



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	923 263 985
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	HYDRO REIN HOLDING AS
Forretningsadresse:	Drammensveien 264 0283 OSLO

### Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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### Konsern

Mørselskap 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:	IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Giorgi Shiukashvili
Dato for fastsettelse av årsregnskapet:	28.04.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*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, 30.07.2024



## Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Revenue	2	284 508 000	122 517 000
Other Income	2	16 252 000	5 004 000
<b>Sum inntekter</b>		<b>300 760 000</b>	<b>127 521 000</b>
<b>Kostnader</b>			
Salaries and personnel cost	4	57 000	12 000
Depreciation and amortization	6,7	6 253 000	6 201 000
other operating expenses	4	80 100 000	69 649 000
Loss from contract termination	3		64 300 000
Transmission cost/(credit)		-1 657 000	-436 000
<b>Sum kostnader</b>		<b>84 753 000</b>	<b>139 726 000</b>
<b>Driftsresultat</b>		<b>216 007 000</b>	<b>-12 205 000</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		1 235 000	4 000
Annen finansinntekt		4 876 000	
<b>Sum finansinntekter</b>		<b>6 111 000</b>	<b>4 000</b>
Rentekostnad til foretak i samme konsern		21 513 000	
Annen finanskostnad		508 000	667 000
<b>Sum finanskostnader</b>		<b>22 021 000</b>	<b>667 000</b>
<b>Netto finans</b>		<b>-15 910 000</b>	<b>-663 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>200 097 000</b>	<b>-12 868 000</b>
Skattekostnad på ordinært resultat		46 707 000	10 698 000
<b>Ordinært resultat etter skattekostnad</b>		<b>153 390 000</b>	<b>-23 566 000</b>
<b>Årsresultat</b>		<b>153 390 000</b>	<b>-23 566 000</b>



## Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Mineral and waterfall rights	6	1 032 000	1 032 000
<b>Sum immaterielle eiendeler</b>		<b>1 032 000</b>	<b>1 032 000</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	7	146 307 000	151 477 000
<b>Sum varige driftsmidler</b>		<b>146 307 000</b>	<b>151 477 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	8	1 676 030 000	516 030 000
Lån til foretak i samme konsern		2 190 000	
<b>Sum finansielle anleggsmidler</b>		<b>1 678 220 000</b>	<b>516 030 000</b>
<b>Sum anleggsmidler</b>		<b>1 825 559 000</b>	<b>668 539 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer		3 277 000	4 460 000
Trade receivables on related parties	11	69 110 000	32 464 000
Andre fordringer		3 699 000	564 000
Konsernfordringer	9,11	196 815 000	71 553 000
<b>Sum fordringer</b>		<b>272 901 000</b>	<b>109 041 000</b>
<b>Sum omløpsmidler</b>		<b>272 901 000</b>	<b>109 041 000</b>
<b>SUM EIENDELER</b>		<b>2 098 460 000</b>	<b>777 580 000</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital

#### Innskutt egenkapital



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Selskapskapital	10	1 808 000	1 806 000
Annen innskutt egenkapital	10	1 104 009 000	274 011 000
<b>Sum innskutt egenkapital</b>		<b>1 105 817 000</b>	<b>275 817 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital	10	186 020 000	32 630 000
<b>Sum opptjent egenkapital</b>		<b>186 020 000</b>	<b>32 630 000</b>
<b>Sum egenkapital</b>		<b>1 291 837 000</b>	<b>308 447 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	5	3 199 000	3 213 000
<b>Sum avsetninger for forpliktelser</b>		<b>3 199 000</b>	<b>3 213 000</b>
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	11	715 000 000	
<b>Sum annen langsiktig gjeld</b>		<b>715 000 000</b>	
<b>Sum langsiktig gjeld</b>		<b>718 199 000</b>	<b>3 213 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		11 709 000	4 562 000
Betalbar skatt	5	47 050 000	16 596 000
Kortsiktig konserngjeld	11		435 000 000
Trade payables to related parties	11	16 488 000	5 892 000
Other current liabilities		13 177 000	3 870 000
<b>Sum kortsiktig gjeld</b>		<b>88 424 000</b>	<b>465 920 000</b>
<b>Sum gjeld</b>		<b>806 623 000</b>	<b>469 133 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 098 460 000</b>	<b>777 580 000</b>



## Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2.1, 2.2	301 180 000	122 633 000
Annen driftsinntekt	2.1,2.2 ,4.5	34 435 000	5 004 000
<b>Sum inntekter</b>		<b>335 615 000</b>	<b>127 637 000</b>
<b>Kostnader</b>			
Lønnskostnad	2.3	16 153 000	2 497 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	2.5	6 972 000	6 210 000
Transmission cost/(credit)	2.1	-1 657 000	-438 000
Other operating expenses	2.4, 7.3	231 533 000	106 088 000
Loss from contract termination	7.3		72 725 000
<b>Sum kostnader</b>		<b>253 001 000</b>	<b>187 082 000</b>
<b>Driftsresultat</b>		<b>82 614 000</b>	<b>-59 445 000</b>
<b>Finansinntekter og finanskostnader</b>			
Share of income/(loss) from equity accounted investees	3.3	-7 922 000	-4 942 000
Gain/(loss) from disposal of equity accounted investees	3.3	62 860 000	
Inntekt på andre investeringer	2.6,7.1	7 631 000	5 557 000
<b>Sum finansinntekter</b>		<b>62 569 000</b>	<b>615 000</b>
Change in fair value of derivatives	4.5	102 338 000	16 451 000
Rentekostnad til foretak i samme konsern	2.6,7.1	24 690 000	3 593 000
Other finance income/(expense)	2.6	20 702 000	152 000
<b>Sum finanskostnader</b>		<b>147 730 000</b>	<b>20 196 000</b>
<b>Netto finans</b>		<b>-85 161 000</b>	<b>-19 581 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-2 547 000</b>	<b>-79 026 000</b>
Skattekostnad på ordinært resultat	2.7	47 357 000	-1 539 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-49 904 000</b>	<b>-77 487 000</b>



## Konsernets resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Årsresultat		-49 904 000	-77 487 000



## Konsernets balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	3.2	4 429 000	1 520 000
Utsatt skattefordel	2.7	13 009 000	
<b>Sum immaterielle eiendeler</b>		<b>17 438 000</b>	<b>1 520 000</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	3.1	155 783 000	151 541 000
<b>Sum varige driftsmidler</b>		<b>155 783 000</b>	<b>151 541 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	3.3	1 428 340 000	281 831 000
Non-current derivatives	4.5	24 168 000	
<b>Sum finansielle anleggsmidler</b>		<b>1 452 508 000</b>	<b>281 831 000</b>
<b>Sum anleggsmidler</b>		<b>1 625 729 000</b>	<b>434 892 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer	4.6	3 954 000	4 460 000
Kundefordringer	4.6,7.3	54 366 000	32 780 000
Andre fordringer	5.1	20 151 000	912 000
Konsernfordringer	4.6,7.3	181 340 000	175 782 000
<b>Sum fordringer</b>		<b>259 811 000</b>	<b>213 934 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	4.6	237 694 000	59 707 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>237 694 000</b>	<b>59 707 000</b>
<b>Sum omløpsmidler</b>		<b>497 505 000</b>	<b>273 641 000</b>
<b>SUM EIENDELER</b>		<b>2 123 234 000</b>	<b>708 533 000</b>



## Konsernets balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	6.1	1 808 000	1 806 000
Annen innskutt egenkapital	6.1	1 141 431 000	241 216 000
<b>Sum innskutt egenkapital</b>		<b>1 143 239 000</b>	<b>243 022 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		-34 454 000	-4 089 000
Minoritetsinteresser		-1 227 000	-783 000
<b>Sum opptjent egenkapital</b>		<b>-35 681 000</b>	<b>-4 872 000</b>
<b>Sum egenkapital</b>		<b>1 107 558 000</b>	<b>238 150 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt			2 597 000
<b>Sum avsetninger for forpliktelser</b>			<b>2 597 000</b>
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	4.3,4.4 ,7.3	715 000 000	1 722 000
lease liability		1 861 000	
<b>Sum annen langsiktig gjeld</b>		<b>716 861 000</b>	<b>1 722 000</b>
<b>Sum langsiktig gjeld</b>		<b>716 861 000</b>	<b>4 319 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	4.6	17 656 000	11 192 000
Betalbar skatt	2.7	47 176 000	1 149 000
Kortsiktig konserngjeld	4.4,7.3		435 000 000
Trade payables to related parties	4.6,7.3	20 022 000	9 687 000
Current derivatives	4.5	105 291 000	
Other current liabilities	5.2	108 670 000	9 034 000
<b>Sum kortsiktig gjeld</b>		<b>298 815 000</b>	<b>466 062 000</b>



## Konsernets balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Sum gjeld		1 015 676 000	470 381 000
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 123 234 000</b>	<b>708 531 000</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 519732

#### Enheten

Organisasjonsnummer: 923 263 985  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: HYDRO REIN AS  
Forretningsadresse: Drammensveien 264  
0283 OSLO

#### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

#### 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: IFRS

#### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Giorgi Shiukashvili  
Dato for fastsettelse av årsregnskapet: 28.04.2023

#### Grunnlag for avgivelse

År 2022: Årsregnskap er elektronisk innlevert.  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

*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, 29.06.2023



Organisasjonsnr: 923 263 985  
HYDRO REIN AS

## RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Revenue	2	284 508 000	122 517 000
Other Income	2	16 252 000	5 004 000
<b>Sum inntekter</b>		<b>300 760 000</b>	<b>127 521 000</b>
<b>Kostnader</b>			
Salaries and personnel cost	4	57 000	12 000
Depreciation and amortization	6,7	6 253 000	6 201 000
Other operating expenses	4	80 100 000	69 649 000
Loss from contract termination	3		64 300 000
Transmission cost/(credit)		-1 657 000	-436 000
<b>Sum kostnader</b>		<b>84 753 000</b>	<b>139 726 000</b>
<b>Driftsresultat</b>		<b>216 007 000</b>	<b>-12 205 000</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		1 235 000	4 000
Annen finansinntekt		4 876 000	
<b>Sum finansinntekter</b>		<b>6 111 000</b>	<b>4 000</b>
Rentekostnad til foretak i samme konsern		21 513 000	
Annen finanskostnad		508 000	667 000
<b>Sum finanskostnader</b>		<b>22 021 000</b>	<b>667 000</b>
<b>Netto finans</b>		<b>-15 910 000</b>	<b>-663 000</b>
<b>Ordinært resultat før skattekostnad</b>			
<b>Skattekostnad på ordinært resultat</b>		<b>200 097 000</b>	<b>-12 868 000</b>
Skattekostnad på ordinært resultat		46 707 000	10 698 000
<b>Ordinært resultat etter skattekostnad</b>		<b>153 390 000</b>	<b>-23 566 000</b>
<b>Årsresultat</b>		<b>153 390 000</b>	<b>-23 566 000</b>



