



Norcod

Q4-2023 and preliminary full year
2023
Financial report



Q4 2023 Highlights

- 83 MNOK in revenues, up 61% from 51 MNOK in Q4-22
- 47 MNOK in operating loss excl. one-time items of 21 MNOK, compared to 32 MNOK in Q4-22
- 1 611 tons WFE harvested, up 90% from 847 tons WFE in Q4-22
- Feed conversion ratio of 1.05 and strategical biomass investments enabling 2 317 tons WFE net growth
- Post Q4-23: Commercial breakthrough with new contract in China at favorable terms

FY 2023 Highlights

- 269 MNOK in revenues, up 58% from 171 MNOK in FY 2022
- 6 155 tons WFE harvested, up 60% from 3 837 tons WFE in FY 2022
- 233 MNOK in operating loss excl. one-time items of 21 MNOK, compared to 123 MNOK in 2022
- Feed conversion ratio of 1.05 and strategical biomass investments enabling 4 600 tons WFE net growth

Operational update

Strong operational performance has characterized the fourth quarter of the year. Norcod's site Jamnungen on Frøya has been harvested on a weekly basis since end of Q3-23. The cod has been harvested at Norcod's harvesting facility Kråkøy Slakteri. Moreover, the biological status for the harvested biomass proves biological advancements. Feed conversion ratio in the biomass that has been harvested during the quarter is 1.05, and 93% of the harvested volume holds superior quality.

As of year end 2023, Norcod's biomass at sea totaled 7 817 tons. Based on official statistics, the Company holds 52% of the total biomass volume, reaffirming Norcod's position as the major cod farmer. During the first twelve months of 2023, reported export volume according to officially reported statistics was 7 934 tons WFE. In the same period, Norcod harvested appx. 6 155 tons WFE, confirming Norcod's market share of appx. 71%.

Norcod's main market during 2023 has been Central and Western Europe. During Q1-2024 Norcod has been granted a new contract with an Asian customer at favorable market prices, and the company has an ambition to strengthen its market position in the Asian market during 2024.

Operational update

In 2023, Norcod stands for appx. 71% of the total Norwegian export volume of harvested farm raised cod. The company's ambition is to be the leading cod farmer globally, offering weekly, year-round deliveries of high quality fresh cod to attractive markets. The company is continuously working on the optimal strategies and initiatives to deliver on this ambition.

During 2023, biomass investments are more than doubled from previous years. The net growth during 2023 is 4 600 tonnes, amid heavy investments in biomass and a satisfactory feed conversion rate and stable and predictable mortality. Alongside biomass investments, the investments in Kråkøy Slakteri increases the predictability on harvest and market planning and secures efficiency gains. During December, a new processing line has been installed in Kråkøy, enabling a 60% increase in production capacity. The new processing line is fully operational from mid-December. Alongside biomass investments, the acquisition of Kråkøy is deemed instrumental in establishing the basis for future growth.

Significant biological and operational improvements

Weight increase in juveniles

52%

'22-'23 increase in weight of juveniles

FCR development¹

1.05

FCR

% of fish classified as superior

93%

% of fish classified as superior '23

Weight increase from 82g to 125g
from '22-'23

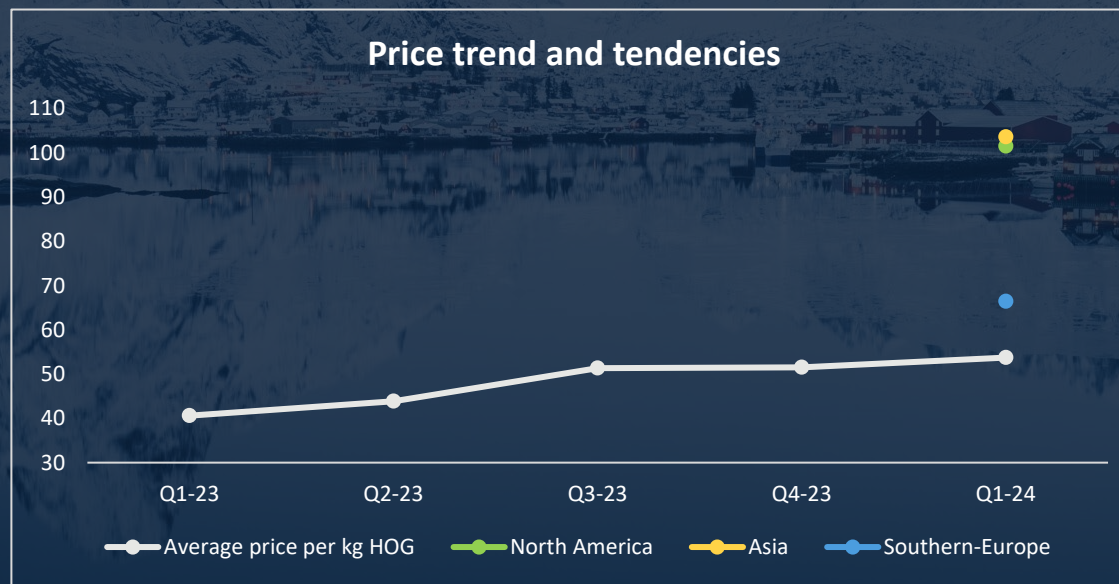
FCR down from 1.16 in 2022 to
1.05 in 2023

8pp increase in % of fish classified
as superior '22-'23

¹FCR on harvested volume from Jamnungen during Q4-23

Market conditions – Outlined

- Strong quarter with high demand and price increase compared to the previous quarters
- Customers value price stability, high quality and stable supply
- New markets: China and North America
- Feedback on quality has been phenomenal
- In the longer-term perspective, significant quota cuts for the Barents Sea cod expected from 2024 and beyond implies bottlenecks on the supply side of Atlantic Cod
- Price trend and price points show great price potential



Market conditions

Strong quarter with high demand from our existing customers and markets where e.g. promotion activities supported the sales.

