

**Q2** 2022

# NTC INFRASTRUCTURE AS



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## ABOUT THE GROUP

NTC Infrastructure AS was registered 1<sup>st</sup> of July 2021, with the goal of establishing the leading owner and operator of gondola infrastructure assets at high-volume destinations in Norway. Today, NTC Infrastructure owns and operates two gondola assets. Romsdalsgondolen in Rauma municipality was acquired in December 2021. The groups second acquisition, Fjellheisen in Tromsø, was closed in January 2022. Both gondolas are the most prominent tourism infrastructure assets in their respective regions.

The group is a part of The Norwegian Travel Company AS (NTC). NTC is one of the leading tourism companies in Norway, aspiring to provide all its guests with exciting and genuine experiences of Norway across all their destinations.

Romsdalsgondolen opened on May 28<sup>th</sup> 2021, and is Norway's longest cableway which provides easy access to the Nesaksla mountain and the #1 attraction "Rampestreken" in popular Romsdalen. Åndalsnes and Romsdalen are some of the most famous destinations "in the fjords" of Norway, due to the beauty of the scenery with steep mountains and fjords.

Fjellheisen in Tromsø opened in 1961, and has since its opening been the #1 attraction in Tromsø, Northern Norway's largest city & gateway to the arctic. The city offers arctic experiences both during the summer- and winter seasons and is the preferred destination for Northern Light tours as the phenomenon is most seen in areas surrounding the city. The gondola went through major upgrades in 2016, with further refurbishment of Fjellheisen's top & bottom station (including the mountain restaurant) planned in the coming years.

NTC Infrastructure's headquarter is in the city of Tromsø in Norway and the company is controlled by funds managed by Longship AS.



## QUARTERLY HIGHLIGHTS

### General

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Both gondolas entered high season at the end of the second quarter of 2022. As expected, the number of visitors increased throughout the second quarter, and Fjellheisen is approaching the same number of visitors the gondola attracted pre Covid-19. As of the first half of 2022, the number of visitors of Fjellheisen increased by 395 % compared to the first half of 2021 but are still 27 % below the number of visitors the same period in 2019 (pre Covid-19). The Romsdalen gondola have no comparatives for the same period previous years.

NTC Infrastructure delivered a strong second quarter compared to the first quarter of 2022. Total reported revenue for the group ended at NOK 18.8 million for the second quarter, up 78 % from the first quarter. EBITDA in the second quarter is NOK 7.7 million (compared to NOK 2 million last quarter), giving a profit margin of 41 % for the period (compared to 19 % for the last quarter).

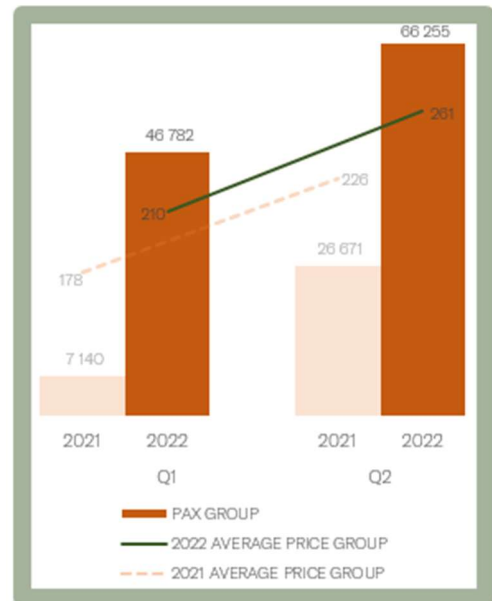
The outlook for the second half of 2022 remains strong. The ease of restrictions related to Covid-19 pandemic, return of foreign customers to Norway, and a higher level of cruise ship calls in 2022 shows a positive effect of number of visitors for the gondolas.

There have been no extraordinary events in the second quarter. The planning and structural design of the refurbishment of Fjellheisen's top & bottom station, including the mountain restaurant, are still work in progress and follows the expected schedule.

KPI's and P&L are presented in the following sections.

## Key Performance Indicators (KPI's)

NTC Infrastructure is governed by two main KPI's: *number of visitors (pax)* and *average price*. Due to the characteristics of the business these indicators are critical to achieving our business objectives. As expected, the number of passengers increased significantly throughout the second quarter. This year nearly forty thousand more passengers travelled with the gondolas compared to the same period last year. Further, the group also lifted its average price during the second quarter.



