

Interim report

# Second half of 2023



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# What we do

**Småkraft is a renewable energy producer.** Our 231 hydropower plants are spread across Norway and Sweden and deliver a mean annual production capacity of 2.1 TWh, making Småkraft Norway'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 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  
Bergen, Norway

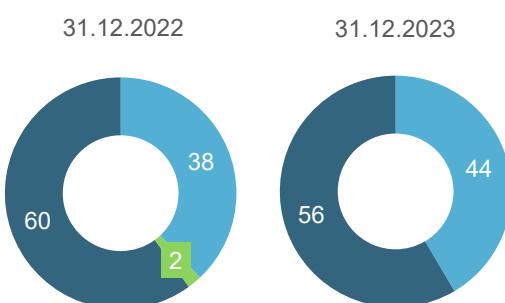
Listed Bond loans  
Oslo Børs Euronext

CEO  
Terje Vedeler

Website  
[www.smaakraft.no](http://www.smaakraft.no)

# Småkraft at a glance

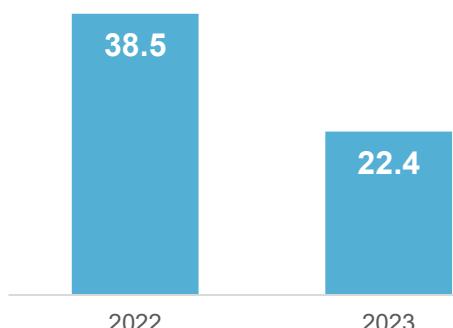
## Improved equity ratio Book values (percent)



- Equity
- Subordinated shareholder loan
- Debt

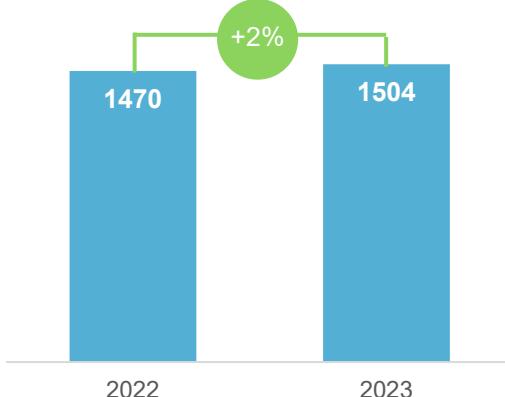
## Adj. EBITDA\* reduced as electricity prices declined materially

EUR million



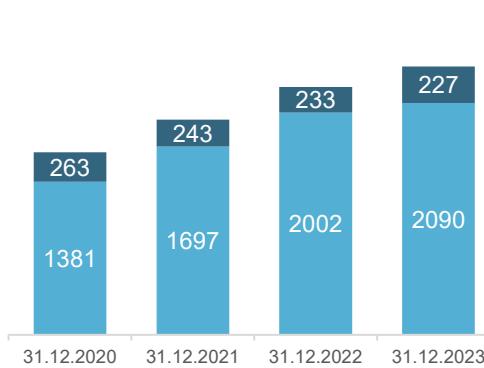
\*Adj. EBITDA = operating profit + impairments + depreciations + unrealized hedge gain or loss

## Increased production GWh



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

## Growth in line with plan GWh



- Signed contracts for new powerplants
- Current production capacity

# Highlights of the second half of 2023

## Key highlights

- Increased production capacity with 79 GWh in the second half 2023
- Power revenue and adj. EBITDA curbed by significantly reduced electricity prices
- Solid pipeline of power stations under construction and planning



### High efficiency and increased production

Added production capacity of 79 GWh within the 6 months. Total production of 725 GWh in the half-year, 2% higher than the second half-year of 2022. Increased operational efficiency with lost production well within long term strategic target.



### Investing in improved environmental footprint

Awarded GRESB Sector Leader for the fourth consecutive year. Significant investments in improved environmental footprint for newly acquired plants. No material Health, Safety and Environmental (HSE) incidents were experienced during the period.



### Decreased system prices

The average monthly Nordpool system prices decreased from 103 EUR/ MWh in 2H 2022 to 29 EUR/ MWh in 2H 2023.

