Øyfjellet Wind Investment AS

Tveråvegen 370
8658 Mosjøen
Business Registration No. 927 378 779

Annual Report 2022

The Annual General Meeting adopted the Annual Report on / 2023

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Chairman of the General Meeting

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Company information

The Company

Øyfjellet Wind Investment AS
Tveråvegen 370
8658 Mosjøen
Norway

Business Registration No.: 927 378 779
Registered office: Mosjøen
Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Joakim Brønner Johnsen, Chair
Erik Mortensen
Bernhard Gierke

Executive Board

-

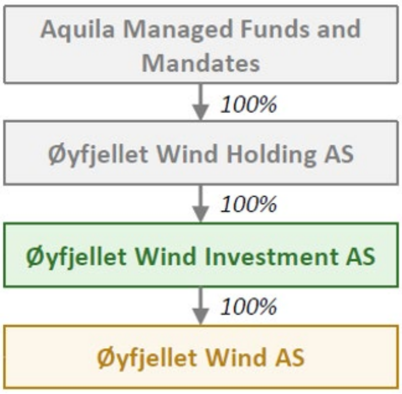
Auditors

PricewaterhouseCoopers AS
Dronning Eufemias gate 71
0194 Oslo
Norway

Company description

Øyfjellet Wind AS was established on February 17, 2012, and has its business office in Vefsn municipality. The company owns and operates the Øyfjellet Power Plant in Mosjøen. The owners are Øyfjellet Wind Investment AS with 100% ownership. Øyfjellet Wind Investment AS is primarily a financing vehicle and a holding company with no other assets than the shares in Øyfjellet Wind AS.

Organisational structure:



Shareholder

Øyfjellet Wind Investment AS is wholly owned by Øyfjellet Wind Holding AS. Øyfjellet Wind Holding AS is owned by investment funds and mandates managed by Aquila Capital. All existing shareholdings are illustrated above. There are no outstanding options for other companies or individuals to aquire additionals shares. Aquila Capital aims to promote growth, green industry and green employment through long-term investment in renewable energy.

Business overview

The Øyfjellet Wind Farm is located outside of the city of Mosjøen City in Vefsn municipality in Nordland county in Norway. The installation and commissioning of 72 Nordex N149/5.x MW turbines, with a hub height of 105 metres and a rotor diameter of 149 metres, is complete and the wind farm is in operation since November 2022. The turbines utilize the latest wind turbine technology and provide renewable energy with no CO_2 emissions and the least possible impact on the surrounding natural environment. The wind park will have a capacity of 400MW and expected production volume of 1,320 GWh. Achieved production in 2022 was 543 GWh.

History

The wind park began as a local project around 2011 and is firmly rooted in the local community. Øyfjellet Wind Farm has been through a thorough licencing process, providing both individuals and organisations with the opportunity to provide comments and suggestions. The Project has been adapted on an ongoing basis in keeping with local community feedback. The licence for the Project was granted in 2016, and subsequently updated in 2018. Construction began in December 2019.

Corporate Governance

The Group is committed to uphold high standards of corporate governance in all of its activities and believes that strong corporate governance is essential to building and maintaining the trust of our shareholders, customers, employees, and other stakeholders including the local community. This section of our annual report provides an overview of our corporate governance practices and structures.

Board of Directors

Our Board of Directors is responsible for the overall direction, management, and control of the company. The Board comprises three members, with diverse backgrounds and expertise. The Board of Directors meets regularly to review and discuss the company's business, financial performance, and outlook.

Joakim Brønner Johnsen – Chairman
Joakim Brønner Johnsen is the Chairman of the board. He is also Chairman in both Øyfjellet Wind Holding AS and Øyfjellet Wind AS, as well as a member of the board of Midfjellet Vindkraft AS. Joakim is currently Head of Operations at Aquila Clean Energy and he has spent the last 19 years working in renewables internationally in executive positions in investment management, project development, PPA origination as well as local CEO and CFO positions.

Erik Mortensen – Board member
Erik Mortensen is a board member in both Øyfjellet Wind Investment AS and Øyfjellet Wind AS. He is also the CEO in Øyfjellet Wind AS and Midtfjellet Vindkraft AS. More than 28 years' experience with wind turbine power stations, combined power plants (gas and steam turbines, boilers), offshore power stations, auxiliary engines, emergency power systems, ship installations, industry, health enterprises - medical areas, high and low voltage distribution systems, telecommunications, as well as several public approval processes.

Bernhard Gierke - Board member
Bernhard Gierke is a board member in Øyfjellet Wind Investment AS. He is also a director at Aquila Capital and chairman of the board of Midfjellet Vindkraft AS and a board member in Øyfjellet Wind Holding AS. He has more than 12 years' experience with acquisition, construction, management and sale of alternative investments. He also holds a CFA charter.

There are currently no potential conflicts of interests between any duties to the Issuer of the persons referred to in this section and their private interests or other duties. The board can be changed during any Annual General Meeting or by Resolution of the Shareholder, , there are no particular regulations on the board composition in the articles of association. Local law and regulations apply.

There are no provisions in the articles of association which would permit the board members to repurchase or issue own shares without a resolution of the shareholder.

Corporate Governance Policies and Procedures

The Group adheres to relevant regulations and applicable corporate governance codes, including the Norwegian Code of Practice for Corporate Governance and has established a set of corporate governance policies and procedures, which are regularly reviewed and updated as necessary. These policies and procedures cover a range of areas, including:

Code of Conduct and Ethics: Our Code of Conduct and Ethics sets out the standards of behavior expected of all employees, officers, and directors of the company. The Code covers topics such as social responsibility, confidentiality, and compliance with laws and regulations.

Risk Management: Our Board of Directors oversees the company's risk management and accounting processes and ensures that appropriate systems are in place to identify, assess, and manage risks. The company maintains a system of internal controls to ensure the accuracy of the financial reporting, which are designed to prevent and detect errors, fraud, or other irregularities that could materially affect the financial statements. The group instructed third parties to oversee the preparation of the financial statements and engaged an independent auditor to audit the financial statements annually.

Shareholder & Shareholder Engagement: The group is committed to maintaining open and constructive communication with our shareholders and local stakeholders. The Group regularly engages with shareholders & stakeholders.

Ultimate shareholders of the group are investment funds controlled by the Aquila Group. The financing agreements include market standard change of control provisions regarding the transfer of shares. All shares in Oyfjellet Wind AS and Oyfjellet Wind Investment AS are pledged to the respective Bond Trustees.

Compliance and Ethics

The Group is committed to maintaining the highest standards of legal and ethical conduct in all of its activities. The Group is committed to complying with all applicable laws and regulations and also expects its employees, officers, and directors to adhere to the highest standards of ethical conduct. Policies and procedures are established to promote ethical behavior and prevent violations of the law.

Work environment and staff

Øyfjellet Wind AS has its own employees in the positions of managing director, responsible for professional and operational management as well an operations manager. Øyfjellet rents personnel for administration and economy equivalent to one full-time job. Other services are purchased from subcontractors.

No sick leave was recorded in 2022. The working environment is considered very good. The company will focus on a good working environment in the future in the hope of keeping absences to a minimum. No serious work accidents or significant personal injuries have occurred or been reported during the year. The cooperation between employees, employed and subcontractors works well.

Information

Øyfjellet Wind has provided extensive information about the business on the website oyfjelletvind.no., which is the primary information channel.

Supply-chain and the Norwegian Transparency Act

From 1 July 2022, the new Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) came into force.

Øyfjellet Wind is covered by this act. Therefore, we are obliged to carry out due diligence assessments and define areas in our operations that involve a risk of violations of fundamental human rights and decent working conditions. According to the legislation, the first report must be published on 30 June 2023, and we have started working on mapping and assessing risks. The report will be published on the website https.//www.oyfjelletvind.no

Since Øyfjellet Wind only operates the wind farm at Øyfjellet and does not have its own production of components, the most significant risk factors are related to the supply chain. We must therefore work actively to ensure that we have proper routines for detecting and managing risks in our supply chain and among the goods and services we buy from others.

Social Responsibility

Environment

Øyfjellet Wind strives to mitigate climate change through renewable energy production. We support the development of a low-carbon society and contribute to the transition to a sustainable society by operating the wind power plant on Øyfjellet.

Øyfjellet Wind always complies with Norwegian laws and monitors relevant environmental issues and regulations in order to adjust our operations and actions accordingly. Øyfjellet Wind strives to limit the negative environmental impact caused by our operations.

Incidents

In 2022, no dead birds or other animals were registered in the wind park.

HSEQ

Øyfjellet Wind is committed to facilitating a safe environment for our employees, contractors and visitors. Øyfjellet Wind follows all Norwegian laws and regulations and is concerned with safeguarding the physical, mental and social health of our employees and contractors.

To support the company in providing the best work conditions, each of us is responsible for protecting ourselves, our colleagues and the third parties working at our locations from any potential health damages.
Øyfjellet Wind is also responsible for protecting the local population and others who visit the wind power plant.

Local community and stakeholders

It is essential for us to have a close and open dialogue with local stakeholders and everyone who is affected by our operations. In our operations, we strive to adapt to and accommodate the needs and interests of local stakeholders, such as the municipality, land owners, and the local reindeer herding district.

Anti-Corruption

Øyfjellet Wind has zero tolerance for corruption. Our employees shall not, under any circumstances, offer or accept money, gifts, services, or other things of value that are intended to influence a business decision. Øyfjellet Wind complies with Norwegian anti-corruption laws and guidelines.

Equality

Øyfjellet Wind AS aims to be a workplace where there is full equality between women and men. Of the company's employees, there are no women. The Group expects to hire the first female employee within the year 2023.

Human Rights

We respect, protect and promote all the regulations in force regarding the protection of human rights as a fundamental, general requirement. This applies not only to cooperation within our company, but also to the behaviour of our business partners.

