småkraft

SMÅKRAFT AS

INTERIM REPORT

2ND HALF 2022

Årvik power plant
Photo: Småkraft

Ytre Alsåker power plant
Photo: Småkraft

Income Statement and Statement of Other Comprehensive Income

Amounts in EUR thousand	*Note*	Unaudited 6 months ended 31.12.2022	Unaudited 6 months ended 31.12.2021	Unaudited 12 months ended 31.12.2022	12 months ended 31.12.2021
Power revenue	4	31 870	19 513	61 010	30 643
Other operating income		330	255	468	2 585
Unrealized value change on energy derivatives	6	12 479	-18 128	-83 293	-33 396
Realized value change on energy derivatives	6	-29 634	-16 019	-54 908	-19 524
Payroll and related costs		-2 268	-4 166	-3 743	-3 011
Depreciation and impairment of fixed assets and intangible assets	7	-4 179	-12 668	-8 440	-8 514
Other operating expenses		-10 324	-16 655	-17 875	-11 093
Operating profit/(loss)		**-1 727**	**-47 867**	**-106 780**	**-42 309**
Financial income		5 475	9 447	13 945	19 982
Financial expenses		-6 733	-3 851	-20 948	-5 945
Net financial items	**5**	-1 258	5 596	-7 002	14 036
Profit/(loss) before tax		-2 985	-42 270	-113 783	-28 273
Tax expenses(income)		49 121	-7 941	-24 916	-6 238
Profit (loss)		**-2 274**	**-50 211**	**-88 867**	**-22 035**
Profit/(loss) is attributable to:					
Equity holders of the parent company		-2 274	-15 996	-88 867	-22 035
Other comprehensive income:					
Presentation currency effects		-5 315	4 897	-15 091	10 430
Total other comprehensive income		**-5 315**	**4 897**	**-15 091**	**10 430**
Total comprehensive income for the year		**-7 589**	**-11 099**	**-103 958**	**-11 605**

Statement of Financial Position

Amounts in EUR thousand	*Note*	Unaudited **31.12.2022**	**31.12.2021 ***
Goodwill	7	2 599	2 735
Intangible Assets	7	16 465	17 632
Property, plants and equipment	7	205 108	220 399
Deferred tax assets		37 800	14 569
Investments in subsidiaries	8	331 647	276 738
Loans to subsidiaries		44 423	64 524
Loans to associates		-	3 856
Investments in associates		1 571	1 251
Long-term receivables		8 299	5 819
Derivatives	6	8 096	-
Total non-current assets		**656 008**	**607 523**
Current assets			
Trade receivables	6	2 425	5 395
Other receivables	6	2 052	720
Derivatives	6	4 579	1 482
Cash and Cash equivalents		61 777	15 963
Total current assets		**70 832**	**23 560**
Total assets		**726 841**	**631 085**

Shareholders equity		**Unaudited**	
Amounts in EUR thousand	*Note*	**31.12.2022**	**31.12.2021 ***
Share capital		22 861	20 039
Paid-in capital		401 420	321 692
Retained earnings		-102 480	-17 975
Total shareholders equity		**321 801**	**323 757**
Non-current liabilities			
Borrowings	6	198 964	256 570
Derivatives	6	49 341	13 805
Other non-current liabilities		656	749
Total non-current liabilities		**248 961**	**271 125**
Current liabilities			
Trade payable		2 428	1 729
Public duties payable		1 669	1 864
Convertible debt	6	17 639	-
Dividends		-	2 703
Derivatives	6	60 803	13 968
Borrowings	6	56 901	7 003
Other current liabilities		16 639	8 940
Total current liabilities		**156 079**	**36 208**
Total liabilities		**405 040**	**307 332**
Total equity and liabilities		**726 840**	**631 085**

*The comparative figures are restated. Both the current and non-current portion of power derivatives was originally presented as current. In the restated comparatives the non-current portion is presented as non-current (13.800 as of 31.12.21).