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

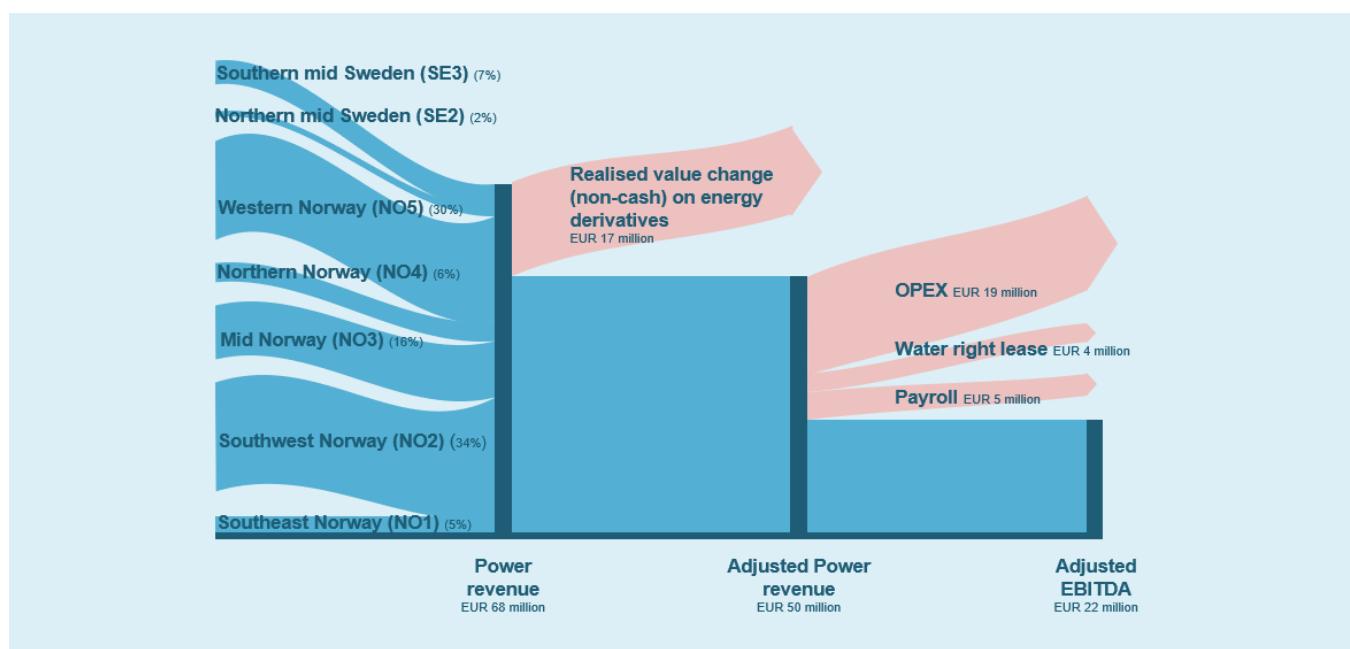


### Adding production capacity

Acquired ten powerplants, adding capacity of 79 GWh to the Småkraft portfolio. Småkraft has a signed pipeline of 227 GWh that it will add to its portfolio over the next years. In October 2023, Småkraft refinanced its Green Bond 1 facility. The EUR 50 million loan has a five-year tenure at floating interest rate of EURIBOR + 2.6%.

# Key figures group FY 2023

## Alternative Performance Measures (APMs)



## Key metrics

Amounts in EUR thousands	Unaudited 2H 2023	Unaudited 2H 2022	Unaudited FY 2023	Audited FY 2022
Power revenue	21 150	73 359	67 758	133 559
Profit (loss) before tax	34 730	15 313	34 876	-84 340
Cash flow from operations	-26 766	18 920	-32 277	38 581
Production volume GWh	725	713	1 504	1 470
Avg. prices (EUR/MWh)	29.1	102.9	45.1	90.9

# Board of Directors' Report

## Profit and loss

During August, the storm Hans came with large amounts of precipitation to the southern areas of Norway and Sweden. This had a major impact on reservoir levels in the most southern price areas where Småkraft has power stations. Consequently, prices decreased, and the important price zones NO2, NO3 and NO5 had market prices in 3Q 2023 at 17 EUR/ MWh. The hydrological balance normalized as winter settled. However, as Småkraft has less winter production, it was not able to benefit from prices returning to higher levels at end of 2023. The negative correlation between price and production seen during 2H 2023 had a negative impact on revenue and EBITDA for the period.

