement in the net amount of EUR 2,462 thousand as compensation for payment obligations assumed to avoid delay of certain equipment.

Total current assets as of 31 December 2022 was EUR 54,285 thousand (EUR 100,886 thousand as of 31 December 2021), of which cash and cash equivalent was EUR 45,021 thousand (EUR 89,520 as of 31 December 2021). The decrease in cash is primarily due to payment of yard instalments during the year. The Group also holds funds of EUR 4,114 thousand as of 31 December 2022 (EUR 7,036 thousand as of 31 December 2021) classified as restricted funds. Restricted funds are cash received by drawdown of the "Note Purchase Agreement" of GBP 36,000 thousand less executed payments for Edda Brint.

As of 31 December 2022, the Group's total liabilities were EUR 167,459 thousand compared to EUR 121,269 thousand as of 31 December 2021.

Net-interest bearing debt was EUR 156.964 thousand as of 31 December 2022, compared to EUR 117.496 thousand as of 31 December 2021. The increase is primarily due to the drawdown of the ECA Facility for financing newbuildings Edda Boreas and C-416. In addition, the Group has assumed payment obligations in the net amount of EUR 2,431 thousand as of 31 December 2022 to avoid delay in delivery of certain equipment.

At year end 2022, the Group had a total equity of EUR 183,680 compared to EUR 184,332 thousand in 2021, corresponding to an equity ratio of 52.3% in 2022 and 60.3% in 2021. In decrease in equity is mainly due to profit and other comprehensive income for the year ended 31 December 2022 of, in total, EUR 652 thousand in loss.

Statement of cash flow
Net cash flow from operating activities was EUR 9,225 thousand for the year ended 31 December 2022 compared to EUR 6,765 thousand for the year ended 31 December 2021. The increase was primarily due to changes in working capital. Net cash flow from investing activities was EUR (94,934) for the year ended 31 December 2022, compared to EUR (67,512) thousand for the year ended 31 December 2021. The decrease was primarily due to yard payments for newbuildings, as well as a reduction of restricted cash for investment commitments. Net cash flow from financing activities was EUR 41,107 thousand for the year ended 31 December 2022, compared to EUR 142,536 thousand for the year ended 31 December 2021. The decrease is mainly due to proceeds from the Initial Public Offering performed in 2021. Further, the Group had net proceeds from debt of EUR 54,693 thousand in 2021 compared to 42,997 thousand in 2022, related to financing of financing of vessels under construction.

Financial results and financial position – parent company
Edda Wind ASA serves as parent company of the Group. In 2022 the Company reported a profit after tax of EUR 2,321 thousand compared to a loss after tax of EUR 1,085 thousand in 2021. Operating expenses for 2022 was EUR 2,000 thousand, a decrease from EUR 2,485 thousand in 2021. The decrease is primarily due to the IPO process performed in 2021 incurring one-off expenses. Net financial income was EUR 4,320 thousand in 2022 compared to EUR 1,400 thousand in 2021.

The increase is mainly due to received Group contributions of EUR 3,972 thousand in 2022 compared to EUR 237 thousand in 2021 as well as increased interest income from Group companies. The increase is offset by a negative change of net currency differences.

The Company's total assets were EUR 173,701 thousand at year end 2022 compared to EUR 170,236 thousand at year end 2021. Total assets mainly comprise of shares in subsidiaries, receivables from Group companies and cash. Cash balance was EUR 26,739 thousand at year-end 2022 compared to EUR 80,002 thousand in 2021. The reduction is primarily explained by payments of yard instalments on behalf of subsidiaries.

Booked equity at year end 2022 was EUR 170,442 thousand compared to EUR 168,121 thousand in 2021. Equity ratio was 98.1% in 2022 and 98.8% in 2021.

The Board of Directors has recommended that this year's profit of EUR 2,321 thousand be allocated to other equity.

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 2022 and until the date of the Annual Report.

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 analysis to identify strengths, weaknesses, opportunities and threats, and set out risk mitigating actions where needed.

Operational risk
Edda Wind is exposed to the risk of cost increases, including 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. Construction and acquisition of new vessels is important elements 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 macroeconomic factors, financial problems at yards or key suppliers. 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.

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 of 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 2022, the Group has entered into three financing agreements and secured financing of its vessels in use and four out of 12 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 12 months.

The Group further entered into a financing agreement in February 2023, securing financing for five newbuildings. The Group faces risk that financing of the five 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 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 one long-term interest rate swap for a portion of the Groups interest-bearing debt to financial institutions.

Tax risk
Eight 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 acceptable.

Sustainability in Edda Wind's operations
Sustainability is a strategic objective for Edda Wind and considered key to its ability to create long-term value for its shareholders. Please refer to our strategic report for our sustainability reporting.

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. 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 GHG emissions by 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.

The safety of personnel on board the vessels is paramount to Edda Wind's operations. The Group monitors and reports lost time incident frequency, total reportable 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. LTIF was 0.00 in 2022, within the target to not exceed 1.0. TRCF was 0.69, within the target to not exceed 2.0. The Group had nine employees during 2022, two of whom were 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, national origin, religion or disability. The working environment onshore and offshore is considered to be good.

Edda Wind is committed to doing business in accordance with laws and legal requirements, including 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, Germany and the United States. 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.

Corporate Social Responsibility
Edda Wind's policy commitments are found in the Group's Corporate Governance Policy Manual, which includes the Corporate Social Responsibility (CSR) policy. The CSR policy stipulates that the Group shall respect human and labour rights, establish good health, safety and environment standards, facilitate good dialogue with stakeholders, and generally operate in accordance with the applicable regulatory framework and good business practice. The CEO is responsible for ensuring follow-up of and compliance with the content of the policy. The policy is adopted by the Board of Directors and shall be evaluated at least every second year.

In relation to the Transparency Act that came into force 1 July 2022, Edda Wind will publish a report that will be available on https://eddawind.com/investor-relations/

Subsequent events
Edda Boreas was delivered from Gondan Shipyard in February and commenced installation and commissioning of the gangway system at Ørskov Yard in Denmark. Edda Breeze and Edda Brint commenced their long-term charters in March. Four CSOVs were ordered at Vard Shipyard in March and Edda Wind simultaneously raised NOK 1.2 billion in new equity related to this investment.

As reported in December 2022, hull no C416 is under construction at Balenciaga shipyard in Spain. The construction is behind schedule, and is estimated that the vessel will be ready for operation in Q4 2023. Management, together with the yard, suppliers, and the client are working to minimise the risk of further delays, as well as associated cost increase.

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 2023, as well as cash flow forecast and contract status for newbuildings.

Responsibility statement
We hereby confirm that, to the best of our knowledge, the annual accounts for the period 1 January 2022 to 31 December 2022 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.

Haugesund, 26 April 2023
The Board of Directors of Edda Wind ASA
(signed electronically)

Håvard Framnes
Chair 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

Photo: Eivind Røhne

Corporate Governance Report

Governance at a Glance

Edda Wind ASA is the parent company of the Edda Wind Group. Edda Wind ASA is a Norwegian public limited company listed on the 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 good communication between management, the Board of Directors and 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.

The Board of Directors review, monitor and discuss issues, risks and opportunities related to safety, security and sustainability. Regular Board meetings are held during the year, and topics such as investments and sustainability are considered in the Board's strategic work, as well as in the implementation of business plans and monitoring of performance.

The Board of Directors has three sub-committees. The Audit Committee assists in monitoring and overseeing risk management, including climate-related risks, and compliance with commitments and requirements for ethical conduct concerning financial reporting. The Nomination Committee is responsible for proposing candidates for members of the Board and the Nomination Committee, and remuneration to the members of these bodies.

The Remuneration Committee's main tasks are to prepare recommendations to the Board of Directors regarding salary and other employment issues in respect of executive management, as well as prepare the report on remuneration to management.

Day-to-day management lies with the CEO, who is responsible for managing Edda Wind's policies and actions related to safety, security and sustainability.

Norwegian Code of Practice for Corporate Governance

Edda Wind ASA has adopted the Norwegian Code of Practice for Corporate Governance of 14 October 2021 (the “Corporate Governance Code”). 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.

Equality 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. For newbuilds with longer-term contracts, the Company targets to have a financial leverage in range of 75-85% of newbuild cost. For vessels without contract, the Company seeks to secure financing of 50-60% of newbuild cost.

At 31 December 2022, the Company’s equity amounted to EUR 183,680 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.

The Board of Directors will in the ordinary course of business of the Company have authorisation to increase the share capital of the Company and to repurchase the Company’s own shares.

Equal treatment of shareholders and transactions with related parties
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.

The Board of Directors aims to ensure that any material future transactions between the Company and shareholders, a shareholder’s parent company, members of the Board of Directors, executive personnel or close associates of any such parties are entered into on arm’s length terms. For any such transactions which do not require approval by the general meeting pursuant to the Norwegian Public Limited Liability Companies Act, the Board of Directors will on a case-by-case basis assess whether a fairness opinion from an independent third party should be obtained.

According to the Norwegian Public Limited Liability Companies Act, the Company’s shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may, however, be set aside, either by the general meeting or by the Board of Directors if the general meeting has granted the Board authorisation which allows for this. Any resolution to set aside pre-emption rights will be justified by the common interests of the Company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice from the Company.

In the event of a future share buy-back programme, the Board of Directors will aim to ensure that all transactions pursuant to such programme will be carried out either through the trading system at Oslo Børs or at prevailing prices at Oslo Børs and in accordance with the Market Abuse Regulation. In the event of such programme, the Board of Directors will take the Company’s and shareholders’ interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the Company’s shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

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 general meeting shall as principal rule be made by written notification to all shareholders with a known address no later than 21 days prior to the date of the general meeting. Provided documents concerning items to be discussed at the general meeting are made available on 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.

The Annual General Meeting is chaired by the Chair of the Board, or an individual appointed by the Chair. Having the Chair of the Board of Directors or a person appointed by him/her chairing general meetings simplifies the preparations for the general meetings significantly. The Company encourages shareholders to attend the Annual General Meeting. It is also the intention to have representatives of the Board of Directors attending the Annual General Meeting. The Board of Directors and the Nomination Committee shall, as a general rule, be present at general meetings. The auditor will attend the ordinary general meeting and any extraordinary general meetings to the extent required by the agenda items or other relevant circumstances.

