ANNUAL REPORT 2022

Havila Ariel AS

Org.nr: 991 192 239

ANNUAL REPORT 2022 – HAVILA ARIEL AS

The nature and location of the operations

The purpose of the company is to operate within development of and investment in other companies and related services. The company's business address is in Herøy municipality where the company hires premises from the subsidiary Havilahuset AS in the estate "Havilahuset" at Mjølstadneset, 6092 Fosnavåg.

The subsidiary Havilahuset AS was established 30.03.2022 and has purchased the property «Havilahuset» at Mjølstadneset from the parent company of the Havila-group, Havila Holding AS.

The company's business area is rental of real estate.

The financial statements and continued operations

The company's result for 2022 is NOK -86.4 mill. (NOK -18.9 mill in 2021)
The company's equity is positive, NOK 77.3 mill. per 31.12. (NOK 163.7 mill. in 2021)
The company's net cash flow from operations is NOK -30.2 mill. (NOK -4.0 mill. in 2021)
The company's net cash flow from investments is NOK -0.03 mill. (NOK -6.1 mill. in 2021)
The company's net cash flow from financing is NOK 10.5 mill. (NOK 36.3 mill. in 2021)

The group's result for 2022 is NOK -45.4. (-2.3 mill. in 2021).
The group's equity is NOK 44.4 mill per 31.12. (NOK -82.2 mill. in 2021).
The group's net cash flow from operations is NOK -2.8 mill. (NOK 13.2 mill. in 2021)
The group's net cash flow from investments is NOK -9.0 mill. (NOK -59.1 mill. in 2021)
The group's net cash flow from financing is NOK -12.1 mill. (NOK 52.4 mill. in 2021)

The negative development in result for the group is owing to significant write-downs of properties in 2022, and for the company, the negative result is due to write-downs of certain subsidiaries.

In accordance with the Accounting Act § 3-3 the Board of Directors confirm that the going concern assumption is present and that the financial statements for 2022 have been prepared under this assumption.

Events after the balance sheet date

There are no events after the balance sheet date that are considered to be of significant importance for the 2022 annual accounts.

Future prospects

Havila Ariel AS will continue further operation of existing assets.

Financial risk/market risk

The Board of Directors consider the financial risk as well as the market risk to be low. This is due to fixed contracts for the properties, where a number of these tenants have rented office premises for many years. Focus is also attached to hiring out vacant premises, to renewing contracts or bringing in new renters at the expiry of the existing contract periods.

Liquidity risk
The management and the board focus on managing liquidity risk. This involves maintaining a sufficient free stock of liquid assets. The group's management is responsible for ongoing monitoring and reporting of the group's liquidity position. The administration has ongoing activities to ensure that the group is within the applicable requirements.

Research-and development activities
The company has no ongoing research or development activities for the time being.

Fair and true view of development and result
The Board of Directors is of the opinion that the information stated in the annual report and the financial statements give a fair and true view of the company's assets and liabilities, financial position and result.

Working environment and gender equality
The company had no employees per 31.12.
Accounting and financial services etc. are outsourced to Havila Service AS.
The company has implemented a policy that aims at preventing discrimination due to gender.
The Board of Directors of the group consists of 3 men and 1 woman.

Insurance for the members of the Board and the managing director
Havila Holding AS has taken a Board of Directors' liability insurance that also comprises Havila Ariel AS. The coverage applies for members of the Board, managing director and other employees who have an independent management responsibility. The insurance covers the responsibility of the insured for financial damage due to claims against the insured in the insurance term as a consequence of alleged creative act or omission.

External environment
The group does not conduct operations that affect the external environment, beyond what must be considered natural for this type of activity.

Corporate governance
Havila Ariel AS has adopted business management principles that affect the interaction between the owners, the board and the management of the company. This is a prerequisite for gaining the trust of shareholders and partners.

Social responsibility
The board of Havila Ariel AS has increased its focus on social responsibility. The company has no employees. Within real estate, the group has placed an increased focus on waste management and recycling among its tenants. In addition to choosing skilled suppliers to perform services on the properties, who have a focus on social responsibility, especially linked to the working environment.

Allocation of the parent company's result for the year

Result for the year of NOK -86 431 049,- is allocated as follows:

NOK 86 431 049,- transferred from other equity

Allocation of the group's result for the year

Result for the year of NOK -45 446 255,- is allocated as follows:

NOK -45 446 255,- transferred from other equity

Fosnavåg, 31.12.2022 / 28.04.2023

The Board of Directors of Havila Ariel AS

Per Rolf Sævik	Hege Sævik Rabben	Vegard Sævik	Njål Sævik
Styreleder	Styremedlem	Styremedlem/daglig leder	Styremedlem

Consolidated Statement of Profit or Loss

NOK	Note	2022	2021
Rental Income	3	39 921 900	27 452 106
Other operating expenses	6	(10 713 255)	(8 633 008)
Depreciation and amortisation	4	(15 021 022)	(16 267 582)
Impairment investment property	4	(8 151 384)	0
Gain on disposal of subsidiary	4,16	0	21 808 924
Operating profit (EBIT)		**6 036 239**	**24 360 440**
Financial income	14	10 708 367	154 708
Financial expenses	14	(57 740 146)	(30 652 727)
Net financial items		**(47 031 779)**	**(30 498 019)**
Profit before taxes		**(40 995 539)**	**(6 137 579)**
Income taxes	11	4 450 716	(3 851 747)
Net profit		**(45 446 255)**	**(2 285 832)**

Net profit for the financial year attributed to:			
Owners of the Parent company		(45 446 255)	(2 285 832)
Total		**(45 446 255)**	**(2 285 832)**

Consolidated statement of comprehensive income

	Note	2022	2021
Net profit		(45 446 255)	(2 285 832)
Total comprehensive income for the period, net of tax		**(45 446 255)**	**(2 285 832)**
Total comprehensive income attributable to:			
Owners of the Parent company		(45 446 255)	(2 285 832)
Total		**(45 446 255)**	**(2 285 832)**

Consolidated Statement of Financial Position

NOK	Note	31'Dec'22	31'Dec'21
ASSETS			
Deferred tax assets	11	0	4 450 716
Investment properties	4	525 454 223	457 527 202
Other non-current financial assets	16	243 121 744	0
Total non-current assets		**768 575 967**	**461 977 918**
Trade receivables	7	6 295 293	983 514
Other receivables	7	192 251	62 203 437
Cash and cash equivalents	9	11 048 366	34 916 036
Total current assets		**17 535 910**	**98 102 987**
TOTAL ASSETS		**786 111 878**	**560 080 906**
EQUITY AND LIABILITIES			
Share capital	10	4 145 312	4 145 312
Share premium		57 572 711	57 572 711
Other paid-in equity		158 211 112	158 211 112
Total paid-in-equity		**219 929 135**	**219 929 135**
Other equity		(175 516 999)	(302 085 578)
TOTAL EQUITY		**44 412 136**	**(82 156 443)**
Deferred tax liability	11	0	0
Other interest-bearing liabilities	16,5	338 991 884	232 253 051
Bond loan	1, 5	380 129 951	389 437 190
Total non-current liabilities		**719 121 835**	**621 690 241**
Trade and other payables	8,13,16	20 107 099	18 649 107
Interest-bearing current liabilities	5,16	2 470 806	1 898 000
Total current liabilities		**22 577 905**	**20 547 107**
TOTAL LIABILITIES		**741 699 740**	**642 237 348**
TOTAL EQUITY AND LIABILITIES		**786 111 878**	**560 080 906**

Fosnavåg, 28.04.2023
Styret i Havila Ariel AS

Per Rolf Sævik	Hege Sævik Rabben	Vegard Sævik	Njål Sævik
Styreleder	Styremedlem	Styremedlem/daglig leder	Styremedlem