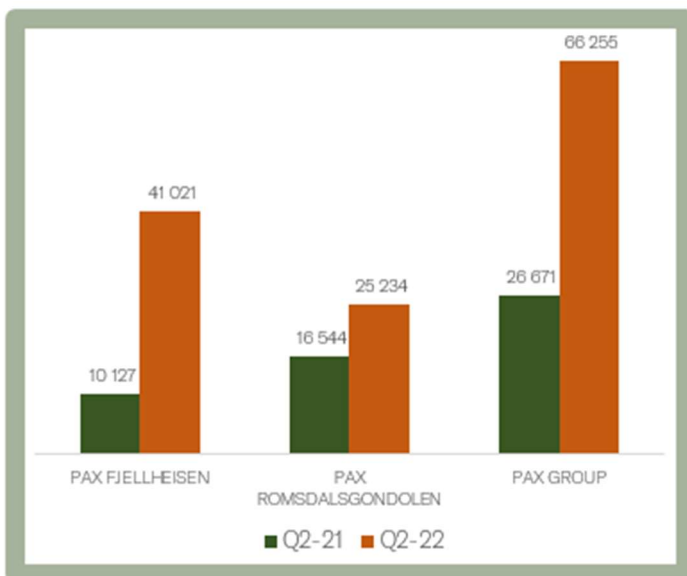
\* Sold one-way tickets in Q2-22: 15 %

\*\* Last quarter, the reported average price for Q1-22 was NOK 202. Due to an adjustment the average price for Q1-22 is recalculated to be NOK 210

### Second Quarter 2022

#### PAX

66 255



### NUMBER OF VISITORS (PAX)

66 255 is the official reported number of visitors who took the gondolas in Q2, an increase of nearly 40' pax (+148 %) compared to Q2-21.

Fjellheisen increased passenger numbers by 30 894 (+305 %) from last year's second quarter. Comparing to 2019, Fjellheisen reached 84 % of historical passenger numbers.

The Romsdalen gondola reported 25 234 visitors in Q2, an increase of 8 690 (+53 %). Comparatives exists only for part of Q2-21 as the gondola opened in May 2021.

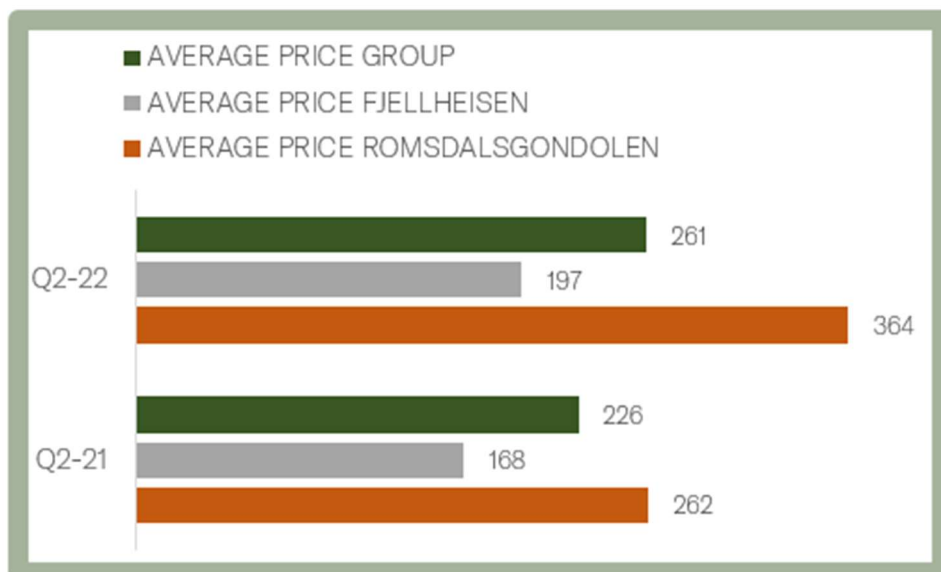
261

AVERAGE PRICE

The average price for Q2-22 ended at NOK 261. Compared to Q2-21, the price increased by 15 % for the group, caused by adjusted sales prices at both gondolas and the product mix of the group.

