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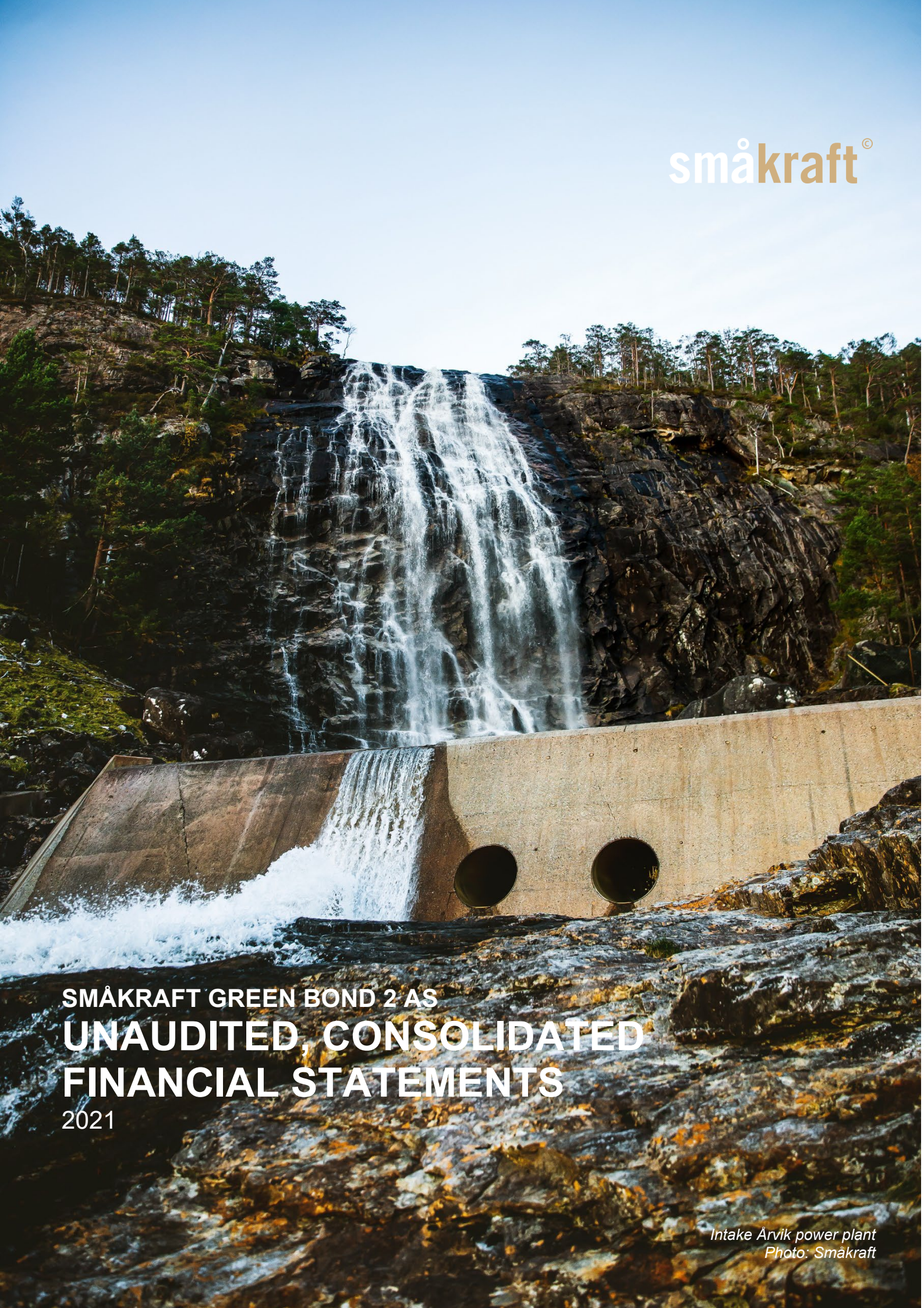