Consolidated statement of cash flows

NOK	Note	2022	2021
Profit before income taxes		(40 995 539)	(6 137 579)
Depreciation	4	15 021 022	16 267 582
Impairment	4	8 162 226	0
Net interest expenses	14	46 059 557	22 591 414
Change in trade receivables	7,13	(5 311 779)	4 548 741
Change in trade payables	8	1 154 871	8 590 981
Change in other provisions		(2 085 389)	(18 325 316)
Cash generated from operations		**22 004 968**	**27 535 823**
Interests paid	14	(29 820 462)	(14 339 863)
Interests received	14	5 034 255	0
Net cash flow from operations		**(2 781 239)**	**13 195 960**
Proceeds from property transactions	4	0	13 488 247
Acquisition of investment properties	4	(9 021 525)	(67 613 968)
Loan to group company		0	(5 000 000)
Net cash flow from investments		**(9 021 525)**	**(59 125 721)**
Proceeds interest bearing debt	5	0	149 358 553
Repayment interest bearing debt	5	(12 064 907)	(96 952 382)
Net cash flow from financing		**(12 064 907)**	**52 406 169**
Net change in cash and cash equivalents	**9**	**(23 867 671)**	**6 476 408**
Cash and cash equivalents at the beginning of the period	**9**	**34 916 036**	**28 439 626**
Cash and cash equivalents at the end of the period	**9**	**11 048 366**	**34 916 036**

Consolidated Statement of Changes in Equity

NOK	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity at 1 Jan 2021	**4 145 312**	**57 572 711**	**150 605 124**	**-299 799 746**	**-87 476 599**
Profit/loss for the period	-	-	-	-2 285 832	**-2 285 832**
Total comprehensive income	-	-	-	-2 285 832	**-2 285 832**
Group contribution	-	-	7 605 989		**7 605 989**
Equity at 31 Dec 2021	**4 145 312**	**57 572 711**	**158 211 112**	**-302 085 578**	**-82 156 443**

*Please refer to note 14 for further details.

NOK	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity at 1 Jan 2022	**4 145 312**	**57 572 711**	**158 211 112**	**-302 085 578**	**-82 156 443**
Profit/loss for the period	-	-	-	-45 446 255	**-45 446 255**
Total comprehensive income	-	-	-	-45 446 255	**-45 446 255**
Group contribution	-	-		172 014 834	**172 014 834**
					-
Equity at 31 Dec 2022	**4 145 312**	**57 572 711**	**158 211 112**	**-175 516 999**	**44 412 136**

**Please refer to note 14 for further details.*

Notes to the Financial Statements

Note 1 - Company information

Havila Ariel AS is the parent company of the Havila Ariel Group incorporated in Norway. Havila Ariel is a fully owned subsidiary of Havila Holding AS. The consolidated financial statements include the company and its subsidiaries (together referred to as the "Group").

Havila Ariel is a real estate Group that owns several properties in different locations in Norway. As of 31 December 2022, the Group owns five properties. The Group has in 2022 acquired one property.

The parent company and the following subsidiaries are presented in these consolidated financial statements as of 31 December 2022:
OHI Eiendom AS - 100% share
Havila Invest AS - 100% share
Havblikk Eiendom AS - 100% share - aquired 16th of December 2021
Havila Mjølstadneset AS - 100% share - aquired 16th of December 2021
Havilahuset AS - 100% share - founded 12th May 2022

Note 2 - Basis of preperation and accounting policies

General
The accounting policies applied to the consolidated financial statements as a whole are described below. A more detailed description of accounting policies and significant estimates related to specific disclosures are presented in conjunction with each note in the aim of providing understanding of each accounting area.

Basis of preparation
Havila Ariels's consolidated financial statement for the 2022 financial year are prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations set by the (IFRIC) International Accounting Standards Board and endorsed by EU, and additional requirments following the Norwegian Accounting Act.

The consolidated financial statements of the Group for the year ended 31 December 2021, were the first annual consolidated financial statements that comply with IFRS as endorsed by the EU.

Presentation
The consolidated financial statements are presented in NOK and have been prepared under the historical cost convention, unless otherwise stated in these accounting policies.

Havila Ariel AS has been granted permission from the Norwegian authorities to publish the Group accounts in English only.

Consolidation
Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Going concern
Pursuant to Section 3-3a of the Norwegian Accounting Act, the board confirms that the financial statements have been prepared on the assumption of going concern. The consolidated equity as per 31.12.2022 is positive by 44,4 MNOK.

During 2022, Havila Ariel has weakened it's liquidity position, from 34,9 MNOK year 2021 to 11 MNOK as per 31.12.2022. The board concludes that it is appropriate to use the going concern basis of accounting in the preparation of the financial statements, and that no material uncertainty exists relating the groups ability to continue as a going concern.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Norwegian Kroners (NOK), which is Havila Ariels AS' functional and presentation currency.

Transaction and balances
Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Group companies
All of Havila Ariel AS' subsidiaries have NOK as their functional currency.

Cash Flow Statement
The statement of cash flow is prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments.

Use of judgement and estimates
The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported and disclosed at the reporting date. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates. In addition, management judgement is required in the application of accounting policies, especially when IFRS standard has alternative accounting, valuation and presentation methods.

Management believes that the following accounting principles represent those matters, where management judgement has the most significant effect on the amounts recognised or where different estimates could result in significant adjustment to reported carrying amounts within the next financial year. These are described in more detail in the related notes.

Accounting principle	Note
Useful life of investment property	4
Fair value as deemed cost at the date of transition to IFRS	4

Climate risk
Based on the properties location, there is a risk due to the rising sea level, as well as extreme weather due to climate changes. In a long term this could affect the value of the investments in addition to the costs of insurance and repair and maintenance. The Group also have a risk linked to temperature fluctuations, the requirements for the properties energy efficiency and higher electricity prices. In the future, these risks may affect the properties attractiveness for potential tenants.
So far, the addressed climate risks have not had an impact on the Group's costs or impairments.

Note 3 - Rental income

ACCOUNTING POLICIES - Revenue from lease contracts
The Group enters into lease agreements as a lessor with respect to its investment properties. Lease contracts where a significant proportion of the risks and benefits of ownership remain with Havila Ariel are classified as operating leases. Revenue recognition under a lease commences at the inception of the lease. Rent payments for the leases are recognised in a straight line over the duration of the lease.

In negotiating of a new or renewed operating lease, Havila Ariel may provide incentives for the lessee to enter into the agreement. Examples of such incentives are rent exemptions, up-front payments to the lessee or the reimbursement or assumption by the lessor of costs of the lessee (such as relocation costs, leasehold improvement and costs associated with a pre-existing lease commitment of the lessee). Havila Ariel recognises the aggregate benefit of incentives as a reduction of rental income over the lease on a straight-line basis. Rental income is presented net of VAT, rebates and discounts.

Rental income

	31.12.2022	31.12.2021
Rental Income	39 921 900	27 452 106
Total rental income	39 921 900	27 452 106

The Group mainly enters into lease contracts with fixed rent for the lease of property. Lease payments for the majority of the contracts include CPI increases. The amount in the table below do not include CPI adjustments.

The Group's future accumulated rent from non-terminable operational lease contracts

	31.12.2022	31.12.2021
≤ 1 year	42 340 470	20 687 207
1 year < 2 years	40 827 818	18 365 064
2 years < 3 years	36 797 491	18 365 064
3 years < 4 years	36 100 184	18 365 064
4 years < 5 years	36 100 184	18 365 064
≥ 5 years	144 400 736	73 460 256
Total	336 566 883	167 607 719

	2022		2021	
	Area (sqm)	Occupancy (%)	Area (sqm)	Occupancy (%)
Fosnavåg	13 863	100 %	7 586	100 %
Hareid	13 816	70 %	13 816	70 %
Tananger	30 000	100 %	30 000	100 %
Total property portfolio	**57 679**	**92 %**	**51 402**	**92 %**

The groups 2 largest tenants accounts for approximately 62 per cent of the Group's total rental income.