Both gondolas adjusted the sales price the 1<sup>st</sup> of June this year. For Fjellheisen the average price is up 18 %, quarter on quarter. The Romsdalen gondola increased its average price by 39 %, explained by adjusted sales price this year and discounted rates for the opening in 2021.

The product mix affects the average price. The average price for the group is representing both The Romsdalen gondola and Fjellheisen this quarter, while the average price for Q2-21 is based on Fjellheisen solely until the opening of The Romsdalen gondola. The price differs across the two gondolas with an 85 % higher price level in The Romsdalen gondola for the second quarter. Further the average price is affected by the share of one-way tickets. 15 % of the visitors bought a one-way ticket in Q2-22, up 10 % from Q1-22.



## OUTLOOK FOR THE THIRD QUARTER

Numbers for Q3-22 so far indicates an increase in number of passengers from previous quarters, but a decline from Q3-21.

The Romsdalen gondola catered for fewer passengers in July compared to July 21, which will affect the numbers of the third quarter. This was mainly caused by unprecedented bad weather and fewer travellers to the region, combined with a change in market segments with less Norwegian travellers. This effect is partially offset by better than expected performance at Fjellheisen in Tromsø.

Fjellheisen is going through a planned maintenance and will be closed for three weeks in September and one week in October.

The average price for the gondolas is expected to increase also in the next quarter with full effect of the executed price adjustments.

Price adjustments to cruise operators have a lag, and full effect of those adjustments will be seen in 2023.

## Financial update

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The consolidated financial statement for Q2-22 (unaudited) have been prepared for the period from 1 April to 30 June 2022 (comparative figures for Q2-21 does not exists).

In the second quarter of 2022, sales grew by 78 % and EBITDA by 281 % compared to Q1-22. The EBITDA margin ended at 41 % compared to 19 % in Q1-22. The improvement from the last quarter is a result of volume (PAX) and price growth.

Second Quarter 2022

REVENUE

NOKm 18.8

Second Quarter 2022

EBITDA

NOKm 7.7

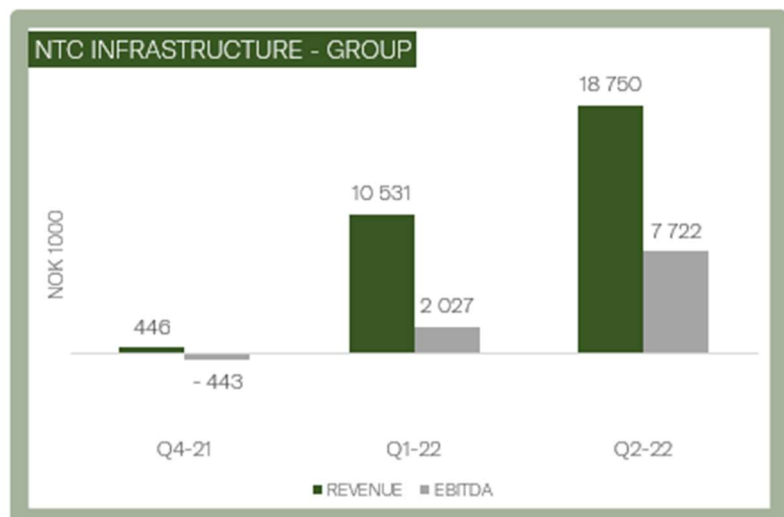
Second Quarter 2022

EBITDA margin

41%

### INCOME STATEMENT (UNAUDITED) Q2-2022

Revenue for Q2 ended at NOK 18.8 million with an EBITDA of NOK 7.7 million. The performance in the second quarter increased significantly, as expected, from the first quarter. High season for the gondolas started end May, and restrictive measures related to Covid-19 Pandemic were fully eased during Q2 2022. Revenue is up by 78 % and EBITDA grew from NOK 2 million to NOK 9.7 million as of Q2-22. The strong increase in sales is primarily driven by volume (PAX) growth across the two gondolas, coupled with a positive price and product mix effect.



