

## Investor Update 9th of December 2022

Erik Sterud, Chief Financial Officer

## AGENDA

### 1) Strategy update – where are we and what do we plan to do ahead?

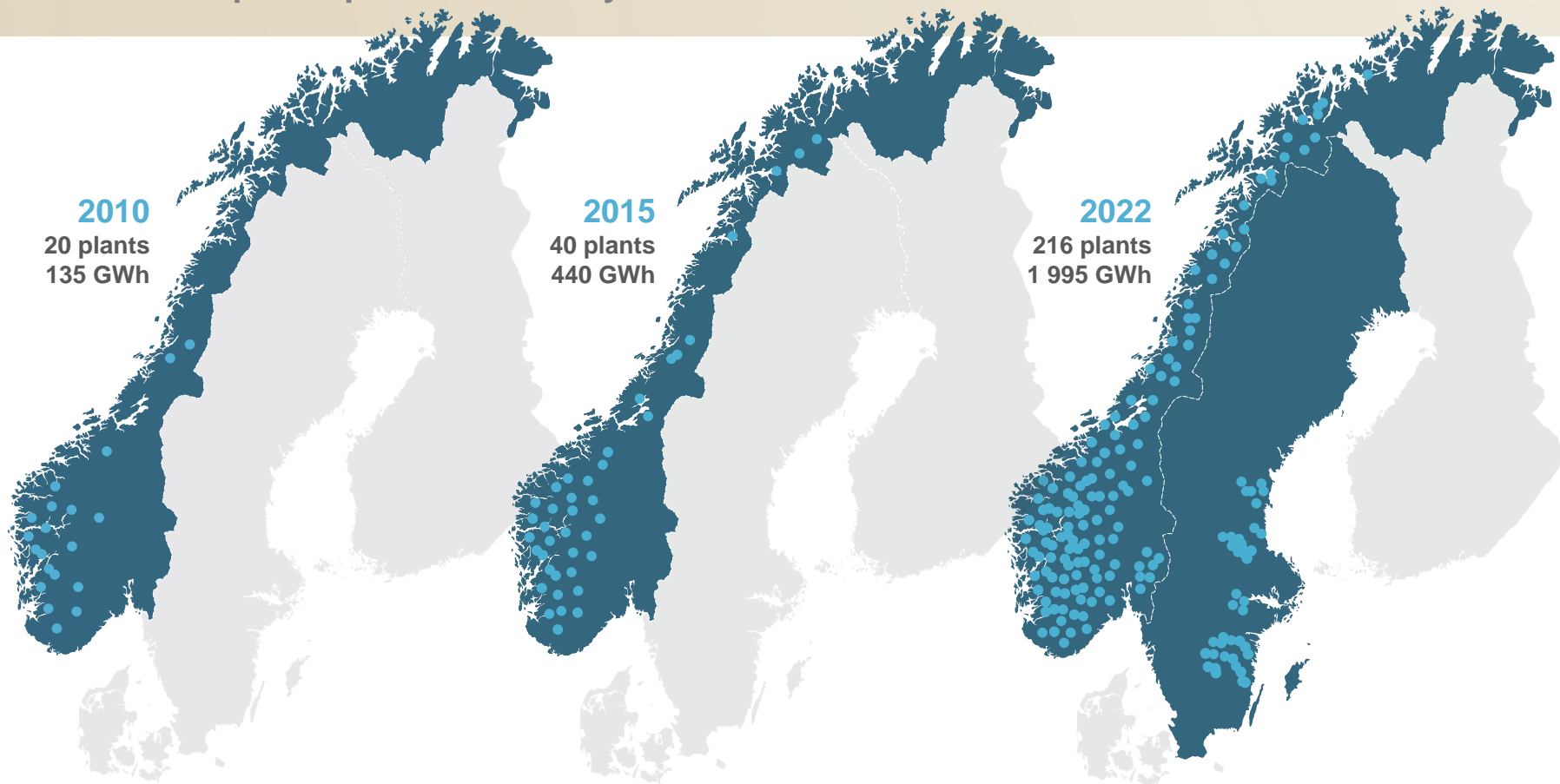
- Growth
- Further development
- Operational model
- Sustainability