- Tenant 1	46,70 %
- Tenant 2	15,00 %

Note 4 - Investment property

ACCOUNTING POLICIES
Investment properties are owned with the aim of achieving a long-term return from rental income and increase in value. At the adoption of IFRS transition date 1 january 2020 the Group measured investment properties at the date of transition (1 january 2020) to IFRS to fair value as deemed cost. After the initial recognition, investment property is measured using the cost model.

Depreciation is recognized according to plan based on the estimated economic lives of the individual assets and accounted for in accordance with the straight-line method. The assets' residual useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The Group allocates the amount initially recognised to its significant parts and depreciates separately each such part. At initial recognition of a property, the Group separates any favorable lease contacts for depreciation purposes.

Assets that are subject to depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss equal to the difference is recognized in profit or loss.

Critical estimates and judgements
The asset's useful lives are considered a critical estimates due the uncertainty and effect on numbers on related to this input in the calculation of depreciation, and thus the carrying value of the assets.
Fair value as deemed cost at the date of transition to IFRS is considered a critical estimates, see below under 'Fair value of investment property' for the Groups valuation process.

The group applies the following useful lives:	**Years**
Buildings	30-50 years

	Favourable lease contract (building)	Land	Buildings	Total
Acquistition cost 1 Jan 2022	**104 000 000**	**44 788 968**	**438 928 306**	**587 717 274**
Additions	-	1 445 714	89 664 555	91 110 269
Disposals	-	-	-	-
Acquisition cost cost 31 Dec 2022	**104 000 000**	**46 234 682**	**528 592 861**	**678 827 543**
Accumulated amortization and impairments 1 Jan 2022	**-104 000 000**	**-**	**-26 190 072**	**-130 190 072**
Disposals				
Impairment			-8 162 226	-8 162 226
Depreciation	-	-	-15 021 022	-15 021 022
Accumulated amortization and impairments 31. Dec 2022	**-104 000 000**	**-**	**-49 373 320**	**-153 373 320**
Carrying value 1 Jan 2022	**-**	**44 788 968**	**412 738 234**	**457 527 202**
Carrying value 31 Dec 2022	**-**	**46 234 682**	**479 219 541**	**525 454 223**

The Group has in 2022 acquired one property in addition to purchase of an annex on the existing property on Mjølstadnesvegen 21. Mjølstadnesvegen 24 is acquired directly from Havila Holding AS. All transactions were completed with related parties, see more information in note 16.

Property	Company	Location	Acquisition price
Mjølstadnesvegen 24	Havilahuset AS	Fosnavåg, Møre og Romsdal, Norway	82 088 744
Mjølstadnesvegen 21	Havila Mjølstadneset AS	Fosnavåg, Møre og Romsdal, Norway	9 021 525
Total acquisition			**91 110 269**

Cash effects related to acquisitions of investment properties	
Total additions 2022 (-)	91 110 269
Additions without casheffect, properyt aquired with seller credit	82 088 744
Additions with casheffect	9 021 525
Sum acquisition of investment properties	**91 110 269**

	Favourable lease contract (building)	Land	Buildings	Total
Acquistition cost 1 Jan 2021	**104 000 000**	**32 985 983**	**494 365 445**	**631 351 428**
Additions	-	15 971 984	60 404 468	76 376 452
Disposals	-	-4 168 999	-115 841 607	-120 010 606
Acquisition cost cost 31 Dec 2021	**104 000 000**	**44 788 968**	**438 928 306**	**587 717 274**
Accumulated amortization and impairments 1 Jan 2021	**-104 000 000**	**-**	**-16 406 938**	**-120 406 938**
Disposals	-	-	6 484 448	6 484 448
Depreciation	-	-	-16 267 582	-16 267 582
Accumulated amortization and impairments 31. Dec 2021	**-104 000 000**	**-**	**-26 190 072**	**-130 190 072**
Carrying value 1 Jan 2021	**-**	**32 985 983**	**477 958 507**	**510 944 490**
Carrying value 31 Dec 2021	**-**	**44 788 968**	**412 738 234**	**457 527 202**

The Group has in 2021 acquired two properties. The property Mjølstadnesvegen 21 is purchased directly, and Holmefjordvegen 1 is acquired through the purchase of Havblikk Eiendom AS. The Group sold the property Tangen 7 through the sale of the Company Tangen 7 Invest AS. All transactions were completed with related parties, see more information in note 16.

Property	Company	Location	Acquisition price
Holmefjordvegen 1	Havblikk Eiendom AS	Fosnavåg, Møre og Romsdal, Norway	19 640 431
Mjølstadnesvegen 21	Havila Mjølstadneset AS	Fosnavåg, Møre og Romsdal, Norway	40 370 000
Total acquisition			**60 010 431**

Property	Company	Location	Sale price
Tangen 7	Tangen 7 Invest AS	Randaberg, Rogaland, Norway	13 575 145
Total sale			**13 575 145**

A gain of 21.8 MNOK is booked in gain on disposal of subsidiary. The calculation is showed in note 16.

Cash effects related to proceeds from property transactions	
Sale price sold company (+)	13 575 145
Cash in sold company (-)	86 898
Sum proceeds from property transactions	**13 488 247**

Cash effects related to acquisitions of investment properties	
Total additions 2021 (-)	76 376 452
Difference between book value of property aquired and price paid for company acquired (+)	7 359 569
Cash in acquired company (+)	1 402 915
Sum acquisition of investment properties	**67 613 968**

Fair value of investment property

	31.12.2022	31.12.2021
Fair value of investment property	569 990 280	515 437 085

Fair value includes value of buildings and land.

Initial recognition of investment property is measured at fair value as its deemed cost on the date of adoption.

The Group’s valuation process is based on external valuations, supplemented by internal analysis where the Group makes an assessment and determines whether the external valuations give an accurate picture of the fair value of the investment properties. Inspections and technical reviews of all the properties are performed regularly. All properties were valued by one independent professional appraisal as at 31 December 2022. This is the level 3 in the fair-value hierarchy, see note 13 for description of the hierarchs.

Properties are valued by discounting future cash flows. Both contractual and expected cash flows are included in the calculations. Therefore, the fair-value assessment of investment properties largely depends on assumptions related to market rents, discount rates and CPI adjustments. Market rents are based on individual assessments of each property and on segmentations of different areas within the properties if relevant. To the extent that a specific development potential is associated with a property, an assessment is made of whether this supports or influences fair value. Updated macroeconomic assumptions for interest-rate levels, inflation expectations and so forth are applied in the calculations. Based on an assessment of the properties, tenants and macroeconomic conditions, cash flows are discounted using discount rates based on individual assessments of each property.

The book value of tangible assets is reviewed for impairment whenever events or change in circumstances indicate that the fair value may not be recoverable. If such indcation exits and the book value is the higher of net selling price and fair value, their will be done a impairment assessment. Brokers' estimate is basis for the impairment in 2022.

Note 5 - Interest bearing liabilities and accrued interest

ACCOUNTING POLICIES

Interest-bearing liabilities are classified as financial liabilities at amortised cost, and are measured at fair value upon initial recognition, and subsequently at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as net realised financials in the statement of profit or loss. The liabilities are measured at their nominal value when the effect of discounting is immaterial.

Interest-bearing liabilities are classified as current liabilities where debt is due for repayment less than 12 months from the balance sheet date.