Year to date 2022

REVENUE

NOKm 29.3

Year to date 2022

EBITDA

NOKm 9.7

Year to date 2022

EBITDA margin

33%

Year-to-date EBITDA margin ended at 33 %. In 2021, Fjellheisen reached an EBITDA margin of 15 %, whereas Romsdalsgondolen reported a margin of 64 %. Combined, the two gondolas reported EBITDA margin of 40 %\* in 2021. The Romsdalen gondola has its high season starting end May and ending during September, while costs are running fixed through the year. Hence, the decrease in margin in 2022 compared to 2021 is explained by higher fixed costs for the period.

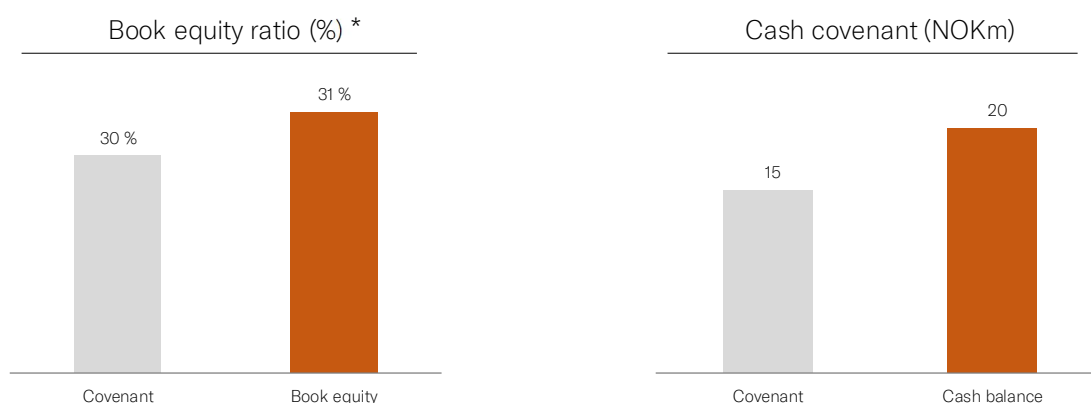
Entering the second half of the year, the group is expecting revenue and EBITDA to grow further as these periods are defined as high seasons for both gondolas.

*\* Consolidated numbers for the two gondolas do not exist for 2021. Stated EBITDA margin of 40 % is the income statement of Fjellheisen AS and Romsdalsgondolen AS combined (unconsolidated).*

## BALANCE SHEET AND LIQUIDITY (UNAUDITED) Q2 2022

The group held a total book equity\* of NOK 189.4 million at the end of Q2 2022. Total assets were NOK 616.9 million. The majority of the balance sheet is related to property, plant and equipment (NOK 430 million) and goodwill (NOK 151.7 million). In the second quarter the Group transferred an additional consideration of NOK 5.3 million for the acquisition of Fjellheisen AS. Based on the initial purchase price allocation, an amount of NOK 146.4 million was identified as goodwill in the first quarter, with an additional identification of goodwill of NOK 5.3 million in the second quarter.

The Group is required to disclose book equity ratio and cash. As of 30 June 2022, the Group's book equity and cash (calculated in accordance with the terms of its bond agreement) were 31 % and NOK 19.9 million, respectively, which is within the requirement of 30 % and NOK 15 million.



\* Total book equity means the consolidated book equity in accordance with the Accounting Standard plus the principal amount of any subordinated Loan

## The interim consolidated financial statement 30. June 2022 (Q2)

## STATEMENT OF PROFIT AND LOSS

Amounts in NOK 1000	Note	Unaudited Q2 2022	Unaudited YTD 2022
Sales revenue	2	17 321	26 724
Other income		1 429	2 557
<b>Total income</b>		<b>18 750</b>	<b>29 281</b>
COGS		-	-
Personnel costs		3 765	7 178
Depreciation	4.5	2 621	5 242
Other operating expenses		7 264	12 355
<b>Sum operating expenses</b>		<b>13 650</b>	<b>24 775</b>
<b>EBIT</b>		<b>5 101</b>	<b>4 507</b>
Net financials		-6 936	-15 599
<b>EBT</b>		<b>-1 835</b>	<b>-11 092</b>
Taxes	3	-396	-2 424
<b>Net profit (loss)</b>		<b>-1 440</b>	<b>-8 669</b>

