# CLEMENS KRAFTVERK

## Q4 2024 INTERIM REPORT

CLEMENS KRAFT

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Front cover page: Nordvik power plant, intake
Back cover page: Bele power plant

# CLEMENS KRAFT AT A GLANCE

## OUR HISTORY

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 consisted of 52 plants in operation, including five power plants in owned associated companies, during 2024. Subsequent of the sale of Hellifossen mid-December the current portfolio is 51 plants.

Clemens Kraft is based on the strong tradition of Norwegian hydropower with a long-term industrial perspective. The two solid owners are Allstad AS (former Opplysningsvesenets fond) with 50.1% and CPV/CAP Pension fund of Coop Group Switzerland with 49.9% of the shares.

## OUR BUSINESS

Hydropower is a renewable and clean energy source that does not emit climate gases or pollute during production. Clemens Kraft provides 100% renewable energy from local small hydropower production facilities that use water from rivers and streams in the best way possible. To meet the growing demand for renewable energy and to achieve the governmental goal of net zero climate emissions by 2050, there is a need to develop more renewable energy while respecting the environment and biodiversity.

| | | | |
|---|---|---|---|
| **51** Powerstations from north to south in Norway | **673** GWh small scale hydro power production capacity in total portfolio | **220** In power related revenue in 2024 (NOK million) | **500** Landowners regarding rent of water fall rights |
| **100 %** Renewable hydro power production | **35 000** Norwegian households powered | **17** Employees | A significant contributor in local community by paying fall lease to landowners and property tax to local muncipalities |

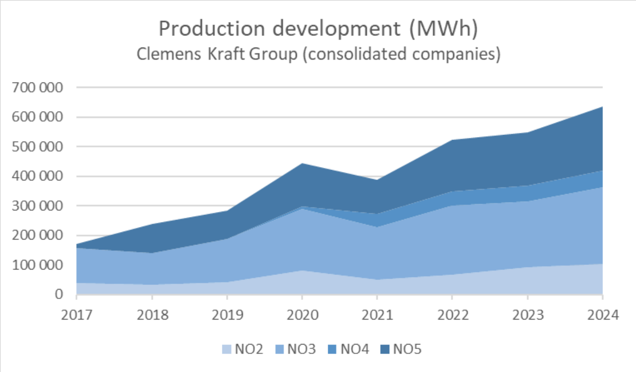
*Graphic includes gross values from all portfolio plants, including those owned by associated companies as of February 2025. Normalized annual production from the 47 consolidated power plants (2024) is 675 GWh. Going forward normalized annual production from the current 46 consolidated power plants is 647 GWh.*

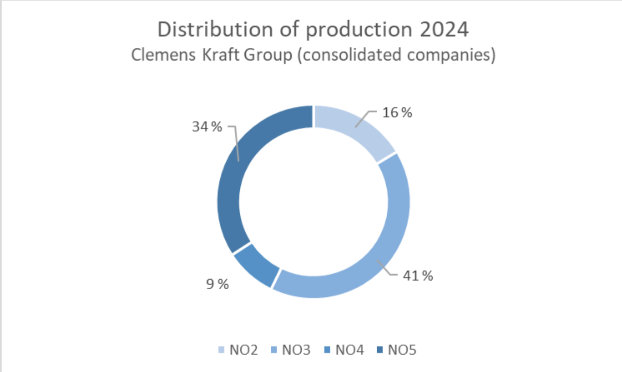
Landowners and local communities are crucial to Clemens Kraft continued business and a good dialogue with local landowners and reindeer herders is important to get acceptance for utilization of natural water resources for power needed by the society.

Clemens Kraft is following the regulations from the Norwegian Water Resources and Energy Directorate supporting principles of sustainable development. The sustainability approach is important with regards to both projects and production of power. The increasing risk of flooding and landslides due to an increase of heavy rainfall episodes, is part of the project planning and will be a mitigating factor for possible damages.

Requirements with regards to environment as minimum water flow and bypass of water is important to comply and will be of importance when planning, engineering and operation of the power plants. Clemens Kraft facilitate clean water and fishing hatchery when relevant.

The 51 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.




*Graphics shows historical production (left) and distribution of 2024 production across areas (right). 2023 was the first year with full production capacity of 675 GWh*

The team that operates the power plants has a strong focus on plant efficiency and low costs. The model where the team members split the different power plants among themselves and work in shifts to monitor them continuously, is very effective. There has also been an effort to reduce need for manual work by adopting digital solutions such as remote-control systems and automated trash rack cleaners. The focus on continuous improvement carries on and will remain a priority in the future.

