Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	920 349 455
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	VARME TOPCO AS
Forretningsadresse:	Brynsveien 2 1338 SANDVIKA

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Janelle Brataas
Dato for fastsettelse av årsregnskapet:	05.03.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 15.05.2025

Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	13, 24	111 000	74 000
Sum kostnader		**111 000**	**74 000**
Driftsresultat		**-111 000**	**-74 000**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		50 092 000	50 061 000
Annen renteinntekt		21 000	16 000
Sum finansinntekter		**50 113 000**	**50 077 000**
Annen finanskostnad		2 000	3 000
Sum finanskostnader		**2 000**	**3 000**
Netto finans	4	**50 111 000**	**50 074 000**
Ordinært resultat før skattekostnad		**50 000 000**	**50 000 000**
Skattekostnad på ordinært resultat	5	0	0
Ordinært resultat etter skattekostnad		**50 000 000**	**50 000 000**
Årsresultat		**50 000 000**	**50 000 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		50 000 000	50 000 000
Sum overføringer og disponeringer		**50 000 000**	**50 000 000**

Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	22	1 507 568 000	1 562 568 000
Sum finansielle anleggsmidler		**1 507 568 000**	**1 562 568 000**
Sum anleggsmidler		**1 507 568 000**	**1 562 568 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	6, 7, 8, 10, 13	93 000	61 000
Sum fordringer		**93 000**	**61 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	20 452 000	20 481 000
Sum bankinnskudd, kontanter og lignende		**20 452 000**	**20 481 000**
Sum omløpsmidler		**20 545 000**	**20 542 000**
SUM EIENDELER		**1 528 113 000**	**1 583 110 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		120 000	120 000
Annen innskutt egenkapital		1 527 990 000	1 582 990 000
Sum innskutt egenkapital		**1 528 110 000**	**1 583 110 000**
Sum egenkapital	17	**1 528 110 000**	**1 583 110 000**

Balanse

Beløp i: NOK	Note	2023	2022
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld	6	3 000	0
Sum kortsiktig gjeld		**3 000**	**0**
Sum gjeld		**3 000**	**0**
SUM EGENKAPITAL OG GJELD		**1 528 113 000**	**1 583 110 000**
POSTER UTENOM BALANSEN			
Pantstillelser	11	1 507 568 000	1 562 568 000

Konsernets resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	523 924 000	624 143 000
Annen driftsinntekt	24	9 303 000	2 071 000
Sum inntekter		**533 227 000**	**626 214 000**
Kostnader			
Varekostnad		217 882 000	336 681 000
Lønnskostnad	3, 16	32 382 000	30 504 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	12, 13, 14	73 908 000	73 086 000
Annen driftskostnad	13, 24	25 418 000	23 497 000
Sum kostnader		**349 590 000**	**463 768 000**
Driftsresultat		**183 637 000**	**162 446 000**
Finansinntekter og finanskostnader			
Inntekt på andre investeringer		5 480 000	18 038 000
Annen renteinntekt		9 595 000	3 456 000
Annen finansinntekt		119 000	128 000
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi	7	32 966 000	
Sum finansinntekter		**48 160 000**	**21 622 000**
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	7		52 651 000
Annen rentekostnad		76 208 000	62 816 000
Annen finanskostnad		6 273 000	4 334 000
Sum finanskostnader		**82 481 000**	**119 801 000**
Netto finans	4	**-34 321 000**	**-98 179 000**
Ordinært resultat før skattekostnad		**149 316 000**	**64 267 000**
Skattekostnad på ordinært resultat	5	31 501 000	10 010 000
Ordinært resultat etter skattekostnad		**117 815 000**	**54 257 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2023	2022
Årsresultat		**117 815 000**	**54 257 000**
Minoritetsinteresser		2 543 000	2 357 000
Årsresultat etter minoritetsinteresser		**115 272 000**	**51 900 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		115 272 000	51 900 000
Sum overføringer og disponeringer		**115 272 000**	**51 900 000**

Konsernets balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	13, 14	450 373 000	464 262 000
Goodwill	14	1 611 348 000	1 611 348 000
Sum immaterielle eiendeler		**2 061 721 000**	**2 075 610 000**
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	12	947 823 000	969 094 000
Sum varige driftsmidler		**947 823 000**	**969 094 000**
Finansielle anleggsmidler			
Investeringer i aksjer og andeler	24	247 296 000	241 816 000
Andre fordringer	6, 7, 8, 10	30 878 000	19 375 000
Sum finansielle anleggsmidler		**278 174 000**	**261 191 000**
Sum anleggsmidler		**3 287 718 000**	**3 305 895 000**
Omløpsmidler			
Varer			
Varer	15	5 637 000	7 382 000
Sum varer		**5 637 000**	**7 382 000**
Fordringer			
Kundefordringer	6, 8	123 708 000	162 734 000
Andre fordringer	6, 7, 8, 10, 13	28 868 000	5 211 000
Sum fordringer		**152 576 000**	**167 945 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	191 959 000	194 109 000
Sum bankinnskudd, kontanter og lignende		**191 959 000**	**194 109 000**
Sum omløpsmidler		**350 172 000**	**369 436 000**

Konsernets balanse

Beløp i: NOK	Note	2023	2022
SUM EIENDELER		**3 637 890 000**	**3 675 331 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		120 000	120 000
Annen innskutt egenkapital		1 551 706 000	1 543 770 000
Sum innskutt egenkapital		**1 551 826 000**	**1 543 890 000**
Minoritetsinteresser		50 861 000	49 606 000
Sum egenkapital	17	**1 602 687 000**	**1 593 496 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	16	6 710 000	9 482 000
Utsatt skatt	5	138 613 000	127 835 000
Derivater	6, 7	0	57 249 000
Andre finansielle forpliktelser	13	21 081 000	19 877 000
Sum avsetninger for forpliktelser		**166 404 000**	**214 443 000**
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	6, 11	1 696 759 000	1 624 937 000
Sum annen langsiktig gjeld		**1 696 759 000**	**1 624 937 000**
Sum langsiktig gjeld		**1 863 163 000**	**1 839 380 000**
Kortsiktig gjeld			
Leverandørgjeld	6	66 465 000	115 268 000
Betalbar skatt	5	20 064 000	28 059 000
Skyldige offentlige avgifter	6,9	13 463 000	14 690 000
Annen kortsiktig gjeld	6,7, 9,10,13	72 048 000	84 438 000
Sum kortsiktig gjeld		**172 040 000**	**242 455 000**

Konsernets balanse

Beløp i: NOK	Note	2023	2022
Sum gjeld		**2 035 203 000**	**2 081 835 000**
SUM EGENKAPITAL OG GJELD		**3 637 890 000**	**3 675 331 000**
POSTER UTENOM BALANSEN			
Garantistillelser	11	500 000	500 000
Pantstillelser	11	381 095 000	342 162 000

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List of Signatures

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Name	Method	Signed at
Jeremy Roudier	One-Time-Password	2024-03-06 09:52 GMT+01
Poulsson, Siw Linnea	BANKID	2024-03-05 15:15 GMT+01
BYSVEEN, STEINAR	BANKID	2024-03-05 14:16 GMT+01
Dahl, Christian Andre	BANKID	2024-03-05 14:06 GMT+01
Maria Munina	One-Time-Password	2024-03-05 13:49 GMT+01

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Varme Topco AS

Director's report 2023

Varme Topco AS - group

Ownership
Varme Topco AS is owned by Infranode I (No. 1) AB (42,5%), Core Infrastructure II Sàrl (42,5%) and Kommunal Landspensjonskasse gjensidig forsikringsselskap (15%).

The Varme Topco' group consists of Varme Topco AS (parent company), the wholly owned subsidiaries; Varme Finco AS, Varme Acquisitions AS, Oslofjord Varme AS and Mosjøen Varme Leasing AS, as well as the partly owned companies; Drammen Fjernvarme AS and Fredrikstad Fjernvarme AS.