Production in 2H 2023 settled at 725 GWh compared to 713 GWh in 2H 2022. FY 2023 production was 1,504 GWh, an increase of 2% compared to the 1,470 GWh produced in 2022. Average obtained spot prices per MWh decreased by 72% to 29 EUR/MWh in 2H 2023 compared to 103 EUR/MWh in 2H 2022. The very strong hydrological balance following the storm Hans was the main reason behind the price decrease. Småkraft has production in seven different price areas in Norway and Sweden, and the obtained spot prices per MWh varied significantly between power stations.

EBITDA came in at EUR 95,529 thousand for FY 2023, compared to EUR -44,780 thousand in FY 2022. The mark to market valuation energy derivatives for about ¼ of the expected production for 2024 caused an unrealized value change of EUR +73,133 thousand for the FY 2023 and EUR +29,567 thousand for 2H 2023. According to IFRS, these future hedge contracts (to be realized in the future) are recognized in the Financial Statements at market value. However, revenues are not recognized before the date of production. Thus, the EBITDA includes

unrealized hedge revenue with no cash effect in 2023 and unrealized hedge loss with no cash effect in 2022. Småkraft is focusing on selected Alternative Performance Measures (APMs) to measure performance from operational activities. This report details these APMs in the Appendix.

The adjusted EBITDA is isolating operating loss from the unrealized value change of energy derivatives. Adjusted EBITDA during 2H 2023 came in at EUR 5,036 thousand. FY adj. EBITDA came in at EUR 22,396 thousand, of which 78% was earned in 1H 2023. Adjusted power revenue showed a decrease of 60% for 2H 2023 compared to 2H 2022, and 36% for FY 2023 compared to FY 2022. The reduced power prices are the main explanation behind the weakened adj. EBITDA and adj. revenue compared to 2022.

## Cashflow

Net cash flow from operations during FY 2023 is EUR -34,235 thousand compared to EUR 38,581 thousand in FY 2022. The main reason for cash flow from operations is a negative change in working capital of EUR -42,143 thousand. Småkraft typically pays taxes and land lease in the period after the cost has been accrued. Based on the high revenues in 2022, land lease payments and taxes were significant. This resulted in large payouts in 1Q 2023.

Småkraft has continued to construct and acquire power stations during 2023. In total, net cash outflow from investment activities were EUR 61,914 thousand in FY 2023 compared to EUR 108,793 thousand in FY 2022. Småkraft has financed these investments with new equity and loan raisings. Småkraft had capital increases of EUR 67,704 thousand during FY 2023 compared to EUR 104,502 thousand during FY 2022.

## Investments and growth

Over the last years, Småkraft has acquired several operating power plants and constructed new power plants. During 2023, Småkraft saw a market shift from acquisitions towards 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 year end, Småkraft had 18 power stations under construction with a total production capacity of 227 GWh. One of the power stations, the 24 GWh Fossåa in Gudbrandsdalen, Norway was commissioned after year end. Småkraft is currently the company with the highest capacity of renewable energy under construction in Norway.

Småkraft plans to commission 203 GWh over the next three years, where 102 GWh is planned to commence operations in 2024, 66 GWh in 2025 and 35 GWh in 2026. In total, these projects represent EUR 137,000 thousand of investments. Småkraft's investors have committed EUR 77,000 thousand of equity that will be injected in Småkraft before the projects are finalized. Småkraft plans to finance the remaining part of the investments with debt in line with Småkraft's financing strategy.

Småkraft is endeavours to mature other projects to investment decisions, and several opportunities, both acquisitions and construction projects, are close to investment decisions.

During 2023, Småkraft signed 26 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 generally 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.

In addition to improving the overall sustainability of new development in 2023, Småkraft invested in projects to upgrade older power plants, to enhance co-existence and better conserve local ecosystems.

In 2H 2023, Småkraft, was once again recognised as Sector Leader in GRESB's annual ESG-assessment. Scoring 98 out of 100 and earning 5 out of 5 stars, Småkraft stands as the leading sustainable global hydroelectric power producer among its peers and ranks among the top ten percent of all infrastructure companies worldwide.

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 2.0% the last years. Småkraft monitors incidents that lead to lost time on work for both employees and its partners/ suppliers. During 2023, Småkraft experienced 3 incidents that led to lost time. All the incidents were minor.

