småkraft©

Interim report

# First half of 2024

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# What we do

**Småkraft is a renewable energy producer.** Our 234 hydropower plants are spread across Norway and Sweden and deliver a mean annual production capacity of 2.1 TWh, making Småkraft Europe's largest owner and operator within its field.

**Small-scale hydropower borrows water** from the river and utilizes the topography of the landscape to produce renewable and sustainable electricity. A minimum water level is maintained in the original river and the borrowed water, used to produce electricity, is returned once it passes through the turbine. The electricity grid transports and distributes our electricity out to consumers.

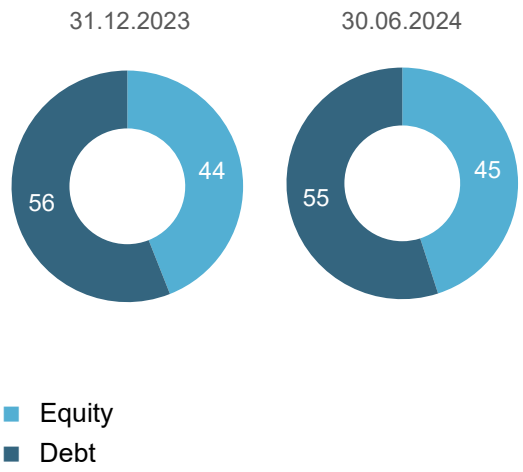
**The value created is also shared** with our other stakeholders, including creditors & debt investors, local landowners, local municipalities, and local communities. For more than 20 years, Småkraft has invested in the production of new renewable energy and our commitment to further growth is our contribution to the energy transition. We enable renewable energy production with minimal impact and careful consideration of the local environment.

| Headquartered | Listed Bond loans | CEO | Website |
|---|---|---|---|
| Bergen, Norway | Oslo Børs Euronext | Terje Vedeler | www.smaakraft.no |

# Småkraft at a glance

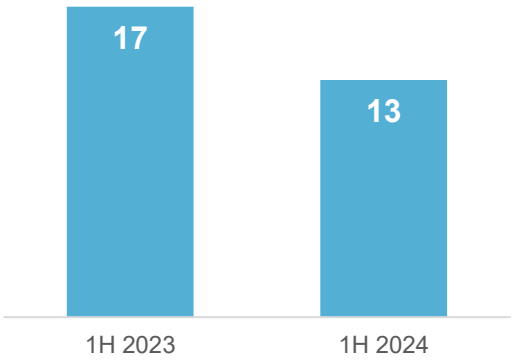
## Stable equity ratio

Book values (percent)




## Adj. EBITDA* reduced due to lower electricity prices

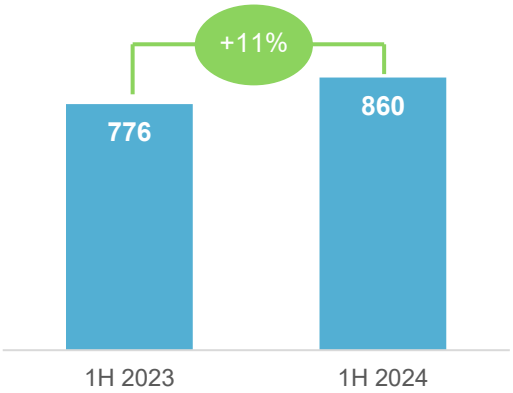
EUR million




*Adj. EBITDA = operating profit + impairments + depreciations + unrealized hedge gain or loss

## Increased production

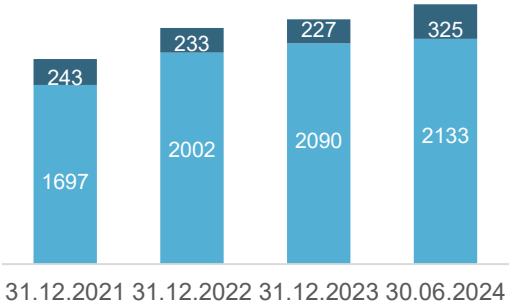
GWh




Net production delivered on the grid, excluding grid losses, consumption, and bilateral agreements.

## Capacity growth in line with plan

GWh




- Signed contracts for new powerplants
- Current production capacity

# Highlights of the first half of 2024

- ✓ Increased production capacity with 43 GWh in 1H 2024
- ✓ Power revenue and adj. EBITDA curbed by reduced electricity prices
- ✓ Solid pipeline of power stations under construction and further prospects
- ✓ Refinanced main bank facility of EUR 160 million

### Increased renewable power production

Added production capacity of 43 GWh.

Total production of 860 GWh, 11 percent compared to 1H 2023.

Joined The Climate Futures Project.

### Upgrading plants for improved sustainability

Fosstveit powerplant reopened with state of the art measures to protect local fish.

No material Health, Safety and Environmental (HSE) incidents were experienced during the period.

### Decreased system prices

The average monthly Nordpool system prices decreased from 70.5 EUR/ MWh in 1H 2023 to 46.8 EUR/ MWh in 1H 2024.

Limited interconnector capacity between north and south still gives significant price differences between the Nordic price areas.