## VALUES AND VISION

| CREDIBLE & RELIABLE | ENGAGED & COURAGEOUS | VALUE CREATING & SUSTAINABLE FOCUSED |
|---|---|---|

A GREENER AND MORE SUSTAINABLE POWER PRODUCER

# RESPONSIBILITY STATEMENT

We confirm that the financial statements for the fourth quarter of 2024, 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 of the Clemens Kraftverk Group.

Oslo, 12 February 2025

Board of Directors

| | | |
|---|---|---|
| (sign) | (sign) | (sign) |
| Ole-Wilhelm Meyer<br>Chairman | Harald Kurt Siewert<br>Deputy chairman | Hans Erik Horn<br>Director |
| (sign) | (sign) | (sign) |
| Ulf Myrbø<br>Director | Eldbjørg Sture<br>Director | Oddleiv Sæle<br>Director |

(sign)

Knud Hans Nørve
Chief Executive Officer

# FOURTH QUARTER 2024

## OPERATIONAL HIGHLIGHTS

Power production in Q4 (consolidated companies only) was 184.2 GWh (Q4 2023 71.0 GWh). Due to wet and mild weather in the last quarter in general, and in December in particular, the production ended above the normalized levels and compensated for the shortfall of volumes in the third quarter.
For the year as a whole the total production volumes ended approx. at the annual normalized levels, despite certain technical issues at few powerplants during the year.

Power prices for Q4 have been lower than expectations. The high hour-by-hour and day-by-day volatility and low capture rates remains, being a challenge for run-of-river plants, such as Clemens Kraftverk operates. Total revenues for the quarter ends up at NOK 53.0 million (NOK 32.1 million).

In December 2024 Clemens Kraftverk sold one of their assets. The gain from this sale is recognized as other operating income, resulting in total operating income from the quarter of NOK 123.9 million, and NOK 291 million year-to-date. In addition, the gain results in a operating profit both for the quarter, with NOK 72.1 million, and the year in total, with NOK 104.7 million.

EBITDA for the quarter was NOK 87.3 million (NOK 7.7 million). Net of financial items and tax the net profit ended at NOK 53.0 million (NOK 40.4 million[1]) for the quarter.

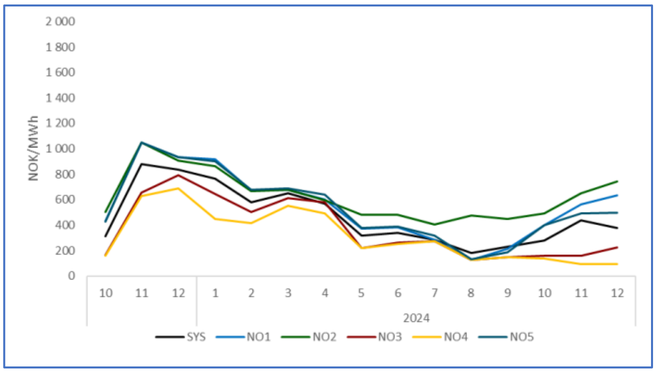
Clemens Kraftverk is a substantial contributor to the local communities surrounding the plants. During 2024 the Group has accrued and recognized NOK 44.9 million in fall lease and property tax.

Achieved average prices for the quarter varies from NOK 0.09 per kWh to NOK 0.51 per kWh across price areas. This is lower than the three quarter's average and is therefore reducing the YTD achieved prices in all price areas.

| Achieved price, NOK per kWh | NO1 | NO2 | NO3 | NO4 | NO5 | Total |
|---|---|---|---|---|---|---|
| Q4 | (n/a) | 0,51 | 0,14 | 0,09 | 0,30 | 0,24 |
| YTD | (n/a) | 0,52 | 0,22 | 0,20 | 0,37 | 0,32 |

## MARKET DEVELOPMENT

From a peak in November 2023 power prices has trended down until June 2024. In the same period, all price areas have converged towards each other. From July through September, prices were once again split in two separate levels. From September an increasing trend in prices are observed, however with a rather wide spread for all the five areas out of 2024. Volatile prices remains challenging for Clemens Kraftverk as a run-of-river producer, and leads to varying capture rates in periods without full effect production.




## PROJECT DEVELOPMENT

Two new power plant projects are in development phase. Minor delays in the final early phase stages have occurred, resulting in estimated construction start in 2025 for both projects. One of the projects is planned together with another partner, and to be built in NO1 with the total expected production volume of approx. 16.8 GWh per year. The other project is located in NO5 with total expected volume of approx. 15.1 GWh per year.