	2H 2023	2H 2022	2023	2022
<b>Lost time incidents</b>	2	2	3	3
<b>Sick leave short term</b>	0.9%	1.9%	1.5%	1.9%

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

In 2023, Småkraft has faced the continued tendency of more extreme weather in the Nordics. The storm Hans had significant negative impact on infrastructure in the eastern part of Norway and the southern part of Sweden. While most of Småkraft's power stations proved resilient to the storm, the 4 GWh power station Hølera in Valdres, Norway was flooded and had damages on the turbine and power station. The power station resumed operations after 1 month of repairs. Because of insurance coverage, the financial loss for Småkraft was insignificant.



## Risks and uncertainties

Hydrology and power prices remain the main risk factors for the upcoming periods. The war in Ukraine led to extremely volatile and high-power prices during 2022. Elevated price levels and increased volatility persisted during the first part of 2023, while prices dropped significantly in the third quarter. The Nordic commodity markets remain less liquid than historically, which leads to more challenging financial hedging activities. Småkraft halted its hedging activities during the summer 2021 and 2022, while in 2023 Småkraft only adjusted its hedges to match its production volatility.

Reduced future power prices decreases unrealized hedge loss. This has a positive effect on Småkraft's book equity.

Because of its significant growth, Småkraft is continuously working on financing initiatives with new equity and debt. Småkraft has signed construction contracts for 227 GWh that it will add to its portfolio over the next years. Småkraft's shareholders have committed equity for at least 50% of the these agreed investments. Småkraft is working actively with banks and debt investors to finance the remaining part of the investments.

## Going concern – refinancing processes

During 2023 Småkraft successfully refinanced its EUR 50 million Green Bond 1 and issued a new EUR 40 million US Private Placement. Småkraft's main facility of EUR 150 million matures in June 2024. In addition to this, several of the ongoing construction projects will be finalized and construction loan facilities will be rolled over to and refinanced with long term debt structures. Småkraft progressed commercial discussions with the company's banks about refinancing its main facility. Per end of February 2024, Småkraft has received indicative term sheets. Småkraft aims to conclude the discussions with the banks and have a signed term-sheet by end of March. Based on this the Board is presenting the financial statements based on going concern.

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.

## Developments in 2024

Småkraft commissioned the power station Fossåa in Gudbrandsdalen in NO1 during January. The power station has an annual production capacity of 24 GWh. Furthermore, Småkraft acquired the power stations Myklebust and Meierifossen in N03, with a total annual production capacity of 13 GWh.

The power station Byro in Ullensvang, Norway faced significant damages because of a landslide in January 2024. Småkraft is currently performing rebuilds and the power station is expected to become operational in May 2024. As the power station

normally only produces during summer, only minor production loss is expected. The insurance covers the rebuild.

The Board of Directors of Småkraft AS,  
Bergen, Norway, 28 February 2024

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Member of the Board  
Claudia Ahnert

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Chairperson of the Board  
Annette Malm Justad

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Member of the Board  
Oldrik Verloop

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Member of the Board  
Felix Renneke

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CEO  
Terje Vedeler

# Småkraft AS interim report

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# Consolidated income statement and consolidated statement of other comprehensive income

Amounts in EUR thousands	Note	Unaudited 2H 2023	Unaudited 2H 2022	Unaudited FY 2023	Audited FY 2022
Power revenue	3	21 150	73 359	67 758	133 559
Other operating income	3	1 375	544	1 481	1 430
Fair value change on energy derivatives	5	25 714	-17 156	55 857	-138 201
<i>Unrealized value change on energy derivatives</i>		29 567	12 478	73 133	-83 293
<i>Realized value change on energy derivatives</i>		-3 854	-29 634	-17 277	-54 908
Share of the profit (loss) in equity accounted investments		-70	1 415	118	1 415
Payroll and related costs		-2 967	-2375	-4 653	-3 953
Depreciation, amortization, impairment	6	-10 113	-11 469	-20 010	-20 882
Other operating expenses		-10 868	-23 490	-25 032	-39 030
<b>Operating profit/(loss)</b>		<b>24 490</b>	<b>20 828</b>	<b>75 519</b>	<b>-65 662</b>
Financial income	4	1 195	2 609	1 982	2 832
Net agio		17 422	-4 062	-23 036	-16 349
Fair value changes interest and currency derivatives	5	-1 512	4 279	-6 265	7 116
Financial expenses	4	-6 857	-8 341	-13 325	-12 278
<b>Net financial items</b>		<b>10 240</b>	<b>-5 515</b>	<b>-40 643</b>	<b>-18 678</b>
<b>Profit/(loss) before tax</b>		<b>34 730</b>	<b>15 313</b>	<b>34 876</b>	<b>-84 340</b>
Tax expense (income)		-6 936	-7 951	-7 633	12 884
<b>Profit (loss)</b>		<b>27 794</b>	<b>7 361</b>	<b>27 243</b>	<b>-71 457</b>
<b>Profit/(loss) is attributable to:</b>					
Equity holders of the parent company		28 083	7 089	27 411	-72 535
Non-controlling interests		-288	273	-167	1 078
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations		-58	-282	1 692	-715
<i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		13 919	-5 568	-21 664	-16 488
<b>Total other comprehensive income for the year</b>		<b>13 861</b>	<b>-5 850</b>	<b>-19 972</b>	<b>-17 203</b>
<b>Total comprehensive income for the year</b>		<b>41 655</b>	<b>1 512</b>	<b>7 271</b>	<b>-88 659</b>
<b>Total comprehensive income is attributable to:</b>					
Equity holders of the parent company		41 451	1 461	8 274	-89 008
Non-controlling interests		204	51	-1 003	349

