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SMÅKRAFT GREEN BOND 1 AS

UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS

2019

Tesgjolo, Voss, Vestland

Group (unaudited)			(in nok)	Småkraft Green Bond 1 AS		
2019	2018	Note		Note	2019	2018
			Operating revenue and costs			
54 234 607			Revenue		28 248 392	
-			Group revenue		5 196 042	
-76 234			Other revenue		-85 310	
54 158 373	**-**		**Total revenue**		**33 359 124**	**-**
5 246 680			Water rights costs		3 491 424	
3 963 688			Transmission costs		1 772 856	
18 046 414			Depreciation of fixed assets and intangible assets		10 949 127	
3 594 524			Property tax and licence fees		1 858 766	
5 048 846	24 000		Other operating costs		3 262 184	24 000
35 900 152	**24 000**		**Total operating costs**		**21 334 357**	**24 000**
18 258 221	**-24 000**		**Operating profit (-loss)**		**12 024 767**	**-24 000**
			Financial income and financial costs			
			Interest income from group companies		9 075 892	
197 141	808 303		Other finance income		161 234	808 303
-3 054 701			Interest expenses			
-4 720 615	-126 983		Interest expenses to Småkraft AS		-4 913 833	-126 983
-7 578 175	**681 320**		**Net financial items**		**4 323 293**	**681 320**
10 680 046	**657 320**		**Profit (-loss) before taxation**		**16 348 060**	**657 320**
-2 019 443	-151 184	3	Tax expenses	3	-3 634 151	-151 184
8 660 602	**506 136**		**Profit (-loss) for the year**		**12 713 909**	**506 136**
8 660 602	**506 136**		**Net income**		**12 713 909**	**506 136**
			Dispositions			
8 660 602			Transfered to equity		**12 713 909**	
	506 136		Group Contribution Småkraft Group			506 136
8 660 602	**506 136**		**Total dispositions**		**12 713 909**	**506 136**

Group (unaudited)			(in nok)		Småkraft Green Bond 1 AS	
31.12.2019	31.12.2018	Note		Note	31.12.2019	31.12.2018
			Assets			
			Non- current assets			
			Intangible assets			
100 150 042	102 347 577	5	Other intangible assets	5	69 716 333	-
7 866 649	8 081 918	5	Goodwill	5	7 406 427	-
108 016 690	**110 429 495**		**Total intangible assets**		**77 122 760**	**-**
			Fixed assets			
609 130 248	612 893 037	4	Property, plants and equipment	4	336 098 974	38 357 272
609 130 248	**612 893 037**		**Total fixed assets**		**336 098 974**	**38 357 272**
			Financial non- current assets			
-	-		Investments in subsidiares	6	69 801 061	166 322 333
-	-		Loans to subsidiaries	7	259 886 539	375 876 168
994 700	738 249		Other long term receivables		974 103	-
994 700	**738 249**		**Total financial non- current assets**		**330 661 703**	**542 198 501**
718 141 638	**724 060 781**		**Total non- current assets**		**743 883 437**	**580 555 773**
			Current assets			
320 335	-		El-certificates		233 769	-
			Receivables			
3 752 849	1 430 396		Accounts recievables		2 529 744	-
138 752	6 928 300		Other short term receivables		94 353	6 294 847
-	5 863 394	7	Loans to group companies	7	1 019 250	5 498 822
4 211 936	**14 222 090**		**Total receivables**		**3 877 116**	**11 793 669**
60 384 138	47 300 022		Cash and cash equivalents		48 648 201	-
64 596 074	**61 522 112**		**Total current assets**		**52 525 317**	**11 793 669**
782 737 712	**785 582 893**		**Total assets**		**796 408 754**	**592 349 442**

31.12.2019	31.12.2018	Note		Note	31.12.2019	31.12.2018
			Equity and Liabilities			
			Shareholders Equity			
			Paid- in capital			
55 000 000	50 000 000	2, 8	Share capital	2, 8	55 000 000	50 000 000
465 114 846	362 826 388	8	Share premium reserve	8	465 114 846	362 826 388
		8	Other paid in capital		200 000	-
-	107 288 458	8	Not registered capital increase	8	-	107 288 458
520 114 846	**520 114 846**		**Total paid in capital**		**520 314 846**	**520 114 846**
			Retained earnings			
1 766 630	2 079 127		Minority interests			
10 824 319	1 308 658		Retained earnings		18 195 512	
12 590 949	**3 387 785**		**Total retained earnings**		**18 195 512**	**-**
532 705 795	**523 502 631**		**Total Equity**		**538 510 358**	**520 114 846**
			Liabilities			
			Provisions			
16 385 575	14 366 132	3	Deferred tax	3	15 946 424	
16 385 575	**14 366 132**		**Total provisions**		**15 946 424**	**-**
			Long term liabilities			
-	143 022 270		Debt to financial institutions		-	-
216 327 909	69 719 776	7	Debt to Småkraft AS	7	216 327 879	69 719 776
216 327 909	**212 742 046**		**Total long term liabilities**		**216 327 879**	**69 719 776**
			Current liabilities			
952 851	6 211 449		Accounts payable		1 213 331	786 793
-	310 281	3	Tax payable	3	-	-
1 049 410	3 807 124		Public duties payable		798 593	-
-	-		Group payable		15 411 848	-
15 316 172	24 643 230		Other short term debt		8 200 323	1 728 027
17 318 433	**34 972 084**		**Total short term debt**		**25 624 095**	**2 514 820**
250 031 917	**262 080 262**		**Total liabilities**		**257 898 398**	**72 234 596**
782 737 712	**785 582 893**		**Total Equity and Liabilities**		**796 408 756**	**592 349 442**