[1] 2023 Q4 net profit highly influenced by a positive tax effect related to a 2023 Q3 item

## FINANCING ACTIVITIES AND FINANCIAL ITEMS

The NOK 325 million bond issued by Clemens Kraftverk is due in February and therefore classified as a current liability. The Group has concluded the refinancing to be executed mid-February.

Full year 2024 interest expense compared with full year 2023 is approx. at the same level. However, an increase in underlaying rates was observed from the first half of 2023 to the first half of 2024. In December 2024 Clemens Kraftverk repaid a portion of the non-current debt to strengthen its financial robustness. Reference is also made to the following risk section and note 4 describing interest rate hedging – most of the swap agreements is made at Clemens Kraft Holding level meaning that Clemens Kraftverk to a larger extent is exposed to changes in interest rates than the group from a Clemens Kraft Holding perspective.

# RISKS AND UNCERTAINTY FACTORS

Clemens Kraftverk is exposed to several risk factors, including but not limited to the items listed below.

*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.

*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 Q4 2024, the Group has a floating interest-bearing debt of NOK 1.47 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. However, some swap agreements are made by Clemens Kraft Holding (Clemens Kraftverk's parent company). For further information please refer to the accounting principles and note 4 to the financial statements below.

*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 move production volume to periods with expected higher power prices.

During 2024 the Group observes continued 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.

As the Group receives el-certificates and GoOs, it is also exposed to fluctuations in el-certificate and GoO prices.

Market prices are quoted in EUR on Nord Pool and for GoOs. Accordingly, the Group is indirectly exposed to currency fluctuations between EUR/NOK.

*Operational 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 concessions by NVE. These two permissions determine 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.

*Political risk*

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

In 2022 the resource rent tax increased from 37% to 45%. Clemens Kraft owns one plant subject to resource rent taxation which will be subject to any change in resource rent taxation rates. This tax-rate-increase directly impacted recognized values and impairments (recognized in 2023).

# CONDENSED INTERIM FINANCIAL STATEMENTS CLEMENS KRAFTVERK

## PROFIT AND LOSS (UNAUDITED)

*Amounts in NOK 1 000*

| | NOTE | Q4 2024 | Q4 2023 | Full year 2024 | Full year 2023 |
|---|---|---|---|---|---|
| **OPERATING INCOME AND EXPENSES** | | | | | |
| Revenues | 1 | 52 982 | 32 088 | 220 063 | 260 006 |
| Other operating income | 1 | 70 922 | 5 351 | 70 899 | -1 349 |
| **Total operating income** | | **123 904** | **37 440** | **290 962** | **258 657** |
| Cost of goods sold | 2 | 13 164 | 10 608 | 46 974 | 60 496 |
| Depreciation | | 15 214 | 15 261 | 60 777 | 58 738 |
| Impairment | | 0 | 0 | 0 | 116 054 |
| Other operating expenses | | 21 896 | 19 087 | 77 032 | 72 167 |
| Capitalized project development | | 1 524 | 0 | 1 524 | 0 |
| **Total operating expenses** | | **51 798** | **44 956** | **186 306** | **307 455** |
| Operating result | | 72 106 | -7 516 | 104 656 | -48 797 |
| **FINANCIAL INCOME AND FINANCIAL EXPENSES** | | | | | |
| Income on subsidiaries, associated companies and joint ventures | | 547 | 402 | 1 614 | 3 322 |
| Other interest income | | 3 320 | 4 455 | 5 699 | 7 711 |
| Other financial income | | 3 787 | 0 | 4 958 | 3 876 |
| **Total financial income** | | **7 655** | **4 857** | **12 271** | **14 909** |
| Financial instruments measured at fair value | | 0 | 0 | 0 | -470 |
| Interest expenses | | 29 867 | 32 887 | 119 127 | 120 494 |
| Other financial expenses | | 602 | 609 | 2 402 | 5 261 |
| **Total financial expenses** | | **30 469** | **33 496** | **121 529** | **125 286** |
| Net financial income and financial expenses | | -22 815 | -28 639 | -109 258 | -110 377 |
| Profit (-loss) before tax | | 49 292 | -36 155 | -4 602 | -159 174 |
| Tax expense (-income) | | -3 669 | -76 598 | -9 579 | -87 104 |
| Profit (-loss) after tax | | 52 961 | 40 443 | 4 977 | -72 070 |
| Profit/loss attributable to non-controlling interests | | -1 264 | -1 545 | -4 336 | -4 089 |
| Profit/loss attributable to owners of the parent | | 54 225 | 41 987 | 9 313 | -67 981 |