Varme Acquisitions AS has entered into an agreement to buy 70% of the shares in Enebakk Bioenergi AS in January 2024.

Business
The group's activities include the production and distribution of district heating and cooling, for residential, public and commercial buildings. The headquarters for the group is located in Bærum.

The group has concessions for delivery of district heating in six areas; Bærum (Sandvika, Lysaker/Fornebu/Lilleaker, Bekkestua), Ullensaker, Fredrikstad and in Mosjøen. In addition to this, the group has agreements for the delivery of thermal energy to a few customers in the Oslo region.

Oslofjord Varme has focused on using large heat pumps for production of both district heating and district cooling. Energy sources used for the heat pumps are sewage water, seawater or heat exchange through boreholes in a rock energy storage. The heating plant in Mosjøen is based on industrial heat recovery. In Fredrikstad, heat is purchased from two local waste incineration plants.

In 2023, there was a decrease in heat sales from the previous year, which is largely due to the decrease in the market price of electricity from 2022 to 2023.

Financial performance
In the Board's opinion, the income statement and balance sheet give a true and fair view of the financial development during the year and the financial position at year end.

The group had a net profit of kr 117,8 mill for 2023 and the Board is satisfied with this result. In the parent company, the net loss before group contributions received was kr 0,1 mill. The company received a group contribution of kr 50,1 mill so that the net profit is kr 50,0 mill.

The difference between net cash flows from operational activities and the operating profit consist mainly of depreciation, interest and taxes paid and a decrease in net working capital. Capital expenditures for increased production capacity and distribution are financed from cash flows from operating activities in 2023 and long-term bank loans.

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Continued operations
In accordance with the Accounting Act §3-3, we confirm that the requirement for the preparation of the financial statements being based on the going concern assumption has been met. The basis for this is the budget for 2024 and the group's long-term strategic forecast for the coming years.

Environment
The group has not had any accidents in 2023 which have caused serious pollution of the external environment.

District heating and cooling reduces the use of primary energy resources for our customers by utilizing waste heat and renewable energy. Reserve and peak load production of district heating in the group's concession areas around Oslo are based on certified renewable sources.

Oslofjord Varme AS has a goal of having fossil free production in Southern Norway from 2025.

Pursuant to National ETS (emission trading systems) legislation, Oslofjord Varme AS is obligated to buy quotas for CO_2 emissions and is awarded free allowances. In 2023, the company had total emissions of 896 tons of CO_2 from the combustion of light fuel oil. As an alternative to the payment of NO_x taxes, Oslofjord Varme AS is a member of the NO_x Fund and pays a deposit into the fund. The fund distributes capital to NO_x reducing measures after an application process.

Working environment and personnel
The group has 20 employees, 15 men and 5 women (parent company: no employees). The group's personnel policy ensures that there is no gender discrimination, and therefore no other measures are taken in this area. The working environment is good. There were no work-related injuries in 2023. There has been a total of 37 days of absence (0,8%) due to sick leave.

The company has in cooperation with their subsidiary, Oslofjord Varme, published due diligence assessments on Oslofjord Varme's webpage.

Financial risks
The group is satisfactorily financed with equity, long-term loans and issued notes. The group has entered into interest rate swaps and cross currency swaps to secure the interest rate and exchange rate on the long-term loans and notes. The group's production volume is sensitive to changes in the outdoor temperature. All invoicing occurs monthly in arrears, so bad debts are very limited. The group has entered into a commodity hedge to secure the portion of the district heating sales price which is based on the market price of electricity. The Group's liquidity is therefore transparent, so that the total financial risk in the group must be regarded as low. For further description, we refer to note 20 for financial risk management.

The parent company has insurance coverage for Directors and Officers which limits their personal liability in their role for the company, external environment and third parties.

Future prospects
A large part of the ongoing deliveries are made to relatively new buildings in densely populated areas, which are attractive in the rental market and therefore have a stable demand for heating and cooling.

The Norwegian authorities are active, through Enova, in giving considerable support funds to increase the use of district heating.

The group has no direct activities aimed at research and development but seeks to keep updated by participating in industry-specific organisations.

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The group will focus on developing and expanding the use of district heating and cooling in areas where they already have deliveries as well as participate in activities in other parts of Norway where this is appropriate.

Distribution of profits
The parent company had a net profit of kr 50,0 mill in 2023. It is proposed that the net profit be allocated to other equity.

Bærum, 5 March 2024

Steinar Bysveen
Chairman of the Board

Linnea Jansen
Board member

Maria Munina
Board member

Jérémy Roudier
Board member

Christian Dahl
Board member

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Varme Topco AS
Income statement
Amounts in NOK thousands

Parent Company 2023	Parent Company 2022		Note	Group 2023	Group 2022
		Revenue			
0	0	Sales revenue	2	523 924	624 143
0	0	Other operating income	24	9 303	2 071
0	**0**	**Total revenue**		**533 227**	**626 214**
		Operating expenses			
0	0	Energy costs		217 882	336 681
0	0	Employee benefit expenses	3, 16	32 382	30 504
0	0	Depreciation and amortisation expenses	12, 13, 14	73 908	73 086
111	74	Other operating expenses	13, 24	25 418	23 497
0	0	Other gains/(losses) - net	7	-32 966	52 651
111	**74**	**Total operating expenses**		**316 624**	**516 419**
-111	**-74**	**Operating profit**		**216 603**	**109 795**
		Financial income and expenses			
50 092	50 061	Income from subsidiaries		0	0
21	16	Other financial income		9 714	3 584
3	2	Other financial expenses		82 481	67 150
50 110	**50 074**	**Net financial items**	4	**-72 767**	**-63 565**
0	0	Share of profits of associates and joint ventures		5 480	18 038
50 000	**50 000**	**Profit before income tax**		**149 316**	**64 267**
0	0	Income tax expense	5	-31 501	-10 010
50 000	**50 000**	**Net profit**		**117 815**	**54 257**
		Profit is attributable to:			
		Owners of Varme Finco AS		115 272	51 900
		Non-controlling interests		2 543	2 357
				117 815	**54 257**
		Allocated as follows			
50 000	50 000	Transferred to other equity		115 272	51 900

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Varme Topco AS
Statement of comprehensive income
Amounts in NOK thousands

	2023	2022
Profit for the period	117 815	54 257
Other comprehensive income		
Items that may be reclassified to profit or loss		
Cash flow hedges	-1 216	11 025
Income tax relating to these items	268	-2 425
Items that will not be reclassified to profit or loss		
Pension liabilities	-1 779	1 479
Income tax relating to these items	391	-325
Other comprehensive income for the period, net of tax	-2 336	9 753
Total comprehensive income (loss) for the period	**115 479**	**64 010**
Total comprehensive income for the period is attributable to:		
Owners of Varme Finco AS	112 797	61 167
Non-controlling interests	2 681	2 844
	115 479	**64 010**

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Varme Topco AS
Balance Sheet
Amounts in NOK thousands

Parent Company 31.12.2023	Parent Company 31.12.2022		Note	Group 31.12.2023	Group 31.12.2022
		ASSETS			
		Non-current assets			
		Intangible and tangible assets			
0	0	Intangible assets	14	2 039 280	2 054 550
0	0	Right-of-use assets	13	22 441	21 060
0	0	Deferred tax asset	5	0	0
0	0	Property, plant and equipment	12	947 823	969 094
0	**0**	***Total intangible and tangible assets***		**3 009 544**	**3 044 705**
		Financial assets			
1 507 568	1 562 568	Investments in subsidiaries	22	0	0
0	0	Investments in associated companies and joint ventures	23	247 296	241 816
0	0	Derivative financial instruments	7	10 812	7 580
0	0	Other long-term receivables	6, 8, 10	20 066	11 793
1 507 568	**1 562 568**	***Total financial assets***		**278 174**	**261 190**
1 507 568	**1 562 568**	**Total non-current assets**		**3 287 718**	**3 305 895**
		Current assets			
		Receivables			
0	0	Inventories	15	5 637	7 382
0	0	Trade receivables	6, 8	123 708	162 734
0	0	Derivative financial instruments	7	6 646	0
92	61	Other receivables	6, 8, 10, 13	22 222	5 212
92	**61**	***Total receivables***		**158 213**	**175 328**
20 452	**20 481**	***Cash and cash equivalents***	6	**191 959**	**194 109**
20 544	**20 542**	**Total current assets**		**350 172**	**369 437**
1 528 113	**1 583 110**	**TOTAL ASSETS**		**3 637 890**	**3 675 331**

