Consolidated Statement of Profit or Loss

NOK	Note	2021	2020
Rental Income	4	27 452 106	139 740 539
Other operating expenses	7	(8 633 008)	(4 291 574)
Depreciation and amortisation	5	(16 267 582)	(120 406 938)
Gain on disposal of subsidiary	5, 17	21 808 924	0
Operating profit (EBIT)		**24 360 440**	**15 042 027**
Financial income	15	154 708	9 906 145
Financial expenses	15	(30 652 727)	(70 461 918)
Net financial items		**(30 498 019)**	**(60 555 773)**
Profit before taxes		**(6 137 579)**	**(45 513 746)**
Income taxes	12	(3 851 747)	(27 606 128)
Net profit		**(2 285 832)**	**(17 907 617)**

Net profit for the financial year attributed to:		
Owners of the Parent company	(2 285 832)	(17 907 617)
Total	**(2 285 832)**	**(17 907 617)**

Consolidated statement of comprehensive income

	Note	2021	2020
Net profit		(2 285 832)	(17 907 617)
Total comprehensive income for the period, net of tax		**(2 285 832)**	**(17 907 617)**
Total comprehensive income attributable to:			
Owners of the Parent company		-2 285 832	-17 907 617
Total		**-2 285 832**	**-17 907 617**

Consolidated Statement of Financial Position

NOK	Note	31'Dec'21	31'Dec'20	1'Jan'20
ASSETS				
Deferred tax assets	12	4 450 716	0	0
Investment properties	5	457 527 202	510 944 490	631 210 606
Other non-current financial assets		0	0	1 102 357
Total non-current assets		**461 977 918**	**510 944 490**	**632 312 963**
Trade receivables	8	983 514	5 532 255	48 885
Other receivables	8	62 203 437	284 953	73 511 351
Cash and cash equivalents	10	34 916 036	28 439 626	56 144 118
Total current assets		**98 102 987**	**34 256 834**	**129 704 358**
TOTAL ASSETS		**560 080 906**	**545 201 324**	**762 017 319**
EQUITY AND LIABILITIES				
Share capital	11	4 145 312	4 145 312	4 145 312
Share premium		57 572 711	57 572 711	57 572 711
Other paid-in equity		158 211 112	150 605 124	243 985 939
Total paid-in-equity		**219 929 135**	**278 446 394**	**305 703 962**
Other equity		(302 085 578)	(299 799 746)	(281 892 128)
TOTAL EQUITY		**(82 156 443)**	**(87 476 599)**	**23 811 834**
Deferred tax liability	12	0	28 107 925	55 714 053
Other interest-bearing liabilities	17, 6	232 253 051	0	54 987 029
Bond loan	6, 14	389 437 190	0	0
Other non-current liabilities	14	0	0	15 645 082
Total non-current liabilities		**621 690 241**	**28 107 925**	**126 346 164**
Trade and other payables	9, 14, 17	18 649 107	91 715 261	54 895 812
Interest-bearing current liabilities	6, 17	1 898 000	512 854 737	556 963 510
Total current liabilities		**20 547 107**	**604 569 998**	**611 859 322**
TOTAL LIABILITIES		**642 237 348**	**632 677 923**	**738 205 486**
TOTAL EQUITY AND LIABILITIES		**560 080 906**	**545 201 324**	**762 017 319**

Fosnavåg, 31.12.2021 / 24.10.2022
Styret i Havila Ariel AS

Per Rolf Sævik
Styreleder

Hege Sævik Rabben
Styremedlem

Vegard Sævik
Styremedlem/daglig leder

Njål Sævik
Styremedlem

Consolidated statement of cash flows

NOK	Note	2021	2020
Profit before income taxes		(6 137 579)	(45 513 746)
Depreciation	5	16 267 582	120 406 938
Net interest expenses		22 591 414	30 202 778
Change in trade receivables	8, 14	4 548 741	(5 483 370)
Change in trade payables	9	8 590 981	2 867 471
Change in other provisions		(18 325 316)	12 127 517
Cash generated from operations		**27 535 823**	**114 607 588**
Interests paid	15	(14 339 863)	(36 459 668)
Interests received	15	0	15 293
Net cash flow from operations		**13 195 960**	**78 163 213**
Proceeds from property transactions	5	13 488 247	0
Acquisition of investment properties	5	(67 613 968)	0
Acquisition of other non-current assets		0	(140 822)
Loan to group company		(5 000 000)	0
Net cash flow from investments		**(59 125 721)**	**(140 822)**
Changes in intercompany loans			
Proceeds interest bearing debt	6	149 358 553	149 570 338
Repayment interest bearing debt	6	(96 952 382)	(255 297 221)
Net cash flow from financing		**52 406 169**	**(105 726 881)**
Net change in cash and cash equivalents	**10**	**6 476 408**	**(27 704 490)**
Cash and cash equivalents at the beginning of the period	**10**	**28 439 626**	**56 144 118**
Cash and cash equivalents at the end of the period	**10**	**34 916 036**	**28 439 626**