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; and
- 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 majority of the committee should be independent of the Board of Directors and the executive personnel. No more than one member of the Nomination Committee should be member of the Board of Directors.
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 composition of the Board of Directors should ensure that the Board can attend to the common interests of all shareholders and to meet the Company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the Board can function effectively as a collegiate body.

The composition of the Board of Directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board should be independent of the Company's executive personnel and material business contacts. At least two of the members of the Board elected by shareholders should be independent of the Company's main shareholder(s).

The Board of Directors should not include executive personnel. If the Board does include executive personnel, the Company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the Board, including the use of Board committees to help ensure more independent preparation of matters for discussion by the Board.

The Chair of the Board of Directors should be elected by the general meeting. The term of office for members of the Board of Directors should not be longer than two years at a time. The Annual Report should provide information to illustrate the expertise of the members of the Board of Directors, and information on their record of attendance at Board meetings. In addition, the Annual Report should identify which members are considered to be independent.

The Company's Board of Directors currently consists of seven members, of which four are men and three are women. None of the members of the Board hold executive management positions in the Company. Three of the members of the Board are independent of the Company's main shareholders. The Chair 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 of Directors is responsible for the overall management of the Company, and shall supervise the Company's business and the Company's activities in general. The Norwegian Public Limited Liability Companies Act regulates the duties and procedures of the Board of Directors. In addition, the Board of Directors has adopted supplementary rules of procedures, which provides further regulation on inter alia the duties of the Board of Directors and the Chief Executive Officer, the division of work between the Board of Directors and the Chief Executive Officer, the annual plan for the Board of Directors, notices of Board proceedings, administrative procedures, minutes, Board committees, transactions between the Company and the shareholders, and matters of confidentiality.

The Board shall produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The CEO shall at least once a month, by attendance or in writing, inform the Board of Directors about the Company's activities, position and profit trend.

The Board of Directors' consideration of material matters in which the Chair of the Board is, or has been, personally involved, shall be chaired by some other member of the Board.

The Board of Directors shall perform a self-evaluation of its performance and expertise annually and present the evaluation to the Nomination Committee.

Audit Committee
The Company's Audit Committee is governed by the Norwegian Public Limited Liability Companies Act and a separate instruction adopted by the Board of Directors. The members of the Audit Committee are appointed by and among the members of the Board of Directors. A majority of the members shall be independent of the Company's operations, and at least one member who is independent of the Company shall have qualifications within accounting or auditing. Board members who are also members of executive management cannot be members of the Audit Committee. The principal tasks of the Audit Committee are to:

(a) Prepare the Board of Directors' supervision of the Company's financial reporting process;
(b) Monitor the systems for internal control and risk management;
(c) Have continuous contact with the Company's auditor regarding the audit of the annual accounts; and
(d) Review and monitor the independence of the Company's auditor, including in particular the extent to which the auditing services provided by the auditor or the audit firm represent a threat to the independence of the auditor.

Remuneration Committee
The Company's Remuneration Committee is governed by a separate instruction adopted by the Board of Directors. 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:

(a) 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 6-16 a; and
(b) Other matters relating to remuneration and other material employment issues in respect of executive management.

Risk management and internal control
Risk management and internal control are given high priority by the Board of Directors ensuring that adequate systems for risk management and internal control are in place. The control system consists of interdependent areas which include risk management, control environment, control activities, information and communication, and monitoring.

The Company's management is responsible for establishing and maintaining sufficient internal control over financial reporting. Company-specific policies, standards and accounting principles have been developed for the annual and quarterly financial reporting of the Group. The CEO and CFO supervise and oversee the external reporting and the internal reporting processes. This includes assessing financial reporting risks and internal controls over financial reporting within the Group.

The consolidated external financial statements are prepared in accordance with IFRS and International Accounting Standards as adopted by the EU.

The Board of Directors shall ensure that the Company has sound internal control and systems for risk management, including compliance to the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility. The Company's Code of Conduct describes the Company's ethical commitments and requirements related to business practice and personal conduct. If employees experience situations or matters that may be contrary to rules and regulations or the Company's Code of Conduct, they are urged to raise their concern with their immediate superior or another manager in the Company. The Company has established a whistleblowing function that will enable employees to alert the Company's governing bodies about possible breaches of the Code of Conduct.

The Board of Directors shall present a report of the Company's financial statement in the Annual Report. The Audit Committee shall assist the Board of Directors on an ongoing basis in monitoring the Company's system for risk management and internal control. In connection with the quarterly financial statements, the Audit Committee shall present to the Board of Directors reviews and information regarding the Company's current business performance and risks.

Remuneration of the Board of Directors
The remuneration of the Board of Directors shall be decided by the Company's general meeting, and should reflect the Board of Directors' responsibility, expertise, time commitment and the complexity of the Company's activities. The remuneration should not be linked to the Company's performance.

The Annual Report shall provide details of all elements of the remuneration and benefits of each member of the Board of Directors, which includes a specification of any remuneration in addition to normal fees to the members of the Board.

If members of the Board of Directors take on specific assignments for the Company outside ordinary duties as Board members, this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board of Directors.

Remuneration of executive personnel
The Board of Directors will in accordance with the Norwegian Public Limited Liability Companies Act prepare separate guidelines for the stipulation of salary and other remuneration to key management personnel. The guidelines shall include the main principles applied in determining the salary and other remuneration of executive management, and shall ensure convergence of the financial interests of executive management and the shareholders. The guidelines will be made available to and shall be dealt with by the ordinary general meeting in accordance with the Norwegian Public Limited Liability Companies Act.

The Board of Directors aims to ensure that performance-related remuneration of executive management in the form of share options, annual bonus programmes or the like, if used, are linked to value creation for shareholders or the Company's earnings performance over time.

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
In the event the Company becomes the subject of a takeover bid, the Board of Directors shall seek to ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board of Directors shall also ensure that the shareholders have sufficient information and time to assess the offer.

There are no defence mechanisms against takeover bids in the Company's Articles of Association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company. The Board of Directors has not established written guiding principles for how it will act in the event of a takeover bid, as such situations are normally characterised by concrete and one-off situations which make guidelines 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. The Board of Directors will require the Company's auditor to annually present to the Audit Committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement, as well as the main features of the plan for the audit of the Company.

Furthermore, the Board of Directors will require the auditor to participate in meetings of the Board of Directors that deal with the annual accounts. At least one Board meeting with the auditor shall be held each year in which no member of executive management is present.

The Board of Directors' Audit Committee shall review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represents a threat to the independence of the auditor.

The remuneration to the auditor for statutory audit will be approved by the ordinary general meeting. The Board of Directors should report to the general meeting on details of fees for audit work and any fees for other specific assignments.

Remuneration report for 2022

Key highlights

- Remuneration guidelines were presented to and adopted by the Annual General Meeting on 6 May 2022.
- In accordance with the practice of the Group the remuneration of the CEO is determined by the Board of Directors while the remuneration of the senior executives is determined by the CEO.
- Total remuneration to senior executives amounted to NOK 7,423,312 in 2022.

Statement from the Board
Supporting increased transparency related to senior executive remuneration, the Board has today considered and endorsed the remuneration report for Edda Wind ASA ("the Group" or "Edda Wind") for the fiscal year 2022.

Prepared in accordance with the Norwegian Public Limited Liability Companies Act ("Companies Act") §6-16 building on the requirements in the EU Shareholder Rights Directive (2017/828), the report gives to the best of our knowledge, a fair and true presentation of remuneration awarded to senior executives in the Group in 2022.

The report has been reviewed by the Group's auditor EY and will be presented to the Annual General Meeting on 25 May 2023 for an advisory vote.

Our objective in providing this report is to give a transparent and comprehensive overview of the remuneration of senior executives and to:

- provide clarity of the remuneration arrangements;
- confirm a strong link between performance and remuneration; and
- ensure shareholders' interests and expectations are aligned with Company development, including strategic ambitions and business performance.

This remuneration report describes the practice of the Group for 2022.

Haugesund, 26 April 2023
On behalf of the Board of Directors

Håvard Framnes
Chair of the Board

Remuneration report for 2022 continued

Senior executives
As of 31 December 2022, the Group management team included:

- Kenneth Walland, CEO
- Håkon L Vevang, CCO
- Tom Johan Austrheim, CFO
- Jan Lodden, COO (start date 1 July 2022)

Remuneration of Board members are also included in this report.

Compliance with the remuneration guidelines
The first remuneration guidelines of the Group were presented and adopted at the Annual General Meeting on 6 May 2022. The guidelines were developed to ensure the Group's remuneration of senior executives complies with relevant regulatory requirements, is aligned with the Group's values, people policy and performance-based remuneration philosophy, and is easy to understand and be assessed by the Group's various stakeholders.

The below list of principles guide remuneration:

- The remuneration of senior executives is designed to retain and attract the right employees with the skills and expertise necessary to deliver on the Group's short- and long-term ambitions, including both financial and non-financial targets.
- The compensation should be competitive, but not market leading, in the relevant labour market(s).
- The compensation should be fair, reflect the complexity and responsibility for each position as well as the performance of the individual.
- Compensation should reflect the Group's overall performance and financial results.
- Remuneration should be aligned with and strengthen the common interest of Edda Wind's senior executives and the Group's shareholders.
- The guidelines, including the objective of each element of the remuneration, award levels and performance criteria should be clear, transparent and give a comprehensive overview of how the Group compensates senior executives and how the different elements are believed to contribute to realising the Group's strategic ambitions, long-term interests and profitability.

Key business events in 2022
The Group ordered three newbuildings in January 2022 and one newbuilding in October 2022. With this action Edda Wind is clearly taking the leading role in the growing market for C/SOVs with a planned fleet of 14 vessels, including four vessels ordered in March 2023. Two vessels ordered at Colombo Dockyard in January 2022 were subsequently cancelled in July 2022.

Edda Breeze and Edda Brint was delivered from yard in May and October, respectively. Both vessels commenced installation of gangway systems after delivery.