Customers value price stability, high quality and stable supply – making it “easy” to plan for campaigns etc.

Farmed cod volumes in Q4 almost doubled year on year basis but without damaging the stability of the price point.

New markets: China launch event in December – promising market (ref press release)

Generally, we see many customers both smaller and larger players with the desire to secure their supply both short term and long term. Therefore, we still see a great potential to grow our presence in the market.

We see customers choosing Norcod over other alternatives like e.g. wild cod – simply underlining our success in delivering sustainable and premium quality cod to markets every week, right on time!

Feedback on quality has been phenomenal and yet again helping strengthen the relationship with valued customers and building the foundation for our future growth.

Norcod has positive expectations on the market outlook. In the short-term perspective, we know that customers are looking forward to having Norcod back permanently as especially the retailers keep appreciating having Norcod in their stores due to predictability on the supply side.

In the longer-term perspective, significant quota cuts for the Barents Sea cod expected from 2024 and beyond implies bottlenecks on the supply side of Atlantic Cod. We are also looking towards overseas markets such as US, Japan and China, which is still considered to hold great potential as for volume and price as they value the high quality and freshness of the farmed cod.

Both Norcod and our customers are having a common view. Farmed cod is a sustainable and viable alternative for the customers, securing year-round supply and helping reduce the pressure on the wild stocks positioning farmed cod as a reliable and sustainable future protein source.

Green visions for a blue future

Norcod in a sustainable global food system

- Zero use of antibiotics
- Certified feed ingredients
- Best possible score regarding seabed surveys
- Hybrid-electric vessels and feed barges
- Highly nutritious and flavourful product good for everyone and the planet – Cod above the rest
- 90 % utilization of the cod for human consumption

Looking ahead

- Aiming to increase the survival rate to 90 % within 2030
- Targeting for 98 % utilization of the cod for human consumption
- 30 % reduction in carbon footprint by 2030 (Scope 1, 2, 3) per kg edible yield
- Keep zero escape incidents
- Available tools not only to prevent and detect, but fully control maturation

Devoted to

People

Human rights
Safe work environment
Local communities
Gender equality
Aquaculture education
Customers

Cod

Fish Welfare
Production environment
Product quality
Increase yield
Food safety

Nature

The ocean
Local and global environment
Biodiversity
Responsible producer
Fish feed
Climate action

Innovation & Profit

Research and development
Year-round harvest
Market development



Outlook

Norcod has reached a point where it can supply cod year-round, clearly differentiating it from wild-caught cod, which is only available seasonally. With cod quotas to be further reduced the next years, macroeconomic trends indicate a declining supply of cod. The long-term outlook for the market seems strong, as supply-demand imbalance implies increased cod pricing. The commercial breakthrough with a new contract in China announced during Q1-24 proves the trend and the Norcod business case.




Norcod is continuously working to optimize feeding regime, production processes and utilization of production capacity. The next years to come, Norcod's ambition is to increase production and harvest volume at a pace that is beneficial for the environment, our customers, and our shareholders. The production- and market plan for the foreseeable future implies an utter build of biomass and a remaining working capital funding requirement due to higher expected operational and financing costs. Based on the company's current capital structure, the company has during the fourth quarter identified an equity need to cover the company's working capital need. Strengthening of the company's working capital is contemplated financed through a private placement of new shares in the company of NOK 100 – NOK 150 million. The company's main shareholders intend to subscribe in the Private Placement. ABG Sundal Collier has been engaged as financial advisor in relation to the contemplated Private Placement. The contemplated private placement is expected to take place during Q1.

Our vision is clear, and we are standing firm on it. Farmed cod is a sustainable and viable alternative for the customers securing year-round supply and helping reduce the pressure on the wild stocks positioning farmed cod as a reliable and sustainable future protein source. The world is looking for pure and sustainable sources of food to serve increased human demand. The Norcod product clearly demonstrates its market potential and naturally fits in.