### 2) Financial performance

- Market development
- EBITDA- performance 2022
- Hedging and effect on Financial Statements
- Windfall tax
- Financial position

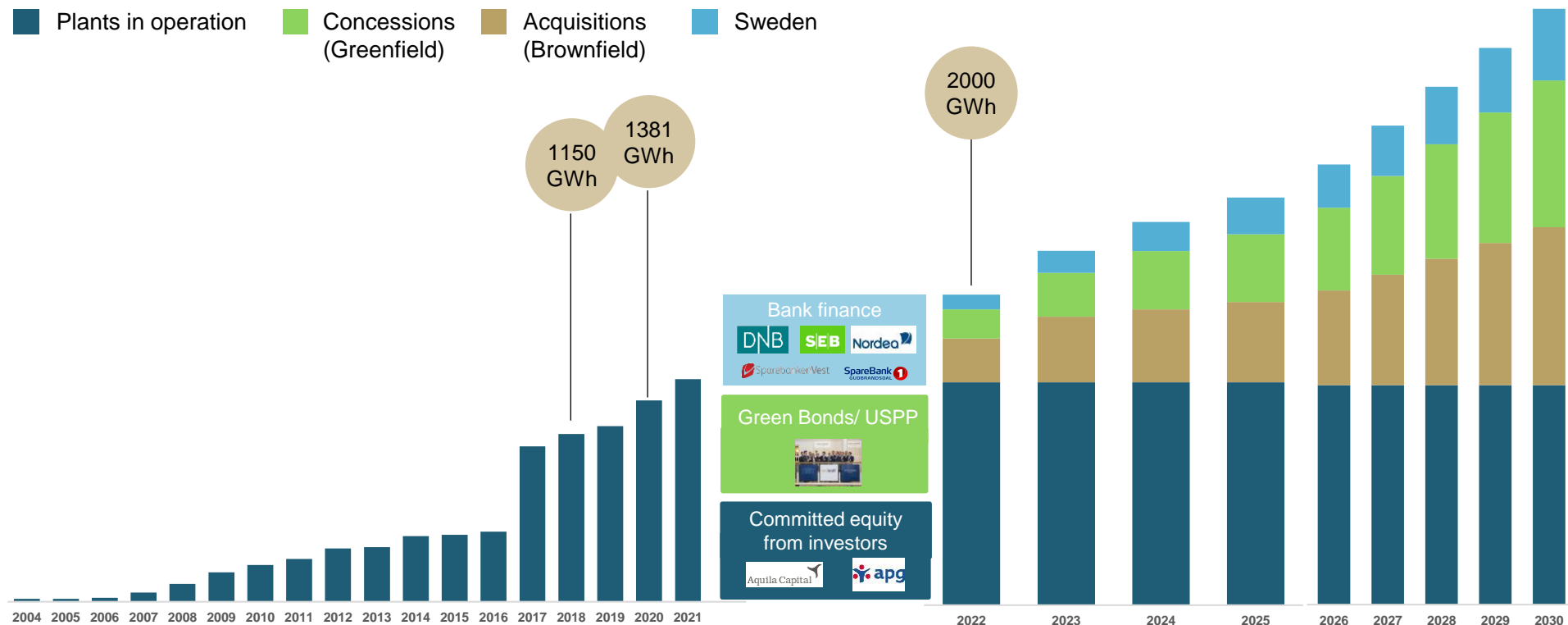


Småkraft has grown significantly since its Green Bond- issues,  
and has 216 power plants in Norway and Sweden



# Småkraft plans to continue to grow in the years ahead

and will continue to follow its conservative financing strategy of at least 50% equity in future transactions.



