

2025

Annual report

småkraft®



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About Småkraft



Småkraft is a renewable energy producer. Our 254 hydropower plants are spread across Norway and Sweden and deliver a mean annual production capacity of 2.3 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. Småkraft is investing 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

Corporate Strategy



Our mission is to create sustainable values for the next generation by investing, developing and operating small-scale hydropower plants.



Quality, Health, Safety and Environment Management are of critical importance to Småkraft, and we strive for high quality performance and safe and secure operations through continuous improvement programs. We aim for organisational robustness, zero injuries and failures, strong cyber and physical security, delivered by a competent and motivated workforce both at Småkraft and by our partners.



We have invested in an operational surveillance centre to operate our power plants, providing technological and management support to back-up operations. This integrated approach delivers tangible benefits, such as increased efficiency, reduced down-time, reduced costs, and improved planning and security.



Core values

Småkraft has identified three core values that help define and lead our business:

Sustainable

- think and act long term
- care about both local and global environment
- conclude our decisions on facts and knowledge
- prioritise security for our employees and business partners

Creative

- seek new and better solutions
- maintain proven processes
- create added value

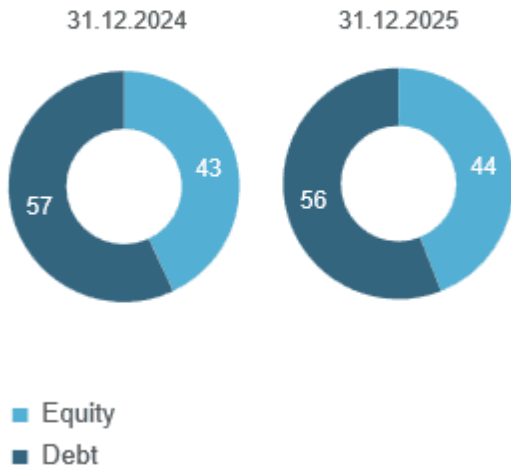
Honest

- be consistent in our communication and share knowledge
- deliver as promised
- tell the truth



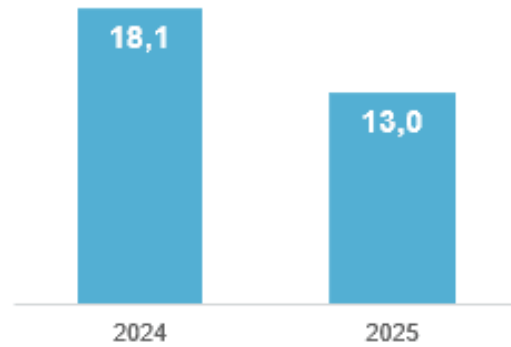
Småkraft at a glance

Stable equity ratio
Book values (percent)



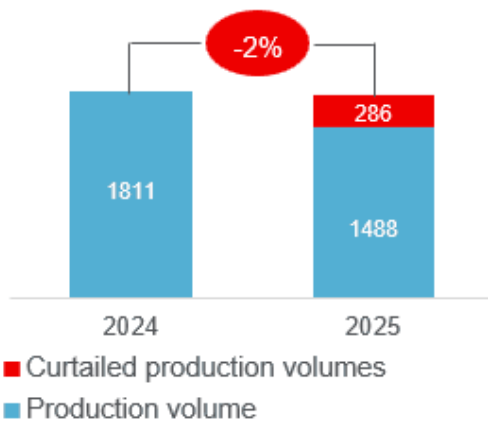
Adj. EBITDA* decreased compared to 2024

EUR-million



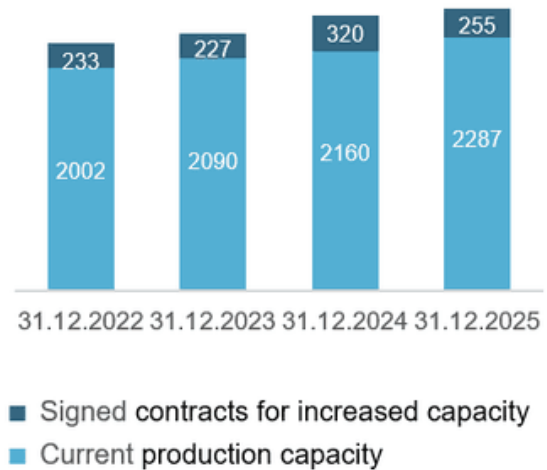
*Adj. EBITDA = operating profit + impairments + depreciations + unrealized hedge gain or loss

Production ^{*)}
GWh



^{*)} The reduction in production partly reflects periods of curtailed production due to low and negative power prices.

Capacity growth
GWh



2025 in brief

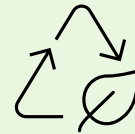
Achieving ambitious growth targets

- Solid pipeline of power stations under construction and planning
- Power revenue and adj. EBITDA further curbed by reduced electricity prices
- Increased production capacity with 127 GWh in 2025



Increased renewable power production

Added production capacity of 127 GWh. Total production of 1,488 GWh, 2% percent decrease compared to 2024 adjusted for curtailed production.



Continuously improving sustainability

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

New technical solutions securing passage for fish at Fosstveit powerplant.



Increased system prices, however lower prices in Northern price areas impacted Småkraft negatively

The average monthly Nordpool system price increased from 36 EUR/ MWh in 2024 to 40 EUR/ MWh in 2025.

Low prices in Northern price areas due to limited interconnector capacity between north and south.



Adding capacity, expanding powerplant pipeline

Ongoing construction program securing additional 255 GWh over the next two years.

New bank facility of NOK 394 mill.

Key figures for the Group

Alternative Performance Measures (APMs) ref appendix

Adjusted power revenue

EUR million

44.6

-5.4 percent Y/Y

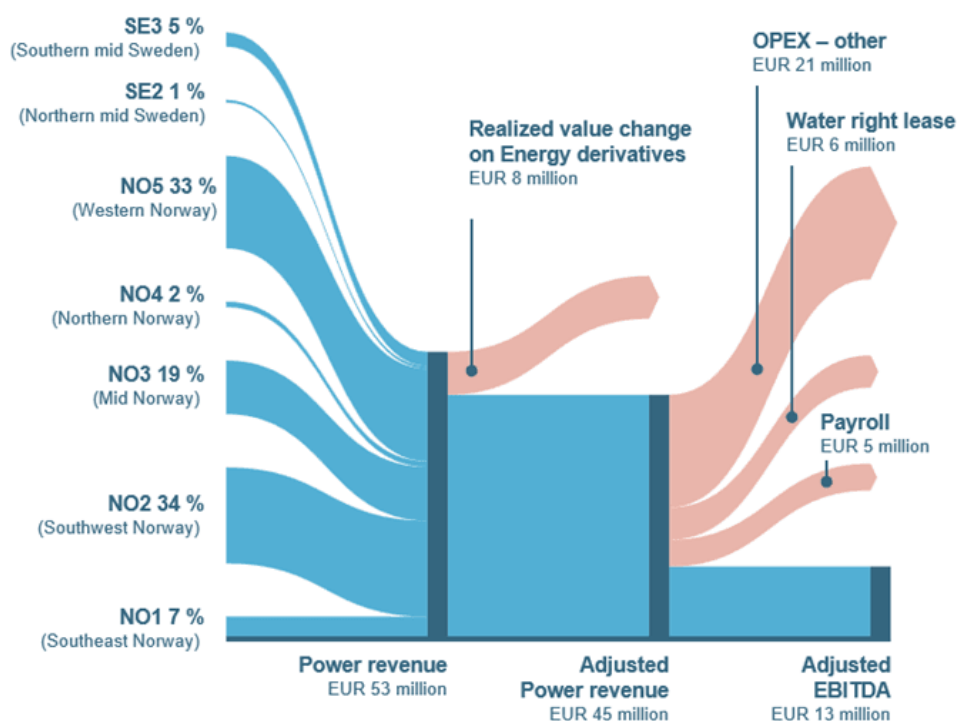
Adjusted EBITDA

EUR million

13.0

-28.3 percent Y/Y

EBITDA 2025



Key metrics

Amounts in EUR thousand	2025	2024
Power revenue	53	54
Profit (loss) before tax	-26	-21
Cash flow from operations	16	13
Production volume GWh	1,488	1,811
Avg achieved prices (EUR / MWh) *)	35.6	30.1

*) Large variations between the different price areas. Details about Småkraft production volumes and achieved prices per price area in Note 8.

CEO Letter

The leading constructor of renewable energy projects in Norway

2025 was another year of expansion for Småkraft. And for another year, we were the greatest contributor to increased renewable energy production in Norway, adding 127 GWh of new annual production capacity during the year. According to updated statistics from NVE, Småkraft is constructing 22% of all new renewable energy projects under development in Norway at year-end 2025.

On the one hand, I am proud to see how our employees, partners, and landowners continue to lead the way. On the other hand, one may get a bit concerned on behalf of the society in a larger context. It is remarkable that four years after the energy minister called for “more of everything, faster”, our small-sized company with 34 employees delivers a significant share of that growth.

And it is a paradox that the Government in the fall of 2025 proposed implementing a ground rent tax that threatened the very existence of small-scale hydropower. We appreciated the efforts of the opposition by once and for all turning down the proposal from the ministry and thereby helping secure the future of our industry.

In 2025, our production reached 1,488 GWh, a 26% decrease compared to 2024. During parts of the year, we experienced extremely low or even negative prices in the NO4 and NO3 regions in the northern parts of Norway. This led us to curtailing production in periods. Adjusted for this, the decrease in production was 2%.

Industrializing small-scale hydropower is necessary for profitability

In the years ahead, our home market will electrify transportation, buildings, and industry. This creates a pressing need for more renewable energy. Increased production will be essential to meet future demand. Hence, we remain motivated and fully focused on working actively with landowners, municipalities, grid operators, and regulators to develop new capacities.

We have repeatedly talked about our efforts in industrialising the company. Småkraft's powerplants operate fully automated and remotely controlled. Our growth would not be possible without strong partners, robust processes and advanced supporting technology. We are fortunate with more than 1100 landowners who challenge us and contribute with local knowledge.

While each of our powerplants are relatively small, our combined size enables us to leverage on economies of scale, share expertise across a large portfolio and realise synergies that smaller operators cannot access. To Småkraft, this represents great opportunities for further operational excellencies and growth.

Adapting to and taking advantage of a more complex power market

Småkraft operates in an increasingly complex and demanding power market. Price volatility has intensified due to grid constraints and the growing share of unregulated power generation, as well as the increasing interconnectivity of energy systems, geopolitical developments, and climate-related changes.

To meet these challenges and seize the opportunities they create, Småkraft continues to improve the way we work and invest in modern technology, advanced systems, and enhanced expertise. We have increased our capacity and strengthened our analytical and operational capabilities through closer monitoring of market activity and price volatility. We are also exploring and actively pursuing opportunities available in the intraday and reserve markets.

These measures are essential for ensuring that Småkraft remains well-positioned in a market characterised by rapid change and increasing complexity.

Strong access to capital and diversified financing

Construction of new power stations and acquisition of existing ones require substantial capital and robust long-term financing. Småkraft benefits from committed owners and strong financing partners, supported by a diversified funding mix that includes bank debt, bond obligations and US private placements. Our long-standing relationships with local Norwegian and Nordic banks, green bond investors and private debt investors continue to provide a solid foundation for future growth.

With higher interest rates in recent years, balancing fixed and floating interest exposure has been essential to support our long-term strategy.

In the second half of 2025, Småkraft secured a NOK 394 million bank debt facility on attractive terms, financing 15 power plants constructed and acquired during 2024/2025 and strengthening the company's liquidity position.

Sustainability is part of Småkraft's strategy

Producing more electricity from the natural resources available, is one of the most sustainable ways to increase renewable energy generation. However, all interventions impact nature, and we take pride in meeting the requirements set by the authorities. We maintain close cooperation with regulators to ensure a responsible and sustainable use of our resources.

Sustainability

Sustainability

Sustainability is an integrated part of Småkraft's strategy and business model. In recent years, reporting requirements related to Environmental, Social and Governance (ESG) topics have increased significantly. Småkraft is committed to aligning its processes with the EU Taxonomy, the EUs Sustainable Financial Disclosure (SFDR) and other evolving reporting standards such as the Task Force for Climate Change (TCFD). For the 2025 financial year, Småkraft voluntarily report on double materiality in accordance with the Corporate Sustainability Reporting Directive (CSRD).

Sustainability is about creating real impact, managing risks, seizing opportunities, making strategic investments and optimising operations. Småkraft prioritises the topics that are the most material to Småkraft and its stakeholders.

In 2025, Småkraft maintained a strong position in GRESB's annual ESG reporting assessment. A separate Sustainability Report further details our performance and approach.

Småkraft's main sustainability efforts focus on the following topics:

Climate Change

Småkraft's production history shows that climate change leads to more precipitation and more extreme weather. While our portfolio has proven highly resilient, isolated cases of flood damage underline the importance of understanding how future climate patterns will affect our power plants.

To strengthen our insight and preparedness, Småkraft is partnering with leading research institutions through the Climate Futures innovation centre. Together with NORCE and the Norwegian Computing Center (NR), Småkraft is developing sub-seasonal runoff forecasts and building a deeper understanding of how changing hydrological conditions will influence the catchments in which Småkraft operates.

Biodiversity

All energy production, including small-scale hydropower, has an impact on the local environment. Adjustments to river flow between the intake and the power plant, can influence biodiversity and vulnerable species in the surrounding area.

Most of Småkraft's power plants operate under restrictions on water flow for energy production. This implies that power plants must release water to the river to ensure ecological water flow and avoid drought. Each site is inspected annually to identify and address any negative impacts, and these findings form the basis of our ESG reporting.

Additional concession requirements are bypass valves that ensure sufficient water in the river during an immediate production stop, restrictions regarding water level regulation in the reservoir or specific water flow requirements.

Småkraft occasionally invests in power plants that do not fully meet current regulatory expectations. These issues are identified and assessed as part of Småkraft's investment process, and the company determines the necessary upgrades to bring each plant into compliance. In most cases, the required improvements are modest, however, at times Småkraft makes more substantial investments to raise environmental standards and ensure responsible long-term operations. Fosstveit power plant, which was reconstructed during 2022-2024, is an example of this.

Social responsibility for our employees

Småkraft ensures that all critical functions are handled by permanent employees, while non-critical functions are outsourced to trusted partners to secure access to specialised expertise and sufficient capacity. We maintain strong internal competence across all disciplines to ensure the quality of the services we procure.

The company strives to offer equal pay for equal work and does not discriminate based on gender, ethnicity, sexual orientation or religion. Through targeted recruitment efforts, Småkraft works to improve gender balance and prioritise equality when candidates are otherwise equally qualified.

Småkraft also conducts annual employee surveys to monitor the internal working environment and identify trends and implement appropriate measures. In Småkraft's 2025 employee survey, its employees reported zero cases of discrimination. A confidential whistleblowing channel on Småkraft's website ensures secure reporting of concerns.

Local communities value creation

Hydropower plant installations can affect nearby communities, and Småkraft works actively to minimise negative consequences. The company follows requirements in the license provisions and works to ensure that the hydropower plants successfully harmonise with the natural environment.

Småkraft's business model is built to generate value locally. A significant share of the value created from each small-scale hydropower plant remains in the municipalities through investments, maintenance, operations, taxes and waterfall lease payments. In 2025, Småkraft made direct payments of more than EUR 88 million to municipalities throughout Norway and Sweden, creating substantial ripple effects.

Smådalen power plant in Bjørnefjorden municipality is a good example of this. The plant was opened in autumn 2025. After the construction period, the landowners described the project as a positive contribution to the local community. Joint efforts from landowners and local entrepreneurs played a key role in realising the project and demonstrated the value of our long-term partnerships.

Ethical business practices

Ethical business is about doing the right thing. Småkraft's business is built on developing and sharing natural resources that matter to many stakeholders. Småkraft aims to act with integrity and transparency towards landowners, suppliers, authorities, investors and creditors.

Småkraft is transparent wherever possible, provided this does not conflict with privacy regulations or compromise competitiveness. Transparency enables stakeholders understand the rationale behind Småkraft's decisions and demonstrates commitment to responsible business conduct.

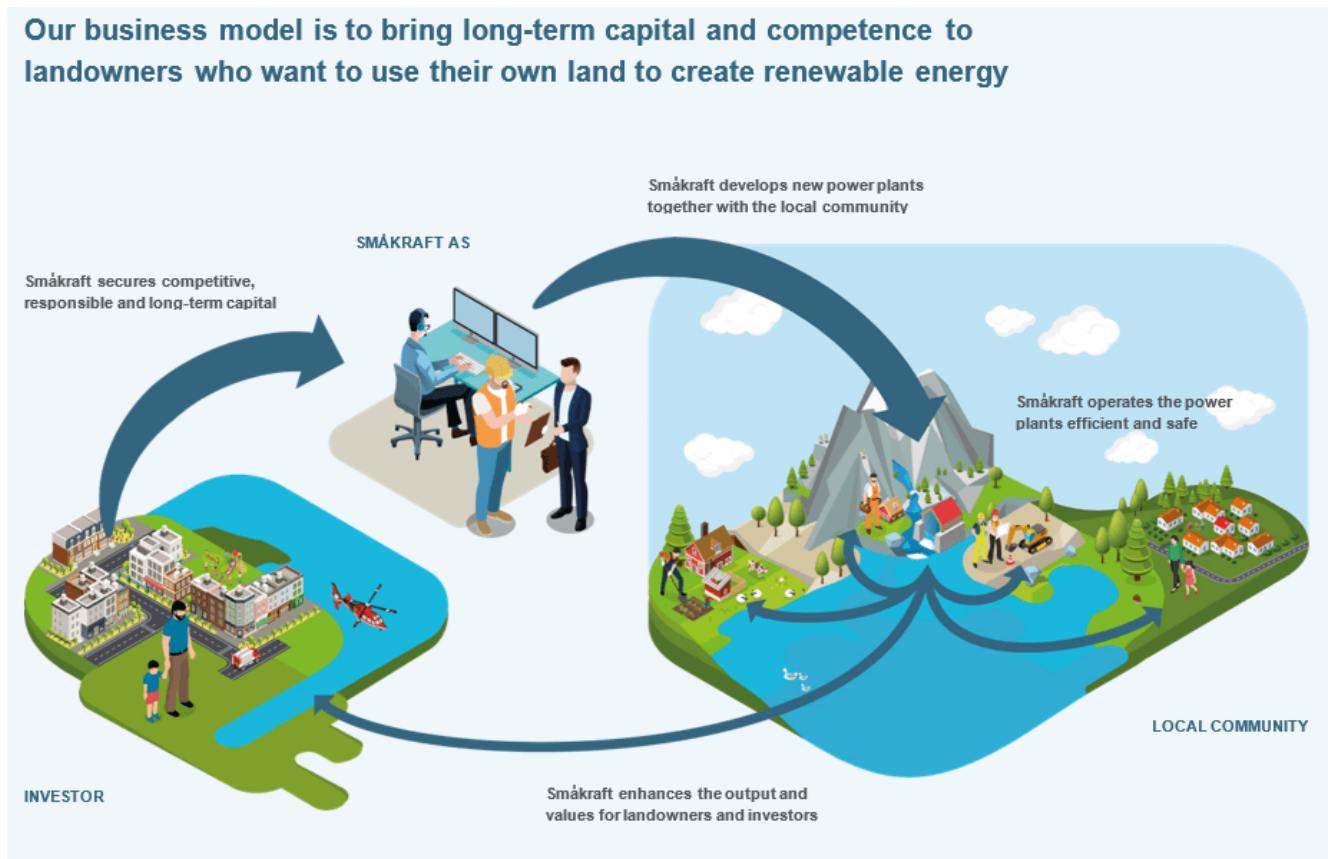
To reduce the risk of fraud and misconduct, Småkraft has implemented robust internal control controls. In 2025, Småkraft encountered minor attempts of "CEO fraud" and similar schemes, all of which were detected and stopped due to strengthening security measures developed over years. Småkraft continues to invest in protective measures to safeguard employees, stakeholders, and assets in an increasingly complex risk landscape.

