

**CLEMENS
KRAFT**

**CLEMENS KRAFTVERK AS
ANNUAL REPORT 2022**

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CLEMENS KRAFT AT A GLANCE

Clemens Kraft Group is a leading small scale hydro power producer in Norway and has since 2006 developed, constructed and operated small scale hydro power. The portfolio consists of 52 plants in operation including five power plants in owned associated companies. Clemens Kraftverk (the Group) is a sub-group within the Clemens Kraft Group, holding all power plant related assets, but do not have any employees. The management and administration in Clemens Kraft Group is employed in Clemens Kraft AS, a sister company of Clemens Kraftverk AS.

Clemens Kraft is founded on the deep roots of Norwegian hydropower tradition with long term industrial horizon. The two solid owners, Opplysningsvesenets fond (Ovf) hold 50.1% and CPV/CAP (Pension fund of Coop Group Switzerland) hold 49.9% of the shares.

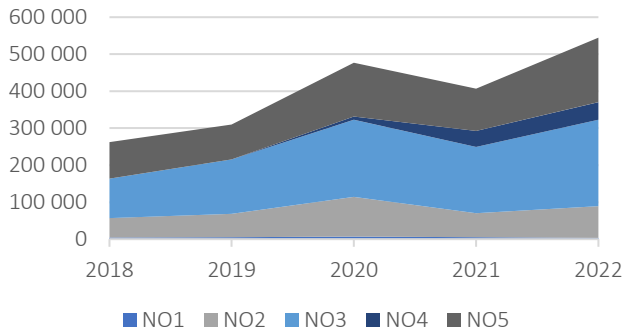
Hydropower is a renewable and clean source of energy with no direct climate gas emission or pollution from the powerplants. Clemens Kraft deliver 100% renewable energy through local small hydropower production facilities utilizing water from rivers and streams in the most optimal way. To meet increasing demand for renewable energy and at same time be able to meet the governmental ambition of net zero climate emissions in 2050, there is a need to develop more renewable energy whilst considering the environment and biodiversity preservation.

Landowners and local communities are crucial to Clemens Kraft continued business and a good dialogue with local landowners and reindeer herders is important to get acceptance for utilization of natural water resources for power needed by the society.

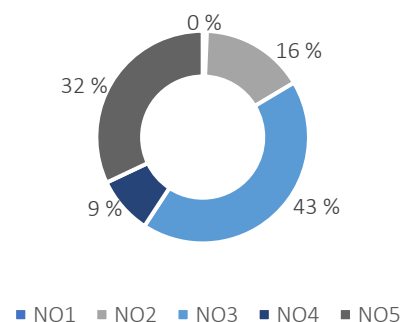
The 52 power plants are spread over all the five price areas in Norway and thus comprise a natural hedge against price volatility and natural production variations.

The dedicated team operating the power plants, has a strong focus on plant efficiency and low cost. The model where the operations team divide the different power plants between themselves, with established work shift schedules for continuous surveillance is working very well. There has also been an aim to reduce manual work and by implementing digital operations exemplified by the use of remote-control solutions and installations of automated trash rack cleaners. The focus on continuous improvement continued in 2022 and will be in continued focus going forward.

Production development in MWh



Distribution of production



52 power stations
from north to south
in Norway

701 GWh small
scale hydro power
production portfolio

500 agreements
with landowners
including fall rights

100%
renewable power
production

35 000
Norwegian
households powered

100% hydro

15 employees

434 MNOK
revenue 2022

VISION

Clemens Kraft contribute to Norway's shift towards sustainable energy sources and safeguard the environment, local communities and people. In 2022 Clemens Kraft established the vision:

“A greener and more sustainable power producer”

VALUES

Clemens Kraft renewed the values during 2022 and established the three groups of values as the following.

Credible & Reliable	Engaged & Courageous	Value creating & sustainable focused
<ul style="list-style-type: none">• As employees of Clemens Kraft, we are credible, professional and trustworthy. We keep our promises. We are professionals; we will be recognized as a competent and reliable partner• We are accountable and credible in our daily work; our stakeholders perceive us a sound, responsible and long-term player and business partner	<ul style="list-style-type: none">• As employees of Clemens kraft, we are dedicated, engaged and proud of the company's business and of our colleagues.• We meet the future with high competence, innovation, willingness to change and professionalism.• We are fearless, have great ability to implement and solve challenges in cooperation with competent colleagues and skilled partners.	<ul style="list-style-type: none">• Clemens Kraft's long-term value creation depends on our sound reputation and strong relationships with owners, landowners, partners and public authorities.• As employees of Clemens Kraft, we operate safely and efficiently with a focus on robust and sustainable solutions, with a dedicated goal of utilizing watercourse resources in the gentlest possible way.• We want to be an attractive employer and we as employees have great team spirit, help each other and contribute to an open and inclusive corporate culture.• Our long-term horizon and focus on sustainable value creation position Clemens Kraft as a preferred business partner

HIGHLIGHTS 2022

NEW POWERPLANTS IN OPERATION

2021 and 2022 were years with strong focus on construction of new powerplants and in 2022 the last four of these power plants were completed and started production.

Øvrebø, Kupe, Dvergfossen and Tokagjelet with almost 143 GWh of normalized production came into operation. The majority of the production from the new powerplants is from high price areas and this strengthens the diversification of powerplants over the various price areas.

PROJECTS UNDER DEVELOPMENT AND INVESTMENT DECISION

Clemens Kraft Group made the investment decision for development of two new power plants in 2022. Both projects are in pre-development phase and construction is expected to start in 2024. One of the projects is planned together with another partner to be built in NO1 with the total expected production volume of 16.8 GWh/year. The other project is a construction project in NO5 with total expected volume of 15.1 GWh/year.

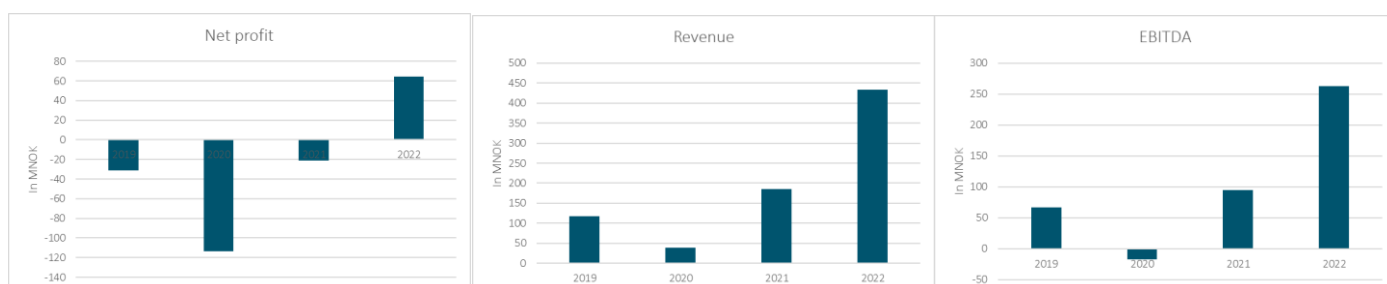
To further develop new projects, Clemens Kraft Group entered into a fall lease agreement with Statskog in Hatfjelldal and in addition to the optimization of the total portfolio of concessions, addition of new fall lease agreements and land lease agreements will continue. There has been sale of a few concessions with lease agreements through the year, these are projects not fitting the portfolio strategy.

FINANCING ACTIVITIES

In Q2 2022 a new loan facility was agreed with the banks Sparebanken Vest, Sparebanken Møre and SR Bank. The loan facility was split into two tranches with maturity in 2027 and 2029 with no instalments before 2027. The loan has been agreed with floating interest rates and Clemens Kraft Group has on the top-level interest rate swap arrangements with fixed interest rate for a certain portion the total loan portfolio. The fixed portion of the interest exposure has a time to maturity of almost 8 years.

FINANCIAL PERFORMANCE

The full year 2022 demonstrated the positive development of Clemens Kraftverk during the last years with new production capacity coming into operation and with record-high revenue at 433 MNOK for the Group consolidated figures. The EBITDA ended up with the very satisfying 262 MNOK due to good operational performance and favorable power prices. After years with high degree of investments, the depreciation will remain high and also relatively high interest cost due to debt level of almost 70%. Net profit ended nevertheless record-high at 64 MNOK after tax for 2022 and a very satisfying development compared to previous years.



SUSTAINABILITY

FOCUS AREAS 2022

Clemens Kraft has increased the portfolio of sustainable hydro power plants providing green energy to support the demand for more electricity in Norway. Clemens Kraft focuses on small scale developments and production of renewable energy to create long term value for the community, its partners and owners. Hydropower is a renewable and clean source of energy with no production resulting in climate gas emissions or pollution.

Clemens Kraft deliver 100% renewable power through local power stations and utilizes water resources available in the nature in the most optimal way. To meet increasing need of renewable energy demand and at same time meet the ambition of net zero gas emission in 2050, there is a need to build more energy production capacity while concurrently also considering preservation of environment and biodiversity.

Clemens Kraft is following the regulations from the Water Resources and Energy Directorate, NVE, and supports principles of sustainable development within the framework of ecological sustainability for Norwegian nature and water supply environment. The sustainable approach is important with regards to both development projects and producing assets. The increasing risk of flooding and avalanches is considered in project planning process and such risks are sought mitigated to reduce the potential for possible damages to our facilities and areas nearby.

Environmental requirements related to minimum water flow and installation of bypass-valves for water is important to comply with concession obligations and is of importance when planning, engineering and operating the power plants. Clemens Kraft facilitates clean water supply and water supply for hatchery development in the local communities we are located.

Clemens Kraft value local and regional value creation and aim for an optimal use of land and same time create good and safe jobs. Good dialogue with local citizens like landowners and reindeer herders is important to enable utilization of common natural resources.