Remuneration of senior executives in 2022
Total remuneration to senior executives amounted to NOK 7,423,312 in 2022, of which 84.8% was base salaries and other benefits, 9.9% was bonuses and 5.3% pensions. Other benefits included work-related non-monetary employment benefits such as company car, insurance and digital media. There were no changes in pension schemes for senior executives in 2022. A full breakdown of remuneration, can be found in tables on page 40. A bonus of NOK 732,423 was paid to management during 2022, related to the short-term bonus scheme.

From January 2023 the annual base salary for the CCO will be NOK 1.6 million. From April 2023 the annual base salary for the CFO will be NOK 2.0 million.

The Board has resolved to pay a bonus of 2.5 months salary in Q2 2023 related to the short-term bonus scheme for 2022.

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 a maximum bonus; and
- 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 December 2022, the Group has not recognised any accrued bonus related to the incentive scheme.

Further, to encourage a strong performance culture, Edda Wind offers an annual variable pay rewarding individuals for annual achievements. The targets are linked to the Group's financial and non-financial performance and is capped at three months salary.

Pension and insurance schemes
The Group offers insurance benefits for senior executives aligned with local markets. The scheme includes coverage for old age, disability, spouse and children, and supplement payments from the Norwegian National Insurance system.

Severance package schemes
As a rule, senior executives who resign voluntarily or are found guilty of gross misconduct, gross negligence, disloyalty, or other material breach of his/her duties are not entitled to severance. 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 and CFO who, respectively, has a contractual right to 12 months' and 6 months' severance pay following the notice period. There are no loans, prepayments or other guarantees provided to management at year end.

Senior executives' shareholdings in Edda Wind ASA

An overview of senior executives' private shareholdings in the Company, not awarded as remuneration, can be found in note 3 to the Consolidated Financial Statements.

Senior executives on internal and external Boards

The Group consists of a portfolio of companies. In order to ensure the Group's interests are taken care of and that there is a good governance of the investments, the Group will appoint employees or representatives to serve on internal and external Boards. The senior executives represent the Group on several Boards.

Remuneration of Board and Remuneration Committee members including the Audit Committee

Remuneration to Board and Board committee members are awarded one year in arrears.
The following remuneration has been paid during 2022:

Board members	Position	Start date	Yearly remuneration (NOK)	Remuneration paid in 2022 (NOK)
Håvard Framnes	Chair of the Board	04.11.2021	400,000	200,548
Jan Eyvin Wang	Board member	04.11.2021	250,000	125,342
Martha Kold Bakkevig	Board member	04.11.2021	250,000	125,342
Toril Eidesvik	Board member	04.11.2021	250,000	125,342
Duncan Bullock	Board member	26.11.2021	250,000	110,274
Adrian Geelmuyden	Board member	26.11.2021	250,000	110,274
Cecilie Serck-Hanssen	Board member	26.11.2021	250,000	110,274
Total			**1,900,000**	**877,396**

Audit Committee members	Start date	Yearly remuneration (NOK)	Remuneration paid in 2022 (NOK)
Håvard Framnes	04.11.2021	40,000	17,644
Martha Kold Bakkevig	04.11.2021	40,000	17,644
Total		**80,000**	**35,288**

Remuneration Committee members	Start date	Yearly remuneration (NOK)	Remuneration paid in 2022 (NOK)
Håvard Framnes	04.11.2021	20,000	8,822
Jan Eyvin Wang	04.11.2021	20,000	8,822
Total		**40,000**	**17,644**

Remuneration tables

The table below shows the remuneration paid to senior executives in NOK in 2022, broken down by base salary, bonus, other benefits and pension.

Management	Position	Start date	Salary	Bonus	Other benefits	Pension costs
Kenneth Walland	CEO	01.04.2021	2,555,032	365,626	210,518	113,038
Håkon Vevang	CCO	01.04.2021	1,274,003	179,297	56,047	111,171
Tom Johan Austrheim	CFO	18.05.2021	1,495,863	187,500	31,347	113,038
Jan Lodden	COO	01.07.2022	666,070	0	8,243	56,519
Total			**5,990,968**	**732,423**	**306,155**	**393,766**

Photo: Stephan Giesen

Financial Statements

Income Statement

(EUR 1,000)

	Notes	2022	2021
Freight income	2	**26,930**	23,933
Other operating income	2	**1,496**	484
Total operating income		**28,425**	24,416
Payroll and remuneration	3	**(8,609)**	(7,320)
Other operating expenses	3, 7	**(13,248)**	(10,914)
Total operating expenses before depreciation		**(21,856)**	(18,234)
Operating profit/(loss) before depreciation		**6,569**	6,182
Depreciation	4	**(3,195)**	(3,169)
Operating profit/(loss)		**3,374**	3,013
Financial income and expenses			
Financial income	11	**450**	1,461
Financial expense	11	**(1,890)**	(2,233)
Financial income/(expense)		**(1,440)**	(772)
Profit/(loss) before tax		**1,935**	2,242
Tax (income)/expense	9	**–**	–
Profit/(loss) for the year		**1,935**	2,242
Basic/diluted earnings per share	14	**0.03**	0.06

Statement of Comprehensive Income

(EUR 1,000)

	2022	2021
Profit/(loss) for the year	**1,935**	2,242
Items that may be reclassified to the income statement		
Currency translation differences	**(2,587)**	2,145
Other comprehensive income, net of tax	**(2,587)**	2,145
Total comprehensive income for the year	**(652)**	4,386

	2022	2021
Profit/(loss) for the year attributable to:		
Equity holders of the parent	**1,935**	2,242
Total Comprehensive income attributable to:		
Equity holders of the parent	**(652)**	4,386

Notes 1 to 16 on the next pages are an integral part of these consolidated financial statements.

Balance Sheet

(EUR 1,000)

	Notes	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Deferred tax asset	9	**–**	23
Other long-term assets	15	**7,050**	–
Vessels	4	**66,714**	73,611
Newbuildings	4	**223,082**	131,077
Machinery and equipment	4	**7**	3
Total non-current assets		**296,853**	204,715
Current assets			
Account receivables	6, 7	**3,926**	3,575
Other current receivables		**1,153**	–
Other current assets	12	**4,114**	7,791
Financial derivatives	10	**71**	–
Cash and cash equivalents	12	**45,021**	89,520
Total current assets		**54,285**	100,886
Total assets		**351,138**	305,602
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**644**	644
Share premium		**116,128**	116,128
Other equity		**66,908**	67,560
Total equity		**183,680**	184,332
Non-current liabilities			
Non-current interest-bearing debt	8	**146,013**	110,545
Total non-current liabilities		**146,013**	110,545

	Notes	31.12.2022	31.12.2021
Current liabilities			
Account payables	7	**3,017**	1,555
Financial derivatives	10	**–**	91
Taxes payable	9	**–**	–
Public duties payable		**85**	96
Current interest-bearing debt	8	**10,951**	6,951
Other current liabilities	7, 15	**7,393**	2,031
Total current liabilities		**21,446**	10,724
Total equity and liabilities		**351,138**	305,602

Notes 1 to 16 on the next pages are an integral part of these consolidated financial statements.

Haugesund, 26 April 2023
The Board of Directors of Edda Wind ASA
(signed electronically)

Håvard Framnes
Chair 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

Cash Flow Statement

(EUR 1,000)

	Notes	2022	2021
Cash flow from operations			
Profit/(loss) before tax		**1,935**	2,242
Financial (income)/expenses		**1,440**	772
Depreciation and amortisation	4	**3,195**	3,169
Change in net working capital		**2,656**	583
Net cash flow from operations		**9,225**	6,765
Cash flow from investment activities			
Investments in fixed assets	4	**(92,012)**	(93,476)
Changes in restricted cash – investment commitment	12	**(2,922)**	25,964
Net cash flow from investment activities		**(94,934)**	(67,512)
Cash flow from financing activities			
Proceeds from issuance of interest-bearing debt	8	**49,856**	32,190
Repayment of interest-bearing debt	8	**(6,859)**	(4,497)
Proceeds from other interest-bearing debt	8	**–**	43,500
Repayment of other debt	8	**–**	(16,500)
Interest paid including interest derivatives	11	**(1,776)**	(1,101)
Paid other financial expenses	11	**(114)**	(1,187)
Proceeds from issuance of new shares		**–**	90,131
Net cash flow from financing activities		**41,107**	142,536
Effects of currency rate changes on bank deposits, cash and equivalents			
Net change in bank deposits, cash and equivalents		**(44,603)**	81,789
Translation difference		**104**	1,016
Cash and cash equivalents at 01.01		**89,520**	6,715
Cash and cash equivalents at 31.12		**45,021**	89,520

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

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 01.01.2022	**644**	**116,128**	**27,608**	**36,522**	**3,431**	**67,560**	**184,332**
Profit for the year	**–**	**–**	**–**	**1,935**	**–**	**1,935**	**1,935**
Other comprehensive income	**–**	**–**	**–**	**–**	**(2,587)**	**(2,587)**	**(2,587)**
Balance at 31.12.2022	**644**	**116,128**	**27,608**	**38,457**	**844**	**66,908**	**183,680**

	Share capital	Share premium	Other paid-in capital	Retained earnings	Foreign currency translation reserve	Other equity	Total equity
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, 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	3,431	67,560	184,332

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

Notes 1 to 16 on the next pages are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(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 headquarters at Smedasundet 97 in Haugesund and whose shares are publicly traded on the Oslo Stock Exchange.

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 December 2022 or prior reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations 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 Group has applied the following amendments for the first time for the annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16.
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37.
- Reference to the Conceptual Framework – Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in current or prior periods and are not expected to significantly affect 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 December 2022. 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.

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

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 Groups assessment of vessel values. Accounting principles applied, and estimates and assumptions used by management are presented in the respective notes.

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 1 General accounting principles continued

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 12 months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 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 12 months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least 12 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 are 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 are 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 acquisition 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.

Foreign currencies

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.

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.