# Our operational model gives significant economies of scale and unmatched operational efficiency

## Centralised operation

- Monitoring Norway and Sweden
- Optimising production
- Reducing cost

## ANOMALIES

1 tag per hour

## DIGITAL INFORMATION

35.000 tags per second

## AUTOMATION

## Småkraft tech. team

- Yearly inspections
- Initiate and follow up modifications, upgrades and repair

## Local operators

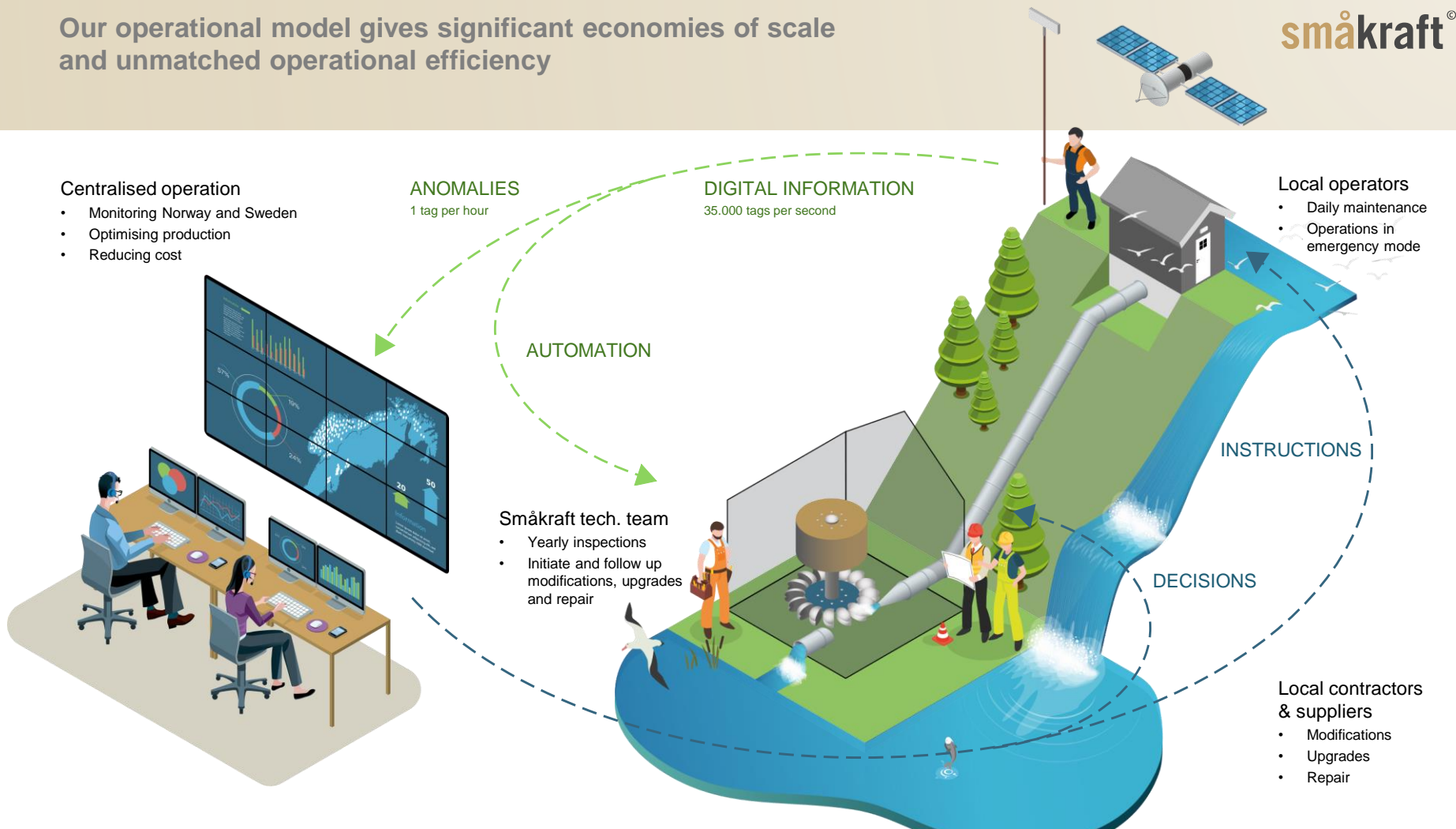
- Daily maintenance
- Operations in emergency mode