# Consolidated statement of financial position

Amounts in EUR thousands	Note	Unaudited 31.12.23	Audited 31.12.22
<b>Assets</b>			
Non-current assets			
Intangible assets	6	231 574	216 263
Property, plant and equipment	6	552 395	545 888
Deferred tax assets		16 913	25 245
Investments, recognised under the eq. method		2 732	3 697
Derivatives	5	714	9 249
Long-term receivables	5	7 691	8 719
<b>Total non-current assets</b>		<b>812 018</b>	<b>809 061</b>
Current assets			
Inventories		1 489	0
Trade receivables	5	4 276	3 567
Other receivables	5	12 285	3 246
Derivatives	5	4 140	4 583
Cash and cash equivalents		40 120	115 253
<b>Total current assets</b>		<b>62 310</b>	<b>126 648</b>
<b>Total assets</b>		<b>874 328</b>	<b>935 709</b>
<b>Equity and liabilities</b>			
Shareholders' equity			
Share capital		23 046	22 861
Paid-in capital		402 500	401 420
Other equity		-51 912	-86 348
<b>Total shareholders' equity</b>		<b>373 633</b>	<b>337 933</b>
Non-controlling interests		12 057	14 131
<b>Total equity</b>		<b>385 690</b>	<b>352 064</b>
Non-current liabilities			
Deferred tax liability		0	26
Borrowings	5	276 512	333 295
Derivatives	5	8 524	49 341
Other non-current liabilities		467	2 283
<b>Total non-current liabilities</b>		<b>285 504</b>	<b>384 945</b>
Current liabilities			
Accounts payable		7 573	4 793
Taxes payable		1 257	5 992
Public duties payable		0	2 552
Derivatives	5	19 944	60 803
Borrowings	5	164 312	100 772
Other current liabilities		10 049	23 787
<b>Total current liabilities</b>		<b>203 134</b>	<b>198 700</b>
<b>Total liabilities</b>		<b>488 638</b>	<b>583 645</b>
<b>Total equity and liabilities</b>		<b>874 328</b>	<b>935 709</b>

## Consolidated statement of changes in equity

Amounts in EUR thousands	Share capital	Paid-in capital	Foreign currency translation	Retained earnings	Non-controlling interests	Total equity
<b>Equity at 01.01.2022</b>	<b>20 039</b>	<b>321 692</b>	<b>-2 607</b>	<b>-14 185</b>	<b>14 270</b>	<b>339 209</b>
Net profit				-72 535	1 078	-71 457
Currency translation differences	-1 162	-18 290	-16 473	19 452	-730	-17 203
<b>Total comprehensive income for the year</b>	<b>-1 162</b>	<b>-18 290</b>	<b>-16 473</b>	<b>-53 083</b>	<b>349</b>	<b>-88 660</b>
Capital increase	3 984	100 518				104 502
Dividend		-2 500			-487	-2 987
<b>Equity at 31.12.2022</b>	<b>22 861</b>	<b>401 420</b>	<b>-19 080</b>	<b>-67 268</b>	<b>14 133</b>	<b>352 064</b>
Net profit				27 411	-167	27 243
Currency translation differences	-1 483	-25 382	-19 137	26 865	-836	-19 972
<b>Total comprehensive income for the year</b>	<b>-1 483</b>	<b>-25 382</b>	<b>-19 137</b>	<b>54 276</b>	<b>-1 003</b>	<b>7 271</b>
Capital increase current period	1 669	63 654			2 381	67 704
Purchase of shares from non-controlling interests				-704	-2 517	-3 222
Dividend		-37 192			-935	-38 127
<b>Equity at 31.12.2023</b>	<b>23 046</b>	<b>402 500</b>	<b>-38 217</b>	<b>-13 697</b>	<b>12 057</b>	<b>385 691</b>

