



Report 2nd interim period 2022

Vy Group

Key information
Board of Director's Report
Numbers and notes

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2nd interim period 2022

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The interim report is not subject to financial audit.



Key information

Financial key figures

	Year to date 2022	Year to date 2021
All figures in MNOK		
Group profit		
Operating revenue	11 475	9 705
Operating profit	419	-347
Profit before income tax	271	-451
Group cash flow		
Net cash flow from operations	1 428	823
Group balance sheet		
Net interest bearing debt *	6 328	8 233
Equity		
Return on equity (ROE) (last 12 months)	-15,1 %	-16,6 %
Equity ratio	20,3 %	21,1 %

* Net interest-bearing debt includes net pension liabilities

Key performance indicators

	Year to date 2022	Year to date 2021
Vy Group		
Sick leave ratio (last 12 months)	8,6 %	7,8 %
H1 (Lost Time Injury per million work hours)	6,4	5,2
Passenger train		
Number of train journeys - Norway (mill.)	32,0	17,7
Produced seat kilometers - Norway (mill.)	5 617	4 885
Punctuality - passenger train - Norway	86 %	89 %
Bus transport		
Number of bus journeys (mill.)	57,6	35,2
Produced carriage kilometres (mill.)	131,1	112,0
Freight transport		
Number of transported TEU - freight train (1.000)	223	218
Net tonn km. (mill.)	2 124	1 973
Punctuality in Norway - freight train	94 %	95 %

Board of Director's report

Summary for the first eight months of 2022

(Last year's figures in brackets)

There has been a positive development in the number of travelers throughout the summer, but there is still lower travel activity than in 2019. The Covid-19 pandemic still has a significant impact on the group's results in the first two terms of 2022.

During the pandemic, the authorities have stated that public transport must be maintained at a high level. Public purchasers (county municipalities and the Norwegian Railway Directorate) have therefore largely maintained public transport. In most cases, payment for the offer has been maintained, and additional agreements have been entered into to compensate for parts of the loss of income where Vy has full or partial income responsibility in the form of income from travellers. The supplementary agreements for passenger trains in Norway were terminated in June.

For commercial bus lines, travel activity has increased significantly in the second quarter, and Vy has increased its offer accordingly.

Demand for the transport of goods by rail is developing positively and contributed to increased volumes. Production challenges due to winter weather and access to spare parts have somewhat limited growth in CargoNet's volumes.

In Vy's tourism segment, the customers are on their way back after two years in which this business has been severely affected by the corona pandemic and both of our tourism businesses, Fjord Tours Group and Flåm Utvikling, experience positive travel development in the second quarter.

There has been a significant increase in energy prices, which has had negative impact on results.

Development in important management parameters per 2nd interim:

Development in important management parameters per 2nd interim:

- Increase in the number of journeys by passenger train in Norway by 83 per cent compared to last year. So far this year, travel volumes are 80 percent of the 2019 level.
- Increase in the number of journeys by bus of 64 per cent compared to last year
- Punctuality for passenger train operations is 86 per cent (89 per cent)
- Punctuality in freight operations is 94 per cent (95 per cent)
- Absence due to sickness in the period is 8.6 per cent (7.8 per cent)
- H1 is 6.4 (5.2)
- **Financial development:**
- The operating profit is 419 MNOK (-347 MNOK) and is positively affected by the reversal of previous provisions for losses on contracts
- Profit after tax is 216 MNOK (-347 MNOK)
- The return on book equity in the last 12 months is -15.1 per cent (-16.6 per cent)

The development in the business segments

Passenger trains

Vy passenger trains operates traffic package West as well as train traffic in Eastern Norway. The government has decided to cancel the tender for train traffic in Eastern Norway and enter into direct negotiations with Vy and Flytoget on the two traffic packages. The Railway Directorate has announced that they will first enter into negotiations with Vy on part 1 of the traffic packages in Eastern Norway (Eastern Norway 1), and with Flytoget on part 2 (Eastern Norway 2). A final decision on the allocation of Østlandet 1 is expected before the new year, while the Østlandet 2 decision is expected next year. The new agreements will be effective from December 2023.