Statement of Equity

Amounts in EUR thousand	Share capital	Paid-in capital	Retained earnings	Total share-holders equity
Equity at 1.1.2021	**16 706**	**188 722**	**4 244**	**209 672**
Net profit			**-22 035**	**-22 035**
Currency presentation effect	829	9 785	**-184**	**10 430**
Total comprehensive income for the period	**829**	**9 785**	**-22 219**	**10 430**
Capital increase current period	2 504	70 750		**73 254**
Capital increase current period not registered		74 159		**74 159**
Dividends		-21 724		**-21 724**
Equity at 31.12.2021	**20 039**	**321 692**	**-17 975**	**323 757**
Net profit			**-88 867**	**-88 867**
Currency presentation effect	-1 162	-18 290	**4 361**	**-15 091**
Total comprehensive income for the period	**-1 162**	**-18 290**	**-84 505**	**-103 958**
Capital increase current period	3 984	100 518		**104 502**
Dividends		-2 500		-2 500
Equity at 31.12.2022	**22 861**	**401 420**	**-102 480**	**321 801**

Statement of cash flow

Amounts in EUR thousand	Note	6 months ended 31.12.2022	6 months ended 31.12.2021	12 months ended 31.12.2022	12 months ended 31.12.2021
Cash Flow from operations					
Profit (-loss) before taxation		-2 985	-20 531	-113 783	-28 273
Taxes paid for the period		-14	-	-14	-
Dividends from investments in subsidiaries		-	-	-3 099	-
Depreciation, amortization, impairment	*7*	4 179	4 360	8 440	8 514
Change in unrealized currency gains/losses		4 408	-4 640	13 696	-11 794
Change in unrealized derivatives	*6*	-16 474	18 514	77 474	35 118
Change in inventory		31	-32	26	24
Change in working capital		7 881	3 136	10 963	3 855
Net cash flow from operations		**-2 974**	**808**	**-6 297**	**7 443**
Cash flow from investment activities					
Outflows due to purchases of fixed assets and intangibles	*7*	-2 148	-2 516	-3 683	-58 576
Outflows due to purchases of derivatives		-2 036	-	-2 036	-
Outflows due to investments in subsidiaries	*8*	-55 166	-56 262	-102 327	-81 517
Outflows due to investments in others		-398	-	-398	-
Outflows from loans to others		-3 384	-16 161	-3 812	-20 544
Inflows from dividends in subsidiaries	*6*	15 369	2 656	53 420	2 656
Inflows from loans to others		2 082	-	2 883	5 558
Net cash flow from investment activities		**-45 681**	**-72 283**	**-55 953**	**-152 424**
Cash flow from financing activities					
Capital increases		61 128	51 622	104 502	124 213
Dividend payments		-2 555	-	-5 258	-
Inflows from loan raising		16 855	-	17 639	55 701
Outflows from loan payments		-5 953	-2 702	-8 023	-29 111
Net Cash Flow from financing activities		**69 475**	**48 920**	**108 860**	**150 803**
Currency translation effects		688	265	-796	564
Net change in bank deposits and cash		20 819	-22 555	46 610	5 822
Bank deposits and cash at beginning of period		40 269	38 252	15 963	9 576
Bank deposits and cash at end of period		**61 777**	**15 963**	**61 777**	**15 963**

Notes (unaudited)

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1. Basis of preparations

Småkraft's head Financial Reporting.

The interim consolidated financial statements need to be read together with the annual financial statements with notes for 2021 prepared in accordance with IFRS. If not stated here the accounting principles in this interim report follows the accounting principles described in the notes to the annual financial statements 2021.

office is located in Bergen, with local offices in Harstad, Flatanger and Oslo, Norway. The Group employs 31 people. Småkraft is a supplier of renewable energy based on small scale hydro power plants situated in Norway.

The interim consolidated financial statements for the second half year 2022, ending 31 December 2022, were prepared in accordance with IAS 34 Interim.

2. Alternative Performance Measures (APM

Adjusted Power revenues is defined as Power revenues and Other operating income adjusted for Realized value change on energy derivatives. Småkraft uses this APM to visualize cash flow generated from power sales over time.

EBITDA is defined as operating profit (-loss) + depreciation of fixed assets and intangible assets + impairment of fixed assets and intangible assets. This APM is widely used by analysts comparing Norwegian Hydropower companies. Småkraft uses this APM to visualize performance over time irrespective of price.