Currency translation differences that can be reclassified through other comprehensive income was EUR 977 thousand in 2023 and EUR -715 thousand in 2022.

# Consolidated Statement of cash flow

Amounts in EUR thousands	Note	Unaudited FY 2023	Audited FY 2022
<b>Cash flow from operations</b>			
Profit (-loss) before taxation		34 876	-84 340
Taxes paid for the period		-5 079	-1 489
Depreciation, amortization, impairment	6	20 010	20 882
Interest paid		-11 966	-8 172
Net financial items without cash effect		11 821	7 825
Cash settlement derivatives		-17 277	-54 908
Change in unrealized currency gains/losses		25 115	16 349
Change in unrealized derivatives	4, 5 ,6	-49 592	131 085
Change in working capital		-42 143	11 350
<b>Net cash flow from operations</b>		<b>-34 235</b>	<b>38 581</b>
<b>Cash flow from investment activities</b>			
Outflows due to purchases of fixed assets and intangibles	6	-35 117	-33 876
Outflows due to investments in subsidiaries	6	-29 082	-74 205
Outflows due to investments in other financial assets		-42	-2 434
Inflows from sale of other financial assets		1 452	0
Outflows from loans to others		0	-1 159
Inflows from loans to others	5	0	2 880
Dividend received from equity accounted investments	5	876	0
<b>Net cash flow from investment activities</b>		<b>-61 914</b>	<b>-108 793</b>
<b>Cash flow from financing activities</b>			
Capital increases		67 704	104 502
Dividend payments		-38 127	-5 739
Outflows from transactions with non-controlling interest		-3 222	0
Inflows from loan raising		123 474	127 611
Outflows from loan payments		-120 504	-83 127
<b>Net cash flow from financing activities</b>		<b>29 326</b>	<b>143 246</b>
Currency translation differences		-8 311	-2 219
Net change in bank deposits and cash		-66 822	73 034
Bank deposits and cash at beginning of period		115 253	44 438
<b>Bank deposits and cash at end of period</b>		<b>40 120</b>	<b>115 253</b>

# 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 and Oslo, Norway. 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 second half-year 2023, ending 31 December 2023, 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 2022 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 2022.

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 28 February 2024.

## Note 2 Transactions and events in 2H 2023

### Acquisitions

The Group has acquired the following companies during 2H 2023 all classified as asset acquisitions:

Company	Purchase date	Voting rights/shareholding
Hovland Kraftverk AS	18.08.2023	100%
Egge Kraftverk AS	31.08.2023	100%
Heimseta Kraftverk AS	31.08.2023	100%
Dalelva Kraft AS	31.08.2023	100%
Midt Kraft AS	30.11.2023	100%
Myrholten Kraftverk AS	30.11.2023	100%
Jåstadkraft AS	30.11.2023	100%
Nye Unhjemkraft AS	30.11.2023	100%
Øvre Alsåker Kraftverk AS	30.11.2023	100%
EM Kraftverk Vest AS – Eikemo	30.11.2023	100%
Dalelva Kraftverk AS	30.11.2023	100%

### Construction activity

As per 31 December 2023 – there were ongoing construction of 18 power plants by external service providers, which will increase Småkraft group's annual production capacity by 227 GWh. Completion of these constructions are scheduled up until end of 2026.

## Successfully refinancing of Småkraft Green Bond 1

Småkraft AS closed a 5-year bond loan on 6 October. The EUR 50 million loan is issued by Småkraft AS and is secured with pledges in 10 power plants. The loan is non-amortising until 2028 with a floating rate coupon.