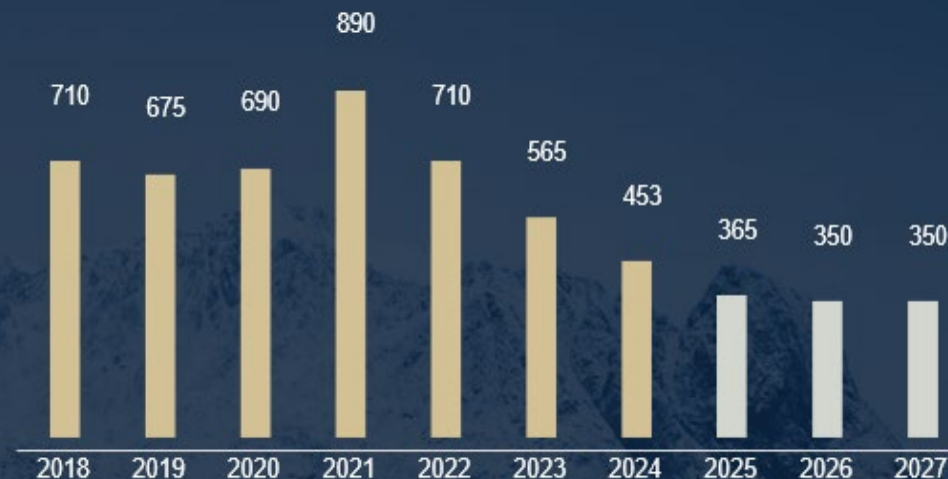
Outlook – The abstract

- Norwegian wild cod quotas down 57% from 2021, at its lowest level since 2008
- Quotas to be further reduced in 2025, forming a strong long-term outlook of the market
- Peak price increase of 70% from 2021 to 2023 – and we already have remarkable price points!
- Norcod is positioned to be a stable and consistent supplier of quality cod over time, with prime advantages to achieve significant price premiums

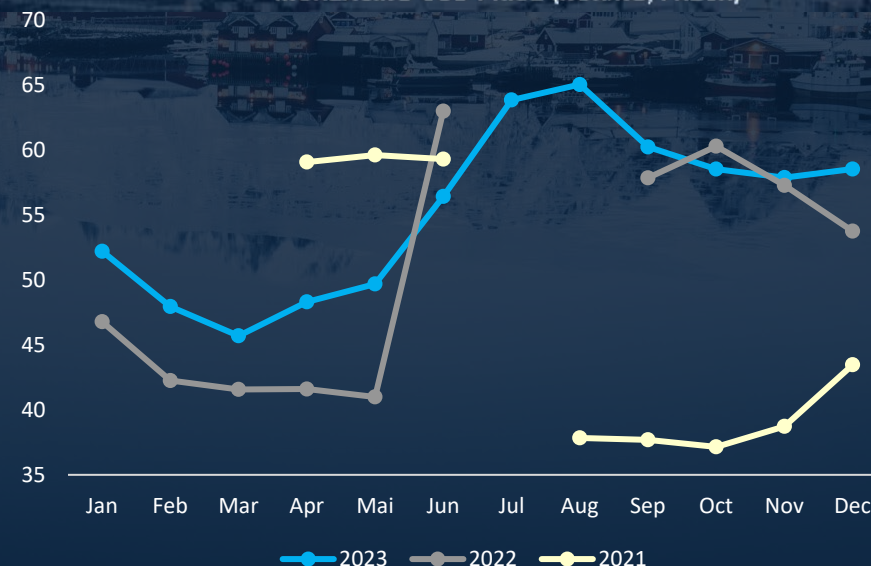
Outlook – In brief

- Outstanding product 
- Positive price trends 
- Increasing market awareness 
- Scalable production 

SIGNIFICANT CUTS IN WILD FISH QUOTA FOR ARCTIC FISHERIES (KTONNES)

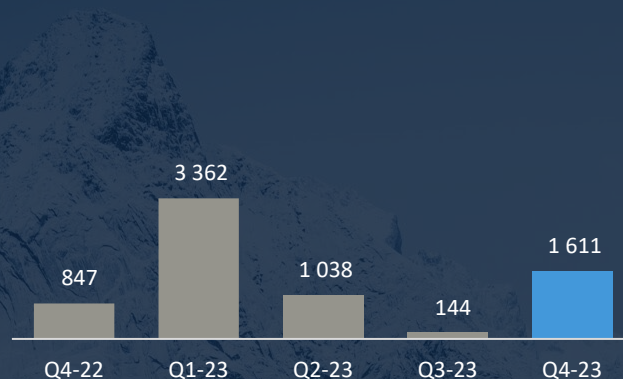


INCREASING COD PRICE (NOK/KG, FRESH)

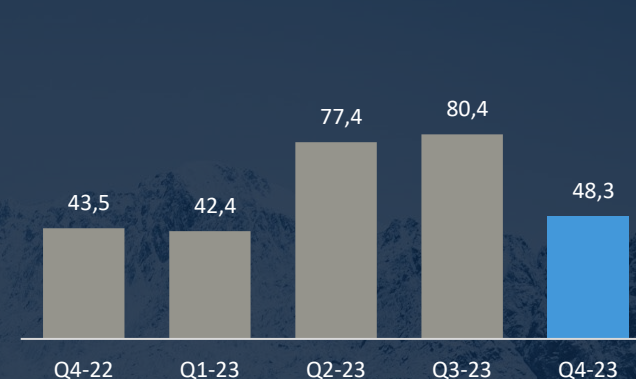


Financial Update - Highlights

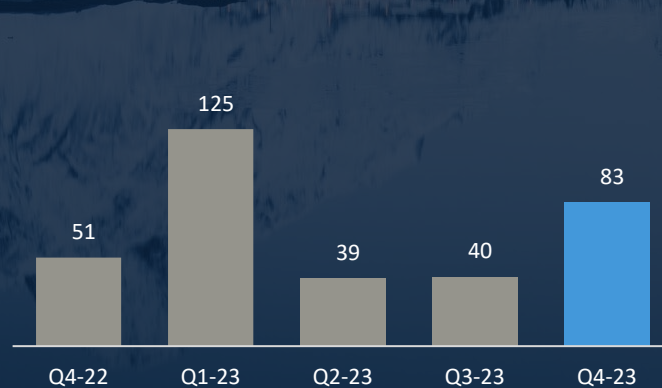
Harvest volume (tons WFE)