### Adding capacity, expanding powerplant pipeline

JV with Sunnhordland Kraftlag for three powerplants in Vestland. Signed 29 new landowner contracts.

# Key figures for the Group

## Alternative Performance Measures (APMs) ref appendix

**Adjusted power revenue**
EUR million

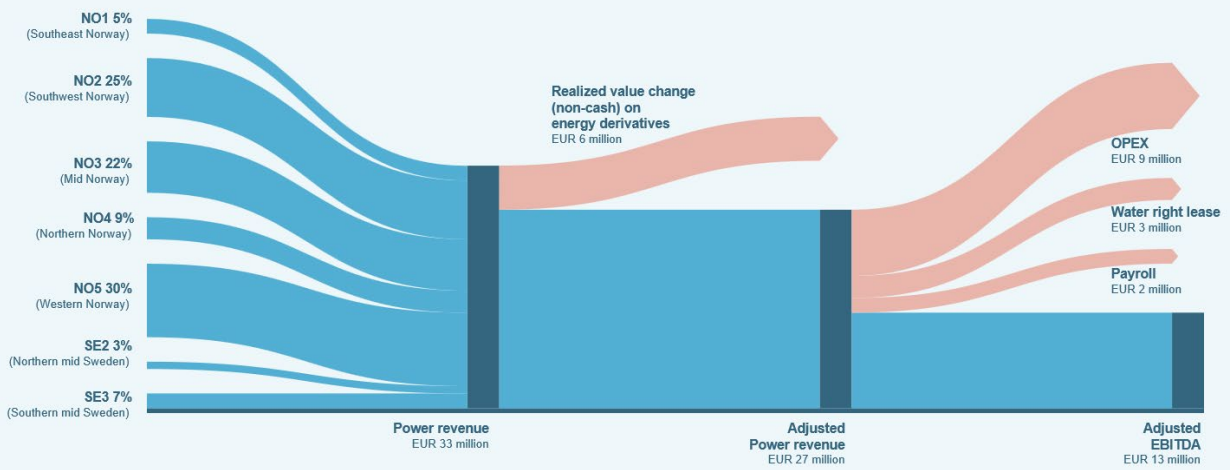
27.1

**- 18.2 % Y/Y**

**Adjusted EBITDA**
EUR million

12.8

**- 26.3 % Y/Y**




## Key metrics

| Amounts in EUR million | Unaudited **1H 2024** | Unaudited **1H 2023** | Audited **FY 2023** |
|---|---|---|---|
| Power revenue | 33 | 47 | 68 |
| Profit (loss) before tax | 3 | 0 | 35 |
| Cash flow from operations | -2 | -8 | -34 |
| Production volume GWh | 860 | 776 | 1 504 |
| Avg. prices (EUR / MWh) | 38.7 | 60.1 | 45.1 |

# Board of Directors' Report

## Profit and loss

Production in 1H 2024 landed at 860 GWh compared to 776 GWh in 1H 2023, an increase of 11%. Average obtained spot prices per MWh decreased by 36 percent to 38.7 EUR / MWh in 1H 2024 compared to 1H 2023. From 2H 2023 to 1H 2024 there was an obtained price increase of 46%. Småkraft has production capacity in seven different price areas in Norway and Sweden, and the obtained spot prices per MWh varied significantly between price areas.

Recognised total power revenue for 1H 2024 was EUR 33 million, a decrease of 29 percent compared to EUR 47 million in 1H 2023.

In 1H 2024, the mark to market valuation of energy derivatives caused an unrealised positive value change of EUR 17 million, compared to EUR 44 million in 1H 2023. According to IFRS, these future hedge contracts (to be realised in the years to come) are recognised in the Financial Statements at market value at period end. However, production and revenue are not recognised before the date of production. Thus, in 1H 2024, the EBITDA includes unrealised hedge revenues with no cash effect.

Net financial items were EUR 16 million in 1H 2024, compared to EUR 51 million in 1H 2023 a positive change of EUR 35 million. The decrease is explained by lower disagio related to external financing in EUR in 1H 2024 compared to 1H 2023. The still negative development in NOK compared to EUR incurred a disagio of EUR 6 million during 1H 2024 compared to EUR 40 million in 1H 2023. Interest expense increase of EUR 4 million is neutralised by an improved effect of fair value changes in other currency derivatives

Adjusted power revenue showed a decrease of 18 percent for 1H 2024, compared to 1H 2023.

## Alternative Performance Measures

Småkraft is focusing on selected APMs to measure performance from operational activities. Reference is made to Appendix.

Adjusted EBITDA is isolating Operating profit from the unrealised value change of energy derivatives. Adj. EBITDA in 1H 2024 was EUR 13 million, a decrease of EUR 4 million from 1H 2023.

## Cashflow

Cashflow from operations was negative EUR 2 million in 1H 2024 compared to negative EUR 8 million in 1H 2023. Cashflow from operations deviates significantly from adj. EBITDA, mainly because of negative changes in working capital . Accruals related to land lease costs in previous year paid out and settled in first half of each year.

Investment cashflows increased in 1H 2024 compared to 1H 2023, due to acquired power plants and higher CAPEX related to newbuilds. The investments have been financed by capital injections from owners of EUR 26 million and external loans. Furthermore, in 1H 2024 net inflows from loans were EUR 13 million and dividend payments to owners of EUR 15 million.