Clemens Kraft believe in local and regional value creation through optimal energy production, efficient use of land and creation of good and safe places to work. As part of the financial platform Clemens Kraft has established green bonds to build a solid fundament for climate friendly investments. The bond sets clear requirements to be followed and obligations to report the consequences by not following the regulations connected to climate changes and environmental effects in the projects.

The strategic focus for Clemens Kraft is dedicated to the specific three out of UN 17 sustainable development goals. All three goals are related to our vision, our core business and the way we work.



ACHIEVEMENTS

In 2022 the power production is 100% renewable hydro and Clemens Kraft is hardly not producing any gas or CO2 emissions during production. The carbon footprint is limited to transportation related emissions when operating the power plants, when undertaking maintenance and refurbishment work, and during construction work and general transportation of office workers.

Clemens Kraft carbon footprint

Production of renewable power	501.4 GWh
Emission from transport by car	5.66 tonn CO2e
Emission from transport by plane	0.05 tonn CO2e
<u>Sum emission</u>	<u>5.71 tonn CO2e</u>

Machinery used during construction of hydropower plants is mainly fossil fueled. When starting up new construction work, the emission will be measured going forward. Clemens Kraft acknowledge the need to - together with other players in the small-scale hydro power community - increase the focus also on emissions during the construction phase of new hydropower projects.

A Guarantee of Origin (GoO) is an energy certificate defined in Article 15 of the European directive 2009/28/EC and labels electricity from renewable sources. Clemens Kraft is producing GoOs and sells certificates to third parties. Clemens Kraft is a positive contributor of GoOs and is producing more certificates than is required to cover own emissions.

The focus on health and safety is high on the agenda and reporting structure is further improved during 2022. The reporting of unwanted incidents and reported issues are in focus for the management of the company but also at Board meetings. Unwanted incidents have been reported as modest and decreasing, and near misses have been on an acceptable level.

The channel of anonymous whistleblowing is established through the owner OVF as well as internal non-anonymous channels through the company.

Clemens Kraft support the organization Norsk luftambulans with an annual contribution.

REPORTING

The new legislation "Transparency act" by Norwegian government will be published on our web site not later than 30 June 2023.

LETTER FROM CEO

The war in Europe with the Russian invasion of Ukraine demonstrated how changes in geopolitical risk can impact markets, prices and organisations around the world. The consequences for energy markets were a change both in the power market structure and in energy prices. With sanctions established against Russia, the remaining supply of gas to Europe was limited and the demand from alternative sources of gas and other energy sources increased dramatically, resulting in big shift in the various energy prices.

The lack of supply of gas to Europe also impacted electricity prices in Norway, and we have never earlier experienced higher volatility in power prices than was observed during 2022. The year started with high power prices and prices continued to increase through the summer months caused by a combination of high export and dry weather in southern Norway. The prices fell in September before increasing again towards December. During spring, the prices in the different price areas in Norway started to fluctuate with a high degree of variations. NO3 and NO4 experienced very low prices in the same months as the prices in NO1, NO2 and NO5 raised to record levels. The situation in Norway with limited transmission line capacity from north to south combined with import of European energy prices over the power export cables impacted the Norwegian power prices in Southern Norway. The power prices volatility observed this year, also between Norwegian price areas, has been unprecedented.

In September 2022, the government introduced the “high price contribution fee” to the market. For the small scale hydro power industry this meant an extra payment of 23% of the revenue over 0,70 NOK/kWh measured on the monthly price average from 1 January 2023, while the payment will be charged immediately from introduction in late September for the power stations above 10 MW installed capacity. For Clemens Kraft, the payment for 2022 will be relevant only for Tokagelet. Other power plants will be charged from 2023.

In December 2022, the Government’s Tax Commission published a white paper regarding proposed changes in the taxation system in Norway. The extensive white paper also included a section for resource rent payable by hydropower plants. For Clemens Kraft the most impacting proposal is changing the resource rent trigger point from 10 000 to 1 500 kVA nameplate capacity. Clemens Kraft is working alongside with other small hydro power producers to show how detrimental such a change would be to the small hydro power sector.

Construction of four power plants were finalised during 2022 and Clemens Kraft now has 52 power plants in operation as of end 2022. The organisation has been focusing on excelling plant operation and have during the year increased efficiency and kept operating costs low.

New power plants are under planning and construction plans will be further matured during next year. Construction of two new power plants is planned to start in 2024.

The organisation has been through changes, employees have been replaced and the new organisation is now settled to reach the strategic goal being a greener and more sustainable power producer.

The strong financial performance in 2022 was dominated by favourable prices in the the price areas NO1, NO2 and NO5. Price area NO3 and NO4 were more challenging due to the very low prices in the producing periods. The financial result in 2022 measured in EBITDA was record high as well as net profit for the Group.

Oslo, 17 April 2023

(sign.)

Knud Hans Nørve

Chief Executive Officer

REPORT FROM BOARD OF DIRECTORS 2022

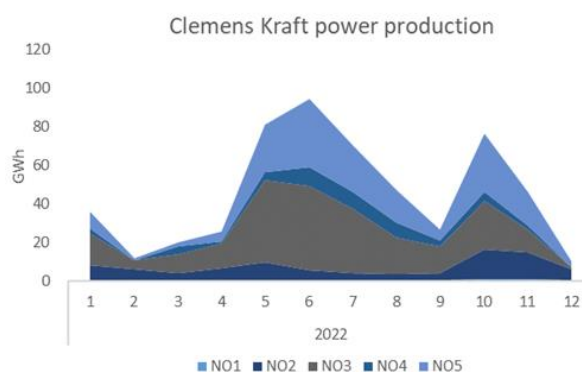
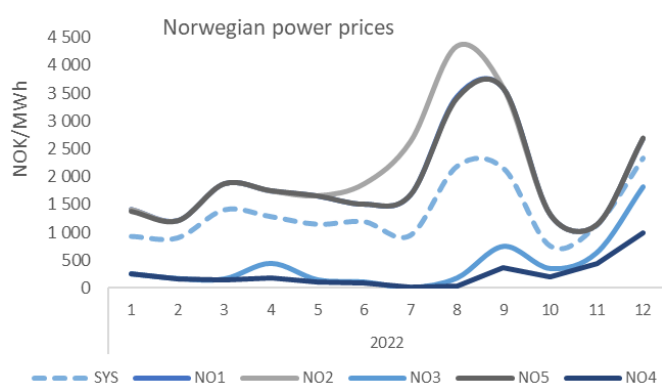
NATURE OF BUSINESS AND LOCATION

Clemens Kraftverk AS is the parent company of an industrial group (Clemens Kraftverk or the Group) within designing, developing, and operation of small-scale hydropower plants. The Group (including associated companies and investments in joint ventures) has 52 hydropower plants in operation as of year-end 2022. The portfolio of hydropower plants is located from Agder in the south to Troms and Finnmark in the north, mainly in coastal areas. The Group is a sub-group of Clemens Kraft Holding AS.

2022 SUMMARIZED

2022 was an extraordinary year and the energy market in Europe was influenced by volatile prices. The increasing sanctions towards Russia after its invasion of Ukraine dramatically changed the energy prices in European countries and also impacted on power prices in Norway. The price drivers for electricity in the German market are coal, gas and CO2 quotas and German electricity prices influence the Norwegian power market through the interconnectors. Similar to changes in European energy prices and high volatility, the price areas in Norway experienced huge variations. The prices in the northern areas, NO3 and NO4, had very low prices in the first 8 months while the prices were significantly higher during the last months of 2022. In the price areas NO1, NO2 and NO5 the market experienced record high prices throughout 2022 peaking in Q3.

The value drivers are both price and production driven and Clemens Kraftverk is influenced by hydrological changes. During 2022 the hydrological balance was below normal level throughout the year, mainly as result of dry weather in southern Norway. The peak production in Clemens Kraft is during summer months and the high price peak was slightly later in the year. Matching the high price and production is challenging as the production is run of river with limited reservoir capacity.



The Group's revenues increased by 133 % from 2021 to 2022, both due to significant increase in power prices for certain price areas, but also growth in production capacity as new plants were put in operation.

The total production was lower than expected in 2022 and a cold and dry autumn resulted in lower production volume than anticipated in the second half of the year. Also, the finalization of the construction projects during 2022 was delayed and influenced the production negatively.

During 2022 the Group did not hedge the power prices and benefited from the increasing prices.

As a part of its hedging strategy, the group has entered into interest rates swaps agreements for a significant part of the long-term debt. During 2022, there were increasing interest rates leading to further decreased provisions under the swap agreements. By year end, only one out of seven contracts represent a liability with NOK 0.5 million. The two remaining contracts have a positive mark-to-market value as of year-end with NOK 23.3 million (which cannot be recognized in the financial statements).

Clemens Kraftverk conducted two business combinations in 2022. The shares in Dvergfossen Kraft AS were transferred in September. This company has developed and owns Dvergfossen Kraftverk, located in NO2. A share purchase agreement was made in 2021, giving Clemens Kraft an option to acquire the shares based on an a priori agreed enterprise value for the power plant, when the plant was constructed and operating. The business combination led to both an addition of excess values and negative goodwill.

The second transaction relates to sale of shares in Gjerdelva Kraft AS which gave a marginal gain for the Group.

SUSTAINABILITY

Clemens Kraftverk is a proud provider of renewable energy and ESG is high on the agenda and the objective is to ensure sustainable practices. The 52 operating small scale hydro power plants cause very limited CO2 emissions and are operated in a sustainable and responsible way. Focus on ESG will be essential when maturing projects to formal investment decisions.

Fall right owners benefit from the value creation from power production located in their community. In 2022, NOK 85.6 million is accrued and recognized in fall lease. The fall lease will vary based on price and production from year to year.