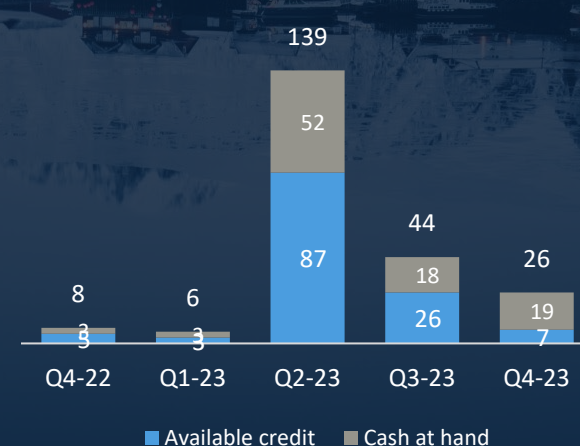
Production cost (NOK per kg WFE)



Revenues (MNOK)

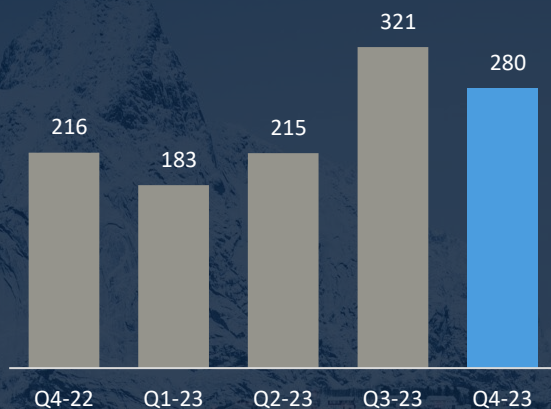


Available credit and cash at hand

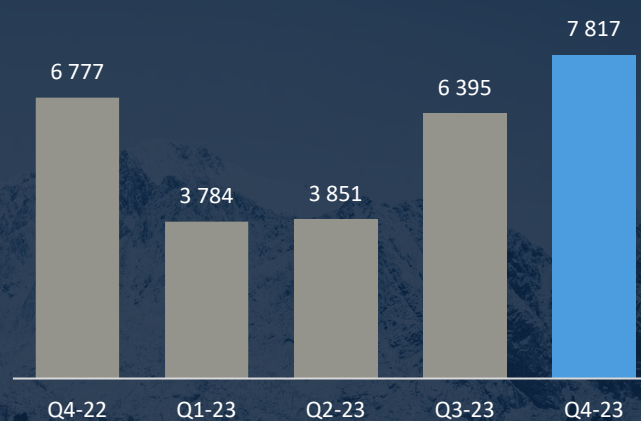


Financial Update - Highlights

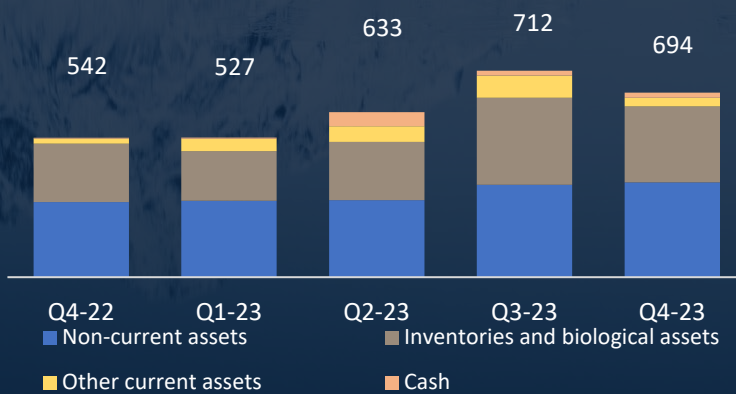
Biological assets



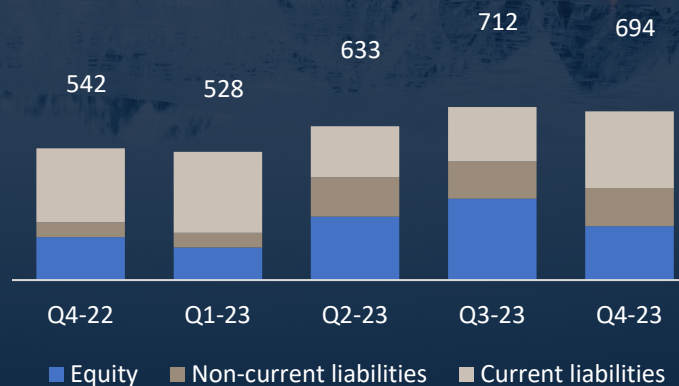
Biomass at sea (tons)