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Varme Topco AS
Balance Sheet
Amounts in NOK thousands

Parent Company 31.12.2023	Parent Company 31.12.2022		Note	Group 31.12.2023	Group 31.12.2022
		EQUITY AND LIABILITIES			
		EQUITY			
		Paid-in capital			
120	120	Share capital		120	120
1 527 990	1 582 990	Other paid-in capital		1 551 706	1 543 770
1 528 110	**1 583 110**	***Total paid-in capital***		**1 551 826**	**1 543 890**
		Retained earnings			
0	0	Other equity		0	0
0	**0**	***Total retained earnings***		**0**	**0**
0	0	Non-controlling interests		50 861	49 606
1 528 110	**1 583 110**	**TOTAL EQUITY**	17	**1 602 687**	**1 593 496**
		LIABILITIES			
		Provisions			
0	0	Pension liabilities	16	6 710	9 482
0	0	Lease liabilities	13	21 081	19 877
0	0	Derivative financial instruments	6, 7	0	57 249
0	0	Deferred tax liability	5	138 613	127 835
0	**0**	***Total provisions***		**166 404**	**214 443**
		Other long-term liabilities			
0	0	Borrowings	6, 11	1 696 759	1 624 937
0	**0**	***Total long-term liabilities***		**1 696 759**	**1 624 937**
		Current liabilities			
3	0	Trade payables	6	66 465	115 268
0	0	Income tax payable	5	20 064	28 059
0	0	Lease liabilities	13	2 745	2 491
0	0	Derivative financial instruments	6, 7	724	0
0	0	Borrowings	6, 11	0	0
0	0	Public duties payable	6, 9	13 463	14 690
0	0	Other short-term liabilities	6, 9, 10	68 579	81 946
3	**0**	***Total current liabilities***		**172 040**	**242 454**
3	**0**	**TOTAL LIABILITIES**		**2 035 203**	**2 081 835**
1 528 113	**1 583 110**	**TOTAL EQUITY AND LIABILITIES**		**3 637 890**	**3 675 331**

Bærum 5.3.2024

Steinar Bysveen
Styretsleder

Linnea Jansen
Styremedlem

Maria Munina
Styremedlem

Jérémy Roudier
Styremedlem

Christian Dahl
Styremedlem

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Varme Topco AS
Statement of cash flows
Amounts in NOK thousands

Parent Company			Group	
31.12.2023	31.12.2022		31.12.2023	31.12.2022
		Cash flows from operating activities		
-111	-74	Cash generated from operations (Note 18)	260 963	238 079
21	16	Interest received	9 714	3 584
-3	-2	Interest paid	-81 772	-66 592
0	0	Income taxes paid	-28 059	-28 249
0	0	Change in accounts receivables	39 027	-23 946
3	-13	Change in trade payables	-47 174	68 175
0	0	Change in other working capital	-45 293	-24 851
-90	**-73**	**Total net cash from operating activities**	**107 405**	**166 200**
		Cash flows from investing activities		
0	0	Purchases of property, plant and equipment	-36 121	-40 751
0	0	Acquisitions of shares	0	-30 399
0	0	Repayment of loans by related parties	0	0
0	0	Dividends from associates and joint ventures	0	0
0	**0**	**Total net cash from investing activities**	**-36 121**	**-71 150**
		Cash flows from financing activities		
0	0	Proceeds from increase in share capital	0	0
0	0	Proceeds from borrowings	35 000	165 000
0	0	Payment for share and equity issuance	0	0
0	0	Repayment of borrowings	0	-140 000
0	0	Change in short-term liabilities	0	0
0	0	Principle elements of lease payments	-3 433	-3 161
0	0	Dividends paid to non-controlling interests in subsidiaries	0	0
-105 000	-100 001	Dividends paid to the owners of the parent	-105 000	-100 001
105 061	120 000	Net group contributions received (paid)	0	0
61	**19 999**	**Total net cash flows from financing activities**	**-73 433**	**-78 162**
-29	19 926	Net increase (decrease) in cash and cash equivalents	-2 150	16 888
20 481	555	Cash and cash equivalents at beginning of period	194 109	177 220
20 452	**20 481**	**Cash and cash equivalents at end of period**	**191 959**	**194 109**

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Varme Topco AS

NOTES TO THE FINANCIAL STATEMENTS FOR 2023

Note 1 Accounting principles

Accounting principles

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. The financial statements are for the group consisting of Varme Topco AS and its subsidiaries.

For the company, Varme Topco AS, the financial statements are prepared in accordance with the Norwegian Accounting Act of 1998 and accounting standards and practices generally accepted in Norway. For the group, the financial statements are prepared in accordance with the Accounting Act of Norway § 3-9 and the regulation of simplified IFRS set out by the Ministry of Finance the 3rd of November 2014 (simplified IFRS). This means that the recognition and measurement follow international accounting standards (IFRS) and presentation and disclosures are in accordance with the Norwegian Accounting Act and good accounting practice, except for the treatment of dividends and corporate contributions.

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 classification of liabilities.

Current assets are valued at the lower of cost and fair value. Other short-term liabilities are capitalised based on nominal amounts when the transactions take place.

Fixed assets are initially valued at the cost. These assets are written down to fair value when they have been impaired and the impairment is not expected to be permanent. Long term liabilities in NOK with the exception of other accruals are capitalised at nominal value when established.

Shares in subsidiaries - Parent

Investments in subsidiaries are valued with the cost method. The investments are written down to fair value when the impairment is not considered transient and it is required by simplified IFRS.

Dividends received and corporate contributions from the subsidiaries are recognised as financial income. Dividend and corporate contributions from subsidiaries that exceeds the withheld results during the ownership period are considered repayment of acquisition cost.

Dividends and corporate contributions are recognised in the accounts of the owner's company in line with the Norwegian standard accounting practice.

Subsidiaries - Group

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its

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involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Associated companies - Group

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

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Intangible assets - Group

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are done annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Customer contracts and customer relationships

Customer contracts and customer relationships which are acquired in a business association are capitalised at fair value at the time of purchase. They are amortized by a linear method over their expected useful life.

EUA allowances held for own use

EUA allowances are emission rights that are received to cover CO2 emissions from production. EUA allowances that have been received free of charge from the Norwegian Environment Agency are stated at a value of kr 0 under intangible assets. A liability is recorded if the actual emissions exceed the received emission rights. The accumulated liability is valued at fair value. Purchased emission rights to cover the difference between actual emissions and received emissions are recorded at cost price. Emission rights are tested for impairment and written down if the market value is less than the purchase price. The reduction in value which occurs when the emissions are surrendered, is recorded as energy costs. When a sale of emissions occurs, the gain or loss from sale is recorded under other income.

Other accounting principles – Parent and Group

Revenue recognition

Revenue recognition from the sale of goods occurs at the time of delivery. Revenue recognition from the sale of services occurs in line with the performance.

The proportion of revenue related to future service performance are capitalised as deferred revenue and recognised in accordance with the delivery of the service.

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The accounting policies for the group's revenues from contracts with customers are explained in note 2.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Financial assets

Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The group reclassifies debt investments when and only when its business model for managing those assets changes. Currently all debt instruments are held for collection of contractual cash flows.

Recognition and derecognition

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

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 19 for further details. Lifetime loss is also used for lease receivables.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial

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asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 6. Movements on the hedging reserve in other comprehensive income are shown in note 7. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'Other gains/(losses) – net'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'Finance income/cost'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires, or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'Other gains/(losses) – net'.