# INTERIM CONSOLIDATED FINANCIAL INFORMATION

## STATEMENT OF FINANCIAL POSITION

### Assets

Amounts in NOK 1000	Note	Unaudited 30.06.2022	Audited 31.12.2021
Concessions, patents, licences, software	4	1 255	-
Goodwill	4	151 747	-
Deferred tax asset		-	36
Properties, buildings, and real estate	5	324 632	208 005
Equipment and fixtures	5	105 398	103 388
Other receivables	6	2 962	2 963
<b>Total non-current assets</b>		<b>585 995</b>	<b>314 393</b>
Accounts receivables	6	4 931	2 126
Other short-term receivables	6	998	2 934
Cash and cash equivalents	7	24 948	422 298
<b>Total current assets</b>		<b>30 878</b>	<b>427 358</b>
<b>TOTAL ASSETS</b>		<b>616 873</b>	<b>741 751</b>

### Equity and liabilities

Amounts in NOK 1000	Note	Unaudited 30.06.2022	Audited 31.12.2021
Share capital	8	51	51
<b>Total paid-in equity</b>		<b>51</b>	<b>51</b>
Other equity		180 652	189 321
<b>Retained earnings</b>		<b>180 652</b>	<b>189 321</b>
<b>Total equity</b>		<b>180 704</b>	<b>189 373</b>
Deferred tax liabilities	3	12 206	-
Interest-bearing loans and borrowings	9	385 910	384 192
Other long-term debt	10	10 201	149 530
Subordinated loans	6	8 669	-
<b>Total non-current liabilities</b>		<b>416 986</b>	<b>533 722</b>
Accounts payable	6	9 798	13 948
Income taxes payable	3	1 753	-
Payable public fees		754	246
Other short-term debt		6 879	4 463
<b>Total current liabilities</b>		<b>19 183</b>	<b>18 656</b>
<b>Total liabilities</b>		<b>436 169</b>	<b>552 378</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>616 873</b>	<b>741 751</b>

## CASH FLOW STATEMENT

Amounts in NOK 1000	Unaudited 30.06.2022
Profit before tax	-11 092
Paid income taxes	-
Depreciation and amortization	5 242
Recognition of negative goodwill	-
Change in accounts receivables	-1 572
Change in accounts payable	-5 054
Change in other short-term items	-1 312
Unrealised foreign currency gain	1 069
Non cash interest expense	1 719
<b>Cash flow from operations</b>	<b>-11 000</b>
Payment for buying fixed assets	-5 762
Proceeds from investment grants	-
Acquisitions, net of cash acquired	-217 698
Cash effect of contribution in kind	-
<b>Cash flow from investments</b>	<b>-223 460</b>
Repayments of long-term debt	-33 759
Repayments of short-term debt	-140 000
Change in long-term lending	8 669
Capital increase from cash contribution	-
Payments from new short-term loans	2 200
<b>Cash flow from financing</b>	<b>-162 890</b>
Net change in cash and cash equivalents	-397 350
Cash and cash equivalents, beginning of period	422 298
<b>Cash and cash equivalents, end of period</b>	<b>24 948</b>

## INTERIM CONSOLIDATED FINANCIAL INFORMATION

### STATEMENT OF CHANGES IN EQUITY

Amounts in NOK 1000	Share Capital	Premium paid- in capital	Other equity	Total
Capital by foundation 01.07.2021	30			30
Profit 2021 and other changes in 2021			-133	-133
<b>Transactions with owners:</b>				
Capital increase from cash contribution	3	24 969		24 972
Capital increase from contribution in kind	18	164 487		164 505
Capital reorganisation		-189 455	189 455	-
<b>Equity as of 31.12.2021</b>	<b>51</b>	<b>-</b>	<b>189 322</b>	<b>189 373</b>
Profit 2022			-8 668	-8 668
<b>Equity as of 30.06.2022</b>	<b>51</b>	<b>-</b>	<b>180 652</b>	<b>180 704</b>

NOTES

SELECTED NOTES TO THE QUARTERLY FINANCIAL STATEMENTS (ALL AMOUNTS IN NOK 1000)

**NOTE 1: ACCOUNTING POLICIES**

NTC Infrastructure AS is a limited liability company registered in Norway. The head office is in Sjøgata 8, Tromsø, Norway. The Company is the parent company of Romsdalsgondolen AS and Fjellheisen AS (former name: Skips Nordfisk AS). NTC Infrastructure was established 1 July 2021, therefore comparative figures for the same quarter for the last year does not exists for the group.