The Board in Småkraft Green Bond 1 AS,
Bergen 15.04.2020

Erik Røysem Sterud

Erik Røysem Sterud
Chairman of the Board/ Managing Director

Halle Aslaksen (Apr 22, 2020)

Halle Aslaksen
Board Member

Notes to the unaudited financial statements - Småkraft Green Bond 1 AS- Group

Accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

Consolidation principles

The consolidated financial statement consists of Småkraft Green Bond 1 AS and companies where Småkraft Green Bond 1 AS has a controlling interest. Controling interest normally exists when the group owns more than 50 percent of the shares and can exercise actual control. All material transactions and group inter-company balances are eliminated. The consolidated financial statements are prepared in accordance with uniform accounting policies for uniform transactions in all companies included in the consolidated financial statements. The acquisition method is applied in business combinations. Companies acquired or sold during the year are consolidated from the date control is achieved and until control ceases.

Revenues

Revenues from el spot sale are recognised when power is delivered.

The revenue is calculated on the basis of the individual power plant's production, multiplied by the spot price.

Småkraft AS receives el-certificates, which is sold on an ongoing basis in accordance with the current market price. Revenues from el-certificates are recognised when received, and are included in the company's energy sale.

Taxes

The tax expense in the income statement comprises taxes payable and changes in deferred tax liabilities/assets. Taxes payable are calculated on the basis of the taxable income for the year. Payable income tax is recognized in the balance sheet under current liabilities.
Deferred tax liabilities/assets are calculated on the basis of temporary differences between the accounting and tax values and the tax effect of losses carried forward. A positive difference means that the company has a future tax liability, resulting in a deferred tax liability in the balance sheet. A negative difference means that the company has a future tax asset, resulting in a deferred tax asset in the balance sheet. Negative and positive temporary differences offset eachother if they are reversed within the same period.
A tax rate of 22% is used when calculating deferred tax liabilities/assets in 2019.

Differed tax assets are recognized in the balance sheet to the extent that it is probable that the assets will be realised.

Valuation and classification 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.
Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria. Fixed assets are carried at historical cost. Impariment of fixed and tangible assets is considered when there are indications of a decline in the value.

Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule. Other long-term liabilities, as well as short-term liabilities, are valued at nominal value. Current assets are valued at the lower of historical cost and fair value. Debt is not revalued to fair value due to interest rate changes.

Receivables
Trade receivables and other receivables are recognised at nominal value, less expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Other receivables, both current assets and fixed assets, are valued at the lower of historical cost and fair value. Fair value is the present value of expected future payments. The discount rate will not be changed if the impact of the change is immaterial. The accrual for losses is assessed the same way as for accounts receivables.

Tangible fixed assets and depreciation
Fixed assets are recognised at historical cost, less accumulated depreciation. Depreciation is calculated on a straight-line basis over assets' expected useful economic lives, and is charged from the time the assets are available for use.

Capitalized costs from own investments are recognised at manufacturing cost. Interest during the period of construction are capitalized. Interest rates are calculated as an average of the company's borrowing costs. Investment projects that are not granted a concession are expensed.

Shares in subsidiaries
Subsidiaries are companies where Småkraft Green Bond 1 AS has controlling interest over financial and operating policies. Controlling interest normally exists when the company owns more than 50 percent of the voting capital.

Estimates
When preparing the consolidated accounts in accordance with the Norwegian Accounting Act, management of the company must exercise judgement and prepare estimates. Areas that requires a high degree of judgement, has a high degree of complexity or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes.

NOTE 1: PAYROLL COSTS, NUMBER OF EMPLOYEES, LOANS TO EMPLOYEES, ETC.