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Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in other gains and losses.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, on a net basis within other gains/(losses). All other foreign exchange gains and losses are presented in the statement of profit or loss within finance costs.

Borrowings

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

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Leases

As explained under New and amended standards above, the group has changed its accounting policy for leases where the group is the lessee. The new policy is described in note 13 and the impact of the change in note 26. Until 31 December 2018, leases are classified as financial or operational based on the nature of the contract. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Fixed assets

Fixed assets are reflected in the balance sheet and depreciated over the asset's expected useful life. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred.

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Additions or significant improvements to fixed assets are added to the asset's cost price and depreciated together with the asset.

Government grants relating to investments are recognised as a reduction of the cost of the asset. Investment contributions from customers are recognised as income in the year it is earned.

Internal costs and borrowing costs related to project development are capitalised as part of the project cost.

Inventory

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of FIFO. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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Taxes

The tax charge in the income statement includes both taxes payable for the period and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet.

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Note 2 Sales revenue

(Amounts in NOK thousands)

The group's revenues are generated from the supply of district heat and district cooling, in combination referred to as thermal energy to customers within the group's 6 concession areas as well as to 3 business-to-business (B2B) customers.

The 6 concession areas are located in Bærum, Ullensaker, Fredrikstad and Mosjøen. The 3 B2B customers are all located within the greater Oslo region.

The group has 3 types of customers; residential buildings, public and commercial buildings and B2B customers.

Customers which are mandatory connected, pay an investment contribution at the time of connection. The investment contribution covers the cost of the installation necessary to connect the customer to the main network.
The revenues from investment contributions are recorded on the balance sheet and amortised over the life-time of the equipment which the investment contribution covers.

Contracts for the supply of thermal energy to customers within the concession areas are typically 3 year contracts with customers paying monthly in arrears for actual measured usage. Since monthly billing is based on actual consumption, revenue recognition is based on the billings.

The group's revenue is generated mainly in Bærum and Fredrikstad and the thermal energy is divided into two categories:

2023

	Bærum	Fredrikstad	Ullensaker	Mosjøen	B2B customers
District heating	278 329	92 051	4 029	10 443	52 872
District cooling	70 427	2 977	2 285	0	10 510
Total	**348 757**	**95 028**	**6 314**	**10 443**	**63 383**

2022

	Bærum	Fredrikstad	Ullensaker	Mosjøen	B2B customers
District heating	332 756	127 465	7 268	7 162	70 263
District cooling	60 401	1 891	1 964	0	14 973
Total	**393 157**	**129 356**	**9 232**	**7 162**	**85 236**

Note 3 Employee benefit expenses

(Amounts in NOK thousands)

Parent company

There are no employees in Varme Topco AS.

The audit fee included in other operating expenses for 2023 totals KNOK 84,9 excluding VAT and can be categorised as follows:

Statutory audit	84,9

Group

Employee costs	**2023**	**2022**
Salaries and wages	26 263	25 703
Capitalised own work	-3 576	-3 483
Social security costs	5 469	4 354
Pension costs	2 498	2 607
Remuneration to the Board	987	595
Other remuneration	741	728
Total	**32 382**	**30 504**

On average, the number of employees in the accounting year has been 19,7.

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Remuneration for executives in the group	Managing Director Oslofjord Varme AS	Managing Director Fredrikstad Fjernvarme AS	Board of Directors
Salary	2 122	1 411	
Bonus	637	95	
Pension costs*	955	113	
Other remuneration	120	13	
Remuneration to the Board			987
Total	**3 834**	**1 632**	**987**

*) Both the Managing Director in Oslofjord Varme and in Fredrikstad Fjernvarme are included in their company's pension scheme and do not have any rights beyond those associated with their respective schemes. The Managing Directors have a bonus agreement.

Audit fee

The audit fee included in other operating expenses for 2023 totals KNOK 782 excluding VAT and can be categorised as follows:

Statutory audit	782
Other assistance	0

Note 4 Specification of financial income and expenses

(Amounts in NOK thousands)

Parent company

Financial income	2023	2022
Group contribution	50 092	50 061
Other interest income	21	16
Total financial income	**50 113**	**50 077**

Financial expenses	2023	2022
Other interest expenses	0	0
Other financial expenses	3	2
Total financial expenses	**3**	**2**

Group

Financial income	2023	2022
Interest income from customers	164	-1
Other interest income	9 431	3 457
Other financial income	119	128
Total financial income	**9 714**	**3 584**

Financial expenses	2023	2022
Other interest expenses	76 208	62 816
Other financial expenses	6 273	4 333
Total financial expenses	**82 481**	**67 150**

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Note 5 Taxes

(Amounts in NOK thousands)

Parent company

Components of the income tax expense:	**31.12.2023**	**31.12.2022**
Current tax on profits for the year	0	0
Change in deferred taxes	0	0
Total income tax expense	**0**	**0**

Basis for income tax expense, changes in deferred tax and tax payable:

Profit (loss) before taxes	50 000	50 000
Permanent differences *)	0	0
Change in temporary differences	0	0
Group contribution received without tax effect	-50 000	-50 000
Taxable income	**0**	**0**

There are no temporary differences between accounting and tax values for this company.

Reconciliation of the tax expense	**31.12.2023**	**31.12.2022**
Profit (loss) before taxes	50 000	50 000
Expected income tax based on nominal tax rate	11 000	11 000
Tax effect of the following:		
Permanent differences	-11 000	-11 000
Income tax expenses	0	0
Effective tax rate	0,0 %	0,0 %

Group

Components of the income tax expense:	**31.12.2023**	**31.12.2022**
Current tax on profits for the year	20 064	28 059
Tax on group contributions	127	113
Change in deferred tax over P&L	11 310	-18 162
Total tax expense	**31 501**	**10 010**

Basis for income tax expense, changes in deferred tax and tax payable:

Profit (loss) before taxes	149 316	64 267
Permanent differences *)	-650	-728
Share of profits in associated companies, partnerships and joint ventures	-5 480	-18 038
Change in temporary differences in OCI	-1 779	1 479
Change in temporary differences	-72 040	89 817
Previously unrecognised tax losses used to reduce deferred tax expense	21 832	-9 255
Group contributions given	0	0
Taxable income	**91 200**	**127 543**

The movement in deferred tax assets and liabilities during the year:

	31.12.2022	**31.12.2022**
Deferred tax liabilities:		
Intangible assets	445 176	458 828
Borrowings	0	0
Receivables	46	-243
Construction in progress	24 351	25 974
Property, plant and equipment	201 537	212 443
Total	671 110	697 002

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Deferred tax assets:		
Property, plant and equipment	-2 337	-1 856
EUA allowances	-2 483	-3 444
Pension liabilities	-6 710	-9 482
Derivative financial instruments	16 734	-49 669
Provisions for liabilities	0	-28 497
Leasing contracts	-23 828	-22 370
Gain (loss) on property, plant and equipment	-93	-116
Total	-18 716	-115 433
Tax loss carryforward	-21 832	0
Basis for deferred tax - net	630 561	581 569
Net deferred tax liability	**138 723**	**127 945**
Deferred tax asset from Søndre Jong Varme AS	-110	-110
Total net deferred tax liability	**138 613**	**127 835**
Deferred tax %	22 %	22 %
Of which deferred tax asset (liability) in equity (OCI)	530	-129
Of which deferred tax asset (liability) booked directly to the balance sheet	-127	-113
Deferred tax	**139 016**	**127 593**

Reconciliation of the tax expense

	31.12.2023
Profit (loss) before taxes	149 316
Expected income tax based on nominal tax rate	32 850
Tax effect of the following:	
Permanent differences *)	-143
Share of profits of associated companies, partnerships and joint ventures	-1 206
Limited interest liability	0
Tax expenses	31 501
Effective tax rate	21,1 %

*) includes: non-deductible costs and non-taxable income

Note 6 Financial assets and financial liabilities

(Amounts in NOK thousands)

Parent

The parent company has a total of KNOK 20 452 in financial assets of which KNOK 20 452 are classified as cash and cash equivalent. See note 8.
The company does not have any restricted cash as at 31.12.2023.