Operating income for the passenger train business per the second quarter of 2022 is NOK 5,227 million (NOK 4,532 million), an

increase of 15 per cent from the previous year. The total number of journeys in the passenger train business in Norway is 32 million. For passenger trains, there is a reduction in the number of journeys of 20 per cent so far this year compared to a normal year (2019). The Railway Directorate has maintained additional agreements in the first half of 2022 to secure public transport. The supplementary agreements amount to NOK 340 MNOK (NOK 559 MNOK) per 2nd interim.

The operating profit for Vy passenger trains is 494 MNOK (-312 MNOK) per 2nd interim. The main reason for the improvement is the significant growth in the no. of travels compared to last year, and renegotiated agreements with the public transport authorities. This has resulted in a significant improvement in underlying operations and thus also provided a basis for reversing previous provisions for losses on contracts. As of the second interim, previous loss provisions of NOK 522 million related to train tenders in Norway and Sweden have been reversed. Increased energy prices have a significant negative impact on the result.

In Norway, Vy achieved a punctuality of 86 per cent per 2nd interim; a decrease of 3 percentage points compared to the same period last year. Punctuality has developed negatively in the second interim, down from 88.2 in the first and has led to significant negative consequences for our customers. There have been challenges on the infrastructure which have led to delays and cancellations.

Bus

Vy Bus runs routes on tender or contract with county municipalities in Norway and Sweden, as well as commercial routes in Norway and Sweden. The passengers are now on their way back, and the number of journeys from the corresponding period last year has increased by 63 per cent. The number of journeys with our commercial bus services has also developed positively throughout the second term and has for parts of the period been at the same level as 2019.

Total operating income per 2nd interim is NOK 4,922 million (NOK 3,947 million). Operating profit per 2nd interim is NOK 43 million (NOK

5 million). The improvement is positively influenced by travel and income growth, the negative effect of increased energy and fuel prices, and a write-down of operating assets linked to bus tenders in Norway of NOK 60 million.

Freight

CargoNet has increased turnover through the pandemic. There is growing interest in the market for moving goods from road to rail, and the customer offer has increased significantly with more departures on the Nordlandsbanen (foodstuffs and fish) and towards southern Sweden. The number of transported container units has increased by 2 per cent compared to last year.

Average punctuality for freight trains is 94 per cent (95 per cent) delivered within 15 minutes, better than the target of 92 per cent.

The operating income is NOK 799 million (NOK 717 million), and the operating profit NOK 9 million (NOK 53 million). The main reason for the decline in profit is increased energy and fuel prices as well as operational problems due to winter conditions in the north.

Customer experience and innovation

Customer experience and innovation aims to develop and offer good user experiences and customer information, as well as contribute to sustainable tourism. A good travel planner and mobility services strengthen the bus and train offer and makes it easier to travel by public transport.

Within tourism, fjord, mountain and cultural experiences are sold to Norwegian customers, tourists and international tour operators. The main part of the investment is made through our part ownership in Fjord Tours Group and Flåm Utvikling. We are working to develop several attractive tourism packages with train, bus and boat together with local tourism partners.

Tourism has been severely affected by the pandemic. We see a significant improvement in demand, and the number of journeys on the Flåm Railway per second interim is 58 per cent of a normal year.

Management

The board of directors assesses Vygruppen's strategy annually, and the strategy is revised in 2022. The assessment is based on, among other things, risk analyses, materiality analyses relating to sustainability, assessments of market and competitor development, as well as internal analyses.

Our **vision** is that Vy makes it easy to make environmentally friendly choices. Vy's **main goal** is growth through more sustainable journeys and rail freight transport, and the highest possible profitability over time.