Non-current interest-bearing debt

	31.12.2022	31.12.2021
Bonds	380 129 951	389 437 190
Debt to Group companies	338 991 884	232 563 051
Total Interest-bearing non-current liabilities	**719 121 835**	**622 000 241**

Current interest-bearing debt

	31.12.2022	31.12.2021
Bank loans		
Bonds	2 470 806	1 898 000
Debt to Group companies		
Total Interest-bearing current liabilities	**2 470 806**	**1 898 000**

Changes in liabilities arising from financing activities

	Bond loan	Other interest-bearing liabilites	Total liabilities from financing activities
31 December 2021	391 335 190	232 563 051	**623 898 241**
Repayment	-12 064 907		**-12 064 907**
Non-cash changes			
Debt acquired/settled through non-cash settlements		106 428 833	**106 428 833**
Difference between interest paid and interest expensed	3 330 474		**3 330 474**
31 December 2022	**382 600 757**	**338 991 884**	**721 592 641**
31 December 2022 current portion	2 470 806	0	2 470 806
31 December 2022 non current portion	380 129 951	338 991 884	719 121 835

	Bond loan	Other interest-bearing liabilites	Total liabilities from financing activities
31 December 2020		512 854 737	**512 854 737**
Proceeds from loans	91 667 765	57 690 788	**149 358 553**
Repayment		-96 952 382	**-96 952 382**
Non-cash changes			
Debt in companies sold		-105 664 772	**-105 664 772**
Debt in acquired companies		12 971 500	**12 971 500**
Debt acquired/settled through non-cash settlements	298 332 235	-184 390 536	**113 941 699**
Group contribution without cash effect		9 045 811	**9 045 811**
Netting of debt and receivable Havila Holding		27 007 905	**27 007 905**
Difference between interest paid and interest expensed	1 335 190		**1 335 190**
31 December 2021	**391 335 190**	**232 563 051**	**623 898 241**
Non-current liabilities	389 437 190	232 563 051	**622 000 241**
Current liabilities	1 898 000	0	**1 898 000**

Debt secured by pledged assets

	31.12.2022	31.12.2021
Bank loan	-	-
Bond loan	382 600 757	391 335 190
Debt to Group Companies	-	-
Total secured debt	**382 600 757**	**391 335 190**

Assets pledged as security for debt	31.12.2022	31.12.2021
Buildings	525 454 223	457 527 202
Trade and other receivables	6 487 544	63 186 951
Total assets pledged as security	**531 941 767**	**520 714 153**

The parent, Havila Holding AS, as well as the companies in the group works as guarantor's for the Bond loan. Interest-bearing debt to group companies are set under a floating 6 month NIBOR plus 1% margin.

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- Loan-to-Value ratio should not exceed 75 %. Market Value is defined as the aggregrate fair market value of all the groups Properties.
- Minimum liquidity of 10 000 000 NOK
- Interest Cover Ratio of not less than 120 %. The Interest Cover Ratio is defined as the ratio of EBITDA to Net Interest Cost.

Net interest cost means the aggregate gross cash interest cost of the Group related interest bearing debt less gross cash interest inncome of the group.

The Group has complied with these covenants throughout the reporting period.
All claims against group companies shall be subordinated to the bond loan.

Maturity of interest-bearning debt

	≤ 1 year	1-2 years	2-3 years	4-5 years	≥ 5 years	Total
Bank loans						
Bonds	2 470 806	380 129 951				382 600 757
Debt to Group companies		338 991 884				338 991 884
Total interest-bearing debt	2 470 806	719 121 835	-	-	-	721 592 641

The groups bond loan includes a cash sweep clause that require the group to repay the amount of cash and cash equivalents exceeding 10 000 000 NOK at specified amortisation dates.The amortisation dates are 12 months, 18 months, 24 months and 30 months after the issue date. As future cash balances are contingent on future transactions, repayment of the bond loan in the table above is based on the final contractual maturity date.

Group bond loans at 31.12.2022

ISIN	Issue limit	Interest terms	Maturity	Amount issued	Net balance
11159485	400 000 000	Nibor + 5,75 %	desember 2024	400 000 000	382 600 757

Group bond loans at 31.12.2021

ISIN	Issue limit	Interest terms	Maturity	Amount issued	Net balance
11159485	400 000 000	Nibor + 5,75 %	desember 2024	400 000 000	391 335 190

Note 6 - Operating expenses

	2022	2021
Property-related expenses		
Energy	1 368 795	890 185
Taxes	503	743 571
Insurance	527 675	494 346
Maintenance	2 873 097	448 226
Sepervision and operating expenses	663 086	1 163 352
Total	***5 433 157***	***3 739 680***
Other operating expenses		
Audit fees	1 832 130	161 623
Accounting fees	1 600 000	458 140
Consulting fees	1 350 599	1 660 000
Other operating expenses	497 369	2 613 565
Total	***5 280 098***	***4 893 328***
Total operating expenses	**10 713 255**	**8 633 008**

Fees to auditors

The table below summarises services provided from PwC to the Group during 2021 and 2020.

	2022	2021
Audit fees	1 832 130	161 623
Other audit related services	270 851	
Total	**2 102 981**	**161 623**

All amounts are excl. VAT.

Note 7 - Trade and other receivables

ACCOUNTING POLICIES

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less lifetime credit loss.

The carrying amount of the trade and other receivables approximate to their fair values due to their short-term nature. Additional information with regards to credit risk are given in note 13.

Expected credit losses

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Credit losses are considered to be immaterial.

Trade and other receivables

	31.12.2022	31.12.2021
Gross trade receivables	6 295 293	983 514
Total trade receivables	**6 295 293**	**983 514**

	Note	31.12.2022	31.12.2021
Public duties and taxes		0	0
Prepaid expenses		192 251	2 719 677
Related parties	**16**	0	59 483 760
Interest rate swaps	**12**	0	0
Other receivables		0	0
Total other receivables		**192 251**	**62 203 437**

The ageing of the trade receivables - 31.12.2022

	Expected loss rate	Gross amount	Loss allowance	Net amount
Earned not invoiced	0 %	1 739 007	-	1 739 007
Not due	0 %	-	-	0
0 to 30 days due	0 %	4 556 286	-	4 556 286
30-60 days due	0 %	-	-	0
60-90 days due	0 %	-	-	0
Over 90 days do	0 %	-	-	-
Total trade receivables		**6 295 293**	**-**	**6 295 293**

The ageing of the trade receivables - 31.12.2021

	Expected loss rate	Gross amount	Loss allowance	Net amount
Earned not invoiced	0 %	850 555	-	850 555
Not due	0 %	-	-	-
30-60 days due	0 %	-	-	0
60-90 days due	0 %	-	-	-
Over 90 days do	0 %	-	-	-
Total trade receivables		**983 514**	**-**	**983 514**

Note 8 - Trade and other payables

ACCOUNTING POLICIES
Trade and other payables are presented as current liabilities if they are due to be settled within 12 months from the end of the reporting period. They are recognized at their fair value and subsequently measured at amortized cost using the effective interest method. The carrying amount of the trade and other payables approximate to their fair values due to their short-term nature.

Trade and other payables

	31.12.2022	31.12.2021
Trade payables	-12 097 188	-10 942 317
Accrued expenses	-	-1 640 263
Public duties payable	-573 582	-297 211
Other payables	-7 436 330	-5 769 316
Total trade other payables	**-20 107 100**	**-18 649 107**

Note 9 - Cash and cash equivalents

ACCOUNTING POLICIES
Cash and cash equivalents comprise cash balances and call deposits with banks and other liquid investments that are readily convertible to known amount of cash within three months and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in current liabilities in the statement of financial position. Cash and cash equivalents are carried at nominal value, which corresponds to their fair value.

	31.12.2022	31.12.2021
Cash in bank	11 048 366	34 916 036
Restricted cash		
Total cash and cash equivalents	**11 048 366**	**34 916 036**

Note 10 - Share capital and shareholder information

Havila Ariel has one class of shares, and each share has one vote at the Annual General Meeting and equal rights to dividend and other distribution of assets.

ACCOUNTING POLICIES
Dividends proposed by the Board of Directors are not deducted from distributable equity until approved by the Annual General Meeting of Shareholders. When the Groups's own shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction in equity.

Share class	Number	Nominal value	Book value
Ordinary shares	20 726 559	0,20	4 145 312

Largest shareholders at 31 December 2021	shares	% of Total
Havila Holding AS	20 726 559	100,0%
Total	**20 726 559**	**100,0%**

Note 11 - Tax

Income tax expenses comprise of current and deferred tax. Deferred tax assets and liabilities charged by the same taxing authority are netted and, therefore, shown net on the statement of financial position.