The parent company has a total of KNOK 3 in financial liabilities of which KNOK 3 are classified as trade and other payables. See note 9.

Group

Financial assets	**31.12.2023**	**31.12.2022**
Financial assets at amortised cost		
a) Trade receivables	123 708	162 734
b) Other financial assets at amortised cost	42 288	17 005
c) Cash and cash equivalents	191 959	194 109
Derivative financial instruments		
d) Used for hedging	17 458	0
	375 413	**373 848**

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Financial liabilities	**31.12.2023**	**31.12.2022**
Liabilites at amortised cost		
e) Trade and other payables	148 507	211 904
f) Borrowings	1 696 759	1 624 937
Lease liabilities - see note 13	23 826	22 368
Derivative financial instruments		
g) Used for hedging	724	57 249
	1 869 816	**1 916 458**

The group's exposure to various risks associated with the financial instruments is discussed in note 7. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

a) Trade receivables

	31.12.2023	**31.12.2022**
Current assets		
Trade receivables	123 708	162 950
Loss allowance - see note 20	0	-215
	123 708	**162 734**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 14 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.
Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Information about the impairment of trade receivables and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 19 and note 20.

b) Other financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

	31.12.2023	**31.12.2022**
Financial leasing assets (amount due after 2024 is KNOK 16 652)	17 284	10 217
Other receivables	25 004	6 788
Loss allowance	0	0
	42 288	**17 005**

Other receivables generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within 5 years from the end of the reporting period.

Due to the short-term nature of the current receivables and the historically observed credit risk, their carrying amount is considered to be the same as their fair value. For the non-current receivables, the fair values are also not significantly different to their carrying amounts.

Note 19 sets out information about the impairment of financial assets and the group's exposure to credit risk. All of the financial assets at amortised cost are denominated in Norwegian kroner and there is therefore no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

c) Cash and cash equivalents

	31.12.2023	**31.12.2022**
Current assets		
Cash at bank and in hand	191 959	194 109
Deposits at call	0	0
	191 959	**194 109**

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year.

	2023
Balances as above	191 959
Balances as per statement of cash flow	**191 959**

The group has a total of KNOK 1 365 in restricted cash as at 31.12.2023.

d) See note 7 for derivative financial instruments used for hedging.

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e) Trade and other payables

	31.12.2023	31.12.2022
Current liabilities		
Trade payables	66 465	115 268
Payroll tax and other statutory liabilities	13 463	36 480
Other payables	68 672	82 007
	148 600	**233 755**

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

f) Borrowings

	31.12.2023	31.12.2022
Secured		
Bank loans and issued notes	1 696 759	1 624 937
Bank overdrafts	0	0
Total secured borrowings	**1 696 759**	**1 624 937**

The bank loans and issued notes in Varme Finco AS are secured by the shares of all the companies in the group except for investments in associated companies and joint ventures as well as the cash and cash equivalent of the group except for Fredrikstad Fjernvarme.
The bank loan in Fredrikstad Fjernvarme is secured by a first mortgage over the assets in Fredrikstad Fjernvarme AS.
The carrying amounts of financial and non-financial assets pledged as security for the bank loans are disclosed in note 12.

The Varme Topco group has complied with both the financial covenants (default ratios) and lock-up tests of its borrowing facilities during the 2023 reporting period, see note 11 for details.

g) See note 7 for derivative financial instruments used for hedging.

Note 7 Derivative financial instruments

(Amounts in NOK thousands)

Group

The Group has entered into four interest rate swaps and two cross currency swaps as at 31.12.2022. The swaps secure the interest rate and currency rate on the long-term loans and notes of the Group. The interest rate and currency rate for the loans, notes and the swaps are fixed on the same day.

	31.12.2023		**31.12.2022**	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	6 646	30	7 580	442
Cross currency swaps	10 812	0	0	56 807
Commodity hedge	0	694	0	0

The notional principal amounts of the outstanding swaps as of 31.12.2023 were kr 796 mill. The swaps, loan agreements and note purchase agreements have corresponding timing of interest rate fixing and interest periods. The cross currency swaps are classified as non-current assets as the remaining maturity of the hedged item is more than 12 months. The interest rate swaps are classified as current assets and current liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. As of 31.12.2023, the fixed interest on the Group's swaps was 1,9975% - 5,02%. The floating interest rate was NIBOR + margin. The fair value of the swaps is the present value of the difference between the fixed and floating rates on the principal amount for the length of the agreement.

The notional principal amount of the outstanding commodity hedge as of 31.12.2023 was kr 22 mill. The wholesale electricity price used to determine the sales revenues for district heating and the commodity hedge contract have corresponding timing. The hedge is classified as current liabilities to the extent it is expected to be settled within 12 months after the ending of the reporting period. AS of 31.12.2023, the fixed price on the Group's hedge was kr 1016 pr MWh and the market price is based on the Nasdaq forward price of wholesale electricity. The fair value of the hedge is the present value of hte difference between the fixed and floating rates on the principal amount fo the length of the agreement.

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Hedging reserves	**Interest rate swaps**	**Commodity hedge**
Opening balance 1 January 2023	**5 568**	**0**
Add: new hedging contracts in 2023	0	-694
Less: terminated contracts in 2023	0	0
Less: change in fair value of hedging instrument recognised in OCI for the year	-522	0
Less: deferred tax	115	153
Closing balance 31 December 2023	**5 160**	**-541**

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognised in the Income Statment in Other gains/(losses) - net in relation to derivatives:

Cross currency swaps	67 619
Borrowings - see note 11	-34 653
Other gains/(losses) - net	32 966

Note 8 Trade and other receivables

(Amounts in NOK thousands)

Parent company

	31.12.2023	**31.12.2022**
Other receivables:		
Receivables from related parties	92	61
Total other receivables	**92**	**61**

All current receivables are due within one year from the end of the reporting period.

Note 9 Other payables

(Amounts in NOK thousands)

Parent company

There are no other payables in the parent company as per 31.12.2023.

Note 10 Intercompany balances for group companies

(Amounts in NOK thousands)

Parent company

		31.12.2023	**31.12.2022**
Receivables			
Oslofjord Varme AS	Current	92	61
Total group receivables		**92**	**61**

		31.12.2023	**31.12.2022**
Payables			
Oslofjord Varme AS	Current	3	0
Total group payables		**3**	**0**

Note 11 Mortgaged debt and guarantee obligations

(Amounts in NOK thousands)

As of 31.12.2023, Varme Finco AS has entered into a Common Terms Agreement covering a Bank Facilities agreement with a consortium consisting of SEB AB, Nordea Bank ABP and DNB Bank ASA and a PP Note Purchase agreement with four PP debt providers represented by IFM investors, Vantage Infrastructure and Sunlife.

The Bank Facilities agreement is for KNOK 985 918 and as of 31.12.2023, KNOK 695 918 is drawn down. The loan matures in seven years from the date of the first drawdown, 19.12.2019. The loan is to be repaid in full on the maturity date as no installments are made during the period of the loan. The loan has a floating interest rate of NIBOR + margin.

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The PP Note Purchase agreement is for an equivalent of KNOK 811 950 and four notes have been issued at a fixed rate, expiring in 10, 12 and 15 years from the date of issuance, 19.12.2019. Two of the issued notes are in NOK and two are in EUR. The notes are to be repaid in full on the maturity date. The EUR notes are recognised at the market exchange rate as at 31.12.2023.

Varme Topco AS, Varme Finco AS, Oslofjord Varme AS, Varme Acquisitions AS and Mosjøen Varme Leasing AS have mortgaged their investment in group company shares as security for the loans. Varme Finco AS, Oslofjord Varme AS, Varme Aquisitions AS and Mosjøen Varme Leasing AS have mortgaged their cash as security for the loans.