In order to be able to deliver on our vision and main goals, Vy will prioritize four main areas:

- good customer experiences every day
- industry-leading innovation
- efficient and reliable in everything we do
- committed and customer-oriented employees

The strategy is operationalized and incorporated into Vygruppen's action plans, and the board monitors progress and the status of goal achievement.

We will increase the number of climate-friendly journeys through good customer experiences every day, created by our committed and customer-oriented employees. Through efficient production and industry-leading innovation, we will create an offer that makes more people choose to travel with Vy, which in turn will reduce emissions and costs for society.

For a detailed account of our work with sustainability, goals and results, we refer to the chapter on sustainability in the annual and sustainability report for 2021.

Financial development

Profit after tax per 2nd interim for Vygruppen is 216 MNOK (-347 MNOK), an improvement of 563 MNOK compared to last year. Operating profit is 419 MNOK (-347 MNOK).

The group's net cash flow from operational activities is NOK 1,428 million (NOK 823 million). Gross investments are NOK 589 million, mainly activation of leasing assets.

For the group, the equity for the second quarter is NOK 3,166 million, which gives an equity ratio of 20.3 per cent.

The group's return on book equity in the last 12 months is -15.1 per cent (-16.6 per cent).

The accounts have been prepared under the assumption of continued operation, and the board confirms that the assumption is present.

Outlook

Travel activity is increasing, and we are on the way towards normalisation after the pandemic. Our main goal is to re-establish underlying profitability from 2023 and ensure future competitiveness. There is still uncertainty about future travel patterns and the use of home office. The autumn will give a clearer picture of what will be the new normal for public transport travel.

In the first half of the year, Vy entered into agreements for the delivery of passenger train services where Vy is responsible for the revenue from customers (net agreements). These additional agreements lasted until June. Vy has negotiated with public transport authorities to ensure that the company's contracts are financially sustainable, and new agreements have been entered into with effect from the second half of the year for traffic package West and for most train agreements in Sweden.

There has been a significant increase in energy prices throughout the first 8 months of the year, and this is expected to be a significant challenge going forward, in addition to price increases for other input factors.

The new government has decided to stop further tendering of railway packages. The Railway Directorate has announced that they will enter into negotiations with Vy about the first of these packages, and with Flytoget about the second. A decision on allocation is expected for the two agreements respectively before and after the New Year. The contracts for Eastern Norway will be effective from December 2023. Such a splitting of the contracts in Eastern Norway and a possible loss of Eastern Norway

2 will have significant impact on the size of the passenger train operations in Vy.

In the bus business, we expect that the route offer, and thus also Vy's income, will mainly be upheld in accordance with agreements with the public transport companies. Despite the fact that energy and fuel prices lead to increased costs for the public transport companies and the counties, it is important to maintain public transport services if we are to restore and increase the share of public transport in the future. For the commercial bus routes, the offer is increased in line with the development in demand.

In CargoNet, efforts are being made to obtain more robustness in production in order to absorb the growth in demand. The focus on new customer solutions and improvement measures will continue to improve profitability. Better and predictable framework conditions, including the continuation of the environmental support scheme, are very important for long-term profitability in freight transport by rail.

Within tourism, we have adapted the offer and marketing to Norwegian tourists, and international tourists are gradually returning. We are preparing for a full normalisation of volumes from 2025.

Investing in public transport is an important part of good social development. Effective public transport reduces climate emissions and resource use, contributes to making cities better to live in and frees up space for human development and nature. Increased transport of goods by rail rather than road is also important for Norway to be able to reach its climate targets. Our vision is that Vy should make it easy to make environmentally friendly choices.

The board would especially like to thank our employees who every day carry out important work to maintain a good offer for our passengers and freight customers.