ACCOUNTING POLICIES
Tax expense for the period includes current taxes of the Group companies based on taxable profit for the year, together with tax adjustments for previous years and changes in deferred taxes. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related income tax is also recognized in other comprehensive income or directly in equity, respectively. The share of results in associates is reported in the income statement based on the net result and thus, including the income tax effect.

Deferred income tax is recognized, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements as well as on tax loss carry forwards. Deferred income tax is determined using the tax rates and laws which have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred taxes are not recognized on temporary differences related to investments in subsidiaries to the extent that they will probably not be reversed in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The deferred tax assets and liabilities arising from consolidation are recognized in the consolidated statement of financial position if it is probable that the related tax effects will occur.

Income tax payable

	31.12.2022	31.12.2021
Ordinary profit before tax	(40 995 539)	(6 137 579)
Changes in temporary differences	(26 978 258)	(23 532 455)
Loss of Interest swap accounted for using fair value	0	0
Gain sale of subsidiary	0	(21 808 924)
Other permanent differences	716 493	82 179
Profit for tax purposes	**-67 257 304**	**-51 396 779**
Tax payable on the balance sheet	0	0
Tax payable on the balance sheet	**0**	**0**

Income taxes:

	31.12.2022	31.12.2021
Tax payable	-	-
Change in deferred tax on profit and loss	4 450 716	-16 088 535
Temporary differences of sold subsidiary booked on other gains and losses	-	12 236 788
Tax on group contribution	-	-
Total income tax benefit (expense)	**4 450 716**	**-3 851 747**

Reconciliation of income tax expense of the year

	31.12.2022	31.12.2021
Ordinary profit before tax	(40 995 539)	(6 137 579)
Nominal rate	22 %	22 %
Estimated tax based on nominal rate	-9 019 019	-1 350 267
Tax on Permanent differences	157 628	-4 779 884
Other differences	13 312 106	2 278 404
Tax on group contribution	0	0
Total income tax expense (benefit)	**4 450 716**	**-3 851 747**
Effective tax rate	**-11 %**	**63 %**

Deferred tax position

	31.12.2022	31.12.2021
Property, plant and equipment	14 745 328	13 710 515
Gain/Loss account	(8 086 563)	(10 108 205)
Bond loan	(7 870 049)	0
Share of general partnership	(3 027 192)	(3 783 990)
Tax losses carry forward	37 266 576	20 412 205
Total deferred tax positions	**33 028 100**	**20 230 525**
Not recognised in the balance sheet	-33 028 100	0
Deferred tax asset/liability	**-**	**4 450 716**

Note 12 - Information about fair value

The Group has previously hedged the floating interest rates on its interest-bearing liabilities trough the use of interest rate swaps. These derivatives are measured at fair value through the profit or loss statement.

Intial recognition of investment property at fair value as its deemed cost on the date of adoption.

The group use the following hierarchy to classify assets and liabilities, based on the valutation methods used to measure and disclose their fair value.

Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: Other techniques where all of the parameters that have a significant impact on measuring fair value are either directly or indirectly observable.

Level 3: Valuation tecniques that use parameters that significantly affect the valutation, but which are not observable.

The following of the Group's financial instruments are measured at amortised cost: receivables and payables arising from regular operation, other current receivables, cash and cash equivalents and all interest bearing debt. The carrying amount of cash and cash equivalents is approximately equal to fair value since these instrument has a short term to maturity. Similarly, the carrying amount of receivables and payables arising from regular operation, other working capital and interest bearing debt are approximately equal to fair value since they are entered into at standard terms and conditions. For the fair value of the investment properties, see note 4.

Note 13 - Capital management and financial risk management

Capital management

The objective Havila Ariel AS' capital management is to optimize the capital structure of the business to ensure sufficient and timely funding over time to finance its activities at the lowest cost, in addition to investing in projects and technology which will increase the company`s return on capital employed over time.

Investment Policy
Havila Ariel AS will evaluate potential new investments that provides high quality cash flows for the Group based on counterparty risk, quality of property and ability to finance the investments. The company will also evaluate further investments in the currently owned properties where such investments could improve operational efficiency or increase backlog of the ongoing contracts.

Liquidity Planning
The company's current liquidity is based on invoicing of leased commercial property. The group's strategy is to have sufficient cash, cash equivalents or opportunity for credit at all times, to be able to finance ongoing operations and financing of investments.

Financial risk management

Market risk
The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's interest-bearing debt is mainly agreed with a floating interest rate which is determined 3 months terms. Non-current debt is tied up to benchmark rates NIBOR and EURIBOR. The Group's interest expense consists of the relevant benchmark rate for a specific period in addition to a margin for each loan.

The table below shows sensitivity on profit or loss and equity effects by an increase and decrease of 100 basis points:

	Impact on post-tax profit & loss / equity	
	2022	**2021**
Interest rates - increase by 100 basis points	6 003 943	4 851 602
Interest rates - decrease by 100 basis points	-6 003 943	-4 851 602

Currency risk
The Group does not have significant transactions or balance sheet items in currencies other than the reporting currency, Norwegian Kroner (NOK).

Credit risk
Credit risk arises when the Group has receivables with a risk of not being settled. Additionally, credit risk is related to bank deposits and prepayments to suppliers. The risk has historically been low, and bad debts have been limited. Tenants of the Group normally pay rent in advance. The Group checks the credit rating and history of new tenants. As a result, the risk of direct losses from defaults or payment problems is limited.

Liquidity risk
The Group's liquidity risk is the risk of the Group not being able to settle its financial liabilities. The Group's liquidity risk is among other things related to decrease in expected revenues. Some subsidiaries operate in a market which is not expected to improve significantly on a short or medium term.

31.12.2022	<1 year	Y2	Y3	Y4	>5 years	Total
Long term debt	35 573 648	387 935 093	0			**423 508 741**
Trade payables	20 107 099					**20 107 099**
Debt to group companies	30 509 270	323 435 894	0			**353 945 163**

31.12.2021	<1 year	Y2	Y3	Y4	>5 years	Total
Long term debt	26 280 000	26 280 000	426 280 000			**478 840 000**
Trade payables	18 649 107					**18 649 107**
Debt to group companies	4 232 648	4 232 648	236 795 699			**245 260 994**

Classification of financial instruments

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

Financial assets
The Group`s financial assets is comprised of unlisted and listed equity investments, other receivables and cash & cash equivalents.

The classification of financial assets at initial recognition depends on the nature of the asset`s contractually determined cash flows and which business model the Group applies to the management of its financial assets. At initial recognition, financial assets are recognised at fair value. Transaction costs may be added if financial assets are measured at amortised cost.

The Group classifies its financial assets in three categories:

• Financial assets measured at amortised cost
• Financial assets measured at fair value with changes in value through profit and loss

Financial assets measured at amortised cost
The Group measures financial assets at amortised cost if the following conditions are met: the financial asset is being kept in a business model whose purpose is to receive contractually determined cash flows and the contractual terms and conditions for the financial asset give rise to cash flows solely comprising payments of interest and principal on certain dates.

The Group's financial assets at amortised cost comprise trade receivables, other receivables, cash & cash equivalents. Trade receivables which do not have a substantial financing element are measured at the transaction price in accordance with IFRS 15 Revenue from Contracts with Customers.

Financial instruments measured at fair value with changes in value through profit or loss
The Group has investments in listed and unlisted equity instruments. These investments are recognised at fair value and are also subsequently measured at fair value. Changes in fair value are recognised in profit or loss.

Provision for losses on financial assets
The Group has made a provision for expected losses on all debt instruments that are not classified at fair value through profit and loss. The Group recognises expected credit losses on the basis of a specific assessment of each individual customer. The Group recognises its loss provision on the basis of for credit losses expected over the remaining life of the exposure, and not based on
a 12-month expected loss.

Financial liabilities
Financial liabilities are, after initial recognition, classified as loans and liabilities. Loans and liabilities are recognised at fair value adjusted for directly attributable transaction costs.