Our business

Småkraft's business model is to bring capital and competence forward to communities that own natural resources they want to utilize to create renewable energy. Our access to competence and capital combined with the commitment from the communities give us a unique position to create long-term partnerships between long-term investors and the communities around our installations.

We enter long-term lease contracts with the landowners who own the rights to utilize the rivers as part of their property. During this lease period, Småkraft operates the power stations as safe, efficient and sustainable as possible. The profits we generate are shared between Småkraft and the landowners in line with the contract. After the land lease period is finalized, the landowners have the rights to get the power station back at predefined terms.

During the operational phase, the power stations feed electricity into the grid. The grid transfers the electricity to the consumers



Board of Directors



Annette Malm Justad

Chair

- Master in Technology Management and Master in Chemical Engineering
- More than 25 years of operational experience from Yara and Norsk Hydro, including shipping, and as CEO of listed EMS ASA
- Chair and Board Member of several listed and private companies



Claudia Ahnert

Board Member

- Degree in law from TU Dresden
- 8 years' experience with hydropower as an Investment Manager at Aquila Capital, a company of the Commerzbank Group
- 15+ years' experience from legal sector, financial industry and renewables



Erlend Grimstad

Board Member

- Attorney
- Served as State Secretary in both the Ministry of Finance and the Ministry of Petroleum and Energy
- CEO and senior executive roles in several industrial groups

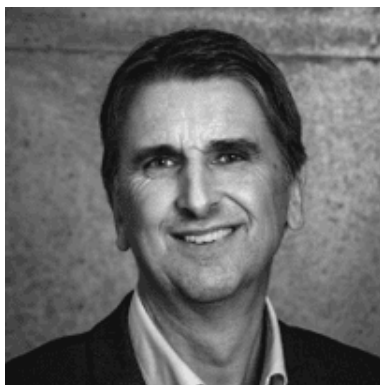


Daniel Metzger

Board Member

- PhD in ship finance and maritime policy from H. Schmidt Uni, Germany
- Investment and portfolio management professional with extensive experience in the European clean energy infrastructure sector
- Director at Aquila Capital, a company of the Commerzbank Group

Management team



Terje Vedeler

Chief Executive Officer

- MSc in Hydropower Engineering from Norwegian University of Sciences and Technology (NTNU)
- 30 years' experience in leading positions in companies including Framo, FMC, Aker Solutions and Frydenbø Industrier



Pia Christine Helland

Chief Financial Officer

- MSc in Finance from NHH and Master in Law (Cand.jur) from University of Bergen (UIB)
- More than 25 years of experience from Corporate Banking and Corporate Finance in companies including DNB Bank, Danske Bank, Carnegie and Credit Suisse



David Inge Tveito

Chief Operational Officer

- MSc in Electrical Energy Engineering from Norwegian University of Science and Technology (NTNU)
- 20 years' experience in energy companies including Statkraft, Scanenergy and Captiva



Bjarte Skår

Chief Commercial Officer

- 21 years' experience as Head of Hydro at Brødrene Dahl AS
- 2 years as Chief Executive Officer at Hywer

Corporate governance report

The corporate governance statement clarifies the distribution of roles between the owners, the board and the management in the company.

Efficient and transparent management and control of the business form the basis for creating long-term value for the owners, employees, other stakeholders and society in general, and as a result, contributes to sustainable and lasting value creation. The distribution of roles inspires confidence among stakeholders through predictability and credibility. Open and accessible communication from the company ensures that the Group maintains a good relationship with society in general and with all stakeholders affected by the company's activities.

Corporate governance statement

Småkraft AS is the parent company for an underlying Group structure, the Småkraft Group. Småkraft adheres to the Norwegian Code of Practice for Corporate Governance (NUES) within the framework established by the company's organization and ownership.

Småkraft is subject to reporting requirements relating to corporate governance according to Section 2-9 of the Accounting Act.

The company's annual report includes a statement on corporate responsibility.

Business

The objective of Småkraft AS, alone, or through participation in, or cooperation with other companies, is to operate, maintain, and optimize energy facilities, conduct physical and financial energy trading and perform naturally related operations. Growth is handled through acquisitions and turnkey contracts, and Småkraft AS is registered in Norway and its management structure is based on Norwegian company legislation. Småkraft is also subject to the Norwegian Securities Trading Act and stock exchange regulations associated with the company's debt obligations.

Equity and dividends

Småkraft AS' share capital totals NOK 289,682,600 divided among 5,793,652 shares of NOK 50 each. Capital increases are processed through the General meeting of shareholders in Småkraft AS. The Companies Act states that the general meeting cannot adopt a higher dividend than that proposed or accepted by the Board of Directors.

The Board of Directors maintains a continuous focus on adapting the company's objectives, strategy and risk profile to the company's capital situation. Småkraft's investments are financed through a combination of retained capital, borrowings and new equity contributed by the owner.

Equal treatment of shareholders and transactions with related parties

Småkraft engages in some transactions with companies that are closely related to Småkraft's shareholder. All transactions are based on regular market terms and principles.

The instructions to the Board of Directors state that neither board members nor the CEO may participate in the processing or resolution of issues that are of substantial personal or financial interest to them or closely related parties. Any persons in such a situation must, on their own initiative, disclose any interest they or their closely related parties may have in the resolution of an issue.

General meetings

The owners exercise their authorities in the General Meeting of Småkraft. Before the general meetings, the Board of Directors decides in matters assumed to be of significant for the purpose of the enterprise/ company, or which will significantly change the character of the activities.

Nomination committee

Småkraft AS has no nomination committee. The election of the board members appointed by the owners in Småkraft AS will take place in the general meeting.

The Board of Directors in Småkraft AS has four board members. The goal is for the board to collectively represent the desired expertise based on the company's objective, business area, challenges and the owners' goals.

The work of the board of directors

The Board of Directors usually meets eight to ten times a year. The Chair of the Board of Directors will call for board meetings as often as is required. The Board of Directors has stipulated board instructions with guidelines for the work and case processing of the board. The instructions also cover the CEO. The instructions define the work scope, duties and authorities of the CEO in more detail than follows from the legislation.

The Board of Directors prepares an annual agenda for its work, with a special emphasis on goals, strategies and implementation. The Board of Directors informs the boards of subsidiaries of matters of potential significance for the subsidiary in question. The Board of Directors evaluates its own performance and expertise annually.

The board's Audit Committee comprises since November 2025 of two of the Board of Director's members. The committee functions as a preparatory body for the board's management and supervision work, and at least one member of the Audit Committee shall have experience in accounts management, financial management or auditing.

Risk management and internal control

The internal control concept includes compliance with the company's value base and guidelines for ethics and corporate responsibility. Risk management is an integral part of all activities across the organisation and of the decision-making process. It supports the decision makers to prioritise their actions. Managers at all levels of the organisation are responsible for appropriate risk management. Risk management is regulated by mandates, requirements and guidelines. Follow-up of risk and risk management are incorporated in the daily business operations.

Risk management and internal control are integral parts of the Board of Directors' work. To ensure that Småkraft has suitable and efficient systems in place for risk management and internal control, the Board of Directors shall:

- Review the Group's most important risk areas
- Ensure that the systems are adequately established, implemented and followed up, e.g. through processing of reports submitted to the board by the CEO
- Ensure that risk management and internal control are integrated in the Group's strategy and business plans

Furthermore, the Board of Directors shall ensure that the CEO has:

- Stipulated instructions and guidelines for how the Group's risk management and internal control will be carried out in practice
- Established adequate control processes and functions
- Ensured that Småkraft's risk management and internal control are carried out, documented, monitored, and followed up in a prudent manner

The Group's CFO is responsible for the process for Internal Control in the Financial Reporting (ICFR) in Småkraft.

Remuneration of the Board of Directors

The Board of Directors do get remunerated for their work as Directors by Småkraft AS either by direct remuneration (one director) or as salaries from their positions and roles in the management company of the owning entities.

Information and communication

The Board of Directors has stipulated guidelines for financial reporting and other information. Småkraft AS publishes its annual financial statement. Each year, Småkraft AS releases two interim reports and one annual report.

The financial calendar, press releases and stock exchange notices, interim reports and annual reports and other relevant information are published on Småkraft's website.

Småkraft emphasizes transparent communication with all stakeholders. The information the company provides to its owners, lenders and the financial markets in general shall provide sufficient details to permit an evaluation of the company's underlying values and risk exposure.

The owner and the financial markets shall be treated equally, and information shall be communicated in a timely manner.

Auditor

The General meeting appoints the auditor based on the Board of Directors proposal and stipulates the auditor's fee. The auditor serves until a new auditor is appointed.

The Board of Directors and the auditor hold at least one meeting annually where the CEO and other Group executives are not present. The Audit Committee evaluates the external auditor's independence and has established guidelines for use of the external auditor for consultancy purposes.

As part of the ordinary audit, the auditor presents an audit plan to the Audit Committee including a summary of the audit from last year. The auditor reports in writing to Småkraft's Audit Committee concerning the company's internal control, applied accounting principles, significant estimates in the accounts and any disagreements between the auditor and the administration. The Board of Directors is briefed on the highlights of the auditor's reporting. At the end of the audit the auditor performs a summary meeting with the Audit Committee.

Board of Directors' Report

Småkraft AS (the "Company") is the ultimate parent of the Småkraft Group, comprised of the Company and its subsidiaries (the "Group"). Småkraft is a power generation company, which invests in, develops, and operates small-scale, hydropower plants in cooperation with local landowners.

Småkraft is headquartered in Bergen, Norway, with presence in Harstad, Stjørdal, Sandnes, Førde, Dale and Gävle. The Group employs 34 people. Småkraft's power plants are located in all price zones in Norway and in two price zones in Sweden.

Småkraft was established in 2002 and is today the largest small-scale hydropower company in Norway. By year end of 2025, Småkraft had 254 operating hydropower plants (238 at year end 2024), with a total accumulated production capacity of 2,287 GWh.

Småkraft is a limited liability company incorporated in Norway with its registered address at Solheimsgaten 15 in Bergen, Norway. The Company is tax resident in Norway. Information related to shareholders can be found at Note 20 and Related parties at Note 24.

Equity and shares

As of 31 December 2025, the Group had a book equity of EUR 406 million and a book equity ratio of 44%. The Company has only one class of ordinary shares. Each common share in the Company carries one vote, and all common shares carry equal rights, including the right to participate in General Meetings. All shareholders are treated equally.

The shares and negotiability section of the Corporate Governance Report details the transferability of common shares. The number of registered ordinary shares issued in Småkraft AS as of 31 December 2025 is 5,705,550.

ESG and quality

In 2025, Småkraft acquired and constructed seven power stations adding a total of 127 GWh annual capacity to the Småkraft portfolio. Furthermore, Småkraft managed to maintain and expand its pipeline of power stations it constructs together with its partners. Småkraft has signed contracts that add 255 GWh of renewable energy over the next couple of years, and it has a significant pipeline of further projects to mature to formal investment decisions.

The Småkraft business model creates significant value for multiple stakeholders. Småkraft will pay out EUR 5 million in land lease based on the 2025 results.

Småkraft maintained good performance on key quality indicators. Over the past few years, short-term sick leaves have remained stable at below 2.0%. Småkraft closely monitors incidents that result in lost time work time for both employees and its partners/ suppliers. In 2025, Småkraft experienced 1 incident that led to lost work time, which was minor.

Collaborating with turnkey contractors with robust ESG practices is crucial for sustainable and responsible operations in the small-scale hydropower industry. The company has already incorporated the requirements of the Transparency Act in its internal governing documents. Småkraft is currently working with suppliers to obtain documentation ensuring that these defined requirements. Småkraft's sustainability reports are published on the company website at www.smaakraft.no.

For further details about ESG and social responsibility, please refer to Småkraft's Sustainability Report 2025 to be published during first half of 2026.

Work environment and personnel

Småkraft AS aims to be an attractive employer focused on employee retention and maintaining a positive working environment. The company values diversity of background, interests and knowledge, as it is important for developing the varied and best competencies to conduct Småkraft's operations effectively. Any form of racism or discrimination is unacceptable at Småkraft.

The Småkraft Group is committed to provide equal opportunities for both men and women. The company acknowledges the under-representation of women within the organisation and the industry and are working systematically to improve diversity. Overall, 26% of Småkraft's full time employees are female. The Board consists of four Directors, two of whom are female, including the Chair.

Outlook

Production is expected to increase in line with full-year production from power plants acquired in 2025 and new plants coming on stream in 2026. The Småkraft Group is pursuing a growth strategy and intends to invest further in new production capacity over the coming years.

Throughout 2025, Småkraft has continued to seek operational improvement and explore opportunities for growth and diversification. Projects have been initiated to ensure that Småkraft adapts to changes in the energy market. Småkraft strives to remain competitive in what we do and to be resilient to external factors affecting the company.

Financial Reviews

Consolidated Accounts

Comparable figures in brackets

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.

Income Statement

In 2025, Småkraft generated power revenue of EUR 53 million, a decrease of EUR 1 million or 2% compared to 2024 (EUR 54 million).

Production reached 1,488 GWh, a 26% decrease compared to 2024. Adjusted for curtailed production in NO4 and NO3 of 286 GWh the decrease in production was 2%. Curtailed production as consequence of negative prices and high imbalance cost from April to September in NO4 and partly in NO3. The average obtained spot prices per MWh increased by 20% from 30 EUR/MWh in 2024 to 36 EUR/MWh in 2025. Småkraft has production in seven different price zones in Norway and Sweden, and the obtained spot prices per MWh varied significantly between these areas.

In 2025, the mark-to-market valuation of energy derivatives, which hedge about 10% of the expected production for 2026, resulted in a positive unrealized value change of EUR 1 million (compared to EUR 25 million in 2024). According to IFRS, these future hedge contracts, which will be realized in the coming years, are recognized in the Financial Statements at market value at year-end. However, production and revenue are not recognized until the date of production.

Småkraft is focusing on selected Alternative Performance Measures (APMs) to assess performance from operational activities. Please refer to appendix for details on these APMs. Adjusted power revenue showed a decrease of 5% for 2025 compared to 2024, highlighting the reduction in power prices in 2025 compared to the previous year.

Payroll and related costs increased by 4% compared to 2024, at EUR 4.7 million. Depreciations and impairments for 2025 amounted to EUR 22 million same as for 2024. Other operating expenses were reported at EUR 27.7 million, an increase of 9% compared to 2024.

The operating result for 2025 was negative EUR 8 million, compared to positive EUR 21 million in 2024. Excluding unrealized value change on energy derivatives, Småkraft would have reported an operating loss of EUR 9 million, compared to a loss of EUR 4 million in 2024. Adjusted EBITDA was EUR 13 million, down from EUR 18 million.

Net financial items for 2025 reported a loss of EUR 18 million (EUR 42 million in 2024). The reduction in net financial items is mainly explained by less fluctuations of currencies. Long-term financing granted in EUR implied a disagio on borrowings in 2025 of EUR 1 million (EUR 20 million in 2024).

Income tax reports an income of EUR 4 million in 2025 same as in 2024. The recognised tax positions are mainly deferred positions. Payable taxes as of 31 December 2025 were NOK 0.8 million compared to NOK 0.3 million per 31 December 2024.

Total comprehensive income 2025 was a loss of EUR 22 million in 2025, compared to a loss of EUR 35 million in 2024.

Balance sheet

As of December 2025, consolidated total assets amounted to EUR 917 million (EUR 864 million).

Total non-current assets amounted to EUR 872 million (EUR 819 million). Current assets amounted to EUR 45 million (EUR 45 million). Considering time deposits presented as other receivables of EUR 1 million as per 31 December 2025 (EUR 8 million), total cash position was EUR 34 million (EUR 36 million).

Total equity amounted to EUR 406 million (EUR 368 million) an increase of EUR 38 million, resulting in an equity ratio of 44% (43%).

Total liabilities amounted to EUR 511 million (EUR 496 million). Total borrowings increased by EUR 19 million to EUR 488 million (EUR 469 million).

Cash flow

Cash flow from operating activities amounted to EUR 16 million compared to EUR 13 million for 2024. This improvement is primarily explained by changes in working capital due to reduced cash outflow to landowners in 2025 compared to 2024, based on earnings from previous years.

Cash outflow from investing activities amounted to EUR 60 million, up from EUR 47 million, mainly due to acquisitions of operating companies.

The cash inflow from financing activities amounted to EUR 50 million, up from EUR 24 million. Shareholders contributed with new capital of EUR 59 million (EUR 32 million). The Group received EUR 15 million (EUR 61 million in 2024) from new loan and paid EUR 6 million in instalments on credit facilities.

Critical accounting estimates

The Group makes estimates and assumptions concerning the future. These estimates are based on the actual underlying business, its present and forecasted profitability over time, and expectations about external factors such as power prices, interest rates, foreign exchange rates and other factors which are outside the Group's control.

The resulting estimates will, by definition, seldom equal the related actual results. There is use of judgement in the considerations related to recognition of deferred tax asset for tax losses carried forward, and considerations related to contingent liabilities. Please refer to note 3 - Key accounting estimates and judgements in the Consolidated Financial Statements for further information.

Småkraft AS - parent company accounts

Småkraft AS owns nearly half of the Group's power plants and employs all Norwegian staff within the Group.

Income Statement

Småkraft AS generated power revenue of EUR 23 million in 2025 same as in 2024. Production in 2024 was 532 GWh compared to 689 GWh in 2024. The reason for reduction in production is explained by curtailed production in NO4 and NO3 of approximately 100 GWh. Achieved higher prices in the other price areas compensated for the curtailed production.

Småkraft AS has production in all price areas in Norway.

In 2025 the mark-to-market valuation of energy derivatives, which hedge about 10% of the expected production for 2026, caused a positive unrealized value change of EUR 1 million (EUR 25 million in 2024). Småkraft AS is the only company in the Group that sells forward power. According to IFRS, these future hedge contracts, which will be realized in the coming years, are recognized in the Financial Statements at market value at year end. However, production and revenue are not recognized until the date of production.

Småkraft AS is focusing on selected Alternative Performance Measures (APMs) to assess the performance from operational activities. Please refer to the appendix of this report for details these APMs. Adjusted Power revenue showed a decrease of 12% for 2025 compared to 2024, primarily due to changes in the realized value change on energy derivatives, which amounted to negative EUR 8 million in 2025 compared to negative EUR 7 million in 2024.

Payroll and related costs showed a small increase from EUR 4.2 million to EUR 4.3 million in 2025, reflecting salary cost increases.

Depreciation and impairments for 2025 was EUR 7.4 million, down from EUR 8.1 million. The overall growth of the group has directly impacted the increase in other operating expenses, which increased to EUR 12 million in 2025 compared to EUR 11 million in 2024.

The operating profit for 2025 was negative EUR 5 million (positive EUR 18 million). Excluding unrealized value change on energy derivatives, Småkraft AS would have reported an operating loss of EUR 7 million, similar to 2024. Adjusted EBITDA, excluding same MTM adjustment, was a profit of EUR 1 million, the same as in 2024. All value changes related to energy derivatives in the Group are incurred by Småkraft AS, as all forward contracts are entered into by Småkraft AS on behalf of the Group.