Oslo, 28th of september 2022

Board of directors in the Vy Group


Berit Svendsen / Chairman


Dina Elverum Aune


Geir Inge Stokke



Espen Almlid


Semming Semmingsen


Ove Sindre Lund


Petter Louis Pettersen


Grethe Therese Thorsen


Gjo Bakstad / CEO

Group income statement

Income statement

	Notes	Year to date		2nd interim period		Year	Last 12 months
		2022	2021	2022	2021	2021	
Operating revenue	1	11 475	9 705	5 996	5 050	15 289	17 059
Payroll and related expenses		4 767	4 331	2 316	2 143	6 668	7 104
Depreciation and impairment		1 514	1 397	796	702	2 280	2 397
Other operating expenses	2	4 789	4 308	2 256	2 166	7 340	7 821
Total operating expenses		11 070	10 036	5 368	5 011	16 288	17 322
Share of profit of joint ventures		13	-15	27	-1	-26	2
Share of profit in associates		1	-2	1	-2	-1	2
Operating profit		419	-347	656	36	-1 026	-260
Financial items							
Financial income		37	25	23	6	41	53
Financial expenses		-151	-122	-87	-79	-181	-210
Net financial expenses - pensions		-17	-11	-9	-5	-16	-22
Unrealised fair value changes		-16	4	-8	1	-	-20
Net financial items		-148	-104	-81	-77	-156	-200
Profit before income tax		271	-451	575	-41	-1 182	-460
Income tax expense		-55	105	-117	16	156	-4
Profit for the year		216	-347	458	-25	-1 026	-463
Attributable to							
Non-controlling interest		-	-	-	-	-	-
Equity holders		216	-347	458	-25	-1 026	-463
TOTAL		216	-347	458	-25	-1 026	-463
OTHER COMPREHENSIVE INCOME							
Profit for the year		216	-347	458	-25	-1 026	-463
Items that will not be reclassified to profit or loss							
Deviation retirement benefit obligations		-	-	-	0	-139	-139
Tax related to items that will not be reclassified		-	-	-	-	31	31
Items that can be reclassified in net income in later periods							
Currency translation differences		-41	-28	-5	39	-70	-83
Total comprehensive income for the period		175	-375	453	14	-1 204	-654
Attributable to							
Non-controlling interest		-	-	-	-	-	-
Equity holders		175	-375	453	14	-1 204	-654
Total comprehensive income for the period		175	-375	453	14	-1 204	-654

Group balance sheet

Overview financial position	Notes	31.08.2022	30.04.2022	31.12.2021	31.08.2021
ASSETS					
Intangible assets		1 028	1 037	1 088	1 147
Deferred tax assets		320	445	387	305
Property, plant and equipment	3, 4	9 008	10 282	10 928	11 136
Investments in associates		17	16	16	15
Financial fixed assets		112	114	109	104
Total non-current assets		10 485	11 894	12 528	12 707
Investment in joint ventures		146	119	133	144
Inventories		512	515	519	541
Trade and other receivables		1 648	2 212	1 827	2 064
Financial assets		1 742	1 741	1 875	1 869
Cash and bank deposits		1 097	803	783	744
Total current assets		5 145	5 390	5 137	5 363
TOTAL ASSETS		15 630	17 284	17 665	18 070
EQUITY AND LIABILITIES					
Share capital		3 686	3 686	3 686	3 686
Retained earnings		-520	-972	-694	134
Total equity		3 166	2 714	2 992	3 820
Debt	3	5 917	7 123	7 669	7 740
Deferred tax liabilities		106	103	105	108
Retirement benefit obligations		1 328	1 373	1 385	1 278
Provisions for other liabilities and charges	5	230	495	456	313
Total long term liabilities		7 581	9 093	9 615	9 439
Trade and other payables		2 962	3 638	3 194	2 989
Tax payable		-	5	17	7
Debt	3	1 919	1 830	1 844	1 815
Derivative financial instruments		2	4	3	-
Total short term liabilities		4 883	5 477	5 058	4 811
TOTAL EQUITY AND LIABILITIES		15 630	17 284	17 665	18 070