Labour Rights

We operate in line with the Norwegian Working Environment Act regulating the working environment, working hours and employment protection. In the supply chain, we expect all suppliers to reject any use of child labour and forced or mandatory labour, as well as modern slavery. Work practices and conditions that are in breach of fundamental human rights are forbidden.

Board of Director Report

Major events in 2022

The energization and commissioning phase for the turbines continued throughout the year 2022 and the Turbine Supply Agreement was taken over by Nordex Energy GmbH (“Nordex”) on 4 November 2022. Nordex has been responsible for the supply and installation of wind turbines, as well as service and maintenance, and continues to be a long-term part of the local business community. The turbines have the latest wind turbine technology and provide renewable energy with no CO2 emissions and the least possible impact on the surrounding natural environment. The wind park has a capacity of 400MW with an expected production volume of 1,300 GWh. A substantial part of the production capacity became operational from September 2022 onwards. The company is in negotiations of taking over the EPCM contract from the contractor with several outstanding works currently being addressed within a snaglist.

Risk factors

The Group and its wind farms is exposed to in several risk factors. Without limitation, this may include risks with respect to weather variations, changing tax regime, the performance of suppliers and/or contractors who are engaged to operate assets held by the Group, credit risk with respect to the sole off taker under the PPA for the Øyfjellet Wind Farm, future prices of power, origin guarantees and wind farm operations. The group is also exposed to litigation risk in relation to ongoing appraisal case for the compensation connected to the expropriation of certain land rights, including a motion for invalidity of the facility license and in relation to an ongoing arbitration case against the Turbine Supplier regarding Liquidated damages for the construction period.

Power price uncertainty

91.22% of the electricity generated by the wind park is sold to a local off-taker through a power purchase agreement at a fixed price until 2036. However, as the risk management strategy foresees to only hedge 70% of the total volume, the Group has entered into a swap agreement to reduce the hedged amount by 21.22%. Short-term fluctuations in the electricity spot market can therefore indirectly impact 30% of the generated volume.

Currency fluctuations

There can be a difference in currency regarding revenues, loans, procurement and construction invoices. The main currency exposure relates to fluctuations between NOK, and EUR. Based on the currency hedging policy, the Group mitigates this risk by strictly controlling and monitoring currency exposure, as well as balancing revenues and costs in the same currency.

Financing and interest rates

The construction of large energy projects is capital intensive. Corporate funding and guarantee lines make interest payments a significant expense and an important factor in the cost of energy projects. The Group has secured the long-term financing through the issuance of bonds and receiving shareholder loans. There are no significant fluctuations expected as the interest rate for bonds and the shareholder loans are fixed. The utilized bonds include options which allow for a repayment of previously drawn down amounts including compensation for the net present value of underlying hedges. The Group currently does not intend to exercise such options.

Environment

Revenues of the Group will depend on wind resources. The effects of climate change might affect the wind conditions at the wind farm location.

Social

Wind farm operations could affect local communicities. Failure to maintain a good relationship and constructive dialoge with local stakeholders could result in impaired operations or additional costs during the lifetime of the project.

Delay and construction costs overrun

Completion of all outstanding works under the snaglist might be further delayed due to the current weather conditions or disputes with the respective contractors. In addition, capital expenses for construction works could further exceeded the initial construction budget. While the construction risk is borne by the EPCM provider, a final assessment of the consequences must be postponed as the involved parties are currently in the process of resolving outstanding claims within the snaglist.

Operations

Weather conditions during the winter months have slowed down previous construction works and might obstruct ongoing operation and maintenance tasks. To mitigate the effects of bad weather, Øyfjellet Wind AS has prepared a winter operation concept together with the company's technical advisor and increased the budget for operating expenses.

Risk Management

The group has implemented a comprehensive risk management framework that is designed to identify, assess, and mitigate potential risks across all aspects of operations. The risk management framework includes several key elements, such as:

> Risk identification:
> Oyfjellet Wind regularly review its operations to identify potential risks, both internal and external, that could impact the business. This process involves engaging with various stakeholders, third party advisors, suppliers, and industry experts, to gather insights and identify emerging risks.
>
> Risk assessment:
> Aquila Capital, as a regulated Fund Manager, utilized a comprehensive assessment methodology to evaluate the potential impact and likelihood of identified risks.
>
> Risk mitigation:

The group takes proactive measures to mitigate identified risks, such as implementing controls, developing contingency plans. These measures are regularly reviewed and updated to ensure they remain effective and relevant.
Major risk factors regarding the construction of the wind farm and related litigation risk, as described above, are effectively mitigated and transferred to third parties.

Risk monitoring and reporting:
The group continuously monitors its operations and performance to identify any changes in our risk profile. Oyfjellet Wind also provides regular updates to our stakeholders on risk management activities and any significant risks or incidents that have occurred.

Going concern
In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern and considering the Group's long-term strategic forecasts. The Group has a liquidity position of EUR 52.8 million as of Dec. 2022 , which is considered sufficient to meet all resonably expected obligations.

Insurance
The Group has a Directors & Officers liability insurance, which was provided via Aquila Capital that covers Directors and executive management.

Financial review

For the year of 2022, the consolidated revenue was EUR 17.6 million, as several wind turbines started electricity production throughout the year. This is an increase of 370% compared to EUR 3.7 million in 2021, which is according to expectations as from 28.09.2022 onwards, all wind turbines are producing electicity. Most revenues are generated by the sale of electricy through fixed price power purchase agreements with local offtakers.

Operating expenses of EUR 9.9 million consist of Operations and Maintenence fees, advisor expenses, salary and personnel expenses as well as other operating expenses. The increase from EUR 3.7 million in 2021 is due to the start of the operational period.

Financial expenses of EUR 24.7 million include interest payments on existing bonds as well as Shareholder Loan interst to group companies.

Total comprehensive income was negative EUR 10.5 million, which was mostly caused by Financial expenses and total asset depreciation of EUR 22.6 million.

Financial position

The group continues to be well. Total assets amounted to EUR 603.8 million (EUR 611.9 million at the end of 2021), and total equity amounted to EUR 8.7 million (2021: EUR 19.3 million).

Current assets amounted to EUR 67.6 million (2021: EUR 124.1 million). Trade and other receivables increased to EUR 3.5 million (2021: EUR 2.0 million).

Cash and cash equivalents decreased to EUR 52.8 million (2021: EUR 116 million), as further construction payments were made throughout the year.

Cashflow and cash and equivalents

Cash flow from operating activities was EUR -13.1 million compared to EUR -9.6 million in previous year. This was mainly driven by higher depreciation offset by a positive change in fair value of derivatives.

Cash flow from investing activities was EUR -48.3 million compared to EUR -267.9 million in previous year, as most of the construction works were performed in 2021 and increased property, plant and equipment.

Cash flow from financing activities was EUR 0.7 million compared to EUR 374.2 million in previous year, as the Group secured external financing in 2021.

At the end of the financial year, cash and cash equivalents amounted to EUR 52.8 million (2021: 116.1 million).

Outlook

Oyfjellet Wind AS is a wind farm operating company that is committed to delivering reliable electricity to its customers. Despite the challenges faced by the industry in the past years, the company is remains optimistic about the future and is well positioned in a dynamic market environment.

The electricity generation industry is undergoing significant transformation, driven by technological advancements, regulatory changes, and shifting consumer preferences. The finanical sitution of the group will continue to be affected by macroeconic factors, such as prices for electricity and certificates, wind conditions and the tax regime in Norway.

As a reaction to increasd prices for electricty, the Norwegian government has proposed the introdcution new taxes for wind energy, such as a resource rent tax. While the design of this proposed resource tax remains uncertain, it is expected that new legislation will be passed in 2023 and affect the industry.

Several key trends will continue to shape the market, such as the ongoing shift towards renewable energy sources, further developments in energy storage technologies, intended decarbonization around the world and digitalization.

The group is confident in its ability to deliver a strong financial performance in the coming year. With the start of the operational period, the management will now turn its focus on operational excellence and cost optimization.

Responsibility Statement

Today, the Board of Directors reviewed and approved the Øyfjellet Wind Investment AS consolidated annual report as of December 2022.

To the best of our knowledge, we confirm that:

- The Øyfjellet Wind Investment AS consolidated annual report as of December 2022 have been prepared in accordance with IFRS as adopted by the European Union (EU), and additional Norwegian disclosure requirements in the Norwegian Accounting Act, and that
- The report has been prepared in accordance with applicable financial reporting standards, and that
- The information presented in the financial statements gives a true and fair view of the Group's assets, liabilities, financial position and results for the period viewed, and that
- The report gives a true and fair view of the development, performance, financial position, principle risks and uncertainties of the Group.

Oslo, 16 May 2023

Executive Board

Board of Directors

Joakim Brønner Johnsen Chair	Erik Mortensen	Bernhard Gierke

Independent Auditors Report

To the General Meeting of Øyfjellet Wind Investment AS

Independent Auditor’s Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Øyfjellet Wind Investment AS, which comprise:

- the financial statements of the parent company Øyfjellet Wind Investment AS (the Company), which comprise the balance sheet as at 31 December 2022, the statement of profit or loss and cashflow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Øyfjellet Wind Investment AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the statement of comprehensive income, changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of general accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders on 1 June 2021 for the accounting year 2021.