Consolidated Statement of Changes in Equity

NOK	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity at 1 Jan 2020	**4 145 312**	**57 572 711**	**243 985 939**	**-281 892 128**	**23 811 834**
Profit/loss for the period	-	-	-	-17 907 617	**-17 907 617**
Total comprehensive income	-	-	-	-17 907 617	**-17 907 617**
Group contribution	-	-	-93 380 815	-	**-93 380 815**
Equity at 31 Dec 2020	**4 145 312**	**57 572 711**	**150 605 124**	**-299 799 746**	**-87 476 599**

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**	**158 211 113**	**-302 085 578**	**-82 156 442**

**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 2021, the Group owns four properties. The Group has in 2021 acquired two properties and disposed of one.

The parent company and the following subsidiaries are presented in these consolidated financial statements as of 31 December 2021:
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

The Group has in 2021 disposed of the fully-owned subsidiary Tangen 7 Invest AS on 16 December 2021, which owned one property in Rogaland. Tangen 7 Invest AS is included in the consolidated statement of profit or loss up until 16 December 2021 and the consolidated financial statements as of 30 December 2020 and 1 January 2020.

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
For all periods up to and including the year ended 31 December 2021, the Group prepared its consolidated financial statements in accordance with generally accepted accounting principles in Norway (NGAAP). These consolidated financial statements of the Group for the year ended 31 December 2021, will be the first annual consolidated financial statements that comply with IFRS as endorsed by the EU. In these consolidated financial statements, the term "Norwegian GAAP" or "NGAAP" refers to Norwegian GAAP in use before the adoption of IFRS.

Subject to certain transition elections and exceptions disclosed in note 2, the Group has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at 1 January 2020 throughout all periods presented, as if these policies had always been in effect.

Note 3 discloses the impact of the transition to IFRS on the Group's reported financial position and financial performance, including the nature and effect of significant changes in accounting policies from those used in the Group's consolidated financial statements for the years ended 31 December 2020 and 31 December 2021 prepared under Norwegian GAAP.

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 31.12.2021 is negative by 82,2 MNOK.

During 2021, Havila Ariel has strengthened it's liquidity position, from 28,4 MNOK year 2020 to 34,9 MNOK as per 31.12.2021. Furthermore, the group has received a group contribution from the parent company Havila Holding AS of 172 MNOK in 2022 (note 18). 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	5
Fair value as deemed cost at the date of transition to IFRS	5

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 - First time adoption of IFRS

First time adoption
As stated in note 2, these are the Group's first consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies set out in each note have been applied in preparing the financial statements for the period ended 31 December 2021, the comparative information presented in these financial statements for the year ended 31 December 2020 and in the preparation of an opening IFRS statement of financial position at 1 January 2020 (the Group's date of transition). In preparing its opening IFRS statement of financial position, the Group has adjusted the amounts reported previously in the financial statements prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP). An explanation of how the transition from NGAAP to IFRS has affected the Group's financial position and financial performance and cash flows is set out in the tables below and the notes that accompany these tables.

Exemptions applied
IFRS 1 - First Time Adoption of International Financial Reporting Standards, allows first time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions;
- intial recognition of investment property at fair value as its deemed cost on the date of adoption.

