



Norske  
tog

First half-year 2023

## About Norske tog

Norske Tog **procures**, **owns** and **manages** vehicles for rail passenger transport in Norway. The company leases train sets to train operators with an operating agreement with the Norwegian Railway Directorate. This structure facilitates the efficient procurement and management of trains and gathers the associated specialist expertise in a single place.

Norske tog AS is owned by the Ministry of Transport and Communications and is a category 2 company. The rationale behind the state's ownership is a desire to ensure that there is a provider offering rolling stock for rail passenger transport on competitively neutral terms. As an owner, the state's goal is to ensure the cost-effective procurement and leasing of trains.

This half-year report has not been audited.

### Highlights, 1st half-year 2023

- On 10 January, Norske tog signed an agreement for option 1 in its local trains contract. This agreement entails an order of a further 25 local and regional trains which will bring the total number of orders in the procurement to date to 55 trains.
- Norske tog has entered into an agreement with the Swiss train manufacturer Stadler, concerning the purchase of 17 new long-distance trains, FLIRT Nordic Express. Taking into account options, this deal means that Norske tog may purchase up to 100 new long-distance trains in total. FLIRT Nordic Express satisfy nearly all of the requirements set out in the tender competition and will take the comfort and quality of passengers to a whole new level.
- Norske tog has finalised its first sustainability report using the Global Report Initiative (GRI) framework. The reporting period covered is the 2022 calendar year.
- On Tuesday 6 June, Norske tog invited industry colleagues to attend a day seminar and networking session focusing on Norske tog's three main duties - procurement, ownership and management of trains.
- Jan Morten Ertsaas was nominated as the new Chairman of the Board of Directors of the company at Norske tog's annual general meeting on 9 June. Anita Meidell is also joining the Board of Directors of the company as a new board member.
- The final FLIRT train under the contract with the Swiss train manufacturer Stadler was put into service in Eastern Norway in June. The train is a Class 74 train operated by Vy.
- Norske tog has conducted integrity due diligence in accordance with the requirements set out in the Norwegian Transparency Act, which entered into force on 1 July 2022 and published its signed disclosure on its work on integrity due diligence on the 29 June.

## Financial key figures

Financial key figures (MNOK)	First half-year 2023	First half-year 2022	Year 2022
Operating profit	216	160	307
Pre-tax profit	121	87	144
Profit/loss for the period	95	68	106
Net cash flow	-108	-117	-244
Working capital	-485	-994	-804
Equity	3,559	3,378	3,410
Equity ratio	25.9 %	25.0 %	25.6 %
Return on book equity*	3.9 %	4.7 %	3.2 %

\* Return on book equity has been calculated on the profit/loss for the period and applies to the last 12 months.

## Financial developments at Norske tog

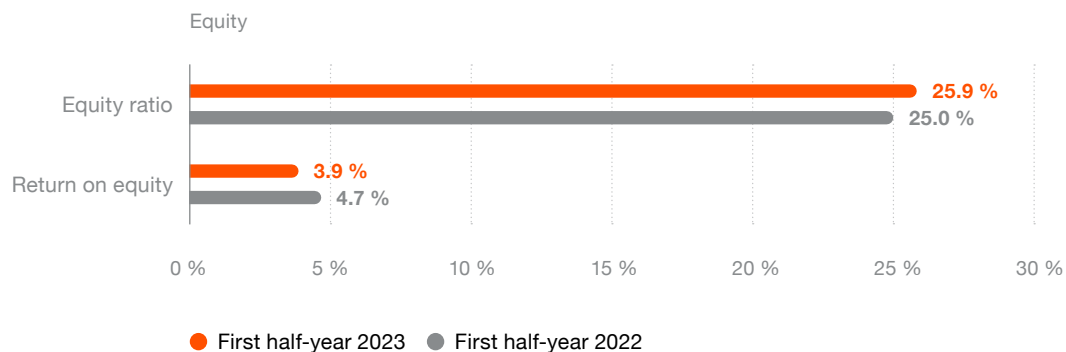
For the first half-year of 2023, Norske Tog has had a net profit before tax of 121 MNOK (87 MNOK). Compared with the same period last year, this is an increase of 34 MNOK, which is primarily due to revenues of 80 MNOK, higher operating costs of 25 MNOK and higher financial costs of 22 MNOK.

The result gives a rolling 12-month return on book equity value of 3.9 per cent. In the long run, the goal is to deliver a rolling 12-month return of 5 per cent.

Norske tog is investing considerable amount of time on the current train procurements. These investments allow the company to contribute a significant boost to the Norwegian railway sector. Norske Tog's annual return will fluctuate in line with the scale of planned investment projects.

### Equity

Norske tog's equity ratio has increased from 25.0 per cent during the first half-year of 2022 to 25.9 per cent in the first half-year of 2023. This is mainly due to increased borrowing as a result of planned investment in trains.





Financing

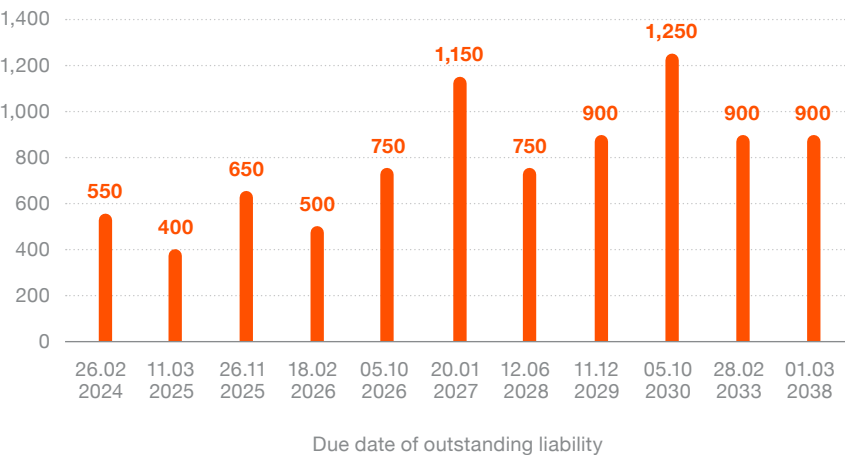
Norske Tog has good creditworthiness. Standard & Poor’s has given the company a credit rating for long-term borrowing of A+ (stable).