Net financial items for 2025 reported a loss of EUR 13 million compared to a loss of EUR 23 million the previous year. Lower negative currency fluctuations EUR / NOK for loans granted in EUR explains an improvement of EUR 13 million. An impairment of an investment in a subsidiary is the main explanation for the remaining negative difference.

Income tax income was EUR 3 million in 2025 compared to an income of EUR 1 million in 2024.

Total comprehensive income 2025 was a loss of EUR 17 million compared to a loss of EUR 22 million in 2024.

Balance sheet

AS of 31 December 2025, total assets amounted to EUR 717 million, compared to 679 million in 2024. Total non-current assets amounted to EUR 703 million, up from EUR 661 million.

Current assets amounted to EUR 14 million, down from EUR 18 million.

Total equity amounted to EUR 426 million (EUR 385 million) an increase of EUR 41 million, increasing the equity ratio from 57% to 59%.

Total liabilities amounted to EUR 291 million (EUR 294 million). Borrowings decreased by EUR 4 million, due to scheduled instalments of main bank facility.

The Group is in compliance with all covenants considering that reporting of ADSCR (Annual Debt Service Coverage Ratio) also included cash in the calculations for the reporting as per 31.12.2025.

Cash flow

Cash flow from operating activities amounted to EUR 8 million in 2025 (negative EUR 1 million).

Cash outflow from investing activities amounted to EUR 56 million (EUR 36 million), primarily due to investments in new power production capacity, through acquisitions of operating companies.

Cash inflow from financing activities amounted to EUR 44 million (outflow of EUR 32 million in 2024). Shareholders contributed with new capital of EUR 59 million (EUR 32 million). The Company paid EUR 4 million in instalments on credit facilities and leases.

Risk review

Risk management is important for value creation and is an integral part of Småkraft's business activities.

Operational risk

Production from our power plants depends on precipitation levels and snowmelt. This results in both seasonal and annual variability, creating significant volume risk in our production. Only a limited number of Småkraft's power plants have reservoirs, meaning that most of our production is unregulated and therefore more exposed to fluctuations than regulated hydropower generation. Hydrological conditions therefore remain one of the main risk factors.

Småkraft is also exposed to operational risks, such as failures in power-generating equipment or other critical infrastructure. To mitigate these risks, the Småkraft group has well-established procedures for operations, maintenance, and emergency preparedness across all power plants.

All power plants are insured, and production losses are covered by business interruption insurance. In addition, considerable effort has been made to manage QHSE risks across the company.

Financial risk factors

Due to its significant growth, Småkraft is continuously working on financing initiatives with new equity and debt. Småkraft's shareholders have committed to providing equity for at least 50% of the agreed price for upcoming investments. The company is actively working with banks and debt investors to finance the remaining part of the investments. In addition, 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.

The financial risk management process focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on the Group's financial performance. To some extent, the Group uses derivative financial instruments to reduce certain risk exposures. Financial risk management is carried out at a Group level, where the financial risks are identified, evaluated and hedged in close co-operation with the Group's operational units.

The Board of Småkraft AS has established written principles for risk management of foreign exchange risk, interest rate risk and the use of derivative financial instruments and defined cash deposits as an integral part of our risk policy.

Market risk

Energy price levels fluctuate depending on the balance between power production and consumption. In addition, grid constraints can influence regional price levels.

Most of Småkraft's production is unregulated run-of-river generation. This means that production volumes vary with hydrological conditions and cannot be shifted in time. As a result, the power-price achieved for our production is affected by variations in the capture rate, which can differ from the average spot market price.

Småkraft curtailed its hedging activities during the summer 2021, and during 2025 the company has adjusted some of its current hedges to better match its production volatility during the year.

Climate risk

Småkraft may also be affected by a changing climate, and the company has initiated several measures to identify potential risks and opportunities. Evaluation of new acquisitions and development opportunities are assessed in light of the expected changes in hydrology. During detailed planning of new plants, Småkraft assesses how climate change can affect the design criteria for new installations, both in form of increased run-of, but also the safety of installations in relation to extreme weather.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities, to ensure sufficient cash or cash equivalents at all times to be able to finance its operations and investments in line with the Group's strategic plan. At the end of 2025, Småkraft held cash and cash equivalents amounting to EUR 34 million including time deposits of EUR 1 million classified as other receivables. This is deemed to be sufficient funding for the Group's current activity levels and committed capital expenditures during 2026. The Group aims to mitigate the market and liquidity risks through further cost reduction and efficiency improvement programs with a continued focus on capital discipline.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various exposures to currency fluctuations, primarily with respect to EUR and NOK. The Group seeks to minimize these risks through currency hedging via financial instruments.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily relates to its long-term debt obligations at floating interest rates.

The Group evaluates the level of interest rate hedging based on assessment of its total interest rate risk and currently has a combination of fixed and floating interest rates in order to limit exposure. The Board of Directors regularly reviews the interest rate hedging of the external financing and mandates administration to execute necessary changes. Including interest rate swaps entered into, the fixed-rate portion of the Group's interest-bearing debt is approximately 52% as of 31 December 2025.

Credit risk with power brokers

The current primary market for the group's services is hydro power production, which is sold through brokers to Nord Pool. The Group conducts ongoing credit evaluations of its power brokers and generally does not require significant collateral. Credit risk is considered to be limited.

Tax and regulatory risks

In October, the Norwegian government published a consultation paper proposing to reduce the threshold for resource rent tax from 10 MVA to 1.5 MVA. If implemented, approximately 90 percent of Småkraft's Norwegian portfolio would become subject to resource rent taxation.

The estimated impact would be significant, potentially reducing the group's enterprise value for shareholders by approximately 40 percent.

The proposal was subsequently rejected by a majority in the Norwegian Parliament. Based on the current composition of Parliament, there is presently no majority in favor of introducing such a change.

Shareholders willingness to invest in more green energy in our home market might be influenced.

Director & Officer's Liability Insurance

Småkraft has a group insurance policy for the liability of the Company's and its subsidiaries' Directors and Officers. The insurance covers personal legal liabilities including legal costs for defence.

Going concern

The financial statements have been prepared on the basis of the going concern assumption, which the Directors have confirmed that this was realistic at the time the accounts were approved. In assessing the going concern assumption, the Directors and management have considered cash flow forecasts, funding requirements and production capacity. The Group's refinancing risk is diversified, and its long-term debt obligations consist of secured bank debt, bonds and USPP financing maturing at different times until august 2034. Taking all relevant risk factors and available options for financing into consideration, the Board has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

In 2025, Småkraft successfully established a NOK 394 million bank facility, financing in total 15 small-scale hydropower plants constructed and acquired during 2024/2025.

Based on this the Board is presenting the financial statements on going concern.

Subsequent events

On 4 February 2026, Frostating Lagmannsrett issued a verdict in a case brought by the landowners related to the remuneration model. The court ruled fully in favour of Småkraft, confirming the validity and sound principles of the applicable remuneration model that has been applied since Småkraft was incorporated. The verdict was unanimous. The case has been appealed by the landowners, but as per now not admitted to the Supreme Court.

On 12 March 2026, the Parliament voted down the Government's proposal to introduce ground rent tax for small scale hydro power plants.

On 23 March 2026, the EUR 50 million Green Bond 2 bond loan facility was refinanced through an equivalent increase in Småkraft's main bank facility.

Bergen, Norway, 24 March 2026
The Board of Directors, Småkraft AS

Chairperson of the Board
Annette Malm Justad

Member of the Board
Claudia Ahnert

Member of the Board
Erlend Grimstad

Member of the Board
Daniel Metzger

CEO
Terje Vedeler

Annual accounts and notes Småkraft Group

Consolidated income statement and consolidated statement of other comprehensive income

Amounts in EUR thousand	Note	2025	2024
Power revenue	<u>8</u>	52,904	54,433
Other income	<u>8</u>	230	259
Fair value change on energy derivatives	<u>13</u>	-7,134	18,185
<i>Unrealized value change on energy derivatives</i>		1,151	25,437
<i>Realized value change on energy derivatives</i>		-8,285	-7,252
Share of the profit (loss) in equity accounted investments	<u>17</u>	456	500
Payroll and related costs	<u>9</u>	-4,671	-4,489
Depreciation and impairment of fixed assets and intangible assets	<u>14, 15, 16</u>	-22,000	-22,198
Other operating expenses	<u>10</u>	-27,650	-25,333
Operating profit/(loss)		-7,864	21,358
Financial income	<u>11</u>	2,220	2,046
Net foreign exchange gain (loss)		-1,178	-19,643
Fair value changes on interest rate and currency derivatives	<u>7, 13</u>	466	-3,757
Financial expenses	<u>11</u>	-19,723	-20,883
Net financial items		-18,215	-42,237
Profit/(loss) before tax		-26,078	-20,879
Tax income (expense)	<u>12</u>	4,112	3,621
Profit (loss)		-21,966	-17,258
Profit/(loss) is attributable to:			
Equity holders of the parent company		-21,597	-17,041
Non-controlling interests		-370	-216
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Currency translation differences on foreign operations		1,706	440
Items that will not be reclassified to profit or loss			
Currency translation differences		-1,578	-18,263
Total comprehensive income for the year		-21,839	-35,081
Total comprehensive income is attributable to:			
Equity holders of the parent company		-21,417	-34,285
Non-controlling interests		-422	-796

Consolidated statement of financial position

Amounts in EUR thousand	Note	31.12.2025	31.12.2024
Non-current assets			
Intangible assets	<u>14</u>	242,421	222,887
Property, plant and equipment	<u>16</u>	589,025	552,353
Deferred tax assets	<u>12</u>	24,689	26,359
Investments	<u>17</u>	3,890	3,531
Derivatives	<u>13</u>	888	3,309
Other long-term receivables	<u>18</u>	11,097	10,182
Total non-current assets		872,010	818,621
Current assets			
Inventories		429	770
Trade receivables	<u>7</u>	5,257	3,395
Other receivables	<u>7</u>	3,936	11,589
Derivatives	<u>13</u>	1,946	1,367
Cash and Cash equivalents	<u>19</u>	33,397	28,310
Total current assets		44,966	45,429
Total assets		916,977	864,051
Shareholders equity			
Share capital	<u>20</u>	24,088	22,898
Paid-in capital	<u>20</u>	454,537	399,196
Other equity		-85,265	-65,843
Total Shareholders equity		393,360	356,250
Non-controlling interests		12,307	12,136
Total equity		405,667	368,386
Non-current liabilities			
Deferred tax liability	<u>12</u>	0	6,463
Borrowings	<u>21</u>	413,407	454,812
Derivatives	<u>13</u>	0	30
Other non-current liabilities	<u>7</u>	133	276
Total non-current liabilities		413,540	461,582
Current liabilities			
Accounts payable	<u>7</u>	7,045	3,946
Taxes payable	<u>12</u>	794	306
Public duties payable	<u>7</u>	2,682	1,498
Derivatives	<u>13</u>	2,708	6,126
Borrowings	<u>21</u>	74,713	14,057
Other current liabilities	<u>7</u>	9,829	8,151
Total current liabilities		97,770	34,084
Total liabilities		511,310	495,665
Total equity and liabilities		916,977	864,051

Bergen, Norway, 24 March 2026
The Board of Directors, Småkraft AS

Member of the Board

Claudia Ahnert

Chairperson of the Board

Annette Malm Justad

Member of the Board

Erlend Grimstad

Member of the Board

Daniel Metzger

CEO

Terje Vedeler

Consolidated statement of changes in equity

Amounts in EUR thousand	Note	Share capital	Paid-in capital	Foreign currency translation*	Retained earnings	Total shareholders equity	Non-controlling interests	Total equity
Equity at 01.01.2024		23,046	402,500	-38,217	-13,697	373,633	12,057	385,690
Net profit		-	-	-	-17,041	-17,041	-216	-17,258
Currency translation differences		-1,102	-19,255	-17,266	20,378	-17,243	-580	-17,823
Total comprehensive income for the period		-1,102	-19,255	-17,266	3,337	-34,285	-796	-35,081
Capital increase	<u>20</u>	953	24,655	-	-	25,608	-	25,608
Capital increase current period not registered	<u>5</u>	-	6,295	-	-	6,295	-	6,295
Changes in non-controlling interest		-	-	-	-	-	1,126	1,126
Dividend		-	-15,000	-	-	-15,000	-251	-15,251
Equity at 31.12.2024		22,898	399,196	-55,483	-10,360	356,250	12,136	368,386
Net profit		-	-	-	-21,597	-21,597	-370	-21,966
Currency translation differences		-104	-1,900	1,706	477	179	-52	128
Total comprehensive income for the period		-104	-1,900	1,706	-21,120	-21,417	-422	-21,839
Capital increase current period	<u>20</u>	1,294	43,420	-	-	44,714	-	44,714
Capital increase current period not registered		-	13,820	-	-	13,820	597	14,418
Changes in non-controlling interest	<u>5</u>	-	-	-	-9	-9	105	96
Dividend		-	-	-	-	-	-109	-109
Equity at 31.12.2025		24,088	454,537	-53,777	-31,488	393,360	12,307	405,667

*Currency translation differences that can be reclassified through other comprehensive income were EUR 3,123 thousand per 31.12.2025 and EUR 1,417 thousand per 31.12.2024

Consolidated statement of cash flow

Cash flows from (used in) operating activities	Note	2025	2024*
Cash flow from operations			
Profit (-loss) before income tax		-26,078	-20,879
Taxes paid for the period		-397	-1,215
Depreciation, amortization, impairment	<u>14.16</u>	22,000	22,198
Net financial items		18,803	20,680
Cash settlement derivatives	<u>13</u>	-8,285	-7,252
Change in unrealized currency gains/losses		1,685	18,904
Change in fair value derivatives	<u>13</u>	6,668	-14,428
Change in working capital		1,587	-4,927
Net cash flow from operations		15,981	13,081
Cash flow from investment activities			
Outflows due to purchases of fixed assets and intangibles	<u>14.16</u>	-38,167	-39,603
Outflows due to investments in subsidiaries	<u>5</u>	-22,358	-6,667
Outflows due to investments in other financial assets		-7	-508
Inflows from sale of other financial assets		0	0
Dividend received from equity accounted investments		85	129
Net cash flow from investment activities		-60,447	-46,650
Cash flow from financing activities			
Capital increases	<u>20</u>	59,132	31,903
Dividend payments		-109	-15,251
Outflows from transactions with non-controlling interest		693	1,126
Interest paid		-18,776	-19,042
Inflows from loan raising	<u>21</u>	14,963	61,273
Outflows from loan payments	<u>21</u>	-5,914	-36,391
Net cash flow from financing activities		49,990	23,617
Currency translation differences		-438	-1,858
Net change in bank deposits and cash		5,525	-9,952
Bank deposits and cash at beginning of period		28,310	40,120
Bank deposits and cash at end of period		33,397	28,310

Notes

Note 1 General information

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, Stjørdal, Dale in Sunnfjord, Førde, Hamar and Sandnes in Norway and Gävle in Sweden. The Group employs 33 people. Småkraft is a supplier of renewable energy based on small scale hydro power plants situated in Norway and Sweden.

The group consists of Småkraft AS and 22 fully or partly owned subsidiaries at year end 2025.

Småkraft's consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and further requirements in Norwegian Accounting Law (Regnskapsloven).

The statement of comprehensive income, statement of financial position, statement of equity, statement of cash flow and notes provide comparable information in respect of the previous period.

The financial statements have been prepared on a historical cost basis except for financial derivatives which are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Presentation and classification of items in the financial statements is consistent for the periods presented. Application of the accounting policies by the subsidiaries has been changed where necessary, to ensure consistency with the Group's accounting policies.

The functional currency of Småkraft AS is the Norwegian krone (NOK). The Group's accounts are presented in EUR. Småkraft AS presents the financial statement in EUR, as most of the lenders and the owners are EUR-based.

Note 2 General accounting policies

Basis of Consolidation

The consolidated financial statements of the Group for the year ended 31 December 2025 comply with IFRS as endorsed by the European Union (EU).

The consolidated financial statements are comprised of the financial statements of the parent company Småkraft AS and its subsidiaries. Subsidiaries are all entities (including structured entities) over which Småkraft Group has control.

Småkraft Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities

of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are no longer consolidated from the date when control ceases.

Profits and losses resulting from intercompany transactions have been eliminated, as well as unrealized gains on transactions between group companies. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Acquisition of controlling interest in other entities – Business combinations or asset acquisition

When the Group acquired a controlling interest in another entity the transaction is accounted for either as a business combination or an asset acquisition depending on an assessment of the entity acquired. If the entity acquired includes the elements (input, process, and output) included in the definition of a business the transaction is accounted for a business combination, otherwise the transaction is accounted for as an acquisition of asset. In most transactions the group acquire a powerplant (with land rights) or several power plants, that do not represent a business under the definition in IFRS 3.

Acquisition of controlling interest in other entities – Business combinations

The acquisition method of accounting is used to account for all business combinations. The consideration is measured at the fair value of any transferred assets, liabilities or issued equity instruments. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition- by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. If the consideration transferred (including any non-controlling interests and the fair value of previous assets) exceeds the fair value of identifiable net assets acquired, this is recognised as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

Acquisition of controlling interest in other entities – Asset acquisition

When the acquisition of a controlling interest in an entity does not constitute a business, the transaction is accounted for as an asset acquisition. In these transactions the individual identifiable asset acquired, and liabilities assumed are recognised. The cost of the group of assets and liabilities (purchase price of equity instruments and transaction costs) are allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Apart from financial instruments the assets acquired in these transactions is the power plant and the intangible asset relating to the water rights.

Foreign currency translation

Functional and presentation currency

The financial statements are presented in EUR. The functional currency of the entities in the group is NOK or SEK. The subsidiaries in the group are consolidated into the functional currency of the parent (NOK) and then translated to the presentation currency, EUR. The currency differences arising in the translation to the presentation currency are presented in Other Comprehensive Incomes. Also, in the statement of equity the translation difference is included in retained earnings. All amounts are rounded to the nearest EUR thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. Småkraft uses currency exchange rates from Norges Bank.

Sale of energy

The revenues from sale of energy bear the characteristic of delivering power at a certain price. The performance obligation is to deliver a series of distinct goods (power) and the transaction price is the consideration expected to receive, at either spot price, regulated price or contract price. The performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. Småkraft applies a practical expedient under IFRS 15 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice. The right to invoice power arises when power is produced and delivered and the right to invoice the consideration will normally correspond directly with the value to the customer. In arrangements where Småkraft sells power on an exchange (e.g., Nord Pool), the exchange is determined to be the customer.

Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. Furthermore, the entity's component's operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and thus separate financial information is available. The company has determined that the board of directors is collectively the chief operating decision maker.

The Group has only one segment: power supply. Småkraft produces renewable energy and sells electricity, el-certs and guarantees of origin on the Nordic power market.

Property, plant and equipment

Property, plant and equipment is measured at historical cost less accumulated depreciation. Land is not depreciated. Historical cost includes expenditures that are directly attributable to the acquisition of the item.

Borrowing costs incurred during the manufacturing of tangible non-current assets are capitalised until the asset is ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate costs over their estimated useful lives. The assets' useful lives are reviewed annually and adjusted if appropriate.

Gains and losses on disposals are determined by comparing actual proceeds with the carrying amount. Gains and losses on disposal are included in profit or loss.