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 1 General accounting principles continued

The Group has used the following exchange rates:

	EUR/NOK	EUR/GBP
As at 31.12.2022	**10.5522**	**0.8826**
Average 2022	**10.1128**	**0.8523**
As at 31.12.2021	9.9888	0.8369
Average 2021	10.1728	0.8601

Spanish tax lease

In connection with the newbuilding contracts, the Group has, together with the Spanish shipyards Balenciaga S.A and Astilleros Gondán, 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, 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. 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.

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 equivalents. 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 which are measured at fair value through the income statement.

Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or expires. 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 a 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 to the Consolidated Financial Statements continued

(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, is assessed using the five-step model, where only customer contracts with a firm commitment are 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 to in exchange for the goods and services. Any loss on contract is accrued when a loss is probable. The performance obligation is considered satisfied when 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 from the leasing of vessels is recognised as operating leases and recognised in the income statement on a straight-line basis over the lease periods. The lease period commences from the time the ship is made available to the customer and terminates upon the 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 personnel on board 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 provides management services to companies outside of the Group. Remuneration for management services is classified as other revenue and recognised over times as performance obligation is satisfied over time.

	2022	2021
Offshore wind operating revenue		
Revenue from contracts with customers:		
Service element from contracts with day rate	**14,580**	13,152
Victualling	**1,909**	1,748
Other operating income	**1,496**	484
Lease revenue:		
Lease element from contracts with day rate	**10,441**	9,033
Total operating income	**28,425**	24,416

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.

	2022	2021
Contract balances		
Account receivables	**3,926**	3,575
Contract assets	**–**	–
Contract liabilities	**–**	–

The Group has not recognised any revenue in 2022 from performance obligations satisfied in previous periods (2021: 0), or recognised revenue that was included in the contract liability balance at the beginning of the period (2021: 0).

The delivery of Edda Breeze and Edda Brint to clients have been postponed due to delayed delivery of the gangway system. Following the delay, Edda Wind has incurred a total of EUR 4,6 million in liquidated damages.

Edda Fjord has operated as frontrunner for Edda Breeze on the Ocean Breeze contract. As the liquidated damages is directly linked to the delay of Edda Breeze, and as such not related to the operation or performance of the frontrunner, it is considered that the penalty amount is related to satisfying the performance obligation related to Edda Breeze. The penalties are considered as a variable reduction of the transaction price for both Edda Breeze and Edda Brint and shall be recognised as reduced revenue over time as the performance obligation for each vessel is satisfied. As such, the amount has been activated as other non-current assets and will be recognised in the P&L as reduced revenue on a straight-line basis over the contract period from the date the vessels are delivered to the clients.

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 2 Revenue from contracts with customers continued

Reporting by customers and geographical markets

	2022		2021	
	Revenue	Ratio %	Revenue	Ratio %
Revenue geographical markets				
United Kingdom	**18,750**	**70%**	18,070	76%
Germany	**8,180**	**30%**	5,863	24%
Freight income	**26,930**	**100%**	**23,933**	**100%**
Sri Lanka	**1,000**	**67%**	–	0%
Norway	**496**	**33%**	484	100%
United Kingdom	**3**	**0%**	–	0%
Other operating income	**1,496**	**100%**	**484**	**100%**

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

The Group's revenue in 2022 is mainly derived from two customers, representing EUR 18.8 million and EUR 8.2 million. In 2021, the Group's revenue mainly also derived from two customers, representing EUR 18.1 million and EUR 5.9 million.

Contract status and coverage

Vessel	Ready for operation	Contract duration
Edda Passat	2018	Firm period to Q3 2023
Edda Mistral	2018	Firm period to Q3 2024 + extension options
Edda Breeze	Q1 2023	Q1 2023 to Q2 2032 + extension options
Edda Brint	Q1 2023	Q1 2023 to Q2 2037 + extension options
Edda Boreas	Q2 2023	Q2 2023 to Q2 2025 + extension options
NB C-416	Q4 2023	Q4 2023 to Q3 2028 + extension options
NB C-491	Q4 2023	Q1 2024 to Q3 2024 + Q2 2025 to Q1 2026
NB C-492	Q2 2024	Q2 2025 to Q4 2025
NB C-503	Q3 2024	TBA
NB C-504	Q2 2025	TBA

Vessel	Ready for operation	Contract duration
Newbuildings ordered March 2023:		
NB 965	Q1 2025	TBA
NB 966	Q1 2025	TBA
NB 967	Q2 2025	TBA
NB 968	Q1 2026	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. The contract is a lease in scope of IFRS 16, however, the Group elected to apply the recognition exemption for short-term leases and has recognised the lease payments as an expense over the lease period. The vessel was operating as a frontrunner for Edda Breeze. Edda Breeze was delayed during 2022 and Edda Wind therefore exercised six one month options to extend the lease until 31 August 2022. With Edda Breeze expected to be ready for use in March 2023, the lease of Edda Fjord was further extended to 31 December 2022, with an optional period until 31 March 2023. The Group has recognised EUR 8,452 thousand in lease expense in 2022 (EUR 5,231 thousand in 2021).

Other revenue

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. Under this agreement, Edda Wind will receive a compensation in excess of incurred project costs. EUR 1,000 thousand has been recognised during 2022. The remaining agreed compensation will be recognised as other operating income when the payment is received.

Notes to the Consolidated Financial Statements continued

(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 employed in total nine persons as at 31 December 2022 (2021: seven), of which five were employed through Edda Wind Management AS and four were employed through Edda Supply Ships (UK) Limited.

The Group management team was established during first half of 2021 with key positions employed in Edda Wind Management AS.

All employees are included in the defined contribution plans. The vessels crew are hired from Østensjø Rederi AS and external suppliers and presented as hired personnel.

	Notes	2022	2021
Employee benefits			
Salary and holiday pay		**1,133**	639
Employer's national insurance contribution		**157**	81
Pension costs		**64**	43
Other personnel costs		**48**	20
Total employee benefits		**1,402**	784
Hired crew costs	7	**7,207**	6,536
Total employee benefits and hired crew costs		**8,609**	7,320

2022	Salary	Bonus	Other benefits	Pension costs
Remuneration to management:				
Kenneth Walland (CEO)	242	35	20	11
Tom Johan Austrheim (CFO)	142	18	3	11
Håkon Vevang (CCO)	121	17	5	11
Jan Lodden (CCO) (start date 01.07.2022)	63	–	1	5
Total remuneration to management	568	69	29	37

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 and CFO who, respectively, has a contractual right to 12 months' and 6 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.

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 December 2022, the Group has not recognised any accrued bonus.

The Group has also approved a short-term incentive scheme for senior executives, where the targets are linked to the Group's financial and non-financial performance. Maximum opportunity for annual variable pay is capped at three months' salary. During 2022, a discretionary bonus of EUR 69 thousand has been paid to executive management.

Name	Position	2022	2021
Remuneration to the Board of Directors			
Håvard Framnes	Chair	**15**	7
Jan Eyvin Wang	Director	**9**	4
Martha Kold Bakkevig	Director (joined November 2021)	**10**	4
Toril Eidesvik	Director (joined November 2021)	**9**	4
Duncan J. Bullock	Director (joined December 2021)	**9**	2
Cecilie Wammer Serck-Hanssen	Director (joined December 2021)	**9**	2
Adrian Geelmuyden	Director (joined December 2021)	**9**	2
Total remuneration to the Board of Directors		**68**	27

The Group elected a new Board of Directors in relation to the IPO in November 2021. There are no agreements between the Group and the members of the Board of Directors providing for benefits upon termination.

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 3 Payroll and remuneration continued

	2022	2021
Expensed audit fee (excluding VAT)		
Audit services	**158**	180
Other assurance services	**7**	13
Other non-assurance services	**–**	126
Total expensed audit fee	**165**	318

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:

31.12.2022 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 (Chair of the Board)	**21,680**	**0.03%**
Jan Eyvin Wang	Board member	**47,940**	**0.07%**
Kold Invest AS	Owned by Martha Kold Bakkevig (board member)	**23,820**	**0.04%**
Toril Eidesvik	Board member	**21,680**	**0.03%**
Adrian Geelmuyden	Board member	**21,680**	**0.03%**
Cecilie Wammer Serck-Hanssen	Board member	**4,336**	**0.01%**
Total		**607,259**	**0.94%**

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 directly attributable 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 programme, the expected lifetime of the vessel is set to 30 years. The periodic maintenance is depreciated over five 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 of 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 costs for vessels under construction are reclassified to vessels when the vessels are delivered and ready for use. Vessels under construction are not subject to depreciation until the vessels are ready for use.

Grants received from government agencies directly related to the acquisition of vessels is recognised in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance as a reduction in the cost price of the vessel acquired when there is reasonable assurance that the Group complies with the conditions attached to the grants.

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 4 Tangible assets continued

Critical accounting estimates and assumptions

The carrying amount of vessels is based on management's assumption of useful life and residual value. The basis for the assessment is for the Group to utilise the vessels over the entirety of their 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 period maintenance five 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, or "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 asset's future cash flow, including 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.

2022	Vessels	Period maintenance	Equipment	New-buildings	Total
Cost 1.1	**83,128**	**2,390**	**69**	**131,077**	**216,664**
Additions	**–**	**–**	**7**	**94,110**	**94,117**
Currency translation differences	**(4,308)**	**(117)**	**–**	**(2,105)**	**(6,531)**
Cost 31.12	**78,820**	**2,273**	**76**	**223,082**	**304,250**
Accumulated depreciation 1.1	**(10,153)**	**(1,753)**	**(66)**	**–**	**(11,972)**
Depreciation	**(2,748)**	**(444)**	**(3)**	**–**	**(3,195)**
Currency translation differences	**645**	**74**	**–**	**–**	**720**
Accumulated depreciation 31.12	**(12,256)**	**(2,122)**	**(69)**	**–**	**(14,447)**
Carrying amounts	**66,563**	**151**	**7**	**223,082**	**289,803**
Remaining instalments newbuildings				**186,142**	**186,142**

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

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

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 4 Tangible assets continued

Impairment

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, inherent climate risk and the relationship between market capitalisation and book value. The impairment assessment covers both operational vessels, as well as vessels under construction at year end.