The company borrows through the Euro Medium Term Note (EMTN) programme. The EMTN programme does not include any financial requirements, although there is an ownership clause stipulating that the state must own 100 per cent of Norske tog.

As of 30/06/2023, Norske tog has one bond due to mature over the next 12 months. The next bond to mature totals 550 MNOK and matures in February 2024.

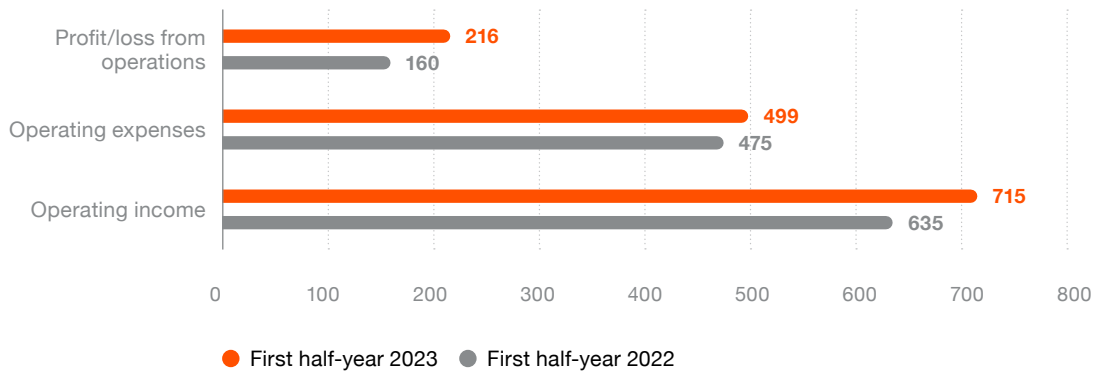
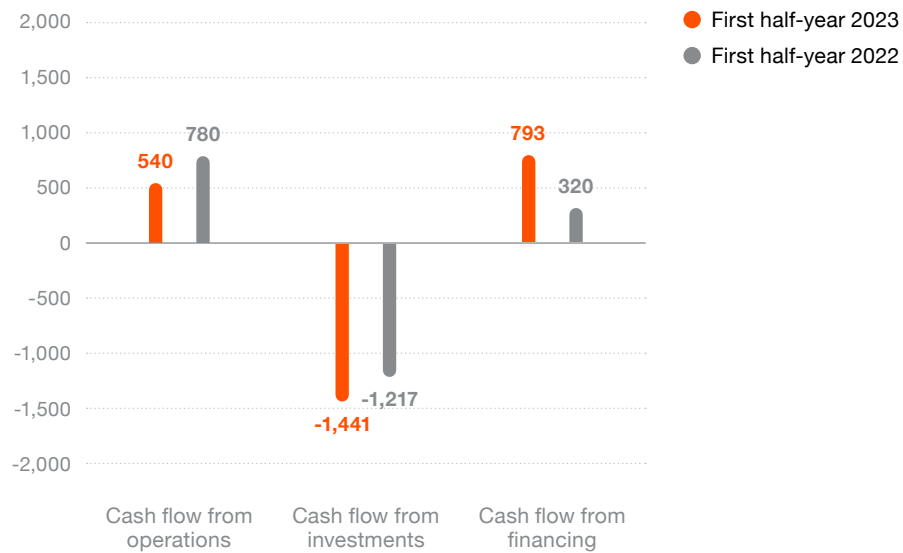
Noncurrent liabilities

Amounts outstanding in MNOK



**Profit/loss****Profit/loss, 1<sup>st</sup> half-year**

All figures in MNOK

**Cash flow****Cash flow, 1<sup>st</sup> half-year**

Net cash flow from operations is 540 MNOK (780 MNOK). Net cash flow used for investments is 1,441 MNOK (1,217 MNOK) and the funds have primarily been used for the prepayment of new trains.

# Risk

## Financial risk

The company's overall risk management plan focuses on the unpredictability of the capital markets and seeks to minimise the potential negative impact on the company's financial performance.

Norske tog takes out loans in the markets and currencies that are believed to provide the most favourable conditions overall. Loans in foreign currency are converted to NOK through combined interest rate and currency swaps. As a result, Norske tog is not exposed to foreign currency risk on debt.

The company makes purchases from foreign suppliers and is therefore exposed to foreign currency risk. Since Norske tog has the right to include realised foreign currency rates used in the procurement in the lease the company receives from train operators, the Ministry of Transport and Communications finds that there is no need for the procurement to be hedged in relation to foreign currency risk.

Norske tog is exposed to interest rate changes. The company uses interest rate swaps to reduce interest rate risk and to achieve the desired interest structure for the debt. Targets have been set regulating the proportion of loans that shall be interest adjusted for a twelve-month period, and for the fixed interest rate on the portfolio. The aim is to achieve a mix of approximately 70% at fixed and 30% at floating rates.

According to established targets, 150 per cent of the company's capital requirement in the next twelve-month period will be covered through free cash flow and established credit facilities.

Work is under way to establish a new lease price model with Norske tog's customers, ensuring that known and foreseeable costs are covered through the lease. The new lease price model is expected to be ready during 2023.

In 2022, Norske tog updated the company's framework for issuing green bonds. A detailed report has also been drawn up to describe the green investment projects that will be financed through green bonds, as well as the actual environmental and climate consequences of such projects. Norske tog strives to follow market best practice in its reporting and is working on an ongoing basis to improve the company's environmental impact reporting. The company is monitoring the EU's Green Bond Standard and will work to transition from its current reporting practices in accordance with ICMA to the EU's Green Bond Standard once the latter framework is finalised.