Financial instruments at 31.12.2022	Note	Amortized cost	Total
Financial assets			
Trade receivables		6 295 293	**6 295 293**
Other receivables	16	192 251	**192 251**
Cash and cash equivalents		11 048 366	**11 048 366**
Financial liabilities			
Bond loans	5	380 129 951	**380 129 951**
Interest-bearing non-current liabilities		338 991 884	**338 991 884**
Other non-current liabilities		-	**-**
Trade payables		12 097 188	**12 097 188**

Financial instruments at 31.12.2021	Note	Amortized cost	Total
Financial assets			
Trade receivables		983 514	**983 514**
Other receivables	16	62 203 437	**62 203 437**
Cash and cash equivalents		34 916 036	**34 916 036**
Financial liabilities			
Bond loans	5	389 437 190	**389 437 190**
Interest-bearing non-current liabilities		232 253 051	**232 253 051**
Other non-current liabilities		-	**-**
Trade payables		10 942 317	**10 942 317**

Note 14 - Financial income / (-expense)

Finance income and expenses comprise interest, foreign exchange gains and losses and other financial income and expenses, such as fees to banks.

Financial income

	2022	2021
Interest income on loans to group company	10 674 113	-
Other financial income	34 255	154 708
Total financial income	**10 708 367**	**154 708**

Sale of shares of subsidiary in 2021 of 21 808 924 is classified as Other gains and losses

Financing costs

	2022	2021
Interest expense on debt to financial insititutions	-	15 619 042
Interest expense on debt to group company	21 943 745	4 428 997
Interest expense on bond	34 789 925	2 543 375
Total interest expense	**56 733 670**	**22 593 435**
Fair value adjustment interest rate swap	0	0
Disagio	0	442 124
Other financing costs	1 006 476	2 878 844
Total other financing costs	**1 006 476**	**8 059 292**
Total financing costs	**57 740 146**	**30 652 727**

Note 15 - Group structure

The following subsidiaries are included in Havila Ariel AS' consolidated financial statements.

Company	Location	Equity interest 31.12.22	Equity interest 31.12.21	Parent
Havila Invest AS	Fosnavåg, Norway	100 %	100,0%	Havila Ariel AS
Havblikk Eiendom AS	Fosnavåg, Norway	100 %	100,0%	Havila Ariel AS
Havila Mjølstadneset AS	Fosnavåg, Norway	100 %	100,0%	Havila Ariel AS
OHI Eiendom AS	Fosnavåg, Norway	100 %	100,0%	Havila Ariel AS
Havilahuset AS	Fosnavåg, Norway	100 %	0,0%	Havila Ariel AS

Note 16 - Related parties

ACCOUNTING POLICIES
Related parties are Group companies, associates, major shareholders, members of the board and management in the parent company and the Group subsidiaries.

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

Summary of transactions with significant related parties

	Relationship	31.12.2022	31.12.2021
Rental revenue			
Fjord1 AS	Related party	412 121	365 064
HAV Design AS	Related party	3 932 949	3 744 480
Havila Service AS	Related party	2 157 849	
Havil Hotels AS	Related party	59 334	
Havila Shipping AS	Related party	1 246 793	
Havila Kystruten Operations AS	Related party	1 094 847	
Havila AS	Related party	655 772	
Administration/management fee expense			
Havila AS	Related party	5 683 926	-
Havila Service AS	Related party	900 074	454 596

Summary of balances with significant related parties

	Relationship	31.12.2022	31.12.2021
Other receivables			
Havila Holding AS	Parent	243 121 744	23 381 203
Tangen 7 Invest AS	Related party	-	36 102 557

The loan to Havila Holding has an interest rate of 3 month Nibor + 5,75 % margin. There is no security pledged on the loan

Other interest-bearing liabilities			
Havila Holding AS	Parent	338 991 884	232 253 051
Current liabilities			
Havila Holding AS	Parent	10 000	-
Havila Service AS	Related party	75 583	
Havila AS	Related party	5 683 926	

The debt to Havila Holding AS consists of three agreements:

The first agreement has a remaining principal of 196.5 MNOK as of 31 December 2022. Original principal was 200.0 MNOK. The loan is repayable on demand, but because of the bond loan Havila Holding can't require repayment before the bond loan is repaid. The loan has an interest rate of 3 month Nibor + 5,75 % margin. There is no security pledged on the loan

The second agreement has a remaining principal of 50.5 MNOK as of 31 December 2022. Original principal was 54.6 MNOK. The loan is repayable on demand, but because of the bond loan Havila Holding can't require repayment before the bond loan is repaid. The loan has an interest rate of 3 month Nibor + 5,75% margin. There is not security pledged on the loan.

The thrid agreement has a remaining principal of 89.2.1 MNOK as of 31 December 2022, regaring seller credit for aquistion of Mjølstadnestet 24. The loan is repayable on demand, but because of the bond loan Havila Holding can't require repayment before the bond loan is repaid. The loan has an interest rate of 3 month Nibor + 5,75% margin. There is not security pledged on the loan.

The subsidiary Havilahuset AS was established 30.03.2022 and has purchased the property «Havilahuset» at Mjølstadneset from the parent company of the Havila-group, Havila Holding AS. The price was determined based on an independent valuation carried out in September 2021.

The Group has in 2021 acquired Havblikk Eiendom AS and Havila Mjølstadneset from the parent company Havila Holding AS.

The company Havblikk Eiendom AS was acquired for 19.64 MNOK, while the property Havila Mjølstadneset was acquired for 39.9 TNOK.

At aquisition date, Havblikk Eiendom AS consisted of:

	Value
Property	27 000 000
Deferred tax asset	168 341
Cash and cash equivalents	1 402 915
Other assets	4 196 766
Liabilities	-13 127 591
Total	**19 640 431**

The group has in 2021 sold Tangen 7 Invest AS to parent company Havila Holding AS. A gain of 21.8 is booked in gain on disposal of subsidiary, calculated as follows:

	Value
Sales price	13 575 146
Tax positions	-12 568 218
Property	109 759 293
Cash and cash equivalents	86 898
Loan to group companies	1 905 139
Other assets	245 481
Debt to financial institutions	-100 000 000
Debt to group companies	-5 625 883
Other debts	-2 036 491
Net equity	**-8 233 779**
Gain	**21 808 925**

The acquisition- and purchase price for the companies are the calculated value of the companies. The value of the companies are calculated using the equity and adjusting for excess value for the properties. The excess value for properties are based on an external valuation, and compared to booked value.

Note 17 - Events after the reporting period

No significant events occurred that might have an impact on the financial statement in 2022.

Income statement 2022

Havila Ariel AS

	Note	2022	2021
Sales revenues			
Other operating income	1	14 728 400	8 798 600
Total operating income		**14 728 400**	**8 798 600**
Other oprating expenses	2	4 702 128	1 962 429
Total operatin expenses		**4 702 128**	**1 962 429**
Operating result		**10 026 272**	**6 836 171**
Interest income from intergroup companies	3, 4	24 958 900	23 668
Other financial income	4	5 586	31 710
Write-down of other financial non-current assets	7	83 844 663	
Interest expenses to intergroup companies	3, 4	3 580 038	2 177 796
Other interest expenses	4, 8	29 370 928	121
Other financial expenses	4	5 355 672	23 142 362
Net financial items		**-97 186 815**	**-25 264 901**
Ordinary result before tax expense		**-87 160 543**	**-18 428 730**
Tax expense on ordinary result	5	-729 494	555 508
Result for the year		**-86 431 049**	**-18 984 238**
Allocations			
Allocated from other equity	6	86 431 049	18 984 238
Total allocated		**-86 431 049**	**-18 984 238**

Balance sheet 2022

Havila Ariel AS

ASSETS	Note	2022	2021
Investments in subsidiary	7	256 571 904	340 386 567
Loan to intergroup companies	3	317 081 398	258 510 339
Total financial assets		**573 653 302**	**598 896 906**
TOTAL NON-CURRENT ASSETS		**573 653 302**	**598 896 906**
Trade receivables	3	376 761	509 720
Other current receivables	8	482 065	182 503 768
Total receivables		**858 826**	**183 013 488**
Bank deposits, cash etc.	9	**6 635 926**	**26 385 236**
TOTAL CURRENT ASSETS		**7 494 752**	**209 398 724**
TOTAL ASSETS		**581 148 055**	**808 295 630**