The company does not have any employees

NOTE 2: SHARE CAPITAL AND SHAREHOLDER INFORMATION

The company is 100% owned by Småkraft AS. The share capital consists out of 1100 shares with nominal value 50.000.
The company and the Småkraft Green Bond 1 AS- Group is part of the Småkraft-Group. Småkraft AS has business office in Bergen.

NOTE 3: Taxes

	Småkraft Green Bond 1 AS- Group		Småkraft Green Bond 1 AS	
The tax expense in the income statement	**2019**	**2018**	**2019**	**2018**
Income tax payabel	-	151 184	-	151 184
Change in deferred income tax	2 019 443	-	3 634 151	-
Tax expense in the income statement:	**2 019 443**	**151 184**	**3 634 151**	**151 184**
Tax payable speficiation:				
Profit before tax	10 680 046	657 320	16 348 060	657 320
Profit before tax in subsidiaries before the group was established:		13 565 453		
Permanent differences	1 218		43	
Change in deferred taxes	5 517 630	-2 935 686	2 079 941	-
Companies with losses		4 722 599		
Used deficits in subsidiaries	-16 198 894	-5 291 156	-3 016 196	
Expenses booked against equity		-18 532	-	-21 510
Basis tax payable	**-0**	**10 699 998**	**15 411 848**	**635 810**
Group contribution	-	9 350 951	15 411 848	635 810
Basis tax payable in the balance sheet	-0	1 349 047	-	-
Tax payable in the balance sheet	-0	310 281	-	-
Deferred tax asset (- liability)				
Fixed assets	82 686 846	88 453 653	73 156 405	
Other differences	310 335	22 380	233 769	
Demerger debt	-2 184 455	-1 550 129		
Total temporary differences	80 812 726	86 925 904	73 390 174	
Losses carried forward	-5 426 413	-21 625 304	-	
Basis for deferred tax asset	75 386 313	65 300 600	73 390 174	
Temporary differences not part of the deferred tax asset	-906 427	-	-906 427	
Basis for deferred tax asset in the balance sheet	74 479 886	65 300 600	72 483 747	
Deferred tax (22%)	**16 385 575**	**14 366 132**	**15 946 424**	
Reconciliation tax expense:				
22%/23 % of profit before tax	2 349 610	151 184	3 596 573	151 184
Tax expense in the P&L	2 019 443	151 184	3 634 151	151 184
Change in not balanced tax asset	330 167	-	-37 578	
Difference	-0	-	0	-

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Småkraft Green Bond 1 AS

	2019	2018
Costs 1.1	38 357 272	
Additions (mergers 1.1.2019)	306 887 042	38 357 272
Cost at 31.12	345 244 314	38 357 272
Accumulated depreciations	-9 145 340	
Balance at 31.12.	**336 098 974**	**38 357 272**

Småkraft Green Bond 1 AS- Group

	2019	2018
Costs 1.1	612 893 037	
Additions	12 479 838	612 893 037
Cost at 31.12	625 372 875	612 893 037
Accumulated depreciations	-16 242 627	
Balance at 31.12	**609 130 248**	**612 893 037**

NOTE 5: INTANGIBLE ASSETS

Småkraft Green Bond 1 AS

	Goodwill*	Intangible Assets	Total
Balance at 31.12.2018	**-**	**-**	**-**
Cost, after mergers of subsidiaries 1.1.2019	7 729 609	72 845 085	80 574 694
Additions 2019	-	-	-
Cost 31.12.2019	7 729 609	72 845 085	80 574 694
Accumulated depreciations, after mergers 1.1.2019	-152 451	-1 495 696	-1 648 147
Depreciations 2019	-170 731	-1 633 056	-1 803 787
Accumulated depreciations, 31.12.2019	-323 182	-3 128 752	-3 451 934
Balance at 31.12.2019	**7 406 427**	**69 716 333**	**77 122 760**

Småkraft Green Bond 1 AS- Group

	Goodwill*	Intangible Assets	Total
Cost at 1.1.2018			-
Additions 2018	8 189 831	103 278 794	111 468 625
Cost at 31.12.2018	8 189 831	103 278 794	111 468 625
Additions 2019			-
Cost 31.12.2019	8 189 831	103 278 794	111 468 625
Accumulated depreciations 31.12.2018	-152 451	-1 495 696	-1 648 147
Depreciations 2019	-170 731	-1 633 056	-1 803 787
Accumulated depreciations 31.12.2019	-323 182	-3 128 752	-3 451 934
Balance at 31.12.2019	**7 866 649**	**100 150 042**	**108 016 691**

*The difference between deferred tax valued at nominal and discounted amounts is recognized as goodwill.

It is recognized when new companies are acquired and arises because deferred tax is valued at nominal amounts whereas discounted amounts are reflected in the purchase amount.