As at 31 December 2022, the market capitalisation of the Group was below book value of the Group's equity. As such, the Group has performed an impairment test for its operational vessels, as well as vessels under construction expected to be delivered in 2023.

Assumptions

As part of the assessment of vessel value, the Group has obtained broker values. When comparing broker values to book values, a substantial headroom is identified. To further support the broker values, the Group has performed an impairment test through a value in use model, calculating discounted future cash flows throughout the useful lifetime for each separately identifiable cash-generating unit. Management has used judgement in estimating the asset's future cash flow, such as utilisation, operating expenses, dayrates and discount rate. The estimates reflect the current market conditions.

Edda Wind's two operational SOVs, Edda Passat and Edda Mistral, are both on charter party contracts until Q3 2023 and Q3 2024 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 is still going strong. Market reports indicate a demand for more than 250 service vessels in the offshore wind industry by the end of this decade. The supply of existing C/SOVs plus newbuildings amounts to approximately 60 vessels, most of which are engaged on firm contracts. It is expected that the demand-supply gap will result in favourable utilisation levels and dayrates going forward.

The discount rate is based on the WACC pre-tax for the Group of 8.5-10.0%.

Climate risk

Management has also assessed the asset's exposure to climate-related risk when estimating future cash flows. Climate risk refers to the impact climate-related issues may have on the Group's business, and can be divided into the following categories: physical, regulatory, technological, market and reputational.

Physical risks, such as changes in weather conditions or sea levels may impact the Group adversely through reduced utilisation and thereby reduced revenue potential, or by making crew changes more difficult and thereby driving higher costs. Management has assessed the physical risk as being low. All vessels are equipped with technology to handle harsh weather conditions, such as motion compensated gangway systems and cranes.

Identified regulatory risks relate to emissions, such as penalties or increased taxation on CO_2 emissions or other emission-reducing measures that may adversely affect the Group. Although the Group's vessels' main source of emission is CO_2, the newbuildings are built for zero-emission technology and the Group therefore expects that it will be able to reduce its emissions going forward.

Main risks related to the technological aspect and the market mainly relates to the LOCH technology not materialising or the emergence of new technology or other renewable energy segments. Such risks may entail increased capital expenditure to stay competitive, or reduced growth in the offshore wind segments leading to reduced demand and thereby reduced dayrates, utilisation and revenue potential. 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 the offshore wind segment will be deprioritised in the energy market.

Identified reputational risk includes a shift in stakeholder preferences which can lead to the Group being less attractive to investors thereby reducing access to capital or increasing the cost of capital.

Edda Wind's strategy is exclusively focusing on the offshore wind industry. With the increasing focus on decarbonisation of the global energy market to stall climate change, Edda Wind sees major opportunities in the offshore wind market.

Conclusion

The value in use calculation shows a recoverable amount that exceeds the book value of the assets. As such, no impairment has been recognised as at 31 December 2022.

Spanish tax lease

In connection with the newbuilding contracts, the Group has, together with the Spanish shipyards Balenciaga S.A and Astilleros Gondán, 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 of the tax lease structure.

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 4 Tangible assets continued

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 the 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 with 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 circumstances 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, of which EUR 4.6 million (2021: 2.6 million) has been paid during the year. The Enova SF grant provides financial support for the installation of the LOHC concept with potential for future zero-emission operations. All of the Group's newbuildings are prepared for hydrogen-based operations with zero GHG emissions.

Delays

The delivery of Edda Breeze and Edda Brint to clients has been postponed due to delayed delivery of the gangway systems. Following the delay, Edda Wind has incurred additional ready for sea cost due to a prolonged construction period. The cost has been capitalised as vessels under construction.

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 owner	100%
Edda Wind II AS	24.01.2020	Haugesund, Norway	Vessel owner	100%
Edda Wind III AS	24.01.2020	Haugesund, Norway	Vessel owner	100%
Edda Wind IV AS	24.01.2020	Haugesund, Norway	Vessel owner	100%
Edda Wind V AS	01.02.2021	Haugesund, Norway	Vessel owner	100%
Edda Wind VI AS	01.02.2021	Haugesund, Norway	Vessel owner	100%
Edda Wind VII AS	11.01.2022	Haugesund, Norway	Vessel owner	100%
Edda Wind VIII AS	11.01.2022	Haugesund, Norway	Vessel owner	100%
Edda Wind IX AS	11.01.2022	Haugesund, Norway	Vessel owner	100%
Edda Wind X AS	24.01.2022	Haugesund, Norway	Dormant	100%
Edda Wind XI AS	24.01.2022	Haugesund, Norway	Dormant	100%
Edda Wind XII AS	01.02.2022	Haugesund, Norway	Dormant	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 West Energy AS				
Puerto de Calella SL	20.12.2018	Santa Cruz de Tenerife, Spain	Vessel owner	100%

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 5 Subsidiaries continued

Subsidiaries	Date of acquisition	Business office/ country	Nature of business	Ownership/ voting rights
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	Vessel operations	100%

The Group's principal subsidiaries at 31 December 2022 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.

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.

	2022	2021
Account receivables		
Receivables from third-party customers	**3,805**	3,440
Receivables from other related parties	**122**	135
Total accounts receivables	**6,926**	3,575
Allowance for expected credit losses	**–**	–
Total accounts receivables, net	**6,926**	3,575

At 31 December 2022, EUR 119 thousand in account receivables had fallen due but not been subject to impairment. Corresponding figures for 2021 are EUR 209 thousand. 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:

	2022	2021
Aging of account receivables past due but not impaired		
Up to 90 days	**–**	187
Over 90 days	**116**	22
Total fallen due	**116**	209

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. Under this agreement, Edda Wind will receive a compensation in excess of incurred project costs. EUR 1,000 thousand has been recognised during 2022. The remaining agreed compensation will be recognised as other operating income when the payment is received.

Note 7 Related party transactions

Financial reporting principles

Related parties are defined as entities outside of the Group that are, directly or indirectly, under the control of or significantly influenced 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
- Vessel insurance 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 dy 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 dy AS
- Wilhelmsen New Energy AS, which owns 25.7% of Edda Wind ASA
- West Supply VIII AS, a company 75% owned by Johannes Østensjø dy AS
- Wilhelmsen Insurance Services AS, a sister company of Wilhelmsen New Energy AS

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 7 Related party transactions continued

	2022	2021
Transactions with related parties		
Leasing of Edda Fjord from West Supply VIII AS	**9,147**	5,836
Purchase of management services, operation and supervision of vessels from Østensjø Rederi AS	**726**	758
Sale of services to Østensjø Rederi AS	**(407)**	(395)
Hired crew from Østensjø Rederi AS	**5,852**	5,138
Guarantee commission to Johannes Østensjø dy AS	**826**	529
Interest on shareholder loan to Johannes Østensjø dy AS and Wilhelmsen New Energy AS	**–**	581
Insurance cost to Wilhelmsen Insurance Services AS	**261**	61
Interest expenses to Johannes Østensjø dy AS on other short-term debt	**–**	9
Total transactions with related parties	**16,405**	12,517

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

	31.12.2022	31.12.2021
Accounts receivable		
Johannes Østensjø dy AS group	**122**	135
Total accounts receivable	**122**	135
Accounts payable		
Johannes Østensjø dy AS group	**2,172**	799
Wilhelmsen Insurance Services AS	**61**	–
Total accounts payable	**2,233**	799
Current debt		
Johannes Østensjø dy AS group	**25**	362
Total current debt	**25**	362

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 interest 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 private placement senior secured notes (the "Edda Wind III Facility") of GBP 36 million in connection with the financing of instalment payments for Edda Brint.

In March 2021 the Group entered into a Facility Agreement (the "Edda Wind I Facility") of EUR 38 million in connection with the pre- and post-delivery financing of Edda Breeze. As at 31 December 2022, the outstanding amount on the loan facility was EUR 36.8 million. The facility has a fixed annual interest rate of 3.15% and is guaranteed by Edda Wind ASA and Johannes Østensjø dy AS on arm's length terms.

In November 2021, the Group entered into a pre- and post-delivery senior secured green term loan Facility Agreement (the "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, and one CSOV (Edda Boreas) under construction at the Spanish yard Astilleros Gondán The ECA Facility was further used for refinancing of existing debt relating to the Group's two operational offshore wind SOVs, Edda Passat and Edda Mistral, incurred under a GBP 48.6 million term loan agreement entered into by West Energy AS. As at 31 December 2022, the Group has an outstanding amount of EUR 80.5 million on the ECA Facility.

	31.12.2022	31.12.2021
Interest-bearing debt		
Debt to financial institutions	**80,239**	42,021
Bonds	**76,725**	75,476
Total interest-bearing debt	**156,964**	117,496

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 8 Interest-bearing debt continued

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.

2022 Debt instrument	Facility	Currency	Interest rate	Maturity	Carrying amount (EUR)
Debt to financial institutions	Senior Secured Green term loan ECA Facility – Newbuild Vessel Pre-delivery C416 tranche	EUR	EURIBOR + 2.89%	Upon delivery, no later than Oct 2023	**21,169**
Debt to financial institutions	Senior Secured Green term loan ECA Facility – Newbuild Vessel Pre-delivery Edda Boreas tranche	EUR	EURIBOR + 2.89%	Upon delivery, no later than Oct 2023	**23,765**
Debt to financial institutions	Senior Secured Green term loan ECA Facility – Edda Passat and Edda Mistral ECA tranche	GBP	Compounded reference rate + 3.03%	Feb 2030	**18,750**
Debt to financial institutions	Senior Secured Green term loan ECA Facility – Edda Passat and Edda Mistral Commercial tranche	GBP	Compounded reference rate + 2.95%	Dec 2026	**16,555**
Bond	Edda Wind I Facility	EUR	3.15%	Sep 2031	**36,827**
Bond	Senior Secured Notes 2020 / Edda Wind III Facility	GBP	3.30%	2037	**39,898**
Total interest-bearing debt					**156,964**

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

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 excluding interest payments and interest hedge. Repayments in foreign currency is calculated based on currency rate at the balance sheet date.