SMÅKRAFT GREEN BOND 2 AS

UNAUDITED, CONSOLIDATED FINANCIAL STATEMENTS

2021

Intake Årvik power plant
Photo: Småkraft

Group			STATEMENT OF PROFIT AND LOSS (unaudited, in NOK)		Småkraft Green Bond 2 AS	
2021	2020	Note		Note	2021	2020
			Operating revenue and costs			
63 848 243	**-**		**Total revenue**		**61 563 366**	**-**
5 408 636	-		Water rights costs		5 295 052	-
4 014 015	-		Transmission costs		3 482 003	-
20 456 695	-		Depreciation of fixed assets and intangible assets		18 593 083	-
2 142 375	-		Property tax and licence fees		1 929 645	-
10 378 267	80		Other operating costs		9 723 748	80
42 399 988	**80**		**Total operating costs**		**39 023 531**	**80**
21 448 255	**-80**		**Operating profit (-loss)**		**22 539 835**	**-80**
			Financial income and financial costs			
-	-		Interest income from group companies		7 110 295	-
245 464	33		Other finance income		237 322	33
-3 270 684			Interest expenses to financial institutions		-3 270 640	-
-10 763 766	-		Interest expenses to Småkraft AS		-12 835 038	-
-13 788 986	**33**		**Net financial items**		**-8 758 061**	**33**
7 659 269	**-47**		**Profit (-loss) before taxation**		**13 781 774**	**-47**
-1 879 664	-	3	Tax expenses	3	-3 267 931	-
5 779 605	**-47**		**Profit (-loss) for the year**		**10 513 843**	**-47**
5 779 605	**-47**		**Net income**		**10 513 843**	**-47**
			Dispositions			
5 779 605	-47		To retained earnings		10 513 843	-47
5 779 605	**-47**		**Total dispositions**		**10 513 843**	**-47**

Group			STATEMENT OF FINANCIAL POSITION (unaudited, in nok)		Småkraft Green Bond 2 AS	
31.12.2021	31.12.2020	Note		Note	31.12.2021	31.12.2020
			Assets			
			Non- current assets			
			Intangible assets			
325 458 184	-	5	Other intangible assets	5	318 629 716	-
18 644 973	-	5	**Goodwill**	5	**18 644 973**	-
344 103 157	**-**		**Total intangible assets**		**337 274 689**	**-**
			Fixed assets			
882 277 878	-	4	Property, plants and equipment	4	736 276 437	-
882 277 878	**-**		**Total fixed assets**		**736 276 437**	**-**
			Financial non- current assets			
-	-		Investments in subsidiares	6	5 087 712	-
-	-		**Loans to subsidiaries**	7	**150 757 707**	-
280 000	-		Other long term receivables		180 000	-
280 000	**-**		**Total financial non- current assets**		**156 025 419**	**-**
1 226 661 035	**-**		**Total non- current assets**		**1 229 576 544**	**-**
			Current assets			
33 887	-		**El-certificates**		-	-
			Receivables			
9 458 376	-		Accounts recievables		9 482 808	-
183 386	-		**Other short term receivables**		**206 004**	-
6 051 125	-	7	Short term receivables group companies	7	6 051 125	-
15 726 774	**-**		**Total receivables**		**15 739 937**	**-**
37 369 666	**29 953**		**Cash and cash equivalents**		**37 192 541**	**29 953**
53 096 440	**29 953**		**Total current assets**		**52 932 478**	**29 953**
1 279 757 475	**29 953**		**Total assets**		**1 282 509 022**	**29 953**

Group			STATEMENT OF FINANCIAL POSITION (unaudited, in nok)		Småkraft Green Bond 2 AS	
31.12.2021	31.12.2020	Note		Note	31.12.2021	31.12.2020
			Equity and Liabilities			
			Shareholders Equity			
			Paid- in capital			
1 100 000	30 000	2, 8	Share capital	2, 8	1 100 000	30 000
1 078 263 715	-	**8**	**Share premium reserve**	**8**	**1 078 263 715**	-
1 079 363 715	**30 000**		**Total paid in capital**		**1 079 363 715**	**30 000**
			Retained earnings			
-9 011 273	**-47**		Retained earnings		**-5 321 177**	**-47**
-9 011 273	**-47**		**Total retained earnings**		**-5 321 177**	**-47**
1 070 352 442	**29 953**		**Total Equity**		**1 074 042 538**	**29 953**
			Liabilities			
			Provisions			
23 167 546	-	3	Deferred tax	3	24 555 813	-
23 167 546	**-**		**Total provisions**		**24 555 813**	**-**
			Long term liabilities			
168 297 864	-	7	Debt to Småkraft AS	7	**168 297 864**	-
168 297 864	**-**		**Total long term liabilities**		**168 297 864**	**-**
			Current liabilities			
9 863 026	-		**Accounts payable**		**7 661 094**	-
639 586	-		**Public duties payable**		**1 160 299**	-
7 437 011	-	7	Other short term debt		6 791 414	-
17 939 623	**-**		**Total short term debt**		**15 612 807**	**-**
209 405 033	**-**		**Total liabilities**		**208 466 484**	**-**
1 279 757 475	**29 953**		**Total Equity and Liabilities**		**1 282 509 022**	**29 953**