# FINANCIAL POSITION (UNAUDITED)

*Amounts in NOK 1 000*

| ASSETS | NOTE | Q4 2024 | 2023 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Concessions, fall and similar rights | | 354 580 | 363 024 |
| Deferred tax asset | | 18 693 | 4 184 |
| Goodwill | | -22 217 | -30 661 |
| **Total intangible assets** | | **351 056** | **336 547** |
| | | | |
| Property, plant and equipment | 3 | 2 438 725 | 2 570 834 |
| Machinery, office tools, fixtures and fittings | | 899 | 1 172 |
| **Total fixed assets** | | **2 439 624** | **2 572 006** |
| | | | |
| Shares in associated companies and joint ventures | | 25 279 | 21 637 |
| Other non-current receivables | 4 | 4 799 | 4 812 |
| **Total financial non-current assets** | | **30 079** | **26 449** |
| | | | |
| Total non-current assets | | 2 820 759 | 2 935 002 |
| | | | |
| **CURRENT ASSETS** | | | |
| Trade receivables | | 12 180 | 10 418 |
| Other current receivables | | 10 456 | 25 899 |
| **Total current receivables** | | **22 636** | **36 317** |
| | | | |
| **Cash and cash equivalents** | | **127 011** | **155 298** |
| | | | |
| Total current assets | | 149 646 | 191 615 |
| | | | |
| Total assets | | 2 970 406 | 3 126 617 |

*Amounts in NOK 1 000*

| EQUITY AND LIABILITIES | NOTE | Q4 2024 | 2023 |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | | 282 402 | 282 402 |
| Share premium | | 837 782 | 837 782 |
| Other paid-in capital | | 3 023 | 3 023 |
| **Total paid in capital** | | **1 123 208** | **1 123 208** |
| | | | |
| Retained earnings | | -251 885 | -264 688 |
| **Total retained earnings** | | **-251 885** | **-264 688** |
| | | | |
| Non-controlling interests | | 28 787 | 33 123 |
| Total equity | | 900 110 | 891 642 |
| **LIABILITIES** | | | |
| Other provisions | | 502 | 0 |
| **Total provisions** | | **502** | **0** |
| | | | |
| Non-current interest bearing debt (credit institutions) | 4 | 1 470 197 | 1 630 684 |
| Bonds | 4 | 0 | 325 000 |
| Other non-current liabilities | | 1 447 | 1 343 |
| **Total non-current liabilities** | | **1 471 644** | **1 957 027** |
| | | | |
| Trade payables | | 6 198 | 10 162 |
| Taxes payable | | 7 220 | 4 597 |
| Public duties payable | | 3 835 | 0 |
| Bonds | 4 | 325 000 | 0 |
| Other current liabilities | | 255 896 | 263 190 |
| **Total current liabilities** | | **598 149** | **277 948** |
| Total liabilities | | 2 070 295 | 2 234 975 |
| Total equity and liabilities | | 2 970 406 | 3 126 617 |

Oslo, 12 February 2025

Board of Directors

| | | |
|---|---|---|
| (sign) | (sign) | (sign) |
| Ole-Wilhelm Meyer<br>Chairman | Harald Kurt Siewert<br>Deputy chairman | Hans Erik Horn<br>Director |
| (sign) | (sign) | (sign) |
| Ulf Myrbø<br>Director | Eldbjørg Sture<br>Director | Oddleiv Sæle<br>Director |

(sign)

Knud Hans Nørve
Chief Executive Officer

# NOTES

## ACCOUNTING PRINCIPLES

The statements of profit and loss and financial position within the quarterly interim report has been prepared in accordance with accounting principles stated in the Norwegian Accounting Act and with accounting principles generally accepted in Norway. The interim financial statements have been prepared based on the assumption of going concern.

The interim report does not include all information required in the annual financial statements. Therefore, the report should be read in conjunction with the Annual report for 2023.

*Revenues*

Sales are recognized upon delivery. 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.

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.

Late 2022, the Norwegian authorities introduced a special purpose fee (high price contribution fee) on sale of power at a price above 70 øre per kWh. This tax was introduced to limit the turnover of power producers. The tax is therefore classified as negative other operating income, for the applicable period (reference is made to note 1).

*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 instalments on long term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets. If total loan facilities or tranches are due, those are classified as short-term liabilities.

*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.

*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.

*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.

## NOTE 1 – REVENUES

Clemens Kraftverk revenues consist mainly of sale of electrical power, el-certificates and GoOs. The Clemens Kraftverk Group receives a right to issue and sell a given number of el-certificates per sold kWh of electricity.