The Transparency Act in Norway will further require more detailed assessment of suppliers and other stakeholders, and Clemens Kraft has conducted a survey and prioritized topics to be looked deeper into before entering into new contracts.

STRATEGY

The energy market has been in focus throughout 2022 and expect to be so for the years to come. Clemens Kraftverk is robust against a volatile environment, but will be exposed to changes in power prices, precipitation, production performance and tax regime. The macro trends for the sector are largely favorable driven by a strong demand for renewable energy, and climate scenarios confirms an expected increase in annual precipitation going forward.

Clemens Kraftverk is a well-established and positioned player experiencing strong demand for new hydropower. With a small teamworking organization (employed in a sister company) with high competence and wide experience, Clemens Kraftverk will further optimize and develop the portfolio of attractive projects in the green field portfolio. Further synergies will be explored in the portfolio of operating power plants targeting further benefits from an effective operating model and an efficient administration of asset holding companies.

Clemens Kraftverk has a unique position with power plants in different price areas and a strategic horizon until 2026 with increasing demand for power in all parts of the market.

INVESTMENTS

As the ambition has been to optimize the portfolio of 52 operating power plants, less investments have been made during the last year. However, two new power plant investment decisions have been made in 2022.

PEOPLE

The Group has no employees, however management and administration services is delivered by Clemens Kraft AS, a sister company. In addition, the Group hires personnel on contractual terms. Local resources (landowners, etc.) are our first line of defense for supervision and follow-up of any operational issues at the power plants.

Board of Director's legal responsibilities are not covered by any insurance policies.

Health, safety, security and environment (HSSE)

Care for people working for Clemens Kraftverk, either as employees in other group companies or third party contractor, is of high importance when undertaking activities.

Clemens Kraft Group has on a regular basis performed employee surveys in cooperation with one of the owners, OVF, and the results are assessed together with the employees and measures identified and implemented.

Subsequent to the fatal drowning accident nearby one of Clemens Kraftverk's construction sites (involving third party civilians) in Q4 2021, the Norwegian Water Resources and Energy Directorate (NVE) and the police initiated parallel routine investigations. During the first half of 2022 the police investigation was dropped, however during the fourth quarter the police investigation was re-opened. The group has and will continue to assist both the supervisory body (NVE) and the police authorities in every way.

COMMENTS RELATED TO THE FINANCIAL STATEMENTS

Revenues

The Group's revenues increased by 133 % from 2021 to 2022, from NOK 186 million to NOK 433 million. This is an increase of NOK 247 million. Production in 2022 ended at 519.6 GWh compared with 375.8 GWh MWh in 2021, an increase of 143.8 GWh, corresponding to 38 %. The growth is due to increased production capacity. Average power price in 2022 was 82 øre/kWh, compared with 49 øre/kWh in 2021.

Assets, equity, and liabilities

The total assets in the Group as of 2022 is NOK 3 365 million, up from 3 091 million as of 2021. This is mainly due to an increase in fixed assets, both property, plant and equipment and is financed with increased borrowings. The strong growth in power prices and consequently the all-time high net profit has strengthened the cash balance, also increasing total assets.

Loan facilities are subject to certain covenants. Mostly related to equity ratio and liquidity, however there is also one debt/production capacity leverage ratio covenant. In 2022 there is no breach in covenants.

Annual result and allocation

In 2022 the Group has a net profit of NOK 64.4 million. This is primarily due power prices, which have been all-time high in NO1, NO2 and NO5.

The parent company has a net profit of NOK 30.4 million. The profit is due to group contributions from subsidiaries, as the parent company has no function/business other than being a holding company.

The profit of NOK 30.4 million is allocated to retained earnings.

MARKET CONDITIONS, REGULATORY FRAMEWORK AND RISKS

Several external factors affect the Group's operations. The most significant risk factor across the various phases of the business is the power price. The price is quoted and cannot be influenced by Clemens Kraftverk. Risk may, to some extent, be reduced through hedging of power prices, interest rates or foreign currency. In 2022 there has been hedging of interest rates but no hedging of power prices nor foreign currency exposure.

Risk management and the risk matrix are integrated parts of the business activity and are discussed with Board of Directors on a regular basis. Mitigating actions are executed short or long term, based severity and probability.

Authorities and governmental requirements are setting regulatory framework and conditions for the operation. Production of hydropower is subject to a concession requirement granted by the Norwegian Water Resources and Energy Directorate (NVE). Regulatory factors such as the tax regime and any distinctive tax legislation will also be essential for the profitability of hydropower production. As of today, power production from small-scale hydropower plants (smaller than 10 000 kVA installed capacity) is not subject to resource rent taxation, only ordinary corporate tax in addition to property tax.

Hydrological risk

Clemens Kraft's power production is based on run-of-river power plants with limited or no reservoirs. The expected, normalized annual production is estimated based on historical hydrological data series using industry standard methodology. Actual production may vary significantly for any specific year due to natural variations in actual precipitation. The discrepancies to annual precipitation may be caused by variations in rain- or snowfall, ice- and snow melting magnitude, or sublimation effects.

Operational and business risk

The most essential performance drivers in the development phase are the fall lease agreements with the fall right owners and the issuance of development concession by NVE. These two permissions determines if projects are financially sustainable and can be developed. As for the construction phase, the essential drivers are the organization's competence and capacity to manage and execute projects. Moreover, the projects rely on high-standard suppliers offering quality products and services at an acceptable price. Lastly, in the operational phase, the most essential drivers are to have a technical and mercantile operating environment that ensures the highest production possible at a competitive cost supported by a control environment that ensures compliance with government requirements.

Market risk

Power is traded at prices quoted in the market on defined marketplaces, such as Nord Pool. As mentioned above, power prices are the most important risk factor in the Group's operations. Clemens Kraft operates power plants in mainly non-regulated watercourses and thus does not have the opportunity to manipulate production volume to periods with expected higher power prices.

During 2022 the Group observes increased volatility due to higher influence of European power market development. This, combined with "bottle necks" in the domestic transmission grid have led to an increased spread in prices between the Norwegian power price area.

Financial risk

The Group's power plants are partly financed with interest-bearing debt. The profitability of the projects is affected by the management's ability and the opportunities to obtain satisfactory financing of the projects. As of year-end 2022, the Group has a long-term interest-bearing debt of NOK 2.1 billion. To reduce the risk exposure, the Group has entered into interest rate swap agreements from floating to fixed interest rates for part of the debt. Further swap agreements is also made at Clemens Kraft Holding (parent) level. Clemens Kraft is indirect exposed to EUR/NOK changes as clearing partner transactions with Nord Pool are in Euro. However, the currency exposure is limited due to weekly settlement.

Political and regulatory risk

The Group is exposed to any risk for changes in laws and regulations. Such risks include, for example both environmental matters and more fiscal matters, e.g. changes in tax and fee schemes for producers of electrical power.

At the end of Q3 the Norwegian Government announced potential changes in the taxation of hydropower. The potential changes announced was carried forward in the proposed 2023 National Budget presented in October. Clemens Kraft owns one plant subject to resource rent taxation which will be subject to any change in resource rent taxation rates. In addition, under the current market prices observed for NO2 and NO5, the plants in these areas will be affected by the suggested high price contribution fee. For the one plant above 10 000 kVA the high price contribution fees accrued as of Q4 2022. Another 48 plants

will be subject to this taxation from 2023, while three plants are below the effect threshold of 1 MW and will not be subject to high price contribution fee.

The white paper NOU 2022: 20 regarding a holistic taxation system, was published in December 2022 with the suggestion of introduction of resource rent tax below 10 000 kVA plated power stations, with a threshold of 1 500 kVA. 45 out of the portfolio of 52 power stations in Clemens Kraft would be impacted negatively by the potential change.

GOING CONCERN

The annual financial statements have been prepared based on the assumption of going concern. The Board of Directors confirms that all necessary conditions for the assumption is present, according to section 3-3a of the Norwegian Accounting Act.

FUTURE DEVELOPMENT

The transition to renewable energy sourced society continues. We expect the transition to last for at least another decade. This transition is substantial in achieving global climate targets. The ongoing energy transition impacts demand for electricity and consequently also the price of electricity. The prospect of a financially sustainable price level for Norwegian renewable energy is also strengthened by interconnectors to the European continent and the United Kingdom. The interconnectors contribute to stabilizing the power price both in domestic markets and on the continent, but also enables import of continental prices levels in southern Norway when European demand and electricity prices are high. In 2022, all-time high power prices are observed, measured in a historical perspective. However, domestic "bottle necks" exists between northern and southern Norway, and consequently the high power prices observed only affects the southern part of Norway for the time being.

Clemens Kraft has published a response letter to the white paper NOU 2022: 20 and expressed the increasing uncertainty and the negative impact of the profitability in the small-scale hydropower industry. Most probably, new investment will be challenged due to negative expectations of profitability with the introduction of resource rent tax for power plants between 10 000 kVA and 1 500 kVA.

In recent years, the Group has been responsible for the construction of several small-scale hydropower plants. The company experiences that development costs can be reduced through wise choices of technical solutions and good cooperation with suppliers and contractors.

In total, this contributes to the Group's operations being sustainable. Hydropower is an important contributor to achieving the global climate targets as the sector supply emission free energy. Clemens Kraft is also financially sustainable and helps to create long-term value for investors and landowners.

Oslo, 17 April 2023

Clemens Kraftverk AS
Board of Directors

(sign.)

Ole-Wilhelm Meyer
Chairman

(sign.)

Harald Kurt Siewert
Deputy chairman

(sign.)

Hans Erik Horn
Director

(sign.)

Ulf Myrbø
Director

(sign.)

Oddleiv Sæle
Director

(sign.)

Eldbjørg Sture
Director

(sign.)