Oslo, 28th of september 2022

Board of directors in the Vy Group


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Gjo Bakstad / CEO

Group cash flow statement

Cash flow statement

	Notes	Year to date		
		2022	2021	Year 2021
Profit (+)/ Loss (-) for the period before income tax expense		271	-451	-1182
Depreciation and impairment		1 514	1 397	2 280
Gain on sale of property, plant and equipment (PPE)		-34	-11	-13
Difference between exp. and paym. made/receiv. for pensions		-57	-16	-47
Changes in provisions for other liabilities and charges		-538	37	454
Change in unrealised fair value		14	-4	-
Interest items		-6	10	-17
Shares of profit from associated and joint ventures		-15	17	27
Changes in working capital		287	-148	41
Taxes paid		-8	-8	1
Net cash flow from operating activities		1 428	823	1 544
Acquisition of subsidiaries less cash acquired		-	31	14
Changes in financial non-current assets		134	-32	-26
Purchase of property, plant and equipment		-84	-161	-288
Proceeds from sale of assets		41	49	75
Net cash flow used in investment activities		91	-113	-225
New debt		-	-	1
Repayment of debt		-9	-10	-13
Repayment on leases debt	3	-1 200	-1 126	-1 698
Net cash flow used in financial activities		-1 209	-1 136	-1 710
Net change in cash and bank deposits for the period		310	-426	-391
Cash and bank deposits as at the beginning of the period		783	1 177	1 177
Foreign exchange gain/loss on cash and bank deposits		5	-7	-3
Cash and bank deposits as at the end of the period		1 097	744	783

Development in equity

Development in equity

2nd interim period 2022	Retained earnings			TOTAL
	Share capital	Acc. currency translation	Retained earnings	
Equity 1st of January 2022	3 686	30	-725	2 992
Profit for the interim period	-	-	216	216
From other comprehensive income	-	-41	-	-41
Equity 31th of August 2022	3 686	-11	-509	3 166

2nd interim period 2021	Retained earnings			TOTAL
	Share capital	Acc. currency translation	Retained earnings	
Equity 1st of January 2021	3 686	100	409	4 195
Profit for the interim period	-	-	-347	-347
From other comprehensive income	-	-28	-	-28
Equity 31th of August 2021	3 686	73	62	3 820

2021	Retained earnings			TOTAL
	Share capital	Acc. currency translation	Retained earnings	
Equity 1st of January 2021	3 686	100	409	4 195
Profit for the interim period	-	-	-1 026	-1 026
From other comprehensive income	-	-70	-108	-178
Equity 31st of December 2021	3 686	30	-725	2 992

Operating segments

Business segments

As of 31 August 2022, the Group has its main activities in the following segments:

- (1) Train: passenger train operations
- (2) Bus: passenger bus operations
- (3) Freight: freight train operations
- (4) Customer experience and Innovation
- (5) Other: Other entities and Group functions (see also accounting principles)

Segment assets in the tables below consist mainly of property, plant and equipment, intangible assets, inventories and other assets and cash, while deferred tax asset and derivative instruments are not included.

Year to date 2022	Passenger train	Bus	Freight	Customer experiences and innovation	Other/elim	Group
Sales revenue	2 448	4 851	770	1	409	8 479
Public purchases	2 377	-	-	-	-	2 377
Other revenue	402	71	29	95	23	621
Operating revenue	5 227	4 922	799	96	432	11 475
Operating expenses	4 055	4 188	697	161	456	9 556
Depreciation, impairment	678	693	93	3	48	1 514
Total operating cost	4 733	4 881	790	164	504	11 070
Share of profit/loss in joint ventures and associated companies	-	2	-	13	-	14
Operating profit	494	43	9	-55	-72	419
Segment assets	4 023	7 218	1 276	217	2 564	15 298
Investments	146	134	262	1	46	589