In total cash deposits were EUR 40 million per 30 June 2024, in addition to an undrawn revolving bank loan facility of EUR 20 million, providing the company with a solid cash position. The cash position gives Småkraft strength to cover upcoming investments, refinancing obligations and manage potential volatile power price environments during the remaining period of 2024.

Total assets for the group per 30 June 2024 were EUR 875 million. Equity ratio per 30 June 2024 was 45 percent. This gives comfortable head room for the

external debt covenant of at least 30 percent equity ratio.

## Investments and growth

Over the last years, Småkraft has acquired several operating power plants and constructed new power plants. During 1H 2024, Småkraft maintained focus on construction and development of new power plants. According to the Norwegian Energy Regulatory Authority (NVE), the Norwegian power balance will weaken over the next years. As society demands more renewable energy, Småkraft has accelerated its efforts to develop renewable energy projects together with its suppliers and partners.

Per 30 June 2024, Småkraft had 21 power stations under construction with a total production capacity of 301 GWh. One of the power stations, the 5.4 GWh Nedre Skorilla in North-Western part of Norway, was commissioned in July. Småkraft is currently the company with the highest capacity increase of new renewable energy through its portfolio of construction projects in Norway.

Småkraft plans to commission 301 GWh over the next three years. These projects represent EUR 162 million in investments. Småkraft's investors have committed EUR 84 million of equity that will be injected in Småkraft before the projects are finalized. Småkraft plans to finance the remaining part of the investments with external debt.

In March 2024, Småkraft decided to join forces with Sunnhordland Kraftlag to develop three powerplants in the price area NO2. The powerplants will add 89 GWh of annual production to the grid when finalised.

Småkraft endeavours to mature other projects to investment decisions, and several opportunities, primarily construction projects, will be promoted to investment decisions.

During 1H 2024, Småkraft signed 29 new contracts with landowners, who wish to build power stations in collaboration with Småkraft. Småkraft strives to mature these contracts to formal investment decisions.

## ESG and quality

Småkraft has a long-term perspective and a healthy balance between production and earnings, while also prioritising the preservation of biodiversity and local value creation. Although small-scale hydropower in general has a relatively small environmental footprint, Småkraft strives to continuously limit environmental risks and impact during both construction and production.

Due to a halt in large-scale wind and hydropower development in Norway, Småkraft became the single largest contributor to new renewable energy to the Norwegian grid during 2023.

Småkraft was in 2024 given a fine of NOK 0.5 million by NVE - the fine is due to a violation of requirements for the minimum water flow at Stølselva power plant in Vestland county. This was revealed by Småkraft's internal routines and reported to the authority.

In addition to improving the overall sustainability of power plants, Småkraft invests in projects to upgrade older power plants, to enhance co-existence and better conserve local ecosystems. One example is the Fosstveit powerplant in Agder, Norway acquired in July 2022. Modifications of the powerplant have been accomplished and a new opening of the powerplant took place in 2024. The powerplant is now operating without negative consequences for the local biodiversity.

Småkraft collaborates with key stakeholders and the small-scale hydropower industry association to share knowledge and build competencies for improve environmental and social sustainability across the industry in the Nordics.

Småkraft maintained good performance on key quality indicators. Short-term sick leave has been stable below 1.5% the last years. Småkraft monitors incidents that lead to lost time on work for both employees and its partners/ suppliers. During 1H

2024, Småkraft experienced 1 minor incident that led to lost time with one of the suppliers.

| | 1H 2024 | 1H 2023 | FY 2023 |
|---|---|---|---|
| **Lost time incidents** | **1** | **1** | **3** |
| **Sick leave short term** | **1.3%** | **1.8%** | **1.5%** |

Småkraft has had neither serious nor minor environmental incidents since a minor incident in 2020.

## Risks and uncertainties

Hydrology and power prices remain the main risk factors for the upcoming periods.

The Nordic Commodity markets for power are still less liquid than in the past. Less liquid markets make financial hedging activities challenging. Småkraft halted its hedging activities during the summer of 2021. During 2022 and 2023, Småkraft has only adjusted its current hedges to match its production volatility during the year. Shifts in future power prices lead to alterations in unrealised value change on energy derivatives, which has a corresponding effect on the equity and the equity ratio.

Changed interest rates may also influence Småkraft's financial results. Småkraft's current hedging of interests covers more than 50% of its loan portfolio.

Due to substantial expansion, Småkraft is continuously working on various financing initiatives with new equity and debt. As per 30 June 2024, Småkraft has signed construction and modification contracts that will add 325 GWh to its portfolio.

Småkraft's shareholders have committed equity for at least 50 percent of the agreed price of these investments. Småkraft is working actively with banks and debt investors to secure financing for the remaining investments. Several of the ongoing construction projects will be finalised and construction loan facilities are expected to be rolled over to and refinanced with long term debt structures.

Småkraft's financial statements are presented in EUR. However, the functional currency of the company is NOK. Småkraft's financial statements are therefore affected by currency exchange fluctuations between NOK and EUR in addition to interest rate changes. This may lead to changes in equity and equity ratios.