Intangible assets

Intangible assets consist of waterfall rights acquired separately and rights to land acquired as part of the acquisition of a power plant. In general, the waterfall right is recognised as a separate intangible asset. The cost of the acquired water right lease is at initial recognition measured as a residual, based on the purchase price on acquisition of a power plant owning company. Småkraft distinguishes waterfall rights in time-limited and unlimited groups regardless of how they were acquired. Reference is made to note 14.

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Costs relating to intangible assets, are recognised in the statement of financial position when it is probable that the asset will generate future economic benefits and the costs can be measured reliably.

Intangible assets with a definite useful life, such as water rights owned are amortised over the useful life. Intangible assets with an indefinite useful life are not amortised but are instead tested annually for impairment.

Leases

The Group's main lease type of agreements are related to water rights. The rights are considered intangible assets. Småkraft has elected to not recognise these types of agreements under IFRS 16 leases. The accounting treatment of the different water right lease agreements are described below:

Water right lease agreements

Småkraft enters into water right lease agreements with landowners, which entitles the company to utilize the water in the rivers. The agreement typically has a period varying from 40 to 75 years, starting when the power plant is put into commercial operation.

When Småkraft has a commitment to pay rent to the landowners, we account for this as a regular cost as the commitment arises. Such commitment arises, when:

1. Gross agreement/revenue-based agreement: Småkraft pays landowner a percentage of the annual power plant revenue. Upon expiration of the agreement the landowners have the right to purchase the power plant with all rights and technical installations at a price based on certain specific conditions.

Småkraft accounts for this land lease when the relevant power plant generates revenue, upon which this land lease bases.

2. Fixed amount agreement: Småkraft pays landowner a fixed annual amount. Upon expiration of the agreement the landowner has the right to purchase the powerplant with all rights and technical installations at a price based on certain specific conditions.

Småkraft accounts for this land lease monthly based upon the agreed yearly payment.

3. Profit share agreement: Småkraft shares the yearly powerplant- profit with the landowner. Upon expiration of the agreement the landowners have the right to purchase the power plant with all rights and technical installations based on certain specific conditions.

Småkraft accounts for this land lease type by calculating the actual profit for each individual power plant on a monthly basis. Småkraft then calculates the exact share of the profit, that the landowners have the right to receive. If Småkraft is in a position, where land lease should be paid to landowners, Småkraft accounts for the estimated payment as a cost.

In the case that Småkraft has a profit share lease agreement, where there (still) is an accumulated loss on the powerplant, Småkraft has the right to offset all accumulated losses before paying out land lease rent to the landowners. This will represent a future benefit for the company, that Småkraft does not recognise as an asset. This asset will be off-balance. Any positive or negative changes in these off-balance items, will not be recognised in Småkraft's books. In some instances, Småkraft may pay out loans or minimum payments to landowners. These loans are interest bearing loans and will be recognised as normal loans in the Group's Financial Statements.

Financial instruments

Financial instruments are recognised in the financial statements when the Group becomes party to contractual conditions relating to the financial instrument. Financial assets and financial liabilities are classified based on the type and purpose for holding the instruments at fair value, amortised cost or as a designated hedge accounting instrument (e.g. derivatives used for hedging financial risks).

Financial assets

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded in profit or loss. Financial assets recognised at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Gains or losses arising from changes in the fair value of the financial instruments at fair value through profit or loss, including interest and dividends, are recognised in the income statement. Derivatives are always measured at fair value through profit or loss.

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Accounts receivables and accrued revenue

Accounts receivables are measured at initial recognition at fair value. Accounts receivables are held with the objective to collect the contractual cash flows and therefore are subsequently measured at amortised cost using the effective interest method. For the purposes of impairment, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the date of initial recognition of the receivables.

Financial liabilities

The Group classifies all financial liabilities at amortised cost, except for derivatives which are at fair value and financial guarantees (see below).

Accounts payables and other financial payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of period which are unpaid. They are recognised at fair value. Småkraft does not subsequently measure at amortised cost using the effective interest method, as the difference is insignificant. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Taxes

Group companies that are engaged in energy generation in Norway are subject to the special rules for taxation of energy companies. The Group's tax expense therefore includes, in addition to ordinary income tax, natural resource tax and resource rent tax for those plants exceeding 10,000 KVA, currently only the Holmen power plant.

Income taxes

Income tax is calculated in accordance with ordinary tax rules and by applying the adopted tax rate. The tax expense in the statement of comprehensive income comprises taxes payable and changes in deferred tax liabilities and deferred tax assets. Taxes payables are calculated on the basis of the taxable income for the year.

Deferred tax liabilities and deferred tax assets are calculated on the basis of temporary differences between the accounting and tax values and the tax effect of losses carried forward. The initial recognition exemption for the tax effect on temporary differences relating to purchase of power plants applies if the transaction is treated as an asset acquisition (not a business combination).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Tax related to items recognised in other comprehensive income is also recognised in other comprehensive income, while tax related to equity transactions is recognised in equity.

Natural resource tax

Natural resource tax is a profit-independent tax that is calculated on the basis of the individual power plant's average output over the past seven years. Natural resources tax consists of NOK 0.0113 per kilowatt hour (KWh) to the municipality and NOK 0.0021 per kwh to the county. Income tax can be offset against the natural resource tax paid. Any natural resource tax that exceeds income tax can be carried forward with interest to subsequent years and is recognised as prepaid tax.

Resource rent tax

Resource rent tax is a profit-dependent tax levied on the net resource rent revenue generated by each power plant. Resource rent tax is calculated with 57.7% of the resource rent income for each power plant. Negative resource rent tax is carried forward against future positive resource rent tax interest. Negative resource rent tax is included in the deferred tax asset, together with temporary differences regarding the power plant. Deferred tax assets related to negative resource rent tax and temporary tax differences are capitalised if it is probable that the power plant has resource rent income within a time limit of 15 years and is settled against future payable resource rent tax. Deferred tax liabilities/ deferred tax assets related to resource rent tax is calculated with a tax rate of 57.7%.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Contributed equity

Ordinary shares are classified as equity. Issuance of new shares are recognised when paid, based upon the decision by the General Meeting. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Adoption of new and revised standards

The following standards and amendments were mandatory application for the first time for the reporting period commencing 01.01.2025:

- *Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates*

The Amendments do not have any material impact on the financial statements.

Standards and amendments issued but not yet effective

The following standards and amendments have been issued, but not yet effective:

IFRS 18 – Presentation and Disclosure in Financial Statements - effective from 01.01.2027

IFRS 19 – Subsidiaries without Public Accountability: Disclosures - effective from 01.01.2027

Amendments to the Classification and Measurement of Financial Instruments, Amendments IFRS 9 and IFRS 7 - effective from 01.01.2026

Annual Improvements to IFRS Accounting Standards—Volume 11 - effective from 01.01.2026

Contracts Referencing Nature dependent Electricity, Amendments to IFRS 9 and IFRS 7 - effective from 01.01.2026.

Apart from IFRS 18, the standards and amendments are not expected to have a material impact on the financial statements.

The Group expects IFRS 18 to have an impact on the presentation and potentially disclosure of its financial statements but not the recognition or measurement of items. The Group is in the process of assessing the impact.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Note 3 Key accounting estimates and judgements

Introduction

The use of reasonable estimates and judgements is a critical element in preparing the financial statements. Due to the level of uncertainties inherent in Småkraft's business activities, management must make certain estimates and judgements that effect the application of accounting policies, results of operations, cash flows and financial position as reported in the financial statements.

Areas of significant estimates

Impairment testing of goodwill, property plant and equipment (PPE) and intangible assets

In performing the impairment assessment of the carrying amount of PPE and intangible assets, as disclosed in Note 15, the recoverable amounts of the cash generating units ("CGUs"), are determined based on fair value less cost of disposal. Significant judgements are used to estimate the long-term price forecast for power, production volumes and discount rates applied in computing the recoverable amounts of different CGUs. In making these estimates, management has relied on market development and estimates from external consultancies as disclosed in note 15.

Fair value measurement of energy derivatives

Significant estimates are applied in the valuation of the Group's long term power purchase and power sales contracts. The fair value estimate is based on the amounts for which the assets or liabilities could be

exchanged at the relevant transaction date on the reporting period end. To the extent possible, the assumptions and inputs used, take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market-based transactions do often not exist. In such cases Småkraft's management is required to make market-based assumptions, see note 13.

Note 4 Subsequent events

On 4 February 2026, Frostating Lagmannsrett issued a verdict in a case brought by the landowners related to the remuneration model. The court ruled fully in favour of Småkraft, confirming the validity and sound principles of the applicable remuneration model that has been applied since Småkraft was incorporated. The verdict was unanimous. The case has been appealed, but not so far not admitted to the Supreme Court.

On 12 March 2026, the Parliament voted down the Government's proposal to introduce ground rent tax for small scale hydro power plants.

On 23 March 2026, the EUR 50 million Green Bond 2 bond loan facility was refinanced through an equivalent increase in Småkraft's main bank facility.

Note 5 Subsidiaries

Group companies	Date of acquisition/ Incorporation	Registered office	Ownership share	Voting share
Småkraft AS		Bergen		
Reinli Kraft AS	2005	Bergen	51%	51%
Muoidejohka Kraft AS	2010	Bergen	60%	60%
Jorda Kraft AS	2012	Bergen	51%	51%
Kvemma Kraft AS	2013	Bergen	66%	66%
Holmen Kraft AS	2016	Bergen	100%	100%
Follsja Kraft AS	2016	Bergen	82%	82%
Sigdestad Kraftverk AS	2018	Bergen	52%	52%
Holsen Kraft Norddøla AS	2020	Bergen	100%	100%
Ytre Kandal Kraft AS	2020	Bergen	61%	61%
Fossåa 1 K AS	2020	Sør- Fron	66%	66%
Småkraft Green Bond 2 AS	2020	Bergen	100%	100%
Småkraft USPP 1 AS	2022	Bergen	100%	100%
Chr Salvesen & Chr Thams's Communications AS	2022	Bergen	100%	100%
Svorka Småkraft AS	2023	Bergen	65%	65%
Småkraft Vekst 2025 AS	2023	Bergen	100%	100%
Småkraft Vekst 2026 AS	2023	Bergen	100%	100%
Småkraft Vekst 2027 AS	2025	Bergen	100%	100%
Øygardselva Kraft AS	2025	Bergen	100%	100%
Småkraft Green Bond 1 AS	2018	Bergen	100%	100%
Saksenvik Kraft AS	2016	Bergen	96%	96%
Småkraft AB	2022	Uppsala	100%	100%
Småkraft Operations AB	2022	Uppsala	100%	100%

Småkraft purchased 11 subsidiaries in 2025 (4 in 2024). 14 subsidiaries were absorbed through group internal mergers during 2025.

Financial initial effect from purchased subsidiaries

Based on the assessment of management none of the subsidiaries (power plants) acquired during 2025 and 2024 constitutes a business as defined in IFRS 3, thus all purchases are treated as acquisition of asset.

Amounts in EUR thousand	31.12.2025	31.12.2024
Acquisition cost	22,358	6,667
Deferred tax asset	15	0
Intangible assets	23,475	6,678
Property, plants and equipment	19,190	4,449
Short term receivables	2,070	58
Non-controlling interests	0	0
Interest bearing liabilities, non-current	-8,887	-4,116
Other interest-free liability	-13,506	-402
Total	22,358	6,667

Note 6 Management of capital structure

The main aims of the Group's management of its capital is to maintain a reasonable balance between the company's debt and total assets. The Group has a long-term investment horizon, with contractual arrangements and investments that will last for decades. The reasonable balance between debt and total assets is thus set based upon the expectations towards short-term and long-term price expectations.

Overview of capital included in management of capital structure:

Amounts in EUR thousand	31.12.2025	31.12.2024
Total non-current assets	872,010	818,621
Interest-bearing liabilities, non-current	413,407	454,812
Interest-bearing liabilities, current	74,713	14,057
Cash and cash equivalents, excluding restricted cash	33,397	28,310
Net interest-bearing liabilities (NIB)	454,722	440,559
NIB/ Total non-current assets	52%	54%

Note 7 Financial instruments – Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Foreign exchange risk
- Other market price risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Accounts payable
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate loans
- Interest rate swaps
- Forward currency contracts

(ii) Financial instruments by category

31.12.2025					
Amounts in EUR thousand	Financial assets at fair value	Financial assets at amortized cost	Financial liabilities at fair value	Financial liabilities at amortized cost	Total
Assets					
Investments		-			-
Long-term receivables		11,097			11,097
Trade receivables		5,257			5,257
Other receivables		3,095			3,095
Derivatives non-current	888				888
Derivatives current	1,946				1,946
Cash and cash equivalents		33,397			33,397
Liabilities					
Borrowings non-current				-413,407	-413,407
Borrowings				-74,713	-74,713
Accounts payable				-7,045	-7,045
Other non-current liabilities				-133	-133
Other current liabilities				-9,829	-9,829
Derivatives non-current			0		0
Derivatives current			-2,708		-2,708
Net financial assets and liabilities	2,834	52,846	-2,708	-505,126	-452,154

31.12.2024					
Amounts in EUR thousand	Financial assets at fair value	Financial assets at amortized cost	Financial liabilities at fair value	Financial liabilities at amortized cost	Total
Assets					
Long-term receivables		10,182			10,182
Trade receivables		3,395			3,395
Other receivables		10,767			10,767
Derivatives non-current	3,309				3,309
Derivatives current	1,367				1,367
Cash and cash equivalents		28,310			28,310
Liabilities					
Borrowings non-current				-454,812	-454,812
Borrowings				-14,057	-14,057
Accounts payable				-3,946	-3,946
Other non-current liabilities				-276	-276
Other current liabilities				-8,151	-8,151
Derivatives non-current			-30		-30
Derivatives current			-6,126		-6,126
Net financial assets and liabilities	4,676	52,654	-6,156	-481,242	-430,069

Småkraft has hedged a portion of the expected power sale. Total volume hedged for the future is shown in the table below

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. The carrying value approximates their fair value.

(iv) Financial instruments measured at fair value

There were no transfers between levels during the period.

All the derivatives are valued at fair value at level 2 in accordance with the fair value hierarchy. For additional information see note 13.

Risk and risk management of financial instruments

Småkraft is engaged in activities that entail risk in many areas and has a unified approach to the Group's market risks. The Group's risk management policy is based upon assuming the right risk based on the Group's ability and willingness to take risks, expertise, financial strength and development plans. The purpose of risk management is to identify threats and opportunities for the Group, and to manage the overall risk level to provide reasonable assurance that the Group's objectives will be met. In Småkraft, market risk will primarily relate to prices of energy, interest rates and foreign currency. The following section contains a more detailed description of the various types of market risks, and how these are managed.

Description of market risk related to prices on energy and commodities

Småkraft is exposed to significant market risk in relation to the generation and trading of power. Revenues from power generation are exposed to volume and power price risk. Småkraft manages market risk in the energy markets by trading physical and financial instruments in the Nordic Market.

Risk management in energy trading in Småkraft focuses on residual market exposure after considering land lease contracts and minority interests. In general, Småkraft enters standard fixed price contracts where Småkraft agrees to sell a certain production volume at an agreed price in the future. Around 7% of the expected annual production capacity for 2025 have such contracts to reduce the residual risk after land lease and minority interests. Småkraft has set risk limits within which trading activities are allowed. All energy trading contracts are financial contracts.

Småkraft has hedged a portion of the expected power sale. Total volume hedged for the future is shown in the table below:

Total hedged volume			
Amounts in GWh	Year 1	Year 2	Year 3
Pr. 31.12.2025	145	0	0
Pr. 31.12.2024	385	193	0

The energy derivatives are hedged against Nordic system prices. Småkraft also has EPADs for selected price areas.

Both realized cash effects and unrealized non-cash effects from trading are presented in the line item "Fair value change on energy derivatives" in the consolidated statement of income.

Description of foreign exchange risk

Småkraft incurs currency risks in the form of transaction risk, mainly in connection with energy sales revenue and investments. Balance sheet risk is related to debt in EUR.

Småkraft settlement currency at the Nordic power exchange Nord Pool is EUR and NOK, and all power contracts traded in the Nordic power exchange Nasdaq are denominated in EUR. In addition, most of Småkraft's power purchase agreements in Norway and all power purchase and sales abroad are denominated in EUR. The objective of Småkraft's hedging is to secure the EUR value of future cash flows exposed to changes in foreign currency rates. Economic hedging is partly achieved by using debt in EUR currencies as hedging instruments. For these hedging relationships hedge accounting is not applied.

As of 31 December, the Group's net exposure to foreign exchange risk was as follows:

31.12.2025	Functional currency of individual entity		
Amounts in EUR thousand	NOK	SEK	Total
Net foreign currency financial assets/(Liabilities)			
<i>Currency</i>			
EUR	-411,291		-411,291
SEK	581		581
Total net exposure	-410,710	-	-410,710
31.12.2024	Functional currency of individual entity		
Amounts in EUR thousand	NOK	SEK	Total
Net foreign currency financial assets/(Liabilities)			
<i>Currency</i>			
EUR	-410,238		-410,238
SEK	151		151
Total net exposure	-410,087	-	-410,087

Description of interest rate risk

Småkraft's interest rate risk is defined as gross interest exposure because of outstanding loans with floating interest rates as well as undrawn signed financing. As soon as a term sheet is signed, the interest rate exposure from this financing must be included in the interest rate risk calculation.

The ratio is defined as the expected outstanding loan balance with a fixed interest rate above the total expected outstanding loan balance. Småkraft must ensure that it stays within the following security level at all times:

Hedge ratio	Year 1	Year 2	Year 3	Year 4
Hedge ratio	52%	47%	56%	94%

Interest rate exposure for power plants under construction

In the same way that Småkraft does not hedge power prices for signed production during construction, the expected interest rate exposure for potential future debt linked to development is also not to be included in the interest rate risk calculations. This interest rate risk shall not be hedged.

Approved instruments

Småkraft can use interest rate swaps, fixed interest rate coupons or interest rate options. Options must only be used for hedging and stop-loss levels must be defined.

As of 31 December 2025, Småkraft has the following interest rate derivatives.

Interest rate derivatives						
Maturity date	Currency	Amount	Fixed rate	MTM	Secured part	EUR equivalent
24.06.2027	EUR thousand	77,000	3.32%	487	50%	77,000
15.07.2026	EUR thousand	8,570	-0.27%	147	50%	8,570

The interest rate derivatives are linked to the bank loans. The future development in interest rates will affect the value of the interest rate derivatives.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of financial assets and liabilities affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax and equity is affected through the impact on floating rate borrowings, as follows:

	Increase/ (decrease) in basis points	Effect on profit before tax	Effect on equity
31.12.2025	100	-4,881	-3,807
31.12.2024	100	-4,689	-3,657

Covenants

Småkraft group has various loan agreements with financial covenants requirements.

Annual Debt Service Cover Ratio – ADSCR

Means the ratio of EBITDA during a period to the total amount of debt service paid in respect of that period.

For reporting of 2025 figures, the definition is temporarily amended to the following; the ratio of EBITDA and cash (period end) divided by debt service during the period. *)

Interest coverage ratio – ICR

Means, for any period, the ratio of Cash Flow Available for Debt Service plus amounts invested pursuant to any Equity Cure to Interest Payments. All within a defined period.

Equity ratio

Means the ratio of book equity to the total assets.

Minimum liquidity

Småkraft shall maintain a minimum Liquidity equal to the estimated sum of the interest payments (of the Group) falling due over the next six months, but however limited to a maximum of EUR 5,000,000

Covenants						
Amounts in EUR thousand						
Facility	Outstanding loan	Covenant	Minimum requirement	Status	Measured entity	Reporting frequency
Bank facility	154,000	ADSCR	1.15	Satisfied *)	Group	Semi Annual
		Equity ratio	30%	Satisfied	Group	Semi Annual
Green Bonds	124,500	Equity ratio	30%	Satisfied	Group	Semi Annual
		Minimum liquidity	EUR 5 million	Satisfied	Group	Semi Annual
US Private placements	120,000	ICR	1.05	Satisfied	Group company	Semi Annual

*) amended definition to include cash as per 31.12.2025.