Balance sheet development - Assets



Balance sheet development – Equity and liabilities



Financial review

	Q4 2023	Q4 2022	Y/Y-%	FY 2023	FY 2022	Y/Y-%
Operating revenue	83 163	51 484	61,5 %	269 419	170 541	58,0 %
Production cost	77 755	36 858	111,0 %	312 141	174 612	78,8 %
Other operating expenses*	52 461	46 912	11,8 %	191 961	119 014	61,3 %
EBIT excl non-recurring items and FV adjustment of biomass	-47 053	-32 286	45,7 %	-234 683	-123 085	90,7 %
Non-recurring items	21 110			21 110		
FV-adjustment of biomass	-36 965	-163 728	-77,4 %	38 623	-157 808	-124,5 %
EBIT	-105 128	-196 014	-46,4 %	-217 170	-280 893	-22,7 %
Harvest volume WFE	1 611	847	90,2 %	6 155	3 837	60,4 %
Prod cost NOK per kg harvested	48,27	43,52	10,9 %	50,71	45,51	11,4 %

**During Q4-23, the company has made capacity adjustments to align future production with the company's growth plan*

Financial Update - Highlights

Introduction

During the quarter, the company harvested 1 611 tons WFE from sites Jamnungen and Forså. The cod has been harvested at Norcod's harvesting facility Kråkøy Slakteri. The company achieved a feed conversion ratio in the biomass of 1.05, and 93% of the harvested volume from site Jamnungen holds superior quality. The company is investing heavily in biomass to satisfy global demand for cod in the coming years. The biomass build is capital intensive, and there is an ongoing work to streamline the company and cut costs.

Profit and loss fourth quarter 2023

Operating revenues ended at 83 MNOK in Q4-23, up from 51 MNOK in Q4-22 amid increased harvest compared to the corresponding quarter last year. Operating expenses excluding one-time items described below ended on 130 MNOK, up from 84 MNOK in Q4-22. The increase is mainly explained by general price increases on feed, labor and raw materials and increasing interest rates.

During the quarter, the company has made capacity adjustments to align future production with the company's growth plan. In February, the company received a notice of proceedings from a contracting party for a claim regarding what is argued to be a rejection of delivery in breach of contract. Norcod has rejected the claim, but has made provisions in its accounts based on estimates and risk assessments. Additionally, Norcod has also made certain other capacity adjustments during the quarter. In total, Q4-23 operating expenses are impacted by one-time items related to capacity adjustments including the abovementioned claim of 21 MNOK.

Production cost per kg has increased from 43.52 NOK/per kg WFE in Q4-22 to 48.27 NOK per kg WFE in Q4-23. The increase is mainly explained by general price increases on feed, labor and raw materials, increasing interest rates and currency, partly offset by improved biology and feed factor. The company will continue its diligent work to streamline processes and optimize biology to cut costs further.

Operating loss ended on 68 MNOK, up from 32 MNOK in the corresponding quarter last year. Net loss for the period ended on 113 MNOK, down from 197 MNOK in Q4-22. Adjusted for one-time items, operating loss and net loss ended on 47 MNOK and 86 MNOK respectively.

Financial review

Profit and loss 2023

Operating revenues ended at 269 MNOK in 2023, up from 171 MNOK in 2022. During the year, Norcod harvested 6 166 tons WFE, compared to 3 837 tons WFE in 2022. Market prices on cod were negatively impacted from the accelerated harvesting that was imposed in the first half of 2023, and this has impacted Norcod's revenues negatively during the year. Good cooperation with available facilities made it possible for all harvest capacity to be used. The situation led to a challenging market situation, but the fish reached the end user.

Operating expenses excluding one-time items described below ended on 503 MNOK, up from 294 MNOK in 2022. The increase in OPEX is mainly explained by the accelerated harvesting during H1-23 and a general price increase on feed, labor and raw materials and increasing interest rates.

During the fourth quarter, the company has made capacity adjustments to align future production with the company's growth plan. In February, the company received a notice of proceedings from a contracting party for a claim regarding what is argued to be a rejection of delivery in breach of contract. Norcod has rejected the claim, but has made provisions in its accounts based on estimates and risk assessments. Additionally, Norcod has also made certain other capacity adjustments during the quarter. In total, Q4-23 operating expenses are impacted by one-time items related to capacity adjustments including the abovementioned claim of 21 MNOK.

Production cost per kg has increased from 45.51 NOK/per kg WFE in Q4-22 to 50.73 NOK per kg WFE in Q4-23. The increase is mainly explained by general price increases on feed, labor and raw materials, increasing interest rates and currency, partly offset by improved biology and feed factor. The company will continue its diligent work to streamline processes and optimize biology to cut costs further.

Operating loss ended on 256 MNOK, up from 123 MNOK in 2022. Net loss for the period ended on 249 MNOK, down from 297 MNOK in 2022. Adjusted for one-time items, operating loss and net loss ended on 235 MNOK and 228 MNOK, respectively.

Financial review

Balance Sheet

Total assets ended on 694 MNOK in Q4-23, up from 542 MNOK in Q4-22. The change from last year is mainly explained by increase in biological assets and property, plant and equipment. Available credit ended on 7 MNOK and cash at hand ended on 19 MNOK with total available funds ending on 26 MNOK, up from 8 MNOK in Q4-22. Total equity ended on 230 MNOK, up from 178 MNOK in Q4-22.