The "interest" goodwill is therefore depreciated over the same time-period as the other immaterial values recognized in the purchase. The economic lifetime is valued equal to the water right period.

The "interest" goodwill and other intangible assets recognized are connected to the following purchases:

NOTE 6: SUBSIDIARIES

31.12.2019

Investment in subsidiary	Business office	Ownership share	Net income (100%)	Booked equity 31.12. (100%)
Grytendal Kraftverk AS	Oslo	100 %	-147 744	-425 688
Kvemma Kraft AS	Lærdal	66 %	-805 931	21 022 816
Saksenvik Kraft AS	Bergen	96 %	-2 909 352	31 881 162

31.12.2018

Investment in subsidiary	Business office	Ownership share	Net income (100%)	Booked equity 31.12. (100%)
Fiskløysa Kraftverk AS*	Oslo	100 %	-33 111	32 955
Grytendal Kraftverk AS	Oslo	100 %	-344 010	-277 944
Jordalen Kraft AS*	Notodden	100 %	2 875 022	28 015 954
Kvemma Kraft AS	Lærdal	66 %	1 550 372	21 828 747
Mela Kraft AS*	Bergen	100 %	1 265 250	103 520
Røneid Kraft AS*	Notodden	100 %	1 605 362	24 700 000
Saksenvik Kraft AS	Bergen	96 %	2 425 344	22 769 273
Sandneselva Kraftverk AS*	Oslo	100 %	266 313	345 469
Tysseelva Kraft AS*	Bergen	100 %	791 887	30 000

* Merged with Småkraft Green Bond 1 AS as per 1.1.2019

NOTE 7: INTERCOMPANY

Småkraft Green Bond 1 AS

	2019	2018*
Loans to subsidiares	259 886 539	375 876 168
Short term receivable group companies	201 141	5 498 822
Short term payable to subsidiary	15 411 848	-
Debt to parent company	216 327 879	69 719 776

Småkraft Green Bond 1- Group

	2019	2018*
Short term receivable group companies	1 019 250	5 498 822
Debt to parent company	216 327 909	69 719 776

* Intercompany interests in the Småkraft Green Bond 1- Group have not been eliminated per 2018, as the group was established late in December 2018. The result from the subsidiaries was not included in the Group accounts, and as such the intercompany interests have not been eliminated.

NOTE 8: EQUITY

Småkraft Green Bond 1 AS:			**Not registered**	**Other paid**	**Retained**	
	Share capital	**Share premium**	**capital increase**	**in capital**	**equity**	**Total**
Establishment	30 000	30 000				60 000
Costs of establishment		16 562				16 562
Capital increase	49 970 000	362 796 388				412 766 388
Capital increase not registered per year end			107 288 458			107 288 458
Net income		-506 136				-506 136
Group contribution		489 574				489 574
Equity 31.12.18	**50 000 000**	**362 826 388**	**107 288 458**	**-**	**-**	**520 114 846**
Mergers of subsidiaries:						
Fiskløysa Kraftverk AS					168 224	168 224
Jordalen Kraft AS					-257 229	-257 229
Mela Kraft AS					2 224 880	2 224 880
Røneid Kraft AS					-160 279	-160 279
Sandneselva Kraftverk AS					126 652	126 652
Tysseelva Kraft AS					3 446 400	3 446 400
Capital increase not registered per year end 2018	5 000 000	102288458	-107 288 458			-
Other				200 000	-67 046	132 954
Net income					12 713 909	12 713 909
Equity 31.12.19	**55 000 000**	**465 114 846**	**-**	**200 000**	**18 195 512**	**538 510 358**

Småkraft Green Bond 1 AS- Group:			**Not registered**	**Retained**		
	Share capital	**Share premium**	**capital increase**	**equity**	**Minority**	**Total**
Establishment	30 000	30 000				60 000
Capital increase	49 970 000	362 796 388				412 766 388
Capital increase not registered per year end			107 288 458			107 288 458
Excess value group establishment				1 308 658		1 308 658
Minority ownership establishment					2 079 127	2 079 127
Net income		-506 136				-506 136
Group contribution		506 136				506 136
Equity 31.12.18	**50 000 000**	**362 826 388**	**107 288 458**	**1 308 658**	**2 079 127**	**523 502 631**
Capital increase not registered per year end 2018	5 000 000	102 288 458	-107 288 458			-
Other				541 435	1 127	542 562
Net income				8 974 226	-313 624	8 660 602
Equity 31.12.19	**55 000 000**	**465 114 846**	**0**	**10 824 319**	**1 766 630**	**532 705 795**

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Småkraft Green Bond 1 AS - Consolidated Financial Statements 2020

Final Audit Report 2020-04-22

Created:	2020-04-21
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