Knud Hans Nørve
Chief Executive Officer

RESPONSIBILITY STATEMENT

We confirm that the annual financial statements for the fiscal year 2022, to the best of our knowledge, have been prepared in accordance with the applicable accounting standards (NGAAP) and that the accounts give a true and fair view of the assets, liabilities, financial position and results of operations, and that the information in the report includes a fair review of the development, performance and position for Clemens Kraft Holding.

The Board of Directors report gives a true and fair view of the development, performance and position for Clemens Kraftverk, and a description of the relevant risks and uncertainty factors the Group are exposed to.

Oslo, 17 April 2023

Clemens Kraftverk AS
Board of Directors

(sign.)

Ole-Wilhelm Meyer
Chairman

(sign.)

Harald Kurt Siewert
Deputy chairman

(sign.)

Hans Erik Horn
Director

(sign.)

Ulf Myrbø
Director

(sign.)

Oddleiv Sæle
Director

(sign.)

Eldbjørg Sture
Director

(sign.)

Knud Hans Nørve
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS CLEMENS KRAFTVERK

CONSOLIDATED INCOME STATEMENT

Amounts in NOK 1 000

	NOTE	2022	2021
OPERATING INCOME AND EXPENSES			
Revenues	1	433 030	185 695
Other operating income		-200	231
Total operating income		432 830	185 927
Cost of goods sold		111 253	44 516
Personnel expenses	2	0	188
Depreciation and amortisation expenses	3, 4	51 833	47 775
Impairment	3, 4	31 088	0
Other operating expenses	2	58 905	46 501
Capitalized project development	3	0	0
Total operating expenses		253 079	138 981
Operating result		179 751	46 946
FINANCIAL INCOME AND FINANCIAL EXPENSES			
Income from associated companies and joint ventures	5	8 310	-4 808
Other interest income		2 780	1 701
Other financial income		2 013	2 030
Total financial income		13 103	-1 077
Financial instruments measured at fair value	6	-3 334	-19 616
Other interest expenses	6	82 095	86 023
Other financial expenses		5 014	4 936
Total financial expenses		83 775	71 343
Net financial income and financial expenses		-70 671	-72 420
Profit (-loss) before tax		109 079	-25 474
Tax expense (-income)	7	44 663	-4 284
Profit (-loss) after tax		64 417	-21 190
Profit/loss attributable to non-controlling interests	8	-2 109	-313
Profit/loss attributable to owners of the parent	8	66 526	-20 877

CONSOLIDATED FINANCIAL POSITION

Amounts in NOK 1 000

ASSETS	NOTE	2022	2021
NON-CURRENT ASSETS			
Concessions, waterfall- and similar rights	4	377 913	314 455
Goodwill	4	-39 105	-2 505
Total intangible assets		338 808	311 950
Property, plant and equipment	3	2 721 134	2 562 349
Machinery, office equipment, fixtures and fittings	3	1 611	2 023
Total fixed assets		2 722 745	2 564 372
Shares in associated companies and joint ventures	5	27 036	18 726
Other non-current receivables	9	5 021	51 399
Total financial non-current assets		32 058	70 125
Total non-current assets		3 093 611	2 946 447
CURRENT ASSETS			
Trade receivables	10	9 716	14 348
Other current receivables	11	57 583	18 371
Total current receivables		67 299	32 718
Cash and cash equivalents	12	204 431	111 782
Total current assets		271 730	144 500
Total assets		3 365 340	3 090 947

EQUITY AND LIABILITIES	NOTE	2022	2021
EQUITY			
Share capital	8, 13	211 802	141 201
Share premium	8	696 581	484 779
Other paid-in capital		3 023	3 023
Total paid in capital		911 406	629 004
Retained earnings	8	-181 343	-248 203
Total retained earnings		-181 343	-248 203
Non-controlling interests	8	23 744	23 897
Total equity		753 807	404 698
LIABILITIES			
Deferred tax liability	7	89 532	1 838
Other provisions	14	470	3 804
Total provisions		90 002	5 642
Non-current interest bearing debt (credit institutions)	15	1 816 776	1 557 995
Bonds	15	325 000	475 000
Non-current liabilities to group companies		0	568 000
Total non-current liabilities		2 141 776	2 600 995
Trade payables		24 983	28 579
Taxes payable	7	192	450
Public duties payable		3 939	0
Other current liabilities		350 641	50 583
Total current liabilities		379 755	79 612
Total liabilities		2 611 534	2 686 249
Total equity and liabilities		3 365 340	3 090 947

Oslo, 17 April 2023

Clemens Kraftverk AS
Board of Directors

(sign.)

Ole-Wilhelm Meyer
Chairman

(sign.)

Harald Kurt Siewert
Deputy chairman

(sign.)

Hans Erik Horn
Director

(sign.)

Ulf Myrbø
Director

(sign.)

Oddleiv Sæle
Director

(sign.)

Eldbjørg Sture
Director

(sign.)

Knud Hans Nørve
Chief Executive Officer

CONSOLIDATED CASH FLOW STATEMENT

Amounts in NOK 1 000

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	109 079	-25 474
Taxes paid	-112	2 579
Depreciations	51 833	47 775
Impairment of assets	31 088	0
Change in trade receivables	4 632	-11 935
Change in trade payables	-3 596	-8 676
Items classified as investment/financing activities	70 671	74 122
Changes in other current assets and other liabilities	70 993	59 327
Net cash flow from operating activities	334 588	137 718
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Sale of property, plant and equipment	0	1 100
Investments in property, plant and equipment	-89 798	-185 010
Cash disbursement related to acquisition of companies	-22 012	-2 850
Net cash flow from investment activities	-111 810	-186 760
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received	2 780	1 764
Interest paid	-82 095	-74 828
Proceeds from new non-current loans	1 717 000	213 306
Cash disbursement related to repayment of non-current debt	-1 772 250	-33 809
Net cash flow from financing activities	-134 565	106 433
Net change in cash and cash equivalents	88 214	57 391
Cash and cash equivalents as of 1 January	111 782	52 782
Acquisition of subsidiaries cash balance acquired	4 436	1 609
Cash and cash equivalents as of 31 December	204 431	111 782

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with accounting principles stated in the Norwegian Accounting Act and with accounting principles generally accepted in Norway (NGAAP).

Estimates and professional judgement

The preparation of financial statements requires use of estimates. Further, the application of relevant accounting standards and policies requires judgements. Items which to a large extent contain such judgmental assessments, high degree of complexity or items where management judgment are material to the financial statements, are described in the notes to the financial statements.

Basis of consolidation

The Group's consolidated financial statements comprise Clemens Kraftverk AS and companies in which Clemens Kraftverk AS has a controlling interest. Minority interests are included in the Group's equity. Transactions between group companies have been eliminated in the consolidated financial statement. The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiary.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

In the consolidated accounts, shares in subsidiaries are replaced by the underlying assets and liabilities. The consolidated accounts are prepared as the Group was one single economic unit. Intercompany transactions, unrealized loss/gain and intercompany balances are eliminated.

Acquired subsidiaries are recognized in the consolidated accounts with basis in the parent company consideration for the shares. The acquisition cost is allocated to identifiable assets and liabilities in the acquired subsidiary, recognized at fair value at the acquisition date. Any residual value beyond fair value of assets and liabilities is recognized as goodwill. Excess values in the consolidated accounts are depreciated over the expected useful lives.

Revenues

Income from sale of goods and services are recognized at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions, such as expenses for imbalances. Sales are recognized upon delivery.

Simultaneously with the production of electricity, the producer is granted the right to sell electricity certificates and GoOs (one certificate and guarantee is granted per 1 000 kWh produced). This entitlement is recognized as income when the certificates/guarantees are realized. The balance of granted rights to sell electricity certificates and GoOs is measured at zero.

Cost of goods sold

The Group has no inventories. Produced volumes are not physical goods and cannot be stored. The group has lease agreements with landowners, providing the group right of use to the waterfalls. Landowners are compensated with fall leases, classified as cost of goods sold. In addition, grid costs and fees to brokers and clearing houses for executing sale of power and certificates are included.

Classification of balance sheet items

Assets intended for long-term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets. Please refer to note 3 for further details regarding maturity of long-term debt.

Acquisition cost

Acquisition cost includes the purchase price, less any bonuses, rebates or similar, in addition to expenses (freight, toll, non-refundable public duties and any other direct expenses). Internal production costs are capitalized as a part of acquisition cost (mainly project and general management).

For fixed assets and intangible assets acquisition cost includes expenses for preparation for use, e.g., expenses related to testing of power plants.

Interest expenses related to construction loans are capitalized.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

Shares in subsidiaries and associated companies

Subsidiaries are companies where the parent company has control over an investee. A controlling interest is normally obtained when the Group owns more than 50% of the shares (which gives voting rights) in the company and can exercise control over the company, financially and strategically.

Investments where the Group owns 20-50 % of the shares with voting rights and has significant influence of the company, are defined as associated companies.

In the consolidated financial statements are investments in associated companies (including joint ventures) recognized according to the equity method. Recognized value in the balance sheet corresponds to the share of equity in the associated company, adjusted for any excess values arising from the acquisition and unrealized intercompany gains/losses. Income from associates is classified and presented as financial income.

Other long-term investments in shares

Other investments in shares are recognized at cost. The investment is valued as cost of the shares, less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends and other distributions are recognized when decided. If dividends exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet.

Intangible assets

Acquired concession rights are capitalized at cost. Concessions granted by NVE has a defined expiration date if not developed according to the concession application. When developed, the concession is perpetual. Acquired concession rights are, based on this, not depreciated. However, assessments regarding impairment are made, e.g., whether a fall lease agreement is made, and development plans and investment decisions are decided for this particular concession right within expiration date.

Fall lease related values are recognized to the extent that excess values arising from business combinations can be allocated to fall lease agreements. Capitalized amounts are depreciated over the remaining contract period.