## Developments after 30 June 2024

Nothing material to report.

The Board of Directors of Småkraft AS,
Bergen, Norway, 27 August 2024

| | |
|---|---|
| Member of the Board<br>Claudia Ahnert | Chairperson of the Board<br>Annette Malm Justad |
| Member of the Board<br>Oldrik Verloop | Member of the Board<br>Felix Renneke |
| CEO<br>Terje Vedeler | |

# Småkraft AS interim report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# Consolidated income statement and consolidated statement of other comprehensive income

| Amounts in EUR thousand | Note | Unaudited 1H 2024 | Unaudited 1H 2023 | Audited FY 2023 |
|---|---|---|---|---|
| Power revenue | 3 | 33 305 | 46 608 | 67 758 |
| Other operating income | 3 | 83 | 472 | 1 481 |
| Fair value change on energy derivatives | 5 | 10 769 | 30 143 | 55 857 |
| *Unrealized value change on energy derivatives* | | 16 935 | 43 566 | 73 133 |
| *Realized value change on energy derivatives* | | -6 166 | -13 423 | -17 277 |
| Share of the profit (loss) in equity accounted investments | | 304 | 188 | 118 |
| Payroll and related costs | | -1 972 | -1 956 | -4 653 |
| Depreciation, amortization, impairment | 6 | -10 313 | -9 897 | -20 010 |
| Other operating expenses | | -12 754 | -14 529 | -25 032 |
| **Operating profit/(loss)** | | **19 422** | **51 029** | **75 519** |
| | | | | |
| Financial income | 4 | 686 | 787 | 1 982 |
| Net agio | | -5 746 | -40 458 | -23 036 |
| Fair value changes interest and currency derivatives | 5 | -855 | -4 744 | -6 265 |
| Financial expenses | 4 | -10 578 | -6 468 | -13 325 |
| **Net financial items** | | **-16 493** | **-50 883** | **-40 643** |
| | | | | |
| **Profit/(loss) before tax** | | **2 929** | **146** | **34 876** |
| Tax expense (income) | | -696 | -697 | -7 633 |
| **Profit (loss)** | | **2 233** | **-552** | **27 243** |
| | | | | |
| Profit/(loss) is attributable to: | | | | |
| Equity holders of the parent company | | 2 307 | -672 | 27 411 |
| Non-controlling interests | | -74 | 121 | -167 |
| | | - | | |
| Other comprehensive income: | | | | |
| *Items that may be reclassified to profit or loss* | | | | |
| Currency translation differences on foreign operations | | -215 | 1 750 | 1 692 |
| | | | | |
| *Items that will not be reclassificed to profit or loss* | | | | |
| Currency translation differences | | -5 346 | -35 583 | -21 664 |
| **Total other comprehensive income** | | **-5 562** | **-33 833** | **-19 972** |
| | | | | |
| **Total comprehensive income for the year** | | **-3 329** | **-34 384** | **7 271** |
| | | | | |
| Total comprehensive income is attributable to: | | | | |
| Equity holders of the parent company | | -3 089 | -33 177 | 8 274 |
| Non-controlling interests | | -240 | -1 207 | -1 003 |

# Consolidated statement of financial position

| Amounts in EUR thousand | Note | Unaudited 30.06.24 | Unaudited 30.06.23 | Audited 31.12.23 |
|---|---|---|---|---|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | 6 | 230 765 | 197 979 | 231 574 |
| Property, plant and equipment | 6 | 557 192 | 498 587 | 552 395 |
| Deferred tax assets | | 16 180 | 22 875 | 16 913 |
| Investments, recognised under the eq.method | | 3 064 | 3 545 | 2 732 |
| Derivatives | 5 | 3 892 | 1 165 | 714 |
| Long-term receivables | 5 | 10 624 | 7 812 | 7 691 |
| **Total non-current assets** | | **821 718** | **731 963** | **812 018** |
| | | | | |
| Current assets | | | | |
| Inventories | | 817 | | 1 489 |
| Trade receivables | 5 | 4 571 | 8 285 | 4 276 |
| Other receivables | 5 | 6 917 | 2 463 | 12 285 |
| Derivatives | 5 | 1 493 | 6 386 | 4 140 |
| Cash and cash equivalents | 5 | 39 566 | 56 329 | 40 120 |
| **Total current assets** | | **53 365** | **73 462** | **62 310** |
| | | | | |
| **Total assets** | | **875 082** | **805 425** | **874 328** |
| | | | | |
| Equity and liabilities | | | | |
| Shareholders equity | | | | |
| Share capital | | 23 626 | 21 465 | 23 046 |
| Paid-in capital | | 406 618 | 352 006 | 402 500 |
| Other equity | | -49 093 | -77 035 | -51 912 |
| **Total shareholders equity** | | **381 151** | **296 435** | **373 633** |
| | | | | |
| Non-controlling interests | | 11 557 | 12 714 | 12 057 |
| **Total equity** | | **392 708** | **309 149** | **385 690** |
| | | | | |
| Non-current liabilities | | | | |
| Deferred tax liability | | -0 | 24 | |
| Borrowings | 5 | 446 013 | 199 906 | 276 512 |
| Derivatives | 5 | 2 639 | 26 882 | 8 524 |
| Other non-current liabilities | 5 | 369 | 477 | 467 |
| **Total non-current liabilities** | | **449 022** | **227 289** | **285 504** |
| | | | | |
| Current liabilities | | | | |
| Accounts payable | 5 | 5 007 | 2 716 | 7 573 |
| Taxes payable | | 243 | 4 481 | 1 257 |
| Public duties payable | 5 | 1 566 | 3 870 | 0 |
| Dividends | | 260 | - | 0 |
| Derivatives | 5 | 10 188 | 31 393 | 19 944 |
| Borrowings | 5 | 9 811 | 217 333 | 164 312 |
| Other current liabilities | 5 | 6 278 | 9 195 | 10 049 |
| **Total current liabilities** | | **33 352** | **268 988** | **203 134** |
| | | | | |
| **Total liabilities** | | **482 374** | **496 277** | **488 638** |
| | | | | |
| **Total equity and liabilities** | | **875 082** | **805 425** | **874 328** |