*) If the amended definition of ADSCR had been applicable as per end 2025 the minimum requirement would have been satisfied.

Credit risk

Credit risk is the risk that Småkraft incurs losses due to the failure of counterparties to honour their financial obligations. Småkraft is facing credit risk when entering transactions with financial institutions. Credit risk against financial institutions arises from cash or current account, deposit, investment of interest-bearing securities, derivative transactions and incoming guarantees. Småkraft also assumes credit risk when providing loans to associates and joint ventures. In addition, Småkraft assumes credit risk in connection with physical sales contracts. The total risk of counterparties not being able to meet their obligations is low. Historically, Småkraft's credit losses have been limited.

All of Småkraft's main counterparties with regards to revenue settlement and hedging activities are rated as Investment Grade by well-known rating agencies within the 12 months.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Groups approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Groups reputation. The table below shows the maturity structure of the Group's financial liabilities.

31.12.2025						
Amounts in EUR thousand	Carrying amount	Cash flows including interest				
		1 year	2 years	3 years	4 years	>5 years
Borrowings	488,119	93,877	215,395	94,248	5,518	142,307
Accounts payable	7,045	7,045				
Derivatives	2,708	2,708				
Other current liabilities	12,510	12,510				
Total	510,382	116,140	215,395	94,248	5,518	142,307
31.12.2024						
Amounts in EUR thousand	Carrying amount	Cash flows including interest				
		1 year	2 years	3 years	4 years	>5 years
Borrowings	468,869	40,765	102,580	169,412	88,189	133,490
Accounts payable	3,946	3,946				
Derivatives	6,156	6,126	0	0		
Other current liabilities	9,649	9,649				
Total	488,621	60,486	102,580	169,412	88,189	133,490

Note 8 Power revenues

Disaggregation of power revenues by price area

Amounts in EUR thousand		2025	2024
Price area NO1	Norway	3,434	2,962
Price area NO2	Norway	17,211	14,651
Price area NO3	Norway	9,495	10,641
Price area NO4	Norway	1,025	4,907
Price area NO5	Norway	16,886	14,881
Price area SE2	Sweden	506	770
Price area SE3	Sweden	2,482	2,829
Other green revenue		1,866	2,790
Power revenues		52,904	54,433

*Included in other green revenue is income from Guarantees of Origin and EL-certificates.

Production volume per price area			
Amounts in MWh			
		2025	2024
Price area NO 1	Norway	65,578	86,414
Price area NO 2	Norway	294,938	327,806
Price area NO 3	Norway	514,747	522,390
Price area NO 4	Norway	116,570	321,756
Price area NO 5	Norway	425,298	463,948
Price area SE 2	Sweden	25,240	25,554
Price area SE 3	Sweden	45,641	63,018
Total production		1,488,013	1,810,887

Achieved prices			
Amounts in EUR/MWh			
		2025	2024
Price area NO 1	Norway	52.4	34.3
Price area NO 2	Norway	58.4	44.7
Price area NO 3	Norway	18.4	20.4
Price area NO 4	Norway	8.8	15.3
Price area NO 5	Norway	39.7	32.1
Price area SE 2	Sweden	20.0	30.2
Price area SE 3	Sweden	54.4	44.9
Total		35.6	30.1

Power revenue – other green revenue

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.

Guarantees of origin

Introduced with the EU's first Renewable Energy Directive (Directive 2001/77/EC) in 2001, Guarantees of Origin are defined as a labelling scheme for electricity to show the electricity customer that a quantity of power has been produced from a specified energy source. All power producers can receive guarantees of origin corresponding to their power production. A guarantee of origin corresponds to 1 MWh of electricity produced.

Guarantees of Origin not yet delivered to customers are presented as inventory.

Note 9 Payroll and related costs

Payroll costs

Amounts in EUR thousand	2025	2024
Wages and salaries	3,593	3,428
Payroll tax	628	639
Pension costs	419	367
Other benefits	31	54
Sum	4,671	4,489
Average number of full-time employees	33	33

Compensation to the Group Leadership Team

Amounts in EUR thousand						
Executive	Position, period	Year	Salaries	Pensions	Other Benefits	Total Compensation
Terje Vedeler	CEO	2025	218	16	3	237
		2024	215	15	5	235
Pia Helland	CFO, from 16.08.2024	2025	166	15	2	184
		2024	110	6	1	117
David Inge Tveito	COO	2025	150	16	8	174
		2024	148	15	7	170
Bjarte Skår	CCO	2025	155	16	11	181
		2024	149	15	11	175
Erik Sterud	CFO, until 15.08.2024	2025	9	-	-	9
		2024	98	10	1	109

The leadership team is granted a bonus scheme valid for the period 2023-2025 which was unpaid per year end.

Except for the common pension arrangements, there are no severance pay scheme in Småkraft.

Småkraft has not established any share-based payment schemes. As of the balance sheet date, no loans have been granted to, or collateral provided for, the CEO, the leadership team or members of the board.

Pension

The Group has an established pension scheme that is classified as a defined contribution plan. The pension scheme is in line with the requirements of the law. Contributions to the defined contribution schemes are recognized in the consolidated statement of profit or loss in the period in which the contribution amounts are earned by the employees. The defined contributions plan does not commit Småkraft beyond the amounts contributed.

Fees paid to external auditors

Amounts in EUR thousand	2025	2024
Statutory audit	476	437
Other assurance services	64	46
Sum	540	483

Note 10 Other operating expenses

Amounts in EUR thousand	2025	2024
Water rights costs*	6,171	5,097
Transmission costs	3,833	3,147
Property tax and licence fees	3,357	3,206
Telecommunications	59	57
Rent and related expenses	720	746
Transport	95	78
Purchase of various services	3,871	3,968
IT expenses	1,139	968
Repair/maintenance regarding equipment, machines etc.	2,196	2,395
Consultant services	2,173	2,118
Other operating expenses	4,037	3,553
Other operating expenses	27,650	25,333

*See also note 23.

Note 11 Financial items

Financial income	2025	2024
Amounts in EUR thousand		
Interest income	2,166	2,016
Other financial income	54	30
Total	2,220	2,046

Financial expenses	2025	2024
Amounts in EUR thousand		
Interest expense	18,373	19,737
Other financial expenses	1,350	1,147
Total	19,723	20,883

Note 12 Taxes

Amounts in EUR thousand	2025	2024
Profit/(loss) before tax	-26,078	-20,879
Tax rate, percent	22%	22%
Expected tax expense (income)	-5,737	-4,593
Effect on taxes of		
Permanent differences	252	-6
Resource rent tax payable	520	75
Change in deferred resource rent tax	113	228
Changes related to deferred tax on off-balance sheet items	446	882
Other changes, including tax effect of different tax rates in other countries	294	-207
Tax expense (income)	-4,112	-3,621
Effective tax rate	16%	17%

Taxes payable in the balance sheet

Amounts in EUR thousand	31.12.2025	31.12.2024
Tax payable (receivable) from previous years	-69	-111
Income tax payable	264	262
Resource rent tax payable	514	74
Natural resource tax payable	85	81
Taxes payable in the balance sheet	794	306

Specification of temporary differences and deferred tax

Amounts in EUR thousand	31.12.2025	31.12.2024
Fixed assets	225,111	201,390
Current assets/current liabilities	1,989	678
Interest deduction carry forward	-1,316	-1,353
Unrealized derivatives	126	-609
Natural resource tax carried forward	-	-114
Other differences	574	1,487
Temporary differences	226,484	201,478
Losses carried forward	-153,625	-128,983
Differences not affecting deferred tax*	-186,290	-163,299
Basis for deferred tax	-113,431	-90,804
Net deferred tax assets (-)/liability (+) in the balance sheet	-24,689	-19,896
Deferred tax (assets)	-24,689	-19,896

*Deferred taxes are not recognised for temporary differences that arise on initial recognition assets acquired in a transaction which is not a business combination.

Deferred tax assets are capitalized due to surplus values related to the powerplants.

Basis for deferred taxes on resource rent are included in "Other differences". The amount is not significant in 2025 and 2024.

Note 13 Derivatives

Derivatives

The Group has derivatives related to the hedging of income from future power production, interests in connection with interest bearing debt and currency volatility between EUR and NOK.

The table below shows the financial position and profit or loss accounts for the derivatives:

31.12.2025				
Amounts in EUR thousand	Energy derivatives	Interest rate swaps	Currency derivatives	Total
Opening balance (net) 31.12.2024	1,038	1,116	-3,635	-1,480
Additions/sale	0	0	0	0
Fair value changes	-7,134	-482	948	-6,668
Cash settlement	8,285	0	0	8,285
Currency translation differences	-16	1	5	-11
Sum	2,173	634	-2,682	126
Classification				
Non-current assets	284	577	26	888
Current assets	1,889	57	0	1,946
Total assets	2,173	634	26	2,834
Non-current liabilities	0	0	0	0
Current liabilities	0	0	2,708	2,708
Total liability	0	0	2,708	2,708

31.12.2024				
Amounts in EUR thousand	Energy derivatives	Interest rate swaps	Currency derivatives	Total
Opening balance (net) 31.12.2023	-24,869	3,825	-2,570	-23,614
Additions/sale	-343	0	0	-343
Fair value changes	18,185	-2,554	-1,203	14,428
Cash settlement	7,252	0	0	7,252
Currency translation differences	813	-155	138	796
Sum	1,038	1,116	-3,635	-1,480
Classification				
Non-current assets	2,214	1,095	0	3,309
Current assets	1,346	20	0	1,367
Total assets	3,560	1,116	0	4,676
Non-current liabilities	0	0	30	30
Current liabilities	2,522	0	3,604	6,126
Total liability	2,522	0	3,635	6,156

All the derivatives are valued at fair value at level 2 in accordance to the fair value hierarchy: "Fair value is based on data inputs other than quoted prices included in Level 1, which are observable for the asset, either directly or indirectly".

Note 14 Intangible assets

Amounts in EUR thousand	Waterfall right Time-unlimited	Waterfall rights Time-limited*	Total
Cost at 1 January 2024	3,831	240,922	244,753
Additions		904	904
Acquisition of subsidiaries	-	6,678	6,678
Currency translation	-180	-10,707	-10,887
Cost at 31 December 2024	3,651	237,798	241,448
Additions		2,478	2,478
Acquisition of subsidiaries	-	23,475	23,475
Currency translation	-15	-889	-903
Cost at 31 December 2025	3,636	262,863	266,498
Acc. depreciations at 1 Jan. 2024	-	-13,179	-13,179
Amortisation charge	-	-3,927	-3,927
Impairment charge	-	-1,422	-1,422
Currency translation	-	-32	-32
Acc. depreciations at 31 Dec. 2024	-	-18,560	-18,560
Amortisation charge	-	-4,096	-4,096
Impairment charge	-	-1,202	-1,202
Currency translation	-	-219	-219
Acc. depreciations at 31 Dec. 2025	-	-24,077	-24,077
Balance at 1 January 2024	3,831	227,743	231,574
Balance at 31 December 2024	3,651	219,238	222,887
Balance at 31 December 2025	3,636	238,786	242,421

Intangible assets by country

Intangible assets by country			
Amounts in EUR thousand	Norway	Sweden	Total
Balance at 31 December 2024	201,896	20,992	222,887
Balance at 31 December 2025	215,833	26,587	242,421

*Waterfall rights time-unlimited includes rights acquired as part of the acquisition of a power plant and goodwill. Goodwill is as of 31 December 2025 EUR 7,005 thousand. The group's goodwill originates from historical acquisitions of power plant companies and arose because deferred tax was valued at nominal amounts whereas discounted amounts were reflected in the purchase amounts. The difference between deferred tax valued at nominal and discounted amounts was recognised as goodwill.

Note 15 Impairment testing

Goodwill and intangible asset with an indefinite useful life are not subject to amortisation and is tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Non-financial assets are allocated to cash-generating units for the purpose of impairment testing. Each CGU being the physical power plant installation and the associated water right lease agreement in the same connected water system. As of year-end management has performed an impairment test for all CGU's and found that the recoverable amount is higher than the carrying amount, for all CGU's with the exception of 9 CGU's. An impairment was recognised for each of the 9 CGUs, amounting to a total impairment of EUR 1,202 thousand. The recoverable amount of the 9 CGUs was based on the asset's estimated fair value and amounted to EUR 32,994 thousand. The fair value measurement was level 3 according to the fair value hierarchy.

The recoverable amount has been estimated using the Discounted Cash Flow (DCF) method. The enterprise value (EV) for each CGU is calculated as the sum of the present values of future cash flows that a business can be expected to generate over its useful life, discounted by a weighted average cost of capital (WACC).

The most important assumptions behind the valuation are the following:

Power production

- Total yearly production for all power plants with no future increases per plant. All plants are fully operational.
- Production values based on estimates, which rely on historical production values to the extent possible and otherwise estimates in hydrological reports.
- Normalized yearly production is estimated based on a 20-year average of historical production for as many available years as possible and technical due diligence assumptions.

Power price

Future power prices are computed using the following methodology. The first year is based on Nasdaq forward prices, and from year 2 onwards an average of three different power price curves from power market analysts (SKM, Value Insight, and Thema) is applied.

A capture rate that reflects the discount to the market price the specific power station achieves because of its production profile. Normally, an average capture rate is used on a portfolio of power stations.

Operational expenses include five main items:

- Grid fee
- Property tax

- Landowner compensation
- O&M
- Overhead costs

Cost of capital

Weighted Average Cost of Capital (WACC) for the current valuation is 6.4% for the Norwegian part of the portfolio compared to 6.6% used in the valuation last year. For the Swedish portfolio a WACC of 5.6% has been applied, compared to 5.4% used in the valuation last year.

Småkraft's operations are largely dependent on precipitation, and changes in precipitation patterns may affect both our production and the price picture in the power market. Climate change is unpredictable and different scenarios will affect Småkraft's production. Colder winters and dry summers may negatively affect Småkraft's production, while milder winters and wetter summers may have a positive impact on Småkraft's production. Climate change may also lead to more extreme precipitation and/or snowmelt, which may increase water loss over Småkraft's dams. Climate change, as we are experiencing today, is moving in the direction of milder winters and wetter summers, resulting in increased production from our power plants. Climate risk is discussed in detail in Småkraft's Sustainability Report and is considered not to have a significant impact on the impairment test.

Note 16 Property, plant and equipment

Amounts in EUR thousand	Power plants	Inlet and waterway	Infra-structure	Other	Plant under constructions	Total
Cost at 1 January 2024	237,918	270,228	109,117	4,259	39,958	661,480
Additions, purchased, reallocations	2,625	2,074	210	936	32,856	38,701
Acquisition of subsidiaries	2,289	1,166	995	-	-	4,449
Effect of currency movements	-8,815	-10,988	-4,249	-80	-1,836	-25,969
Cost at 31 December 2024	234,017	262,479	106,072	5,114	70,979	678,661
Additions, purchased, reallocations	21,763	24,740	6,867	1,364	-17,896	36,837
Acquisition of subsidiaries	8,923	7,342	2,919	6	-	19,190
Effect of currency movements	-712	-894	-344	-6	-280	-2,237
Cost at 31 December 2025	263,991	293,667	115,513	6,478	52,803	732,452
Acc. depreciations at 1 January 2024	-50,410	-36,490	-18,726	-2,551	-908	-109,084
Depreciation charge	-8,083	-5,330	-2,388	-554	-	-16,355
Impairment charge	-	-	-	-	-495	-495
Effect of currency movements	45	30	17	-5	-459	-372
Acc. depreciations at 31 Dec. 2024	-58,447	-41,790	-21,096	-3,111	-1,862	-126,307
Depreciation charge	-8,139	-5,572	-2,474	-613	-	-16,797
Impairment charge	-141	-	-	-	237	97
Effect of currency movements	-237	-280	-77	-8	184	-419
Acc. depreciations at 31 Dec. 2025	-66,964	-47,642	-23,648	-3,731	-1,441	-143,427
Balance at 1 January 2024	187,507	233,739	90,391	1,708	39,050	552,396
Balance at 31 December 2024	175,570	220,689	84,975	2,003	69,116	552,353
Balance at 31 December 2025	197,027	246,024	91,865	2,746	51,362	589,025
Accumulated impairment charge 31 Desember 2025	-384	-	-	-	-2,892	-3,276
Depreciation method	Straight-line	Straight-line	Straight-line	Straight-line		
Percentage	1,2-20%	1,25 - 2,5%	1,25 - 2,85%	12,5-20%		
Economic life	5 - 75	40 - 80	35 - 80	5 - 8		

Leased assets have been included as Other, with a net book value at 31 December 2025 of EUR 118 thousand.

Property, plant and equipment by country			
Amounts in EUR thousand	Norway	Sweden	Total
Balance at 31 December 2024	537,788	14,566	552,353
Balance at 31 December 2025	571,038	17,987	589,025

Contractual obligations in signed Share Purchase Agreements and New-build contracts as per 31.12.2025 are specified in the table below:

Amounts in EUR thousand	31.12.2025	31.12.2024
Short term	68,823	45,532
Long term	8,789	30,632
Outgoing balance	77,612	76,164

Note 17 Investments

	Date of acquisition	Registered office	Ownership share	Voting rights	Presentation
Luster Småkraft AS	2005	Gaupne	50%	50%	Equity method
Rullestad & Skromme Energi AS	2006	Etne	50%	50%	Equity method
Proxima Hydrotech AS	2021	Seimsfoss	33%	33%	Equity method
Smávirðjanir EHF	2022	Reykjavik, Island	50%	50%	Equity method
Gjerdelva Kraft AS	2022	Dale, Sunnfjord	50%	50%	Equity method
Kaia Solutions AS*	2024	Skien	8%	8%	Fair value

Småkraft AS owns 50% of Luster Småkraft AS. The remaining 50% is owned by Luster Energi AS. The company successfully operates 3 small-scale hydro power plants: Kvåle, Holen and Vanndøla. Combined they have a normalized annual production of about 50 GWh.

Småkraft AS owns 50% of Rullestad & Skromme Energi AS. The remaining 50% is owned by Sunnhordland Kraftlag AS. The company has three hydropower plants under construction in Etne, Vestland. The annual production capacity for the powerplants is calculated to 89 GWh.

Småkraft AS owns 33% in Proxima HydroTech AS which is an independent service provider within operations and maintenance services. The company is focusing on services to hydropower plants and is developing relevant surveillance IT systems for the likes of Småkraft power plants.

Småkraft AS entered 23 December 2022 into a Sale and Purchase Agreement for 50% of the shares in Gjerdelva Kraft AS.

Småkraft AS acquired 8% of the shares in its powersale broker Kraftanmelding AS 1 September 2024.

Amounts in EUR thousand	Equity method	Fair value
Closing balance at 31 December 2023	2,731	
Investments previous year	484	501
Effect of change in shares	-212	
Dividend	-129	
Share of current year net income	286	
Effect of currency movements	-132	-7
Closing balance at 31 December 2024	3,028	493
Investments current year	256	7
Effect of change in shares	0	
Dividend	-85	
Share of current year net income	200	
Effect of currency movements	-21	12
Closing balance at 31 December 2025	3,378	512

Note 18 Receivables; amounts due after more than one year

Amounts in EUR thousand	31.12.2025	31.12.2024
Loans to associates:		
Loans to associates - R&S Energi AS	2,809	2,649
Provisions for loss on loans to associates	-60	-60
Other receivables:		
Deposit rent	97	101
Prepaid water right lease	7,139	6,392
Other long term receivables	1,112	1,101
Total	11,097	10,182

The bank has pledged security in operating equipment and accounts receivable, in addition to first priority to the power plant and related water lease agreements.