Expenses related to development of intangible assets are recognized in the balance sheet if future economic benefits can be linked to developing identifiable intangible assets and the expenses can be reliably measured. In opposite cases, expenses are recognized in the profit and loss statement.

Capitalized development is included in the power plant cost and depreciated (linear) over the economic life span.

Fixed assets

Fixed assets are capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property, plant and equipment are added to the acquisition cost and depreciated with the related asset. The distinction between maintenance and improvement/upgrade is assessed based on the standard at the date of acquisition.

In cases where planned depreciation is re-assessed and changed, the effect of change is recognized over the remaining useful life span.

Expenses related to lease of assets are recognized in the profit and loss statement. Advance payments are capitalized and expensed over the leasing period. Lease of assets is capitalized if defined as a financial lease contract.

Land is not depreciated.

Impairment of assets

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except write down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Long-term debt

Long-term debt is recognized at nominal value.

Financial instruments – interest rate swaps

Interest rates swaps are used as hedging instruments; however, hedge accounting is not applied. The financial instruments are recognized at the lowest of acquisition cost and fair value, meaning that negative fair value (mark-to-market value) is provided for, and unrealized gain is not recognized.

Provisions

A provision is recognized when a present legal or constructive obligation has occurred, as a result of a past event and it is probable that this will result in an outflow of resources to settle the obligation, and the obligation can be reliably estimated.

Pensions

The Group has a defined contribution plan.

Obligations to provide contributions to defined contribution pension plan are recognized as costs in the income statement in the period in which they occur.

The pension scheme is administrated through an insurance company. The Group has no further obligations subsequent of the payment of the defined contribution. The payments are recognized as personnel expenses. Pre-paid pension funds are recognized and presented as an asset to the extent that the funds can be refunded or deducted in future payments.

Taxes

Income tax on the profit for the period consists of current and deferred tax. Income tax is recognized in the income statement except for tax on items that are recognized directly in equity.

Current tax is the forecast tax payable on the year's taxable income at current tax rates at the balance sheet date, and any adjustments of tax payable for previous years less tax paid in advance.

Deferred tax liabilities are calculated based on the balance sheet-oriented liability method considering temporary differences between the carrying amount of assets and liabilities for financial reporting and tax values.

Deferred tax assets are recognized only to the extent that it is probable that the asset can be utilized against future taxable results. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax asset will be realized. Deferred tax assets and deferred tax liabilities, which are or can be reversed in the same period, are presented net.

Resource rent tax is calculated were applicable. Resource rent income is considered as income achieved on public resources and is therefore charged with additional taxes for the amount exceeding normalized returns.

Deferred tax is also calculated for resource rent tax, utilizing the same approach with temporary differences. As the resource rent tax is (from 2021) a cash flow based taxation the temporary differences for resource rent purposes is different compared with the ordinary corporate tax.

Deferred taxes are recognized at nominal values.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash means cash in hand and in the bank. Cash equivalents are short-term liquid investments that can be converted to cash within three months to a known amount and which have an insignificant degree of risk. Cash and cash equivalents in the cash flow statement do not include unused overdrafts.

NOTE 1 – REVENUES

The Group's revenues can be specified as follows:

	2022	2021
Power revenues	424 412	184 107
Electricity certificates	547	97
Guarantees of Origin (GoO)	7 529	1 492
Other	541	0
	433 030	185 695

The corresponding produced volume is 519.6 GWh in 2022 versus 375.8 GWh in 2021.

Dvergfossen Kraft AS was acquired in September 2022 and the revenue from this company is consolidated from this point in time. Please refer to note 19 for further details regarding business combinations.

The following power plants were set into operation during 2022 and are not included with their full annual production capacity:

- Kupekraft Kraftverk
- Tokagjelet Kraftverk

The following power plants were set into operation during 2021 and are not included with their full annual production capacity in the comparable accounts for 2021:

- Graffer Kraftverk
- Hellifossen Kraftverk
- Skjerva Kraftverk
- Kvernfossen Kraftverk
- Reinåa Kraftverk
- Øvrebø Kraftverk

During 2022 the Group has withdrawn from the electricity certificate arrangement for some of its power plants. This is due to the current pricing of the certificates, and also the pricing of GoOs were unsupported GoOs are valued higher than supported GoOs.

NOTE 2 – SALARIES AND REMUNERATIONS, INCLUDING AUDITORS FEE

Salaries

The Group has no employees and consequently no salaries. The Group reimburse a first line of defense/ supervisory responsibility regarding plant operation (typically to landowners or other local personnel). In some cases, these payments are to individuals, subject to public reporting. Other personnel expenses may occur.

Due to no employees, no pension scheme is required nor established.

Compensation to senior executives and Board of Directors

Chief Executive Officer

Chief Executive Officer is employed in a sister company of the parent in the Group and receives salary and other remunerations from this company.

Board of Directors

The Board of Directors in Clemens Kraftverk is coinciding with the Board of Directors in Clemens Kraft Holding (ultimate parent) and receives its remunerations from this company. However, directors employed from Clemens Kraft owners' organizations do not receive remuneration from Clemens Kraft Group.

No guarantees nor collateral is made for the CEO, chairman or other related parties.

Auditor's fee

Auditor's fee can be specified as follows:

	2022	2021
Agreed upon fees for statutory audit of current year's financial statements	950	797
Other audit related services	0	0
Other attestation services	225	185
	1 174	982

Auditor's fee is excluding value added tax.

NOTE 3 – FIXED ASSETS

	Power station	Mechanical engineering	Electro-technical	Land, roads/ bridges	Assets under construction	Project development	Other operating assets and means of transport	Sum
Acquisition cost as of 1.1.	1 279 069	725 950	175 878	9 361	630 969	18 964	3 236	2 843 426
Additions	104 002	63 599	17 530	815	95 971	353		282 270
Disposals					-185 946	-6 525		-192 472
Business combinations					143 922			143 922
Acquisition cost as of 31.12.	1 383 071	789 549	193 408	10 176	684 915	12 791	3 236	3 077 146
Acc. depr. and imp. as of 1.1.	132 843	94 537	49 125	0	0	1 336	1 213	279 055
Disposals						-2 888		-2 888
This year's recognized depr. and imp.	40 112	24 392	10 335	95		2 888	411	78 233
Acc. depr. and imp. as of 31.12.	172 955	118 930	59 461	95	0	1 336	1 624	354 401
Carrying amount 31.12.	1 210 116	670 620	133 947	10 081	684 915	11 455	1 611	2 722 745
This year's impairment	21 338	5 612	1 155	95	0	2 888	0	31 088
This year's depreciation	18 774	18 780	9 180	0	0	0	411	47 146
Expected economic life span	67 years	40 years	20 years	-	-	-	5-6 years	

Assets under construction disposals are intra group transfers to completed power plants. Disposals of project development is sale of projects (Gjerdelva Kraft).

Internal manufacturing costs are capitalized as a part of cost of assets (in all material expenses related to project management and general management and administration). In most cases, early phase development projects are legally owned by Clemens Kraft AS until investments decision. Clemens Kraft AS is the subsidiary where management and administration is employed. Subsequent of the investment decision, the project are sold to a single purpose vehicle at capitalized cost. Further internal cost related to development, project management, general management services and more is charged to the new project owner, without profit.

In 2022 NOK 6.7 million (2021: NOK 11.5 million) was invoiced from Clemens Kraft AS and capitalized as a part of assets under construction.

Power plants are pledged as a part of group financing. Please refer to note 15 and 16 for further details.

NOTE 4 – INTANGIBLE ASSETS

	Waterfall rights and concessions	Other rights	Goodwill	Sum
Acquisition cost as of 1.1.	361 488	400	8 321	370 209
Additions	71 509	0	-39 965	31 544
Acquisition cost as of 31.12.	432 997	400	-31 644	401 752
Accumulated depreciation and impairment as of 1.1.	47 432	0	10 826	58 258
This year's recognized depreciation and impairment	8 051	0	-3 365	4 686
Acc. depreciation and impairment as of 31.12.	55 483	0	7 461	62 944
Carrying amount 31.12.	377 513	400	-39 105	338 808
This year's depreciation	8 051	0	-3 365	4 686
Expected economic life span	40-60 years / -	-	5 years	

NOK 376 million of book value of waterfall rights and concessions are related to excess values arose from business combinations. Similar for goodwill, however book value consists of negative goodwill from two business combinations. Negative goodwill is recognized in the profit and loss statement over a five-year period.

During 2022 there has been a business combination in acquiring the shares in Dvergfossen Kraft AS. The agreed upon value of power plant assets to be used as basis for the calculation of share consideration exceeded the book value of the assets in the statutory financials. However it was below a calculated enterprise value, utilizing a DCF calculation method, resulting in both excess values related to concessions and a negative goodwill, of NOK 71.5 million and NOK 40.0 million respectively (reference is also made to note 19).

During 2021, a business combination acquiring the remaining shares in Langfjordkraft AS, resulted in a negative goodwill of NOK 2.5 million.

NOTE 5 – INVESTMENTS IN ASSOCIATED COMPANIES

	Ownership share	Acquisition	Carrying amount 1.1.2022	This years profit	Depreciation excess value	Carrying amount 31.12.2022
Kylland Kraft AS	38 %	3 325	4 036	1 164	-28	5 173
Neset Kraft AS	34 %	5 128	9 781	6 065	-92	15 754
Nørståe Kraft AS	34 %	3 086	4 909	1 236	-35	6 110
			18 726	8 464	-154	27 036

NOTE 6 – FINANCIAL ITEMS

Recognized change (gain) in fair value of financial instruments (interest rate swaps) in 2022 is NOK 3.3 million compared with a gain of NOK 19.6 million in 2021. Gain is only recognized to the extent that prior liabilities can be reversed. Fair value of the (liabilities under the) agreements are disclosed in note 14.