Organisasjonsnr: 923 263 985  
HYDRO REIN AS

## BALANSE

Beløp i: NOK Note 2022 2021

### BALANSE - EIENDELER

#### Anleggsmidler

##### Immaterielle eiendeler

Mineral and waterfall rights	6	1 032 000	1 032 000
<b>Sum immaterielle eiendeler</b>		<b>1 032 000</b>	<b>1 032 000</b>

#### Varige driftsmidler

Tomter, bygninger og annen fast eiendom	7	146 307 000	151 477 000
<b>Sum varige driftsmidler</b>		<b>146 307 000</b>	<b>151 477 000</b>

#### Finansielle anleggsmidler

Investering i datterselskap	8	1 676 030 000	516 030 000
Lån til foretak i samme konsern		2 190 000	
<b>Sum finansielle anleggsmidler</b>		<b>1 678 220 000</b>	<b>516 030 000</b>

<b>Sum anleggsmidler</b>		<b>1 825 559 000</b>	<b>668 539 000</b>
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#### Omløpsmidler

##### Varer

#### Fordringer

Kundefordringer		3 277 000	4 460 000
Trade receivables on related parties	11	69 110 000	32 464 000
Andre fordringer		3 699 000	564 000
Konsernfordringer	9, 11	196 815 000	71 553 000
<b>Sum fordringer</b>		<b>272 901 000</b>	<b>109 041 000</b>

<b>Sum omløpsmidler</b>		<b>272 901 000</b>	<b>109 041 000</b>
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<b>SUM EIENDELER</b>		<b>2 098 460 000</b>	<b>777 580 000</b>
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### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

##### Innskutt egenkapital

Selskapskapital	10	1 808 000	1 806 000
Annen innskutt egenkapital	10	1 104 009 000	274 011 000
<b>Sum innskutt egenkapital</b>		<b>1 105 817 000</b>	<b>275 817 000</b>

##### Opptjent egenkapital

Annen egenkapital	10	186 020 000	32 630 000
<b>Sum opptjent egenkapital</b>		<b>186 020 000</b>	<b>32 630 000</b>



<b>Sum egenkapital</b>		<b>1 291 837 000</b>	<b>308 447 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	5	3 199 000	3 213 000
<b>Sum avsetninger for forpliktelser</b>		<b>3 199 000</b>	<b>3 213 000</b>
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	11	715 000 000	
<b>Sum annen langsiktig gjeld</b>		<b>715 000 000</b>	
<b>Sum langsiktig gjeld</b>		<b>718 199 000</b>	<b>3 213 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		11 709 000	4 562 000
Betalbar skatt	5	47 050 000	16 596 000
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Trade payables to related parties	11	16 488 000	5 892 000
Other current liabilities		13 177 000	3 870 000
<b>Sum kortsiktig gjeld</b>		<b>88 424 000</b>	<b>465 920 000</b>
<b>Sum gjeld</b>		<b>806 623 000</b>	<b>469 133 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 098 460 000</b>	<b>777 580 000</b>



Organisasjonsnr: 923 263 985  
HYDRO REIN AS

## KONSERNRESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2.1, 2.2	301 180 000	122 633 000
Annen driftsinntekt	2.1, 2.2, 4	34 435 000	5 004 000
<b>Sum inntekter</b>		<b>335 615 000</b>	<b>127 637 000</b>
<b>Kostnader</b>			
Lønnskostnad	2.3	16 153 000	2 497 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	2.5	6 972 000	6 210 000
Transmission cost/(credit)	2.1	-1 657 000	-438 000
Other operating expenses	2.4, 7.3	231 533 000	106 088 000
Loss from contract termination	7.3		72 725 000
<b>Sum kostnader</b>		<b>253 001 000</b>	<b>187 082 000</b>
<b>Driftsresultat</b>		<b>82 614 000</b>	<b>-59 445 000</b>
<b>Finansinntekter og finanskostnader</b>			
Share of income/(loss) from equity accounted investees	3.3	-7 922 000	-4 942 000
Gain/(loss) from disposal of equity accounted investees	3.3	62 860 000	
Inntekt på andre investeringer	2.6, 7.1	7 631 000	5 557 000
<b>Sum finansinntekter</b>		<b>62 569 000</b>	<b>615 000</b>
Change in fair value of derivatives	4.5	102 338 000	16 451 000
Rentekostnad til foretak i samme konsern	2.6, 7.1	24 690 000	3 593 000
Other finance income/(expense)	2.6	20 702 000	152 000
<b>Sum finanskostnader</b>		<b>147 730 000</b>	<b>20 196 000</b>
<b>Netto finans</b>		<b>-85 161 000</b>	<b>-19 581 000</b>
<b>Ordinært resultat før skattekostnad</b>			
Skattekostnad på ordinært resultat	2.7	47 357 000	-1 539 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-49 904 000</b>	<b>-77 487 000</b>
<b>Årsresultat</b>		<b>-49 904 000</b>	<b>-77 487 000</b>





Organisasjonsnr: 923 263 985  
HYDRO REIN AS

## KONSERNBALANSE

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter 3.2 4 429 000 1 520 000			
Utsatt skattefordel 2.7 13 009 000			
<b>Sum immaterielle eiendeler 17 438 000 1 520 000</b>			
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom 3.1 155 783 000 151 541 000			
<b>Sum varige driftsmidler 155 783 000 151 541 000</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap 3.3 1 428 340 000 281 831 000			
Non-current derivatives 4.5 24 168 000			
<b>Sum finansielle anleggsmidler 1 452 508 000 281 831 000</b>			
<b>Sum anleggsmidler 1 625 729 000 434 892 000</b>			
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer 4.6 3 954 000 4 460 000			
Kundefordringer 4.6, 7.3 54 366 000 32 780 000			
Andre fordringer 5.1 20 151 000 912 000			
Konsernfordringer 4.6, 7.3 181 340 000 175 782 000			
<b>Sum fordringer 259 811 000 213 934 000</b>			
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende 4.6 237 694 000 59 707 000			
<b>Sum bankinnskudd, kontanter og lignende 237 694 000 59 707 000</b>			
<b>Sum omløpsmidler 497 505 000 273 641 000</b>			
<b>SUM EIENDELER 2 123 234 000 708 533 000</b>			

## BALANSE - EGENKAPITAL OG GJELD

**Egenkapital**  
**Innskutt egenkapital**



Selskapskapital	6.1	1 808 000	1 806 000
Annen innskutt egenkapital	6.1	1 141 431 000	241 216 000
<b>Sum innskutt egenkapital</b>		<b>1 143 239 000</b>	<b>243 022 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		-34 454 000	-4 089 000
Minoritetsinteresser		-1 227 000	-783 000
<b>Sum opptjent egenkapital</b>		<b>-35 681 000</b>	<b>-4 872 000</b>
<b>Sum egenkapital</b>		<b>1 107 558 000</b>	<b>238 150 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt			2 597 000
<b>Sum avsetninger for forpliktelses</b>			<b>2 597 000</b>
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	4.3,4.4,7	715 000 000	1 722 000
lease liability		1 861 000	
<b>Sum annen langsiktig gjeld</b>		<b>716 861 000</b>	<b>1 722 000</b>
<b>Sum langsiktig gjeld</b>		<b>716 861 000</b>	<b>4 319 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	4.6	17 656 000	11 192 000
Betalbar skatt	2.7	47 176 000	1 149 000
Kortsiktig konserngjeld	4.4,7.3		435 000 000
Trade payables to related parties	4.6,7.3	20 022 000	9 687 000
Current derivatives	4.5	105 291 000	
Other current liabilities	5.2	108 670 000	9 034 000
<b>Sum kortsiktig gjeld</b>		<b>298 815 000</b>	<b>466 062 000</b>
<b>Sum gjeld</b>		<b>1 015 676 000</b>	<b>470 381 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 123 234 000</b>	<b>708 531 000</b>



Organisasjonsnr: 923 263 985  
HYDRO REIN AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

## Note

Note 1 General Information

### Regnskapsprinsipper

The Financial Statements consist of income statement, balance sheet, statement of cash flows and related notes. The annual financial statements have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway. The accompanying notes are an integral part of the financial statements. The company's operation is related to production of electrical power. The company owns a hydro power plant in Vennesla Kommune in Norway. The company also has significant investments in subsidiaries. Classification of balance sheet items Assets intended for long-term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on non-current liabilities and non-current receivables are, however, not classified as current liabilities and current assets. Revenues Income from sales of electrical power is recognised either at fair value at the time of delivery, which also equals the time of production. However, in the period January to August 2021 Hydro Rein AS had a power sale contract with Hydro Energi AS with fixed prices. In addition, Hydro Rein AS is obliged to deliver concessionary power to municipalities and county authorities at either a regulated OED (Ministry of Petroleum and Energy) price or an estimated full cost. Expenses Expenses are matched with and expensed at the same time as the income the expenses can be attributed to. Expenses that cannot be directly attributed to income are expensed when incurred. Investments in other companies Except for current investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividends from other companies are reflected as financial income when it has been approved. Property, plant and equipment and depreciation Property, plant and equipment are recognised in the balance sheet at acquisition cost, less accumulated depreciation and write-downs. Expenses associated with normal maintenance and repairs are expensed on an ongoing basis. Expenses or improvements are added to the fixed asset's cost price and depreciated in line with the fixed asset. The company's operating assets are depreciated over the estimated economic life. Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date. Asset impairments Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use. Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present. Receivables Receivables are stated at face value, less expected losses. Taxes The tax charge in the income statement includes both payable



taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry forward 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 carry forward 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 contribution 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 (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes). Natural resource tax Natural resource tax (NRT) is a Norwegian surtax on hydropower generation in Norway. It is a profit-independent tax that is calculated on the basis of the individual power plant's average output over the past seven years. The tax rate is NOK 13/MWh. Income tax can be offset against the natural resource tax paid. Resource rent tax Resource rent tax (RRT) is a Norwegian surtax on hydropower generation in Norway. It is a profit-dependent tax levied on the net resource rent revenue generated by each power plant. Resource rent revenue is calculated on the basis of the individual power plant's production hour by hour, multiplied by the spot price for the corresponding hour. The actual contract price is applied for deliveries of concessionary power and power subject to physical contracts with a term exceeding seven years. Income from green certificates is included in gross resource rent revenue. Actual operating expenses, depreciation and a tax-free allowance are deductible. The tax-free allowance is set each year on the basis of the taxable value of the power plant's operating assets, multiplied by a normative interest rate. Negative resource rent revenues per power plant from the 2006 fiscal year or earlier years can only be carried forward with interest offset against future positive resource rent revenues from the same power plant. From 2007 onwards negative resource rent revenues per power plant can be pooled with positive resource rent revenues for other power plants. From 2021 onwards all new investments related to hydropower production can be deducted immediately for resource rent tax purposes. In December 2022, Stortinget (the Norwegian national assembly) approved changes to the Norwegian tax legislation. One of the changes approved was increase in resource rent tax on hydro power production, increasing the effective resource rent tax from 37% to 45%. The change in resource rent tax will be applicable from 1 January 2022. High price contribution As part of the changes in the Norwegian tax legislation, the Norwegian government introduced an excise duty (high price contribution) on electricity sold at high prices where an excise duty of 23% where to be applied on all electricity sold for a price above 0.70NOKs/KWh. The excise duty was effective form 28 September 2022 and is presented as part of other operating expenses, handled as a permanent difference. Cash flow statement The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other current investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date. Group financial statements The company is the parent of the Hydro Rein group. The company is also included in the group financial statements of Norsk Hydro ASA. The financial statements for both groups can be handed out at the following address: Drammensveien 260, 0283 Oslo or online - [www.hydro.com](http://www.hydro.com).