Other Matters

The Company's financial statements have been submitted after the expiry of the statutory time limit for preparation of financial statements according to the Securities Trading Act (verdipapirhandelloven) section 5-5.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessment of property plant and equipment	
The Group's property, plant and equipment (PP&E) consists mainly of wind turbines. The net book value of property plant and equipment was TEUR 472 959 and represented 78% of the Group's total assets at 31 December 2022. Management identified the proposed change in resource rent tax (Grunnrenteskatt) as an indicator of impairment during 2022, and consequently performed an impairment test of PP&E at the balance-sheet date. No impairment was recognised in 2022 based on management's impairment assessment. Impairment assessment of PP&E was considered a key area of focus due to the material amounts involved. Further, determination of the assets' recoverable value requires application of management judgement, specifically as it relates to the underlying assumptions such as estimated future cash flows and the applied rate of return. Refer to note 3 and 11 to the consolidated financial statement for information on management's impairment assessment.	We obtained an understanding of management's process for assessing property, plant and equipment for impairment. We obtained management's model for calculating value-in-use, and found the model to be in accordance with recognized methodologies in the relevant framework for financial reporting. We assessed the assumptions applied by management in estimating future cash flows by • comparing expected future power prices against observable market data, • comparing expected production levels against agreements, and • comparing the facilities' expected economic lifetime against industry practice. We also compared the elements of the applied rate of return against observable market data. We found the assumptions applied by management to be within a reasonable range. In addition, we assessed management's sensitivity analysis, and tested the valuation model for mathematical accuracy. We read the disclosures in note 3 and 11 to the consolidated financial statement, and found the provided information to be adequate.

Other Information

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

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

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Opinion
As part of the audit of the financial statements of Øyfjellet Wind Investment AS, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Øyfjellet Wind Investment Annual Report 2022.xhtml, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Hamar, 16 May 2023
PricewaterhouseCoopers AS

Vegard Løvlien
State Authorised Public Accountant
(This document is signed electronically)

Consolidated Financial Statements

Statement of comprehensive income

TEUR	Note	2022	2021
Revenue	4	17,624	3,753
Other income	5	10,577	3,085
Other operating expenses	5	(9,933)	(3,766)
Depreciation and amortization expenses	10,11,12	(22,631)	(2,552)
Operating profit/(loss) before tax		**(4,363)**	**520**
Financial income	6	12,333	10,642
Financial expenses	7	(24,733)	(8,212)
Profit/(loss) before tax		**(16,763)**	**2,950**
Income tax expense	8	6,243	(6,604)
Profit/(loss) after tax		**(10,520)**	**(3,654)**
Other comprehensive income		**-**	**-**
Profit/(loss) and total comprehensive income for the financial year		**(10,520)**	**(3,654)**

Consolidated Financial Statements

Balance sheet

ASSETS

TEUR	Note	31 December 2022	31 December 2021	1 January 2021
Intangible assets	10	27,734	28,725	67
Property, plant and equipment	11	472,959	444,610	155,179
Right-of-use asset	12	6,968	7,928	251
Prepayments	13	3,197	2,517	1,807
Deferred tax asset	8	1,357	-	547
Non-current financial assets	14	22,972	4,055	1,971
Total non-current assets		**535,187**	**487,835**	**159,822**
Trade receivables	15	3,560	2,008	-
Prepayments	13	9,945	-	1,239
Other current receivables		1,289	5,990	4,834
Cash and cash equivalents		52,873	116,086	18,397
Total current assets		**67,667**	**124,084**	**24,470**
Total assets		**602,854**	**611,919**	**184,292**

Consolidated Financial Statements

Balance sheet

EQUITY AND LIABILITIES

TEUR	Note	31 December 2022	31 December 2021	1 January 2021
Share capital	17	2,958	2,958	249
Share premium		27,521	27,521	-
Accumulated losses		(21,698)	(11,178)	(7,524)
Total equity		**8,781**	**19,301**	**(7,275)**
Deferred tax liabilities	8	-	6,057	-
Loans and borrowings	14	534,536	535,941	166,123
Lease liabilities	12	7,024	7,452	251
Other non-current financial liabilities	14	-	1,297	4,371
Provisions	16	8,207	2,194	-
Total non-current liabilities		**549,765**	**552,941**	**170,745**
Trade and other payables	14	10,346	20,013	10,709
Loans and borrowings	14	31,889	13,202	6,247
Lease liabilities	12	216	344	-
Other current liabilities		1,856	6,118	3,867
Total current liabilities		**44,307**	**39,677**	**20,823**
Total liabilities		**594,073**	**592,618**	**191,568**
Total equity and liabilities		**602,854**	**611,919**	**184,292**

Oslo, 16 May 2023

Executive Board

Board of Directors

Joakim Brønner Johnsen — Erik Mortensen — Bernhard Gierke

Chair

Consolidated Financial Statements

Changes in equity

TEUR	Share capital	Share premium	Accumulated losses	Total equity
Equity at 1 January 2022	2,958	27,521	(11,178)	19,301
Net profit/(loss) for the period	-	-	(10,520)	(10,520)
Total comprehensive income	-	-	-	-
Balance at 31 December 2022	**2,958**	**27,521**	**(21,698)**	**8,781**

TEUR	Share capital	Share premium	Accumulated losses	Total equity
Equity at 1 January 2021	**249**	**-**	**(1,091)**	**(842)**
Effect of initially applying IFRS	-	-	(6,433)	(6,433)
Capital increase	2,709	27,521	-	30,230
Net profit/(loss) for the period	-	-	(3,654)	(3,654)
Total comprehensive income	**-**	**-**	**-**	**-**
Balance at 31 December 2021	**2,958**	**27,521**	**(11,178)**	**19,301**

Consolidated Financial Statements

Cash flow statement

TEUR	Note	1 January – 31 December 2022	1 January – 31 December 2021
Operating profit/loss		(4,363)	520
Depreciation	10,11,12	22,631	2,552
Fair value adjustments on derivatives		(10,577)	(3,085)
Change in provisions	16	6,014	2,194
Change in operating receivables		(6,796)	(1,923)
Change in trade payables and other payables		(13,801)	2,265
Interest received		2,197	1,146
Interest paid		(8,391)	(13,286)
Income taxes, received/(paid)		0	0
Cash flow from operating activities		**(13,086)**	**(9,617)**
Acquisition of financial assets		(571)	(5,763)
Acquisition of plant, property and equipment	11	(47,777)	(262,157)
Net cash flows from investing activities		**(48,348)**	**(267,920)**
Proceeds from loans		2,373	541,601
Repayment of loans		(3,000)	(167,353)
Payment of principal portion of lease liabilities	12	(127)	(15)
Cash flow from financing activities		**(754)**	**374,233**
Cash and cash equivalents, beginning of the period		116,086	18,397
Net (decrease)/increase in cash and cash equivalents		(62,188)	96,696
Foreign exchange differences on cash		(1,025)	993
Cash and cash equivalents at 31 December		**52,873**	**116,086**
Cash and cash equivalents in the cash flow statement comprise:			
Cash and cash equivalents		52,873	116,086

Notes

1. General accounting policies
2. First time adoption of IFRS
3. Critical accounting judgements and key sources of estimation uncertainty
4. Revenue
5. Other operating income and expenses
6. Financial income
7. Financial expenses
8. Income Tax
9. Fees paid to auditors appointed at the annual general meeting
10. Intangible assets
11. Property, plant and equipment
12. Leases
13. Prepayments
14. Financial assets and financial liabilities
15. Trade receivables
16. Provisions
17. Share capital
18. Financial risks
19. Other disclosures relating to consolidated statement of cash flow
20. Guarantees, contingent liabilities and collateral
21. Related parties
22. List of Group companies
23. Events after the reporting period

Notes

1. General accounting policies

Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Norwegian disclosure requirements in the Norwegian Accounting Act.

Øyfjellet Wind Investment AS is a financing entity with the sole purpose to own shares in Øyfjellet Wind AS. Øyfjellet Wind AS is a wholly owned subsidiary established to construct and operate the Øyfjellet Wind Farm. Øyfjellet Wind Investment AS was incorporated in June 2021, and a reorganisation of the Group structure was decided in September 2021. As part of the reorganisation, a contribution in kind was made to the Company by Oyfjellet Wind HoldCo S.à.r.l. transferring all shares in Øyfjellet Wind AS and Oyfjellet Wind Holdco S.à.r.l to the Company. Øyfjellet Wind Investment AS as newly incorporated company can be seen as continuation of the existing operating entity, Øyfjellet Wind AS, therefore the comparative figures for January to December 2021 are presented based on the results of Øyfjellet Wind AS.

The financial statements are presented in Euros (EUR). All amounts have been rounded to the nearest EUR thousand, unless otherwise indicated.

The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

For the purpose of clarity, the financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the financial statements. Similarly, information not considered material is not presented in the notes.

Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of Øyfjellet Wind Investment AS (the Parent Company) and subsidiaries which are entities controlled by Øyfjellet Wind Investment AS. The Group controls an entity when it directly or indirectly owns more than 50% of the voting rights or may otherwise exercise a controlling influence.

Principles of consolidation

The Consolidated Financial Statements are prepared on the basis of the financial statements of the Parent Company and its subsidiaries.

The Consolidated Financial Statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany gains or losses. The financial statements used for consolidation are prepared in accordance with the Group's accounting policies.

Notes

1. General accounting policies (continued)

The line items of subsidiaries are recognised 100% in the Consolidated Financial Statements. Investments in subsidiaries are offset by the interest's share of subsidiaries.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are expected to have no impact on the Group`s consolidated financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The Group's accounting policies are described in the respective notes. The accounting policies set out below have been used consistently in respect of the financial period and the comparative figures. See note 2 for transition rules when implementing IFRS.

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities for the year as well as the Group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated based on operating profit/loss, working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of non-current intangible assets, property, plant and equipment, and financial assets.

Cash flows from financing activities comprise payments arising from changes in the size or composition of the Group's share capital and dividend paid. Cash and cash equivalents comprise cash at bank and in hand.

Foreign currency translation

Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange rate adjustments arising between the transaction date and at the date of payment are recognised in the statement of profit or loss in financial income or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest financial statements is recognised in the statement of profit or loss in financial income or financial expenses.