Other interest expenses can be specified as follows:

	2022	2021
Interest on bonds	14 579	17 438
Paid interest on interest interest rate swaps	747	5 731
Interest on sub-ordinated loan from paren	10 872	31 296
Other interest expenses	63 856	42 700
Capitalized interest expenses	-7 959	-11 141
	82 095	86 023

NOTE 7 – TAXES

	2022	2021
<i>Income tax expense comprises</i>		
Income tax payable	159	450
Ground rent tax payable	-27 511	-338
Change in deferred tax	22 329	-4 870
Change in deferred tax not recognized	698	421
Change in deferred resource rent tax	49 166	0
Other	-178	52
Income tax expense	44 663	-4 284
<i>Tax base for the year</i>		
Profit/loss	109 079	-25 474
Permanent differences	-6 957	5 296
Change in temporary differences	15 478	-27 451
Use of tax losses carried forward (-)	-168 720	-19 468
Taxable income	-51 120	-67 097
This years loss to be carried forward	51 747	69 143
Basis for recognized tax payable	627	2 045
<i>Taxes payable in the balance sheet</i>		
Tax payable	-27 320	112
Sum tax payable	-27 320	112

The Group has one power plant subject to resource rent taxation. The plant has been under construction until August 2022 and has significant amounts in capital expenditures in 2022. Therefore a negative net amount of taxes payable. The liability related to ordinary corporate tax (22 %) is classified as a short-term liability whilst the negative ground rent tax is classified as other current receivables.

Temporary differences

Temporary differences related to fixed assets	78 977	95 425
Temporary differences related to excess values from business combinations	375 920	312 639
Temporary differences related to taxable profit and loss	-25	-32
Temporary differences related to long term provisions	-470	-3 804
Tax loss carry forward	-267 344	-383 722
Prior years non-deductible interest expense	-18 146	-18 146
Other differences	-11 883	-17 460
Basis for deferred tax asset (-) / liability (+) (ordinary tax rate)	157 028	-15 100

Temporary differences, resource rent taxation

Temporary differences related to fixed assets	85 221	0
Basis for deferred tax asset (-) / liability (+) (resource rent tax rate)	85 221	0

Deferred tax asset (-) / liability (+) (ordinary tax rate)	34 546	-3 284
Deferred tax asset (-) / liability (+) (resource rent tax rate)	49 166	0
Whereas deferred tax asset not recognised in the balance sheet	5 820	5 122
Deferred tax asset (-) / liability (+) recognized in the balance sheet	89 532	1 838

Reconciliation of tax expense to Norwegian nominal statutory tax rate

22 % of profit before tax	23 997	-5 604
Ground rent taxation	21 654	-338
Tax effect of permanent differences	-1 530	1 165
Effect of change in not recognised deferred tax assets	698	421
Other changes	-157	71
Income tax expense	44 663	-4 284

Effective tax rate	40,9 %	16,8 %
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NOTE 8 – EQUITY

	Share capital	Share premium	Other paid-in capital	Retained earnings	Non-controlling interests	Sum
Equity as of 1.1.	141 202	484 780	3 023	-248 204	23 897	404 698
Current year's profit/loss				66 526	-2 109	64 416
Capital increase	70 600	211 802				282 402
Business combinations				2 751		2 751
Dividend					-461	-461
Other changes				-2 417	2 417	0
Equity as of 31.12.	211 802	696 581	3 023	-181 343	23 744	753 807

NOTE 9 – OTHER NON-CURRENT RECEIVABLES

The following items are included in other long-term receivables:

	2022	2021
Advance payment, purchase of shares	0	51 000
Non-current receivables on landowners	394	399
Other non-current receivables	4 627	0
	5 021	51 399

Regarding advance payment related to purchase of shares

The Group had an agreement regarding an optional purchase of 100 % of the shares in a company. The option was exercised during 2022. For additional information, please refer to note 19.

Regarding non-current receivables on landowners

Some of the fall lease agreements, says that the fall lease can be negative. Basis for fall lease is in this case revenue with deduction of specified costs, resulting in a potential negative basis and consequently negative fall lease. Negative fall lease will not be refunded from the landowners but carried forward and settled/utilized with future fall lease.

In addition, landowners may have a right to receive minimum payments, or prepayments of fall lease. The same principles apply; the amount will not be refunded from the landowners but carried forward and settled/utilized with future fall lease.

Both the negative fall lease, and minimum/prepaid fall lease are assets which to all material extent has its value through a future liability reduction with basis in transactions which, as of the reporting period, has not incurred. Therefore, there is no basis for recognizing most of the asset. In addition to the NOK 0.4 million recognized, an amount of NOK 9.6 million is not recognized in the balance sheet (2020: NOK 48.7 million).

NOTE 10 – TRADE RECEIVABLES

Sale of power are executed through a clearing partner. Settlement is made on weekly basis. The revenue is regulated through quoted prices with deduction of imbalance expenses. Produced volume can to a small degree be affected, beyond water floating outside penstocks and turbines.

The credit risk is considered to be very low. Unpaid trade receivables are also relatively small compared with annual revenues. At the end of year 2022 the assessment is that there are no doubtful receivables related to core business.

NOTE 11 – OTHER RECEIVABLES

	2022	2021
Accrued revenue	4 164	2 800
Prepayments	7 783	7 628
Other short-term receivables	45 636	7 943
	57 583	18 371

Accrued revenue is related to sale of power not invoiced.

NOK 7.3 million of prepayments relates to fees for facilitating establishment of multi bank and bond financing. During 2022 NOK 1.1 million of the opening balance (related to the repaid NOK 150 million bond) are recognized and NOK 5.5 million in fees related to the new multi bank facility is capitalized. Capitalized fees are amortized linear towards maturity.

NOK 27.5 million of other short-term receivables as of year-end 2022 is related to negative resource rent tax.

The market value of electricity certificates and GoOs balances as of 31 December 2022 not recognized is NOK 2.4 million.

NOTE 12 – BANK DEPOSITS

The Group has no restricted cash.

NOTE 13 – SHARE CAPITAL AND SHAREHOLDERS INFORMATION

Class	No. of shares (thousand)	Nominal value	Share capital (thousand)
Ordinary shares	35 300	6	211 802

All shares are held by Clemens Kraft Holding AS.

NOTE 14 – PROVISIONS

	2022	2021
Negative fair value of interest rate swaps	470	3 804
Other long-term provisions	0	0
	470	3 804

As of year-end 2022 Clemens Kraftverk has a liability of NOK 0.5 million related to one of interest rate swap agreements. The remaining swaps has a positive off-balance MTM of NOK 23.3 million (unrealized gain).

Please refer to note 6 and 15 for further details regarding interest rate swap agreements.

NOTE 15 – LONG-TERM DEBT

Category	Amount
Bond (Nordic ABM)	325 000
Banks and credit institution	1 816 776
	2 141 776

Loans are mainly provided by two sources of funding; (1) issued bond and (2) banks and credit institutions, however a third resource of funding exists through a cash pool arrangement (further information below).

Bank and credit institution loans mainly consist of a NOK 1.717 billion multi-bank facility and have interest terms of 3 months NIBOR with addition of a margin. However, Clemens Kraft Holding Group has entered into interest rate swap agreements, on a nominal amount of NOK 1.1 billion, to reduce risk and exposure of floating interest rate fluctuations. Of this, agreements with nominal amounts of NOK 0.37 billion is made at Clemens Kraftverk Group level.

The Group has issued one bond with maturity in 2025 (NOK 300 million plus NOK 25 million tap issue). The bond is listed at Nordic ABM at Euronext (Oslo Stock Exchange). As bond security, the power plants and shares in subsidiaries within the sub-group CK Bond AS has been pledged (please refer to note 17 for legal structure).

Loan facilities are subject to certain covenants. Mostly related to equity ratio and liquidity, however there is also one debt/production capacity leverage ratio covenant. In 2022 there is no breach in covenants.

Long-term debt mature as follows (amounts in NOK million):

Type	2023	2024	2025	2026	2027	2028 and later
Bond (Nordic ABM)	0.0	0.0	325.0	0.0	0.0	0.0
Banks and credit institution	1.0	1.0	1.0	1.0	1 110.2	702.7
SUM	1.0	1.0	326.0	1.0	1 110.2	702.7

Power plants and shares in subsidiaries are to a large extent pledged as security for loan facilities, reference is made to note 16.

Regarding the cash pool arrangement, Clemens Kraftverk holds the top account. The former sub-ordinated loan from Clemens Kraft Holding AS to Clemens Kraftverk is incorporated in the cash pool arrangement during 2022 and is included in other current liabilities, with NOK 248.9 million of the total balance of other current liabilities of NOK 350.6 million.

NOTE 16 – GUARANTEES AND PLEDGES

The Group's power plants (excluding Hynna Kraftverk), with a book value of NOK 2 681 million respectively, is pledged for the Group's financing. All shares held by majority owner (directly or indirectly by Clemens Kraft Holding AS) is also pledged.