The group's consolidated financial statements comprise NTC Infrastructure AS and companies in which NTC Infrastructure AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50 % of the shares in the company and can exercise control over the company.

The group's consolidated financial information has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The report does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the group's consolidated financial statement.

The consolidated financial statements for Q2 2022 have been prepared for the period from 1 April to 30 June 2022. The acquisition of Fjellheisen AS was completed in January 2022.

The interim financial statements have not been audited.

**NOTE 2: SEGMENT INFORMATION**

Management has reviewed operating segments within the group. The main segment is the gondola operations. The group has identified only this one segment across the Group's companies and sites, thus no separate segment reporting is required.

All operating activities are based in Norway.

**NOTE 3: TAX**

	<u>Q2 2022</u>
<b>Income tax payable is calculated as follows:</b>	
Tax payable	1 049
Changes in deferred tax	-1 445
<b>Income tax expense</b>	<b>-396</b>
<b>Taxable income:</b>	
Profit before tax	-1 835
Permanent differences	4
Change in temporary differences	-1 245
<b>Taxable income</b>	<b>-3 075</b>

**Specification of the tax effect of temporary differences and losses carried forward:**

<b>Tax liability (-benefit)</b>	<b>30.06.2022</b>	<b>31.12.2021</b>
Transferred tax position through acquisition of subsidiary	-	-
Non current assets	101 173	24 103
Other temporary differences	16 925	-
Accumulated loss to be brought forward	-62 618	-24 269
Calculation base	55 480	-166
Deferred tax liability (22 %)	12 206	-36

## INTERIM CONSOLIDATED FINANCIAL INFORMATION

### NOTE 4: INTANGIBLE ASSETS

	Concessions, patents, licences, software	Goodwill	TOTAL
Acquisition costs (opening balance)		-	-
Additions by acquisition of subsidiary	-	151 747	<b>151 747</b>
Net investment	1 255	-	<b>1 255</b>
Acquisition costs 30.06.2022	1 255	151 747	<b>153 002</b>
Acc. depreciation 30.06.22	-	-	-
Book value 30.06.22	1 255	151 746	<b>153 001</b>

Goodwill arises from the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of obtaining control. Any negative goodwill resulting from acquisitions is recognized directly in the consolidated Income Statement

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

In 2022, increase in Goodwill is related to acquisitions of Fjellheisen AS. There are no indicators of impairment.

Refer to note 11 for further information.

### NOTE 5: FIXED ASSETS

	Land/ Buildings	Operating equipment	TOTAL
Acquisition costs (opening balance)	208 101	103 645	<b>311 746</b>
Additions by acquisition of subsidiary	115 994	3 661	<b>119 655</b>
Net investment	3 944	280	<b>4 224</b>
Acquisition costs 30.06.2022	328 039	107 586	<b>435 625</b>
Acc. depreciation 30.06.22	3 405	2 191	<b>5 596</b>
Book value 30.06.22	324 634	105 396	<b>430 030</b>
Depreciation 2022	3 309	1 933	<b>5 242</b>
Economic lifetime	25-60 y	3-60 y	
Depreciation plan	Linear	Linear	

### NOTE 6: Related party accounts

The Group has entered into service agreement with the shareholder The Norwegian Travel Company AS. Subsidiaries purchases services within management, finance, market and administration.

Transactions between companies in the group of The Norwegian Travel Company AS consist of ordinary purchases and sales of goods and services.

<b>Receivables</b>	<b>30.06.2022</b>	<b>31.12.2021</b>
Other receivables	2 963	2 963
Other short-term receivables	-	1 341
Accounts receivables	2 544	2 073
<b>Debt</b>	<b>30.06.2022</b>	<b>31.12.2021</b>
Subordinated loan	8 669	-
Other short-term payables	2 308	34
Accounts payable	168	326

Subordinated loans of NOKm 8.669 consists of Fee Payments converted into a term loan from The Norwegian Travel Company AS to the group. The parties may agree that the loan is repaid by conversion of all or part of the Loan into share capital in the borrower.