## INSTRUCTIONS

## DECISIONS

## Local contractors & suppliers

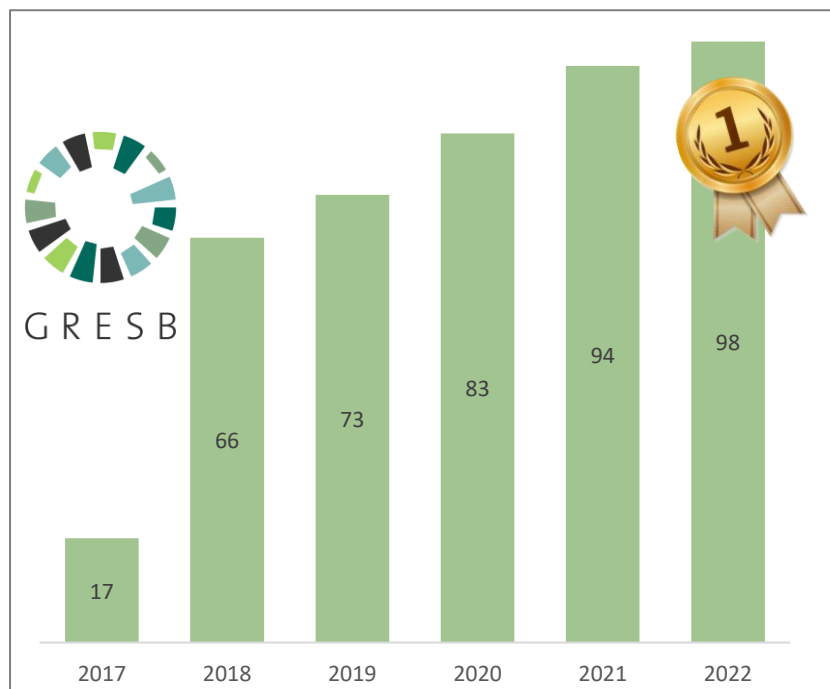
- Modifications
- Upgrades
- Repair



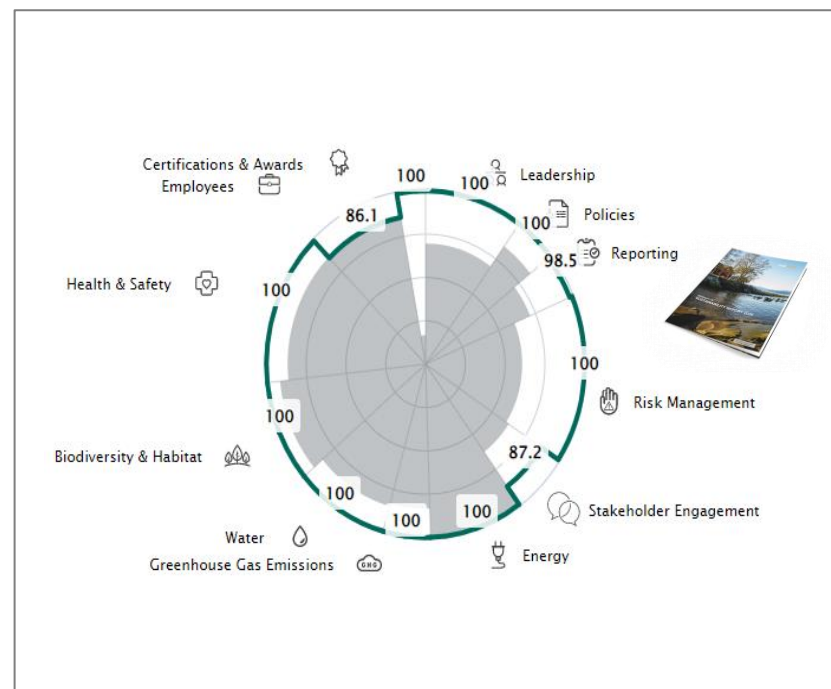
## Småkraft recognised as best among peers by GRESB on sustainability

GRESB evaluates more than 2000 companies within the Real Estate and Infrastructure space every year