Please see note 23 for further details about prepaid water right lease.

Note 19 Cash and cash equivalents

Bank deposits, cash etc. does not include restricted tax deduction funds as of 31.12.2025. The company has established a bank guarantee for the payment of withholding tax.

Note 20 Share capital, ownership structure and dividend

<i>Amounts in EUR thousand</i>	No. of shares		Share capital	
	2025	2024	2025	2024
Ordinary shares				
Issued and fully paid 1 January	5,401,633	5,181,032	22,898	23,046
Issued new share capital	303,917	220,601	1,294	953
Currency presentation effect			-104	-1,101
31 December	5,705,550	5,401,633	24,088	22,898

Ownership structure 31.12.2025*	No. of shares	Nominal amount NOK	Voting share	Ownership share
Aquila GAM Fund GmbH & Co. Geschlossene Investmentkommanditgesellschaft	788,182	50	13.6 %	13.6 %
Aquila Capital Europeean Hydropower Fund S.A.	1,172,473	50	20.2 %	20.2 %
ACEH Norway 1 B.V.	2,132,544	50	36.8 %	36.8 %
ACEH Norway 2 B.V.	1,334,374	50	23.0 %	23.0 %
ACEH Smakraft Amaranthine C.V.	283,300	50	4.9 %	4.9 %
Hydro Norway Holding AS	82,779	50	1.4 %	1.4 %
Sum	5,793,652	50	100%	100%

*Includes not registered capital increase. Number of shares not registered are 88,102 (2024: 35,684) and share capital EUR'000 372 (2024:EUR'000 151).

Dividend

<i>Amounts in EUR thousand</i>			31.12.2025	31.12.2024
Ordinary dividends			0	15,000
Extraordinary dividends			0	0
Sum			0	15,000

Note 21 Borrowings and guarantees

Borrowings

Amounts in EUR thousand			
Lenders	Currency	31.12.2025	31.12.2024
Banks	NOK	74,450	51,073
Banks	EUR	171,139	175,876
Bond debt	EUR	124,500	124,500
USPP bond	EUR	120,000	120,000
Other debt	NOK	20	20
Capitalised loan expenses/ fees/ commissions	NOK	-1,989	-2,599
Total		488,119	468,869
Total long term debt		413,407	454,812
Total short term debt		74,713	14,057

Changes in debt to financial institutions and bond debt during the year

Amounts in EUR thousand	31.12.2025	31.12.2024
Ingoing balance	468,869	440,824
Repayments/ downpayments	-5,914	-36,391
New debt	14,963	61,273
Debt from purchased subsidiaries	8,887	4,051
Net capitalized transaction costs related to borrowings	-280	-661
Capitalised loan expenses/ fees/ commissions	886	827
Capitalized construction loan interest	1,149	1,402
Currency exchange rate changes	-442	-2,456
Outgoing balance	488,119	468,869

Secured borrowings etc.

Amounts in EUR thousand	31.12.2025	31.12.2024
Borrowings from financial institutions and bondholders	490,089	471,449
Agent commission	-1,989	-2,599
Total	488,100	468,849

Carrying amount of pledged assets

Amounts in EUR thousand	31.12.2025	31.12.2024
Operating equipment	2,279	1,729
Accounts receivable	4,881	3,121
Power plants and related water lease agreements	589,272	557,001
Total	596,432	561,851

The bank and bondholders have pledged security in operating equipment, bank accounts and accounts receivable, in addition to 1. priority pledge in the power plants and related water lease agreements.

Småkraft AS has provided a bank guarantee as a security for the payment of withholding tax.

According to the shareholders agreement with Luster Småkraft AS, Småkraft AS is obligated to make capital available to Luster Småkraft AS.

See note 7 for information on debt covenants and maturity structure of the Group's borrowings.

Note 22 Concessions

As of 31.12.2025, there are currently 15 power stations under construction representing an annual production of 255 GWh both owned by subsidiaries in the group and companies signed to be acquired.

In addition to this, Småkraft AS has concessions for additional 11 power plants with a potential annual production of approximately 114 GWh, where construction is not commenced.

Note 23 Water and lease agreements

As part of several of the net-agreements, Småkraft offers interest bearing loans and/ or minimum payments in the first years of the land lease agreements. Net agreements typically have deficits the first years. Småkraft offers interest bearing loans/ minimum payments to offer more stable payouts to the landowners, while simultaneously not amending the balance in the land lease agreement between landowner and company.

The loans are normally interest-bearing loans. The minimum payments are interest bearing payments to the landowners that will be offset against future land lease profits.

Amounts in EUR thousand	31.12.2025	31.12.2024
Loans to landowners	930	830
Minimum payments to landowners	6,209	5,562
Total	7,139	6,392
Amounts in EUR thousand	31.12.2025	31.12.2024
Receivables towards landowners, off balance	42,944	32,486
Total	42,944	32,486

When net-agreements have deficit, Småkraft AS finances the landowner share of the deficit. Småkraft AS accrues a receivable against the landowners, against which future profits will offset. This is a contingent asset to Småkraft, that according to IFRS is off balance. It represents a future benefit for the company contingent on future profits from the power plant.

Amounts in EUR thousand	31.12.2025	31.12.2024
Gros	4,811	4,280
Net	218	733
Fixed	1,143	125
Settlements	-	-41
Total	6,171	5,097

The table shows the different water lease agreements with the landowners.

Note 24 Related party transaction and balance items

Småkraft Group and its associates are doing transactions on commercial terms. These are shown in the table below. Associated companies are listed in note 17.

Amounts in EUR thousand	31.12.2025	31.12.2024
Sales of various goods and services	83	8
Purchase of services from related party	923	358
Interest income from loans	173	150
Interest bearing loans	2,809	2,501
Receivables at the end of the period	7	-
Liabilities at the end of the period	145	15

Alternative Performance Measures

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 hedges.

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 is 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.

<i>Amounts in EUR thousand</i>	2025	2024
Power revenue	52,904	54,433
Realized value change on energy derivatives	-8,285	-7,252
Adjusted power revenue	44,619	47,181
<i>Amounts in EUR thousand</i>	2025	2024
Operating profit (loss)	-7,864	21,358
Depreciation, amortization, impairment	22,000	22,198
EBITDA	14,136	43,556
Change in unrealized value change on energy derivatives	-1,151	-25,437
Adjusted EBITDA	12,985	18,119

Annual accounts and notes Småkraft AS – parent company

Statement of income and statement of other comprehensive income

Amounts in EUR thousand	Note	2025	2024
Power revenue	<u>8</u>	22,710	23,487
Other income	<u>8</u>	167	-54
Fair value change on energy derivatives	<u>13</u>	-7,134	18,185
<i>Unrealized value change on energy derivatives</i>		1,151	25,437
<i>Realized value change on energy derivatives</i>		-8,285	-7,252
Share of the profit (loss) in equity accounted investments	<u>17</u>	2,953	
Payroll and related costs	<u>9</u>	-4,336	-4,172
Depreciation and impairment of fixed assets and intangible assets	<u>14, 15, 16</u>	-7,387	-8,116
Other operating expenses	<u>10</u>	-12,407	-10,960
Operating profit/(loss)		-5,433	18,370
Financial income	<u>11</u>	6,668	6,198
Net foreign exchange gain (loss)		-668	-13,177
Fair value changes on interest rate and currency derivatives	<u>7, 13</u>	634	-3,386
Financial expenses	<u>11</u>	-19,928	-12,844
Net financial items		-13,294	-23,208
Profit/(loss) before tax		-18,728	-4,838
Tax income (expense)	<u>12</u>	3,359	1,198
Profit (loss)		-15,369	-3,641
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Currency translation differences		-1,690	-18,635
Total comprehensive income for the year		-17,058	-22,275

Statement of financial position

Amounts in EUR thousand	Note	31.12.2025	31.12.2024
Non-current assets			
Intangible assets	<u>14</u>	20,633	21,057
Property, plant and equipment	<u>16</u>	174,711	178,467
Deferred tax assets	<u>12</u>	24,898	21,662
Investments in subsidiaries	<u>5</u>	410,993	376,949
Investments	<u>17</u>	3,890	1,051
Derivatives	<u>13</u>	785	2,995
Other long-term receivables	<u>18</u>	67,122	58,965
Total non-current assets		703,033	661,145
Current assets			
Inventories		429	382
Trade receivables	<u>7</u>	2,101	1,635
Other receivables	<u>7</u>	662	1,685
Derivatives	<u>13</u>	1,902	1,367
Cash and Cash equivalents	<u>19</u>	9,183	12,789
Total current assets		14,277	17,857
Total assets		717,310	679,002

Statement of financial position, continued

Amounts in EUR thousand	Note	31.12.2025	31.12.2024
Shareholder's equity			
Share capital	<u>20</u>	24,088	22,898
Paid-in capital	<u>20</u>	454,537	399,196
Other equity		-52,419	-37,365
Total Shareholder's equity		426,206	384,729
Non-current liabilities			
Borrowings	<u>21</u>	224,513	277,750
Derivatives	<u>13</u>	0	30
Other non-current liabilities	<u>7</u>	977	276
Total non-current liabilities		225,491	278,056
Current liabilities			
Accounts payable	<u>7</u>	1,528	650
Public duties payable	<u>7</u>	1,162	901
Derivatives	<u>13</u>	2,708	6,126
Borrowings	<u>21</u>	53,589	4,000
Other current liabilities	<u>7</u>	6,627	4,538
Total current liabilities		65,614	16,216
Total liabilities		291,104	294,272
Total equity and liabilities		717,310	679,002

Bergen, Norway, 24 March 2026

The Board of Directors, Småkraft AS

Member of the Board
Claudia Ahnert

Chairperson of the Board
Annette Malm Justad

Member of the Board
Erlend Grimstad

Member of the Board
Daniel Metzger

CEO
Terje Vedeler

Statement of changes in equity

Amounts in EUR thousand	Note	Share capital	Paid-in capital	Foreign currency translation*	Retained earnings	Total equity
Equity at 01.01.2024		23,046	402,500	-36,695	1,250	390,104
Net profit					-3,641	-3,641
Currency translation differences		-1,102	-19,255	1,729	-7	-18,635
Total comprehensive income for the period		-1,102	-19,255	1,729	-3,648	-22,275
Capital increase	<u>20</u>	953	24,655			25,608
Capital increase current period not registered			6,295			6,295
Dividend			-15,000			-15,000
Equity at 31.12.2024		22,898	399,196	-34,966	-2,399	384,729
Net profit					-15,369	-15,369
Currency translation differences		-104	-1,900	142	172	-1,690
Total comprehensive income for the period		-104	-1,900	142	-15,196	-17,058
Capital increase current period	<u>20</u>	1,294	43,420			44,714
Capital increase current period not registered			13,820			13,820
Dividend			0			0
Equity at 31.12.2025		24,088	454,537	-34,824	-17,595	426,206

* There are no currency translation differences that can be reclassified through other comprehensive income.

Statement of cash flow

Amounts in EUR thousand	Note	2025	2024
Cash flow from operations			
Profit (-loss) before income tax		-18,728	-4,838
Depreciation, amortization, impairment	<u>14.16</u>	7,387	8,116
Net financial items		16,610	11,462
Cash settlement derivatives		-8,285	-7,252
Change in unrealized currency gains/losses		1,143	12,313
Change in fair value derivatives	<u>13</u>	6,500	-14,799
Change in working capital		3,715	-5,781
Net cash flow from operations		8,341	-780
Cash flow from investment activities			
Outflows due to purchases of fixed assets and intangibles		-3,979	-3,997
Outflows due to investments in subsidiaries	<u>5</u>	-44,275	-27,179
Outflows due to investments in other financial assets		-7	-508
Outflows from loans to others		-11,780	-22,264
Inflows from loans to others		4,054	17,931
Net cash flow from investment activities		-55,987	-36,017
Cash flow from financing activities			
Capital increases	<u>20</u>	58,535	31,903
Dividend payments		0	-15,000
Interest paid		-10,867	-11,445
Inflows from loan raising	<u>21</u>	0	41,118
Outflows from loan payments	<u>21</u>	-4,028	-14,658
Net cash flow from financing activities		43,639	31,918
Currency translation differences		316	-914
Net change in bank deposits and cash		-3,922	-4,879
Bank deposits from merged companies		0	0
Bank deposits and cash at beginning of period		12,789	18,582
Bank deposits and cash at end of period		9,183	12,789

Notes

Note 1 General information

Småkraft (the Company) is located in Bergen, Norway, with local offices in Harstad, Stjørndal, Dale in Sunnfjord, Førde, Hamar and Sandnes in Norway. The Company employs 31 people. All of Småkraft's business is in Norway. Småkraft is a supplier of renewable energy based on small scale hydro power plants. In addition, Småkraft AS has subsidiaries in the same industry in Norway and Sweden.

Småkraft's financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and further requirements in Norwegian Accounting Law (Regnskapsloven).

The statement of comprehensive income, statement of financial position, statement of equity, statement of cash flow and notes provide comparable information in respect of the previous period.

The financial statements have been prepared on a historical cost basis except for financial derivatives which are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Presentation and classification of items in the financial statements is consistent for the periods presented.

Note 2 General accounting policies

Foreign currency translation

Functional and presentation currency

The functional currency of Småkraft AS is the Norwegian krone (NOK). The Company accounts are presented in EUR. Småkraft AS presents the financial statement in EUR, as most of the lenders and the owners are EUR based.

The currency differences arising in the translation to the presentation currency are presented in Other Comprehensive Incomes. Also, in the statement of equity the translation difference is included in retained earnings. All amounts are rounded to the nearest EUR thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss. Småkraft uses currency exchange rates from Norges Bank.

Sale of energy

The revenues from sale of energy bear the characteristic of delivering power at a certain price. The performance obligation is to deliver a series of distinct goods (power) and the transaction price is the consideration expected to receive, at either spot price, regulated price or contract price. The performance obligation is satisfied over time which entails that revenue should be recognized for each unit delivered at the transaction price. Småkraft applies a practical expedient under IFRS 15 whereby the revenue from power for most of the contracts is recognized at the amount of which the entity has a right to invoice. The right to invoice power arises when power is produced and delivered and the right to invoice the consideration will normally correspond directly with the value to the customer. In arrangements where Småkraft sells power on an exchange (e.g. Nord Pool), the exchange is determined to be the customer.

Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. Furthermore, the entity's component's operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and thus separate financial information is available. The company has determined that the board of directors is collectively the chief operating decision maker.

The Company has only one segment: Power supply. Småkraft produces renewable energy and sells electricity, el- certificates and guarantees of origin on the Nordic power market.

Property, plant and equipment

Property, plant and equipment is measured at historical cost less accumulated depreciation. Land is not depreciated. Historical cost includes expenditures that are directly attributable to the acquisition of the item. Borrowing costs incurred during the manufacturing of tangible non-current assets are capitalised until the asset is ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate costs over their estimated useful lives. The assets' useful lives are reviewed annually and adjusted if appropriate.

Gains and losses on disposals are determined by comparing actual proceeds with the carrying amount. Gains and losses on disposal are included in profit or loss.

Intangible assets

Waterfall right is recognised as a separate intangible asset. Småkraft distinguishes waterfall rights in time-limited and unlimited groups regardless of how they were acquired. Reference is made to note 14.

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Costs relating to intangible assets, are recognised in the statement of financial position when it is probable that the asset will generate future economic benefits and the costs can be measured reliably.

Intangible assets with a definite useful life, such as water rights owned are amortised over the useful life. Intangible assets with an indefinite useful life are not amortised but are instead tested annually for impairment.

Leases

The Company's main lease type of agreements is related to water rights. The rights are considered intangible assets. Småkraft has elected to not recognize these types of agreements under IFRS 16 leases. The accounting treatment of the different water right lease agreements are described below:

Water right lease agreements

Småkraft enters into water right lease agreements with landowners, which entitles the company to utilize the water in the rivers. The agreement typically has a period varying from 40 to 75 years, starting when the power plant is put into commercial operation.

When Småkraft has a commitment to pay rent to the landowners, we account for this as a regular cost as the commitment arises. Such commitment arises, when:

1. Gross agreement/revenue-based agreement: Småkraft pays landowner a percentage of the annual power plant revenue. Upon expiration of the agreement the landowners have the right to purchase the power plant with all rights and technical installations at a price based on certain specific conditions.

Småkraft accounts for this land lease when the relevant power plant generates revenue, upon which this land lease bases.

2. Fixed amount agreement: Småkraft pays landowner a fixed annual amount. Upon expiration of the agreement the landowner has the right to purchase the powerplant with all rights and technical installations at a price based on certain specific conditions.

Småkraft accounts for this land lease monthly based upon the agreed yearly payment.

3. Profit share agreement: Småkraft shares the yearly powerplant profit with the landowner. Upon expiration of the agreement the landowners have the right to purchase the power plant with all rights and technical installations based on certain specific conditions.

Småkraft accounts for this land lease type by calculating the actual profit for each individual power plant on a monthly basis. Småkraft then calculates the exact share of the profit, that the landowners have the right to receive. If Småkraft is in a position, where land lease should be paid to landowners, Småkraft accounts for the estimated payment as a cost.

In the case that Småkraft has a profit share lease agreement, where there (still) is an accumulated loss on the powerplant, Småkraft has the right to offset all accumulated losses before paying out land lease rent to the landowners. This will represent a future benefit for the company, that Småkraft does not recognise as an asset. This asset will be off-balance. Any positive or negative changes in these off-balance items, will not be recognised in Småkraft's books. In some instances, Småkraft may pay out loans or minimum payments to landowners. These loans are interest bearing loans and will be recognised as normal loans in the Company's Financial Statements.

Financial instruments

Financial instruments are recognised in the financial statements when the Company becomes party to contractual conditions relating to the financial instrument. Financial assets and financial liabilities are classified based on the type and purpose for holding the instruments at fair value, amortised cost or as a designated hedge accounting instrument (e.g. derivatives used for hedging financial risks).

Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded in profit or loss. Financial assets recognised at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Gains or losses arising from changes in the fair value of the financial instruments at fair value through profit or loss, including interest and dividends, are recognised in the income statement. Derivatives are always measured at fair value through profit or loss.

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive

cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Accounts receivables and accrued revenue

Accounts receivables are measured at initial recognition at fair value. Accounts receivables are held with the objective to collect the contractual cash flows and therefore are subsequently measured at amortised cost using the effective interest method. For the purposes of impairment, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the date of initial recognition of the receivables.

Financial liabilities

The Company classifies all financial liabilities at amortised cost, except for derivatives which are at fair value and financial guarantees (see below).

Accounts payables and other financial payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of period which are unpaid. They are recognised at fair value. Småkraft does not subsequently measure at amortised cost using the effective interest method, as the difference is insignificant. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Taxes

Income taxes

Income tax is calculated in accordance with ordinary tax rules and by applying the adopted tax rate. The tax expense in the statement of comprehensive income comprises taxes payable and changes in deferred tax liabilities and deferred tax assets. Taxes payable are calculated on the basis of the taxable income for the year. Deferred tax liabilities and deferred tax assets are calculated on the basis of temporary differences between the accounting and tax values and the tax effect of losses carried forward. From 2020 and onward, Småkraft uses the initial recognition exemption for the tax effect on temporary differences relating to purchase of power plants.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Tax related to items recognised in other comprehensive income is also recognised in other comprehensive income, while tax related to equity transactions is recognised in equity.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Contributed equity

Ordinary shares are classified as equity. Issuance of new shares are recognised when paid, based upon the decision by the General Meeting. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Adoption of new and revised standards

The following standards and amendments were mandatory application for the first time for the reporting period commencing 01.01.2025:

- *Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates*

The Amendments do not have any material impact on the financial statements.