Notes

2. First-time adoption of IFRS

The Group's financial statements have for the first time been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Norwegian requirements for the presentation of financial statements. In previous years, the parent prepared its financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (Norwegian GAAP). The Group did not present an financial report for the comparable period of the immediately preceding financial year.

In accordance with IFRS 1, the income statement for 2022 and 2021 and the statement of financial position at 31 December 2022 and comparative figures for 31 December 2021 have been prepared in accordance with IFRS/IAS and IFRIC/SIC applicable at 31 December 2022. The statement of financial position at 1 January 2021 has been prepared in accordance with the same principles.

The effects of the IFRS adoption for the interim consolidated income statement and balance sheet, and a reconciliation between net profit for the year according to previous GAAP and IFRS, are presented below:

		1 January 2021			31 December 2021			
TEUR	Note	**Assets**	**Liabilities**	**Equity**	**Profit for the year**	**Assets**	**Liabilities**	**Equity**
According to previous GAAP (Norwegian Accounting Act)		**178,892**	**(179,734)**	**842**	**(10,644)**	**603,070**	**(584,442)**	**(18,628)**
Reclassification		4,713	(4,713)					
Effect of transition to IFRS								
Leases	(A)	251	(251)	-	132	7,928	(7,795)	(103)
Borrowing costs	(B)	-	-	-	612	612		(477)
Decommissioning costs	(C)	-	-	-	(41)	2,153	(2,194)	32
Derivatives	(D)	3,387	(3,765)	295	6,271	5,893	-	(4,597)
Power swap agreement	(E)	-	(4,371)	3,409	3,074	-	(1,297)	1,012
Embedded derivatives	(F)	-	-	-	382	382	-	(298)
Effective interest rate	(G)	-	-	-	(9)	(3,310)	3,301	7
GIEK guarantee	(H)	(3,498)	-	2,729	(1,311)	(4,809)	-	3,751
Deferred tax	(I)	547	1,268		(2,004)	-	(190)	-
Total adjustments		**687**	**(7,119)**	**6,433**	**7,106**	**8,848**	**(8,175)**	**(673)**
According to IFRS		**184,292**	**(191,567)**	**7,275**	**(3,654)**	**611,919**	**(592,617)**	**(19,301)**
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income under IFRS		**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes

2. First-time adoption of IFRS (continued)

A. Leases

Under Norwegian GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognised an increase of EUR 7,240k of lease liabilities and EUR 6,968k of right-of-use assets at 31 December 2022. Additionally, depreciation increased by EUR 304k and financial expenses increased by EUR 241k in 2022, whereas a gain on foreign exchange rate was increasing financial income by EUR 338k.

B. Borrowing costs

Under Norwegian GAAP the Group has capitalized borrowing costs to the property, plant and equipment in the subsidiary. Under IFRS, borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. This also includes borrowing costs from the parent, as the main purpose of this bond is to refinance the subsidiary and the construction of the windfarm. As a result, the Group property, plant and equipment increased by EUR 612k at 31 December 2021 with a corresponding entry to financial expense. However, as most of the windfarm was deemed ready for used after the 31 December 2021, no further adjustment to the borrowing cost were booked after this date.

C. Decommissioning costs

Under Norwegian GAAP the Group has not accrued decommissioning costs for the wind turbines, before 2022. Under IFRS, the Group records a provision for decommissioning costs of the windfarm in the amount of EUR 2,194k at 31 December 2021 and recognizes those as cost of the assets as well.

D. Derivatives

Under Norwegian GAAP the Group accounted part of the derivatives applying hedge accounting, which meant that the fair value of the derivatives was not included on the balance sheet. During the conversion it was decided that IFRS hedge accounting will not be applied and that the fair value of the derivatives will be accounted for at fair value through profit and loss. As a result, the Group recognized EUR 4,876k increase of property, plant and equipment with an increase of EUR 3,455k in financial income in 2021 and a decrease of EUR 1k in depreciation.

Notes

2. First-time adoption of IFRS (continued)

Derivatives have been capitalized in the amount of EUR 1,017k as derivative financial assets as at 31 December 2021, whereas financial income increased by EUR 2,814k. The opening balance of property, plant and equipment was adjusted by EUR 1,419k with a corresponding entry to retained earnings.

E. Power swap agreement

Under Norwegian GAAP the power swap agreement was not accounted for, under IFRS it was evaluated that the agreement is in scope of IFRS 9 and should be measured as fair value through profit and loss. The Group has recognised EUR 1,297k other non-current financial liabilities as at 31 December 2021 causing revenue to decrease by EUR 3,074k.

F. Embedded derivatives

Under Norwegian GAAP the Group has not separated embedded derivatives from host contracts. Under IFRS, the Group has capitalized the fair value of the derivative in the amount of EUR 382k as financial asset with a corresponding entry to financial income.

G. Effective interest rate

Under Norwegian GAAP loans and borrowings have not been discounted with the effective interest rate. Under IFRS transaction costs were taken into account, which led to a decrease of interest-bearing loans and borrowings of EUR 2,659k on the balance sheet and an increase of finance costs of EUR 9k in 2021. Transaction costs capitalised under property, plant and equipment were reclassed to interest-bearing loans in the amount of EUR 2,221k as well as transaction costs capitalised as non-current financial assets in the amount of EUR 1,089k.

H. GIEK guarantee

Under Norwegian GAAP the guarantee premiums have been booked as a non-current financial asset, which has been discounted. The discounting effect has been recognised as a financial income. The reimbursements have been booked towards the non-current financial asset. The guarantee protects the beneficiary against credit losses. If a credit event occurs and the guarantee is being invoked the guarantee will assume characteristics similar to a financial derivative. As no credit event has occurred the contract is in scope of IAS 37. The guarantee premium has been accrued straight line over the term of the contract and has been reclassified from non-current financial assets in the amount of EUR 7,326k to non-current prepayments in the amount of EUR 2,517k. The effect on profit and loss amounted to EUR 1,311k, split into EUR 1,103k increase in other expenses and EUR 208k decrease in financial income.

Notes

2. First-time adoption of IFRS (continued)

I. Deferred tax

The various transitional adjustments resulted in various temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings.

Reclassifications

In addition to the changes in accounting policies, reclassifications and adjustments to the presentation have been carried out, including assets being presented as current assets, compared to previous presentation as non-current assets.

Under Norwegian GAAP loans have been presented as non-current. Under IFRS EUR 3,000k have been reclassed as current interest-bearing loans as at 31 December 2021. Refer to note 14 for further information.

Under Norwegian GAAP the VAT settlement has been performed for the opening balance as of 1 January 2021 and included under reclassifications.

Transition rules

In applying IFRS 1, the Group has used the following rules:

- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2021. Right-of-use assets were measured at the amount equal to the lease liabilities.
- The Group has applied the transitional provisions in IAS 23 Borrowing Costs and capitalises borrowing costs relating to all qualifying assets after the date of transition. Similarly, the Group has not restated for borrowing costs capitalised under Norwegian GAAP on qualifying assets prior to the date of transition to IFRS.

Changes in accounting policies

As a result of first time adoption of IFRS, the Group has changed its accounting policies for recognition of leases, financial assets and liabilities, hedge accounting and provisions. The Group has adjusted for the changes in accounting policies in the opening balance of equity at 1 January 2021.

Notes

3. Critical accounting judgements and key sources of estimation uncertainty

As part of the preparation of the financial statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses as well as judgements made in applying the entity's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made.

Management considers the following accounting estimates and judgements to be significant in the preparation of the financial statements:

Evaluation of power purchase agreement

To secure cash flows from the wind farm the Group has entered into a power purchase agreement (PPA) with Alcoa Norway. The PPA is guaranteed by the Norwegian state through GIEK ("Garantiinstituttet for Eksportkreditt"). GIEK guarantees that if Alcoa defaults under the PPA, a portion of the payment obligations will still be fulfilled. The Group has analysed the agreements and concluded that the PPA agreement is not in scope of IFRS 16, as it is a predetermined asset and customer does not operate the asset nor has the customer designed it. However, the PPA is in scope of IFRS 15 due to the physical delivery to a balancing party.

Fair value of long-term power swap agreement

The Group has entered into a counter-hedging plan whereby the Group purchases up to 21.22% of annual production at spot reducing the effective hedge position. Assumptions used for measuring fair value were replacement price for the PPA amounting to 30 EUR/MWh (31 December 2021: 26 EUR/MWh), PPA volume of 276 GWh/a and a discount rate of 4.5%. Management performed a sensitivity analysis, 1 EUR/MWh increase (decrease) in the PPA price would result in an increase (decrease) in PPA fair value by TEUR 2,473. Refer to note 14 for further information.

Assessment of embedded derivatives and valuation of put option

In 2021, the Group issued EUR 235 million bonds primarily to US investors. The contract has an embedded prepayment option. If the Group chooses to prepay a portion or the full notional of the loan the Group should compensate the investor(s) in terms of the discounted remaining payments including a potential net gain/loss from designated hedging instruments (e.g. FX swaps). It is not within the Group's business plan to exercise the prepayment option.

A derivative embedded in a loan contract (i.e. a host) is separated and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the loan contract is not measured at fair value through profit or loss.

Notes

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Assumptions used for measuring the fair value include the hedge ratio of the investors (0%, 50%, 75%, 100%), foreign currency rate changes by 5% up and down and the rating of the Group. Based on these main assumptions the fair value was calculated by the likelihood of the option being exercised multiplied with the payoff (prepayment of loan plus/minus net settlement of one or more swaps in dollars). A sensitivity analysis has not been performed as impact was assessed to be immaterial.

Provision for decommissioning
The Group has recognised a provision for decommissioning obligations associated with the wind turbines erected on leased land. In determining the best estimate of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the wind farm from the site and the expected timing of those costs. The expected cost for the decommissioning increased at the end of the reporting period 2022 due to additional information received. Additional assumptions used for the calculation were long-term inflation rate of 2%, a risk-free interest rate and the useful life of the underlying assets. The carrying amount of the provision as at 31 December 2022 was TEUR 6,561.