Group reconciliation of statement of financial position

		31 December 2021			31 December 2020			1 January 2020		
	Notes	NGAAP	Adjustments	IFRS	NGAAP	Adjustments	IFRS	NGAAP	Adjustments	IFRS
ASSETS										
Deferred tax assets	A, D	0	4 450 716	4 450 716	0		0	0		0
Property, plant and equipment	D	515 631 046	(515 631 046)	0	971 397 237	(971 397 237)	0	1 077 476 807	(1 077 476 807)	0
Investment properties	D	0	457 527 202	457 527 202	0	510 944 490	510 944 490	0	631 210 606	631 210 606
Other non-current financial assets	A	172 871 833	(172 871 833)	0	0	0	0	1 102 357	0	1 102 357
Total non-current assets		**688 502 879**	**(226 524 962)**	**461 977 918**	**971 397 237**	**(460 452 747)**	**510 944 490**	**1 078 579 164**	**(446 266 201)**	**632 312 963**
Trade receivables		983 514	0	983 514	5 532 255	0	5 532 255	48 885	0	48 885
Other receivables	A, B, C	71 925 659	(9 722 222)	62 203 437	66 284 953	(66 000 000)	284 953	41 638 515	31 872 836	73 511 351
Cash and cash equivalents		34 916 036	0	34 916 036	28 439 626	0	28 439 626	56 144 118	0	56 144 118
Total current assets		**107 825 209**	**(9 722 222)**	**98 102 987**	**100 256 834**	**(66 000 000)**	**34 256 834**	**97 831 518**	**31 872 836**	**129 704 354**
				0						
TOTAL ASSETS		**796 328 088**	**(236 247 184)**	**560 080 905**	**1 071 654 071**	**(526 452 747)**	**545 201 324**	**1 176 410 682**	**(414 393 365)**	**762 017 317**
EQUITY AND LIABILITIES										
Share capital		4 145 312	0	4 145 312	4 145 312	0	4 145 312	4 145 312	0	4 145 312
Share premium		57 572 711	0	57 572 711	57 572 711	0	57 572 711	57 572 711	0	57 572 711
Other paid-in equity	A	277 598 280	(119 387 168)	158 211 112	207 864 254	(57 259 130)	150 605 124	150 605 124	93 380 815	243 985 939
Total paid-in-equity		**339 316 303**	**(119 387 168)**	**219 929 135**	**269 582 277**	**(57 259 130)**	**212 323 147**	**212 323 147**	**93 380 815**	**305 703 962**
Other equity	B, C, D, E	(207 551 160)	(94 534 418)	(302 085 578)	79 894 016	(379 693 762)	(299 799 746)	151 950 511	(433 842 639)	(281 892 128)
TOTAL EQUITY		**131 765 143**	**(213 921 586)**	**(82 156 443)**	**349 476 293**	**(436 952 892)**	**(87 476 599)**	**364 273 658**	**(340 461 824)**	**23 811 834**
Deferred tax liability	A, D	11 762 788	(11 762 788)	0	43 874 722	(15 766 797)	28 107 925	55 930 314	(216 261)	55 714 053
Other interest-bearing liabilities	C	0	232 253 051	232 253 051	462 153 340	(462 153 340)	0	552 943 056	(497 956 027)	54 987 029
Bond loan	C	400 000 000	(10 562 810)	389 437 190	0	0	0	0	0	0
Other non-current liabilities	B, C	232 253 051	(232 253 051)	0	49 570 338	(49 570 338)	0	54 987 029	(39 341 947)	15 645 082
Total non-current liabilities		**644 015 839**	**(22 325 598)**	**621 690 241**	**555 598 400**	**(527 490 475)**	**28 107 925**	**663 860 399**	**(537 514 235)**	**126 346 164**
Trade and other payables	A, C	20 547 107	(1 898 000)	18 649 107	166 579 378	(74 864 117)	91 715 261	148 276 627	(93 380 815)	54 895 812
Interest-bearing current liabilities	C	0	1 898 000	1 898 000	0	512 854 737	512 854 737	0	556 963 510	556 963 510
Tax payable		0	0	0	0	0	0	0	0	0
Total current liabilities		**20 547 107**	**0**	**20 547 107**	**166 579 378**	**437 990 620**	**604 569 998**	**148 276 627**	**463 582 695**	**611 859 322**
TOTAL LIABILITIES		**664 562 946**	**(22 325 598)**	**642 237 348**	**722 177 778**	**(89 499 855)**	**632 677 923**	**812 137 026**	**(73 931 540)**	**738 205 486**
TOTAL EQUITY AND LIABILITIES		**796 328 089**	**(236 247 184)**	**560 080 906**	**1 071 654 071**	**(526 452 747)**	**545 201 324**	**1 176 410 684**	**(414 393 365)**	**762 017 319**