Standards and amendments issued but not yet effective

The following standards and amendments have been issued, but not yet effective:

- IFRS 18 – Presentation and Disclosure in Financial Statements - effective from 01.01.2027
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures - effective from 01.01.2027
- Amendments to the Classification and Measurement of Financial Instruments, Amendments IFRS 9 and IFRS 7 - effective from 01.01.2026
- Annual Improvements to IFRS Accounting Standards—Volume 11 - effective from 01.01.2026
- Contracts Referencing Nature dependent Electricity, Amendments to IFRS 9 and IFRS 7 - effective from 01.01.2026.

Apart from IFRS 18, the standards and amendments are not expected to have a material impact on the financial statements.

The Company expects IFRS 18 to have an impact on the presentation and potential disclosure of its financial statements but not the recognition or measurement of items. The Company is in the process of assessing the impact.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Note 3 Key accounting estimates and judgements

Introduction

The use of reasonable estimates and judgements is a critical element in preparing the financial statements. Due to the level of uncertainties inherent in Småkraft's business activities, management must make certain estimates and judgements that affect the application of accounting policies, results of operations, cash flows and financial position as reported in the financial statements.

Areas of significant estimates

Impairment testing of property plant and equipment (PPE) and intangible assets

In performing the impairment assessment of the carrying amount of PPE and intangible assets, as disclosed in Note 15, the recoverable amounts of the cash generating units ("CGUs"), are determined based on fair value less cost of disposal. Significant judgements are used to estimate the long-term price forecast for power and pre-tax discount rates applied in computing the recoverable amounts of different CGUs. In making these estimates, management has relied on market development and estimates from external consultancies as disclosed in note 15.

Fair value measurement of energy derivatives

Significant estimates are applied in the valuation of the Company's long term power purchase and power sales contracts. The fair value estimate is based on the amounts for which the assets or liabilities could be exchanged at the relevant transaction date on the reporting period end. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market-based transactions do often not exist. In such cases Småkraft's management is required to make market-based assumptions, see note 13.

Note 4 Subsequent events

On 4 February 2026, Frostating Lagmannsrett issued a verdict in a case brought by the landowners related to the remuneration model. The court ruled fully in favour of Småkraft, confirming the validity and sound principles of the applicable remuneration model that has been applied since Småkraft was incorporated. The verdict was unanimous. The case has been appealed, but not so far not admitted to the Supreme Court.

On 12 March 2026, the Parliament voted down the Government's proposal to introduce ground rent tax for small scale hydro power plants.

On 23 March 2026, the EUR 50 million Green Bond 2 bond loan facility was refinanced through an equivalent increase in Småkraft's main bank facility.

Note 5 Subsidiaries

Group companies	Date of acquisition/ Incorporation	Registered office	Ownership share	Voting share
Småkraft AS		Bergen		
Reinli Kraft AS	2005	Bergen	51%	51%
Muoidejohka Kraft AS	2010	Bergen	60%	60%
Jorda Kraft AS	2012	Bergen	51%	51%
Kvemma Kraft AS	2013	Lærdal	66%	66%
Holmen Kraft AS	2016	Bergen	100%	100%
Follsja Kraft AS	2016	Bergen	82%	82%
Sigdestad Kraftverk AS	2018	Bergen	52%	52%
Holsen Kraft Norddøla AS	2020	Bergen	100%	100%
Ytre Kandal Kraft AS	2020	Sandane	61%	61%
Fossåa 1 K AS	2020	Sør- Fron	66%	66%
Småkraft Green Bond 2 AS	2020	Bergen	100%	100%
Småkraft USPP 1 AS	2022	Bergen	100%	100%
Chr Salvesen & Chr Thams's Communications AS	2022	Bergen	100%	100%
Svorka Småkraft AS	2023	Bergen	65%	65%
Småkraft Vekst 2025 AS	2023	Bergen	100%	100%
Småkraft Vekst 2026 AS	2023	Bergen	100%	100%
Småkraft Vekst 2027 AS	2025	Bergen	100%	100%
Øygardselva Kraft AS	2025	Bergen	100%	100%
Småkraft Green Bond 1 AS	2018	Bergen	100%	100%
Saksenvik Kraft AS	2016	Bergen	96%	96%
Småkraft AB	2022	Uppsala	100%	100%
Småkraft Operations AB	2022	Uppsala	100%	100%

Note 6 Management of capital structure

The main aims of the Company's management of its capital is to maintain a reasonable balance between the company's debt and total assets. The Company has a long-term investment horizon, with contractual arrangements and investments that will last for decades. The reasonable balance between debt and total assets is thus set based upon the expectations towards short-term and long-term price expectations.

Overview of capital included in management of capital structure:

Amounts in EUR thousand	31.12.2025	31.12.2024
Total non-current assets	703,033	661,145
Interest-bearing liabilities, non-current	224,513	277,750
Interest-bearing liabilities, current	53,589	4,000
Cash and cash equivalents, excluding restricted cash	9,183	12,789
Net interest-bearing liabilities (NIB)	268,920	268,961
NIB/ Total non-current assets	38%	41%

Covenants

Småkraft AS has various loan agreements with financial covenants requirements. As per 31 December 2025 all covenant requirements have been satisfied. Reference is made to Note 7 of the Consolidated Financial Statements.

Note 7 Financial instruments – Risk Management

The company is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Foreign exchange risk
- Market price risk
- Liquidity risk

In common with all other businesses, Småkraft is exposed to risks that arise from its use of financial instruments. This note describes Småkraft objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by Småkraft, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate loans
- Interest rate swaps, and
- Forward currency contracts

31.12.2025					
Amounts in EUR thousand	Financial assets at fair value	Financial assets at amortised cost	Financial liabilities at fair value	Financial liabilities at amortised cost	Total
Assets					
Investments					-
Long-term receivables		67,122			67,122
Trade receivables		2,101			2,101
Other receivables		190			190
Derivatives non-current	785				785
Derivatives current	1,902				1,902
Cash and cash equivalents		9,183			9,183
Liabilities					
Borrowings non-current				-224,513	-224,513
Borrowings				-53,589	-53,589
Accounts payable				-1,528	-1,528
Other non-current liabilities				-977	-977
Other current liabilities				-6,627	-6,627
Derivatives non-current			0		0
Derivatives current			-2,708		-2,708
Net financial assets and liabilities	2,686	78,596	-2,708	-287,235	-208,660

31.12.2024					
Amounts in EUR thousand	Financial assets at fair value	Financial assets at amortised cost	Financial liabilities at fair value	Financial liabilities at amortised cost	Total
Assets					
Long-term receivables		58,965			58,965
Trade receivables		1,635			1,635
Other receivables		1,685			1,685
Derivatives non-current	2,995				2,995
Derivatives current	1,367				1,367
Cash and cash equivalents		12,789			12,789
Liabilities					
Borrowings non-current				-277,750	-277,750
Borrowings				-4,000	-4,000
Accounts payable				-650	-650
Other non-current liabilities				-276	-276
Other current liabilities				-4,538	-4,538
Derivatives non-current			-30		-30
Derivatives current			-6,126		-6,126
Net financial assets and liabilities	4,361	75,073	-6,156	-287,215	-213,937

Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. The carrying value approximates their fair value.

(iii) Financial instruments measured at fair value

There were no transfers between levels during the period.

All the derivatives are valued at fair value at level 2 in accordance with the fair value hierarchy. For additional information see note 13.

Risk and risk management of financial instruments

Småkraft is engaged in activities that entail risk in many areas and has a unified approach to the Company's market risks. The risk management policy is based upon assuming the right risk based on the ability and willingness to take risks, expertise, financial strength, and development plans. The purpose of risk management is to identify threats and opportunities, and to manage the overall risk level to provide reasonable assurance that the Company's objectives will be met. In Småkraft, market risk will primarily relate to prices of energy, interest rates and foreign currency. The following section contains a more detailed description of the various types of market risk, and how these are managed.

Description of market risk related to prices on energy and commodities

Småkraft is exposed to significant market risk in relation to the generation and trading of power. Revenues from power generation are exposed to volume and power price risk. Småkraft manages market risk in the energy markets by trading physical and financial instruments in the Nordic Market.

Risk management in energy trading in Småkraft focuses on residual market exposure after considering land lease contracts and minority interests. In general, Småkraft enters standard fixed price contracts where Småkraft agrees to sell a certain production volume at an agreed price in the future. Around 1/4 of the expected annual production capacity for the next four to five years have such contracts to reduce the residual risk after land lease and minority interests.

Småkraft has set risk limits within which trading activities are allowed.

Småkraft has hedged a portion of the expected power sale. Total volume hedged for the future is shown in the table below:

Total hedged volume			
Amounts in GWh	Year 1	Year 2	Year 3
Pr. 31.12.2025	145	0	0
Pr. 31.12.2024	385	193	0

The energy derivatives are hedged against Nordic system prices. Småkraft also has EPADs for selected price areas.

Both realized cash effects and unrealized non-cash effects from trading are presented as a part of other revenue in the profit or loss statement.

Description of foreign exchange risk

Småkraft incurs currency risks in the form of transaction risk, mainly in connection with energy sales revenue and investments. Balance sheet risk is related to debt in EUR.

Småkraft settlement currency at the Nordic power exchange Nord Pool is EUR and NOK, and all power contracts traded in the Nordic power exchange Nasdaq are denominated in EUR. In addition, most of Småkraft's power purchase agreements in Norway and all power purchase and sales abroad are denominated in EUR. The objective of Småkraft's hedging is to secure the EUR value of future cash flows exposed to changes in foreign currency rates. Economic hedging is partly achieved by using debt in EUR currencies as hedging instruments. Few of these hedging relationships fulfil the requirements of hedge accounting.

As of 31 December, Småkraft's net exposure to foreign exchange risk was as follows:

31.12.2025	Functional currency of individual entity		
Amounts in EUR thousand			NOK
Net foreign currency financial assets / (liabilities)			
<i>Currency</i>			
EUR			-278,057
SEK			11,509
Total net exposure	-	-	-266,548
31.12.2024	Functional currency of individual entity		
Amounts in EUR thousand			NOK
Net foreign currency financial assets / (liabilities)			
<i>Currency</i>			
EUR			-275,956
SEK			11,588
Total net exposure			-264,368

Description of interest rate risk

Småkraft's interest rate risk is defined as gross interest exposure because of outstanding loans with floating interest rates as well as undrawn signed financing. As soon as a term sheet is signed, the interest rate exposure from this financing must be included in the interest rate risk calculation.

The ratio is defined as the expected outstanding loan balance with a fixed interest rate above the total expected outstanding loan balance. Småkraft must ensure that it stays within the following security level at all times:

	Year 1	Year 2	Year 3
Hedge ratio	46%	33%	0%

Interest rate exposure for power plants under construction

In the same way that Småkraft does not hedge power prices for signed production during construction, the expected interest rate exposure for potential future debt linked to development is also not to be included in the interest rate risk calculations. This interest rate risk shall not be hedged.

Approved instruments

Småkraft can use interest rate swaps, fixed interest rate coupons or interest rate options. Options must only be used for hedging and stop-loss levels must be defined.

As of December 31, 2025, Småkraft has the following interest rate derivatives.

Interest rate derivatives						
Amounts in EUR thousand						
Maturity date	Currency	Amount	Fixed rate	MTM	Secured part	EUR equivalent
24.06.2027	EUR	77,000	3.32%	487	50%	77,000

The interest rate derivatives are linked to the bank loans. The future development in interest rates will affect the value of the interest rate derivatives.

	Increase(decrease) in basis points	Effect on profit before tax	Effect on equity
31.12.2025	100	-2,781	-2,169
31.12.2024	100	-2,818	-2,198

Credit risk

Credit risk is the risk that Småkraft incurs losses due to the failure of counterparties to honour their financial obligations. Småkraft is facing credit risk when entering transactions with financial institutions. Credit risk against financial institutions arises from cash or current account, deposit, investment of interest-bearing securities, derivative transactions, and incoming guarantees. Småkraft also assumes credit risk when providing loans to associates and joint ventures. In addition, Småkraft assumes credit risk in connection with physical sales contracts. The total risk of counterparties not being able to meet their obligations is low. Historically, Småkraft's credit losses have been limited.

All of Småkraft's main counterparties with regards to revenue settlement and hedging activities are rated as Investment Grade by well-known rating agencies within the 12 months.

Liquidity risk

Liquidity risk is the risk that Småkraft will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Småkraft's reputation.

The table below shows the maturity structure of the Company's financial liabilities:

31.12.2025						
Amounts in EUR thousand	Carrying amount	Cash flows including interest				
		1 year	2 years	3 years	4 years	>5 years
Borrowings	278,103	63,623	156,057	77,070	0	0
Accounts payable	1,528	1,528				
Derivatives	2,708	2,708				
Other current liabilities	7,789	7,789				
Total	290,127	75,647	156,057	77,070	0	0

31.12.2024						
Amounts in EUR thousand	Carrying amount	Cash flows including interest				
		1 year	2 years	3 years	4 years	>5 years
Borrowings	281,750	15,350	64,524	157,080	77,554	0
Accounts payable	650	650				
Derivatives	6,156	6,156	0	0		
Other current liabilities	5,440	5,440				
Total	293,996	27,597	64,524	157,080	77,554	0

Note 8 Power revenues and other income

Sale of electric energy

The revenues originate from the generation of hydropower.

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.

Disaggregation of revenues by price area

Amounts in EUR thousand		2025	2024
Price area NO1	Norway	1,947	1,440
Price area NO2	Norway	10,757	9,210
Price area NO3	Norway	2,769	3,706
Price area NO4	Norway	640	2,437
Price area NO5	Norway	5,707	5,650
Other green revenue		890	1,044
Power revenues		22,710	23,487

Production volume per price area			
Amounts in MWh			
		2025	2024
Price area NO 1	Norway	32,964	38,064
Price area NO 2	Norway	165,692	189,632
Price area NO 3	Norway	146,315	167,836
Price area NO 4	Norway	63,988	144,889
Price area NO 5	Norway	122,645	149,052
Total production		531,604	689,472
Achieved prices			
Amounts in EUR/MWh			
		2025	2024
Price area NO 1	Norway	59.1	37.8
Price area NO 2	Norway	64.9	48.6
Price area NO 3	Norway	18.9	22.1
Price area NO 4	Norway	10.0	16.8
Price area NO 5	Norway	46.5	37.9
Total		41.0	32.6

Guarantees of origin

Introduced with the EU's first Renewable Energy Directive (Directive 2001/77/EC) in 2001, Guarantees of Origin are defined as a labelling scheme for electricity to show the electricity customer that a quantity of power has been produced from a specified energy source. All power producers can receive guarantees of origin corresponding to their power production. A guarantee of origin corresponds to 1 MWh of electricity produced.

Guarantees of Origin not yet delivered to customers are presented as inventory.

Note 9 Payroll and related costs

Amounts in EUR thousand	2025	2024
Wages and salaries	3,366	3,218
Payroll tax	558	576
Pension costs	383	336
Other benefits	28	42
Sum	4,336	4,172
Average number of full-time employees	31	31

Compensation to the Group Leadership Team

Amounts in EUR thousand						
Executive	Position, period	Year	Salaries	Pensions	Other Benefits	Total Compensation
Terje Vedeler	CEO	2025	218	16	3	237
		2024	215	15	5	235
Pia Christine Helland	CFO, from 16.08.24	2025	166	15	2	184
		2024	110	6	1	117
David Inge Tveito	COO	2025	150	16	8	174
		2024	148	15	7	170
Bjarte Skår	CCO	2025	155	16	11	181
		2024	149	15	11	175
Erik Sterud	CFO, to 15.08.24	2025	9	-	-	9
		2024	98	10	1	110

The leadership team is granted a bonus scheme valid for the period 2023-2025 which was unpaid per year end.

Except for the common pension arrangements, there are no severance pay scheme in Småkraft.

The company has not established any share-based payment schemes. As of the balance sheet date, no loans have been granted to, or collateral provided for, the CEO, the leadership team or members of the board.

Pension

Småkraft has an established pension scheme that is classified as a defined contribution plan. The pension scheme is in line with the requirements of the law. Contributions to the defined contribution schemes are recognized in the financial statement of profit or loss in the period in which the contribution amounts are earned by the employees. The defined contributions plan does not commit Småkraft beyond the amounts contributed.

Fees paid to external auditors

Amounts in EUR thousand	2025	2024
Statutory audit	449	422
Other assurance services	59	21
Sum	509	443

Note 10 Other operating expenses

Amounts in EUR thousand	2025	2024
Water rights costs*	2,372	1,471
Transmission costs	1,241	1,350
Property tax and licence fees	1,137	1,134
Telecommunications	58	55
Rent and related expenses	244	245
Transport	88	76
Purchase of various services	2,661	2,389
IT expenses	890	710
Repair/maintenance regarding equipment, machines etc.	386	427
Consultant services	1,241	1,355
Other operating expenses	2,088	1,748
Other operating expenses	12,407	10,960

*See also note 23.

Purchase of various services consists of external accounting, audit, legal, transactions and operational services.

Note 11 Financial items

Amounts in EUR thousand	2025	2024
Income from subsidiaries	1,912	2,194
Interest income	4,725	4,004
Other financial income	31	0
Total	6,668	6,198

Amounts in EUR thousand	2025	2024
Interest expense	10,607	11,953
Other financial expenses	9,321	891
Total	19,928	12,844

Note 12 Taxes

Differences not affecting deferred tax relates to goodwill in connection with former acquisitions and subsequent mergers with Småkraft AS.

Deferred tax benefit is recognised as Småkraft expects to come in tax position over the next years.

Reconciliation of nominal tax rate and effective tax rate		
Amounts in EUR thousand	2025	2024
Profit/(loss) before tax	-18,728	-4,838
Tax rate, percent	22%	22%
Expected tax expense (income)	-4,120	-1,064
Effect on taxes of		
Permanent differences	761	-107
Changes related to deferred tax on off-balance sheet items	-	-26
Tax expense (income)	-3,359	-1,198
Effective tax rate	18%	25%
Taxes payable in the balance sheet		
Amounts in EUR thousand	31.12.2025	31.12.2024
Taxes payable in the balance sheet	-	-

Specification of temporary differences and deferred tax		
Amounts in EUR thousand	31.12.2025	31.12.2024
Fixed assets	5,056	5,981
Current assets/current liabilities	-19	-
Interest deduction carry forward	-1,316	-1,353
Unrealized derivatives	-21	-1,026
Profit and loss account	-250	-314
Other differences	-15	-22
Temporary differences	3,434	3,267
Losses carried forward	-114,530	-99,647
Differences not affecting deferred tax*	-2,076	-2,085
Basis for deferred tax	-113,172	-98,465
Net deferred tax assets (-)/liability (+) in the balance sheet, ordinary tax	-24,898	-21,662
Off-balance sheet deferred tax benefits	-	-
Deferred tax (assets)	-24,898	-21,662

*Deferred taxes are not recognised for temporary differences that arise on initial recognition assets acquired in a transaction which is not a business combination.

Deferred tax assets are capitalised due to surplus values related to the powerplants.