The Board in Småkraft Green Bond 2 AS,
Bergen 30.04.2022

Erik Røysem Sterud
Chairman of the Board

Lars Haugom
Managing Director

Notes to the unaudited financial statements - Småkraft Green Bond 2 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 2 AS and companies where Småkraft Green Bond 2 AS has a controlling interest. Controlling 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 recognized when power is delivered. The revenue in 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 recognized 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 each other if they are reversed within the same period.

A tax rate of 22% is used when calculating deferred tax liabilities/assets in 2020 and 2021.

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

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

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

Shares in subsidiaries

Subsidiaries are companies where Småkraft Green Bond 2 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 require 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 employed 0,5 man-year in average during 2021. It was compensated with NOK 210 706 including taxes. The company has not issued any loans or guarantees to managing director, the chair of the Board of Directors or other related parties. The company is not obliged to offer any pension scheme to the employees.

NOTE 2: COMPANY INFORMATION

Småkraft Green Bond 2 AS was founded 14 August 2020. The company is 100% owned by Småkraft AS. The share capital consists out of 1100 shares with nominal value NOK 1 100.000. The company and the Småkraft Green Bond 2 AS Group is part of the Småkraft Group. Småkraft Green Bond 2 AS has business office in Bergen.

During 2021 seventeen 100% owned companies are transferred via capital increase from its parent company Småkraft AS. Fifteen of these companies were merged with Småkraft Green Bond 2 AS in accordance with group continuity:

Bordalselva Kraft AS	1.1.2021
Fivelandskraft AS	1.1.2021
Harstveitbekken Kraft AS	4.3.2021
Joka Kraft AS	5.2.2021
Kvamsevlva Kraftverk AS	1.1.2021
Løkkeberg Kraftverk AS	1.1.2021
Rk. Kraftverk AS	5.2.2021
Røfdalskraft AS	1.1.2021
Spilling Kraft AS	1.1.2021
Soks Kraftverk AS	5.2.2021
Svartdalen Kraft AS	1.1.2021
Valdra Kraft AS	1.1.2021
Veiski Kraft AS	26.2.2021
Veiåni Minikraftverk AS	5.2.2021
Venna Kraft AS	1.1.2021

Salvasskardelva Kraftverk AS and Sagåna Kraft AS are 100% owned subsidiaries at 31.12.2021.

NOTE 3: TAXES

	Smäkraft Green Bond 2 AS- Group		Smäkraft Green Bond 2 AS	
The tax expense in the income statement	**2021**	**2020**	**2021**	**2020**
Change in deferred income tax	1 879 664		3 267 931	
Tax expense in the income statement:	**1 879 664**	**-**	**3 267 931**	**-**
Tax payable specification:				
Profit before tax	7 659 269	-47	13 781 774	-47
Profit before tax in subsidiaries before the group was established:				
Permanent differences	154 556		152 366	
Change in deferred taxes	2 480 479		3 459 320	
Change in loss carried forward	-10 294 304	47	-17 393 460	47
Basis tax payable	**0**	**-**	**-**	**-**
Group contribution	-	-	-	-
Basis tax payable in the balance sheet	0	-	-	-
Deferred tax asset (- liability)				
Fixed and intangible assets	266 404 742	-	313 398 204	-
Total temporary differences	266 404 742	-	313 398 204	-
Losses carried forward	-33 414 927	-	-21 176 158	-
Basis for deferred tax asset	232 989 815	-	292 222 046	-
Temporary differences not part of the deferred tax asset	-127 682 787	-	-180 604 713	-
Basis for deferred tax asset in the balance sheet	105 307 028	-	111 617 333	-
Deferred tax (22%)	**23 167 546**	**-**	**24 555 813**	**-**
Reconciliation tax expense:				
22% of profit before tax	1 685 039	-	3 031 990	-
Tax expense in the P&L	-1 879 664	-	-3 267 931	-
Permanent differences/Other	194 624	-	235 941	-
Differanse	0	0	-0	-0