# Consolidated statement of changes in equity

| Amounts in EUR thousand | Share capital | Paid-in capital | Foreign currency translation* | Retained earnings | Total shareholders equity | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Equity at 01.01.2023** | **22 861** | **401 420** | **-19 080** | **-67 268** | **337 933** | **14 131** | **352 064** |
| Net profit | | | | -672 | -672 | 121 | -552 |
| Currency translation differences | -2 383 | -40 636 | -32 505 | 43 019 | -32 505 | -1 328 | -33 833 |
| **Total comprehensive income for the period** | **-2 383** | **-40 636** | **-32 505** | **42 347** | **-33 177** | **-1 207** | **-34 384** |
| Capital increase current period | 987 | 28 413 | | 0 | 29 400 | 2 381 | 31 781 |
| Purchase of shares from non-controlling interest | | | | -528 | -528 | -1 657 | -2 185 |
| Dividend | | -37 192 | | | -37 192 | -935 | -38 127 |
| **Equity at 30.06.2023** | **21 465** | **352 006** | **-51 584** | **-25 449** | **296 435** | **12 714** | **309 149** |
| Net profit | | | | 28 083 | 28 083 | -288 | 27 794 |
| Currency translation differences | 900 | 15 254 | 13 368 | -16 154 | 13 368 | 492 | 13 860 |
| **Total comprehensive income for the period** | **900** | **15 254** | **13 368** | **11 929** | **41 450** | **204** | **41 654** |
| Capital increase current period | 682 | 35 241 | | | 35 923 | - | 35 923 |
| Purchase of shares from non-controlling interest | | | | -176 | -176 | -860 | -1 037 |
| **Equity at 31.12.2023** | **23 046** | **402 500** | **-38 216** | **-13 697** | **373 633** | **12 057** | **385 690** |
| Net profit | | | | 2 307 | 2 307 | -74 | 2 233 |
| Currency translation differences | -301 | -5 609 | -5 396 | 5 910 | -5 396 | -166 | -5 562 |
| **Total comprehensive income for the period** | **-301** | **-5 609** | **-5 396** | **8 217** | **-3 089** | **-240** | **-3 329** |
| Capital increase current period | 881 | 24 727 | | | 25 608 | | 25 608 |
| Dividend | | -15 000 | | | -15 000 | -260 | -15 260 |
| **Equity at 30.06.2024** | **23 626** | **406 618** | **-43 612** | **-5 480** | **381 151** | **11 557** | **392 708** |

# Consolidated Statement of cash flow

| Amounts in EUR thousand | Note | Unaudited 30.06.2024 | Unaudited 30.06.2023 |
|---|---|---|---|
| Cash Flow from operations | | | |
| Profit (-loss) before income tax | | 2 929 | 146 |
| Taxes paid for the period | | -427 | -1 832 |
| Depreciation, amortization, impairment | 6 | 10 313 | 9 897 |
| Interest paid | | -9 461 | -8 214 |
| Net financial items without cash effect | | 9 339 | 8 095 |
| Cash settlement derivatives | | -6 166 | -13 423 |
| Change in unrealized currency gains/losses | | 5 350 | 40 458 |
| Change in unrealized derivatives | 5 | -9 913 | -25 400 |
| Change in working capital | | -3 517 | -17 719 |
| **Net cash flow from operations** | | **-1 555** | **-7 992** |
| | | | |
| Cash flow from investment activities | | | |
| Outflows due to purchases of fixed assets and intangibles | 6 | -17 445 | -15 564 |
| Outflows due to investments in subsidiaries | 6 | -4 573 | -4 000 |
| Outflows due to investments in other financial assets | | 0 | -43 |
| Inflows from sale of other financial assets | | 0 | 1 818 |
| **Net cash flow from investment activities** | | **-22 018** | **-17 789** |
| | | | |
| Cash flow from financing activities | | | |
| Capital increases | | 25 608 | 31 781 |
| Dividend payments | | -15 260 | -38 127 |
| Outflows from transactions with non-controlling interest | | 0 | -2 329 |
| Inflows from loan raising | 5 | 28 006 | 62 797 |
| Outflows from loan payments | 5 | -14 618 | -75 545 |
| **Net Cash Flow from financing activities** | | **23 735** | **-21 423** |
| | | | |
| Currency translation differences | | -717 | -11 720 |
| Net change in bank deposits and cash | | 163 | -47 204 |
| Bank deposits and cash at beginning of period | | 40 120 | 115 253 |
| **Bank deposits and cash at end of period** | | **39 566** | **56 329** |