### Operational risk

Systematic analyses are conducted of operational risk and achievement of financial targets. Based on the risk analyses, control activities have been established to reduce identified risks, including automated controls, audits and extended follow-up, as well as analyses related to specific risk areas.

Norske tog is responsible for maintaining and, if necessary, extending the service life of the trains owned by the company. Lack of financing to maintain the service life by means of mid-life upgrades and other modifications represents a risk for the company. In order for Norske tog to deliver on the company's objectives and the owner's expectations, the company needs to have a financing model in place that provides adequate lease income and returns for the company to make the necessary procurements on time while also having the financial freedom to carry out necessary upgrades.

A large proportion of the company's fleet is aging and requires replacement. In order for the company to deliver better rail services in accordance with the expectations set out in the National Transport Plan (NTP) for 2022-2033, Norske Tog will be dependent on being able to exercise the options in existing procurement agreements. It takes a minimum of 18 months from exercising an option until new trains are delivered.

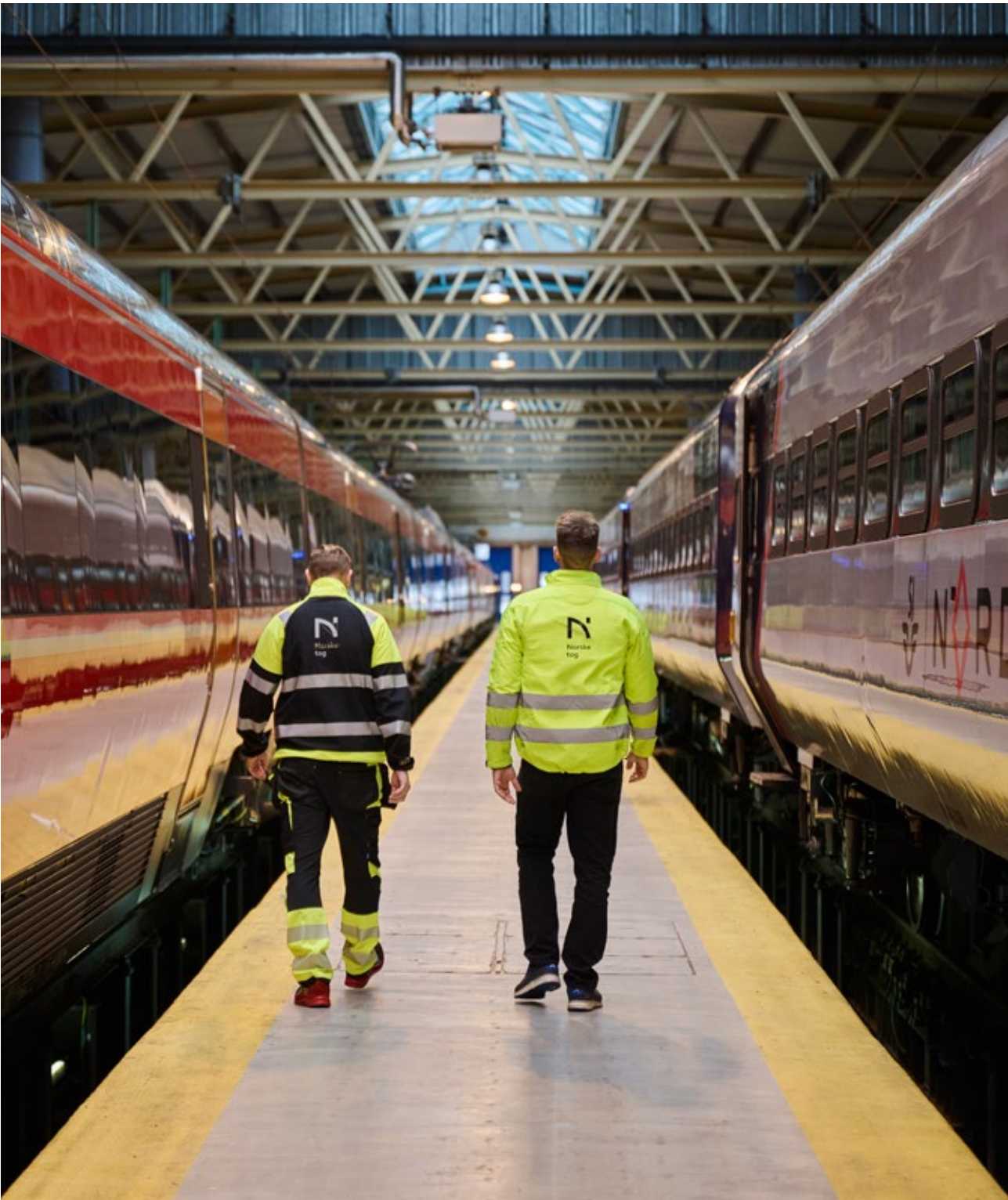
There is a limited risk that Norske tog will not have access to train sets at the right time to implement major upgrades or changes. Going forward, Norske tog will continue working on obtaining the necessary maintenance data for trains.

Norske tog is well under way with the largest train procurements in Norwegian history. Both new local trains and new long-distance trains will be procured. These are essential procurements for being able to maintain the current rail services and for making train travel more attractive. When a record number of trains need to be procured in such a short period of time, it is essential that Norske tog has the key expertise internally to properly follow up on the projects in terms of both efficiency and costs.

Two years of the COVID-19 pandemic, closely followed by the war in Ukraine, have contributed to increased unrest worldwide. The supply of raw materials has declined, raw material prices have risen, exchange rates are unstable and interest rates are on the rise. The situation will therefore affect both the economy and delivery time for the projects. Any delays will be handled through ongoing dialogue with the company's suppliers. In addition, the company maintains close dialogue with rail operators, the Norwegian Railway Directorate and Bane NOR to ensure that any adjustments to finances and plans do not have an impact on regular traffic on the Norwegian rail network.