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Smäkraft Green Bond 2 AS

	2021	2020
Costs 1.1	-	-
Merger of subsidiary, additions	763 352 320	-
Cost at 31.12	763 352 320	-
Accumulated depreciations 1.1	-	-
Merger of subsidiary	-13 254 839	-
Depreciations	-13 821 043	
Accumulated depreciations 31.12	-27 075 882	-
Balance at 31.12.	**736 276 438**	**-**

Smäkraft Green Bond 2 AS- Group

	2021	2020
Costs 1.1	-	-
Additions	897 933 963	-
Cost at 31.12	897 933 963	-
Accumulated depreciations 1.1	-	-
Depreciations	-15 656 085	-
Accumulated depreciations 31.12	-15 656 085	-
Balance at 31.12	**882 277 878**	**-**

NOTE 5: INTANGIBLE ASSETS

Småkraft Green Bond 2 AS

	Goodwill	Intangible Assets	Total
Cost 31.12.2020	-	-	-
Additions 2021, merger with subsidiary	18 844 611	323 202 117	342 046 728
Cost 31.12.2021	**18 844 611**	**323 202 117**	**342 046 728**
Accumulated depreciations, 31.12.2020	-	-	-
Depreciations 2021	-199 638	-4 572 401	-4 772 039
Accumulated depreciations, 31.12.2021	**-199 638**	**-4 572 401**	**-4 772 039**
Balance at 31.12.2021	**18 644 973**	**318 629 716**	**337 274 689**

Småkraft Green Bond 2 AS- Group

	Goodwill	Intangible Assets	Total
Cost 31.12.2020	-	-	-
Additions 2021	18 844 611	330 059 156	348 903 767
Cost 31.12.2020	18 844 611	330 059 156	348 903 767
Accumulated depreciations 31.12.2020	-	-	-
Depreciations 2021	-199 638	-4 600 972	-4 800 610
Accumulated depreciations 31.12.2020	-199 638	-4 600 972	-4 800 610
Balance at 31.12.2020	**18 644 973**	**325 458 184**	**344 103 157**

NOTE 6: SUBSIDIARIES

Investment in subsidiary	Business office	Ownership share	2021 Net income (100%)	2021 Booked equity 31.12. (100%)
Sagåna Kraft AS	Bergen	100 %	-475 240	-445 240
Salvasskardelva Kraftverk AS	Bergen	100 %	-5 703 213	-42 654 199

NOTE 7: INTERCOMPANY

Balance sheet items

Småkraft Green Bond 2 AS

	2021	2020
Loans to subsidiares	150 757 707	-
Long-term debt to Småkraft AS	168 297 864	-
Short term payable to Småkraft AS	4 155 002	-
Short term receivables to Holmen Kraft AS	6 051 125	-

Småkraft Green Bond 2 - Group

	2021	2020
Debt to Småkraft AS	168 297 864	-
Short term payable to Småkraft AS	4 155 002	-
Short term receivables to Holmen Kraft AS	6 051 125	-

NOTE 8: EQUITY

Smålkraft Green Bond 2 AS:	Share capital	Share premium	Retained equity	Total
Equity 31.12.2020	**30 000**	**-**	**-47**	**29 953**
Equity increase	1 070 000	1 078 263 715	0	1 079 333 715
Equity effects of purchase and merger of subsidaries			-15 834 973	-15 834 973
Net income			10 513 843	10 513 843
Equity 31.12.2021	**1 100 000**	**1 078 263 715**	**-5 321 177**	**1 074 042 538**

Smålkraft Green Bond 2 AS- Group:	Share capital	Share premium	Retained equity	Total
Equity 31.12.2020	**30 000**	**-**	**-47**	**29 953**
Equity increase	1 070 000	1 078 263 715		1 079 333 715
Equity effects of purchase of subsidiaries			-14 790 831	-14 790 831
Net income			5 779 605	5 779 605
Equity 31.12.2021	**1 100 000**	**1 078 263 715**	**-9 011 273**	**1 070 352 442**

NOTE 9: SUBSEQUENT EVENTS

The Salvasskardelva power plant located in the wholly owned subsidiary Salvasskardelva Kraft verk AS was destroyed by large bodies of water in April 2022. A rupture of the pipe street in the tunnel was the reason for this. The power plant is fully insured and will be rebuilt. It is expected to be operational again in 2023.

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