Clemens Kraftverk revenues is summarized below:

| Revenues | Q4 2024 | Q4 2023 | Full year 2024 | Full year 2023 |
|---|---|---|---|---|
| Power revenues | 44 350 | 24 857 | 202 864 | 234 304 |
| El-cert / GoO revenues | 8 632 | 7 232 | 17 198 | 25 703 |
| TOTAL | 52 982 | 32 088 | 220 063 | 260 006 |

El-certs and GoOs revenues are recognized at the time the certificates are realized. The balance of granted rights to sell certificates is not recognized, however certificates are sold on a continuously basis and the value of granted but not realized certificates is considered immaterial.

High price contribution fee (references is made to the note regarding accounting principles) is included as a negative amount in other operating income with NOK 7.3 million for 2023 (not included in the table above). High price contribution fee was applicable for the months January to September, as the arrangement was terminated as of October 2023. Thus, no impact on 2024 figures.

## NOTE 2 – COST OF GOODS SOLD

Recognized fall lease as of Q4 2024 (YTD) amounts to NOK 28.0 million, whereas NOK 21.5 million is a accrued current liability with settlement subsequent of the fiscal year 2024.

In 2023, an amount of NOK 3.9 million is paid to landowners associated to one of the plants related to disputed fall lease for 2021, subsequent of legal negotiations. The amount includes legal fees and was not recognized in prior periods and is included in the second quarter figure for 2023 related to cost of goods sold. Court ruling appeal lost, the ruling is legally binding.

The Group has a limited amount of accumulated negative fall lease. Negative fall lease has not been refunded from the landowners but is carried forward and settled with future fall lease. The negative fall lease is an asset which only has its value through a future liability reduction with basis in transactions which as of the reporting period does not have incurred. Therefore, there is no basis for recognizing the asset.
The same principle is applied for prepaid fall lease and minimum payments where these can be deducted in future ordinary fall lease.

As of Q4 2024 Clemens Kraftverk has negative fall lease carried forward and prepaid fall lease of approx. NOK 4 million.

## NOTE 3 – FIXED ASSETS

In Q3 2023 Clemens Kraftverk recognized an impairment of NOK 116 million related to Tokagjelet. NOK 110 million is related to fixed assets and NOK 6 million related to excess values from business combinations. The impairment is recognized with basis in an assessment and calculations according to the accounting principles disclosed in the notes to the interim report, made as of Q3 2023. Due to delays and challenges encountered into in the construction period, the total capital expenditure ended up higher than the original estimate. This, combined with the increase in resource rent taxation rate (from 37% to 45%) reduces the NPV of expected future cash flows compared with the original investment analysis. The impairment will, partly or in total, be reversed according to generally accepted accounting principles if and when there is no longer basis for the impairment.

## NOTE 4 – LIABILITIES

Interest-bearing debt is provided by financial institutions, issued bonds and intra group loans based on paid in capital in the parent company Clemens Kraft Holding.

| Lender | Amount | Loan |
|---|---|---|
| Clemens Kraftverk | 325,0 | Bond |
| Clemens Kraftverk | 1 462,0 | Term |
| Heina Kraft AS | 8,2 | Term |
| Hynna Kraft AS | 1,4 | Sub-ordinated |
| TOTAL LOAN PORTFOLIO | 1 796,6 | |

The bond issued by the Group is due in February 2025 and is therefore classified as a current liability as of Q4 2024. The issued bond has a fix interest rate.

NOK 206.5 million, not included in the table above, is provided from Clemens Kraft Holding to Clemens Kraftverk as a deposit in the group cash pool arrangement (classified and presented as current liabilities), where Clemens Kraftverk is the owner of the top account and the total cash balance.

The term loan from financial institutions to Clemens Kraftverk is divided in two tranches. In total, the amount due in 2027-2029 is as follows:

| Year | Due |
|---|---|
| 2027 | 728,0 |
| 2028 | 16,0 |
| 2029 | 718,0 |
| TOTAL | 1 462,0 |

The term loan from financial institutions to Heina Kraft is amortized with monthly installments of NOK 40.5 thousand until it is fully repaid in 2041.

Interest rate swaps are made on a nominal amount of NOK 1 236 million on the non-current liabilities. However, only swaps related to NOK 471 million of the liabilities are made by Clemens Kraftverk. The other agreements are made by Clemens Kraft Holding (parent).

As of Q4 2024 Clemens Kraftverk has no liabilities under the interest rate swap agreements. The agreements have a positive off-balance MTM of NOK 38.5 million (unrealized gain).