Parent company

	31.12.2023	31.12.2022
Book value of assets secured for mortgaged debt:		
Investments in shares	1 507 568	1 562 568
Total	**1 507 568**	**1 562 568**

Group

As of 31.12.2023, Fredrikstad Fjernvarme AS has entered into a bank loan and bank overdraft facility with Danske Bank AS. The bank loan is for KNOK 140 000 and as of 31.12.2023, KNOK 140 000 is drawn down. The loan and overdraft facility matures in three years from the date of extention, 30.8.2022. The loan is to be repaid in full on the maturity date as no installments are made during the period of the loan. The loan has a floating interest rate of NIBOR + margin. the bank overdraft facility is for KNOK 32 and as of 31.12.2023, KNOK 0 is drawn down.

To secure their debt, Fredrikstad Fjernvarme AS has given a first priority mortgage over their fixed assets of up to KNOK 200 000 and trade receivables of up to KNOK 30 000 to Danske Bank.

	31.12.2022	31.12.2022
Mortgaged debt:		
The following amounts have been drawn on the facilities agreement (net costs of loan):		
Varme Finco AS	1 557 342	1 485 870
Fredrikstad Fjernvarme AS	139 417	139 067
Total	**1 696 759**	**1 624 937**
Book value of assets secured for mortgaged debt:		
Fixed assets	200 000	200 000
Trade receivables	26 178	30 000
Cash and cash equivalents	154 917	112 162
Total	**381 095**	**342 162**

Guarantees:
Varme Finco AS has issued a guarantee on behalf of Oslofjord Varme's contractual obligations. The guarantee has a limit of kr 500.000.

Financial covenants:
The common terms agreement applies debt covenants at the group level with testing on a half-yearly basis. The level of the ratios for the leverage ratio changes every half year for the intial five years and then is maintained at a constant ratio. The ICR ratio is a constant ratio of 2:1. This results in the following demands on the Varme Finco group as at 31.12.2023:

Leverage ratio (Total net debt / EBITDA)	10.11:1
Interest cover ratio (EBITDA / Net Finance Charges)	2:1

Interest cover and leverage ratios will be tested both retrospectively and prospectively at each period ending. There is no indication of breach of covenants as of 31.12.2023.

In addition to the debt covenants, the commen terms agreement applies financial testing for lock-up at the group level with testing on a half-yearly basis. The level of the ratios for the leverage ratio changes every half year for the intial five years and then is maintained at a constant ratio. The ICR is a constant ratio of 2.5:1 and the LLCR is a constant ratio of 1.175:1.
This results in the following demands on the Varme Finco group as at 31:12:2023:

Backward Looking Leverage ratio (Total net debt / EBITDA)	9.03:1
Forward Looking Leverage ratio (Total net debt / EBITDA)	9.03:1
Interest cover ratio (EBITDA / Net Finance Charges)	2.5:1
Loan life coverage ratio (NPV plus cash / Outstanding principle amount of Secured Debt)	1.175:1

As at 31.12.2023, there is no indication of non-compliance with the lock-up ratios.

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The consequence of non-compliance for these ratios for the group is that the excess cashflow for the period (Lock-up amount) must be transferred to a lock-up account and may not be withdrawn until compliance at next testing date is restored.

The loan agreement with Danske Bank AS applies a debt covenant with Fredrikstad Fjernvarme AS. The booked value of equity shall be a minimum of 25% as per 31.12 and is to be measured by 31.5 of the following year. As of 31.12.2023, the equity ratio was 41,3%.

Note 12 Property, plant and equipment

(Amounts in NOK thousands)

Fixed assets	Buildings and other property	Production equipment	Other equipment	Construction in progress	Total fixed assets
Cost 1.1.2023	637 981	527 477	4 499	56 049	1 226 006
Capital expenditure	13 568	-179	30	30 048	43 467
Enova grants received	0	0	0	-8 976	-8 976
Reclassifications	35 593	15 545	1 233	-52 371	0
Disposals	0	0	0	0	0
Cost 31.12.2023	687 143	542 843	5 761	24 750	1 260 497
Accumulated depreciation 31.12.2023	-86 848	-217 276	-4 156	0	-308 280
Accumulated write downs 31.12.2023	0	-4 394	0	0	-4 394
Book value 31.12.2023	**600 294**	**321 173**	**1 606**	**24 750**	**947 823**
Depreciation for the period	18 166	36 906	691	0	55 764

The company uses straight line depreciation for all fixed assets.
The expected useful life for the assets is calculated to be:

* Buildings and plants	25-50 years
* Production equipment	10-25 years
* Other equipment	3 - 5 years

Capitalised cost for own work for project development is KNOK 3 576.
Capitalised borrowing costs for project development is KNOK 817.

Note 13 Leases

(Amounts in NOK thousands)

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2023	2022
Right-of-use assets		
Property rentals	19 643	20 415
Machinery	2 090	0
Vehicles	708	645
	22 441	**21 060**
Lease liabilities		
Current	2 745	2 491
Non-current	21 081	19 877
	23 826	**22 368**

Additions to the right-of-use assets during the 2023 financial year were KNOK 4 259 (2022 - KNOK 349).

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2023	2022
Depreciation charge of right-of-use assets		
Property rentals	-2 267	-2 175
Machinery	-123	0
Vehicles	-484	-483
	-2 874	**-2 658**

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Interest expense (included in finance cost)	-709	-700
Gains (-) and losses due to terminations, purchases, impairments and other changes	4	0
Expense relating to short-term leases (included in other operating expenses)	0	0
Expense relating to leases of low-value assets that are not shown above as short-term leases	0	-4

The total cash outflow for leases in 2023 was KNOK 3 433 (2022 - KNOK 3 161).

(iii) The group's leasing activities and how these are accounted for

The group leases various properties and vehicles. Rental contracts are typically made for fixed periods of 1 to 15 years, but may have extension options as described in (v) below.
Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.
Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.
If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.
Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(iv) Variable lease payments

The group does not have any variable lease payments.

(v) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

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Note 14 Intangible assets

(Amounts in NOK thousands)

Non-current assets	Other rights	Customer contracts	Customer relationships	Goodwill	Total
Cost 1.1.2023	6 432	44 720	463 200	1 611 348	2 125 700
Capital expenditures	0	0	0	0	0
Disposals	0	0	0	0	0
Cost 31.12.2023	6 432	44 720	463 200	1 611 348	2 125 700
Accumulated depreciation 31.12.2023	-1 236	-10 357	-74 828	0	-86 421
Book value 31.12.2022	**5 196**	**34 363**	**388 372**	**1 611 348**	**2 039 280**

	Other rights	Customer contracts	Customer relationships	Goodwill	Total
Depreciation for the period	238	1 828	13 205	0	15 270

The group uses straight line depreciation for all intangible assets.

The expected useful life for the assets is calculated to be:

* Other rights, determined by the life of the asset	15 - 30 years
* Customer relationships, determined by the life of the buildings	50 years
* Customer contracts, determined by contract length	5 - 25 years
* Goodwill	no depreciation

The book value of intangible assets with an undefined useful life and goodwill is tested annually for impairment. In case of indications of a possible impairment in value, impairment tests will be performed promptly, and in any case once a year. If the valuation tests indicate that the book values are no longer recoverable, assets are written down to their recoverable amounts. Impairment tests are carried out by identifying and discounting the cash flows linked to the cash-generating unit. The recoverable amount of the cash-generating unit is calculated based on its fair value less costs to sell. The whole group is considered as three CGU.

Budget and forecast assumptions

The impairment tests performed for 2023 are based on the 2024 budget, management's long-term forecasts (2-15 years) and a long term plan based on yearly forecasts using growth assumptions before the terminal value is established in 2045. Future cash flows are calculated over a 22 year period before the terminal value is calculated due to the longevity of the assets that the goodwill represents; concessions, new customers and contracts. A perpetual growth rate of 2% is assumed, which is consistent with industry reports. The cash flows are based on a number of assumptions. Due to the district heating price cap model, electricity prices play a significant role in the profitability of the business and the impairment tests utilise the forward price for electricity from a 3rd party consultant. Normal production is assumed for the business based on ten years' historic volume data, adjusted for weather/building normalisation, planned customer connections in the short term and long term growth assumptions. The current price cap model for district heating is expected to continue until the terminal year.