#### Note

4

#### Antall årsverk i regnskapsåret

0.00

#### Note

4

#### Spesifisering av resultatregnskapet



## Lønnskostnader

### Mer om årsverk og lønn

Hydro Rein's executive management and other employees in Norway are employed in Hydro Energi AS at year end 2022, employee contracts with Hydro Rein AS are established from 1 January 2023, see note 13 for further information. For 2022 all compensation, salary and related cost for executive management and employees working with the Hydro Rein project is being charged to Hydro Rein by Hydro Energi via the administrative service agreement. See note 11 for further information.

<u>Sum</u>	<u>Beløp</u>
------------	--------------

### Note

6, 7

## Varige driftsmidler og immaterielle eiendeler

<u>Anskaffelseskost 01.01.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	229471000.00	1032000.00
<u>Tilgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	1084000.00	
<u>Anskaffelseskost 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	230555000.00	1032000.00
<u>Samlede av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	84248000.00	
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	146307000.00	1032000.00
<u>Årets av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	6253000.00	

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler

Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen



## Konsern, tilknyttet selskap m.v. - fordringer og gjeld

### Fordringer

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	268115000.00	104107000.00

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
------------------------------------------	--------------	------------------

### Annen langsiktig gjeld

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	715000000.00	

<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
-----------------------------------------------------	--------------	------------------

### Kortsiktig gjeld

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	16488000.00	440892000.00

<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
-----------------------------------------------------	--------------	------------------

<u>Pantstillelse</u>	<u>Beløp</u>
----------------------	--------------

### Note

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
----------------------------------	---------------	------------------	-------------------------

### Erverv

Endringer i beholdning av aksjer i løpet av regnskapsåret

### Avhendelse

Endringer i beholdning av aksjer i løpet av regnskapsåret

### Samvirkeforetak

Vedtektsbestemmelser/årsmøtevedtak/forslag til vedtak om medlemskapskonti

### Mer om aksjer

### Note

Lån og sikkerhetsstillelse til medlemmer

Opplysninger om: Medlemmer av:

Mer om lån og sikkerhetsstillelse



not relevant



Organisasjonsnr: 923 263 985  
HYDRO REIN AS

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note  
1.1

## Regnskapsprinsipper

Note  
2.3

Antall årsverk i regnskapsåret  
17.00

### Mer om årsverk og lønn

At year-end 2022, the parent company of the group (Hydro Rein AS) did not have any employees since Hydro Rein's full time employees in Hydro Rein in Norway are currently on employee contracts with Hydro Energi AS. The group only has employees in the Brazilian entities with 16 permanent employees and 1 employee in the Netherlands at year-end 2022.

Sum Beløp

Note  
3.1, 3.2

## Varige driftsmidler og immaterielle eiendeler

<u>Anskaffelseskost 01.01.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	229527000.00	1528000.00
<u>Tilgang i året</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	10707000.00	3418000.00
<u>Anskaffelseskost 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	240244000.00	4946000.00
<u>Samlede av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	84461000.00	517000.00
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	155783000.00	4429000.00
<u>Årets av-/nedskrivn.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
	6467000.00	504000.00

Anskaffelseskost - balanseførte lånekostnader, egentilvirkede anleggsmidler



Goodwill spesifisert for hvert enkelt virksomhetskjøp

Avskrivningsplan for goodwill som er lenger enn fem år - begrunnelse

Mer om varige driftsmidler/immaterielle eiendeler

Note  
3.3

Konsern, tilknyttet selskap m.v.

Investering som regnskapsføres etter egenkapitalmetoden

<u>Investering</u>	<u>Inng.balanse</u>	<u>Inntektsf.res</u>	<u>Andre endr.</u>	<u>Utg. balanse</u>
Ventos de São	0.00	-4175000.00	598848000.00	594673000.00
Zacarias - Wind				
Ventos de São	0.00	-198000.00	5687000.00	5489000.00
Zacarias - Solar				
Boa Sorte	0.00	245000.00	129267000.00	129512000.00
Mendubim	0.00	-8751000.00	196681000.00	187930000.00
Mendubim EPC	0.00	5990000.00	10939000.00	16929000.00
SE3/SE4	0.00	-305000.00	86145000.00	85840000.00
Stor- Skålsjön	281831000.00	-728000.00	126864000.00	407967000.00

**Konsernregnskap**

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

**Morselskapet sitt navn**

Norsk Hydro ASA

**Forretningskontor for morselskapet**

Vækerø, Oslo

**Begrunnelse for at datterselskap er utelatt fra konsolideringen**

**Konsern, tilknyttet selskap m.v. - fordringer og gjeld**

**Fordringer**

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	235706000.00	208562000.00
<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
	24168000.00	

**Annen langsiktig gjeld**

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	715000000.00	1722000.00
<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>

**Kortsiktig gjeld**



<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
	30524000.00	444687000.00

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
	16960000.00	

<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
-----------------------------------------------------	--------------	------------------

Samlet forpliktelse til fordel for foretak i samme konsern

<u>Pantstillelse</u>	<u>Beløp</u>
----------------------	--------------

<u>Garantier</u>	<u>Beløp</u>
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Mer om tilknyttet selskap/datterselskap  
Note 7.3

Note

Fordringer

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

Mer om fordringer

Note

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
----------------------------------	---------------	------------------	-------------------------

Erverv

Endringer i beholdning av aksjer i løpet av regnskapsåret

Avhendelse

Endringer i beholdning av aksjer i løpet av regnskapsåret

Samvirkeforetak

Vedtaksbestemmelser/årsmøtevedtak/forslag til vedtak om medlemskapskonti

Mer om aksjer

Note

Lån og sikkerhetsstillelse til medlemmer

Opplysninger om: Medlemmer av:

Mer om lån og sikkerhetsstillelse



Nor relevant



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Enterprise 935 174 627 MVA

To the General Meeting of Hydro REIN AS

## Independent Auditor's Report

### Opinion

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

- the financial statements of the parent company Hydro REIN AS (the Company), which comprise the balance sheet as at 31 December 2022, 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 Hydro REIN AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity 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 2022, 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

### 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.

#### Offices in:

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Statsautønserte revisorer - medlemmer av Den norske Revisorforning

Oslo	Elverum	Mo i Rana	Tromsø
Alta	Finnsnes	Molde	Trondheim
Arendal	Hamar	Sandefjord	Tynset
Bergen	Haugesund	Stavanger	Ulsteinvik
Bodø	Knaresvik	Stord	Alesund
Drammen	Kristiansand	Straume	

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## Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

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

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

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

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements if 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.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Oslo, 16 May 2023  
KPMG AS

Geir Moen  
*State Authorised Public Accountant*  
(This document is signed electronically)

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## Geir Moen

Partner

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2023-05-16 10:23:35 UTC



## Geir Moen

Statsautorisert revisor

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Vår dato  
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Din/Deres dato  
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Saksbehandler  
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## Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk for følgende selskap:

923 263 985 – Hydro Rein AS  
927 232 669 – Hydro Rein Energy Solutions AS  
926 419 986 – Hydro Rein Invest AS

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, 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 siteres:

Som nevnt innledningsvis har selskapene inkludert i søknaden alle sin virksomhet innenfor investering og utvikling av fornybar energiproduksjon der markedet hovedsakelig er internasjonalt med hovedfokus på Europa og Sør-Amerika. Primært kommunikasjonsspråk i disse områdene er engelsk og all kommunikasjon med samarbeidspartnere, investorer, kunder, leverandører og lånegivere skjer i det alt vesentlige på engelsk. Alle ovennevnte grupper er brukere av regnskapene da det er viktig for dem å kunne vurdere og forstå søker-selskapenes finansielle stilling og soliditet gjennom regnskapene. Regnskap utarbeidet på engelsk vil derfor være til stor nytte for mange av søker-selskapenes primære brukergrupper.

### Skattekontorets vurdering

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



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., 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, kunder og lokalsamfunnet.

Det er etter skattekontorets 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 dette tilfellet er det opplyst at kommunikasjon med de fleste av kunder og leverandører skjer på engelsk. Selskapets interessenter er hovedsaklig engelskspråklige og vil ikke ha mulighet for å forstå årsregnskap og årsberetning på norsk. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Roar Thorbjørnsen  
underdirektør  
Innsats, storbedrift  
Skatteetaten

Thor-Petter Sørli

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*



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Annual report  
2022





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## Overview

### About Hydro Rein

Hydro Rein AS ("the company") and its subsidiaries (together "Hydro Rein", or "the group"), is a provider of renewable power and energy solutions aiming at supporting industrial customers on their path to net zero carbon emissions. Hydro Rein offers products and services tailored to the challenges of its customers: (i) renewable power, in the profile, location and currency preferred by its customers; (ii) energy efficiency and optimization; and (iii) energy storage and flexibility management. The company has a diversified portfolio of 20 renewable energy projects in operation, construction and development in core markets in the Nordics and Brazil, in addition to 30 sites in scope for Energy Solutions pipeline of projects in Europe and North America. Hydro Rein has an ambition to bring 3 GW (gigawatt) installed capacity (gross basis) to construction or operation by 2026, leveraging on a unique customer offering and Hydro group's century-long track record in developing industries that matters. For more information, see <https://www.hydro.com/en/energy/renewable-growth/>.

Hydro Rein splits its operations in two segments:

- Renewable Energy; and
- Energy Solutions.