Note 13 Derivatives

This note provides information about the company's financial instruments:

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.

For 2026, Småkraft AS has hedged parts of the estimated production against price fluctuations. Fair value calculations are based on available year end market prices, and future price curve estimates in cases where there are no official closing prices.

The Company has entered financial currency swaps from EUR to NOK. The Company has entered these contracts to make sure that the future capital increases in EUR will fully cover future acquisitions in NOK.

The Company does not apply hedge accounting for contracts for power hedging or for currency swaps, meaning that unrealised changes in value are recognised through the profit or loss and presented on the line 'Other operating revenue' and financial income/expenses respectively.

The table below shows the financial position and profit and loss accounts for the derivatives:

31.12.2025				
Amounts in EUR thousand	Energy derivatives	Interest rate swaps	Currency derivatives	Total
Opening balance (net) 31.12.2024	1,038	801	-3,635	-1,795
Additions/sale	0	0	0	0
Fair value changes	-7,134	-314	948	-6,500
Cash settlement	8,285	0	0	8,285
Currency translation differences	-16	0	5	-12
Sum	2,173	487	-2,682	-22
Classification				
Non-current assets	284	474	26	785
Current assets	1,889	13	0	1,902
Total assets	2,173	487	26	2,686
Non-current liabilities	0	0	0	0
Current liabilities	0	0	2,708	2,708
Total liability	0	0	2,708	2,708

31.12.2024				
Amounts in EUR thousand	Energy derivatives	Interest rate swaps	Currency derivatives	Total
Opening balance (net) 31.12.2023	-24,869	3,099	-2,570	-24,340
Additions/sale	-343	0	0	-343
Fair value changes	18,185	-2,183	-1,203	14,799
Cash settlement	7,252	0	0	7,252
Currency translation differences	813	-115	138	836
Sum	1,038	801	-3,635	-1,795
Classification				
Non-current assets	2,214	781	0	2,995
Current assets	1,346	20	0	1,367
Total assets	3,560	801	0	4,361
Non-current liabilities	0	0	30	30
Current liabilities	2,522	0	3,604	6,126
Total liability	2,522	0	3,635	6,156

All the derivatives are valued at fair value at level 2 in accordance to the fair value hierarchy: "Fair value is based on data inputs other than quoted prices included in Level 1, which are observable for the asset, either directly or indirectly"

Note 14 Intangible assets

Amounts in EUR thousand	Waterfall right Time-unlimited	Waterfall rights Time-limited*	Total
Cost at 1 January 2024	4,186	19,673	23,857
Additions	-379	379	-
Merger	-	585	585
Currency translation	-197	-832	-1,030
Cost at 31 December 2024	3,610	19,805	23,414
Reallocation	-	-	-
Additions	-	27	27
Currency translation	-15	-71	-85
Cost at 31 December 2025	3,595	19,761	23,355
Acc. depreciations at 1 Jan. 2024	-	-1,983	-1,983
Amortisation charge	-	-371	-371
Currency translation	5	-8	-3
Acc. depreciations at 31 Dec. 2024	5	-2,362	-2,358
Amortisation charge	-	-369	-369
Currency translation	-	4	4
Acc. depreciations at 31 Dec. 2025	5	-2,728	-2,724
Balance at 1 January 2024	4,185	17,690	21,875
Balance at 31 December 2024	3,615	17,443	21,057
Balance at 31 December 2025	3,600	17,034	20,633

*Waterfall rights time-limited includes rights acquired as part of the acquisition of power plants and goodwill. Goodwill is as of 31 December 2025 EUR 2,307 thousand. The company's goodwill arose from historical acquisitions of power plant companies and arose because deferred tax was valued at nominal amounts whereas discounted amounts were reflected in the purchase amount. The difference between deferred tax valued at nominal and discounted amounts was recognised as goodwill.

Note 15 Impairment testing

Goodwill and intangible asset with an indefinite useful life are not subject to amortisation and is tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Non-financial assets are allocated to cash-generating units for the purpose of impairment testing. Each CGU being the physical power plant installation and the associated water right lease agreement in the same connected water system. As of year-end management has performed an impairment test for all CGU's and found that the recoverable amount is higher than the carrying amount.

The recoverable amount has been estimated using the Discounted Cash Flow (DCF) method. The enterprise value (EV) for each CGU is calculated as the sum of the present values of future cash flows that a business can be expected to generate over its useful life, discounted by a weighted average cost of capital (WACC).

The most important assumptions behind the valuation are the following:

Power production

- Total yearly production for all power plants with no future increases per plant. All plants are fully operational.
- Production values based on estimates, which rely on historical production values to the extent possible and otherwise estimates in hydrological reports.
- Normalized yearly production is estimated based on a 20-year average of historical production for as many available years as possible and technical due diligence assumptions.

Power price

- Future power prices are computed using the following methodology. The first year is based on Nasdaq forward prices, and from year 2 onwards an average of three different power price curves from power market analysts (SKM, Volue Insight, and Thema) is applied.
- A capture rate that reflects the discount to the market price the specific power station achieves because of its production profile. Normally, an average capture rate is used on a portfolio of power stations.

Operational expenses include five main items:

- Grid fee
- Property tax
- Landowner compensation
- O&M
- Overhead costs

Cost of capital

- Weighted Average Cost of Capital (WACC) for the current valuation is 6.4% compared to 6.6% used in the valuation last year.

Climate risk

Småkraft's operations are largely dependent on precipitation, and changes in precipitation patterns may affect both our production and the price picture in the power market. Climate change is unpredictable and different scenarios will affect Småkraft's production. Colder winters and dry summers may negatively affect Småkraft's production, while milder winters and wetter summers may have a positive impact on Småkraft's production.

Climate change may also lead to more extreme precipitation and/or snowmelt, which may increase water loss over Småkraft's dams. Climate change, as we are experiencing today, is moving in the direction of milder winters and wetter summers, resulting in increased production from our power plants. Climate risk is discussed in detail in Småkraft's Sustainability Report and is considered not to have a significant impact on the impairment test.

Note 16 Property, plant and equipment

Amounts in EUR thousand	Power plants	Inlet and waterway	Infra-structure	Other	Plant under construction	Total
Cost at 1 January 2024	109,179	98,342	47,808	3,681	6,002	265,013
Additions, purchased, reallocations	429	1,061	12	914	997	3,412
Effect of currency movements	-3,569	-3,503	-1,602	-74	-267	-9,015
Cost at 31 December 2024	106,040	95,900	46,217	4,520	6,732	259,410
Additions, purchased, reallocations	3,268	426	134	971	-846	3,953
Acquisition of subsidiaries	-	-	-	-	-	-
Effect of currency movements	-282	-283	-127	-8	-24	-723
Cost at 31 December 2025	109,027	96,043	46,224	5,483	5,862	262,639
Acc. depreciations at 1 January 2024	-33,272	-23,828	-13,729	-2,101	-330	-73,259
Depreciation charge	-3,290	-2,266	-1,171	-522	-	-7,249
Impairment charge	-	-	-	-	-495	-495
Effect of currency movements	41	17	16	-6	-7	61
Acc. depreciations at 31 Dec. 2024	-36,522	-26,078	-14,883	-2,628	-832	-80,942
Depreciation charge	-3,273	-2,256	-1,162	-563	-	-7,255
Impairment charge	-	-	-	-	237	237
Effect of currency movements	0	19	11	-4	6	32
Acc. depreciations at 31 Dec. 2025	-39,795	-28,314	-16,034	-3,196	-588	-87,927
Balance at 1 January 2024	75,907	74,513	34,079	1,581	5,672	191,753
Balance at 31 December 2024	69,518	69,822	31,335	1,893	5,900	178,467
Balance at 31 December 2025	69,232	67,728	30,190	2,288	5,273	174,711
Acc. impairment charge at 31 Dec. 2025	-245	-	-	-	-2,892	-3,137
Depreciation method	Straight-line	Straight-line	Straight-line	Straight-line		
Percentage	1,2-20%	1,25 - 2,5%	1,25 - 2,85%	12,5-20%		
Economic life	5 - 75	40 - 80	35 - 80	5 - 8		

Leased assets have been included as Other, with a net book value at 31 December 2024 of EUR 254 thousand.

Note 17 Investments

	Date of acquisition	Registered office	Ownership share	Voting rights
Luster Småkraft AS	2005	Gaupne	50%	50%
Proxima Hydrotech AS	2021	Seimsfoss	33%	33%
Smávirkjanir EHF	2022	Reykjavik	50%	50%
Gjerdelva Kraft AS	2022	Dale	50%	50%
Rullestad & Skromme Energi AS	2006/2024	Etne	50%	50%

Småkraft AS owns 50% of Luster Småkraft AS. The remaining 50% is owned by Luster Energi AS. The company successfully operates 3 small-scale hydro power plants: Kvåle, Holen and Vanndøla. Combined they have a normalized annual production of about 50 GWh.

Småkraft AS owns 33% in Proxima HydroTech AS which is an independent service provider within operations and maintenance services. The company is focusing on services to hydropower plants and is developing relevant surveillance IT systems for the likes of Småkraft power plants.

Småkraft AS entered 23 December 2022 into a Sale and Purchase Agreement for 50% of the shares in Gjerdelva Kraft AS.

Note 18 Receivables; amounts due after more than one year

Amounts in EUR thousand	31.12.2025	31.12.2024
Loans to associates:		
Loans to associates - R&S Energi AS	2,809	2,649
Other receivables:		
Deposit rent	97	101
Prepaid water right lease	6,362	5,817
Other long term receivables	1,112	1,101
Loan to subsidiaries	56,742	49,297
Total	67,122	58,965

Note 19 Cash and cash equivalents

Bank deposits, cash etc. does not include restricted tax deduction funds as of 31.12.2025. The company has established a bank guarantee for the payment of tax.

Note 20 Share capital and shareholder information

Amounts in EUR thousand	No. of shares		Share capital	
	2025	2024	2025	2024
Ordinary shares				
Issued and fully paid 1 January	5,401,633	5,181,032	22,898	23,046
Issued new share capital	303,917	220,601	1,294	953
Currency presentation effect			-104	-1,101
31 December	5,705,550	5,401,633	24,088	22,898

Ownership structure 31.12.2025*	No. of shares	Nominal amount NOK	Voting share	Ownership share
Aquila GAM Fund GmbH & Co. Geschlossene Investmentkommanditgesellschaft	788,182	50	13.6 %	13.6 %
Aquila Capital Europeean Hydropower Fund S.A.	1,172,473	50	20.2 %	20.2 %
ACEH Norway 1 B.V.	2,132,544	50	36.8 %	36.8 %
ACEH Norway 2 B.V.	1,334,374	50	23.0 %	23.0 %
ACEH Småkraft Amaranthine C.V.	283,300	50	4.9 %	4.9 %
Hydro Norway Holding AS	82,779	50	1.4 %	1.4 %
Sum	5,793,652	50	100%	100%

*Includes not registered capital increase. Number of shares not registered are 88,102 (2024: 35,684) and share capital EUR'000 372 (2024:EUR'000 151).

Dividend

Amounts in EUR thousand	31.12.2025	31.12.2024
Ordinary dividends	0	15,000
Sum	0	15,000

*Includes not registered capital increase.

Note 21 Borrowings and guarantees

Amounts in EUR thousand		31.12.2025	31.12.2024
Lenders	Currency		
Banks	EUR	154,000	158,000
Bond debt	EUR	124,500	124,500
Other debt	NOK	20	20
Capitalised loan expenses/ fees/ commissions	NOK	-417	-770
Total		278,103	281,750
Amounts in EUR thousand		31.12.2025	31.12.2024
Long term debt		224,513	277,750
Short term debt		53,589	4,000
Total		278,103	281,750

Changes in debt to financial institutions and bond debt during the year

Amounts in EUR thousand	31.12.2025	31.12.2024
Ingoing balance	281,750	255,425
Repayments/ downpayments:	-4,028	-14,658
New debt	-	41,118
Net capitalized transactions costs related to borrowings	-280	-458
Capitalised loan expenses/ fees/ commissions	633	570
Currency exchange rate changes	27	-248
Outgoing balance	278,103	281,750

Secured borrowings etc.

Amounts in EUR thousand	31.12.2025	31.12.2024
Borrowings from financial institutions and bondholders	278,500	282,500
Agent commission	-417	-770
Total	278,083	281,730

Carrying amount of pledged assets

Amounts in EUR thousand	31.12.2025	31.12.2024
Operating equipment	2,170	1,638
Accounts receivable	2,101	1,635
Power plants and related water lease agreements	176,059	180,549
Total	180,329	183,822

The bank and bond holders have pledged security in operating equipment, bank accounts and accounts receivables, in addition to 1. priority pledge in the power plants and related water lease agreements.

The bank has pledged security in the shares in Småkraft AS and Småkraft AS' shares in Reinli Kraft AS. Småkraft AS has provided a bank guarantee as security for the payment of withholding tax.

According to the shareholders agreement with Luster Småkraft AS, Småkraft AS is obligated to make capital available to Luster Småkraft AS.

See note 6 for information on debt covenants and note 7 for maturity structure of the Company's borrowings.

Note 22 Concessions

As of 31.12.2025, Småkraft AS has concessions for additional 11 power plants with a total annual production of approximately 114 GWh. In addition to this, Småkraft AS was at 31 December 2025 responsible for the construction of 15 power stations under construction representing an annual production of 255 GWh both owned by subsidiaries in the group and companies signed to be acquired.

Note 23 Water and lease agreements

As part of several of the net agreements, Småkraft offers interest bearing loans and/ or minimum payments in the first years of the land lease agreements. Net agreements typically have deficits the first years. Småkraft offers interest bearing loans/ minimum payments to offer more stable payouts to the landowners, while simultaneously not amending the balance in the land lease agreement between landowner and company.

The loans are normally interest-bearing loans. The minimum payments are interest bearing payments to the landowners that will be offset against future land lease profits.

Loans from Småkraft to landowners

Amounts in EUR thousand	31.12.2025	31.12.2024
Loans to landowners	845	830
Minimum payments to landowners	5,517	4,987
Total	6,362	5,817
Amounts in EUR thousand	31.12.2025	31.12.2024
Receivables towards landowners, off balance	27,194	27,305
Total	27,194	27,305

When net-agreements have deficit, Småkraft AS finances the landowner share of the deficit. Småkraft AS accrues a receivable against the landowners, against which future profits will offset. This is a contingent asset to Småkraft, that according to IFRS is off balance. It represents a future benefit for the company contingent on future profits from the power plant.

Water rights cost

Amounts in EUR thousand	31.12.2025	31.12.2024
Gros	1,122	749
Net	1,126	665
Fixed	124	87
Settlements	-	-30
Total	2,372	1,471

The table shows the different water lease agreements with the landowners.

Note 24 Related party transaction and balance items

Småkraft and its subsidiaries and associates do transactions on commercial terms. These are shown in the table below.

Amounts in EUR thousand		2025	
Counterpart	Sale	Purchase	Interest income
Subsidiaries			
Norway	2,183	-	2,903
Sweden	-	-	776
Associated companies	7	39	173
Sum	2,190	39	3,851

Amounts in EUR thousand		31.12.2025	
Counterpart	Short term receivables	Long term receivables	Payables
Subsidiaries			
Norway	21	41,005	961
Sweden	95	15,737	-
Associated companies	7	2,809	145
Sum	122	59,551	1,105

Amounts in EUR thousand		2024	
Counterpart	Sale	Purchase	Interest income
Subsidiaries			
Norway	2,398	-	2,015
Sweden	-	-	769
Associated companies	19	23	150
Sum	2,417	23	2,934

Amounts in EUR thousand		31.12.2024	
Counterpart	Short term receivables	Long term receivables	Payables
Subsidiaries			
Norway	74	37,866	95
Sweden	-	11,432	-
Associated companies	-	2,649	15
Sum	74	51,946	109

Associated companies are listed in note 17. The individuals stated in note 5 are also related parties of Småkraft AS. Apart from the transactions specified in this note and note 5, there are no significant related party transactions or balance items.

Alternative Performance Measures

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 hedges.

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 is 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.

<i>Amounts in EUR thousand</i>	2025	2024
Power revenue	22,710	23,487
Realized value change on energy derivatives	-8,285	-7,252
Adjusted power revenue	14,425	16,235
<i>Amounts in EUR thousand</i>	2025	2024
Operating profit (loss)	-5,433	18,370
Depreciation, amortization, impairment	7,387	8,116
EBITDA	1,953	26,486
Change in unrealized value change on energy derivatives	-1,151	-25,437
Adjusted EBITDA	802	1,048



To the General Meeting of Småkraft AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Småkraft AS, which comprise:

- the financial statements of the parent company Småkraft AS (the Company), which comprise the statement of financial position as at 31 December 2025, the statement of income and statement of other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of Småkraft AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated income statement and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Småkraft AS for 9 years from the election by the general meeting of the shareholders on 1 November 2017 for the accounting year 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

How our audit addressed the Key Audit Matter

Valuation of power plants and waterfall rights

The Group's largest assets are power plants and waterfall rights with a carrying value of EUR 831 446 thousand per 31 December 2025. The value constitutes a major part of total assets in the balance sheet for the Group. Impairment charge of EUR 1 202 thousand related to waterfall rights as well as reversal of impairment charge of EUR 97 thousand related to PPE was recognised for 2025.

Management has prepared an impairment assessment of the booked value of power plants and waterfall rights. Fair value was applied as a basis for the determination of the recoverable amount. The key assumptions used by Management when calculating the value were future power prices, future level of production, cost levels for operation and maintenance of the assets, and required rate of return.

We focused on valuation of power plants and waterfall rights due to the vital importance of these assets for the value creation of the enterprise and the degree of judgment that management had to exercise in the valuation. The valuation assessment is inherently uncertain due to the judgmental nature of the underlying assumptions. An impairment, if any, may have substantial impact on the investors' assessment of net earnings.

For further information about the judgements exercised by Management and the valuation assessments, we refer to the Group's note 2 General accounting policies, note 3 Key accounting estimates and judgements, note 14 Intangible assets, note 15 Impairment testing, and note 16 Property, plant, and equipment.

We obtained Management's valuation model and obtained an understanding of Management's process related to the impairment assessment. We assessed whether the model contained the key elements required and challenged Management's estimates and assumptions.

To assess Management's use of key assumptions in the model we compared the applied future power prices to price information from independent sources. We found that the prices corresponded to the information from independent sources. We reviewed estimated volume used in the model against actual historical production volume and expected production capability. We discussed changes in production volume with Management and obtained an understanding of Management's assessments. We compared future cost levels used in the model to supporting documents and discussed the estimated cost levels with Management. We discussed the duration of the cash flows and assumptions for future estimated capital expenditure and maintenance requirements with Management and compared these to supporting documents. Based on our audit procedures we found Management's assumptions to be reasonable.

We reviewed the applied discount rate by comparing the key assumptions to data from relevant internal and external sources. We found the discount rate to be within an acceptable range. We tested the mathematical accuracy of the model, without finding material errors.

We reviewed the information in notes 2, 3, 14, 15, and 16 regarding the valuation assessment of power plants and found that these provided appropriate information in accordance with accounting regulations.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely

rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Småkraft AS, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 549300IG13IP3OK19V41-2025-12-31-1-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisionsberetninger>

Bergen, 24 March 2026

PricewaterhouseCoopers AS

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

Securely signed with Brevio

This document is electronically signed and sealed with Brevio under **eIDAS**, valid in all EU states. Signatures comply with **eIDAS** and **PADES** standards.


The identities of the signers are listed below:

2026-03-24 13:22:36 UTC+01:00

Marius Kaland Olsen

 **bankID**

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