Year to date 2021	Passenger train	Bus	Freight	Customer experiences and innovation	Other/elim	Group
Sales revenue	1 603	3 854	688	1	394	6 540
Public purchases	2 589	-	-	-	-	2 589
Other revenue	340	93	29	102	11	576
Operating revenue	4 532	3 947	717	103	405	9 705
Operating expenses	4 129	3 395	581	162	372	8 639
Depreciation, impairment	715	545	83	11	43	1 397
Total operating cost	4 844	3 940	664	173	415	10 036
Share of profit/loss in joint ventures and associated companies	-	-2	-	-15	-	-17
Operating profit	-312	5	53	-85	-10	-347
Segment assets	5 979	7 777	1 087	265	2 643	17 751
Investments	528	1 894	89	12	27	2 550

2nd interim period 2022	Passenger train	Bus	Freight	Customer experiences and innovation	Other/elim	Group
Sales revenue	1 356	2 504	404	1	197	4 462
Public purchases	1 154	-	-	-	-	1 154
Other revenue	269	39	18	53	2	381
Operating revenue	2 779	2 543	422	54	199	5 997
Operating expenses	1 910	2 049	351	74	189	4 572
Depreciation, impairment	343	377	48	2	27	796
Total operating cost	2 253	2 426	399	76	216	5 368
Share of profit/loss in joint ventures and associated companies	-	2	-	27	-	28
Operating profit	526	119	23	5	-17	657
Segment assets	4 023	7 218	1 276	217	2 564	15 298
Investments	110	87	234	1	6	438

2nd interim period 2021	Passenger train	Bus	Freight	Customer experiences and innovation	Other/elim	Group
Sales revenue	914	2 030	350	1	184	3 479
Public purchases	1 198	-	-	-	-	1 198
Other revenue	251	49	11	60	1	372
Operating revenue	2 363	2 079	361	61	185	5 050
Operating expenses	2 058	1 722	278	90	160	4 309
Depreciation, impairment	351	281	42	6	22	702
Total operating cost	2 409	2 003	320	96	182	5 011
Share of profit/loss in joint ventures and associated companies	-	-2	-	-1	-	-3
Operating profit	-46	74	41	-36	3	36
Segment assets	5 979	7 777	1 087	265	2 643	17 751
Investments	20	1 603	64	7	7	1 701

2021	Passenger train	Bus	Freight	Customer experiences and innovation	Other/elim	Group
Sales revenue	2 680	6 277	1 024	1	616	10 598
Public purchases	3 957	-	-	-	-	3 957
Other revenue	386	133	41	167	7	734
Operating revenue	7 023	6 410	1 065	168	623	15 289
Operating expenses	6 758	5 482	867	275	626	14 008
Depreciation, impairment	1 125	931	127	33	64	2 280
Total operating cost	7 883	6 413	994	308	690	16 288
Share of profit/loss in joint ventures and associated companies	-	-1	-	-26	-	-27
Operating profit	-860	-4	71	-166	-67	-1 026
Segment assets	5 647	7 579	1 103	226	2 713	17 268
Investments	963	2 203	111	12	34	3 323



Notes – reporting information

Framework and accounting principles

The Vy Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS interpretations committee (IFRIC) as determined by EU.

The consolidated financial statements for the Group have been prepared on a historical cost basis except for derivative financial instruments, certain financial assets and liabilities which are carried at fair value.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements should be viewed in conjunction with the last published annual report containing a full description of the Group's accounting principles.

Accounting principles applied in 2022 are consistent with the accounting principles that were used for the financial statements in 2021.

The consolidated financial statements have been prepared on a going concern basis.

Segment Reporting

The Group reports its operating segments according to how Group management, which is the chief operating decision-maker, adopts, follow-ups and evaluates decisions which is in line with the internal reporting which is regularly evaluated by the management and which is the basis for allocation of resources and achievement of objectives.

The Group has the following operating segments:

Passenger train: passenger train operations

Bus: passenger bus operations

Freight: freight train operations

Customer experiences and innovation

The Other segment consists of other activities in the Group such as cleaning of trains, a captive, Team Verksted and Group functions.