	31.12.2022	31.12.2021
Repayment schedule for debt to financial institutions		
Due in year 1	**6,889**	4,839
Due in year 2	**9,189**	4,839
Due in year 3	**9,189**	4,839
Due in year 4	**9,189**	4,839
Due in year 5 and later	**45,785**	22,663
Total repayment schedule for debt to financial institutions	**80,239**	42,021

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 8 Interest-bearing debt continued

	31.12.2022	31.12.2021
Repayment schedule for bond		
Due in year 1	**4,062**	2,111
Due in year 2	**4,056**	4,161
Due in year 3	**4,235**	4,159
Due in year 4	**4,728**	4,342
Due in year 5 and later	**59,643**	60,702
Total repayment schedule for bond	**76,725**	75,476

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

	31.12.2022	31.12.2021
Book value of pledged assets		
Pledged vessels	**66,714**	72,974
Pledged vessels under construction	**180,493**	85,718
Total book value of pledged assets	**247,207**	158,691

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

	31.12.2022	31.12.2021
Net interest-bearing debt		
Non-current interest-bearing debt	**146,013**	110,545
Current interest-bearing debt	**10,951**	6,951
Total interest-bearing debt	**156,964**	117,496
Cash and cash equivalent	**45,021**	89,520
Restricted cash	**4,114**	7,036
Net interest-bearing debt	**107,829**	20,940

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 after 1 year	Debt to related parties	Total financing activities	Total change in net interest-bearing debt
2022							
Net interest-bearing debt at 01.01	**89,520**	**7,036**	**6,951**	**110,545**	**–**	**117,496**	**20,940**
Reclassifications	**–**	**–**	**10,951**	**(10,951)**	**–**	**–**	**–**
Cash flows	**(44,603)**	**(2,922)**	**(6,951)**	**49,948**	**–**	**42,997**	**90,522**
Foreign exchange adjustments	**104**	**–**	**–**	**(4,217)**	**–**	**(4,217)**	**(4,321)**
Other non-cash movements	**–**	**–**	**–**	**687**	**–**	**687**	**687**
Net interest-bearing debt at 31.12	**45,021**	**4,114**	**10,951**	**146,013**	**–**	**156,964**	**107,829**
2021							
Net interest-bearing debt at 01.01	6,715	33,000	4,497	79,330	–	83,828	44,113
Reclassifications			6,951	(6,951)	–	–	–
Cash flows	81,789	(25,964)	(4,497)	32,190	27,000	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 at 31.12	89,520	7,036	6,951	110,545	–	117,496	20,940

The cash flow for debt to related parties in 2021 comprise of proceeds of EUR 43,500 thousand and repayment of EUR 16,500 thousand.

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 8 Interest-bearing debt continued

Covenants

Loan agreements entered into by the Group contain financial covenants. At 31 December 2022, 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 12 months, provided that the Group's operations 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 thousand for each of the Group's vessels on a contract acceptable to the lenders and EUR 2,250 thousand for each of the Group's vessels without an 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 on a consolidated basis.
ii) Working capital to be >0.
iii) Book equity to total assets of minimum 25% until 31 December 2022 and thereafter minimum 30%.
iv) From 12 months after the delivery of newbuild vessels, ratio of consolidated EBITDA to interest expenses on a last 12 months basis to be >2.5x.

The ECA Facility further includes customary vessel covenants, including, (i) minimum market value, (ii) ship registry, (iii) classification society, (iv) insurance, and (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 further includes 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 ECA 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, Edda Boreas, 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 obligers in relation to the STL structure.

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 thousand.
iii) As at the date falling six years after the delivery date of Edda Breeze, 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 Johannes Østensjø dy AS 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 Edda Wind 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 Edda Wind I Facility 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 Edda Breeze shall be granted upon delivery of the vessel from the yard. Final maturity under the facility agreement is 31 September 2031.

Edda Wind III Facility

The "Edda Wind Facility III" 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 III AS) to any affiliate (with certain exceptions). The Edda Wind III facility also contains a change of control clause and related pre-payment obligations. Change of control is defined as an event where Edda Wind ASA, as parent, ceases to own, directly or indirectly, at least 50.1% of the voting class capital of Edda Wind III AS.

The Edda Wind III Facility 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 Edda Brint shall be granted upon delivery of the vessel from the yard. The notes issued under the Edda Wind III Facility fall due on 30 April 2037.

Notes to the Consolidated Financial Statements continued

(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 2022 and 2021. 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 2022 and 2021.

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.

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.

	2022	2021
Allocation of tax expense/(income) for the year		
Change in deferred tax	**–**	–
Total tax expense/(income)	**–**	–
Tax effect of temporary differences		
Fixed assets	**16,663**	6,439
Trade receivables	**(3,000)**	–
Non-current assets	**57**	–
Limitation of interest expense carry forward	**(2,575)**	(2,721)
Temporary differences	**11,144**	3,719
Tax loss carried forward	**(32,260)**	(17,234)
Basis for deferred tax asset	**(21,116)**	(13,515)
Deferred tax asset	**(4,645)**	(2,973)
Deferred tax not recognised	**4,645**	2,950
Deferred tax asset in the balance sheet	**–**	(23)
Analysis of effective tax rate		
Tax expense on 22 % of profit before tax	**426**	493
Permanent differences	**(1,198)**	(2,029)
Deferred tax asset not recognised	**1,672**	2,177
Non-taxable income from tonnage tax regimes	**(900)**	(641)
Recognised tax expense	**–**	–

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.

Strategic Report
Board of Directors Report
Governance Report
Financial Statements

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 10 Financial risk continued

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 functional currencies (translation risk). The Group's largest foreign exchange exposures are GBP against EUR and NOK against EUR.

The Group's 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.

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

	2022	2021
Currency through the income statement		
Net currency items in the income statement	**64**	946
Currency translations through other comprehensive income	**(2,587)**	2,145
Total currency effects through the income statement and other comprehensive income	**(2,523)**	3,091

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

	31.12.2022	31.12.2021
Allocation of currency for interest bearing debt		
EUR	**81,760**	32,459
GBP	**75,204**	85,038
Total	**156,964**	117,497

The following table shows 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 at 31.12.2022	**1.02**	**1.07**	**1.13**	**1.19**	**1.24**
Income statement effect 2022 (before tax)	**7,992**	**4,963**	**1,935**	**(1,093)**	**(4,122)**
EUR/GBP Spot rate at 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)

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

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 10.4 % and 23.6% per year end 2022 and 2021 respectively.

The Group also has interest bearing debt with fixed interest. Approximately 50% of the outstanding debt per 31 December 2022 is with fixed interest at 3.15% and 3.30% with a duration until 2031 and 2037 respectively. Further, the Group has options to convert parts of its interest-bearing debt from floating interest rate to fixed interest rate. If such options are exercised for the post-delivery facilities, the Group will have a fixed interest of 3.07% for EUR 55.2 million of interest-bearing debt. Refer to note 16 for further information.

See note 8 for information on the Group's interest-bearing debt as at 31 December 2022.

An increase of 1 percentage point in interest will cause a EUR 375 thousand increase in interest expense in 2022 (2021: EUR 432 thousand). Interest related to vessels under construction are activated as part of the newbuilding cost price, and as such an increase in interest percentage will also have an effect on activated interest.

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 10 Financial risk continued

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

Financial instruments

2022	Currency	Swap	Maturity	Notional amount	Market value
Interest rate swap agreement	**GBP**	**1.35%**	**27.02.2023**	**8,342**	**71**
Total interest rate swaps at 31.12				**8,342**	**71**

2021	Currency	Swap	Maturity	Notional amount	Market value
Interest rate swap agreement	GBP	1.35%	27.02.2023	9,933	(91)
Total interest rate swap at 31.12				**9,933**	**(91)**

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.

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
2022	**3,810**	**–**	**–**	**–**	**116**	**3,926**
2021	3,366	187	–	–	22	3,575

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

The Group has a loan to an external party of EUR 2.4 million as of 31 December 2022, and as such the Group is exposed to counterparty risk. As of the reporting date, all payments have been received by due date. Refer to note 15 for further information.

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 operations from long-term charter contracts, and the liquidity situation is monitored and projected via liquidity budgets prepared by management on a regular basis. As at 31 December 2022, the Group has secured financing for four of its newbuilding vessels due to be delivered in 2022-2024. In February 2023 the Group further secured financing for three additional newbuildings, 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 periods ending 31 December 2022 and 31 December 2021.

2022 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	**6,889**	**9,189**	**33,486**	**30,676**
Bond	**4,062**	**4,056**	**14,009**	**54,598**
Financial derivatives	**(71)**	**–**	**–**	**–**
Interest due	**4,666**	**5,295**	**12,451**	**10,935**
Total undisclosed cash flow financing liabilities	**15,546**	**18,540**	**59,945**	**96,209**
Current liabilities, excluding next year's instalment on interest-bearing debt	**10,495**	**–**	**–**	**–**
Total gross undiscounted cash flows financial liabilities at 31.12.2022	**26,041**	**18,540**	**59,945**	**96,209**

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
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 instalment on interest-bearing debt	3,773	–	–	–
Total gross undiscounted cash flows financial liabilities at 31.12.2021	14,611	12,587	36,894	84,735

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 10 Financial risk continued

Capital structure

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.

	31.12.2022	31.12.2021
Capital structure		
Total equity	**183,680**	184,332
Total assets	**351,138**	305,602
Equity ratio	**52.3%**	60.3%

Fair value

The fair value of financial instruments 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 net present value of the estimated future cash flows based on observable yield curves for calculating the fair value of interest rate swaps.

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 tables show the fair value and book value (amortised cost) of the Group's interest-bearing debt.

2022

Interest-bearing debt	Fair value	Book value
Debt to financial institutions	**80,495**	**80,239**
Bonds	**76,725**	**76,725**
Total interest-bearing debt 31.12	**157,220**	**156,964**

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

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.

The following tables show the Group's financial instruments measured in the fair value hierarchy.

	31.12.2022	31.12.2021
Financial assets at fair value		
Level 1	**–**	–
Level 2	**71**	–
Level 3	**–**	–
Total financial assets at fair value	**71**	–

	31.12.2022	31.12.2021
Financial liabilities at fair value		
Level 1	**–**	–
Level 2	**–**	91
Level 3	**–**	–
Total financial liabilities at fair value	**–**	91

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 2022 or 2021.