Total non-current liabilities ended on 157 MNOK in Q4-23, up from 61 MNOK in Q4-22. Current interest bearing debt ended on 119 MNOK in Q4-23, down from 158 MNOK in Q4-22. Total current liabilities ended on 315 MNOK in Q4-23, up from 304 MNOK in Q4-22. The increase is mainly driven by the build of biomass during the period. The production- and market plan for the foreseeable future implies an utterly build of biomass and a remaining working capital funding requirement due to higher expected operational and financing costs. Based on the company's current capital structure, the company has during the fourth quarter identified an equity need to cover the company's working capital need. Strengthening of the company's working capital is contemplated financed through a private placement of new shares in the company of NOK 100 – NOK 150 million. The company's main shareholders intend to subscribe in the Private Placement. ABG Sundal Collier has been engaged as financial advisor in relation to the contemplated Private Placement. The contemplated private placement is expected to take place during Q1.

Cash Flows

Net cash flows from operating activities was -5 MNOK in Q4-23 compared to -70 MNOK in Q4-22. The increase is explained by working capital changes. Net cash flows from investing activities was -9 MNOK in Q4-23 compared to -2 MNOK in Q4-22. During the quarter, Norcod upgraded the harvesting capacity in Kråkøy which had a negative impact on cash flows from investing activities. Cash flows from financing activities ended on 15 MNOK in Q4-23, compared to 68 MNOK during Q4-22. The decrease is mainly explained by the increase in bank overdraft during Q4-22.

Interim condensed consolidated statement of comprehensive income

Consolidated statement of comprehensive income					
(Amounts in NOK '000)	Note	Q4 2023	FY 2023	Q4 2022	FY 2022
Operating revenue		83 163	269 419	51 484	170 541
Cost of materials		74 900	315 418	38 565	168 730
Salaries and personnel expenses		22 888	67 929	12 671	43 031
Depreciation, amortization and impairment		10 967	29 095	5 234	16 032
Other operating expenses		42 571	112 769	27 300	65 833
Operating expenses		151 326	525 212	83 770	293 626
Operating profit/ loss(-) before fair value adj. of biomass		-68 163	-255 793	-32 286	-123 085
Fair value adjustment biomass	1	-36 965	38 623	-163 728	-157 808
Operating profit/loss		-105 128	-217 170	-196 014	-280 892
Share of profit/ loss(-) from associates		0	1 489	3 480	1 798
Net financial items	4	-7 434	-32 699	-4 443	-18 123
Profit/loss before tax		-112 562	-248 379	-196 977	-297 217
Income tax expenses		-776	-776	0	0
Net profit/loss for the period		-113 337	-249 155	-196 977	-297 217
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		-113 337	-249 155	-196 977	-297 217

Interim condensed consolidated statement of financial position

Consolidated statement of financial position

(Amounts in NOK '000)	Note	Q4 2023 Unaudited	Q4 2022 Audited
ASSETS			
Non-current assets			
Concessions, patents, licenses, trademarks and similar rights	2	2 000	2 000
Property, plant & equipment		148 246	76 678
Right-of-use assets		198 776	123 846
Investment in associated companies	3	0	33 511
Other investments	3	505	502
Other non-current receivables	3	0	40 000
Total non-current assets		349 527	276 536
Current assets			
Inventories	1	8 093	8 712
Biological assets	1	272 052	206 758
Short-term receivables		45 883	46 427
Cash and cash equivalents		18 777	3 412
Total current assets		344 806	265 310
TOTAL ASSETS		694 332	541 846

Interim condensed consolidated statement of financial position

Consolidated statement of financial position

(Amounts in NOK '000)	Note	Q4 2023	Q4 2022
EQUITY AND LIABILITIES			
Equity			
Share capital		14 714	9 609
Treasury Shares		-3 706	-3 706
Share premium		842 246	553 043
Retained earnings		-631 422	-382 267
Total equity		221 832	176 679
Liabilities			
Non-current interest-bearing debt	4	33 180	0
Lease liabilities	4	124 182	60 939
Total non-current liabilities		157 362	60 939
Current leasing Liabilities		32 642	16 275
Current interest-bearing debt		119 356	158 151
Trade payables		135 863	114 263
Other current liabilities		27 278	15 540
Total current liabilities		315 138	304 228
TOTAL EQUITY AND LIABILITIES		694 332	541 846

Interim condensed consolidated statement of changes in equity

Interim condensed consolidated statement of changes in equity

(Amounts in NOK '000)

	Paid-in equity			Other equity	
	Share capital	Treasury shares	Share premium	Retained earnings	Total equity
2022					
Equity as of 1 Jan 2022	8 516	-3 706	386 587	-82 159	309 238
Issue of shares 05.04.2022	1 094		166 455		167 549
Net profit/loss for the year				-297 217	-297 217
Other changes				-2 891	-2 891
Equity as of 31 Dec 2022	9 609	-3 706	553 043	-382 267	176 679
2023					
Equity as of 1 Jan 2023	9 609	-3 706	553 043	-382 267	176 679
Issue of shares 10.05.2023	3 175		176 065		179 240
Issue of shares 05.07.2023	289		19 592		19 881
Issue of shares 13.07.2023	164		9 350		9 514
Issue of shares 25.08.2023	1 477		84 196		85 673
Net profit/loss for the year				-249 155	-249 155
Equity as of 31 Dec 2023	14 714	-3 706	842 246	-631 422	221 831