Renewable energy comprises all activities relating to the ownership, development, and operation of renewable power assets, including services to projects and market activities. Per 31 December 2022 Hydro Rein had one power producing asset in operation: Vigelandfoss, a hydropower production plant located in Vennesla, Norway. In addition, it had investments in associates comprising of the ownership in the wind power project Stor-Skålsjön and a portfolio of nine projects (the "SE3/SE4 portfolio") in Sweden, as well as investments in the solar projects Boa Sorte and Mendubim and the combined solar and wind project Ventos de São Zacarias (formerly known as Feijão) located in Brazil. It also had a subsidiary with 50% ownership in the floating solar power development project Irupé in Brazil.

REIN Energy Solutions focus on decentralized solutions for industrial customers as a service. This comprises energy efficiency measures, on-site generation, energy storage and flexibility management behind-the-meter. Per 31 December 2022 the group had one energy storage project in operations in North York, Canada, in addition to one project with PV and storage installations at three different industry sites under construction in Sweden

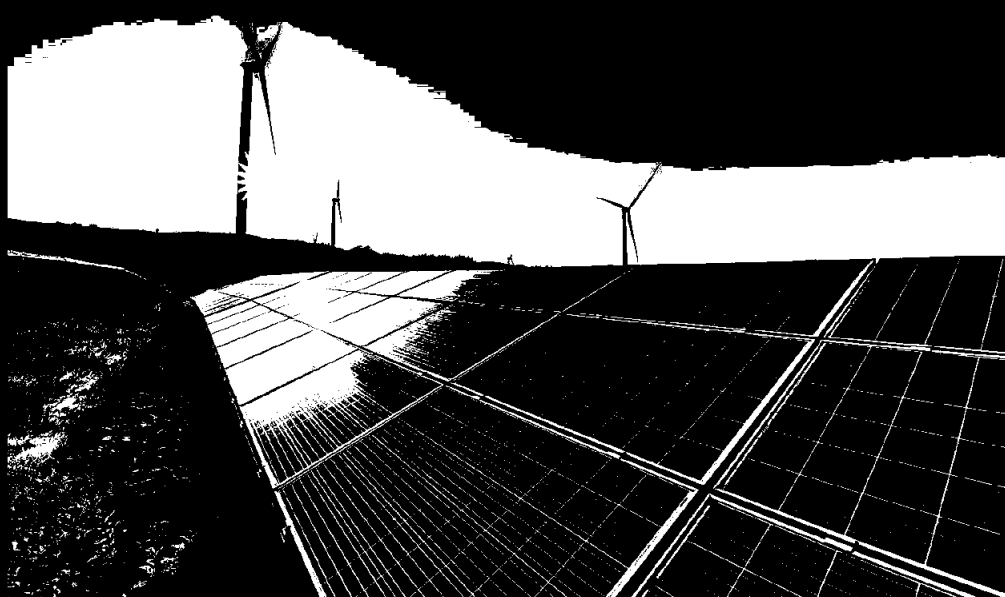
Hydro Rein's initial core markets are the Nordics and Brazil, with rest of Europe and the North America being additional target markets. With headquarters in Oslo, Norway and additional offices in Rotterdam, Holland, and Rio de Janeiro, Brazil, the company ensures local presence in its core geographies.

Hydro Rein AS is part of the global renewable energy and aluminium company Norsk Hydro group (Norsk Hydro ASA) which is listed on the Oslo Stock Exchange.



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## Board of director's report





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## Highlights for 2022

- High spot prices in NO2 price area led to strong revenue for Vigelandssfoss hydropower plant, despite production volumes being 19% lower in 2022 compared to 2021 lower water flow.
- Strong momentum in project development portfolio:
  - Started construction on the 260 MW Stor-Skålsjön wind project in Sweden, co-developed with Eolus Vind, and arranged first external power purchase agreement (PPA) with Telenor supplied by the project (contracted through Hydro Energi AS).
  - Sold 24% stake in project Stor-Skålsjön to MEAG resulting in a gain of NOK 63 million
  - Acquisition of the solar projects Boa Sorte and Mendubim and the combined wind and solar project Ventos de São Zacarias, all located in Brazil, with PPA offtake secured.
  - Acquired 50% share in a portfolio consisting of nine early-stage wind projects in the SE3/SE4 price area in Southern Sweden
- Operation started on first behind-the-meter battery energy storage project installed in North York, Canada, with a number of additional projects under development, among others in Norway, Sweden, and Germany
- Building and strengthening Hydro Rein's organization, with 34 new employees joining in 2022<sup>2</sup>

NOK million	2022	2021
Total revenue and other income	336	128
Operating income/(loss) before depreciation, amortization and impairment (EBITDA) <sup>1</sup>	145	(58)
Adjusted EBITDA <sup>1</sup>	173	15
Operating income/(loss) (EBIT) <sup>1</sup>	138	(64)
Net income/(loss)	(50)	(77)
Net cash/(debt) <sup>1</sup>	(298)	(201)
Liquidity <sup>1</sup>	419	235
Equity ratio <sup>1</sup>	52%	34%
Power production (GWh)	156	192
Permanent employees <sup>2</sup>	57	23

<sup>1</sup>Please refer to APM section for further details and definitions on APM measures.

<sup>2</sup>Permanent employees in Norway being employed by Hydro Energi AS at 31 December 2022. The employee contracts are established with Hydro Rein from 1 January 2023.



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## Financial development

### Results for the year

NOK million	2022	2021
Total revenue and other income	336	128
Total operating expenses <sup>1</sup>	246	181
Share of income/(loss) from equity accounted investees	(8)	(5)
Gain/(loss) from disposal of equity accounted investees	63	-
Operating income/(loss) before depreciation, amortization and impairment (EBITDA) <sup>2</sup>	145	(58)
Depreciation and amortization	7	6
Operating income/(loss) (EBIT) <sup>2</sup>	138	(64)
Net finance income/(expense)	(140)	(15)
Income tax (expense)/benefit	(47)	2
Net income/(loss)	(50)	(77)
Adjusted EBITDA <sup>2</sup>	173	15

<sup>1</sup>Total operating expenses excluding depreciation, amortization and impairment

<sup>2</sup>Please refer to APM section for further details and definitions on APM measures.

As a result of rounding adjustments, the figures in one or more columns included in the table may not add up to the total of that column.

#### Revenue and other income

Hydro Rein reported total revenue and other income of NOK 336 million for 2022, representing an increase of 263% compared to NOK 128 million for 2021. Power production at the Vigelandss foss hydropower plant fell 19% in 2022 compared 2021 as a result of lower water flow in the river, but this was more than offset by the very high spot prices in the NO2 price area during 2022 compared to 2021. In addition, the power produced by Vigelandss foss was sold to Hydro Energi AS at a fixed price under an as produced PPA in the first seven months of 2021, with the fixed price in the PPA being significantly lower compared to the spot prices for the same period in 2022. The PPA was terminated in August 2021.

In addition to power sales, 2022 revenue and other income includes unrealized gain related to a forward contract (commodity derivative) for purchase of Guarantees of Origin (GoOs) of NOK 18 million from Stor-Skålsjøn, and revenue from the construction management agreement for Stor-Skålsjøn amounting to NOK 11 million.

#### Total operating expenses (excluding depreciation, amortization and impairment)

Total operating expenses (excluding depreciation, amortization and impairment), consisting of transmission cost, salaries and personnel cost and other operating expenses, totaled NOK 246 million for 2022 compared to NOK 181 million for 2021.

The increase of NOK 65 million from 2021 to 2022 is driven by the growth of the Rein organization, with increased activity related to project investments and business development. In addition, during 2022, a cost of NOK 28 million was recognized related to a compensation payment to Hydro Energi AS for the power purchase agreement between Hydro Energi AS and Stor-Skålsjøn Vind AB being reduced from 12 to 10 years. In August 2021, Hydro Rein recognized a termination fee of NOK 73 million related to the termination of the power purchase agreement (PPA) between Hydro Energi AS and Vigelandss foss power plant. Excluding the compensation payment of NOK 28 million in 2022 and the termination fee of NOK 73 million in 2021, total operating expenses (excluding depreciation, amortization, and impairment) increased with NOK 110 million from 2021 to 2022.

Most of Hydro Rein's personnel costs for 2022 are reported as other operating expenses, since full time employees in Hydro Rein in Norway are currently on employee contracts with Hydro Energi AS. Including these personnel costs, total employee related costs amounted to NOK 92 million in for 2022, with NOK 32 million reported for 2021. The increase is a result of the growing organization, with 34 new employees joining Hydro Rein during 2022. At year-end 2022, Hydro Rein had 57 permanent employees (including those on contract with Hydro Energi AS).

During 2022, expenses in connection with the establishment of Hydro Rein and preparations for a potential external capital raise amounted to approximately NOK 10 million, primarily related to consultants, legal advisors and other external support.

Remaining operating expenses are primarily related to business and project development, in addition to general overhead costs such as office, IT, and travel.

On 28 September 2022, the Norwegian government introduced a proposal for changes in the Norwegian tax legislation. The proposal was approved by Stortinget (the Norwegian national assembly) in December 2022. One of the changes approved was an excise duty ("high price contribution") on electricity sold at high prices where an excise duty of 23% were to be applied on all electricity sold for a price above 0.70 NOK/KWh. The excise duty became effective from 28 September 2022 and amounted to 13 million for 2022 and is presented part of other operating expenses.



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#### Gain / (loss) from disposal of equity accounted investees

NOK 63 million gain from disposal of equity accounted investees recognized for 2022 consists of the gain related to the sale of 24% stake in Eolus Vindpark 46 AB (Stor-Skålsjøn Vind) which was closed in June 2022. Following the sale, Hydro Rein's shareholding in Eolus Vindpark 46 AB represents 25% of the shares.

#### EBITDA and adjusted EBITDA

Operating income before depreciation, amortization and impairment (EBITDA) was NOK 145 million for 2022, compared to a loss of NOK 58 million for 2021.

Adjusted EBITDA amounted to NOK 173 million for 2022. Adjusted EBITDA is adjusted for the compensation payment to Hydro Energi AS for the power purchase agreement between Hydro Energi AS and Stor-Skålsjøn Vind AB being reduced from 12 to 10 years. The adjustment amounts to NOK 28 million. Adjusted EBITDA for 2021 amounted to NOK 15 million, with the adjustment representing the loss related to the termination of the PPA with Hydro Energi AS recognized in August 2021, amounting to NOK 73 million.