Leap of Småkraft to #1 among peers in past 6 years



Småkraft differentiators from peers in 2022



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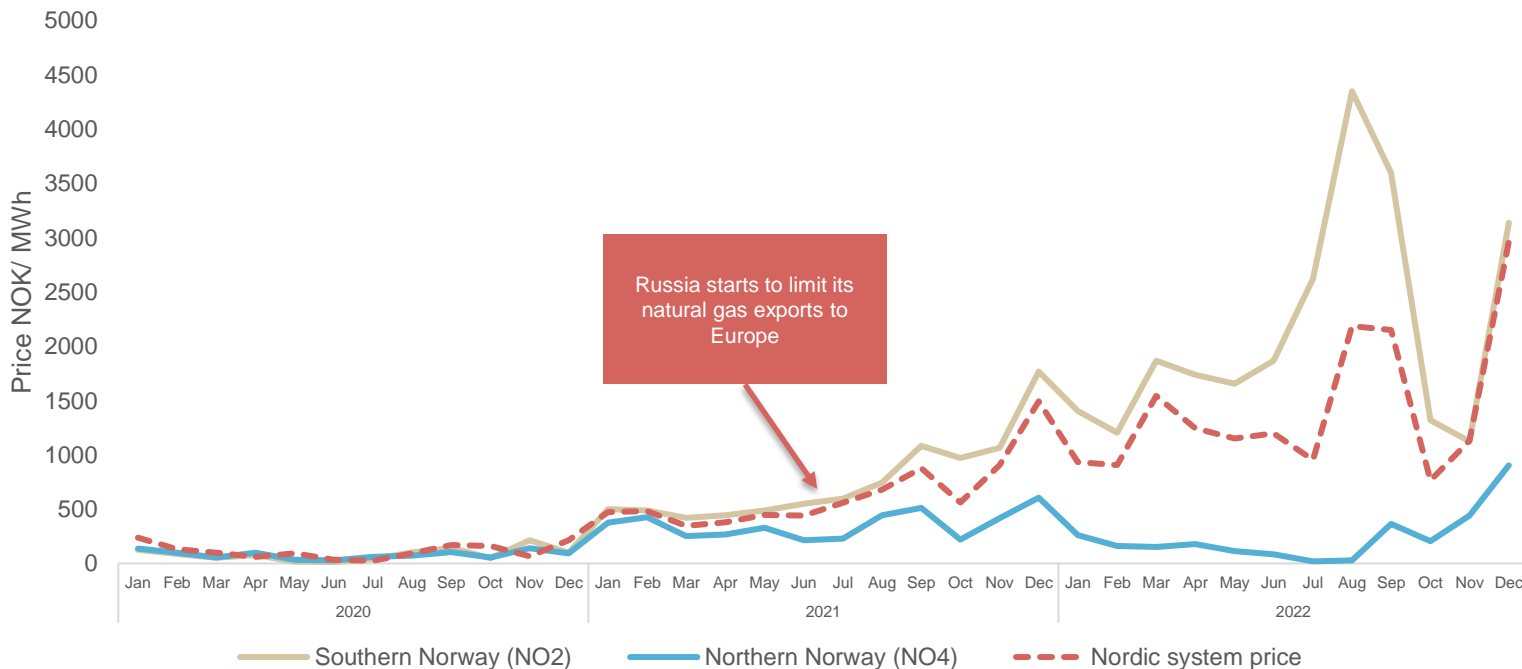
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# The Nordic Power market is currently divided between the Northern and the Southern parts