Impairment of non-financial assets
As the tax legislation has been suggested a change in the resource rent tax (“grundrente skat”) for the tax year 2024, the Group has assessed if the investment in the wind park needs to be impaired. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model, focusing on free cash flow to equity. The cash flows are derived from the budget until the end of the license period. The recoverable amount is most sensitive to the following assumptions:

- expected future cash-inflows which depends on pricing per MWh and the production volume
- resource rent tax
- discount rate

The value in use was assessed to be higher than the carrying value of assets and therefore no requirement of impairment in 2022 exists.

There is still uncertainty of how the final legislation of resource rent tax will look like. The consultation paper already indicates that the historical invested values should be used as basis for taxable depreciation for the resource rent tax and was therefore taken into account in the model. The Group performed a sensitivity analysis with different scenarios on the tax (no tax allowance, tax allowance according to Hydropower, no tax allowance with 50% of a projected power price increase, no tax allowance with 100% of a projected power price increase), which were created in cooperation with external market advisors. The described scenario analysis did not led to an impairment.

Notes

4. Revenue

Segment information

For management purposes and based on internal reporting information, the Group is organised in only one operating segment, as the information reported includes operating results at a consolidated level only. The costs related to the main nature of the business are not attributable to any specific revenue stream or customer type and are therefore borne centrally. The results of the single reporting segment are shown in the statement of comprehensive income.

The Executive Management is the Chief Operating Decision Maker (CODM), which is made up of the senior leadership across the respective functional areas and is responsible for the strategic decision making and for the monitoring of the operating results of the operating segments for the purpose of performance assessment. Segment performance is evaluated based on revenue and is measured consistently with revenue in the Consolidated Financial Statements.

In 2022, one customer exceeded 10% of total revenue accumulated to TEUR 13,370 (2021: Two customers with accumulated revenue of TEUR 2,263 and TEUR 1,291 respectively).

Set out below is the disaggregation of the Group’s revenue:

	31 December 2022	**31 December 2021**
TEUR		
Revenue		
Fixed price	12,157	1,125
Variable price	3,714	166
Certificates	934	199
Other	795	2,263
Total revenue	**17,624**	**3,753**

The line item “variable price” includes the realised hedge portion from the power swap and is therewith presented gross to show the economic risk associated with the agreement in the same line item, for further information refer to note 14.

The remaining performance obligation from the sale of power expected to be recognised in the future and depends on the annual production. The performance obligation is connected to delivering most of the produced volume, however with no minimum delivery.

Notes

4. Revenue

Accounting policies

The Group recognizes revenue from sale of power and renewable energy certificates. Revenue is measured based on the consideration specified in the power purchase agreement and is a fixed price contract with variable elements included: A fixed price with variable volume, variable price at spot rate as well as an price adjustment feature based on total annual production. The agreement does not include a minimum required volume. The revenue excludes VAT and taxes collected on behalf of third parties.

Revenue from sale of power produced by the wind farm is recognized when control of the power is transferred to the customer, that being when the power is delivered. The sale of power is considered to comprise of a series of identical goods that are transferred to the customer over time. The Group recognizes the related revenue in accordance with the practical expedient in IFRS 15 Revenue from Contracts with Customers by the amount it has a right to invoice. The consideration for the power is due when the actual power is delivered to the customer. The agreement includes variable consideration, which is estimated at the beginning of the reporting period and adjusted at the end of the reporting period when the total annual production is known.

Revenue from sale of renewable energy certificates originating from the Group's own wind farm is recognized at a point in time when the certificate is transferred to the customer.

Realised cash flows from the power swap derivative is presented under revenue and this portion is measured in accordance with IFRS 9.

Notes

5. Other operating income and expenses

TEUR	2022	2021
Raw materials and consumables	410	-
Staff costs	148	-
General operating expenses	7,875	2,581
Audit & accounting services	397	82
GIEK guarantee	1,103	1,103
Total other operating espenses	**9,933**	**3,766**

Staff costs are further detailed in the table below:

TEUR	2022	2021
Salaries	110	-
Pensions	12	-
Other social security costs	26	-
Total	**148**	**-**
Average numbers of employees during the year	2	2

In 2021 all staff costs were capitalized and are included in property, plant & equipment.

Other income includes the changes in fair value relating to the power swap agreement amounting to TEUR 10,577 (2021: TEUR 3,074).

Notes

6. Financial income

TEUR	2022	2021
Other interest income	267	-
Foreign exchange gains	1,939	7,445
Change in fair value of derivatives (note 14)	10,127	3,197
Total	**12,333**	**10,642**

7. Financial expenses

TEUR	2022	2021
Interest on loans and borrowings	16,628	4,880
Other interest expenses	4,004	61
Foreign exchange losses and other adjustments	3,636	3,231
Interest on lease liability (note 12)	241	28
Unwinding of discount rate on provisions (note 16)	37	12
Change in fair value of derivatives (note 14)	187	-
Total	**24,733**	**8,212**

Notes

8. Tax for the year

Consolidated profit or loss

TEUR	2022	2021
Current tax for the year income		-
Correction previous years	(1,171)	-
Deferred tax relating to temporary differences	7,414	(6,604)
Income tax expense reported in the statement of profit or loss	**6,243**	**(6,604)**

Reconciliation of tax expense and the accounting profit multiplied by Norwegian tax rate for 2021 and 2022:

TEUR	2022	2021
Tax calculated as 22% of profit/loss before tax	3,688	(649)
Other adjustments	(2,555)	(5,955)
Effective tax	**6,243**	**(6,604)**
Effective tax rate (%)	**37.2%**	**233.8%**

The change in the effective tax rate compared to prior year is mainly due to currency gain effects as the tax return is prepared in NOK and the functional currency of the Group is EUR. The depreciation on property, plant and equipment is not fixed, but changes every year based on the FX rate changes.

Resource rent tax (grunnrenteskatt) is not included in the calculations as the regulation was not finalized/put in place before year end.

Deferred tax is recognised in the statement of financial position as follows:

TEUR	31 December 2022	31 December 2021	1 January 2021
Deferred tax (asset)	33,229	25,395	8,637
Deferred tax (liability)	(31,872)	(31,452)	(8,090)
Net, total	**1,357**	**(6,057)**	**547**

The Group has tax losses that arose in Norway in the amount of TEUR 22,701 (2021: TEUR 12,882) that are available for offsetting against future taxable profits. The Group expects to be profitable from 2025 onwards.

Deferred tax assets have not been recognised in respect of non-capitalised interest in the amount of TEUR 8,729.

Notes

8. Tax for the year (continued)

Deferred tax by temporary differences:

TEUR	31 December 2022	31 December 2021	1 January 2021
Tangible assets	(25,516)	(26,425)	(6,682)
Financial assets	(6,356)	(22)	1,357
Prepayments	1,051	1,042	699
Trade receivables	350	1	1
Leases	60	(29)	-
Provisions	1,806	9	-
Loans and borrowings	2,995	(4,976)	(1,408)
Unrecovered interest carried forward	4,266	11,458	6,213
Loss carry-forward	22,701	12,885	367
Total	**1,357**	**(6,057)**	**547**

The unrecovered interest carried forward is available for offsetting against future tax profit within ten years.

Deferred tax liabilities, net

TEUR	2022	2021
Deferred tax 1 January	(6,057)	547
Deferred tax for the year recognised in the statement of profit or loss	7,414	(6,604)
Deferred tax for the year recognised in other comprehensive income	-	-
Deferred tax 31 December	**1,357**	**(6,057)**

Accounting policies

Tax on the profit or loss for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit or loss for the year is recognised in the statement of profit or loss, and the tax expense relating to items recognised in other comprehensive income and directly in equity, respectively, is recognised in other comprehensive income or directly in equity. Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the statement of financial position as the expected tax on the taxable income for the year, adjusted for tax paid on account. The current tax charge for the year is calculated based on the tax rates and rules enacted at the statement of financial position date.

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities.

Notes

8. Tax for the year (continued)

Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised. Deferred tax assets, including the tax value of tax losses carried forward, are recognised as other non-current assets and measured at the amount at which they are expected to be realised, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under the legislation in force on the statement of financial position date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the statement of profit or loss.

The Group recognises deferred tax assets relating to losses carried forward when Management finds that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilisation in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding growth and operating margin in the coming years.

9. Fees paid to auditors appointed at the annual general meeting

TEUR	**2022**	**2021**
Statutory audit	97	29
Other services	18	20
Total	115	49

Notes

10. Intangible assets

TEUR	Concessions
2022	
Cost at 1 January	29,713
Additions	-
Cost at 31 December	**29,713**
Amortisation and impairment losses at 1 January	(988)
Amortisation during the year	(991)
Amortisation and impairment losses at 31 December	**(1,979)**
Carrying amount at 31 December	**27,734**

TEUR	Concessions
2021	
Cost at 1 January	67
Additions	29,646
Cost at 31 December	**29,713**
Amortisation and impairment losses at 1 January	-
Amortisation during the year	(988)
Amortisation and impairment losses at 31 December	**(988)**
Carrying amount at 31 December	**28,725**

Accounting policies

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are considered to modify the amortisation expense on intangible assets with finite lives are recognised in the statement of profit or loss in the line item "Depreciation and amortization expenses".