# Notes

## Note 1 Basis of preparations

The Småkraft Group comprises of Småkraft AS and the consolidated subsidiaries (Småkraft Group or the Group). Småkraft's head office is located in Bergen, with local offices in Harstad, Flatanger, Dale. Stjørdal and Oslo, Norway and Gävle in Sweden. The Group employs 32 people. Småkraft is a supplier of renewable energy based on small scale hydro power plants situated in Norway and Sweden.

The interim financial statements for the first half-year 2024, ending 30 June 2024, were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements need to be read together with the annual financial statements with notes for 2023 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 2023.

These condensed consolidated interim financial statements will be subject to a limited review.

The Board of Directors and the CEO authorised these interim IFRS financial statements for issue on 27 August 2024.

## Note 2 Transactions and events in 1H 2024

### Acquisitions

The Group has acquired the following companies during 1H 2024 classified as asset acquisitions:

| Company | Purchase date | Voting rights/shareholding |
|---|---|---|
| Myklebust Energi AS | 31.01.2024 | 100% |
| Meierifossen Kraft AS | 19.02.2024 | 100% |

### Construction activity

The construction of Fossåa hydro power plant in Gudbrandsdalen, was completed and taken over by Småkraft in January 2024. As per 30 June, 2024 – there were ongoing construction of 24 power plants by external service providers, which will increase Småkraft group's annual production capacity by 325 GWh. Completion of these constructions are scheduled up until end of 2026.

### Successfully refinanced bank loan of EUR 160 mill in June 2024

Småkraft AS refinanced its main bank facility in June for another period of three years. The loan is EUR 160 million and represent a EUR 17.5 million increase in loan capital. Furthermore, there is an undrawn Revolving Credit Facility of EUR 20 million available for corporate purposes.

# Note 3 Power revenues and other income

**Sale of electric energy**

The revenues originate from the generation of hydropower.

**Green revenues**

Guarantees of Origin and EL certificate schemes are market-based support schemes. 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 and currency derivatives**

Småkraft utilise financial hedging contracts to hedge future revenue. The Group does not apply hedge accounting for the hedging of power revenues. See also note 6 Financial instruments.

**Disaggregation of revenues by price area**

| Amounts in EUR thousand | | Unaudited 1H 2024 | Unaudited 1H 2023 | Audited FY 2023 |
|---|---|---|---|---|
| Price area NO 1 | Norway | 1 677 | 2 078 | 3 074 |
| Price area NO 2 | Norway | 7 855 | 13 591 | 21 284 |
| Price area NO 3 | Norway | 6 829 | 6 701 | 10 072 |
| Price area NO 4 | Norway | 2 838 | 2 580 | 3 711 |
| Price area NO 5 | Norway | 9 284 | 14 492 | 18 724 |
| Price area SE 2 | Sweden | 852 | 699 | 1 407 |
| Price area SE 3 | Sweden | 2 065 | 3 558 | 4 223 |
| Other green revenue | | 1 904 | 2 909 | 5 262 |
| **Power revenues** | | **33 305** | **46 608** | **67 758** |

**Other operating income**

| Amounts in EUR thousand | Unaudited 1H 2024 | Unaudited 1H 2023 | Audited FY 2023 |
|---|---|---|---|
| Guarantees of origin – change in inventory | -598 | 167 | 1 265 |
| Other operating income | 681 | 305 | 217 |
| **Other operating income** | **83** | **472** | **1 481** |

# Note 4 Financial result

## Financial income

| Amounts in EUR thousand | Unaudited 1H 2024 | Unaudited 1H 2023 | Audited FY 2023 |
|---|---|---|---|
| Other financial income | 686 | 787 | 1 982 |
| **Total** | **686** | **787** | **1 982** |

## Financial expenses

| Amounts in EUR thousand | Unaudited 1H 2024 | Unaudited 1H 2023 | Audited FY 2023 |
|---|---|---|---|
| Interest expense | 10 015 | 5 667 | 12 111 |
| Other financial expenses | 563 | 802 | 1 214 |
| **Total** | **10 578** | **6 468** | **13 325** |