#### Net finance income / (expense)

Net finance expense for 2022 was NOK 140 million compared to NOK 15 million for 2021. The increased finance expense was primarily a result of unrealized loss on derivatives of NOK 92 million in 2022, compared to NOK 16 million for 2021. The derivatives comprise a combined currency and inflation hedge related to the Ventos de São Zacarias project, and a call option issued to the offtaker in the Boa Sorte project. In 2021, change in fair value of financial instruments was driven by the embedded derivative related to the EUR denominated PPA with Hydro Energi AS. In addition to the unrealized loss on derivatives, net finance expenses for 2022 consist of interest expense on a loan from the Hydro Group of NOK 25 million (2021: NOK 4 million), expenses related to realized derivatives of NOK 28 million and net currency translation effects. For 2022, the net finance income was primarily driven by interest income of NOK 8 million (2021: NOK 6 million).

#### Income tax (expense) / benefit

Income tax expense for 2022 amounts to NOK 47 million compared to an income tax benefit of NOK 2 million for 2021. Hydro Rein recognized NOK 0 million in tax expense related to the resource rent tax for 2022, with NOK 14 million reported for 2021. The increase in income tax expense for 2022 compared to 2021 is primarily due to corporate income tax in Hydro Rein AS. Resource rent tax for 2022 is reduced compared to 2021, despite higher spot prices in 2022. The reason for this is primarily due to power production from the flow of river production at Vigelandssfoss occurring in periods of relatively lower power prices. Per year-end 2022, the group has recognized a deferred tax asset of NOK 13 million primarily related to tax loss carry forward in Norwegian subsidiaries. Tax loss carry forward related to subsidiaries in Brazil and the Netherlands have not been recognized due to uncertainty regarding future utilization. Per year-end 2022, not recognized tax loss carry forward amounted to NOK 52 million, compared to 2 million per year-end 2021.

As noted above, the Norwegian government has introduced changes in the Norwegian tax legislation which was approved by Stortinget (the Norwegian national assembly) in December 2022. In addition to the excise duty described above another of the changes approved was an increase in the resource rent tax on hydro power production, taking the effective resource rent tax from 37% to 45%. The change in resource rent tax was applicable from 1 January 2022.



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## Segment results

<b>Renewable energy</b> NOK million	<b>2022</b>	<b>2021</b>
Total revenue and other income	336	128
Operating income/(loss) before depreciation, amortization and impairment (EBITDA)	225	3

**Renewable Energy** comprises all activities relating to the ownership, development, construction and operation of renewable power assets, including services to projects and market activities.

The renewable energy segment reported increase in revenue and other income for 2022 compared to 2021. Per year-end 2022, Hydro Rein had one asset in operation in this segment, the Vigelandssfoss hydropower plant. Revenue more than doubled compared to the same period last year as a result of the high spot prices in NO2 area during the period, despite a fall in power produced of 19% year-on-year. The power produced by Vigelandssfoss was sold to Hydro Energi AS at a fixed price under an as produced PPA in the first seven months of 2021, with the fixed price in the PPA being significantly lower compared to the spot prices for the same period in 2022. The PPA was terminated in August 2021. In 2022, revenue and other income also consist of unrealized gain related to a forward contract (commodity derivative) for purchase of Guarantees of origin (GoOs) of NOK 18 million from Stor-Skålsjön and revenue from the construction management agreement for Stor-Skålsjön amounting to NOK 11 million.

Operating income / (loss) before depreciation, amortization and impairment amounted to NOK 225 million for 2022, compared to 3 million for 2021. The main reason for the increase is the spot prices in NO2, contributing to strong revenues from Vigelandssfoss. During 2022, a cost of NOK 28 million was recognized related to a compensation payment to Hydro Energi AS for the power purchase agreement between Hydro Energi AS and Stor-Skålsjön Vind AB being reduced from 12 to 10 years. In August 2021, Hydro Rein recognized a termination fee of NOK 73 million related to the termination of the power purchase agreement (PPA) between Hydro Energi AS and Vigelandssfoss power plant.

<b>Energy Solutions</b> NOK million	<b>2022</b>	<b>2021</b>
Operating income/(loss) before depreciation, amortization and impairment (EBITDA)	(28)	(11)

**Energy Solutions** delivers energy optimization and efficiency solutions to industrial power consumers within and outside of Hydro. Energy Solutions offering includes capex light "solutions as a service" where Hydro Rein owns and operates energy assets, while composition of solutions is tailored to individual customers' needs based on a technology agnostic approach.

The energy solutions segment is continuing its business development initiatives through various projects. During 2022, one project – the North York battery energy storage solutions ("BESS") project – reached operation as it was connected and approved for use by the Canadian Energy Authorities in July. The primary use of the battery is to help the transmission system operator to mitigate the five highest peaks during a 12-month period. No revenue was recognised related to the project in 2022. In addition to North York, two projects are under development in Sweden and Germany.

The segment reported operating loss before depreciation, amortization and impairment of NOK 28 million for 2022, compared to 11 million in loss for 2021. The increase in expenses for 2022 compared to 2021 is primarily due to increased project development costs.

<b>Other</b> NOK million	<b>2022</b>	<b>2021</b>
Operating income/(loss) before depreciation, amortization and impairment (EBITDA)	(53)	(55)

**Other** segment includes activities not considered part of Hydro Rein's main operations as well as management services and unallocated revenues, expenses, liabilities and assets.

The other segment reported operating loss before depreciation, amortization and impairment of NOK 53 million for 2022, compared to NOK 54 million for 2021. The costs are primarily driven by the development of the Hydro Rein organization and other management services from Hydro group not allocated to Renewable energy and Energy solutions. In 2022, the group implemented process for cost allocation to the operating segments from the Other segment, resulting in expenses recognized in Other segment for being allocated to the operating segments for 2022.



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## Cash flow

NOK million	2022	2021
Cash flow from operating activities	73	(53)
Cash flow from investing activities	(1,075)	(174)
Cash flow from financing activities	1,162	289
Foreign currency effects on cash	18	(2)
Net change in cash and cash equivalents	178	60
Cash and cash equivalents at period start	60	-
Cash and cash equivalents at period end	238	60

Net cash flow from operations increased for 2022 compared to 2021, primarily due to high spot prices for the hydropower sold from Vigelandfoss. In addition, the 2021 operating cash flow was affected by the loss from termination the PPA with Hydro Energi AS of NOK 73 million.

Cash flow spent on investing activities is significantly higher in 2022 compared to 2021, primarily due to investment in equity accounted investees of NOK 1 241 million. The total investment expenditure was reduced by the proceeds of NOK 205 million received through the partial divestment of the equity accounted investee Stor-Skålsjön Vind.

Cash flow from financing activities is significantly higher in 2022 compared to 2021. The increase is a result of new debt of NOK 715 million and capital increases amounting to 830 million. Repayment of loans of NOK 437 million partly offsets the increase in cash flow from financing activities. The new debt and equity capital will go to fund the group's equity funding commitments for secured projects.

## Financial position

NOK million	2022	2021
Deferred tax assets	13	-
PPE and intangible assets	160	153
Derivatives	24	-
Investments in equity-accounted investees	1,428	282
Total non-current assets	1,626	435
Other current assets	260	214
Cash and cash equivalents	238	60
Total current assets	498	274
Total assets	2,123	709
Equity	1,108	238
Long-term interest-bearing debt to related parties	715	2
Other non-current liabilities	2	3
Total non-current liabilities	717	4
Derivatives	105	-
Current interest-bearing debt to related parties	-	435
Other current liabilities	194	31
Total current liabilities	299	466
Total liabilities	1,016	470
Total equity and liabilities	2,123	709

The group's balance of assets grew significantly during 2022, primarily driven by increased investment in equity accounted investees, amounting to NOK 1 428 million per year-end 2022, compared to NOK 282 million per year-end 2021. The groups cash position developed positively during the year, amounting to NOK 238 million per year-end 2022 compared to NOK 60 million per year-end 2021. In addition to cash and cash equivalents, the group holds a cash pool receivable towards Hydro group of NOK 181 million per year-end 2022 (2021: NOK 176 million), presented as part of other current assets.



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Hydro Rein's equity was strengthened with two capital increases during the year of NOK 130 million and NOK 700 million, respectively. In addition, the group recognized group contributions from Hydro group of NOK 70 million, with year-end 2022 total equity amounting to NOK 1 108 million, compared to NOK 238 million for 2021.

During the year, Hydro Rein both repaid a shareholder loan towards Hydro group of NOK 435 million and entered into a credit facility agreement (CFA) with Hydro group. The CFA is to be utilized for financing of the group's investment activity in renewable energy projects, with the outstanding debt under this facility amounting to NOK 715 million per year-end 2022.

Per year-end 2022, derivative liability of NOK 105 million (2021: NOK 0 million) consist of a combined currency and inflation hedge related to the Ventos de São Zacarias project and a call option issued to the offtaker in the Boa Sorte project. Other current liabilities increased from 31 million in 2021 to 194 million in 2022. The increase is primarily driven by tax payable of NOK 47 million (2021: NOK 1 million) and other current liabilities of NOK 109 million (2021: NOK 9 million). Per year-end 2022, other current liabilities comprise deferred consideration of NOK 67 million related to the Boa Sorte and Ventos de São Zacarias project, prepayment from customers related to construction management agreement from Stor-Skålsjön of NOK 17 million and high price contribution payable of NOK 13 million.

## Going concern assumption and distribution of equity

The Board confirms the going concern assumption and that the financial statements represent a true and fair view of the financial development and position of the company. The Board of Directors knows of no material events not reflected in these accounts that should have been included in the 2022 financial statement.

The board proposes the following allocation of the annual result for the parent company Hydro Rein AS:

Distribution	NOK (1000)
To/(from) other equity	153 391
<b>Total</b>	<b>153 391</b>

## Events after balance sheet date

### Employee contract establishment

Effective from 1 January 2023, all Hydro Rein employees in Norway have had their employment contracts established with Hydro Rein AS. Up until 31 December 2022, all Hydro Rein employees in Norway had their employment contracts with Hydro Energi AS. As part of establishment of employee contracts with Hydro Rein AS, pension liabilities previously held by Hydro Energi AS, was transferred to Hydro Rein AS. The expenses for the pension schemes transferred to Hydro Rein AS, had up until 31 December 2022 been paid by Hydro Rein AS as part of the administrative service agreement with Hydro Energi AS for personnel expenses, no expenses were hence recognized as part of the transfer of the pension liabilities, with Rein being reimbursed by Hydro Energi AS for the assumed pension liability. The liabilities amounted to NOK 24 million per 1 January 2023 and will be presented in the financial position of Hydro Rein group as pension liabilities.

### Arielle

On 4 November 2022 Hydro Rein entered into agreement with Commerz Real to jointly develop project Arielle, consisting of two solar power projects in Denmark. Rein agreed to acquire 50% of the shares in the projects. The transaction was closed on 1 March 2023 for a consideration of EUR 1,9 million (NOK 20 million).