EQUITY AND LIABILITIES	Note	2022	2021
Share capital	6, 10	4 145 312	4 145 312
Premium	6	57 572 711	57 572 711
Other paid-in equity	6	282 742 710	282 742 710
Total paid-in equity		**344 460 733**	**344 460 733**
Other equity	6	-163 323 151	-76 892 102
Uncovered loss	6	-103 832 043	-103 832 043
Total retained earnings		**-267 155 194**	**-180 724 145**
TOTAL EQUITY		**77 305 539**	**163 736 588**
Deferred tax	5	4 239 301	4 968 795
Total provisions for liabilities		**4 239 301**	**4 968 795**
Bond loan	8	381 537 434	400 000 000
Other non-current liabilities	3	108 715 812	
Total other non-current liabilities		**490 253 246**	**400 000 000**
Trade payables	3	6 879 163	3 839 197
Other current liabilities	3	2 470 806	235 751 051
Total current liabilities		**9 349 969**	**239 590 248**
TOTAL LIABILITIES		**503 842 516**	**644 559 043**
TOTAL EQUITY AND LIABILITIES		**581 148 055**	**808 295 631**

Fosnavåg, 28.04.2023
Styret i Havila Ariel AS

Per Rolf Sævik	Hege Sævik Rabben	Vegard Sævik	Njål Sævik
Styreleder	Styremedlem	Styremedlem/daglig leder	Styremedlem

Cash flow Statement 2022

Havila Ariel AS

	Note	2022	2021
Cash flow from operations			
Profit before income taxes		-87 160 543	-18 428 000
Gain/loss from sale of shares			20 953 766
Group contributuon			
Depreciation	2		
Write down investments	2	83 844 663	
Net interest cost		7 990 470	
Change in trade debtors		132 959	-509 720
Change in trade creditors		1 132 234	1 731 471
Change in other provisions		-10 346 978	-7 763 931
Cash generated from operations		**-4 407 195**	**-4 016 414**
Interest paid		-30 852 133	
Interest recieved		5 034 000	
Net cash flow from operations		**-30 225 328**	**-4 016 414**
Kontantstrømmer fra investeringsaktiviteter			
Purchase of fixed assets			
Proceeds sale of subsidiaries	3		13 575 145
Proceeds from purchaes of shares	3	-30 000	-19 680 330
Net cash flow from investments		**-30 000**	**-6 105 185**
Cash flow from financing			
Proceeds from long term loans	4		400 000 000
Change intercompany			-370 376 777
Proceeds intercompany	5	43 800 000	
Repayment intercompany		-21 228 654	
Proceeds group contribtuion			6 721 190
Loan repayments	5	-12 064 907	
Net cash flow from financing		**10 506 439**	**36 344 413**
Net change in cash and cash equivalents		**-19 748 889**	**26 222 815**
Cash and cash equivalents at the beginning of the period		26 384 815	163 000
Cash and cash equivalents at the end of the period		**6 635 926**	**26 385 815**

Accounting principles

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

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 the preparation of the annual accounts in accordance with good accounting practice.

Currency
Transactions in foreign currency are converted to the exchange rate at the time of the transaction. Cash items in foreign currency are converted into Norwegian kroner using the exchange rate on the balance sheet date. Non-monetary items that are measured at historical exchange rates expressed in foreign currency are converted into Norwegian kroner by using the exchange rate at the time of the transaction. Non-monetary items measured at fair value expressed in foreign currency are converted at the exchange rate determined at the time of the balance sheet. Exchange rate changes are recognized in the income statement on an ongoing basis during the accounting period.

Tax
Tax cost consists of payable tax and change in deferred tax. Deferred tax/tax benefit is calculated on all differences between the accounting and tax value of assets and liabilities. Deferred tax is calculated at 22% on the basis of the temporary differences that exist between accounting and tax values, as well as tax losses to be carried forward at the end of the financial year Net deferred tax benefit is recognized in the balance sheet to the extent that it is likely that this can be used Payable tax and deferred tax is accounted for directly against equity to the extent that the tax items relate to equity transactions.

Classification and assessment of balance sheet items
Current assets and current liabilities include items that are due for payment within one year of the acquisition date, as well as items that are linked to the product cycle. Other items are classified as fixed assets/long-term liabilities. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered in the balance sheet at the nominal amount at the time of acquisition. Fixed assets are valued at acquisition cost, less depreciation and write-downs. Long-term debt is entered in the balance sheet at the nominal amount at the time of establishment.

Sales revenue
Services are recognized as revenue upon delivery.

Fixed assets
Fixed assets are entered on the balance sheet and depreciated over the asset's expected life. Direct maintenance of operating assets is expensed on an ongoing basis under operating costs, while expenses or improvements are added to the operating asset's cost price and written off in line with the operating asset. If the recoverable amount of the operating asset is lower than the balance sheet value, a write-down is made to the recoverable amount. Recoverable amount is the higher of net sales value and value in use. Value in use is the present value of the future cash flows that the asset is expected to generate.

Subsidiary/associated
The subsidiary and associated companies are assessed according to the cost method in the company accounts, with the exception of investment in companies similar to participants which are assessed according to the equity method. The investment is assessed at the acquisition cost of the shares unless a write-down has been necessary. Write-downs to fair value have been made when the decline in value is due to reasons that cannot be assumed to be temporary and it must be considered necessary according to good accounting practice. Write-downs are reversed when the basis for write-down is no longer present. Dividends/group contributions and other distributions are recognized as income in the same year that they are set aside in the subsidiaries. If the dividend/group contribution exceeds the share of retained earnings after the purchase, the excess represents repayment of invested capital, and the distributions are deducted from the value of the investment in the parent company's balance sheet.

Receivables
Accounts receivable and other receivables are listed in the balance sheet at face value after deductions for provisions for expected losses. Provision for losses is made on the basis of individual assessments of the individual claims.

Short-term investments
Short-term investments (shares and shares assessed as current assets) are assessed at the lower of acquisition cost and fair value on the balance sheet date. Dividends received and other distributions from the companies are recognized as other financial income.

Cashflow statement
The cash flow statement is prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits and other current, liquid investments that immediately and with immaterial exchange rate risk can be converted to known cash amounts with due date shorter than three months from the acquisition date.

Note 1 Sales revenues

Distribution on activity areas	2022	2021
Management fee	14 728 400	8 798 600
Total	**14 728 400**	**8 798 600**

Geographic distribution	2022	2021
Norway	14 728 400	8 798 600
Total	**14 728 400**	**8 798 600**

Note 2 Wage costs, number of employees, remunerations, loan to employees etc.

The parent company and the group as a whole have no employees. Management fee is charged for operation of the companies.

Auditor

Parent company

Expensed fee for auditor (excl. of v.a.t.) distributed on following areas:

	2022	2021
- statutory audit	1 664 759	41 100
- other advisory services	270 851	-
Total	**1 935 610**	**41 100**

Note 3 Intergroup balances etc.

Parent company

	Other current receivables		Other non-current receivables	
	2022	2021	2022	2021
Intra-group companies	376 761	509 720	317 081 398	258 510 339
Total	**376 761**	**509 720**	**317 081 398**	**258 510 339**

	Other current liabilities		Other non-current liabilities	
	2022	2021	2022	2021
Intra-group companies	9 349 969	239 590 248	108 715 812	-
Total	**9 349 969**	**239 590 248**	**108 715 812**	**-**

As of 31.12.2022, Havila Ariel AS has given loans to OHI eiendom AS and Havila Invest AS corresponding to a total amount equivalent to 108 715 812. Intra-group debt essentially refers to outstanding debt to Havila Holding. The remaining debt is owed from subsidiaries. All loans are repayable on demand, but the bond loan guarantee prevents repayment from Havila Ariel AS before the bond loan is repaid. Interes income and expenses is calculated on the terms: 3 months' NIBOR + 5.75% interest margin.