Following the completion of assets they are amortised on a straight-line basis over the estimated useful life from the date when the assets are available for use. The amortisation periods are:

Concessions	25 years

Notes

11. Property, plant and equipment

TEUR	Plant and machinery	Construction in progress
2022		
Cost at 1 January	446,137	0
Additions	49,361	0
Cost at 31 December	**495,498**	**0**
Depreciation at 1 January	(1,527)	0
Depreciation during the period	(21,012)	0
Depreciation at 31 December	(22,539)	0
Carrying amount at 31 December	**472,959**	**0**

TEUR	Plant and machinery	Construction in progress
2021		
Cost at 1 January	0	155,179
Additions	0	290,958
Transfer	446,137	(446,137)
Cost at 31 December	**446,137**	**0**
Depreciation at 1 January	0	0
Depreciation during the year	(1,527)	0
Depreciation at 31 December	(1,527)	0
Carrying amount at 31 December	**444,610**	**0**

In 2020 and 2021, Øyfjellet Wind AS has 72 wind turbines under development located in the Vefsn municipality. All 72 wind turbines (towers and wind turbines) were finished and have been put in operation as per 31 December 2022. After the mechanical milestone was reached, management concluded that the construction phase was finalised after all turbines were installed. Depreciation started according to Group accounting policies. The amount of borrowing costs capitalised during the year ended 31 December 2022 was TEUR 13,749 (2021: TEUR 20,967).

Management identified volatile power prices as indicators of impairment during 2022, and consequently performed an impairment test of PP&E at the balance-sheet date. No impairment was recognised in 2022 based on management's impairment assessment.

Notes

11. Property, plant and equipment (continued)

Accounting policies
Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost comprises the acquisition price and other directly attributable costs until the date on which the wind turbines were installed and started being depreciated. No significant components were identified by management, so no assets are broken down into components.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The purpose of the notes and shareholder loans are specifically to fund the construction of the wind farm, interest has been capitalised in full. The purpose of the bonds was partly related to the construction, the rate used to determine the amount of borrowing costs eligible for capitalisation was 95%,

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (note 3) for further information about the recognised decommissioning provision.

Depreciation is recognised on a straight-line basis from the time of acquisition, or when the asset is available for use, over the expected useful life. The expected useful lives are assessed individually for every class of assets. A reassessment is made once a year to ascertain that the depreciation basis reflects the expected useful lives and future residual values of the assets. Land is not depreciated.

The expected useful lives are as follows:

Machinery & Equipment	5 years
Plant (Windfarm)	25 years

The windfarm is depreciated over the period of the concession, which is 25 years.

Notes

12. Leases

TEUR	Land
2022	
Cost at 1 January	7,965
Additions	-
Disposals	-
Adjustments and revaluations	(655)
Cost at 31 December	**7,309**
Depreciation at 1 January	(37)
Reversals regarding disposals	-
Depreciation during the year	(304)
Depreciation at 31 December	**(341)**
Carrying amount at 31 December	**6,968**

TEUR	Land
2021	
Cost at 1 January	251
Additions	-
Disposals	-
Adjustments and revaluations	7,713
Cost at 31 December	**7,965**
Depreciation at 1 January	-
Reversals regarding disposals	-
Depreciation during the year	(37)
Depreciation at 31 December	**(37)**
Carrying amount at 31 December	**7,928**

Notes

12. Leases (continued)

Carrying amounts of lease liabilities and movements during the period:

TEUR	31 December 2022	31 December 2021
At 1 January	7,795	251
Additions	-	-
Accrual of interest	241	28
Payments	(127)	(15)
FX gain / loss	(338)	(183)
Adjustments	(331)	7,713
At reporting date	**7,240**	**7,795**
Non-current	**7,024**	**7,452**
Current	**216**	**344**

The following amounts have been recognised in the statement of profit or loss:

TEUR	2022	2021
Depreciation expense of right-of-use assets	304	37
Interest expense on lease liabilities	241	28
Adjustment to minimum lease payment (included in depreciation expenses)	324	-
Expense relating to short-term leases (included in other operating expenses)	4	-
Variable lease payments (included in other operating expenses)	2,076	-
Total amount recognised in the statement of profit or loss	**2,949**	**65**

The Group had a total cash outflow for leases of TEUR 1,032 (2021: TEUR 12).

Accounting policies

The Group leases the land where the wind farm is built on.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset which is 25 years.

The lease term is defined as the non-cancellable period of a lease together with periods covered by options to extend the lease if it is reasonably certain that the options will be exercised, and periods covered by options to terminate the lease if it is reasonably certain that the options will not be exercised. The leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

Notes

12. Leases (continued)

The lease obligation, which is recognised in "Lease liabilities", is measured at the present value of the remaining lease payments, discounted by the Group's incremental loan interest rate, if the implicit interest rate is not stated in the lease agreement or cannot reasonably be determined.

The lease obligation is subsequently adjusted if:

- There is a change in the exercise of options to extend or shorten the lease period due to a material event or material change in circumstances which are within the control of the lessee.
- The lease term is changed as a result of exercising an option to extend or shorten the lease term.

Subsequent adjustments of the lease obligation are recognised as a correction to the right-of-use asset. However, if the right-of-use asset has a value of EUR 0, a negative reassessment of the right-of-use asset is recognised in the statement of profit or loss.

The lease contracts include variable lease payments based on the gross turnover of the production. Lease payments have been calculated with the minimum lease which was set at NOK 10,000/year per contract until concession has been granted and NOK 10,000 per MW installed after commissioning of the wind park. Variable lease payments will be accounted directly through profit or loss.

Short leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognised in the statement of financial position.

13. Prepayments

TEUR	**2022**	**2021**
Advance supplier payments	9,945	-
GIEK Guarantee	3,197	2,517
At 31 December	13,142	2,517
Current	9,945	-
Non-current	3,197	2,517

Accounting policies

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Notes

14. Financial assets and financial liabilities

Set out below is an overview of financial assets and liabilities held by the Group as at 31 December 2022 and 31 December 2021 including a comparison of the carrying amounts and fair values. Carrying amounts of financial assets and liabilities measured at amortised costs are a reasonable approximation of fair values:

	31 December 2022		31 December 2021	
TEUR	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets measured at amortized cost:				
Trade receivables	3,560	3,560	2,008	2,008
Deposits	2,353	2,353	2,656	2,656
Financial assets at fair value through profit or loss:				
Interest rate derivatives	11,144	11,144	1,017	1,017
Power swap derivatives	9,280	9,280	-	-
Embedded derivatives	194	194	382	382
Total financial assets	**26,531**	**26,531**	**6,063**	**6,063**

	31 December 2022		31 December 2021	
TEUR	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair Value**
Financial liabilities measured at amortized cost:				
Trade and other payables	10,346	10,346	20,013	20,013
Loans and borrowings				
Notes	229,932	232,823	232,779	233,494
Bonds	79,605	79,672	79,562	79,601
Shareholder loans	256,886	248,256	236,803	242,408
Lease liabilities	7,240	7,240	7,795	7,795
Financial liabilities at fair value through profit or loss:				
Power swap derivatives	-	-	1,297	1,297
Total financial liabilities	**584,009**	**578,377**	**578,249**	**584,608**

Notes

14. Financial assets and financial liabilities (continued)

	Interest rate	Maturity	31 December 2022	31 December 2021
				EUR
Loans and borrowings				
Notes	2.12 %	Sep. 2045	225,932	229,779
Bond loan	2.75 %	Sep. 2026	79,605	79,562
Shareholder loans	7.25 %	Sep. 2046	228,997	226,601
Lease liabilities	3.28 %	Nov. 2045	7,024	7,452
Non-current			**541,558**	**543,394**
Notes	2.12 %	Sep. 2045	4,000	3,000
Bond loan	2.75 %	Sep. 2026	-	-
Shareholder loans	7.25 %	Sep. 2046	27,889	10,202
Lease liabilities	3.28 %	Nov. 2045	216	344
Current			**32,105**	**13,546**
Total financial liabilities			**573,663**	**556,940**

Management considers that the Group has so far fulfilled all covenants required in the borrowing agreements and expects to fulfil the convenance as well in the next financial year.

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 December 2022:

TEUR	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:				
Interest rate derivatives	**11,144**	-	11,144	-
Power swap derivatives	**9,280**	-	-	9,280
Embedded derivatives	**194**	-	-	194
Total	**20,618**	-	**11,144**	**9,474**

Notes

14. Financial assets and financial liabilities (continued)

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 December 2021:

TEUR	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:				
Interest rate derivatives	**1,017**	-	1,017	
Embedded derivatives	**382**	-		382
Total	**1,399**	-	**1,017**	**382**
Financial liabilities measured at fair value:				
Power swap derivatives	**1,297**	-	-	1,297
Total	**1,297**	-	-	**1,297**

Reconciliation of fair value measurement:

	Embedded derivatives	Interest rate derivatives	Power swap derivatives
As at 1 January 2022	**382**	**1,017**	**(1,297)**
Remeasurement recognised in statement of profit or loss during the period	(188)	10,127	10,577
Purchases	-	-	-
Sales	-	-	-
As at 31 December 2022	**194**	**11,144**	**9,280**
As at 1 January 2021	**0**	**(1,797)**	**(4,371)**
Remeasurement recognised in statement of profit or loss during the period	382	2,815	3,074
Purchases	-	-	-
Sales	-	-	-
As at 31 December 2021	**382**	**1,017**	**(1,297)**

Notes

14. Financial assets and financial liabilities (continued)

Accounting policies

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The Group's financial assets at amortised cost includes trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss under financial income and expenses. This category includes derivative instruments.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date.

Notes

14. Financial assets and financial liabilities (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair value of derivatives is mainly within level 2 of the fair value hierarchy and is calculated based on observable market data as of the end of the reporting period. Fair value of level 3 assets and liabilities is primarily based on the present value of expected future cash flows. A reasonably possible change in the discount rate is not estimated to affect the Group's profit or equity significantly. For further information on assumptions and significant unobservable inputs used for the valuation refer to note 3.

Notes

15. Trade receivables

TEUR	31 December 2022	31 December 2021	1 January 2021
Trade receivables	3,560	2,008	-
Total	**3,560**	**2,008**	**-**

The Group has material risks related to a single customer based on the amount of revenue gained from that single customer. However, Management limited risks through the aforementioned GIEK guarantee, which protects the beneficiary against credit losses. Refer to note 3 for further information.