## 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 thousands		Unaudited 2H 2023	Unaudited 2H 2022	Unaudited FY 2023	FY 2022
Price area NO 1	Norway	996	3 996	3 074	7 063
Price area NO 2	Norway	7 693	24 469	21 284	43 446
Price area NO 3	Norway	3 371	5 585	10 072	10 052
Price area NO 4	Norway	1 131	1 592	3 711	3 298
Price area NO 5	Norway	4 232	32 777	18 724	63 165
Price area SE 2	Sweden	708	802	1 407	1 271
Price area SE 3	Sweden	665	1 916	4 223	2 603
Other green revenue		2 353	2 223	5 262	2 662
<b>Power revenues</b>		<b>21 150</b>	<b>73 360</b>	<b>67 758</b>	<b>133 559</b>

### Other operating income

A Guarantee of Origin is an energy certificate assuring that the energy has been generated from renewable sources. Changes in inventory related to origin guarantees is presented below in the note.

Amounts in EUR thousands	Unaudited 2H 2023	Unaudited 2H 2022	Unaudited FY 2023	FY 2022
Guarantees of origin – change in inventory	1 237	0	1 265	0
Other operating income	138	544	217	1 430
<b>Other operating income</b>	<b>1 375</b>	<b>544</b>	<b>1 481</b>	<b>1 430</b>

## Note 4 Financial result

### Financial income

Amounts in EUR thousands	Unaudited 2H 2023	Unaudited 2H 2022	Unaudited FY 2023	Unaudited FY 2022
Other financial income	1 195	2 609	1 982	2 832
<b>Total</b>	<b>1 195</b>	<b>2 609</b>	<b>1 982</b>	<b>2 832</b>

### Financial expenses

Amounts in EUR thousands	Unaudited 2H 2023	Unaudited 2H 2022	Unaudited FY 2023	Unaudited FY 2022
Interest expense	4 016	4 741	12 111	7 825
Other financial expenses	2 846	3 600	1 214	4 453
<b>Total</b>	<b>6 863</b>	<b>8 341</b>	<b>13 325</b>	<b>12 278</b>

## Note 5 Financial instruments

The group holds the following financial instruments:

Amounts in EUR thousands	31.12.2023	31.12.2022
<b>Financial assets</b>		
Long term receivables	7 691	8 719
Trade receivables	4 276	3 567
Other receivables	12 285	3 246
Derivatives (long-term)	714	9 249
Derivatives (short-term)	4 140	4 583
Cash and cash equivalents	40 120	115 253

Amounts in EUR thousands	31.12.2023	31.12.2022
<b>Financial liabilities</b>		
Convertible debt	3 659	17 639
Debt to financial institutions	220 044	239 135
Bond debt	100 000	100 000
USPP bond debt	120 000	80 000
Other non-current liabilities	467	2 283
Trade and other payables*	17 621	31 133
Derivatives (long-term)	8 524	49 341
Derivatives (short-term)	19 944	60 803

\* Excluding non-financial liabilities.

### Trade receivables

Amounts in EUR thousands	31.12.2023	31.12.2022
Trade receivables, invoiced	3 180	610
Earned revenue, not invoiced	1 096	2957
<b>Sum</b>	<b>4 276</b>	<b>3 567</b>

## Borrowings

Amounts in EUR thousands	31.12.2023	31.12.2022
Ingoing balance	434 067	325 007
Repayments/downpayments	-120 504	-83 127
New debt	123 474	127 611
Debt from purchased subsidiaries	6 185	48 228
Currency exchange rate changes	-2 398	16 349
<b>Outgoing balance</b>	<b>440 824</b>	<b>434 067</b>

## Lenders

Amounts in EUR thousands	Currency	31.12.2023	31.12.2022
Banks	NOK	51 431	38 718
Banks	EUR	168 613	200 417
Convertible debt from owners	EUR	3 659	17 639
Bond debt1	EUR	0	50 000
Bond debt2	EUR	50 000	50 000
Bond debt3	EUR	50 000	0
USPP 1 bond	EUR	80 000	80 000
USPP 2 bond	EUR	40 000	0
Other debt	NOK	21	0
Capitalised loan expenses/ fees/ commissions	NOK	-2 900	-2 707
<b>Total</b>		<b>440 824</b>	<b>434 067</b>
<b>Total long-term debt</b>		<b>276 512</b>	<b>333 295</b>
<b>Total short-term debt</b>		<b>164 312</b>	<b>100 772</b>

## 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 31.12.2023	1 year	2 years	3 years	4 years	>5 years
<b>Total</b>	<b>440 824</b>	<b>177 565</b>	<b>16 554</b>	<b>95 315</b>	<b>10 418</b>	<b>215 515</b>