## INTERIM CONSOLIDATED FINANCIAL INFORMATION

### NOTE 7: CASH AND CASH EQUIVALENTS

	30.06.2022	31.12.2021
Total Cash and cash equivalents	24 948	422 298

As of 30.06.2022 NOKm 5 of the groups cash is deposited as security in an ongoing legal dispute. It is unclear whether the dispute will be resolved in 2022

### NOTE 8: SHAREHOLDERS

The compy's shareholders at 30 June 2022:

Shareholder	Type of account	Country	Numbers of shares	Share %
The Norwegian Travel Company AS	Ordinary shares	Norway	3279	64%
Romsdalen 2 AS	Ordinary shares	Norway	1838	36%

Final registration of the completed reorganization is somewhat delayed due to extraordinary long processing time in the Norwegian Business Register

### NOTE 9: INTEREST BEARING DEBT

Interest-bearing debt	Q2 2022	2021	Maturity date
Secured debt	385 910	384 192	10.12.2025
<b>Total</b>	<b>385 910</b>	<b>384 192</b>	

NTC Infrastructure AS issued a 4 year NOKm 400 senior secured FRN bond 10 December 2021 (ISIN: NO0011161507). The carrying amount of the senior secured bond loans as at 30 June 2022 is NOKm 385.910 consisting of a face value loan of NOKm 400, reduced with capitalized costs of NOKm 14.090.

The loans are subject to covenant restrictions linked to book equity ratio and cash balance/liquidity.

#### Guarantors (group companies)

Reiseliv Holding AS  
Romsdalsgondolen AS  
Fjellheisen AS

### NOTE 10: OTHER LONG-TERM DEBT

	Q2 2022	2021
Long-term debt	10 201	149 530

As of 31.12.2021, long-term debt to credit instituions consists of debt to SpareBank 1 SMN of NOKm 140. The loan of NOKm 140 is the original financing of the construction of the gondola in Romsdalen. In January 2022 the debt settled and refinanced through the obligation loan (refer to note 9).

Refer to note 6 for further details regarding the subordinated debt of NOKm 8.7.

**NOTE 11: ACQUISITIONS OF SUBSIDIARIES**

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired are recognized as goodwill. Any adjustments to the purchase price allocation are made within the one-year measurement period from the acquisition date.

On January 20, 2022 the Group acquired 100% of Fjellheisen AS. With this acquisition the Group further strengthened its gondola operations in Norway. The Group paid NOKm 240 in cash for the acquisition of Fjellheisen AS, with an additional transfer of consideration of NOKm 5.3 in Q2 2022. The Purchase price allocation of the acquisition is based on preliminary figures and assessments, and may be subject to change within 12 months after the transaction.

Based on the initial purchase price allocation an amount of NOKm 146.4 was identified as goodwill. Based on the consideration paid i Q2 of NOKm 5.3, the Group made an adjustment to the purchase price allocation. This resulted in a change in the value of recognized goodwill of NOKm 5.3 in Q2, giving a total of NOKm 151.7 identified as goodwill. The goodwill represents an expectation of future earnings in the acquired business, synergies following the integration of the acquired business into our existing organization, reputation and brand, agreements and other which cannot be recognized as separately identifiable assets. Hence, goodwill represents intangible assets that do not qualify for separate recognition or other factors.

Details of the net assets acquired and related consideration is set out below:

Amounts in NOK 1000	Fjellheisen AS		
	Book Balance	Added value	Book balance after allocation
Property, plant and equipment	60 762	45 937	106 699
Inventories	583		583
Trade and other receivables	1 454		1 454
Cash and cash equivalents	27 608		27 608
Deferred income tax liabilities	-3 462		-3 462
Current borrowings	-33 759		-33 759
Trade and other payables	-5 563		-5 563
<b>Total identifiable net assets and liabilities at fair value</b>	<b>47 622</b>	<b>45 937</b>	<b>93 559</b>
Consideration paid	240 000		
Consideration paid in Q2	5 305		
Cash and cash equivalents and bank overdrafts at acquired subsidiary	-27 608		
Outflow of cash and cash equivalents net of cash acquired	217 698		
Consideration paid	245 305		
Minus: Identifiable net assets and liabilities at fair value	-93 559		
<b>Goodwill</b>	<b>151 747</b>		

The acquisition in 2022 contributed the following in revenue and EBIT for the Group:

Amounts in NOK 1000	Fjellheisen AS
Revenue as of Q2 2022	18 835
EBIT as of Q2 2022	7 554



**Q2** 2022