Interim condensed consolidated statement of cash flows

Interim condensed consolidated statement of cash flows

		Q4 2023	FY 2023	Q4 2022	FY 2022
(Amounts in NOK '000)	Note				
Profit/loss before tax		-112 562	-248 379	-196 976	-297 217
Taxes paid		0	0		
Cash flow from operating activities					
Depreciation and amortization		9 400	27 527	5 234	16 032
Impairment of intangible assets		1 567	1 567		
Change in inventory and biological assets	1	40 458	-62 525	-51 692	-132 554
Fair value adjustment				157 808	157 808
Share of profit/ loss(-) from associates			-1 489	-3 480	-1 798
Change in accounts receivable		-3 575	3 235	-27 718	929
Change in accounts payable		49 331	19 833	38 962	26 037
Change in other current receivables and other current liabilities		9 637	29 210	7 478	28 987
Net cash flow from operating activities		-5 744	-231 022	-70 385	-201 777
Cash flows from investing activities					
Payments for purchase of property, plant & equipment		-8 207	-24 550	-3 584	-36 978
Proceeds from sale of property, plant & equipment		-339	25 153		
Acquisition of subsidiaries			-8 912		
Proceeds from sale of shares in associates			35 000		
Change in loans associates and others			40 000	0	-10 000
Net cash flow from investing activities		-8 546	66 691	-2 346	-46 978
Cash flows from financing activities					
Net change in bank overdraft		22 444	50 865	70 144	70 144
Repayment of debt			-12 164		
Repayment of lease liability		-4 179	-34 925	-2 720	-12 523
Interest paid	2	-3 646	-8 987	-714	-2 421
Proceeds from issues of shares			184 907	0	167 549
Net cash flow from financing activities		14 619	179 696	66 710	222 749
Net (decrease)/increase in cash and cash equivalents		330	15 366	-6 021	-26 006
Cash and cash equivalents at the beginning of the period		18 447	3 412	9 433	29 418
Cash and cash equivalents at close of the period		18 777	18 777	3 412	3 412

Notes

General information and accounting principles

Norcod (the Group) consists of Norcod AS, Norcod Equipment AS, Kråkøy Slakteri AS and Kråkøy Norcod Eiendom AS .

The Group's head office is located at Thomas Angells gate 22 in Trondheim, Norway.

Norcod AS is listed on the Oslo Stock Exchange Euronext Growth under the ticker NCOD.

The condensed, consolidated interim financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS), including the International Accounting Standards 34 (IAS34) for interim financial reporting and are authorized for issue by the board of directors on 30. Jan 2024. The Group's accounting principles and calculation methods used in the most recent annual accounts are described in the annual report for 2022. No accounting principles have been changed or other standards have been adopted during the period. The annual report is published on www.norcod.no.

The condensed consolidated interim financial statements have not been audited. As a result of rounding differences, numbers or percentages may not add up to the total.

All figures in the notes are in NOK 1 000, unless otherwise specified.

Notes

Note 1 Inventories and biological assets

	31.12.2023	31.12.2022	31.12.2022
Book value of inventories			
Feed and other materials	8 093	8 712	8 712
Total inventories	8 093	8 712	8 712

Book value of biological assets			
Roe and cod fry at cost	13 830	23 284	23 284
Biological assets held at sea farms at cost	380 452	344 327	344 327
Total Biological assets before fair value adjustment	394 282	367 611	367 611
Fair value adjustment of biological assets	-122 230	-160 853	-160 853
Total biological assets	272 052	206 758	206 758

		Q4 - 2023	Q4 - 2022	FY 2022
Reconciliation of changes in carrying amount of biological assets	Statement of comprehensive income post			
Opening balance biological assets		304 852	315 153	235 919
Increase resulting from production in the period	Cost of materials	81 921	92 191	303 259
Reduction resulting from incident-based mortality		0	0	0
Fair value adjustment of biomass	Fair value adjustment biomass	-36 965	-163 728	-157 808
Reduction due to harvesting in the period		-77 755	-36 858	-174 612
Closing balance biological assets		272 052	206 758	206 758

Volumes of biological assets in sea (1 000 kg)			
Opening balance biological assets in sea	6 395	6 122	5 377
Closing balance biological assets in sea	7 817	6 122	6 777

Notes

The group had no uninvoiced finished goods in Q4 2023.

Biological Assets

Biological assets are, in accordance with IAS 41 Agriculture, measured at fair value in accordance with IFRS 13. Biomass measured at fair value, is categorized at Level 3 in the fair value hierarchy, as the input is mostly unobservable. All cod at sea are subject to a fair value calculation, while roe and cod fry are measured at cost as cost is deemed a reasonable approximation for fair value as there is little biological transformation.