### Vista Alegre

On 31 March 2023, Hydro Rein entered into a call option agreement with Atlas Renewable Energy, granting REIN the option to acquire 33.3% of the shares in the solar project Vista Alegre located in Brazil. REIN paid USD 1 (NOK 10) in premium for acquiring the option, with the exercise period being from 31 March 2023 to 1 April 2024.

### Group contribution

Hydro Rein's Norwegian subsidiaries will receive a total of 97 million in group contributions from other entities in Hydro group, which will be recognized in Hydro Rein's financial statement at the time of approval in general assembly of the Hydro group entities giving the group contribution.



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## Risk assessment

The group was established in August 2021 and has a limited operating history aside from the operation of the Vigelandsfoss hydropower plant. The group invests in and actively manages ownership interests in various new renewable energy projects, primarily wind and solar projects, in which the group's direct or indirect ownership interest may vary. Risks that may materialize as a result of the group being newly established with limited operating history, include but are not limited to, implementation of systems, routines and/or other integration measures taking a longer time and/or being costlier than anticipated.

The group operates in a competitive and rapidly changing global marketplace and competes with a variety of organizations. Even if the group has potential offerings that address the market and customer needs, the group's competitors may be more successful or may offer more attractive contractual terms or compete on pricing in a manner that the group is not willing or able to match on a sustained basis, which may affect the group's ability to obtain new business.

The group's current and future projects are highly capital intensive and to execute on its strategy it will require additional equity and/or debt financing. The availability and cost of such funding is uncertain, and lack of funding may prevent the group from developing and participating in projects and/or adversely impact its respective business case, and may, in turn have an adverse effect on future projects, operations and financial position. In case the group is unable to obtain additional capital, this may have a negative impact on its ability to execute on its strategy.

The group is exposed to fluctuations in foreign exchange rates which may have an adverse effect on the group's prospects, results of operations, cash flow and financial position. In addition, as the group reports its consolidated results in NOK, the value of the NOK relative to its foreign subsidiaries' functional currencies may affect its consolidated income statement and consolidated statement of financial position when those subsidiaries' operating results are translated into NOK for reporting purposes.

With the group being established in August 2021, management is continuously working on further developing framework, routines and processes for handling and maintaining the risks related to general development of the group, financing current and future projects and growth in addition to handling of currency exposure.



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## Business and project development review

### Renewable energy

#### Operating assets

Per Q4 2022, the only operating asset in the Renewable Energy portfolio is the Vigelandsfoss hydropower plant. Vigelandsfoss is a run-of-river hydropower plant located in the price area NO2 in Norway. The normal yearly production is ~190 GWh, however with large variations due to the hydrological situation and seasonality. Vigelandsfoss is located as the last power plant in the Otra river and production is regulated by the production in the overlying power plants.

Production amounted to 156 GWh in 2022, down from 192 GWh in 2021. The reason for the low production was due to dry weather conditions in the southern part of Norway in the second and third quarter of 2022. The general reservoir filling in NO2 was at 63% in the end of 2022 while the normal filling at this time of the year is 72%, hence somewhat reduced production should be expected for the start of 2023.

Prices in NO2 weakened in the fourth quarter compared to the very high level in the third quarter and averaged 165 EUR/MWh, down from 351 EUR/MWh in the third quarter. The hydrological balance improved significantly in October and November which pushed prices downward in the end of the year. The average price in NO2 in 2022 was 211 EUR/MWh. In the beginning of 2023, the hydrological balance is still below normal and the general energy market situation in Europe keep prices on a historically high level in Southern Norway.

#### Projects under development and construction

During 2022, Hydro Rein significantly increased its portfolio of projects in development and construction, with the acquisition of three ready-to-build projects in Brazil.

These are the key achievements for each project, by decreasing order of maturity.

##### Stor-Skålsjön - Sweden, 260MW onshore wind, 25% ownership

Construction started in February with the balance-of-plant ("BOP") contractor Svevia. By end December, all foundations were completed, and the project was on track both on time and budget. There were 130 workers at site. Commercial operation date (COD) is expected in Q4 2023.

In April, Hydro Rein and Eolus signed an agreement with MEAG regarding the sale of 75% of the shares in the project. Eolus sold all its shares (51 %) while REIN sold 24% of the shares in the project company. Hydro Rein retains 25% ownership, as well as the joint construction management (together with Eolus).

In May, Hydro Rein arranged a 10-year PPA with Telenor (ref. the Business Development section)

##### Mendubim - Brazil, 531 MW solar PV, 33.3% ownership

Mendubim is a group of 13 individual solar power plants. Hydro Rein signed an agreement to enter as owner of the Mendubim project and co-develop the project in partnership with Equinor and Scatec in May 2022. All three partners have an equal economic interest of 33.3% in the project and will jointly provide engineering, procurement and construction (EPC) services. Scatec and Equinor will further provide operation and maintenance (O&M) as well as asset management (AM) services to the power plants.

A 20-year US dollar power-purchase agreement ("PPA") was signed in June with Hydro group's alumina refinery Alunorte for approximately 60% of the power produced with the remaining volume to be sold in the Brazilian power market.

Early work started at site in July 2022, with completion of the site studies, vegetation suppression and drainage. By end December, site clearing was fully completed, the site ready to start electro-mechanical installation. There were 532 workers at site. The project was on time and on budget, COD expected Q1 2024.

##### Ventos de São Zacarias (formerly Feijão) - Brazil, 586 MW combined wind and solar PV, 49.9% ownership

Ventos de São Zacarias is a group of 10 individual wind power plants and 3 solar power plants. In May, Hydro Rein signed an agreement with Macquarie Asset Management's Green Investment Group (GIG) to jointly build and operate Ventos de São Zacarias, a 586 MW combined wind and solar power project in the northeast of Brazil.

Alunorte and Hydro group's bauxite mine Paragominas have both signed 20-year US dollar PPAs with Ventos de São Zacarias.

80 turbines with a combined capacity of 456 MW will be constructed in phase one, with the option to develop up to 130 MW of solar power production in phase two. Financial close for the wind farm is expected in Q1 2023, while the investment decision for the solar project will be taken at a later stage. Total capital expenditure for the wind farm is estimated at USD 700 million (100% basis).

All major supply and construction agreements for the wind project have been signed. In December, the project completed the staffing of the joint project team dedicated to the project and opened offices and set up the corporate structure. Early works were started at site, with geotechnical survey completed and vegetation clearance ongoing. In parallel, consultations with the local communities and other final development activities were being completed.

##### Boa Sorte - Brazil, 435MW solar PV, 33.3% ownership

Boa Sorte is a group of 8 individual solar power plants. In April, Hydro Rein signed an agreement with Atlas Renewable Energy to develop, build and operate the Boa Sorte solar plant in the state of Minas Gerais, Brazil. Hydro Rein will have a 33.3% ownership in the project.

A 20-year US dollar PPA was signed with the Albras primary aluminium plant for an annual supply of 815 GWh from the project. Albras is located in the Brazilian state of Pará and is owned 51 % by Hydro group and 49% by NAAC (Nippon Amazon Aluminium Co. Ltd.). Albras is the largest producer of primary aluminium in Brazil with an annual production capacity of 460,000 tonnes.

Total investments are estimated to USD 320 million (100% basis). The project has obtained a USD 210 million loan from BNDES in December 2022, the first USD loan from BNDES for renewable energy projects.



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In December, the main development activities were completed and mobilization at site ongoing, starting with earth works and vegetation clearing. 175 workers were at site. The project is progressing on time for a COD Q2 2024.

#### **Business development**

Business development is a core part of Hydro Rein and central to deliver on the group's growth strategy. Hydro Rein is developing its business across two main axes: i) from the customer demand side driven by the need for green power by energy consumers and ii) from the renewable project asset side with Hydro Rein as a project investor.

Hydro Rein's core focus markets include Brazil and Europe, which offer excellent renewable resources, good offtake opportunities and growth prospects. Hydro Rein continues to look for onshore and offshore wind and solar opportunities in these markets, focusing on early phase and ready-to-build projects. The group observes a high deal flow activity in these markets and considers itself well positioned to secure new opportunities both in the short and medium term.

#### Offshore wind

Equinor, RWE Renewables and Hydro Rein signed a collaboration agreement for offshore wind in Norway in Q2 2021. The partners will compete for acreage to develop a 1.5 GW bottom-fixed offshore wind farm in the Sørflige Nordsjø II area in the Norwegian North Sea. The auction/competition is expected to take place in 2023 (subject to changes from the Norwegian Government).

The Sørflige Nordsjø II area has among the best wind resources in the world with water depths between 53 and 70 meters. The first phase of Sørflige Nordsjø II will be connected to Norway only, and thus exposed to a Norwegian support regime and Norwegian (NO2 price area) power prices. The principles for auction model, subsidy scheme and prequalification were submitted for hearing by the Government in December 2022, and suggests the use of a bundled auction for a 15 year two-sided contract for difference ("CfD"), with the auction being a pure monetary auction.

#### Telenor PPA

In May 2022, Hydro Rein arranged a 10 year PPA with Telenor, a major telecommunication company in Norway, through Hydro Energy. Power will be delivered from the Stor-Skålsjøn project owned by Hydro Rein and MEAG. The project company also sold Guarantees of Origin corresponding to the power volume during the same 10-year period.

#### Acquisition of PV development platform in Denmark

In November 2022, Hydro Rein and Commerz Real announced that they would enter into an agreement on forming a joint venture to acquire and develop two early phase solar projects in Jylland, Denmark, with estimated total gross capacity of 362 MW and total annual production of 412 GWh. Construction is expected to commence in 2024, with production starting in early 2026. The ambition is to grow the portfolio to 1 GW. The joint venture will be owned 50/50 by Commerz Real and Hydro Rein.

#### Onshore wind project in Høyanger and Sunnfjord in Norway

In December 2022, Hydro, Eviny and Zephyr announced a partnership to explore an onshore wind project located in the area between Høyanger and Sunnfjord in Norway. The renewable power will enable new industrial development in the region. The project will provide yearly income for Høyanger and Sunnfjord municipalities, as well as local value creation in the development and operation of the wind farm. The planned investment is estimated at NOK 3-4 billion, with a total power production of 1 TWh. Hydro and Eviny will be long-term owners and operators of the project.



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## Energy solutions

Energy Solutions develops bespoke energy solutions for industry that speed up the transition towards a carbon reduced economy. Energy Solutions have established legal entities in Canada, Sweden and in process to register a company in Germany, and Spain, core focus markets for Energy Solutions

Energy Solutions offer three categories of services behind the meter (on customer site): Energy efficiency solutions, on-site renewable power generation, energy storage systems and flexibility management.