Note 4 Financial income / (-expence)

Finance income and expenses comprise interest, foreign exchange gains and losses and other financial income and expenses, such as fees to banks.

Financial income	2022	2021
Interest income	24 958 900	23 668
Interest income from lease receivables		
Fair value adjustment interest rate swap		
Foreign exchange gains		
Interest income on loans to group company		
Other financial income	5 586	31 710
Total financial income	**24 964 486**	**55 378**

Financing costs	2022	2021
Interest expense on debt to financial insititutions		23 142 362
Interest expense on debt to group company	3 580 038	2 177 796
Interest expense on bond	29 370 928	121
Total interest expense	**32 950 966**	**25 320 279**

Note 5 Taxes

	Parent company 2022	2021
Temporary differences		
Finansiell leasing	-	-
Avsetning for forpliktelser	-	-
Shares corporate tax company	-	-
Fordringer/utført ikke fakt. produksjon	-	-
Operating assets	10 212 297	11 346 997
Profit and loss account	8 990 747	11 238 434
Other differences	6 397 660	-
Net temporary differences	25 600 704	22 585 431
Cut carry forward interest deduction	-	-
Carry forward loss	-6 331 154	
Not included in calculation of deferred tax		
Basis for deferred tax/ deferred tax assets in the balance sheet	**19 269 550**	**22 585 431**
22% Deferred tax assets	**-**	**-**
22% Deferred tax	**4 239 301**	**4 968 795**

Basis for tax expense, change in dererred tax and payable tax

	2022	2021
Basis for payable tax		
Result before tax expense	-87 160 543	-18 428 730
Permanent differences	83 844 663	20 953 766
Change in temporary result differences	3 315 881	4 070 387
Use of carry forward loss	-	-
Basis for payable tax in the income statement	**-**	**6 595 423**
Net group contribution with tax effect	-	-6 595 423
Taxable	**-**	**-**

Distribution of tax expense		
Payable tax	-	1 450 993
Total payable tax of tax expense	**-**	**1 450 993**
Change in deferred tax	-729 494	-895 485
Tax expense(22% of basis for tax expense for the year)	**-729 494**	**555 508**
Total payable tax of tax expense	-	-
Net tax on group contribution	-	-1 450 993
Payable tax in the balance sheet	**-**	**-**

Note 6 Equity

Parent company

Change in equity for the year	Share capital	Premium	Other paid-in equity	Uncovered loss	Total
Equity 01.01.	4 145 312	57 572 711	282 742 710	-180 724 145	163 736 588
Result for the year			0	-86 431 049	-86 431 049
Equity31.12.	**4 145 312**	**57 572 711**	**282 742 710**	**-267 155 194**	**77 305 539**

Note 7 Subsidiaries, associated companies and jointly controlled activities

Parent company

The investments in subsidiaries, associated companies and jointly controlled activities are accounted for according to the cost method.
The subsidiary Havilahuset AS was established 30.03.2022 and has purchased the property «Havilahuset» at Mjølstadneset from the parent company of the Havila-group, Havila Holding AS. The price was determined based on an independent valuation carried out in September 2021.
Shares in subsidiaries have been impaired by NOK 83 844 663 as of 31.12.2022. The impairments have been made due to a permanent decline in value that is not expected to be temporary.

Subsidiary	Business address	Owner share	Voting share	Book value
Havila Mjølstadneset AS	Fosnavåg	100,0 %	100,0 %	39 900
OHI Eiendom AS	Fosnavåg	100,0 %	100,0 %	79 002 905
Havilahuset AS	Fosnavåg	100,0 %	100,0 %	30 000
Havila Invest AS	Fosnavåg	100,0 %	100,0 %	157 858 669
Havblikk Eiendom AS	Fosnavåg	100,0 %	100,0 %	19 640 430
Havborg 1 Invest AS	Fosnavåg	100,0 %	100,0 %	-
Total				**256 571 904**

Note 8 Receivables and liabilities

	Parent company	
Receivables with maturity later than one year	**2022**	**2021**
Intergroup loans	317 081 398	258 510 339
Lån til tilknyttede selskaper	0	0
Andre langsiktige fordringer	0	0
Total	**317 081 398**	**258 510 339**

Non-current liabilities with maturity later than 5 years	2022	2021
Intergroup loans	108 715 812	0
Total	**108 717 834**	**0**

	2022	2021
Debt secured by mortgange	388 000 000	400 000 000
Book value of pledged assets		
Shares in subsidiaries	256 571 904	340 386 567
Intergroup loans	317 081 398	258 510 339
Receivables	858 826	10 244 197
Property, plant and equipment	0	0
Total	**574 512 128**	**609 141 103**

Debt is secured in property, plant and equipment, rental contracts, receivables and inventories within the different companies.
Havila Ariel AS has refinanced its loans in the group during 2021, entering a bond debt agreement of NOK 400 million. The loan has a duration of 5 years.

Note 9 Restricted bank deposits, drawing rights

No restricted funds in the parent company.

Note 10 Share capital and shareholders information

The share capital of NOK 4 145 312 consists of 20 726 559 shares each NOK 0.20. All shares have equal rights.
All shares are owned by Havila Holding AS

To the General Meeting of Havila Ariel AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Havila Ariel AS, which comprise:

- the financial statements of the parent company Havila Ariel AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Havila Ariel AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 statutory 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 its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- 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 its 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 Board of Directors.

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 as required by 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 5 years from the election by the general meeting of the shareholders on 30 May 2018 for the accounting year 2018.

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 of the current period. 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.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment Assessment of Investment Properties	
The Group's investment properties represent a substantial portion of total assets, and primarily consist of office and retail properties. The book value was NOK 525 454 223 on 31 December 2022. Management reviews the Group's investment properties for impairment whenever indicators of impairment are identified. Indicators of impairment for the properties were considered present at the balance sheet date. Consequently, management performed an impairment test. The investment properties' recoverable amounts were estimated by an external valuation firm, employed by management. A total impairment of NOK 8 151 384 for two of the Group's properties was recognised in 2022. We focused on this area due to the magnitude of the amounts involved. In addition, the impairment assessment requires application of management judgement, specifically as it relates to estimating future cash flows and determining the applied discount rate. For details of valuation methodology and the investment properties, we refer to note 4 (Investment property) to the financial statements.	We obtained an understanding of management's process for assessing investments properties for impairment. Management considered each investment property to be a cash generating unit (CGU) in their impairment assessment. We evaluated management's identification of CGUs. We obtained, read and understood the valuation report prepared by the external valuation firm and met with the firm independently of management. We assessed the qualifications, competence and objectivity of the valuation firm. Based on this work, we satisfied ourselves that the valuation firm remained objective and competent, and that the scope of their work was appropriate. In our meeting with the valuation firm, we discussed the assumptions used and the reasoning behind significant movements in valuations from previous periods, particularly considering the market development during 2022. Assumptions regarding cash flow and yield were evaluated. We compared the assumptions used by the firm with observable market data and our knowledge about the market. We further evaluated whether assumptions that were not readily observable in a marketplace were reasonable. For a sample of investment properties, we evaluated whether the property-specific information provided by management to the valuation firm, such as terms, duration and vacant area, were consistent with underlying property information. Furthermore, we agreed this underlying information to the valuation report.

We assessed whether the disclosures in note 4 regarding valuation of investment properties were adequate.

We noted no material errors during the course of our audit procedures.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view 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. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate 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 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. We 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.

- 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 a true and fair view.

- 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 Board of Directors 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 Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Havila Ariel AS, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300WJUIWR0KNTIL55-2022-12-31-en.zip, 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.

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
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Bergen, 28 April 2023
PricewaterhouseCoopers AS

Fredrik Gabrielsen
State Authorised Public Accountant
(This document is signed electronically)

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Gabrielsen, Fredrik	BANKID_MOBILE	2023-04-28 12:14