The mid-life upgrades to class 72 trains and the installation of ERTMS on trains are two major projects that are delayed against their original schedule. The launch depends on both infrastructure, which is the responsibility of Bane NOR, and the modification of trains, which is the responsibility of Norske tog.





## Significant events

The first half-year has been characterised by high levels of activity within the company, with a particular focus on the procurement of new local and long-distance trains, as well as several other ongoing management projects.

### **Buying 25 new Coradia Nordic trains**

In January 2022, Norske tog signed a framework agreement with Alstom for an option to purchase a total of 200 local and regional trains. An order for 30 local trains was placed in 2022, and on 10 January 2023 Norske tog and Alstom signed an agreement for a further 25 new Coradia Nordic trains. This new agreement brings the total number of trains ordered from Alstom to 55.

The first order of 30 local trains is currently in production and deliveries will commence from late 2025. The new regional trains currently on order are scheduled to hit Norwegian rails in 2027. These new regional trains will operate to Moss, Rakkestad and Ski, and will be a crucial element in enhancing the travel experiences of many rail commuters in the Oslo region.

The Coradia Nordic trains ordered by Norske tog will be customised to the Norwegian rail network and local weather conditions. The regional trains on order have a top speed of 200 km/h. Each train set will consist of six high-capacity carriages.

### **Stadler to deliver Norway's new long-distance trains**

On 8 March 2023, Norske tog signed an agreement with the Swiss train manufacturer Stadler to buy 17 new long-distance trains, with options for a total of 100 trains. Stadler won the competitive procurement process, which was subject to a cost framework of 8 billion NOK, following a full assessment of cost and quality in the bids submitted.

The new train type will be specially adapted to Norwegian conditions and has been named the FLIRT Nordic Express. The new trains will feature reclining seats, flexible sleeping compartments, bistros, family areas and plenty of luggage space. All this will help to make rail the most attractive mode of travel in Norway.

The new trains will enter production in 2024 and will arrive in Norway for testing in 2025. The first trains are scheduled to enter service on the Bergen Line from 2026, replacing trains that are approaching the end of their lifespan. Trains are being acquired for use on all long-distance routes in Norway (the Bergen Line, the Sørland Line, the Dovre Line, and the Nordland Line).

FLIRT Nordic Express will likely be among the most universally accessible trains in Europe. During the second quarter of 2023, Norske tog faced criticism due to the new long-distance trains offering poor accessibility for wheelchair users and the company continues looking at possible solutions.

**Completion of Norske tog's first sustainability report in accordance with GRI**

During the first quarter of 2023, Norske tog completed its first sustainability report in line with the Global Reporting Initiative (GRI) framework. The report also included Norske tog's first climate accounts. The reporting period was the 2022 calendar year and the reports have provided Norske tog with a good starting point for future efforts in this area.

**Successful delivery of the Train Academy**

On Tuesday 6 June, Norske tog invited industry colleagues to attend a day seminar and networking session at the company's premises. Representatives from operators, suppliers, maintenance companies and partners, as well as the owners and the Norwegian Railway Directorate, were in attendance as both participants and speakers. The programme was based around Norske tog's three main duties - which are to procure, own and manage trains and was supplemented through general information about the railways and industry trends. There were two parallel sessions of talks and participants could sign up to attend the talks they were most interested in.

**New Chairman of the Board of Directors and new board member on Norske tog's Board of Directors**

Jan Morten Ertsaas was nominated as the new Chairman of the Board of Directors of the company at the annual general meeting on 9 June 2023. Ertsaas has been a board member at Norske tog since June 2022 and will now succeed Annette Malm Justad in the role.

In addition to the change in chair, Anita Meidell is also joining the Board of Directors of the company as a board member. Meidell holds a Master of Science in Business and Economics from NHH, where she also completed a PhD, and she now works as an associate professor in the field of corporate governance and financial management. Meidell was a board member at Spordrift (2020-2023), where she chaired the Board of Director's audit committee.

The Board of Directors of Norske tog now consists of three shareholder-elected board members and two employee representatives.

**FLIRT train no. 150 has been put into service**

The final FLIRT train under the contract with the Swiss train manufacturer Stadler was put into service in Eastern Norway in June. A fire started on the train during the trial period preceding handover to Norske tog and the train has therefore been in for repairs for the last six months. The train is a Class 74 train operated by Vy.

The agreement for the delivery of 150 FLIRT trains was signed by NSB and Stadler on 2 September 2008. At the time, it was the largest deal of its kind in Norwegian rail history. Today, FLIRT trains form the backbone of the Norwegian railways.

**Integrity due diligence conducted and reported on**

During the second quarter of 2023, Norske tog completed and published the company's signed disclosure on its work on integrity due diligence. This disclosure relates to Norske tog AS and covers the period from 1 June 2022 to 31 December 2022 and provides a description of how Norske tog has conducted integrity due diligence assessments, actual negative consequences and significant risk of violations of fundamental human rights and decent working conditions, as well as the initiatives the enterprise has implemented to manage this. Over the next six months, the company will work on the implementation and execution of integrity due diligence in ongoing procurement projects.

## Outlook

There are high levels of activity at the company, with two major ongoing procurement processes, the mid-life upgrades to Class 72 trains and several modification projects. Work on the local train procurement process is progressing well, with the design of the trains due to be completed during the course of 2023. Production is expected to begin during the fourth quarter of 2023. Work on the long-distance train procurement process in partnership with the manufacturer Stadler is also well under way.

Good financial performance and solid equity are important in ensuring the freedom to deliver on the company's mission going forward. Norske tog's income comes from lease revenue from train operators, who in turn earn their income from passengers and operating agreements with the government. Norske tog will continue its efforts to ensure the company has sufficient revenues to cover the company's known and foreseeable costs in the coming months and years.