### **Assets in operation and under construction**

The first battery project for Energy Solutions was connected and approved for use by the Canadian Energy Authorities on 14 July. The primary use of the battery is to help the transmission system operator to mitigate the five highest peaks during a 12-month period. The peak hours are typically during the hottest days in summer, or during extreme cold periods wintertime. As the battery was connected late in the summer, it is expected to hit no more than 1-23 peaks at the maximum. The battery operation is providing valuable learning as Energy Solutions ramp up the battery use cases to allow for price arbitrage and ancillary services.

### **Projects under development**

The project Greening Sweden which focuses on three locations held by Hydro Extrusions in Sweden reached final investment decision ("FID") in December 2022, and will commence construction of roof and ground solar PV at the start of 2023, to be complemented by three batteries targeting the ancillary services market in Sweden during 2023. The whole phase I of this project is to be operative by Q3-23.

For the Hydro projects Green Deal Germany and Greening UK further progress have been made and follows timeline communicated in last report. To avoid cost overruns in a tight battery market we received approval to pre order 6 units from our chosen supplier, this will enable timely delivery and reduce further cost increases expected in the battery supply chain.

Energy Solutions is working on maturing additional project leads within all its product areas with both Hydro and other external customers. As an example, feasibility studies have revealed opportunities to contribute with significant energy consumption reduction through among others optimizing compressed air and operating efficient smart lights, pump optimization and heat recovery. A first project at Vigeland Metal Refinery received FID in December and will be a pilot project that may get expanded to additional sites during 2023.



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## Corporate governance

Hydro Rein is part of the Norsk Hydro group and follows the Norsk Hydro group principles for corporate governance and adheres to Norsk Hydro's governing documents. Please refer to the company website [www.hydro.com](http://www.hydro.com) for further details on Norsk Hydro groups approach to corporate governance.

In preparation for a potential external capital raise, Hydro Rein has developed its own framework for corporate governance and compliance. The framework is based on the Norsk Hydro framework, adjusted as needed. The Board has taken an active role in this process. The group's corporate governance structure will be effective as from 1.1.2023 and specifies the distribution of rights and responsibilities between the Board of Directors, CEO and management and spells out the rules and procedures for making decisions on corporate affairs. It provides a structure through which the group's objectives are set, the means of attaining the objectives and methods applied to monitor performance and ensure compliance, while at the same time ensuring compliance and alignment with the Norsk Hydro corporate governance structure for as long as the group remains 100 % owned by Norsk Hydro ASA.



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## People and organization

Health, safety, security and environment is of utmost importance for Hydro Rein and is at the core of both its operations and projects at all times. Hydro Rein follows Hydro's policies and procedures as a starting point and adjust them to Hydro Rein's context and risk profile as required. In projects that are operated by others, Hydro Rein exerts its influence to ensure at least same or higher standards, through contractual agreements and board meetings.

Performance on KPIs in 2022:

- 0 Total Recordable Injuries (TRI) for Hydro Rein employees and contractors in fully owned projects
- 0 fatalities on any Hydro Rein project

At year-end 2022, the parent company of the group (Hydro Rein AS) did not have any employees since Hydro Rein's full time employees in Hydro Rein in Norway are currently on employee contracts with Hydro Energi AS. The group only has employees in the Brazilian entities with 16 permanent employees and 1 employee in the Netherlands at year-end 2022. Including Hydro Rein employees on contract with other Hydro entities, the work force consists of 28 women and 29 men. The group continuously focus on diversity in its recruiting.

The recorded sick leave in 2022 was 0,4% (and 0% in 2021). No incidences or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year. The working environment is considered to be good, and efforts for improvements are made on an ongoing basis. The group annually benchmarks its remuneration of employees to ensure that employees are remunerated based on both internal and external attributes.

The Board of Directors consists of two women and two men. The board of directors and CEO are included in the insurance coverage held by Norsk Hydro ASA for board of directors and CEO. The insurance also covers any employee acting in a managerial capacity and includes controlled subsidiaries. The insurance policy is issued by a reputable insurer with an appropriate rating.

Hydro Rein AS' operations of the hydropower plant were handled day-to-day by Hydro Energi AS based on an operatorship agreement, which is a service agreement.

Hydro Rein's executive management and other employees in Norway are employed in Hydro Energi AS at year end 2022, with employee contracts being established with Hydro Rein AS from 1 January 2023. All compensation, salary and related cost for executive management and employees working with Hydro Rein is charged to Hydro Rein AS by Hydro Energi AS via an administrative service agreement.



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# Sustainability

Sustainability and good governance are key priorities in Hydro Rein's business. The Company's mission is to help industrial clients succeed with the energy transition through investments within renewable energy, and thereby solving fundamental challenges to a sustainable existence on the planet.

The Company also builds on Hydro's comprehensive viability reporting, governance and policies. Hydro Rein's investment mandate is grounded in the climate targets set in the Paris Agreement and the United Nations Sustainable Development Goals ("SDG"). The Company mainly focuses its efforts within the following three SDGs:

- Number 7: Affordable and clean energy;
- Number 8: Decent work and economic growth; and
- Number 15: Life on land.

	Material topics REIN	REIN Ambitions	SDGs we support
Climate	GHG emissions	<b>At the core of our business</b> <ul style="list-style-type: none"> <li>• Decarbonize the industry by developing renewable energy</li> <li>• Identify and reduce the GHG footprint where we have ownership</li> </ul>	
Environment	Biodiversity	<b>Reduce our footprint</b> <ul style="list-style-type: none"> <li>• Decarbonize the industry by developing renewable energy</li> <li>• Identify and reduce the GHG footprint where we have ownership</li> </ul>	
Society	Supply chain management Rights of indigenous people and traditional communities Impact on local Communities <i>Diversity, inclusion and belonging</i>	<b>Making a positive difference</b> <ul style="list-style-type: none"> <li>• Create positive social impact through the development of projects in consultation with local communities</li> <li>• Ensure a safe, diverse and inclusive workplace</li> <li>• Ensure transparency and promote sustainability in the supply chain</li> </ul>	

Sustainability is at the core of the Hydro Rein's operations, supported by SDGs and materiality-based strategy and targets, that provide significant flexibility to build a portfolio of projects capable to deliver sustainable and long-term value creation. Our ambitions are focused around six pillars: local communities, our people, responsible supply chain, biodiversity, green-house gas ("GHG") reductions and GHG footprint.

## Sustainability at the forefront of what we do, with materiality-based strategy & targets



Environment Reduce our footprint			Climate Our key contribution		
<b>Local communities</b> Create positive social impact through the development of projects in consultation with local communities 	<b>Our people</b> Ensure a safe, diverse and inclusive workplace 	<b>Responsible supply chain</b> Ensure transparency and promote sustainability in the supply chain 	<b>Biodiversity</b> Protect, restore and promote sustainable use of ecosystems and halt biodiversity loss 	<b>Enable GHG reductions</b> Decarbonize the industry by developing renewable energy 	<b>GHG footprint</b> Identify and reduce the GHG footprint where we have ownership 
Ensure community involvement, engagement and information-sharing for all projects 	Maintain at all times a 60/40 gender balance within the direct workforce, including in leadership positions 	By 2023, map social & environmental risks in the supply chain by use of EcoVadis or similar 	Biodiversity management through the whole project life-cycle with biodiversity action plans to mitigate impacts in all projects 	Install 3 GW renewable energy by 2026 (in operation or construction) 	By end 2023, estimate carbon footprint (scope 1 and 2) and develop procedure for carbon footprint estimate (scope 3) for all our projects 
Proven benefits to local communities for 100% of projects 	No fatality or life changing injuries 	By 2031, work systematically with strategic suppliers to reduce social & environmental risks 	By 2023, develop an Action Plan to reach No net loss (NNL) in short term and Net Positive Impact (critical habitats) for all our projects 	By 2023, develop an Action Plan for GHG reduction in our projects 	Systematically engage with key suppliers to reduce supply chain emissions and promote circularity 

Main sustainability highlights for 2022:

- Extensive consultation workshops leveraging Hydro group's experts and internal stakeholders in Hydro Rein materiality assessment, resulting in the definition of most material topics and on the consolidation of Hydro Rein's sustainability strategy (social, environmental and climate ambitions and targets).
- Development of Hydro Rein's Sustainability Policy, Human Rights Responsibility and Social Responsibility.



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- Establishment and quarterly meetings of the Hydro Rein Sustainability Committee.
- Internal sustainability training sessions and workshops.
- Extensive pre-investment environmental and social ("E&S") due diligence of eight renewable energy projects in Brazil and in the Nordics – focusing on compliance, both with local regulation and international standards.
- Active participation in due diligence of project suppliers addressing human rights concerns such as forced labor in China and development of project level action plans to mitigate risks.
- Active participation in E&S management in the four projects in the portfolio that are in construction phase, including periodic site visits and constant engagement with traditional communities.

Hydro Rein key priorities for 2023 include strengthening sustainability within operations, through substantial capacity building; continuous development and implementation of supporting procedures on environmental and social management; focus on biodiversity protection and climate initiatives; and development of its sustainability reporting framework.



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## Outlook

Hydro Rein is a leading provider of renewable energy solutions to industrials. The company has a diversified portfolio of 20 renewable energy projects in operation, construction and development in core markets in the Nordics and Brazil, in addition to 30 sites in scope for Energy Solutions pipeline of projects in Europe and North America, leveraging a unique customer offering and Hydro's century-long track record in developing industries that matter. As industry represents a significant share of global CO<sub>2</sub>-emissions, Hydro Rein's strategy rests on the industrials' long-term need to decarbonize. Brazil and Nordics will remain the company's key focus markets. Hydro Rein will work on ensuring tailored solutions for industrials, which are required to overcome energy transition hurdles in world transitioning to reduce emissions and meet climate goals. Hydro Rein provides access to low carbon solutions through certified renewable power, onsite generation, energy efficiency, energy storage and flexibility management.

Hydro Rein is developing a diversified portfolio of wind, solar and hydropower projects with a differentiated value proposition:

- Customer-centric products and solutions to support industrials through the decarbonization challenges
- Unlocking value across assets through core competencies in power markets and project optimization
- Trusted long-term partner for customers, developers and local stakeholders
- The Hydro energy legacy and platform

Hydro Rein firmly believes that strong climate ambitions and industries' decarbonization efforts represent a unique market opportunity and see strong growth potential. According to the International Energy Agency (IEA) renewable capacity will meet 30% of global power generation by 2025. The share of fossil fuels in the electricity mix reduces sharply from the present 59% to only 12% in 2050. Solar PV and wind are already the cheapest forms of new electricity in most places, and by 2050 it will grow 20-fold and 10-fold, respectively. In order to reach the climate goals, massive investments in power production and grid capacity is needed. For Norway alone, the Energy Commission has suggested that Norway must increase its power production by 40 TWh by 2030, in addition to 20 TWh of energy efficiency measures. This will require significant investments, faster permitting and better involvement and process with local communities in all renewable sectors (solar, wind, hydropower) as well as grid capacity.