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 2022 or 2021. As such, there are no changes in level 3 instruments during the periods.

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 10 Financial risk continued

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

	2022	2021
Financial liabilities/(financial assets) at fair value		
Financial liabilities measured at fair value at 01.01	**91**	598
Gain/(loss) in fair value through the income statement	**(162)**	(208)
Derecognition of interest swap due to termination	**–**	(299)
Total financial liabilities/(financial assets) at fair value 31.12	**(71)**	91

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

2022 Financial instrument by category	Amortised cost	Fair value through income statement	Total
Assets			
Accounts receivable and other short-term receivables	**5,079**	**–**	**5,079**
Other current assets	**4,114**	**–**	**4,114**
Financial derivatives	**–**	**71**	**71**
Cash and cash equivalents	**45,021**	**–**	**45,021**
Total assets at 31.12	**54,214**	**71**	**54,285**
Liabilities			
Non-current debt to financial institutions	**73,350**	**–**	**73,350**
Non-current bonds	**72,663**	**–**	**72,663**
Financial derivatives	**–**	**–**	**–**
Current debt to financial institutions	**6,889**	**–**	**6,889**
Current bonds	**4,062**	**–**	**4,062**
Other current liabilities	**10,495**	**–**	**10,495**
Total liabilities at 31.12	**167,459**	**–**	**167,459**

2021 Financial instrument by category	Amortised cost	Fair value through income statement	Total
Assets			
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	–	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

Note 11 Financial items

	Note	2022	2021
Financial income			
Other financial income		**224**	8
Currency differences		**64**	946
Unrealised gain on financial derivatives	10	**162**	208
Realised gain on financial derivatives	10	**–**	299
Total financial income		**450**	1,461

Notes to the Consolidated Financial Statements continued

(EUR 1,000)

Note 11 Financial items continued

		2022	2021
Financial expense			
Interest expenses		**1,776**	1,282
Other interest expenses to related parties		**–**	18
Unrealised loss on financial derivatives	10	**–**	–
Other financial expenses		**114**	932
Currency differences		**–**	–
Total financial expense		**1,890**	2,233

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.

	2022	2021
Cash and cash equivalents at 31.12		
Bank deposits	**45,021**	89,520
Total cash and cash equivalents at 31.12	**45,021**	89,520

Included in cash and cash equivalents are cash related to withheld tax of EUR 54 thousand (2021: EUR 39 thousand).

The Group also holds restricted cash of EUR 4.1 million at 31.12.2022 (2021: EUR 7.0 million), classified as other current assets in the balance sheet. The restricted cash is held in Edda Wind III AS and is only available for payment of incurred construction cost for the newbuilding Edda Brint.

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.

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.

Largest shareholders at 31 December 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%**
Geveran Trading Co Ltd	Cyprus	**7,551,754**	**11.7%**
Credit Suisse (Switzerland) Ltd.	Ireland	**6,888,331**	**10.7%**
J.P. Morgan SE	Luxembourg	**1,126,184**	**1.8%**
VJ Invest AS	Norway	**1,009,615**	**1.6%**
Morgan Stanley & Co. Int. Plc.	United Kingdom	**958,887**	**1.5%**
Forenede Industrier Shipping AS	Norway	**585,716**	**0.9%**
Varner Equities AS	Norway	**518,767**	**0.8%**
Kontrari AS	Norway	**500,000**	**0.8%**
Portia AS	Norway	**500,000**	**0.8%**
Largest shareholders		**52,639,254**	**81.8%**
Others		**11,675,234**	**18.2%**
Total		**64,314,488**	**100.0%**

During 2021, Edda Wind ASA increased its number of shares from 1,000 shares at nominal value of NOK 101 to 64,314,488 shares at nominal value of NOK 0.1.

Notes to the Consolidated Financial Statements continued

(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

Amount in EUR	2022	2021
Earnings per share		
Net profit attributable to ordinary shareholders of Edda Wind ASA	**1,934,902**	2,241,591
Weighted average number of outstanding shares to calculate EPS	**64,314,488**	35,843,280
Earnings per share in EUR	**0.03**	0.06

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 15 Other circumstances

In relation to one of the newbuildings, the Group has assumed payment obligations in the net amount of EUR 2.4 million as at the balance sheet date in order to avoid delays in delivery of certain equipment. The obligations are expected to be paid in 2023. The Group will be compensated for the assumed obligations through a loan agreement in the net amount of EUR 2.4 million paid over two years.

Note 16 Events after balance sheet date

Edda Boreas was delivered from Astilleros Gondán shipyard on 9 February 2023.

A green credit facility of EUR 100-120 million was entered into on 13 February 2023 for the pre- and post-delivery financing of hull no.'s 491, 492 and 503.

In relation to the two green loan facilities signed November 2021 and February 2023 the following long-term interest hedging arrangements have been agreed:

- For an amount up to a maximum of EUR 55.2 million in aggregate, the interest has been fixed at 0.52% + margin for 12 years from 1Q23 at an amortising profile.
- For an amount up to a maximum of EUR 54.8 million in aggregate, Edda Wind has an option to fix the interest at 0.76% + margin for 12 years from 3Q23 at an amortising profile.
- For an amount up to a maximum of EUR 11.6 million in aggregate, Edda Wind has an option to fix the interest at 0.35% + margin for between three and five years from 3Q23 at an amortising profile.

On 2 March 2023 the Group entered into firm contracts for the construction of four CSOVs at Vard shipyard for delivery between Q1 2025 and Q1 2026 with a total contract price of EUR 246.8 million. Further, the Group has options for four additional CSOVs.

On 2 March 2023 the Group raised NOK 1.2 billion in a private placement to finance the equity portion of the vessels ordered.

As reported in December 2022, hull no C416 is under construction at Balenciaga shipyard in Spain. The construction is behind schedule, and is estimated that the vessel will be ready for operation in Q4 2023. Management, together with the yard, suppliers, and the client are working to minimise the risk of further delays, as well as associated cost increase.

Income Statement

(EUR 1,000)

	Notes	NGAAP 2022	2021
Other operating expenses	1, 2	**2,000**	2,485
Total operating expenses		**2,000**	2,485
Operating profit		**(2,000)**	(2,485)
Financial income and expenses			
Interest income from group companies	3	**2,534**	358
Other financial income	3, 4	**4,060**	237
Net currency differences		**(2,071)**	1,496
Interest paid to group companies		**(0)**	(40)
Interest expenses to related parties		**–**	(581)
Other financial expenses		**(204)**	(71)
Financial income/(expense)		**4,320**	1,400
Profit/(loss) before tax		**2,321**	(1,085)
Tax (income)/expense	5	**–**	–
Profit/(loss) for the year		**2,321**	(1,085)

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

Balance Sheet

(EUR 1,000)

	Notes	NGAAP 2022	2021
ASSETS			
Financial assets			
Investment in subsidiary companies	4	**108,462**	66,365
Long-term receivables	3	**2,462**	–
Total financial assets		**110,924**	66,365
Current assets			
Receivables from group companies	3	**34,966**	23,282
Other short-term receivables	3	**1,071**	587
Cash and cash equivalents	6	**26,739**	80,002
Total current assets		**62,777**	103,871
Total assets		**173,701**	170,236
EQUITY AND LIABILITIES			
Equity			
Share capital	7, 8	**644**	644
Share premium	7	**167,478**	167,478
Other equity	7	**2,321**	–
Total equity		**170,442**	168,121
Current liabilities			
Account payables	3	**562**	874
Other current liabilities	3	**2,696**	1,241
Total current liabilities		**3,259**	2,115
Total equity and liabilities		**173,701**	170,236

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

NGAAP Norwegian Generally Accepted Accounting Principles

Balance Sheet continued

(EUR 1,000)

Haugesund, 26 April 2022
The Board of Directors of Edda Wind ASA
(signed electronically)

Håvard Framnes
Chair 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

Cash Flow Statement

(EUR 1,000)

	Notes	2022	2021
Cash flow from operations			
Profit/(loss) before tax		**2,321**	(1,085)
Group contribution	3	**(3,972)**	–
Change in trade payables		**(312)**	92
Change in other current assets and other liabilities		**(40,890)**	(18,341)
Net cash flow from operations		**(42,853)**	(19,334)
Cash flow from investment activities			
Loan to subsidiaries		**(10,417)**	–
Dividends received from subsidiaries		**–**	2,314
Investments in subsidiaries	4	**(23)**	(21,376)
Net cash flow from investment activities		**(10,441)**	(19,062)
Cash flow from financing activities			
Proceeds from other interest-bearing debt		**–**	43,500
Repayment of other interest-bearing debt		**–**	(16,500)
Increase capital		**–**	90,131
Net cash flow from financing activities		**–**	117,131
Effects of currency rate changes on bank deposits, cash and equivalents			
Net change in bank deposits, cash and equivalents		**(53,294)**	78,734
Translation difference		**31**	1,028
Cash and cash equivalents at 01.01		**80,002**	239
Cash and cash equivalents at 31.12		**26,739**	80,002

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

Notes to the Company Financial Statements

(EUR 1,000)

Note 1 General accounting principles

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.

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 liabilities, as well as short-term liabilities, are valued at nominal value.

Provisions

Provisions are recognised when the Company faces an obligation (legal or constructive) as a result of a 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.

Use of estimates

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.

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 a 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.

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:

2022	Salaries	Bonus	Other benefits	Pension costs
Remuneration to management				
Kenneth Walland (CEO)	242	35	20	11
Håkon Vevang (CCO)	121	17	5	11
Tom Johan Austrheim (CFO)	142	18	3	11
Jan Lodden (COO) (start date 01.07.2022)	63	–	1	5
Total remuneration to management	**568**	**69**	**29**	**38**

Notes to the Company Financial Statements continued

(EUR 1,000)

Note 2 Payroll and remuneration continued

	Position	2022	2021
Remuneration to Board of Directors			
Håvard Framnes	Chair	**15**	7
Jan Eyvin Wang	Director	**9**	4
Martha Kold Bakkevig	Director (joined November 2021)	**10**	4
Toril Eidesvik	Director (joined November 2021)	**9**	4
Duncan J. Bullock	Director (joined December 2021)	**9**	2
Cecilie Wammer Serck-Hanssen	Director (joined December 2021)	**9**	2
Adrian Geelmuyden	Director (joined December 2021)	**9**	2
Total remuneration to the Board of Directors		**68**	27

There are no agreements between the Group and the members of the Board of Directors providing for benefits upon termination.