**Events after the balance sheet date**

There have been no significant events after the closing date beyond those discussed in this report.

## Conclusion

This half-year report has been prepared in accordance with the requirements in IAS 34 Interim Financial Reporting.

In the best judgement of the Board of Directors and the CEO, the report reflects significant transactions conducted with related parties in the current period and the most important risk factors facing the business in the coming period.

In the best judgement of the Board of Directors and the CEO, the financial statements for the first half-year of 2023 have been prepared in accordance with applicable accounting standards, and the information in the financial statements gives an accurate picture of the company's assets, liabilities and financial position and overall results at the end of the period, as well as a fair overview of important events during the reporting period and their influence on the financial statements. The financial statements for the first half-year 2023 have not been audited by the company's auditor.

Oslo, 28 August 2023



Jan Morten Ertsaas  
Chair of the Board



Espen Opedal  
Board member



Anita Meidell  
Board member



Ole Høgtun  
Board member/  
Employee representative



Vidar Larsen  
Board member/  
Employee representative



Øystein Risan  
CEO

# Income Statement

(All figures in TNOK)	Notes	1st half-year 2023	1st half-year 2022	2nd quarter 2023	2nd quarter 2022	Year 2022	Last 12 months
Leasing revenue		713,901	634,482	360,279	325,142	1,302,424	1,381,843
Other revenue		1,395	463	910	-	35	967
<b>Operating revenue</b>		<b>715,296</b>	<b>634,945</b>	<b>361,189</b>	<b>325,142</b>	<b>1,302,459</b>	<b>1,382,810</b>
Payroll and related expenses		21,128	17,948	7,771	7,579	46,486	49,666
Depreciation and impairment		372,987	379,499	185,475	191,196	760,068	753,556
Other operating expenses		105,262	77,062	50,200	43,358	188,961	217,161
<b>Total operating expenses</b>		<b>499,377</b>	<b>474,509</b>	<b>243,446</b>	<b>242,133</b>	<b>995,515</b>	<b>1,020,383</b>
<b>Operating profit</b>		<b>215 919</b>	<b>160 436</b>	<b>117,743</b>	<b>83,009</b>	<b>306 944</b>	<b>362,427</b>
<b>Financial items</b>							
Financial income		59,346	23,864	27,920	10,744	73,302	108,784
Financial expenses		-157,519	-115,322	-75,734	-52,488	-253,889	-296,086
Unrealised changes in value	1	3,509	18,505	5,548	4,553	18,027	3,031
<b>Net financial items</b>		<b>-94,664</b>	<b>-72,953</b>	<b>-42,266</b>	<b>-37,191</b>	<b>-162,560</b>	<b>-184,271</b>
<b>Profit before income tax</b>		<b>121,255</b>	<b>87,484</b>	<b>75,477</b>	<b>45,818</b>	<b>144,384</b>	<b>178,155</b>
Income tax expense		26,676	19,247	16,605	10,081	37,987	45,416
<b>Profit for the period</b>		<b>94,579</b>	<b>68,237</b>	<b>58,872</b>	<b>35,737</b>	<b>106,397</b>	<b>132,739</b>
Attributable to							
Equity holders		94,579	68,237	58,872	35,737	106,397	132,739
<b>Other comprehensive income</b>							
Profit for the year		94,579	68,237	58,872	35,737	106,397	132,739
<b>Items that will not be reclassified to profit or loss</b>							
Hedging accounting - foreign currency	5	71,257	13,520	20,576	33,838	4,109	61,846
Tax related to items not to be reclassified	5	-15,677	-2,974	-4,527	-7,444	-904	-13,607
Deviation retirement benefit obligations						364	364
Tax related to items not to be reclassified						-80	-80
<b>Total comprehensive income for the period</b>		<b>150,159</b>	<b>78,783</b>	<b>74,921</b>	<b>62,131</b>	<b>109,886</b>	<b>181,262</b>
Attributable to							
Equity holders		150,159	78,783	74,921	62,131	109,886	181,262



# Statement of financial position

Balance sheet (All figures in TNOK)	Notes	30.06.2023	30.06.2022	31.12.2022	31.03.2023
<b>Assets</b>					
Property, plant and equipment	3	13,188 015	12,241,153	12,077,287	12,378,140
<b>Total non-current assets</b>		<b>13,188 015</b>	<b>12,241,153</b>	<b>12,077,287</b>	<b>12,378,140</b>
Accounts receivable and other receivables		65,633	39,628	103,990	75,567
Derivative instruments		53,441	553,068	585,610	697,779
Cash and bank deposits		434,660	662,394	538,207	2,013,856
<b>Total current assets</b>		<b>553,733</b>	<b>1,255,090</b>	<b>1,227,807</b>	<b>2,787,202</b>
<b>Total assets</b>		<b>13,741,748</b>	<b>13,496,243</b>	<b>13,305,094</b>	<b>15,165,342</b>
<b>Equity and liabilities</b>					
Share capital and share premium		2,400,000	2,400,000	2,400,000	2,400,000
Retained earnings		1,125,849	992,827	1,031,270	1,066,977
Hedge accounting		33,314	-14,691	-21,000	17,266
<b>Total equity</b>		<b>3,559,164</b>	<b>3,378,137</b>	<b>3,410,270</b>	<b>3,484,243</b>
Borrowings	4	8,226,352	7,011,684	6,993,873	8,235,161
Deferred tax obligation		872,599	813,853	830,603	851,468
Retirement benefit obligations		1,364	2,792	1,614	1,464
Other accruals		43,763	40,278	37,133	47,868
<b>Total long term liabilities</b>		<b>9,144,078</b>	<b>7,868,607</b>	<b>7,863,223</b>	<b>9,135,960</b>
Trade and other payables		137,393	3,995	220,999	139,205
Borrowings	4	899,100	2,225,017	1,775,776	2,404,798
Derivative financial instruments		2,012	20,486	34,827	1,136
<b>Total short term liabilities</b>		<b>1,038,505</b>	<b>2,249,498</b>	<b>2,031,601</b>	<b>2,545,139</b>
<b>Total equity and liabilities</b>		<b>13,741,748</b>	<b>13,496,243</b>	<b>13,305,094</b>	<b>15,165,342</b>