# Note 5 Financial instruments

The group holds the following financial instruments:

| Amounts in EUR thousand | Unaudited 30.06.24 | Unaudited 30.06.23 | Audited 31.12.23 |
|---|---|---|---|
| Financial assets | | | |
| Long term receivables | 10 624 | 7 812 | 7 691 |
| Trade receivables | 4 571 | 8 285 | 4 276 |
| Other receivables | 6 917 | 2 463 | 12 285 |
| Derivatives (long-term) | 3 892 | 1 165 | 714 |
| Derivatives (short-term) | 1 493 | 6 386 | 4 140 |
| Cash and cash equivalents | 39 566 | 56 329 | 40 120 |

| Amounts in EUR thousand | Unaudited 30.06.24 | Unaudited 30.06.23 | Audited 31.12.23 |
|---|---|---|---|
| Financial liabilities | | | |
| Convertible debt | - | | 3 659 |
| Debt to financial institutions | 239 509 | 199 913 | 220 044 |
| Bond debt | 100 000 | 100 000 | 100 000 |
| USPP bond debt | 120 000 | 120 000 | 120 000 |
| Other non-current liabilities | 369 | 477 | 467 |
| Trade and other payables* | 12 851 | 15 781 | 17 621 |
| | | | |
| Derivatives (long-term) | 2 639 | 26 882 | 8 524 |
| Derivatives (short-term) | 10 188 | 31 393 | 19 944 |

* Excluding payable taxes.

## Trade receivables

| Amounts in EUR thousand | Unaudited 30.06.24 | Unaudited 30.06.23 | Audited 31.12.23 |
|---|---|---|---|
| Trade receivables, invoiced | 63 | 15 | 3 180 |
| Earned revenue, not invoiced | 4 508 | 8 269 | 1 096 |
| **Sum** | **4 571** | **8 285** | **4 276** |

## Borrowings

| Amounts in EUR thousand | Unaudited 30.06.24 | Unaudited 30.06.23 | Audited 31.12.23 |
|---|---|---|---|
| Ingoing balance | 440 824 | 434 067 | 434 067 |
| Repayments/downpayments | -14 618 | -75 545 | -120 504 |
| New debt | 28 006 | 62 797 | 123 474 |
| Debt from purchased subsidiaries | 2 723 | 666 | 6 185 |
| Capitalised loan expenses/ fees/ commissions | -847 | 0 | 0 |
| Capitalized contruction loan interest | 250 | 0 | 0 |
| Currency exchange rate changes | -514 | -4 746 | -2 398 |
| **Outgoing balance** | **455 824** | **417 239** | **440 824** |

## Lenders

| Amounts in EUR thousand | Currency | Unaudited 30.06.24 | Unaudited 30.06.23 | Audited 31.12.23 |
|---|---|---|---|---|
| Banks | NOK | 61 264 | 28 931 | 51 431 |
| Banks | EUR | 178 245 | 170 982 | 168 613 |
| Convertible debt from owners | EUR | - | - | 3 659 |
| Bond debt1 | EUR | - | 50 000 | - |
| Bond debt2 | EUR | 50 000 | 50 000 | 50 000 |
| Bond debt3 | EUR | 50 000 | - | 50 000 |
| USPP 1 bond | EUR | 80 000 | 80 000 | 80 000 |
| USPP 2 bond | EUR | 40 000 | 40 000 | 40 000 |
| Other debt | NOK | 20 | - | 21 |
| Capitalised loan expenses/ fees/ commissions | NOK | -3 705 | -2 674 | -2 900 |
| **Total** | | **455 824** | **417 239** | **440 824** |
| **Total long term debt** | | **446 013** | **199 906** | **276 512** |
| **Total short term debt** | | **9 811** | **217 333** | **164 312** |

## Maturity profile borrowings

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

| Amounts in EUR thousands | Carrying amount as of 30.06.2024 | 1 year | 2 years | 3 years | 4 years | >5 years |
|---|---|---|---|---|---|---|
| **Total** | **455 824** | **31 329** | **83 348** | **218 314** | **10 285** | **213 477** |

| Amounts in EUR thousands | Carrying amount as of 31.12.2023 | 1 year | 2 years | 3 years | 4 years | >5 years |
|---|---|---|---|---|---|---|
| **Total** | **440 824** | **177 565** | **16 554** | **95 315** | **10 418** | **215 515** |

| Amounts in EUR thousands | Carrying amount as of 30.06.2023 | 1 year | 2 years | 3 years | 4 years | >5 years |
|---|---|---|---|---|---|---|
| **Total** | **417 239** | **227 129** | **8 213** | **61 102** | **23 035** | **155 190** |

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

## Derivatives

| Amounts in EUR thousands | Energy derivatives | Interest rate swaps | Currency derivatives | Total |
|---|---|---|---|---|
| Opening balance (net) 31.12.2023 | -24 869 | 3 825 | -2 570 | -23 614 |
| Additions/sale | -347 | 0 | 0 | -347 |
| Fair value changes | 10 769 | -334 | -521 | 9 913 |
| Cash settlement | 6 166 | 0 | 0 | 6 166 |
| Currency translation differences | 476 | -67 | 31 | 440 |
| **Closing balance 30.06.2024** | **-7 805** | **3 423** | **-3 060** | **-7 441** |
| | | | | |
| Gross | | | | |
| Non-current assets | 538 | 3 354 | 0 | 3 892 |
| Current assets | 1 424 | 69 | 0 | 1 493 |
| **Total assets** | **1 962** | **3 423** | **0** | **5 386** |
| | | | | |
| Non-current liabilities | 7 845 | 0 | 2 343 | 10 188 |
| Current liabilities | 1 923 | 0 | 717 | 2 639 |
| **Total liability** | **9 768** | **0** | **3 060** | **12 827** |
| | | | | |
| **Sum** | **-7 805** | **3 423** | **-3 060** | **-7 441** |