NOTE 17 – SUBSIDIARIES

The following companies is subsidiaries directly or indirectly owned by Clemens Kraftverk AS and is consolidated into the Group's financial statements:

Company	Share	Date of acquisition
Clemens Kraftverk AS	Ultimate parent	
CK Bond AS	100,0 %	February-18
Engeset Kraft AS	100,0 %	February-05
Halvdagsåa Kraft AS	100,0 %	September-12
Litj-Hena Kraftverk AS	100,0 %	May-13
Midtunkraft AS	100,0 %	February-18
Nordbøåna Kraft AS	100,0 %	December-07
Ullestad Kraft AS	100,0 %	July-12
Vengåkraft AS	100,0 %	April-06
Væla Kraft AS	100,0 %	April-13
CK Kraftholding Nord AS	100,0 %	April-07
Aspvikelva Kraft AS	100,0 %	July-11
Bele Kraft AS	51,0 %	March-10
Bjuråga Kraft AS	100,0 %	September-18
Brekkefossen Kraftverk AS	100,0 %	April-08
Dvergfossen Kraft AS	100,0 %	September-22
Embla Kraft AS	100,0 %	April-18
Fjærland Kraft AS	100,0 %	December-18
Graffer Kraft AS	100,0 %	February-18
Gyl Kraft AS	74,5 %	December-17
Heina Kraft AS	52,3 %	December-17
Hellifossen Kraft AS	100,0 %	August-18
Hynna Kraft AS	66,5 %	January-05
Kjeldalselva Kraft AS	100,0 %	July-11
Kupekraft AS	100,0 %	April-19
Kvammadalselvi Kraft AS	100,0 %	September-19
Kvernfossen Kraft AS	100,0 %	May-18
Langfjordkraft AS	100,0 %	December-21
Meraker Kraft AS	65,0 %	February-14
Nordvik Kraft AS	100,0 %	December-17
Nørlandselva Kraft AS	100,0 %	June-15
Ringdal Kraftverk AS	100,0 %	January-18
Rodal Kraft AS	100,0 %	December-17
Salhuselva Kraft AS	100,0 %	March-19
Skjerva Kraft AS	100,0 %	December-17
Sleveåne Kraft AS	100,0 %	November-14
Storedalen Kraftverk AS	100,0 %	November-20
Sædalen Kraft AS	100,0 %	February-18
Søråni Kraft AS	94,8 %	December-16
Tokagjelet AS	100,0 %	September-18
Trollekraft AS	97,0 %	January-18
Trollvikelva Kraft AS	89,0 %	January-18
Vaksvik Kraft AS	100,0 %	August-08
Vangjolo Kraft AS	100,0 %	November-14
Vossedalselvi Kraft AS	100,0 %	November-14
Øvrebø Kraft AS	100,0 %	April-19

NOTE 18 – RELATED PARTIES TRANSACTIONS

Clemens Kraftverk AS is a fully owned subsidiary of Clemens Kraft Holding AS. Clemens Kraft Holding AS is owned 50.1 % by Ovf and 49.9 % by CPV/CAP as a joint venture, please refer to the “Clemens Kraft at a glance” section of the annual report.

Ovf is providing management services to the Clemens Kraft group. For these services, Clemens Kraft AS (a sister company of Clemens Kraftverk AS) has been charged NOK 0.7 million by Forvaltningsorganet Ovf (this does not include re-invoicing).

Ovf is, as landowner, recipient of both fall leases and land leases related to the Group’s power plants. Paid leases during 2022 was NOK 3 million (2021: NOK 304 thousand), however recognized amounts is larger based on due dates in 2023 for second half 2022 fall leases.

Clemens Kraft AS is charging Clemens Kraftverk management fees for general administration, project management and operation of power plants. In 2022 an amount of NOK 21.4 million has been charged. The amount includes travels and expenses.

NOTE 19 – BUSINESS COMBINATIONS

Clemens Kraftverk conducted two business combinations in 2022. The shares in Dvergfossen Kraft AS were transferred in September. This company has developed and owns Dvergfossen Kraftverk, located in NO2. A share purchase agreement was made in 2021, giving Clemens Kraft an option to acquire the shares based on an agreed upon enterprise value for the power plant, when the plant was constructed and operating. The business combination led to both an addition of excess values and negative goodwill.

The second transaction relates to sale of shares in Gjerdelva Kraft AS which gave a marginal gain for the Group.

NOTE 20 – DISPUTES AND CLAIMS

In March 2022, one of the landowners associated to one of the plants submitted a claim for recalculating and additional payment of fall lease for 2021. The claim is assessed not to have a legal basis in the landowner's agreement; therefore, no provisions were made. The matter to be solved by legal hearing during 2023.

Subsequent of the fatal drowning accident occurred nearby one of Clemens Kraft Holding's construction sites (involving third party civilians) in Q4 2021 Norwegian Water Resources and Energy Directorate and the police initiated parallel routine investigations. During first half of 2022 the police investigation was dropped, however during the fourth quarter the police investigation is re-opened. The group has and will continue to assist both the supervisory body and the police authorities in every way.

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

Amounts in NOK 1 000

	NOTE	2022	2021
OPERATING INCOME AND EXPENSES			
Other operating expenses	1	641	289
Total operating expenses		641	289
Operating result		-641	-289
FINANCIAL INCOME AND FINANCIAL EXPENSES			
Income from subsidiaries, associated companies and joint ventures	2	91 258	0
Interest income from group companies	2	44 836	40 746
Other interest income		737	41
Other financial income		55	0
Total financial income		136 887	40 786
Financial instruments measured at fair value		-762	-10 681
Interest expense to group companies		11 055	31 296
Other interest expenses		57 943	28 545
Other financial expenses		23 797	11 483
Total financial expenses		92 032	60 643
Net financial income and financial expenses		44 855	-19 857
Profit (-loss) before tax		44 213	-20 146
Tax expense (-income)	3	13 821	-2 496
Profit (-loss) after tax		30 393	-17 650
Allocation			
Allocated to retained earnings	4	30 393	-17 650

FINANCIAL POSITION

Amounts in NOK 1 000

ASSETS	NOTE	2022	2021
NON-CURRENT ASSETS			
Deferred tax asset	3	2 154	13 580
Total intangible assets		2 154	13 580
Shares in subsidiaries	5	1 293 132	939 904
Loan to group companies	2	768 444	988 433
Shares in associated companies and joint ventures	5	16 603	16 603
Total financial non-current assets		2 078 178	1 944 939
Total non-current assets		2 080 332	1 958 519
CURRENT ASSETS			
Trade receivables	2	1 119 759	0
Other current receivables	2	490 178	4 122
Total current receivables		1 609 937	4 122
Cash and cash equivalents	6	40 560	26 640
Total current assets		1 650 497	30 762
Total assets		3 730 829	1 989 280

EQUITY AND LIABILITIES	NOTE	2022	2021
EQUITY			
Share capital	4, 7	211 802	141 201
Share premium	4	696 581	484 779
Other paid-in capital		2 521	3 023
Total paid in capital		910 904	629 004
Retained earnings	4	-48 493	-51 037
Total retained earnings		-48 493	-51 037
Total equity		862 411	577 966
LIABILITIES			
Other provisions		16 940	17 702
Total provisions		16 940	17 702
Non-current interest bearing debt (credit institutions)		1 717 000	338 444
Bonds		325 000	475 000
Non-current liabilities to group companies		0	568 000
Total non-current liabilities		2 042 000	1 381 444
Trade payables		128	0
Public duties payable		-11	0
Current liabilities to group companies	2	794 547	0
Other current liabilities	2	14 814	12 167
Total current liabilities		809 478	12 167
Total liabilities		2 868 418	1 411 314
Total equity and liabilities		3 730 829	1 989 280

Oslo, 17 April 2023

Clemens Kraftverk AS
Board of Directors

(sign.)

Ole-Wilhelm Meyer
Chairman

(sign.)

Harald Kurt Siewert
Deputy chairman

(sign.)

Hans Erik Horn
Director

(sign.)

Ulf Myrbø
Director

(sign.)

Oddleiv Sæle
Director

(sign.)

Eldbjørg Sture
Director

(sign.)

Knud Hans Nørve
Chief Executive Officer

CASH FLOW STATEMENT

Amounts in NOK 1 000

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	44 213	-20 146
Change in trade receivables	-1 119 759	0
Change in trade payables	128	-10
Items classified as investment/financing activities	1 075 641	19 898
Changes in other current assets and other liabilities	2 388	1 934
Net cash flow from operating activities	2 612	1 676
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Cash disbursement related to acquisition of companies	-22 012	-2 850
Cash disbursement related to loan to subsidiaries	0	-82 280
Net cash flow from investment activities	-22 012	-85 130
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received	0	34 287
Interest paid	-16 064	-39 722
Proceeds from new non-current loans	1 717 000	120 650
Cash receipt/disbursement related to repayment of non-current debt	-1 670 263	-14 889
Net cash flow from financing activities	30 673	100 326
Net change in cash and cash equivalents	11 273	16 872
Cash and cash equivalents as of 1 January	26 640	9 769
Cash balance acquired through mergers	2 647	0
Cash and cash equivalents as of 31 December	40 560	26 640

NOTES

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with accounting principles stated in the Norwegian Accounting Act and with accounting principles generally accepted in Norway (NGAAP).

Estimates and professional judgement

The preparation of financial statements requires use of estimates. Further, the application of relevant accounting standards and policies requires judgements. Items which to a large extent contain such judgmental assessments, high degree of complexity or items where management judgment are material to the financial statements, are described in the notes to the financial statements.

Revenues

Income from sale of goods and services are recognized at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Sales are recognized upon delivery.

Classification of balance sheet items

Assets intended for long-term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

Acquisition cost

Acquisition cost includes the purchase price, less any bonuses, rebates or similar, in addition to expenses (freight, toll, non-refundable public duties and any other direct expenses). Internal production costs are capitalized as a part of acquisition cost (mainly project and general management).

For fixed assets and intangible assets acquisition cost includes expenses for preparation for use, e.g., expenses related to testing of power plants.

Interest expenses related to construction loans are capitalized.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

Shares in subsidiaries and associated companies

Subsidiaries are companies where the parent company has control over an investee. A controlling interest is normally obtained when the Group owns more than 50% of the shares (which gives voting rights) in the company and can exercise control over the company, financially and strategically.

Investments where the Group owns 20-50 % of the shares with voting rights and has significant influence of the company, are defined as associated companies.