Accounting policies

Trade receivables are measured at amortised cost less allowance for lifetime expected credit losses. The Group has assessed their expected credit losses on an individual level, and has deemed their expected losses immaterial, for which reason there has not been included any allowance.

16. Provisions

TEUR	Litigation	Decommissioning	Total
At 1 January 2022	**0**	**2,194**	**2,194**
Arising during the year	1,647	4,329	5,976
Unwinding of discount rate	0	37	37
At 31 December 2022	**1,647**	**6,560**	**8,207**
Current	0	0	0
Non-current	1,647	6,560	8,207

TEUR	2021
Decommissioning provisions at 1 January	0
Arising during the year	2,182
Unwinding of discount rate	12
Decommissioning provisions at 31 December	**2,194**

Notes

16. Provisions (continued)

Accounting policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning liability

The Group records a provision for decommissioning costs of the wind turbines. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the wind turbines. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Litigation provision

During the construction of the wind park one of the contractors raised claims against the Group. On the opposite site, the Group has claims for liquidated damages caused by construction delay against that contractor. Parties were unable to settle the dispute before end of the reporting period, therefore the Group has recorded a provision based on the most likely outcome.

The Group is in dispute with another of their contractors regarding amounts invoiced in relation to construction agreements. The total amount of the disputed invoices EUR 7.1m is booked as part of the PPE and was paid with a withdrawal of a bank guarantee. In 2023, a settlement agreement was drafted, but is not signed yet. As the expected outcome of the settlement agreement is a repayment from the contractor to the Group, no provision was booked in 2022.

17. Share capital

The share capital comprises 3,000,000 shares of NOK 10 each (2021: 3,000,000). The shares are all authorised, issued and fully paid. No shares carry any additional special rights. The Group continuously assesses the need for adjustment of the capital structure.

Notes

18. Financial risks

Capital management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of net debt and equity. Management reviews the capital structure continually to consider if the current capital structure is in accordance with the Group's and shareholders' interests.

Financial risk management

As a result of its operations, investments and financing, Øyfjellet Wind Investment AS is exposed to market risks in the form of changes in exchange rates and interest rates, as well as credit risks and liquidity risks. The Group operates with a low risk profile, so that currency, interest rate and credit risks only arise based on commercial conditions.

The Group's financial risks are managed centrally in the finance function in accordance with the board's adopted policy and instructions, which set guidelines and frameworks for the company's financial transactions.

Interest risk

Interest rate risk arises in relation to interest-bearing assets and liabilities. Current borrowing rates are based on a three-month EURIBOR plus a premium. If market interest rates increased by one percentage point, the interest rate sensitivity as calculated based on the loan balance to credit institutions at year-end 2022 would lead to a yearly increase in interest expenses of TEUR 4,915. A corresponding decrease in market interest rates would have the opposite impact.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations towards the Group, leading to a financial loss. The Group is exposed to credit risk primarily related to its trade receivables, receivables from group enterprises and cash held at financial institutions.

The Group has no write-off policy with respect to trade receivables since revenue is generated through long-term purchase agreements, which are secured by a GIEK guarantee. The counterparty risk is continuously monitored. The maximum exposure to credit risk at the reporting date is the carrying amount of trade receivables.

It is the Group's assessment that the exposure to credit risk is not significant. Impairment of receivables are deemed immaterial in both 2022 and 2021 due to the aforementioned GIEK guarantee (refer to note 3 and 13).

Notes

18. Financial risks (continued)

Currency risk

Foreign currency risk is the risk that arises from changes in exchange rates and affects the Group's results.

The group's currency risks are not hedged.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currency at the reporting date are as follows:

	Assets		Liabilities	
TEUR	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Currency				
NOK	15	1,161	(5,413)	(12,206)
SEK	-	-	(49)	(41)

The foreign currencies to which the Group is mainly exposed fluctuate only slightly, therefore currency risk is deemed immaterial and no sensitivity analysis is disclosed.

Liquidity risk

The Group is monitoring the need of liquidity based on a ongoing basis. At 31 December 2022, the Group has loans and borrowings of TEUR 566,423 to ensure that the Group is able to meet its short- and midterm obligations. Management considers the Group's credit availability to be sufficient for the next 12 months.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments which include estimated interest payments. Floating interest payments on bank borrowings have been determined applying a forward curve on the underlying interest rate at the reporting date.

TEUR	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**
Year ended 31 December 2022				
Notes	8,887	66,228	216,228	291,343
Bond loan	2,218	86,502	-	88,720
Shareholder loan	47,139	83,613	227,384	358,136
Lease liabilities	442	1,769	7,959	10,170
Trade and other payables	10,346	-	-	10,346
Total non-derivative financial liabilities	**69,032**	**238,112**	**451,571**	**758,715**

Notes

18. Financial risks (continued)

TEUR	< 1 year	1 to 5 years	> 5 years	Total
Year ended 31 December 2021				
Notes	7,966	61,129	230,213	299,308
Bond loan	2,487	88,721	-	91,208
Shareholder loan	25	114,536	243,600	358,161
Lease liabilities	465	1,861	8,839	11,165
Trade and other payables	20,013	-	-	20,013
Total non-derivative financial liabilities	**30,956**	**266,247**	**482,652**	**779,855**

Notes

19. Other disclosures relating to consolidated statement of cash flow

Additional information about the changes to liabilities arising from financing activities can be found in the below tables:

TEUR	Loans and borrowings	Lease liabilities	Total
2022			
Liabilities at 1 January	549,143	7,795	556,938
Loans raised	2,373	-	2,373
New leases	-	-	-
Repayments	(3,000)	(127)	(3,127)
Other	17,908	(428)	17,480
Liabilities at 31 December	**566,424**	**7,240**	**573,664**

TEUR	Loans and borrowings	Lease liabilities	Total
2021			
Liabilities at 1 January	172,370	251	172,621
Loans raised	541,601	-	541,601
New leases	-	-	-
Repayments	(167,353)	(15)	(167,368)
Other	2,525	7,559	10,084
Liabilities at 31 December	**549,143**	**7,795**	**556,938**

20. Commitments and contingencies

Commitments

At 31 December 2022, the Group had commitments of EUR 12,259k in relation to payments for acquisition of property, plant and equipment.

Contingent liabilities

The Group is involved in an appraisal, where the validity of the license decision is questioned by the reindeer district. A court hearing is scheduled in May 2023, but the Group has evaluated the arguments and there seems only a low risk that the court will decide against Øyfjellet.

Notes

21. Related parties

Shareholders	Registered office	Basis of influence
Øyfjellet Wind Holding AS	Norway	100 %
Øyfjellet Wind Holdco Sarl	Luxembourg	100 %
Raven Projects II S.à.r.l.	Luxembourg	32.0 %
xRIT Lux Sarl	Luxembourg	32.0 % *
Achmea IM Climate Infrastructure Fund HoldCo 1 B.V.	The Netherlands	21.6 %
Achmea Climate Action Fund CV	The Netherlands	21.6 % *

*Basis of influence is indirect through subsidiary

Balances and transactions between the Company and its subsidiary, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The major transactions with related parties are in connection with the shareholder loan received from Øyfjellet Wind Holding AS (open balance 31 December 2022). For further information please refer to note 14.

There were no transactions with the Board of Directors, besides remuneration.
Breakdown of remuneration is as follows:

TEUR	**Salary**	**Benefits and other related expenses**	**Total**
31 December 2022:			
Board of Directors	67	18	85
Total	**67**	**18**	**85**

TEUR	**Salary**	**Benefits and other related expenses**	**Total**
31 December 2021:			
Board of Directors	84	31	115
Total	**84**	**31**	**115**

Notes

22. List of Group companies

Name	Registered office	% equity interest
Øyfjellet Wind AS	Mosjøen	100

23. Events after the reporting period

A new tax rule ("grundrente skat") has been proposed originally become applicable during the financial year 2023. •On 11 May, the Norwegian Government announced that the implementation of the Resource Rent Tax will be postponed to 2024 and further consideration of the consultation feedback and legal rules is required before making a proposal to the Parliament. Currently, any impact from this new tax rule will potentially affect the tax treatment in 2024, with no consequence for the 2022 financial statement.

On 31 March 2023, the group agreed with its contractor to declare completion of the Engineering Procurement, Construction and Management (EPCM) Agreement, including the finalization of all remaining construction works, which are summarized in a market-standard Punch List.