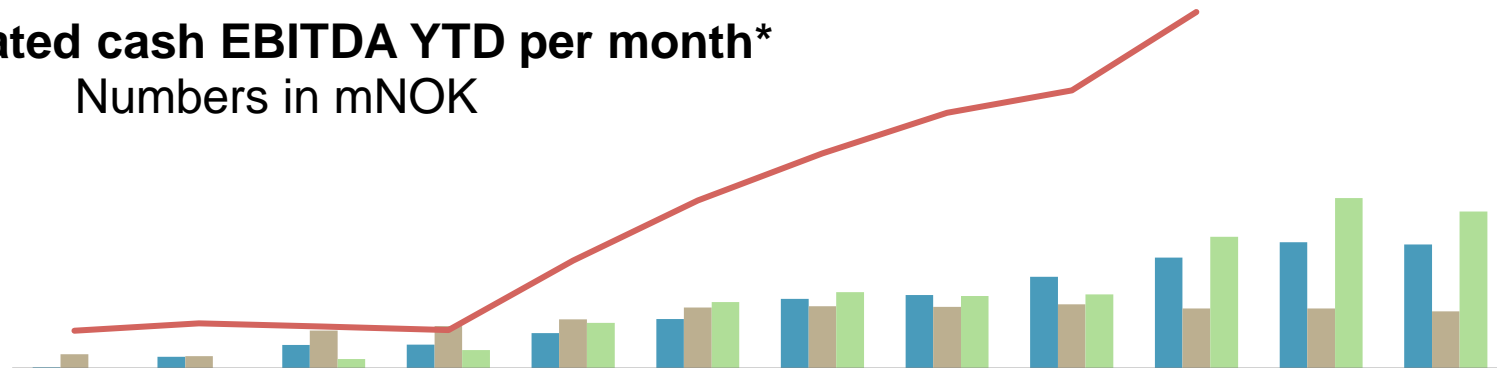
## Power prices in the Nordics





## Accumulated cash EBITDA YTD per month\*

Numbers in mNOK



	jan	feb	mar	apr	mai	jun	jul	aug	sep	okt	nov	des
2019	1	13	26	27	39	55	78	82	102	124	141	139
2020	16	14	42	47	55	68	70	69	72	67	67	64
2021	-2	-5	11	20	51	74	85	81	83	147	191	175
2022 Actual	42	50	47	43	121	188	240	286	311	398		

### Småkrafts normal hedging policy

- Historically, Småkraft has hedged 25% of its production capacity
- Hedges are placed bilaterally with Investment Grade-counterparties.
- No margin calls/ hedge collateral

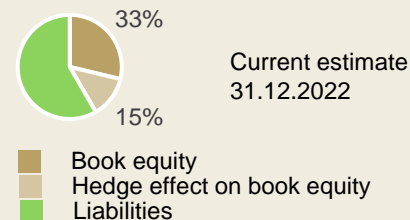
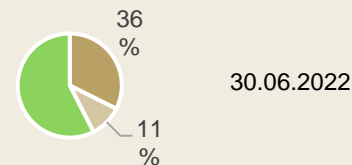
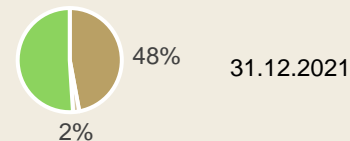


### Hedging activities changed during market turmoil

- Following market turmoil, Småkraft halted its hedging activities mid 2021.
- No new hedges placed after mid 2021.
- Some old hedges are adjusted to match production profile

	2023	2024	2025
Hedged volume GWh	489	438	253

### Mark- to market of unrealized hedges have large effect on book equity ratio



## Windfall tax to be introduced on wind and hydropower, our understanding

- Revenue achieved at prices above 70 EUR/MWh is taxed with 23%.
- This means that revenue up to the 70 EUR/MWh threshold has no additional tax, but that the additional revenue above this threshold is taxed with an additional 23%.
- Starts 1st of January 2023
- Will be calculated with monthly resolution on monthly basis.
- Most hedges (but not all) subtracted before tax is calculated.
- Government has signaled that this taxation is temporarily and will last until end of 2024.
- Details in the taxation- scheme still not clear.
- Our current best guesstimate of 2023- effect is 5 mEUR for Småkraft.

RENEWABLES/ENERGY TRANSITION

### Norway to raise \$3bn from resource, windfall taxes on wind and hydropower

The Norwegian government has announced a suite of resource rate hikes and windfall taxes on hydropower and wind generation, in a bid to redistribute profits from high electricity prices.



28/09/2022, 5:05 pm

By Andrew Dykes



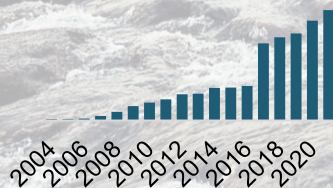
© Supplied by Norsk Hydro

### Strong cash position

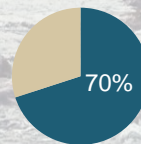


100 mEUR in liquidity

### Strong capacity growth strengthens the group



### Strong balance sheet/ Low LTV\*



\*Per 30.09.2022

■ Fair value of Equity compared to Enterprise Value

### Strong cash flow