Group reconciliation of statement of profit or loss

	Note	2021 NGAAP	2021 Adjustments	2021 IFRS	2020 NGAAP	2020 Adjustments	2020 IFRS
Rental Income		27 452 106	(0)	27 452 106	139 740 539	0	139 740 539
Other operating expenses		(8 959 449)	326 441	(8 633 008)	(5 869 906)	1 578 332	(4 291 574)
Depreciation and amortisation	D	(15 660 374)	(607 208)	(16 267 582)	(106 220 393)	(14 186 545)	(120 406 938)
Impairment investment property	D	(406 765 068)	406 765 068	0	0	0	0
Gain on disposal of subsidiary	E	9 240 706	12 568 218	21 808 924	0	0	0
Operating profit (EBIT)		**(394 692 079)**	**419 052 519**	**24 360 440**	**27 650 240**	**(12 608 213)**	**15 042 027**
Financial income		154 708	0	154 708	9 906 145	0	9 906 145
Financial expenses	B, C	(29 812 139)	(840 588)	(30 652 727)	(55 365 222)	(15 096 696)	(70 461 918)
Net financial items		**(29 657 431)**	**(840 588)**	**(30 498 019)**	**(45 459 077)**	**(15 096 696)**	**(60 555 773)**
Profit before taxes		**(424 349 510)**	**418 211 931**	**(6 137 579)**	**(17 808 837)**	**(27 704 909)**	**(45 513 746)**
Income taxes	A, D	(33 914 872)	30 063 125	(3 851 747)	(1 736 859)	(25 869 269)	(27 606 128)
Net profit		**(390 434 638)**	**388 148 806**	**(2 285 832)**	**(16 071 978)**	**(1 835 639)**	**(17 907 617)**

Adjustment A - Group contribution

According to IFRS, Group contributions are recorded when they are approved by the General Assembly. According to NGAAP they are recorded when a provision is made by the giver. Thus Other non-current financial assets is decreased by NOK 172 871 833 as of 31 December 2021 as this will be approved in 2022. Other non-current financial assets is decreased by NOK 1 102 357 as of 1 January 2020 as this Group contribution was approved later in 2020.

In both cases, Other paid-in capital decreases by the respective amounts.

Adjustment B - Derivatives

In accordance with IFRS 9, derivatives are presented at fair value with changes in fair value through the profit or loss statement. The Group had interest rate swaps as of 1 January 2020 that expired in 2020.

Adjustment C - Debt

In accordance with IFRS 9, the groups financial liabilites are calculated and presented using the amortised cost method retrospectively. The group had debt to financial banks as of 1 January 2020 that had its origin from 2008. Since 2008 there has only been modifications, therefore the interest expense is calculated based on the initial IRR from 2008. In 2020 there was a gain/loss calculation as the changes of the debt where not considered substantially different. In 2021, the group refinanced parts of the bank debt and also entered into a bond loan. Based on quantitative and quality factors, it was considered that both was substantially different from the former agreement and therefore the former debt was derecognized and new debt recognized. The transactions costs related to the Bond loan was initially booked as a receivable in the NGAAP group statement. According to IFRS 9, those costs are included in the amortisation cost calculation, in the IFRS group statement.

Adjustment D - Investment property

In accordance to IFRS 1, the Group has used the exemption on intial recognition of investment property at first time adoption of IFRS. At first adoption of IFRS, the Group has measured investment property at fair value and uses that fair value as its deemed cost on the date of adoption. Investment properties are subsequently periodically depreciated based on their expected remaining useful lifes at intial recognition. These adjustments are, in full, related to a write-down in the NGAAP accounts carried out in 2021. The actual impairment occured before 01.01.2020, and as such, the impairment in the IFRS accounts is attributed to periods before 01.01.2020, as it should have been in the NGAAP accounts.

Investment properties are valued at fair value based on independent external valutations.

The Group has historically not prepared annual reports for the Group, and the first time for preparation of Groups accounts was in 2021. The Group accounts was prepared using NGAAP. At this initiall preparation of the Group accounts the value of the properties int the Group was assessed, and an imparment loss was recorded.

Adjustment E - Gain on disposal of subsidiary

As an effect of adjustment D, the book value of the property in the sold subsidiary is different from the book value in the NGAAP statement, which leads to adjusted gain on disposal of subsidiary. Furthermore, the effect of tax positions of the sold subsidiary is booked in income tax in the NGAAP statement. In the IFRS statement, as showed in note 17, the tax effect is affecting the gain on disposal of subsidiary directly.