1. Revenues

Analysis of Operating income by category

	Year to date 2022	Year to date 2021	Year 2021
Transport revenue	10 447	8 690	13 930
Other revenue	1 028	1 015	1 359
Total	11 475	9 705	15 289

Analysis of Operating income by country

	Year to date 2022	Year to date 2021	Year 2021
Norway	9 646	8 284	12 836
Sweden	1 829	1 421	2 453
Total	11 475	9 705	15 289

Information of important customers

The Group has one customer that constitutes more than 10 % of operating income. The Government's public purchase from the Vy Group is 2 176 MNOK (2 345 MNOK) as of 31st of August 2022.

In connection with the Covid-19 pandemic, the Government has adopted a support scheme by allowing the Norwegian Railway Directorate to enter into temporary additional agreements regarding the state purchase of passenger train services. Income from this support scheme is included in the government's purchase of services from the Vy Group.

Revenues

Type	Segment	IFRS 15 accounting treatment
Personnel transport	Passenger train and bus	Revenue recognition at the transport date
Food and on board services	Passenger train and bus	Revenue recognition at the date of sale
Agreements with counties and municipalities	Bus	Revenue recognition at the transport date
Workshop services	Bus	Revenue recognition when the service is delivered
Agreements with counties and municipalities	Passenger train and bus	Revenue recognition at the transport date
Traffic agreement with the state of Norway and public purchaser abroad	Passenger train and bus	Revenue recognition at the transport date
Fees	Passenger train and bus	Revenue recognition at the date of issuance
Freight and terminal services	Freight	Revenue recognition when the service is delivered
Other services - sale of ad hoc services, renting premises etc.	All	Revenue recognition when the service is delivered

2. Other expenses

Other expenses

	Year to date 2022	Year to date 2021	Year 2021
Sales- and overhead expenses	930	852	1 344
Energy used in operations	1 276	732	1 260
Property expenses, repair and maintenance	1 557	1 411	2 323
Other operating expenses	1 027	1 313	2 413
Total	4 789	4 308	7 340

3. Leases

Specification of the changes in right of use assets

	Year to date 2022	Year to date 2021	Year 2021
Opening balance right of use assets	9 111	8 028	8 028
Depreciations	-1 246	-1 130	-1 870
Addition and changes in agreements	-416	2 445	2 988
Other	-43	-18	-35
Total closing balance	7 406	9 325	9 111

Specification of the changes in liabilities

	Year to date 2022	Year to date 2021	Year 2021
Opening balance leasing obligation	9 490	8 251	8 251
Lease payments	-1 200	-1 129	-1 707
Addition and changes in agreements	-419	2 452	3 026
Other/currency effects	-49	-27	-80
Total closing balance	7 821	9 547	9 490

In August, the Norwegian Railway Directorate announced that Flytoget has been chosen as the preferred negotiation partner in connection with the train routes in the traffic agreement «Østlandet 2». In line with this, the expiration date of the leasing period is adjusted to December 2023 which coincide with the start date of this traffic agreement. This has resulted in a profit of 14 MNOK and which has been recognised in the income statement in the current interim period. The 14 MNOK is caused by reduced property, plant and equipment (right of use assets) with 916 MNOK and reduced leasing obligations with 930 MNOK.

Further, there is a future lease liability of approximately NOK 861 million (nominal) for lease of passenger trains and buses, which are ordered, but not delivered. Lease liabilities and right of use assets will be recognized when the trains and buses are delivered and made available for use by the Group.