The technical model used to calculate the fair value of biomass is a present value model. Present value is calculated on the basis of estimated revenues less production costs remaining until the cod is harvestable at the individual site. The cod is harvestable when it has reached the estimated weight required for harvesting specified in the company's budgets and plans. The estimated value is discounted to present value on the date of reporting. The expected biomass at harvest is calculated on the basis of the number of individuals held at sea farms on date of reporting, adjusted for expected mortality up until the point of harvest and multiplied by the fish's estimated weight at harvest. The price is calculated using the Group's best estimate of future prices and are not observable. The price includes the Group's best estimate of the future prices of cod liver and other products of the cod that will be sold. Prices are adjusted for expected costs related to harvesting, sales and carriage costs. The Group applies a monthly discount rate of 2 %.

Estimated remaining production costs are estimated costs that a market participant would presume necessary for the farming of fish up until they reach a harvestable weight. In the model, instead of being a separate cost element in the calculation, compensation for estimated license fees and site leasing costs is included in the discount factor, and thereby reduces the fair value of the biomass.

The fair value of the biomass is calculated using a monthly discounting of the cash flow based on an expected harvesting month according to the harvesting plan. The discount factor is intended to reflect two main components:

1. The risk of incidents that affect the cash flow.
2. The time value of money.

The discount factor is set on the basis of an average for all the Group's sites and which, in the Group's assessment, provides a sensible growth curve for the fish – from cod fry to harvestable fish. The risk adjustment must take account of the risk involved in investing in live fish. Currently the Group expects a cod to spend on average 16-18 months at a sea farm, and the risk will be higher the longer the time until harvest. Biological risk, the risk of increased costs and price risk will be the most important elements to be recognized. The present value model includes a theoretical compensation for license fees and site leasing costs as a surplus to the discount factor in the model, instead of being a cost-reducing factor in the calculation.

Notes

Note 2 Financial items					
	Q4 2023	YTD 2023	Q4 2022	YTD 2022	FY 2022
Financial income					
Currency gains			597	2 859	
Other financial income	51	712	8	592	592
Total financial income	51	712	605	3 451	592
Financial expenses					
Impairment of financial assets			502	502	502
Interest expenses to related companies	387	6 891	2 344	9 400	9 400
Interest expenses leasing	3 646	8 987	714	2 421	2 421
Currency loss	185	8 254	22	6 774	3 915
Other financial expenses	3 266	9 278	1 467	2 478	2 478
Total financial expenses	7 485	33 410	5 048	21 574	18 715
Net financial items	-7 434	-32 699	-4 443	-18 123	-18 123

Note 3 Intangible assets - Concessions, patents, licenses, trademarks and similar rights

The Group has previously had an accounting policy that cost incurred, in advance of granted licenses being confirmed, has been capitalized and recognized as intangible assets. The Group has evaluated that to better align with the requirements in IAS 38 all cost related to the application process, prior to licenses being granted, should have been expensed as incurred. Consequently, the Group has changed its accounting policy in this regard from 2022, and expensed capitalized cost as of 31.12.2021 of TNOK 6,039 in the 2022 financial statements as the Group considers the financial statement impact to be immaterial.

Note 4 **Associated companies and other investments**

Up until May 2023, Norcod AS had a 50 % ownership in Havlandet Norcod AS (associated company), where NOK 35 million were invested in shares. An additional NOK 40 million long-term loan was granted to Havlandet Norcod AS. In May 2023, Norcod sold its shares in Havlandet Norcod AS and the long term loan was settled in cash correspondingly. Both transactions were settled at book values.

Norcod AS holds an investment in Arctic Cod AS, book value of TNOK 502. The company offers growth facility capacity for a share of Norcod's juveniles. The contracting arrangement is based on common business terms.

Notes

Note 5 Interest-bearing liabilities

	31.12.2023	31.12.2022
Non-Current interest-bearing liabilities		
Non-current interest-bearing debt	33 180	0
Non current liabilities for right-of-use assets	124 182	60 939
Non-current leasing liabilities	157 362	60 939
Current interest-bearing debt:		
Current leasing liabilities	32 642	16 275
*Current interest-bearing debt	119 356	158 151
Total current interest-bearing debt	151 998	174 426
Total interest-bearing debt	309 360	235 365
Cash and bank deposits	18 777	3 412
Net interest-bearing debt	290 583	231 953

Responsibility statement from the Board of Directors and the CEO

The Board of Directors and the CEO have today considered and approved the condensed financial statements for 2023 and the financial information in this report that is relevant for 2023.

The report for 2023 has been prepared in accordance with IAS 34 Interim Financial Statements and additional disclosure requirements as stated in the Norwegian Verdipapirhandelloven (Securities Trading Act).

We confirm that, to the best of our knowledge, the condensed set of financial statements for 2023 gives a true and fair view of Norcod's consolidated assets, liabilities, financial position and results of operations. To the best of our knowledge the report provides a fair review of important events in the period and their effects on the condensed set of financial statements, with a description of the principal risks and uncertainties that Norcod is facing that may have a material effect on the financial position or results for Norcod.

Trondheim, 14 February 2024

The Board of Directors and the CEO

Renate Larsen – Chair

Jan Severin Sølback – Board member

Trine Lotherington Danielsen – Board member

Peter Buhl – Board member

Boe Spurré – Board member

Christian Riber – CEO