Note 4 - 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

	31.12.2021	31.12.2020
Rental Income	27 452 106	139 740 539
Total rental income	27 452 106	139 740 539

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

	31.12.2021	31.12.2020
≤ 1 year	20 687 207	26 372 585
1 year < 2 years	18 365 064	20 197 207
2 years < 3 years	18 365 064	18 365 064
3 years < 4 years	18 365 064	18 365 064
4 years < 5 years	18 365 064	18 365 064
≥ 5 years	73 460 256	91 825 320
Total	167 607 719	193 490 304

	2021		2020	
	Area (sqm)	Occupancy (%)	Area (sqm)	Occupancy (%)
Fosnavåg	7 586	100 %	2 251	100 %
Hareid	13 816	70 %	13 816	70 %
Tananger	30 000	100 %	30 000	100 %
Total property portfolio	**51 402**	**92 %**	**46 067**	**91 %**

The groups 2 largest tenants accounts for approximately 91 per cent of the Group's total rental income.
- Tenant 1 65,6%
- Tenant 2 25,7%

Note 5 - 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 the Group has measured investment properties at the date of transition 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. This component is depreciated over the remaining lease term. In the opening balance (1 January 2020) the group had one investment property with a favorable lease contract that expired in 2020. The favorable component was estimated with reference to the already agreed rent from 2021.

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 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 17.

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 17.

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**

	Favourable lease contract (building)	Land	Buildings	Total
Acquistition cost 1 Jan 2020	**104 000 000**	**32 985 983**	**494 224 623**	**631 210 606**
Additions	-	-	140 822	140 822
Acquisition cost cost 31 Dec 2020	**104 000 000**	**32 985 983**	**494 365 445**	**631 351 428**
Accumulated amortization and impairments 1 Jan 2020	**-**	**-**	**-**	**-**
Depreciation	-104 000 000		-16 406 938	-120 406 938
Accumulated amortization and impairments 31. Dec 2020	**-104 000 000**	**-**	**-16 406 938**	**-120 406 938**
Carrying value 1 Jan 2020	**104 000 000**	**32 985 983**	**494 224 623**	**631 210 606**
Carrying value 31 Dec 2020	**-**	**32 985 983**	**477 958 507**	**510 944 490**

Fair value of investment property

	31.12.2021	31.12.2020	01.01.2020
Fair value of investment property	515 437 085	563 200 000	631 000 000

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 2021. 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.

Note 6 - 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

	31.12.2021	31.12.2020	01.01.2020
Bank loans			
Bonds	389 437 190		
Debt to Group companies	232 563 051		54 987 029
Total Interest-bearing non-current liabilities	**622 000 241**	**0**	**54 987 029**

Current interest-bearing debt

	31.12.2021	31.12.2020	01.01.2020
Bank loans		463 284 399	556 963 510
Bonds	1 898 000		
Debt to Group companies		49 570 338	
Total Interest-bearing current liabilities	**1 898 000**	**512 854 737**	**556 963 510**

Changes in liabilities arising from financing activities

	Bond loan	Other interest-bearing liabilites	Total liabilities from financing activities
31 December 2019	0	611 950 539	**611 950 539**
New liabilities	0	149 570 338	**149 570 338**
Repayment		-255 297 221	**-255 297 221**
Other non-cash movements	0	6 631 081	**6 631 081**
31 December 2020	**0**	**512 854 737**	**512 854 737**
Non-current liabilities	0	0	**0**
Current liabilities	0	512 854 737	**512 854 737**

	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

	31.12.2021	31.12.2020	01.01.2020
Bank loan		463 284 399	556 963 510
Bond loan	391 335 190		
Debt to Group Companies	0	0	0
Total secured debt	**391 335 190**	**463 284 399**	**556 963 510**

Assets pledged as security for debt	31.12.2021	31.12.2020	01.01.2020
Buildings	457 527 202	510 934 291	534 010 606
Trade and other receivables	63 186 951		
Cash and Cash Equivalents		26 449 086	52 554 733
Total assets pledged as security	**520 714 153**	**510 934 291**	**534 010 606**

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.