Adjusted EBITDA is defined as operating profit (-loss) + depreciation of fixed assets and intangible assets + impairment of fixed assets and intangible assets – unrealised value change on energy derivatives. Småkraft uses this APM to measure performance from operational activities. Unrealised value on energy derivatives is deducted in the adjusted figures as the value change on these derivatives usually be negatively correlated to value changes in future power production that is not recognised, thus creating an accounting mismatch that is not alleviated through hedge accounting. Adjusted EBITDA should not be considered as an alternative to operating profit/loss and profit/loss before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is adjusted EBITDA underlying an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

Amounts in EUR thousand	2H 2022	2H 2021	2022	2021
Power revenue	31 870	19 513	61 010	30 643
Realized value change on energy derivatives	-29 634	-16 019	-54 908	-19 524
Adjusted power revenue	2 236	3 494	6 102	11 119

Amounts in EUR thousand	2H 2022	2H 2021	2022	2021
Operating profit (loss)	-1 727	-47 867	-106 780	-42 309
+ Depreciation of fixed assets and intangible assets	4 179	4 360	8 440	8 514
EBITDA	**2 452**	**-43 506**	**-98 340**	**-33 795**
- Unrealized value change on energy derivatives	12 479	18 128	83 293	33 396
Adjusted EBITDA	**14 931**	**-25 379**	**-15 048**	**-399**

3. Revenues and other income

Sale of electric energy
The revenues originate from the generation of hydropower.

Electricity-certificates(EL-certificates)
The EL certificate scheme is a market-based support scheme. In this system, producers of renewable electricity receive one certificate per MWh of electricity they produce for a period of up to 15 years.

Power derivatives
Småkraft uses financial hedging contracts and currency futures to hedge future revenue. The Group does not apply hedge accounting for the hedging of power revenues. Realised and unrealised changes in value related to these derivatives are recognised as Other operating income. See also note 5 Financial instruments.

Amounts in EUR thousand	Unaudited 6 months ended 31.12.2022	Unaudited 6 months ended 31.12.2021	Unaudited 12 months ended 31.12.2022	12 months ended 31.12.2021
Power production revenue	30 721	19 441	59 628	29 748
Guarantees of origin and El certificates	1 150	72	1 383	895
Power revenue	**31 870**	**19 513**	**61 010**	**30 643**

4. Financial result

Financial income

Amounts in EUR thousand	Unaudited 6 months ended 31.12.2022	Unaudited months ended 31.12.2021	6	Unaudited 12 months ended 31.12.2022	12 months ended 31.12.2021
Income from investments in subsidiaries /associates	-	-		3 099	-
Interest income from subsidiaries	784	1 020		1 754	2 065
Agio on borrowings in foreign currency	-	4 640		-	11 794
Unrealized non-cash effect on foreign exchange forwards	3 995	262		8 201	370
Unrealized non-cash effect on interest swaps	695	3 525		891	5752
Total	**5 475**	**9 447**		**13 945**	**19 982**

Financial expenses	Unaudited 6 months ended 31.12.2022	Unaudited months ended 31.12.2021	6	Unaudited 12 months ended 31.12.2022	12 months ended 31.12.2021
Amounts in EUR thousand					
Interest expenses paid to subsidiaries	-	82		45	92
Interest expenses	2 210	2 423		4 050	4 665
Disagio on borrowings in foreign currency	4 105	-		13 696	-
Unrealized non-cash effect on interest swaps	420	857		2 382	307
Other financial expenses	-	489		775	882
Total	**6 733**	**3 851**		**20 948**	**5 945**

Amounts in EUR thousand

Lenders	Maturity	Currency	31.12.2022	31.12.2021
Group companies		NOK	-	3 679
Banks		NOK	3 394	3 504
Banks	01.07.2024	EUR	154 000	158 000
Convertible debt from owners	01.11.2023	EUR	17 639	-
Bond debt 1	01.07.2024	EUR	50 000	50 000
Bond debt 2	01.07.2024	EUR	50 000	50 000
Agent commission		NOK	-1 529	-1 609
Total			**273 503**	**263 573**
Total long term debt			**198 964**	**256 570**
Convertible debt from owners			**17 639**	**-**
Short term debt			**56 901**	**7 003**

Amounts in EUR thousand	2022	2021
Ingoing balance	263 573	237 088
Repayments/ down payments	-7 818	-29 111
New debt	17 639	55 701
Currency exchange rate changes	110	-105
Outgoing balance	**273 503**	**263 573**