Parent Company Financial Statements

Statement of profit or loss

ØYFJELLET WIND INVESTMENT AS

OPERATING INCOME AND OPERATING EXPENSES	**Note**	**2022**	**2021**
Other expenses	2	133,792	8,743
Total expenses		**133,792**	**8,743**
Operating profit		**(133,792)**	**(8,743)**
FINANCIAL INCOME AND EXPENSES			
Interest income from group companies		21,142,567	6,323,676
Other interest income		12,843	0
Other financial income		7,460	395
Interest expense to group companies		16,514,547	4,871,230
Other interest expenses		2,336,121	652,610
Other financial expenses		312,626	534,167
Net financial items		**1,999,576**	**266,063**
Net profit before tax		1,865,784	257,320
Income tax expense	3	410,482	158,843
Net profit after tax		**1,455,302**	**98,477**
Net profit or loss	**4**	1,455,302	98,477
ATTRIBUTABLE TO			
Other equity		1,455,302	98,477
Total		**1,455,302**	**98,477**

Parent Company Financial Statements

Balance sheet

ØYFJELLET WIND INVESTMENT AS

ASSETS	Note	2022	2021
NON-CURRENT ASSETS			
Deferred tax assets	3	613,460	0
Total intangible assets		**613,460**	**0**
NON-CURRENT FINANCIAL ASSETS			
Investments in subsidiaries	5	30,011,748	30,011,748
Loan to group companies	6	228,963,264	226,600,764
Other long-term receivables	7, 8	3,210,190	3,741,922
Total non-current financial assets		**262,185,202**	**260,354,434**
Total non-current assets		**262,798,662**	**260,354,434**
CURRENT ASSETS			
DEBTORS			
Other short-term receivables		36,444	25,028
Receivables from group companies	6	105,515,358	84,372,791
Total receivables		**105,551,802**	**84,397,819**
Cash and cash equivalents		2,257,452	3,461,987
Total current assets		**107,809,254**	**87,859,805**
Total assets		**370,607,916**	**348,214,239**

Parent Company Financial Statements

Balance sheet

ØYFJELLET WIND INVESTMENT AS

EQUITY AND LIABILITIES	**Note**	**2022**	**2021**
EQUITY			
PAID-IN CAPITAL			
Share capital	9	2,958,044	2,958,044
Share premium reserve		27,521,839	27,521,839
Other paid-up equity		(545)	(545)
Total paid-up equity		**30,479,338**	**30,479,338**
RETAINED EARNINGS			
Other equity		1,553,779	98,477
Total retained earnings		1,553,779	98,477
Total equity	4	**32,033,118**	**30,577,816**
LIABILITIES			
PROVISIONS			
Deferred tax	3	0	158,843
OTHER NON-CURRENT LIABILITIES			
Bonds	7	80,000,000	80,000,000
Non-current liabilities to group companies	6	228,973,264	226,600,764
Total non-current liabilities		**308,973,264**	**306,600,764**
CURRENT LIABILITIES			
Trade payables		58,813	32,792
Tax payable	3	1,182,785	0
Liabilities to group companies	6	27,889,380	10,202,358
Other current liabilities		470,556	641,667
Total current liabilities		**29,601,534**	**10,876,816**
Total liabilities		**338,574,798**	**317,636,424**
Total equity and liabilities		**370,607,916**	**348,214,239**

Parent Company Financial Statements

Cashflow statement

	2022	2021
CASH FLOW FROM OPERATIONS:		
Profit/(loss) before taxation	(133,792)	(8,743)
Interest received	20,303	3,455,660
Interest paid	(2,203,492)	(13,437,182)
Change in operating receivables	(11,416)	(63,947,876)
Change in operating liabilities	582,130	1,142,049
Net cash flow from operations	**(1,746,267)**	**(72,796,092)**
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Outflows due to purchases of financial non-current assets	(1,830,768)	(230,342,686)
Net cash flow from investment activities	**(1,830,768)**	**(230,342,686)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow due to new non-current liabilities	2,372,500	306,600,764
Net cash flow from financing activities	**2,372,500**	**306,600,764**
Net change in bank deposits, cash and equivalents	(1,204,535)	3,461,987
Bank deposits, cash and equivalents at 1 January	3,461,987	0
Bank deposits, cash and equivalents at 31 December	**2,257,452**	**3,461,987**

Notes

1. Accounting policies
2. Salary costs and benefits, remuneration to the chief executive, board and auditor fees
3. Tax
4. Equity capital
5. Subsidiaries
6. Intercompany items between companies in the same group
7. Receivables and liabilities
8. Other financial assets
9. Shareholders
10. Related party transactions

Notes

1. Summary of significant accounting policies

The separate Parent Company Financial Statements have been incorporated in the Annual report as a separate set of financial statements is required for the Parent Company, which have been prepared in conformity with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The financial year 2021 covers the period 210601-211231.

CURRENCY

The books are in Euro, monetary items in foreign currencies are evaluated according to the exchange rate at the balance sheet date.

TAX

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net.

CLASSIFICATION AND VALUATION OF ASSETS AND LIABILITIES

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets and short-term liabilities normally include items that fall due for payment within one year of the balance sheet date, as well as items that relate to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Notes

1. Summary of significant accounting policies (continued)

SHARES IN SUBSIDIARIES

Subsidiaries are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor’s accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represent a repayment of invested capital, and distributions are deducted from the investment’s value in the balance sheet of the parent company.

RECEIVABLES

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

Notes

2. Salary costs and benefits, remuneration to the chief executive, board and auditor fees

Remuneration

The company has no employees and the management and board has not received any remuneration. There are no pension plans in place either.

Auditor fees

Audit fees expensed for 2022 amount to EUR 28,395 incl. vat.

Auditor consultancy fees for 2022 amount to EUR 11,414 incl. vat.

3. Tax

This year's tax expense	2022	2021
Entered tax on ordinary profit/loss:		
Payable tax	12,435,567	0
Changes in deferred tax	(8,036,449)	1,586,653
Tax expense on ordinary profit/loss	**4,399,118**	**1,586,653**
Taxable income:		
Ordinary result before tax	19,995,989	7,217,630
Permanent differences	0	(5,570)
Changes in temporary differences	40,289,005	(10,971,749)
Allocation of loss to be brought forward	(3,759,689)	0
Taxable income	**56,525,305**	**(3,759,689)**
Payable tax in the balance:		
Payable tax on this year's result	12,435,567	0
Total payable tax in the balance	**12,435,567**	**0**

Notes

3. Tax (continued)

The tax effect of temporary differences that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

NOK	2022	2021	Change
Long-term receivables and liabilities in foreign currency	(29,317,255)	10,971,749	40,289,004
Total	**(29,317,255)**	**10,971,749**	**40,289,004**
Accumulated loss to be brought forward	0	(3,759,689)	(3,759,689)
Basis for deferred tax	**(29,317,255)**	**7,212,060**	**36,529,315**
Deferred tax (22 %)	**(6,449,796)**	**1,586,653**	**8,036,450**

The tax note represents the tax position in NOK. Deferred tax per 31 December 2021 amounts to EUR 158,843 (1 EUR = 9,9888 NOK) deferred tax per 31 December 2022 amounts to EUR 613,460 (1 EUR = 10,5138 NOK).

Reconciliation of tax expense and the accounting profit multiplied by Norwegian tax rate for 2021 and 2022:

	2022	2021
Tax calculated as 22% of profit/loss before tax	410,482	56,610
Other adjustments	-	102,233
Effective tax	**410,482**	**158,843**
Effective tax rate (%)	**22%**	**61.7%**

4. Equity capital

	Share capital	Share prem.	Other paid in equity capital	Other equity capital	Total equity capital
Pr. 01.01.2022	2,958,044	27,521,839	(545)	98,477	30,577,816
Result of the year				1,455,302	1,455,302
Pr 31.12.2022	**2,958,044**	**27,521,839**	**(545)**	**1,553,779**	**32,033,118**

5. Subsidiaries

Øyfjellet Wind Investment AS owns 100% of the shares in Øyfjellet Wind AS, which gives Øyfjellet Wind Investment AS 100% of the votes in the company. Øyfjellet Wind AS has its registered office in Mosjøen. The annual result for the period 01.01-31.12.2022 was EUR -15,741,089. The book value of equity capital as at 31.12.2022 was EUR -20,013,547.

Notes

6. Intercompany items between companies in the same group

	2022	2021
Receivables		
Loans to companies in the same group (Maturity 1 year <)	228,963,264	226,600,764
Other short-term receivables within the group (Maturity < 1 year)	105,515,358	84,372,791
Total	**334,478,622**	**310,973,555**
Liabilities		
Loans from companies in the same group (Maturity 5 years <)	228,973,264	226,600,764
Other short-term liabilities within the group (Maturity < 1 year)	27,889,380	10,202,358
Total	**256,862,645**	**236,803,122**

7. Receivables and liabilities

	2022	2021
Receivables with maturity > 1 year	857,190	1,088,922
Long-term debt with maturity > 5 years	80,000,000	80,000,000

The shares in Øyfjellet Wind AS has been pledged for the bond loan of EUR 80 000 000. The book value of the charged assets amounts to EUR 30,011,748. The bond has an interest rate of 2.75% and a maturity date of September 2026.

8. Other financial assets

	Purchase cost	Carrying value	Market value
Options	2,353,000	2,353,000	11,144,455
Total	**2,353,000**	**2,353,000**	**11,144,455**

The options are interest rate options balances at purchase cost.

9. Shareholders

The share capital in Øyfjellet Wind Investment as as of 31.12 consists of:

	Total	Face value	Entered
Ordinary shares	3,000,000	10	30,000,000
Sum	**3,000,000**		**30,000,000**

Ownership structure

Shareholders pr. 31.12 var:

	Ordinary	Ownership interest	Share of votes
Øyfjellet Wind Holding AS	3,000,000	100	100

The share capital is and face value is stated in NOK, Øyfjellet Wind Holding AS has pledged its shares.

Notes

10. Related party transactions

Transaction type	P&L line	Counterpart	Relationship to the counterpart	2022	2021
IC interest income		Oyfjellet Wind AS	Subsidiary	21,142,567	6,323,676
IC interest costs		Oyfjellet Wind Holding AS	Parent company	16,514,547	4,871,230

Further explanation to related party transactions:
Transaction/transaction type 1: Interest income related to shareholder loan
Transaction/transaction type 2: Interest cost related to shareholder loan

		Accounts payable		Other current liabilities	
Counterpart	Relationship to the counterpart	2022	2021	2022	2021
Oyfjellet Wind Holding AS	Parent company	-	-	27,889,380	10,202,358

Accrued interest on shareholder loan.

		Accounts receivables		Other receivables	
Counterpart	Relationship to the counterpart	2022	2021	2022	2021
Oyfjellet Wind AS	Subsidiary	-	-	105,513,016	84,370,450
Oyfjellet Wind Holding AS	Parent company	-	-	2,341	2,341

Oyfjellet Wind AS
Accrued interest on shareholder loan

Oyfjellet Wind Holding AS
Invoice paid by parent company