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			400 000 000			400 000 000
Debt to Group companies			232 563 051			232 563 051
Total interest-bearing debt		0	632 563 051			632 563 051

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 bank loans at 31.12.2020

Bank	Interest terms	Fixed/floating	Maturity	Booked value
DNB/NOK	Nibor + 5,00 %	Floating	januar 2021	200 901 605
DNB/ EUR	Euribor + 5,00 %	Floating	januar 2021	162 382 794
DNB	Nibor + 3,00 %	Floating	februar 2021	100 000 000

Group bank loans at 01.01.2020

Bank	Interest terms	Fixed/floating	Maturity	Booked value
DNB/NOK	Nibor + 2,10 %	Floating	oktober 2020	202 338 316
DNB/ EUR	Euribor + 2,10 %	Floating	oktober 2020	224 625 193
DNB	Nibor + 2,05 %	Floating	februar 2020	130 000 000

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 7 - Operating expenses

	2021	2020
Property-related expenses		
Energy	890 185	149 801
Taxes	743 571	372 088
Insurance	494 346	385 040
Maintenance	448 226	228 869
Sepervision and operating expenses	1 163 352	194 111
Total	***3 739 680***	***1 329 909***
Other operating expenses		
Audit fees	161 623	256 405
Accounting fees	458 140	717 595
Consulting fees	1 660 000	1 675 000
Other operating expenses	2 613 565	312 665
Total	***4 893 328***	***2 961 665***
Total operating expenses	**8 633 008**	**4 291 574**

Fees to auditors

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

	2021	2020
Audit fees	161 623	256 405
Total	**161 623**	**256 405**

All amounts are excl. VAT.

Note 8 - 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 cedit 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 14.

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. Details on the credit risk concerning trade receivable are given in note 14.

Trade and other receivables

	31.12.2021	31.12.2020	01.01.2020
Gross trade receivables	983 514	5 532 255	48 885
Provision for losses			
Total trade receivables	**983 514**	**5 532 255**	**48 885**

	Note	31.12.2021	31.12.2020	01.01.2020
Public duties and taxes		0	153 762	
Prepaid expenses		2 719 677	131 191	104 302
Related parties	**17**	59 483 760		40 968 033
Interest rate swaps	**13**	0	0	31 872 836
Other receivables		0	0	566 180
Total other receivables		**62 203 437**	**284 953**	**73 511 351**

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 %	-	-	0
0 to 30 days due	0 %	132 960	-	132 960
Total trade receivables		**983 514**	**-**	**983 514**

The ageing of the trade receivables - 31.12.2020

	Expected loss rate	Gross amount	Loss allowance	Net amount
Earned not invoiced	0 %	2 872 100	-	2 872 100
Not due	0 %	-	-	0
0 to 30 days due	0 %	110 678	-	110 678
60-90 days due	0 %	2 407 030	-	2 407 030
Over 90 days do	0 %	142 448	-	142 448
Total trade receivables		**5 532 256**	**0**	**5 532 256**

The ageing of the trade receivables - 01.01.2020

	Expected loss rate	Gross amount	Loss allowance	Net amount
Earned not invoiced	0 %	-	-	0
Not due	0 %	44 197	-	44 197
0 to 30 days due	0 %	4 688	-	4 688
Total trade receivables		**48 885**	**0**	**48 885**

Note 9 - 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

		31.12.2021	31.12.2020	01.01.2020
Trade payables	-	10 942 317 -	2 351 336 -	5 168 963
Accrued expenses	-	1 640 263 -	1 622 997	-
Public duties payable	-	297 211 -	14 214 -	206 401
Other payables	-	5 769 316 -	87 726 714 -	49 520 448
Total trade other payables	-	**18 649 107** -	**91 715 261** -	**54 895 812**

Note 10 - 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.

	31.12.2021	31.12.2020	01.01.2020
Cash in bank	34 916 036	28 439 626	56 144 118
Restricted cash			
Total cash and cash equivalents	**34 916 036**	**28 439 626**	**56 144 118**

Note 11 - 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	Number of shares	% of Total
Havila Holding AS	20 726 559	100,0%
Total	**20 726 559**	**100,0%**

Note 12 - 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

	31.12.2021	31.12.2020
Ordinary profit before tax	(6 137 579)	(45 513 746)
Changes in temporary differences	(23 532 455)	(16 088 535)
Loss of Interest swap accounted for using fair value	0	16 227 755
Gain sale of subsidiary	(21 808 924)	0
Other permanent differences	82 179	4 192 471
Profit for tax purposes	**-51 396 779**	**-41 182 055**
Tax payable on the balance sheet	0	0
Tax payable on the balance sheet	**0**	**0**

Income taxes:

	31.12.2021	31.12.2020
Tax payable	-	16 470 106
Change in deferred tax on profit and loss	-16 088 535	-23 532 455
Temporary differences of sold subsidiary booked on other gains and losses	12 236 788	-
Tax on group contribution	-	-20 543 779
Total income tax benefit (expense)	**-3 851 747**	**-27 606 128**

The distributed group contribution in 2020 is considered to be distribution of historical results. Therefore, IAS 57A is applied, and the distribution is affecting the income tax. Based on the annual accounts of 2020, the group received in 2021 a group contribution from Havila Holding AS of 66 MNOK without tax effect and distributed a group contribution to Havila Holding AS of 74,9 MNOK. Adjusted for the tax effect, there is no net distribution from the group. Therefore, the group contribution has no effect on the income tax.

Reconciliation of income tax expense of the year

	31.12.2021	31.12.2020
Ordinary profit before tax	(6 137 579)	(45 513 746)
Nominal rate	22 %	22 %
Estimated tax based on nominal rate	-1 350 267	-10 013 024
Tax on Permanent differences	-4 779 884	4 492 450
Other differences	2 278 404	-1 541 775
Tax on group contribution	0	-20 543 779
Total income tax benefit (expense)	**-3 851 747**	**-27 606 128**
Effective tax rate	**63 %**	**61 %**

Deferred tax position

	31.12.2021	31.12.2020	01.01.2020
Property, plant and equipment	13 710 515	(40 213 957)	(138 089 353)
Group contribution		(74 864 117)	(93 380 815)
Gain/Loss account	(10 108 205)	(12 635 259)	(15 794 076)
Share of general partnership	(3 783 990)	(4 731 453)	(5 981 453)
Tax losses carry forward	20 412 205	4 681 490	0
Total deferred tax positions	**20 230 525**	**-127 763 296**	**-253 245 697**
Not recognised in the balance sheet	0	0	0
Deferred tax asset/liability	**4 450 716**	**-28 107 925**	**-55 714 053**

Note 13 - 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.

Assets measured at fair value

	31.12.2021	Level 1	Level 2	Level 3
Assets at fair value through profit or loss				
- Derivatives	0			
Total	-	-	-	-

Liabilities measured at fair value

	31.12.2021	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss				
- Derivatives	0			
Total	-	-	-	-

Assets measured at fair value

	31.12.2020	Level 1	Level 2	Level 3
Assets at fair value through profit or loss				
- Derivatives	0			
Total	-	-	-	-

Liabilities measured at fair value

	31.12.2020	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss				
- Derivatives	0			
Total	-	-	-	-

Assets measured at fair value

	01.01.2020	Level 1	Level 2	Level 3
Assets at fair value through profit or loss				
- Derivatives	31 872 836		31 872 836	
- Investment properties	631 210 606			631 210 606
Total	**663 083 442**	-	**31 872 836**	**631 210 606**

Liabilities measured at fair value

	01.01.2020	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss				
- Derivatives	15 645 082		15 645 082	
Total	**15 645 082**	-	**15 645 082**	-

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 5.

Note 14 - 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	
	2021	**2020**
Interest rates - increase by 100 basis points	4 851 602	4 000 267
Interest rates - decrease by 100 basis points	-4 851 602	-4 000 267

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

As of 1 January 2020 and 31 December 2020, the Group had one rental agreement with a customer denominated in Euro, as well as a loan from a financial institution which was partly denominated in Euro, and partly in NOK. The rental agreement expired in 2021, and the loan agreement was refinanced to only be denominated in 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.

31.12.2021	<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**

31.12.2020	<1 year	Y2	Y3	Y4	>5 years	Total
Short term debt	362 153 340					**362 153 340**
Debt to group companies	0					**0**
Trade payables	91 715 261					**91 715 261**

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 31.12.2021	Note	Amortized cost	Total
Financial assets			
Trade receivables		983 514	**983 514**
Other receivables	17	62 203 437	**62 203 437**
Cash and cash equivalents		34 916 036	**34 916 036**
		0	
Financial liabilities			
Bond loans	6	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**

Financial instruments at 31.12.2020	Note	Amortized cost	Total
Financial assets			
Trade receivables		5 532 255	**5 532 255**
Other receivables		284 953	**284 953**
Cash and cash equivalents		28 439 626	**28 439 626**
Financial liabilities			
Bond loans		-	**-**
Interest-bearing non-current liabilities		-	**-**
Other non-current liabilities		-	**-**
Trade payables		2 351 336	**2 351 336**