Amounts in EUR thousand	31.12.2022	31.12.2021
Financial assets		
Financial assets at amortized costs		
Other long term receivables	8 299	5 819
Trade receivables	2 425	5 395
Other short term receivables	2 052	720
Assets and liabilities held to fair value through profit and loss		
Short term investment in marked based securitites	-	-
Derivative financial instruments		
Used for hedging without hedge accounting	12 675	1 482

Amounts in EUR thousand	31.12.2022	31.12.2021
Financial liabilities		
Financial liabilities at amortized costs		
Convertible debt	17 639	-
Debt to financial institutions	155 864	163 574
Bond debt	100 000	100 000
Trade and other payables*	7 027	5 175
Derivative financial instruments		
Used for hedging without hedge accounting	110 144	27 768

* excluding non-financial liabilitites

Accounts receivables and accrued revenue

Amounts in EUR thousand	31.12.2022	31.12.2021
Accounts receivables at amortized costs	1 281	2 771
Loss allowance		-
Earned revenue, not invoiced	1 144	2 625
Sum	**2 425**	**5 395**

5. Financial instruments

Please see maturity profiles in table below.

Maturity profile for financial liabilities

2022

Amounts in EUR thousand	31.12.2022	1 year	2 years	3 years	4 years	5 years
Total	273 503	73 011	150 940	940	47 180	-

2021

Amounts in EUR thousand	31.12.2021	1 year	2 years	3 years	4 years	5 years
Total	263 574	10 322	7 249	203 095	1 128	50 406

The table shows undiscounted cash flows for each interval and shows both payments of principal and interests.

Derivatives

The Company has derivatives related to the hedging of income from future power production, as well as interest rate swaps in connection with interest bearing debt:

All the derivatives are valued at fair value at level 2 in accordance to the fair value hierarchy:

31.12.2022	31.12.2022 Assets		31.12.2022 Liabilities		12 months ended 31.12.2022	6 months ended 31.12.2022
Amounts in EUR thousand	Long term	Short term	Long term	Short term	P&L	
Over FVPL - Interest rates swaps	8 096				8 201	-7 831
Over FVPL - Currency derivatives		-	1 093	21	-2 382	2 075
Over FVPL - Power derivatives		4 579	48 248	60 782	-83 293	12 479
Sum derivatives	**8 096**	**4 579**	**49 341**	**60 803**	**-77 474**	**6 723**

31.12.2021	31.12.2021 Assets		31.12.2021 Liabilities		12 months ended 31.12.2021	6 months ended 31.12.2021
Amounts in EUR thousand	Long term	Short term	Long term	Short term	P& L	
Over FVPL - Interest rates swaps		226	5	-	-1 659	-126
Over FVPL - Currency derivatives		1 237	-	-	-63	-262
Over FVPL - Power derivatives		20	13 800	13 968	-33 396	-18 128
Sum derivatives		**1 482**	**13 805**	**13 968**	**-35 118**	**-18 516**

6. Goodwill, intangible assets and property, plant and equipment

Amounts in EUR thousand	Fixed assets	Intangible assets	Goodwill	Total
Carrying Amount 1. Jan 2021	**237 395**	**14 770**	**2 609**	**252 165**
Additions, purchased, reallocations	5 049	2 436	-	7 485
Deprecations	-7 921	-		-7 921
Impairment	-269	-	-	-269
Disposals/relocations	-25 863	-	-	-25 863
Foreign currency effects	12 007	426	126	12 433
Carrying Amount as of 31. Dec 2021	**220 399**	**17 632**	**2 735**	**238 031**
Additions, purchased, reallocations	3 681	0	-	3 681
Deprecations	-8 142	-298	-	-8 440
Disposals	-	-	-	-
Foreign currency effects	-10 830	-869	-136	-11 699
Carrying Amount as of 31. Dec 2022	**205 108**	**16 465**	**2 599**	**221 573**

7. Investments in subsidiaries

Amounts in EUR thousand	**31.12.2022**
Carrying Amount 1. Jan 2022	276 738
Acquisitions	38 111
Dividens from subsidiaries	-50 525
Other contributions in kind	83 929
Foreign currency effects	-16 607
Carrying Amount as of 31. Dec 2022	**331 647**

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