Oslo, 28 August 2023


Jan Morten Ertsaas  
Chair of the Board

Espen Opedal  
Board member

Anita Meidell  
Board member

Ole Høgtun  
Board member/  
Employee representative

Vidar Larsen  
Board member/  
Employee representative

Øystein Risan  
CEO

## Cash flow

	1st half-year 2023	1st half-year 2022	Year 2022
<b>Cash flow statement (All figures in TNOK)</b>			
Profit for the period before income tax expense	121,254	87,484	144,384
Net financial items	111,268	129,865	209,186
Other financial items	-10,057	-62,120	-61,145
Depreciation and impairment in the income statement	372,987	379,499	760,068
Gain/loss on sale of assets	-	2,932	15,419
Net changes to obligations and retirement benefit oblig.	-250	386	-1,156
Changes to working capital	-55,340	241,483	391,808
<b>Net cash flow from operating activities</b>	<b>539,862</b>	<b>779,529</b>	<b>1,458,563</b>
Purchase of PPE	-1,441,074	-1,216,755	-1,424,292
<b>Net cash flow from investment activities</b>	<b>-1,441,074</b>	<b>-1,216,755</b>	<b>-1,424,292</b>
Interest paid on borrowings	-186,265	-160,301	-266,842
Interest income	48,319	30,437	38,506
Proceeds from borrowings	2,350,000	1,300,000	1,600,000
Repayment of borrowings	-1,418,750	-850,000	-1,650,000
<b>Net cash flow from financial activities</b>	<b>793,304</b>	<b>320,136</b>	<b>-278,336</b>
<b>Net change in cash and bank deposits for the period</b>	<b>-107,907</b>	<b>-117,090</b>	<b>-244,065</b>
Cash and bank deposits as at the beginning of the period	538,207	787,493	787,493
Foreign exchange gain/loss on cash and bank deposits	4,360	-8,009	-5,220
<b>Cash and bank deposits as at the end of the period</b>	<b>434,660</b>	<b>662,394</b>	<b>538,207</b>

# Equity

<b>30.06.2023 (All figures in TNOK)</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Specification hedge accounting reserves</b>	<b>Retained earnings</b>	<b>Total</b>
Equity 1 January 2023	100,000	2,300,000	-21,000	1,031,270	3,410,270
Profit for the year	-	-	-	94,579	94,579
From other comprehensive income	-	-	55,580	-	55,580
Reported directly to the hedge reserve	-	-	-1,266	-	-1,266
<b>Equity 30 June 2023</b>	<b>100,000</b>	<b>2,300,000</b>	<b>33,314</b>	<b>1,125,849</b>	<b>3,559,164</b>

<b>30.06.2022 (All figures in TNOK)</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Specification hedge accounting reserves</b>	<b>Retained earnings</b>	<b>Total</b>
Equity 1 January 2022	100,000	2,300,000	-27,861	924,590	3,296,730
Profit for the year	-	-	-	68,237	68,237
From other comprehensive income	-	-	13,170	-	13,170
<b>Equity 30 June 2022</b>	<b>100,000</b>	<b>2,300,000</b>	<b>-14,691</b>	<b>992,827</b>	<b>3,378,137</b>

<b>2022 (All figures in TNOK)</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Specification hedge accounting reserves</b>	<b>Retained earnings</b>	<b>Total</b>
Egenkapital 1. januar 2022	100,000	2,300,000	-27,861	924,590	3,296,730
Profit for the year	-	-	-	106,397	106,397
From other comprehensive income	-	-	3,205	284	3,489
Reported directly to the hedge reserve	-	-	3,655	-	3,655
<b>Equity 31 December 2022</b>	<b>100,000</b>	<b>2,300,000</b>	<b>-21,000</b>	<b>1,031,270</b>	<b>3,410,270</b>

# Notes – reporting information

## Policies and accounting principles

The financial statements for Norske Tog AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretation Committee (IFRIC) as adopted by the EU.

The financial statements have been prepared on the historical cost principle, except for financial derivatives and some financial assets and liabilities which are measured at fair value.

The company has noncurrent liabilities, financial derivatives and some financial assets recognised at fair value. The calculation of fair value uses estimates based mainly on observable prices which can change over time. Changed assumptions will result in changes in recognised values with the differences reported through profit/loss.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements must be viewed in conjunction with the company's most recent annual report, which contains a full description of the company's accounting principles.

The tax expenses for the period are based on the nominal tax rate in Norway.

The accounting principles applied for the first half-year of 2023 are consistent with the accounting principles used for the financial statements in 2022.

## Hedge accounting

### Description of principles

Foreign currency futures contracts have been entered into in order to currency-hedge future payments in accordance with the contract entered into for mid-life upgrades to Class 72 (local train) train sets entered into in EUR. The foreign currency futures contracts have been recognised at fair value. Hedge accounting managed through cash flow hedging is used in the company.

The part of the change in value of the hedging instrument considered to be effective hedging is recognised in other income and costs (extended profit and loss) and classified as cash flow hedging reserve in equity. Upon payment, the corresponding value change is reclassified from cash flow hedging reserve to Property, plant and equipment (classified as plant under construction until the mid-life upgrades have been completed).

## Measurement of fair value

The company measures several financial assets and liabilities at fair value. For the classification of fair value, the company uses a system which reflects the significance of the input used to make the measurements, broken down as follows:

### Level 1

Fair value is measured using quoted prices from active markets for identical assets or liabilities.