Financial instruments at 01.01.2020	Note	FVPL	Amortized cost	Total
Financial assets				
Trade receivables			48 885	**48 885**
Other receivables			41 638 515	**41 638 515**
Interest rate swap	13	31 872 836		**31 872 836**
Cash and cash equivalents			56 144 118	**56 144 118**
Financial liabilities				
Bond loans			-	**-**
Interest-bearing non-current liabilities			54 987 029	**54 987 029**
Interest rate swap	13	15 645 082		**15 645 082**
Trade payables			5 168 963	**5 168 963**

Note 15 - 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

	2021	2020
Interest income		15 293
Other financial income	154 708	9 890 852
Total financial income	**154 708**	**9 906 145**

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

Financing costs

	2021	2020
Interest expense on debt to financial insititutions	15 619 042	7 287 550
Interest expense on debt to group company	4 428 997	1 190 055
Interest expense on bond	2 543 375	0
Total interest expense	**22 593 435**	**8 479 625**
Fair value adjustment interest rate swap	0	16 227 755
Interest swap agreement	0	21 725 173
Total gain/loss interest swap	**0**	**37 952 928**
Debt modification loss	0	6 612 479
Debt extinguishment loss	4 738 324	0
Disagio	442 124	16 925 629
Other financing costs	2 878 844	491 257
Total other financing costs	**8 059 292**	**24 029 365**
Total financing costs	**30 652 727**	**70 461 918**

Note 16 - Group structure

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

Company	Location	Equity interest 31.12.21	Equity interest 31.12.20	Equity interest 01.01.20	Parent
Havila Invest AS	Fosnavåg, Norway	100,0%	100 %	100 %	Havila Ariel AS
Havblikk Eiendom AS	Fosnavåg, Norway	100,0%	0,0%	0,0%	Havila Ariel AS
Havila Mjølstadneset AS	Fosnavåg, Norway	100,0%	0,0%	0,0%	Havila Ariel AS
Tangen 7 Invest AS	Fosnavåg, Norway	0,0%	100 %	100 %	Havila Ariel AS
OHI Eiendom AS	Fosnavåg, Norway	100,0%	100 %	100 %	Havila Ariel AS

Note 17 - 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	31.12.2021	31.12.2020
Rental revenue			
Fjord1 AS	Related party	365 064	362 459
HAV Design AS	Related party	3 744 480	4 138 482
Administration/management fee expense			
Havila AS	Related party	-	2 601 369
Havila Service AS	Related party	454 596	-

Summary of balances with significant related parties

	Relationship	31.12.2021	31.12.2020	01.01.2020
Other receivables				
Havila Holding AS	Parent	23 381 203	-	40 968 033
Tangen 7 Invest AS	Related party	36 102 557	-	-
Other interest-bearing liabilities				
Havila Holding AS	Parent	232 253 051		54 987 029
Current liabilities				
Havila Holding AS	Parent	-	135 641 833	10 206 783

The debt to Havila Holding AS consists of two agreements:

The first agreement has a remaining principal of 186.8 MNOK as of 31 December 2021. 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 6 month Nibor + 1% margin. There is no security pledged on the loan

The second agreement has a remaining principal of 45.8 MNOK as of 31 December 2021. 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 12 month Nibor + 1 % margin. There is not security pledged on the loan.

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 18 - Events after the reporting period

The Group has in 2022 acquired the company Havilahuset AS for 80 MNOK for Havila Holding. Havilahuset AS owns one property in Fosnavåg, Norway.

The Group has received a group contribution from the parent company, Havila Holding AS of 172 MNOK in 2022.

The Group has in Q4 2022 applied to list its bond loan on the Oslo Stock Exchange.

To the General Meeting of Havila Ariel AS

Independent Auditor's Report

Opinion

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

- The consolidated financial statements of Havila Ariel AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of Profit or Loss, Consolidated statement of changes in equity and Consolidated 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 Group as at 31 December 2021, 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.

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 Group as required by laws and regulations 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.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation of financial statements that give a true and fair view 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 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 Group or to cease operations, or has no realistic alternative but to do so.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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.

- 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 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 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 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.

Bergen, 25 October 2022
PricewaterhouseCoopers AS

Fredrik Gabrielsen
State Authorised Public Accountant

(This document is signed electronically)

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Gabrielsen, Fredrik	BANKID_MOBILE	2022-10-26 12:23