Discount rate

The discount rate is based on a weighted average of required rates of return for the Group's equity and debt (WACC). The required rate of return on the Group's equity is estimated by using the capital asset pricing model (CAPM). The required rate of return on debt is estimated on the basis of a long-term risk-free interest rate to which is added a credit margin.

Sensitivity

The sensitivity tests carried out reveal robustness for the business. Sensitivity analyses were conducted on the consequences of various changes in assumptions in the impairment tests including, for example, a reduction in heating volumes, reduction in long term price assumptions and an increase in the discount rate. The valuation of the equity in the business is most sensitive to changes in volumes and discount rate.

EUA Allowances

Oslofjord Varme is a participant in the CO2 quota scheme and is allocated EUA allowances free of charge from the Norwegian Environment Agency. As of 31.12.2023, the number of EUA allowances allocated to Oslofjord Varme is more than their measured emissions. The company uses a zero cost principle for allowances that are allocated free of charge and therefore, the value of KNOK 9 477 is not recorded at 31.12.

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Note 15 Inventories

(Amounts in NOK thousands)

	2023	2022
Current assets		
Raw materials	5 637	7 382
Book value 31.12	**5 637**	**7 382**

(i) Assigning costs to inventories
The costs of inventory are determined using FIFO method.

(ii) Amounts recognised in profit or loss
Inventories recognised as an expense during the year ended 31 December 2023 amounted to KNOK 15 288. These were included in energy costs KNOK 15 203 and other expenses KNOK 85.

There were no write-downs of inventories during 2023.

Note 16 Pensions

(Amounts in NOK thousands)

The group has two fully funded collective pension schemes in KLP and DNB respectively, as well as an unfunded early retirement scheme for the employees of Oslofjord Varme, which may be used voluntarily from the age of 62. The plans provide a defined benefit, which is mainly dependent upon the number of years of service, salary at retirement and the size of the National Insurance benefits. The defined benefit plans are closed to new members. The group also has two defined contribution plans in DNB; one for which all new employees in Oslofjord Varme AS after 1.1.2015 are registered in and one for which all new employees in Fredrikstad Fjernvarme after 1.5.2018 are registered in.

The group's pension schemes meet the requirements of the law on compulsory occupational pension.

Net pension expenses	**2023**	**2022**
Current service cost	2 736	2 593
Net interest costs	187	176
Impact of plan amendments on DBO	0	0
Total net pension expenses including social security fees	2 922	2 769
Interest costs reclassified as financial expenses	187	176
Total net pension costs for defined benefit plan	**2 736**	**2 593**
Defined contribution pension plan	777	717
Total included in employee benefit expenses	**3512**	**3310**

Defined contribution plans:	**31.12.2023**	**31.12.2022**
Number of participants	9	9
Contribution rate	6-18,1%	6-18,1%
Defined benefit plans:	**31.12.2023**	**31.12.2022**
Actives	11	11
Pensioners	9	7
Financial assumptions:	**31.12.2023**	**31.12.2022**
Discount rate	3,00 %	1,90 %
Estimated salary increase	3,50 %	2,75 %
Estimated pension increase	2,60 %	1,75 %
Estimated social security base figure adjustment	3,25 %	2,50 %
Actuarial assumptions:		
Mortality table	K2013BE	K2013BE
Disability table	KU	KU
Expected turnover	2,3 %	2,3 %

Net Defined Benefit Obligation:	**31.12.2023**	**31.12.2022**
Present value of funded obligations	73 317	69 495
Fair value of plan assets	69 561	62 537
Deficit (-) / surplus (+)	-3 757	-6 958
Present value of unfunded obligations	-2 953	-2 525
Net asset (liabilities) in the balance sheet	**-6 710**	**-9 482**

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Reconciliation of net amount recognised in the Balance sheet:	**31.12.2023**	**31.12.2022**
Net assets (liabilities) recognised in the Balance sheet 1.1	-9 482	-13 144
Net periodic pension cost	-2 261	-2 355
Employer contributions	6 812	4 537
Remeasurements (loss) gain	-1 779	1 479
Net assets (liabilities) recognised in the Balance sheet 31.12	**-6 710**	**-9 482**

The defined benefit obligation in Fredrikstad Fjernvarme is not recognised on the balance sheet.

Financial assumptions:	**31.12.2023**	**31.12.2022**
Discount rate	3,10 %	3,00 %
Estimated salary increase	3,50 %	3,50 %
Estimated pension increase	2,90 %	2,60 %
Estimated social security base figure adjustment	3,25 %	3,25 %

Actuarial assumptions:		
Expected return on funds	2,30 %	2,30 %
Mortality table	K2013BE	K2013BE
Disability table	KU	KU
Expected turnover	2,3 %	2,3 %

Note 17 Shareholders' Equity

(Amounts in NOK thousands)

Parent company

	Share Capital	Other paid-in equity	Other equity	Total
Equity as at 1.1.2023	120	1 582 990	0	1 583 110
Profit for the year		50 000		50 000
Dividends		-105 000		-105 000
Equity as at 31.12.2023	**120**	**1 527 990**	**0**	**1 528 110**

The share capital consists of 1200 shares with a nominal value of kr 100,- each. Varme Topco AS is owned by Infranode I (No. 1) AB (42,5%), Core Infrastructure II Sàrl (42,5%) and Kommunal Landspensjonskasse gjensidig forsikringsselskap (15%).

Group

	Share Capital	Other paid-in equity	Other equity	Total
Equity as at 1.1.2023	120	1 543 770	0	1 543 890
Defined pension benefit liabilities, net of tax (IAS19R)		-1 388		-1 388
Derivative financial instruments, net of tax		-948		-948
Net profit for the year		115 272		115 272
Dividends		-105 000		-105 000
Equity as at 31.12.2023	**120**	**1 551 706**	**0**	**1 551 826**
Non-controlling interest from acquisition of subsidiary			50 861	50 861
Balance as at 31.12.2023	**120**	**1 551 706**	**50 861**	**1 602 687**

Note 18 Cash Flow Information

(Amounts in NOK thousands)

Parent

	2023	**2022**
Cash generated from operations:		
Profit before income tax	**50 000**	**50 000**
Adjustments for:		
Group contributions classified as financing cash flows	-50 092	-50 061
Finance costs - net	-18	-14
Cash generated from operations	**-111**	**-74**

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Group

	2023	2022
Cash generated from operations:		
Profit before income tax	**149 316**	**64 267**
Adjustments for:		
Depreciation and amortisation expenses	73 908	73 086
Write down of assets	0	87
Share of profits of associates and joint ventures	-5 480	-18 038
Principle elements of leasing liabilities classified as financing cash flows	2 724	2 461
Fair value adjustment to derivatives	-32 272	52 651
Finance costs - net	72 767	63 565
Cash generated from operations	**260 963**	**238 079**

Note 19 Critical estimates and judgements

Critical accounting estimates and judgments
Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill
The group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on fair value less cost of disposal, which requires the use of estimates.

Fair value of derivatives and other financial instruments
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Estimations in relation to lease accounting
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Pension benefits
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 16.

Critical judgments in applying the entity's accounting policies

Useful life of intangible assets
Useful life of the group's intangible assets is linked to the expected useful life of the underlying assets. The value of concessions is derived from the useful life of the established infrastructure, as well as the expectation that the concessions are renewed without any significant investments from the group. The useful life of existing customer agreements is derived from both the expected useful life of the infrastructure as well as the expectation of when it is necessary to change any heating/cooling source.