### Level 2

Fair value is determined from input based on other observable factors, either direct (price) or indirect (derived from prices), than the quoted price (used in level 1) for the asset or liability.

### Level 3

Fair value is measured using input which is not based on observable market data.

## 1. Unrealised changes in value

The breakdown of unrealised changes in the value of assets, liabilities and derivatives measured at fair value is shown below.

Unrealised changes in value	1st half-year 2023	1st half-year 2022	31.12.2022
Unrealised value changes derivatives used for hedging	-560,537	86,435	113,083
Unrealised value changes bonds	564,046	-67,930	-95,056
<b>Total unrealised value changes financial items</b>	<b>3,509</b>	<b>18,505</b>	<b>18,027</b>

## 2. Sales analysis by category

Norske Tog AS has only one operating segment – leasing of trains.

### Information about major customers

The company has four customers for leasing of passenger rolling stock, VyGruppen AS, Go-Ahead AS, SJ Norge AS and Vy tog AS, which account for 100 per cent of the leasing income.

### 3. Property, plant and equipment

	Machinery and equipm.	Trans- portation	Partially delivered trains	Assets under con- struction	Right-to- use other assets	Total
<b>Balance 1 January 2023</b>						
Accumulated acquisition cost	142,253	15,393,562	602,922	133,888	58,651	16,331,276
Accumulated depreciation and write-downs	-79,431	-4,157,330	-	-	-17,227	-4,253,989
<b>Total</b>	<b>62,822</b>	<b>11,236,232</b>	<b>602,922</b>	<b>133,888</b>	<b>41,423</b>	<b>12,077,287</b>

<b>1st half-year 2023</b>						
Opening balance	62,822	11,236,232	602,922	133,888	41,423	12,077,287
Additions	5,042	1,644	1 301,720	132,668	17,940	1,459,014
Balance sheet interest	-	-	-	27,411	-	27 411
Train for recycling	-46	-	-	-	-	-46
Train for recycling - acc. depreciation	46	-	-	-	-	46
Changes to contracts (IFRS16)	-	-	-	-	-6,897	-6,897
Changes to contracts acc. depr. (IFRS16)	-	-	-	-	4,186	4,186
Transfers within PPE	5,342	115,374	-111,642	-9,074	-	-
Depreciations for the year	-12,290	-355,502	-	-	-5,196	-372,987
<b>Total</b>	<b>60,916</b>	<b>10,997,748</b>	<b>1,793,000</b>	<b>284,893</b>	<b>51,458</b>	<b>13,188,015</b>

<b>Balance 30.06.2023</b>						
Accumulated acquisition cost	152,591	15,510,580	1,793,000	284,893	73,881	17,814,945
Accumulated depreciation and write-downs	-91,675	-4,512,832	-	-	-22,423	-4,626,930
<b>Total</b>	<b>60,916</b>	<b>10,997,748</b>	<b>1,793,000</b>	<b>284,893</b>	<b>51,458</b>	<b>13,188,015</b>



	Machinery and equipm.	Trans- portation	Partially delivered trains	Assets under con- struction	Right-to- use other assets	Total
<b>Balance 1 January 2022</b>						
Accumulated acquisition cost	130,079	13,893,869	192,628	710,890	59,280	14,986,746
Accumulated depreciation and write-downs	-60,229	-3,508,916	-	-	-10,771	-3,579,916
<b>Total</b>	<b>69,850</b>	<b>10,384,953</b>	<b>192,628</b>	<b>710,890</b>	<b>48,509</b>	<b>11,406,830</b>

<b>1st half-year 2022</b>						
Opening balance	69,850	10,384,953	192,628	710,890	48,509	11,406,830
Additions	-3,267	6,034	725,817	476,645	2,261	1,207,490
Balance sheet interest	-	-	-	9,265	-	9,265
Train for recycling	-17	-32,179	-	-	-	-32,196
Train for recycling - acc. depreciation	4	29,260	-	-	-	29,264
Transfers within PPE	2,513	1,039,980	-326,516	-715,977	-	-
Depreciations for the year	-8,405	-367,844	-	-	-3,250	-379,499
<b>Sum</b>	<b>60,679</b>	<b>11,060,203</b>	<b>591,929</b>	<b>480,823</b>	<b>47,519</b>	<b>12,241,153</b>

<b>Balance 30.06.2022</b>						
Accumulated acquisition cost	129,309	14,907,703	591,929	480,823	61,541	16,171,305
Accumulated depreciation and write-downs	-68,630	-3,847,500	-	-	-14,021	-3,930,151
<b>Total</b>	<b>60,679</b>	<b>11,060,203</b>	<b>591,929</b>	<b>480,823</b>	<b>47,519</b>	<b>12,241,153</b>

	Machinery and equipm.	Trans- portation	Partially delivered trains	Assets under con- struction	Right-to- use other assets	Total
<b>Balance January 2022</b>						
Accumulated acquisition cost	130,078	13,889,127	192,628	710,890	59,280	14,982,003
Accumulated depreciation and write-downs	-60,229	-3,504,174	-	-	-10,771	-3,575,174
<b>Total</b>	<b>69,850</b>	<b>10,384,953</b>	<b>192,628</b>	<b>710,890</b>	<b>48,509</b>	<b>11,406,830</b>
<b>Year 2022</b>						
Opening balance	69,850	10,384,953	192,628	710,890	48,509	11,406,830
Additions	951	41,034	1,059,210	323,097	6,073	1,430,365
Balance sheet interest	-	-	-	20,755	-	20,755
Train for recycling	-316	-101,531	-	-	-	-101,848
Train for recycling - acc. depreciation	284	80,968	-	-	-	81,253
Transfers within PPE	11,540	1,502,435	-648,916	-858,357	-6,703	-
Interest carried on the balance sheet activated	-	62,497	-	-62,497	-	-
Depreciations for the year	-19,487	-734,125	-	-	-6,456	-760,068
<b>Sum</b>	<b>62,821</b>	<b>11,236,232</b>	<b>602,922</b>	<b>133,888</b>	<b>41,423</b>	<b>12,077,287</b>
<b>Balance 31. desember 2022</b>						
Accumulated acquisition cost	142,253	15,393,562	602,922	133,888	58,651	16,331,276
Accumulated depreciation and write-downs	-79,431	-4,157,330	-	-	-17,227	-4,253,989
<b>Total</b>	<b>62,821</b>	<b>11,236,232</b>	<b>602,922</b>	<b>133,888</b>	<b>41,423</b>	<b>12,077,287</b>