	2022	2021
Expensed audit fee (excluding VAT)		
Audit services	**52**	46
Other assurance services	**4**	88
Other non-audit services	**–**	126
Total expensed audit fee	**56**	259

Note 3 Transactions with related parties

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

	2022	2021
Management fee		
Edda Wind Management AS	**22**	11
Total	**22**	11
Reimbursed costs		
Edda Wind Management AS	**1,300**	468
Total	**1,300**	468
Interest income		
Edda Wind Management AS	**17**	7
Edda Wind I AS	**141**	96
Edda Wind II AS	**136**	136
Edda Wind III AS	**51**	–
Edda Wind IV AS	**737**	108
Edda Wind V AS	**509**	10
Edda Wind VI AS	**51**	1
Edda Wind VII AS	**5**	–
Edda Wind VIII AS	**3**	–
Edda Wind IX AS	**154**	–
West Energy AS	**8**	–
Total	**1,813**	358
Interest expenses		
West Energy AS	**–**	27
Edda Wind III AS	**–**	7
Johannes Østensjø dy AS	**–**	6
Østensjø Wind AS	**–**	290
Wilhelmsen New Energy AS	**–**	290
Total	**–**	621

Notes to the Company Financial Statements continued

(EUR 1,000)

Note 3 Transactions with related parties continued

	2022	2021
Financial income – received group contribution		
West Energy AS	**222**	209
Edda Wind Management AS	**60**	28
Edda Wind VII AS	**1,815**	–
Edda Wind VIII AS	**1,875**	–
Total	**3,972**	237

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

Short-term receivables	2022	2021
Group companies	**34,966**	23,282
Associated companies	**–**	1
Total	**34,966**	23,282
Accounts payable		
Group companies	**251**	164
Associated companies	**291**	126
Total	**542**	291
Short-term debt		
Group companies	**–**	437
Associated companies	**–**	134
Total	**–**	572

The Company acts as guarantor for the interest-bearing debt of its subsidiaries.

Note 4 Investment in subsidiaries

Subsidiaries	Business office/country	Nature of business	Ownership/ voting rights	Currency	Equity	Result	Book value (EUR)
Edda Wind Management AS	Haugesund, Norway	Management services	100%	NOK	800	408	93
Edda Wind Investment AS	Haugesund, Norway	Investment	100%	NOK	(127)	(109)	4
Edda Wind I AS	Haugesund, Norway	Vessel operations	100%	EUR	686	(8,176)	11,424
Edda Wind II AS	Haugesund, Norway	Vessel operations	100%	EUR	18,996	(1,784)	21,748
Edda Wind III AS	Haugesund, Norway	Vessel operations	100%	GBP	(906)	(3,434)	6,798
Edda Wind IV AS	Haugesund, Norway	Vessel operations	100%	EUR	10,534	(1,467)	12,407
Edda Wind V AS	Haugesund, Norway	Vessel operations	100%	EUR	16,393	14	16,582
Edda Wind VI AS	Haugesund, Norway	Vessel operations	100%	EUR	8,501	(19)	8,617
Edda Wind VII AS	Haugesund, Norway	Vessel operations	100%	EUR	576	174	1,819
Edda Wind VIII AS	Haugesund, Norway	Vessel operations	100%	EUR	633	218	1,879
Edda Wind IX AS	Haugesund, Norway	Vessel operations	100%	EUR	3,708	(158)	3,867
Edda Wind X AS	Haugesund, Norway	Dormant	100%	EUR	(5)	(8)	4
Edda Wind XI AS	Haugesund, Norway	Dormant	100%	EUR	(5)	(8)	4
Edda Wind XII AS	Haugesund, Norway	Dormant	100%	EUR	(5)	(8)	4
West Energy AS	Haugesund, Norway	Vessel operations	100%	GBP	22,141	144	23,169
Edda Supply Ships UK Ltd	Aberdeen, United Kingdom	Management services	100%	GBP	271	71	43

Based on the subsidiaries' underlying assets and operation, no impairment charge has been made to the investments in 2022 or 2021

Edda Wind ASA has given group contributions during 2022; EUR 59,753 to Edda Wind Management AS, EUR 1,815,291 to Edda Wind VII AS, and EUR 1,875,032 to Edda Wind VIII AS. The group contributions are given without tax effect and is booked as increase in investment. Edda Wind ASA has also received group contribution in the same amount from the parties with tax effect, booked as financial income. Edda Wind ASA has also received a group contribution of EUR 221,900 from West Energy AS.

Notes to the Company Financial Statements continued

(EUR 1,000)

Note 5 Tax

Income tax for the year	2022	2021
Tax payable	–	–
Change in deferred tax	–	–
Tax on ordinary result	–	–

Basis for tax payable	2022	2021
Profit before tax	2,321	(1,085)
Other permanent differences	793	9
Taxable income	3,114	–
Group contribution received	3,972	–
Tax loss carried forward	(7,086)	–
Basis tax payable	–	(1,077)

Temporary differences and deferred tax	2022	2021	Change
Tax loss carried forward	(254)	(1,998)	1,744
Deferred tax	(56)	(440)	384
Change in deferred tax/deferred tax asset	384	(440)	
Correction from 2021	1,129	–	
Not recorded deferred tax asset	(1,512)	440	
Deferred tax (+)/Deferred tax asset (-)	–	–	

Note 6 Cash and cash equivalents

	2022	2021
Bank deposits EUR	25,277	77,277
Bank deposits NOK	1,161	2,725
Bank deposits GBP	301	–
Total cash and cash equivalents	26,739	80,002

The Company does not have any restricted cash as of 31 December 2022.

Note 7 Share capital

Edda Wind ASA's share capital amounts to NOK 6,431,449 divided into 64,314,488 shares, each with a nominal value of NOK 0.1.

Largest shareholders at 31 December 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%
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Credit Suisse (Switzerland) Ltd.	Ireland	6,888,331	10.7%
J.P. Morgan SE	Luxembourg	1,126,184	1.8%
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Portia AS	Norway	500,000	0.8%
Largest shareholders		52,639,254	81.8%
Others		11,675,234	18.2%
Total		64,314,488	100.0%

During 2021, Edda Wind ASA increased its number of shares from 1,000 shares at nominal value of NOK 101 to 64,314,488 shares at nominal value of NOK 0.1.

Notes to the Company Financial Statements continued

(EUR 1,000)

Note 8 Changes in equity

	Share capital	Share premium	Other equity	Total equity
Balance at 01.01.2022	**644**	**167,478**	**–**	**168,122**
Profit/loss for the year	–	–	2,321	2,321
Balance at 31.12.2022	**644**	**167,478**	**2,321**	**170,442**

Note 9 Other circumstances:

In relation to one of the newbuildings, Edda Wind ASA has accepted payment obligations in the net amount of EUR 2.4 million as at the balance sheet date in order to avoid delays in delivery of certain equipment. This will be repaid through a loan agreement in the net amount of EUR 2.4 million paid over two years.

Note 10 Subsequent events

Edda Wind ASA raised NOK 1.2 billion in a private placement on 2 March 2023.

The Company has established eight new subsidiaries in 2023.

Auditor's Report

EY
Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

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 2022 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 2022, the income statement and other comprehensive income, cash flow statement 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 2022 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 2022 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 4 years from the election by the general meeting of the shareholders on 18 October 2019 for the accounting year 2019.

Auditor's Report continued

Building a better working world

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 2022. 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.

Impairment assessment of vessels and newbuilds

Basis for the key audit matter
As of 31 December 2022, the market capitalization of the Group was below book value of the Group equity. Group management have identified the impairment indicator to be related to vessels and newbuilds and have therefore tested recoverable amounts. The carrying amount of the Group's vessels and newbuilds amounted to EUR 289,8 million, which corresponds to 83% of assets. Remaining installments for newbuilds amount to EUR 186,1 million. No impairment was recognized on vessels and newbuilds. Management have classified each vessel and newbuild as a cash generating unit ("CGU"). Management have measured the recoverable amount of vessels and newbuilds by comparing the carrying amount and remaining installments of each CGU to the highest of fair value less cost to sell and value in use. Key assumptions for the value-in-use calculation were forecasted day-rates, operating costs, estimated useful life of the vessels and discount rate. Considering the extent of estimates and assumptions applied in the impairment evaluation, and management's involvement and significant judgement in establishing them, we assess impairment assessment of vessels and newbuilds as a key audit matter.

Our audit response
We evaluated the appropriateness of management's identification of the Group's CGUs. For the value in use calculation, we compared day-rates to the firm contracts and estimated future rates to historical spot rates and future market expectation from third party for the SOV and CSOV market. Operating costs have been compared to approved budget, historical expenses and future expectation from third party. Estimated useful life of the vessels have been compared to industry practice and plans for docking and maintenance. We have also conducted sensitivity analysis. Furthermore, we compared managements value-in-use calculation with third party broker valuation reports obtained by management. We involved an internal specialist in testing the mathematical accuracy of the value-in-use calculation, in the assessment of the model and the discount rate applied. We refer to note 4 of the consolidated financial statements.

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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 officer) 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, 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.

Auditor's Report continued

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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 the audit of the financial statements of Edda Wind ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name eddawindasa-2022-12-31-en have 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 pursuant to 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 the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, 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. We conduct our work 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 about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include 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, 26 April 2023
ERNST & YOUNG AS

Øyvind Nore
State Authorised Public Accountant (Norway)

Remuneration Report

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INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of Edda Wind ASA

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Edda Wind ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2022 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company 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. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

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We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, 26 April 2023
ERNST & YOUNG AS

Øyvind Nore
State Authorised Public Accountant (Norway)