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Note 20 Financial risk management

Financial risk factors
The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management for the group is carried out by using policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Currency risk
The group's currency risk is connected to PP notes issued in Euro. Foreign exchange risk arises from future interest payments and repayments of issued notes in a currency that is not the functional currency of the group. The group has entered into cross currency swaps which have converted the notes to NOK. With these cross currency swaps, the group agrees with other parties to exchange the difference between EURO and NOK at fixed currency and interest rates.

Price risk
The group is exposed to price risk due to variations in the different inputs in production – including electricity and biofuel.

Interest risk on cash flows
The group's interest risk is connected to long term loans. Loans with floating interest rates entail a risk of cash flows partly offset by bank deposits with floating rates.

The group only has floating interest loans in NOK, whereof 34 % is secured through swaps. Such interest rate swaps have converted the floating rate loans to economic fixed rate loans. The group raises long-term loans at floating rates and swaps them into fixed rates that are lower than what the group would have achieved by raising a fixed-rate loan directly. With these interest rate swaps, the group agrees with other parties to exchange the difference between fixed contract rates and floating interest rates estimated in accordance with the agreed principal. This is performed in accordance with agreed upon intervals.

The group only has fixed interest notes in NOK and EUR, of which the EUR notes are hedged with cross currency swaps. Together with the loans, the total amount of interest which is converted to fixed is 72% for the group.

Credit Risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash. See note 8 for further disclosure on credit risk.

	Trade receivables	
	2023	**2022**
Opening loss allowance at 1 January	215	215
Receivables written off during the year as uncollectible	-15	0
Unused amount reversed	-200	0
Closing loss allowance at 31 December	0	215

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectaton of recovery include a failure to make contractual payments for a period of greater than 120 days past due. Subsequent recoveries of amounts previously written off are credited against the same line item.

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Liquidity risk

Cash flow forecasting is performed in the operating entities of the group in and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 11) at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The table below specifies the group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

(MNOK)

31.12.2023	< 3 mnd	3 md – 1 yr	1-2 yr	2-5 yr	Over 5 yr
Borrowings	0,0	0,0	140,0	693,8	828,9
Net settled derivatives	0,7	-6,6	0,0	0,0	-10,8
Trade and other payables	88,3	9,2	2,7	8,1	40,3
Financial guarantee contracts	0	0	0	0	0

Note 21 Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders,

The main focus of capital management is to ensure that the group at all times complies with the requirements for reliability and return in connection with borrowing.

The group's 4 interest rate swaps and 2 cross currency swaps are recorded at fair value. The swaps are entered in order to secure the group's cash flow in connection with future interest payments, the agreements are accounted for in accordance with this. The value of these agreements is

Note 22 Investments in subsidiaries

(Amounts in NOK thousands)

Parent company

Company	Number of shares	Ownership	Cost price	Book value
Varme Finco AS	300	100 %	1 507 568	1 507 568
Subsidiaries owned through Varme Finco AS:				
Varme Acquisitions AS	6 469 149	100 %	2 598 798	2 598 798
Oslofjord Varme AS	100	100 %	2 383 948	2 383 948
Fredrikstad Fjernvarme AS	967 937	57 %	77 259	77 259
Mosjøen Varme Leasing AS	30 000	100 %	8 600	8 600

Investments in subsidiaries are booked according to the cost method.

Financial information:	Net profit (loss) for 2023	Equity 31.12.2023	Location
Varme Finco AS	68 872	1 482 201	Bærum
Varme Acquisitions AS	5 704	2 663 875	Bærum
Oslofjord Varme AS	130 060	258 676	Bærum
Fredrikstad Fjernvarme AS	5 906	122 401	Fredrikstad
Mosjøen Varme Leasing AS	2 958	18 412	Bærum

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Note 23 Investments in associated companies and joint ventures

(Amounts in NOK thousands)

Group - investments in associated companies and joint ventures are booked according to the equity method.

In 2022, Drammen Fjernvarme AS increased its share capital by a total of MNOK 50. The capital increase was carried out by increasing the nominal

Company	Book value 01.01.2023	Share of profits 2023	Other changes in capital	Book value 31.12.2023
Drammen Fjernvarme AS	241 816	5 480	-	247 296

Financial information:	Net profit (loss) for 2023	Equity 31.12.2023	Ownership	Location
Drammen Fjernvarme AS	10 974	232 374	50 %	Drammen

Note 24 Related party transactions

(Amounts in NOK thousands)

Parent company

The following transactions occurred with related parties:

Sales and purchases of goods and services	2023	2022
- Purchase of services from Oslofjord Varme AS	4	6
Total	**4**	**6**

Note 25 IFRS 7.24 (H) and IFRS 9.6.8 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IFRS 7 regarding the Interest Rate Benchmark Reform for the IBOR rate has been implemented in 2019

The group has only fair value hedging with fixed interest rates.
Of the four interest rate swaps in the group, three are hedged using the 6 month NIBOR rate while the other one is hedged using

All of the interest rate swaps are affected by the interest rate benchmark reform, however the IBOR reform and associated accounting

The group was refinanced in December of 2019. Once LIBOR rates are no longer available, the group will be able to use
the mechanism provided for in the Initial Bank Facilities Agreement to agree a replacement benchmark rate. Annual meetings between the group
and the financial institutions will also facilitate the process.

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To the General Meeting of Varme Topco AS

Independent Auditor's Report

Opinion

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

- the financial statements of the parent company Varme Topco AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Varme Topco AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income and statement of cash flows 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 2023, and its financial performance and its cash flows for the year then ended in accordance with the 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 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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 (management) is 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.

PricewaterhouseCoopers AS, Strømsø Torg 9, Postboks 2078 Strømsø, NO-3003 Drammen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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 of the Company 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 the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9. Management is responsible 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 of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Drammen, 5 March 2024
PricewaterhouseCoopers AS

Gorm F. Nymark
State Authorised Public Accountant
(This document is signed electronically)

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Nymark, Gorm Frode	BANKID_MOBILE	2024-03-05 08:08

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- *The original document(s)*
- *The electronic signatures. These are not visible in the document, but are electronically integrated.*

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Skatteetaten

Vår dato	Din dato	Saksbehandler
26.11.2018	01.10.2018	Henning Stokke
800 80 000	Din referanse	Telefon
Skatteetaten.no	Janelle Brataas	800 80 000
Org.nr	Vår referanse	Postadresse
996250318	2018/1148260	Postboks 9200 Grønland 0134 Oslo

VARME TOPCO AS
Brynsveien 2
1338 SANDVIKA

MOTTATT
29 NOV. 2018

Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk for Varme TopCo AS, org.nr. 920 349 455

Vi viser til deres brev av 1. oktober 2018 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Varme TopCo AS, org.nr. 920 349 455.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Varme TopCo AS, org.nr. 920 349 455, dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at det benyttes engelsk språk ved utarbeidelsen av årsregnskapet og årsberetningen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Fra søknaden gjengis:

> *Varme TopCo AS ble etablert i 2018 som et Holding selskap eiet av Core Infrastructure II Sårl (42,5 %), Infranode 1 AB (42,5 %) og Kommunal Landspensjonskasse gjensidige forsikringsselskap AS (15 %). Eierkretsen er begrenset.*
>
> *Selskapet er 85 % eid av utenlandske investorer, hvorav 42,5 % ikke forstår norsk. Sammensetning av styret er tilsvarende eierandel. Eierne har pålagt selskapet å utarbeide årsregnskap, årsrapport og konsernregnskap på engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.*
>
> *Selskapet er et Holding selskap uten omsetning og har derfor ingen kunder eller ansatte, noe som gjør at brukere av regnskapsdokumentasjonen er begrenset.*

En norsk utarbeidelse av årsregnskap og årsberetning vil kun ha til formål å tilfredsstille regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal årsregnskapet og årsberetningen være på norsk. Departementet kan ved forskrift eller ved enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.

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I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er et holdingselskap, hvor majoriteten av aksjonærene er utenlandske selskaper. Eierkretsen er begrenset. Videre er det lagt vekt på at det er et begrenset antall brukere av regnskapene til holdingselskaper som er uten ansatte, kunder eller omsetning.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.