Liabilities

	Year to date 2022	Year to date 2021	Year 2021
Short-term liabilities	1 919	1 814	1 844
Long-term liabilities	5 902	7 733	7 646
Total	7 821	9 547	9 490

Finance costs

	Year to date 2022	Year to date 2021	Year 2021
Finance costs leasing liabilities	144	122	188

Cash-Flow

	Year to date 2022	Year to date 2021	Year 2021
Total cash-flow lease payments	1 344	1 251	1 894

4. Impairment of property, plant and equipment

Impairment of property, plant and equipment - bus tenders Norway

Operating revenue in the bus segment is mainly related to long term tender contracts which means significant investments in property, plant and equipment (PPE). In the presentation of the accounts at each interim reporting period, an evaluation of the value of the Groups' PPE is performed, where there are indications of permanent impairment (IAS 36). To test the balance sheet value, calculations using recoverable amount for cash flow generating unit (CGU) have been performed. Impairments are undertaken if the balance sheet value is lower than the recoverable amount. The recoverable amount is the higher of fair value less sales costs and value in use.

Based on the main assumptions such as growth rate and discount rate, the Group has recognised an impairment loss on property, plant and equipment by 60 MNOK.

5. Contract losses

Train contract losses - Norway and Sweden

Operating revenue in the passenger train segment is also mainly related to long term tender contracts. At each interim reporting period, the contracts are evaluated for any provisions according to IAS 37. In these evaluations the Group measures present value of future expected cash flows from operational activities in each separate contract, where estimated payments include all future unavoidable operating expenses. The provision is limited to the lower amount of continuing or exiting the contract. The provision is released over the loss period.

As per the second interim period, previously recognised contract losses of 522 MNOK (474 MNOK in the current interim period) have been reversed in connection with train contracts in Norway and Sweden. The main cause is better terms after renegotiating the contracts.

6. Events after the reporting date

Discontinuing operations in Vybil

In September, it was decided that the Vybil business shall be discontinued as soon as possible and no later than during the month of October.



Tax policy

Background

In line with expectations from the owner enshrined in Eierskapsmeldingen (Meld.St.8 2019–2020), Vygruppen AS has prepared a policy for the group's tax behaviour. The policy has been communicated to all our subsidiaries.

About Vygruppen and our tax policy

Vygruppen is a transport and tourism group owned by the Norwegian state via the Ministry of Transport. We will ensure customers the best journey by providing environmentally friendly, smart, cost-effective and safe transport. In addition, the Group provides freight of goods on track.

All our activities are carried out with a focus on safety and are based on environmental solutions.

Our tax policy rests on three fundamentals:

1. Sustainability

Tax revenues are a prerequisite for sustainable development.

Profitable companies contribute to increased tax revenues, which in turn contributes to the financing of the individual state's development. Through success in our work, we will indirectly contribute to the funding of key institutions such as health, welfare and education, as well as fixed assets and infrastructure.

2. Origin and transparency

Our companies must pay taxes to the country where the values are created.

Vygruppen operates in Norway and Sweden. Regardless of where the business is located, all our companies shall pay tax to the host country where the values are generated. In

addition, all our companies are expected to act transparently towards each host country's tax authorities, including providing timely and correct information to form the basis for taxation of the company. Our companies are expected to follow the tax laws of the countries in which they operate, both in terms of the letter and intent of the law.

Through active follow-up, Vygruppen will ensure that our companies are operated responsibly and professionally. This also means that we will contribute to increased awareness of tax legislation and compliance with the rules that apply to the individual company.

3. Integrity and fairness

We are not participating in artificial schemes to reduce taxes.

Vygruppen should not knowingly contribute to harmful tax practices. We will to the best of our ability ensure that our companies do not engage in harmful or potentially harmful tax behavior. At the same time, we consider it appropriate that the companies within the group are taking advantage of the tax incentives that exist for its businesses.

Our companies are further encouraged to:

a) Comply with tax legislation

Companies must comply with all applicable laws and regulations in the countries in which they operate.

b) Do not participate in undermining the country's tax base or encourage to transfer of profits

Companies must not adopt artificial schemes, such as the use of internal pricing to move taxable profits from where they have their business.

c) Do not take part in aggressive tax planning

Companies should not take part in any kind of aggressive tax planning that drains the local tax base.