## 4. Financial instruments

### Measurement of fair value

A comparison of the recognised values and the fair value of the company's interest-bearing debt is given below:

<b>Interest bearing debt – long term</b>	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>31.12.2022</b>
Bonds measured at fair value	82,976	118,308	100,497
Bonds measured at amortized cost	8,143,376	6,893,376	6,893,376
<b>Total interest bearing debt – long term</b>	<b>8,226,352</b>	<b>7,011,684</b>	<b>6,993,873</b>
<b>Interest bearing debt – short term</b>	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>31.12.2022</b>
Bonds measured at fair value	149,100	888,098	1,368,128
Bonds measured at amortized cost	550,000	-	-
Other loans	200,000	1,336,919	407,648
<b>Total interest bearing debt – short term</b>	<b>899,100</b>	<b>2,225,017</b>	<b>1,775,776</b>
<b>Total interest bearing debt</b>	<b>9,125,452</b>	<b>9,236,701</b>	<b>8,769,648</b>
<b>Nominal values</b>	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>31.12.2022</b>
Bonds measured at fair value	-	768,750	768,750
Certificate loan at amortized cost	200,000	800,000	300,000
Bonds measured at amortized cost	8,693,376	6,893,376	6,893,376
<b>Total interest bearing debt – nominal values</b>	<b>8,893,376</b>	<b>8,462,126</b>	<b>7,962,126</b>

<b>Financial assets and liabilities at fair value through profit or loss as at 30th June 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivatives	-	53,441	-	53,441
<b>Total assets</b>	-	<b>53,441</b>	-	<b>53,441</b>
Borrowings and accrued interest	-	118,308	-	118,308
Derivatives	-	2,012	-	2,012
<b>Total liabilities</b>	-	<b>120,320</b>	-	<b>120,320</b>

<b>Financial assets and liabilities at fair value through profit or loss as at 30th June 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivatives	-	553,068	-	553,068
<b>Total assets</b>	-	<b>553,068</b>	-	<b>553,068</b>
Borrowings and accrued interest	-	1,461,664	-	1,461,664
Derivatives	-	20,486	-	20,486
<b>Total liabilities</b>	-	<b>1,482,149</b>	-	<b>1,482,149</b>

<b>Financial assets and liabilities at fair value through profit or loss as at 31st December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivatives	-	585,610	-	585,610
<b>Total assets</b>	-	<b>585,610</b>	-	<b>585,610</b>
Borrowings and accrued interest	-	1,478,551	-	1,478,551
Derivatives	-	34,827	-	34,827
<b>Total liabilities</b>	-	<b>1,513,378</b>	-	<b>1,513,378</b>

The fair value of bond loans at amortised cost is 8,693,376 TNOK (30 June 2022: 6.893,376 TNOK) as at 30 June 2023.

All existing bond loan issues have been taken out under the Euro Medium Term Note (EMTN) programme. The EMTN programme does not include any financial covenants, but has an optional ownership clause stipulating that the State should own 100 per cent of Norske Tog AS. All bond loans are classified at level 2.

The fair value of the credit margin on bond loans is based on market observations from banks and the pricing/valuation of the bonds in the secondary market.

## 5. Hedge accounting

As of 30 June 2023, the company has recognised the following hedging instruments in the balance sheet:

	Currency bought	Currency sold	Nominal amount EUR	Total fair value	Maturity		
					1-6 months	6-12 months	More than 1 year
Forward exchange							
Assets	EUR	NOK	52,644	34,262	6,960	8,858	18,444
Liabilities	EUR	NOK	1,350	-96	-96	-	

As of 30 June 2022, the company has recognised the following hedging instruments in the balance sheet:

	Currency bought	Currency sold	Nominal amount EUR	Total fair value	Maturity		
					1-6 months	6-12 months	More than 1 year
Forward exchange							
Assets	EUR	NOK	-	-	-	-	-
Liabilities	EUR	NOK	58,718	-17,513	-2,886	-1,112	-13,515

As of 31 December 2022, the company has recognised the following hedging instruments in the balance sheet:

	Currency bought	Currency sold	Nominal amount EUR	Total fair value	Maturity		
					1-6 months	6-12 months	More than 1 year
Forward exchange							
Assets	EUR	NOK	10,124	1,409	1,409	-	-
Liabilities	EUR	NOK	48,594	-24,627	-1,398	-2,298	-20,931

	As at 1st quarter 2023	As at 1st quarter 2022	Year 2022
<b>Specification hedging reserve</b>			
<b>Balance as at 1st of January</b>	<b>-21,000</b>	<b>-27,861</b>	<b>-27,861</b>
Change in fair value	71,257	13,520	4,109
Reclassified to assets under construction when paid	-1,266	2,624	4,686
Deferred tax	-15,677	-2,974	-1,935
<b>Balance at end of period</b>	<b>33,314</b>	<b>-14,691</b>	<b>-21,000</b>

## **Norske tog AS**

### **Visiting address**

Drammensveien 35, N-0271 Oslo

### **P.O. Box**

Postboks 1547 Vika, N-0117 Oslo

### **E-mail**

[post@norsketog.no](mailto:post@norsketog.no)

### **Web**

[norsketog.no](http://norsketog.no)