Amounts in EUR thousands	Carrying amount as of 31.12.2022	1 year	2 years	3 years	4 years	>5 years
<b>Total</b>	<b>434 067</b>	<b>110 592</b>	<b>184 876</b>	<b>6 517</b>	<b>71 159</b>	<b>110 917</b>

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

## Derivatives

31/12/2023

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
<b>Sum</b>	<b>-24 869</b>	<b>3 825</b>	<b>-2 570</b>	<b>-23 614</b>
<b>Gross</b>				
Non-current assets	0	714	0	714
Current assets	1 029	3 111	0	4 140
<b>Total assets</b>	<b>1 029</b>	<b>3 825</b>	<b>0</b>	<b>4 854</b>
Non-current liabilities	8 241	0	283	8 524
Current liabilities	17 657	0	2 287	19 944
<b>Total liability</b>	<b>25 898</b>	<b>0</b>	<b>2 570</b>	<b>28 468</b>

31/12/2022

Amounts in EUR thousands	Energy derivatives	Interest rate swaps	Currency derivatives	Total
Opening balance (net)	-27 738	127	1 237	-26 374
Additions/sale	2 036	0	0	2 036
Fair value changes	-138 201	9 498	-2 382	-131 085
Cash settlement	54 908	0	0	54 908
Currency translation differences	4 547	-376	30	4 201
<b>Sum</b>	<b>-104 447</b>	<b>9 249</b>	<b>-1 115</b>	<b>-96 312</b>
<b>Gross</b>				
Non-current asset	0	9 249	0	9 249
Current Asset	4 583	0	0	4 583
<b>Total asset</b>	<b>4 583</b>	<b>9 249</b>	<b>0</b>	<b>13 832</b>
Non-current liabilities	48 248	0	1 093	49 341
Current liabilities	60 782	0	21	60 803
<b>Total liability</b>	<b>109 030</b>	<b>0</b>	<b>1 115</b>	<b>110 144</b>

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

Amounts in EUR thousands	Property, plant and equipment	Intangible assets	Total
<b>Carrying Amount 01.01.2022</b>	<b>479 919</b>	<b>162 986</b>	<b>642 906</b>
Additions	33 876	101	33 977
Acquisition of subsidiaries	77 191	67 202	144 393
Depreciations and amortization	-17 486	-3 396	-20 882
Currency translation differences	-27 612	-10 630	-38 242
<b>Carrying Amount as of 31.12.2022</b>	<b>545 888</b>	<b>216 263</b>	<b>762 151</b>
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	0	-1 958	-1 958
Currency translation differences	-34 633	-13 520	-48 152
<b>Carrying Amount as of 31.12.2023</b>	<b>552 395</b>	<b>231 574</b>	<b>783 969</b>

### Contractual obligations

Signed share purchase and new-build contracts as per 31.12.2023 have remaining obligations of EUR 101 million, whereof EUR 61 million is due within 12 months.

The owners of Småkraft AS have committed to contribute EUR 62 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 covered by new external debt.

# Responsibility statement

In the best judgement of the Board and the CEO, the interim financial statements for 2<sup>nd</sup> half 2023 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, 28 February 2024

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Member of the Board  
Claudia Ahnert

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Chairperson of the Board  
Annette Malm Justad

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Member of the Board  
Oldrik Verloop

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Member of the Board  
Felix Renneke

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CEO  
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	2H 2023	2H 2022	2023	2022
Power revenue	21 150	73 359	67 758	133 559
Realized value change on energy derivatives	-3 854	-29 634	-17 277	-54 908
<b>Adjusted power revenue</b>	<b>17 297</b>	<b>43 725</b>	<b>50 482</b>	<b>78 651</b>

Amounts in EUR thousand	2H 2023	2H 2022	2023	2022
Operating profit (loss)	24 490	20 828	75 519	-65 662
+ Depreciation of fixed assets and intangible assets	10 113	11 469	20 010	20 882
<b>EBITDA</b>	<b>34 603</b>	<b>32 297</b>	<b>95 529</b>	<b>-44 780</b>
Change in unrealized value change on energy derivatives	-29 567	-12 478	-73 133	83 293
<b>Adjusted EBITDA</b>	<b>5 036</b>	<b>19 819</b>	<b>22 396</b>	<b>38 513</b>



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