Investments in shares are recognized at cost. The investment is valued as cost of the shares, less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends and other distributions are recognized when decided. If dividends exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet.

Intangible assets

Expenses related to development of intangible assets are recognized in the balance sheet if future economic benefits can be linked to developing identifiable intangible assets and the expenses can be reliably measured. In opposite cases, expenses are recognized in the profit and loss statement.

Capitalized development is included in the power plant cost and depreciated (linear) over the economic life span.

Fixed assets

Fixed assets are capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. The distinguish between maintenance and improvement/upgrade is assessed based on the standard at the date of acquisition.

In cases where planned depreciation is re-assessed and changed, the effect of change is recognized over the remaining useful life span.

Expenses related to lease of assets are recognized in the profit and loss statement. Advance payments are capitalized and expensed over the leasing period. Lease of assets is capitalized if defined as a financial lease contract.

Land is not depreciated.

Impairment of assets

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except write down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Long-term debt

Long-term debt is recognized at nominal value.

Financial instruments – interest rate swaps

Negative fair value (mark-to-market value) is provided for. Unrealized gain is not recognized.

Provisions

A provision is recognized when a present legal or constructive obligation has occurred, as a result of a past event and it is probable that this will result in an outflow of resources to settle the obligation, and the obligation can be reliably estimated.

Taxes

Income tax on the profit for the period consists of current and deferred tax. Income tax is recognized in the income statement except for tax on items that are recognized directly in equity.

Current tax is the forecast tax payable on the year's taxable income at current tax rates at the balance sheet date, and any adjustments of tax payable for previous years less tax paid in advance.

Deferred tax liabilities are calculated based on the balance sheet-oriented liability method considering temporary differences between the carrying amount of assets and liabilities for financial reporting and tax values.

Deferred tax assets are recognized only to the extent that it is probable that the asset can be utilized against future taxable results. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax asset will be realized. Deferred tax assets and deferred tax liabilities, which are or can be reversed in the same period, are presented net.

Deferred taxes are recognized at nominal values.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash means cash in hand and in the bank. Cash equivalents are short-term liquid investments that can be converted to cash within three months to a known amount and which have an insignificant degree of risk. Cash and cash equivalents in the cash flow statement do not include unused overdraft facilities.

NOTE 1 – REMUNERATIONS

Due to no employees, no pension scheme is required nor established.

Compensation to senior executives and Board of Directors

Chief Executive Officer

The Chief Executive Officer is employed in a sister company and receives salary and other remunerations from this company.

Board of Directors

The Board of Directors in Clemens Kraftverk is coinciding with the Board of Directors in Clemens Kraft Holding (ultimate parent) and receives its remunerations from this company. However, directors employed within ultimate parent owners do not receive remuneration from Clemens Kraft Group.

No guarantees nor collateral is made for the CEO, chairman or other related parties.

Auditor's fee

Auditor's fee can be specified as follows:

	2022	2021
Agreed upon fees for statutory audit of current year's financial statements	127	72
Other attestation services	27	0
	154	72

Auditor's fee is excluding value added tax.

NOTE 2 – RELATED PARTIES

Clemens Kraftverk AS has recognized group contributions of NOK 90.6 million in 2022. The receivable is included in other short-term receivables below.

	Accounts receivables		Other short term receivables		Long term receivables	
	2022	2021	2022	2021	2022	2021
Group companies	1 119 759		482 783	197	768 444	988 433
	1 119 759	0	482 783	197	768 444	988 433

	Accounts payables		Other short term liabilities		Long term liabilities	
	2022	2021	2022	2021	2022	2021
Group companies	3 513	3 954	794 547	0		568 000
	3 513	3 954	794 547	0	0	568 000

Clemens Kraftverk AS holds the top account in a group cash pool arrangement. The sub-ordinated loan from Clemens Kraft Holding AS to Clemens Kraftverk is incorporated in the cash pool arrangement.

Several settlements of intra group loans were made approx. at year-end, both due to cash pool arrangement utilization and to intra group loan restructuring as a part of legal entity restructuring during 2022. Intra group balances (and the total balance of Clemens Kraftverk) are therefore increased as of 2022 compared with year-end 2021.

Non-current assets (receivables on subsidiaries) are subject to interest calculation.

NOTE 3 – TAXES

	2022	2021
Temporary differences		
Provisions	0	-762
Tax loss carry forward	-15 679	-60 965
Other	5 890	0
Basis for deferred tax asset (-) / liability (+)	-9 789	-61 727
Deferred tax asset (-) / liability (+)	-2 154	-13 580
Deferred tax asset (-) / liability (+) recognized in the balance sheet	-2 154	-13 580
Income tax expense comprises		
Income tax payable	0	0
Change in deferred tax	13 821	-2 496
Change in deferred tax due to change in tax rate	0	0
Tax on group contribution prior years	0	0
Income tax expense	13 821	-2 496

NOTE 4 – EQUITY

	Share capital	Share premium	Other paid-in capital	Retained earnings	Sum
Equity as of 1.1.	141 202	484 780	3 023	-51 038	577 967
Mergers			-502	-27 848	-28 350
Capital increase	70 600	211 802			282 402
Current year's profit/loss				30 393	30 393
Equity as of 31.12.	211 802	696 581	2 521	-48 493	862 411

NOTE 5 – INVESTMENTS IN SUBSIDIARIES

	Date of acquisition	Share	Equity as of		Carrying amount
			31 Dec	Net profit/loss	
CK Bond AS	February-18	100 %	95 462	103	98 668
CK Kraftholding Nord AS	April-07	100 %	7 069	421	11 208
Bele Kraft AS	March-10	51 %	-1 393	-707	9 291
Bjuråga Kraft AS	September-18	100 %	-381	-79	36
Brekkefossen Kraftverk AS	April-08	100 %	9 268	-1 451	16 230
Dvergfossen Kraft AS	September-22	100 %	6 580	12 137	21 762
Embla Kraft AS	April-18	100 %	12 441	-678	17 300
Fjærland Kraft AS	December-18	100 %	164 185	83 581	277 908
Graffer Kraft AS	February-18	100 %	12 921	-1 181	13 926
Gyl Kraft AS	December-17	75 %	3 196	356	7 905
Heina Kraft AS	December-17	52 %	4 051	241	6 266
Hellifossen Kraft AS	August-18	100 %	29 816	-3 449	33 036
Hynna Kraft AS	January-05	67 %	-3 746	-3 174	4 500
Kjeldalselva Kraft AS	July-11	100 %	13 536	-2 174	23 500
Kupekraft AS	April-19	100 %	36 525	-191	37 036
Kvammadalselvi Kraft AS	September-19	100 %	-265	-121	36
Kvernfossen Kraft AS	May-18	100 %	13 546	-216	14 250
Langfjordkraft AS	December-21	100 %	11 795	1 017	8 523
Meraker Kraft AS	February-14	65 %	48 271	-3 735	35 464
Nordvik Kraft AS	December-17	100 %	4 420	121	29 143
Nørlandselva Kraft AS	June-15	100 %	91 350	3 480	109 504
Ringdal Kraftverk AS	January-18	100 %	1 120	-1 432	33 898
Rodal Kraft AS	December-17	100 %	-788	-451	8 980
Salhuselva Kraft AS	March-19	100 %	14 590	-2 360	18 836
Skjerva Kraft AS	December-17	100 %	11 519	-810	14 515
Sleveåne Kraft AS	November-14	100 %	11 091	-18 893	5 560
Storedalen Kraftverk AS	November-20	100 %	-1 152	-96	3 744
Sædalen Kraft AS	February-18	100 %	14 687	3 611	14 700
Søråni Kraft AS	December-16	95 %	29 293	10 296	25 491
Tokagelet AS	September-18	100 %	77 540	-8 414	92 152
Trollekraft AS	January-18	97 %	7 351	-942	9 775
Trollvikelva Kraft AS	January-18	89 %	19 037	-1 932	19 363
Vaksvik Kraft AS	August-08	100 %	116 328	-3 565	163 441
Vangjolo Kraft AS	November-14	100 %	41 731	7 378	57 373
Vossedalselvi Kraft AS	November-14	100 %	32 640	9 189	33 775
Øvrebø Kraft AS	April-19	100 %	15 620	-189	16 036
					1 293 132

In 2022 Clemens Kraftverk AS merged with CK Bond 2 AS and CK Kraftholding Sør Vest AS, with Clemens Kraftverk as the acquiror. The merge was effective as of 1 January 2022, and was recognized based on continuity. A result of these mergers were that Clemens Kraftverk became the direct owner of certain subsidiaries.

In addition, Nørlandselva Kraft AS (former CK Kraftholding Vest AS) and Vaksvik Kraft AS (former CK Kraftholding Midt-Norge AS) distributed their shares in subsidiaries as dividend. The transaction was recognized at continuity and classified as repayment of investment in Nørlandselva Kraft AS and Vaksvik Kraft AS.

Consequently, the list of subsidiaries as of 2022 has increased compared to year-end 2021.

NOTE 6 – BANK DEPOSITS

Clemens Kraftverk AS has no restricted cash. The company participates in a cash pool arrangement, please refer to note 2.

NOTE 7 – SHARE CAPITAL AND SHAREHOLDERS INFORMATION

Class	No. of shares (thousand)	Nominal value	Share capital (thousand)
Ordinary shares	35 300	6	211 802

All shares are held by Clemens Kraft Holding AS.



To the General Meeting of Clemens Kraftverk AS

Independent Auditor's Report

Opinion

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

- the financial statements of the parent company Clemens Kraftverk AS (the Company), which comprise the financial position as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Clemens Kraftverk AS and its subsidiaries (the Group), which comprise the financial position as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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), 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.



Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. 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.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. 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.

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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>



Oslo, 18 April 2023
PricewaterhouseCoopers AS

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