| Amounts in EUR thousands | Energy derivatives | Interest rate swaps | Currency derivatives | Total |
|---|---|---|---|---|
| Opening balance (net) 31.12.2022 | -104 447 | 9 249 | -1 115 | -96 314 |
| Additions/sale | -1 452 | 0 | 0 | -1 452 |
| Fair value changes | 55 857 | -4 762 | -1 503 | 49 592 |
| Cash settlement | 17 277 | 0 | 0 | 17 277 |
| Currency translation differences | 7 897 | -662 | 48 | 7 283 |
| **Closing balance 30.06.2023** | **-24 869** | **3 825** | **-2 570** | **-23 614** |
| | | | | |
| Gross | | | | |
| Non-current asset | 0 | 714 | 0 | 714 |
| Current Asset | 1 029 | 3 111 | 0 | 4 140 |
| **Total asset** | **1 029** | **3 825** | **0** | **4 854** |
| | | | | |
| Non-current liabilities | 8 241 | 0 | 283 | 8 524 |
| Current liabilities | 17 657 | 0 | 2 287 | 19 944 |
| **Total liability** | **25 898** | **0** | **2 570** | **28 468** |
| | | | | |
| **Sum** | **-24 869** | **3 825** | **-2 570** | **-23 614** |

## Note 6 Intangible assets and property, plant and equipment

| Amounts in EUR thousands | Property, plant and equipment | Intangible assets | Total |
|---|---|---|---|
| **Carrying Amount 01.01.2023** | **545 888** | **216 263** | **762 151** |
| Additions | 29 109 | 6 008 | 35 117 |
| Acquisition of subsidiaries | 26 479 | 28 383 | 54 862 |
| Depreciations and amortization | -14 449 | -3 603 | -18 052 |
| Impairment change | - | -1 958 | -1 958 |
| Currency translation differences | -34 633 | -13 520 | -48 152 |
| **Carrying Amount as of 31.12.2023** | **552 395** | **231 574** | **783 969** |
| Additions | 17 801 | -356 | 17 445 |
| Acquisition of subsidiaries | 2 795 | 4 673 | 7 469 |
| Depreciations and amortization | -8 337 | -1 975 | -10 313 |
| Currency translation differences | -7 461 | -3 150 | -10 611 |
| **Carrying Amount as of 30.06.2024** | **557 192** | **230 765** | **787 958** |

### Contractual obligations

Signed share purchase and new-build contracts as per 30.06.2024 have remaining obligations of EUR 125 million, whereof EUR 74 million is due within 12 months.

The owners of Småkraft AS have committed to contribute further EUR 56 million in equity related to these contracts prior to closing and delivery of the relevant construction projects. The rest of the financing demand will be solved by new external debt.

# Responsibility statement

In the best judgement of the Board and the CEO, the interim financial statements for 1st half 2024 have been prepared in accordance with current applicable accounting standards, and the information in the financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and the group taken as a whole. In the best judgement of the Board and the CEO the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the parent company and the group, together with a description of the principal risks and uncertainties facing the parent company and the group.

The Board of Directors of Småkraft AS,
Bergen, Norway, 27 August 2024

| | | |
|---|---|---|
| Member of the Board<br>**Claudia Ahnert** | Chairperson of the Board<br>**Annette Malm-Justad** | |
| Member of the Board<br>**Oldrik Verloop** | Member of the Board<br>**Felix Renneke** | CEO<br>**Terje Vedeler** |

# Appendix:

## Alternative Performance Measures (APMs)

**Adjusted Power revenues** is defined as Power revenues adjusted for Realised 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.

**APM**

| Amounts in EUR thousand | Unaudited 1H 2024 | Unaudited 1H 2023 | FY 2023 |
|---|---|---|---|
| Power revenue | 33 305 | 46 608 | 67 758 |
| Realized value change on energy derivatives | -6 166 | -13 423 | -17 277 |
| **Adjusted power revenue** | **27 139** | **33 185** | **50 482** |

| Amounts in EUR thousand | 1H 2024 | 1H 2023 | FY 2023 |
|---|---|---|---|
| Operating profit (loss) | 19 422 | 51 029 | 75 519 |
| + Depreciation of fixed assets and intangible assets | 10 313 | 9 897 | 20 010 |
| **EBITDA** | **29 735** | **60 926** | **95 529** |
| Change in unrealized value change on energy derivatives | -16 935 | -43 566 | -73 133 |
| **Adjusted EBITDA** | **12 800** | **17 360** | **22 396** |

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To the Shareholders of Småkraft AS

# Report on Review of Interim Financial Information

## Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Småkraft AS as at 30 June 2024, and the related condensed consolidated income statement and consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated Statement of cash flow for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Bergen, 27 August 2024
**PricewaterhouseCoopers AS**

Marius Kaland Olsen
State Authorised Public Accountant
(This document is signed electronically)

Securely signed with Brevio

Revisjonsberetning

**Signers:**

| *Name* | *Method* | *Date* |
|---|---|---|
| Olsen, Marius Kaland | BANKID | 2024-08-27 14:40 |

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