Short term, the EBITDA will be affected by a sanctioning of the Norwegian government a new excise duty (high price contribution) on hydropower and wind power, while the tax expense will be affected by the proposed additional resource rent tax, but Hydro Rein reiterates the ambition of 3GW in construction or operation by 2026 with a project equity internal rate of return, eIRR, of 7-10% in Europe and 10-13% in Brazil.



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Vækerø, 28 April 2023

The board of Hydro Rein AS

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Arvid Moss

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Arvid Moss

Chairperson

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Erling Sigholt

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Erling Sigholt

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Kathrine Fog

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Kari Ekelund Thørud

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Olivier Girardot

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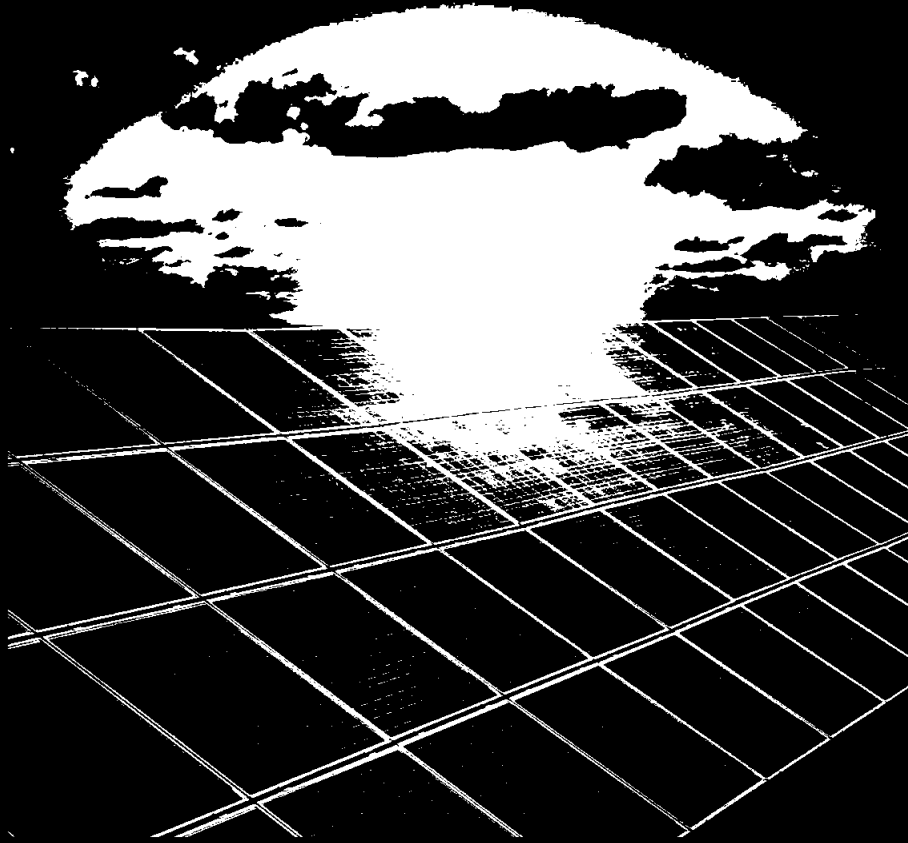
Olivier Andre Girardot

CEO



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## Financial statements





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## Consolidated financial statements

### Consolidated income statements

NOK (1000)	Notes	2022	2021
Revenue	2.1, 2.2	301,180	122,633
Other income	2.1, 2.2, 4.5	34,435	5,004
<b>Total revenue and other income</b>		<b>335,614</b>	<b>127,638</b>
Transmission cost/(credit)	2.1	(1,657)	(438)
Salaries and personnel cost	2.3	16,153	2,497
Other operating expenses	2.4, 7.3	231,533	106,088
Loss from contract termination	7.3	-	72,725
<b>Total operating expenses<sup>1</sup></b>		<b>246,030</b>	<b>180,872</b>
Share of income/(loss) from equity accounted investees	3.3	(7,922)	(4,942)
Gain/(loss) from disposal of equity accounted investees	3.3	62,860	-
<b>Operating income/(loss) before depreciation, amortization and impairment (EBITDA)</b>		<b>144,522</b>	<b>(58,177)</b>
Depreciation and amortization	2.5	6,972	6,210
<b>Operating income/(loss) (EBIT)</b>		<b>137,550</b>	<b>(64,387)</b>
Interest income	2.6, 7.1	7,631	5,557
Interest expense	2.6, 7.1	(24,690)	(3,593)
Change in fair value of derivatives	4.5	(102,338)	(16,451)
Other finance income/(expense)	2.6	(20,702)	(152)
<b>Net finance income/(expense)</b>		<b>(140,100)</b>	<b>(14,639)</b>
<b>Income/(loss) before income tax</b>		<b>(2,550)</b>	<b>(79,026)</b>
Income tax (expense)/benefit	2.7	(47,357)	1,539
<b>Net income/(loss)</b>		<b>(49,907)</b>	<b>(77,487)</b>
Attributable to shareholders of the parent company		(49,636)	(77,235)
Attributable to non-controlling interests		(271)	(252)
<b>Basic and diluted earnings per share<sup>2</sup></b>	<b>6</b>	<b>(24.82)</b>	<b>(38.62)</b>

<sup>1</sup> Total operating expenses excluding depreciation, amortization and impairment

<sup>2</sup> Basic and diluted earnings per share is presented in NOK per share

The accompanying notes are an integral part of the consolidated financial statements.



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## Consolidated statements of comprehensive income

NOK (1000)	Notes	2022	2021
Net income/(loss)		(49,907)	(77,487)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently through profit or loss:</b>			
Currency translation differences, net of tax		13,435	(1,610)
Recycling of currency translation effects related to foreign equity accounted investments disposed	3.3	253	-
Share of other comprehensive income in associates net of tax	3.3	5,409	-
<b>Total comprehensive income/(loss) for the period</b>		<b>(30,810)</b>	<b>(79,097)</b>
Attributable to shareholders of the parent company		(30,366)	(78,836)
Attributable to non-controlling interests		(444)	(261)

The accompanying notes are an integral part of the consolidated financial statements.



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## Consolidated balance sheet

NOK (1000)	Notes	31 December 2022	31 December 2021
<b>Non-current assets</b>			
Deferred tax assets	2.7	13,009	-
Intangible assets	3.2	4,429	1,520
Property, plant and equipment	3.1	155,783	151,541
Non-current derivatives	4.5	24,168	-
Investments in equity-accounted investees	3.3	1,428,340	281,831
<b>Total non-current assets</b>		<b>1,625,729</b>	<b>434,891</b>
<b>Current assets</b>			
Trade receivables	4.6	3,954	4,460
Trade receivables on related parties	4.6, 7.3	54,366	32,780
Other current receivables	5.1	20,151	912
Other current receivables on related parties	4.7, 7.3	181,340	175,782
Cash and cash equivalents	4.6	237,694	59,707
<b>Total current assets</b>		<b>497,505</b>	<b>273,640</b>
<b>Total assets</b>		<b>2,123,234</b>	<b>708,531</b>
<b>Equity</b>			
Share capital	6.1	1,808	1,806
Additional paid in capital	6.1	1,141,431	241,216
Retained earnings		(34,454)	(4,089)
Non-controlling interests		(1,227)	(783)
<b>Total equity</b>		<b>1,107,557</b>	<b>238,150</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing debt to related parties	4.3, 4.4, 7.3	715,000	1,722
Deferred tax liabilities		-	2,597
Lease liability		1,861	-
<b>Total non-current liabilities</b>		<b>716,861</b>	<b>4,319</b>
<b>Current liabilities</b>			
Trade payables	4.6	17,659	11,192
Trade payables to related parties	4.6, 7.3	20,022	9,687
Current interest-bearing debt to related parties	4.4, 7.3	-	435,000
Current derivatives	4.5	105,291	-
Tax payable	2.7	47,176	1,149
Other current liabilities	5.2	108,670	9,034
<b>Total current liabilities</b>		<b>298,817</b>	<b>466,062</b>
<b>Total liabilities</b>		<b>1,015,678</b>	<b>470,381</b>
<b>Total equity and liabilities</b>		<b>2,123,234</b>	<b>708,531</b>

The accompanying notes are an integral part of the consolidated financial statements.



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## Consolidated statements of cash flows

NOK (1000)	Notes	2022	2021
<b>Cash flow from operating activities</b>			
Income/(loss) before income tax		(2,550)	(79,026)
Income tax paid	2.7	(16,627)	(18,205)
Interest expense	2.6	24,690	3,589
Interest income	2.6	(7,631)	(5,557)
Share of (profit)/loss from equity accounted investees	3.3	7,922	4,942
(Gain)/loss from sale of associates	3.3	(62,860)	-
Depreciation and amortization	2.5	6,972	6,210
Net foreign exchange loss	2.6	17,216	448
Termination power sale contract	4.5	-	8,425
Realized derivatives	4.5	28,913	-
Change in fair value of derivatives	4.5	78,170	16,451
Change in trade receivables		(21,080)	(32,844)
Change in trade payables		26,371	17,206
Change in other receivables and payables		(6,098)	24,979
Net cash flow from operating activities		73,409	(53,380)
<b>Cash flow from investing activities</b>			
Payments for purchase of fixed assets	3.1	(8,669)	(1,396)
Payment for investments in equity accounted investees	3.3	(1,241,053)	(75,168)
Receipts from divestment of shares in equity accounted investees	3.3	204,932	-
Business combinations under common control, net of cash		-	73,485
Change in other current receivables on related parties (cash pool)	4.6	(5,558)	(175,782)
Payment for purchase of intangible assets	3.2	(3,310)	(503)
Interest received		7,631	5,557
Realized derivatives	4.5	(28,913)	-
Net cash flow from investing activities		(1,074,940)	(173,807)
<b>Cash flow from financing activities</b>			
Group contribution (paid) / received		70,217	222
Other current liabilities to related parties (cash pool)	4.6	-	(82,852)
New debt	4.3	715,000	435,000
Repayment of debt	4.3	(437,190)	(260,000)
Capital increases	6.1	830,000	200,000
Interest paid		(16,197)	(3,418)
Net cash flow from financing activities		1,161,829	288,952
Foreign currency effect on cash and cash equivalents		17,689	(2,058)
Net change in cash and cash equivalents		177,987	59,707
Cash and cash equivalents at period start		59,707	-
Cash and cash equivalents at period end		237,694	59,707

The accompanying notes are an integral part of the consolidated financial statements.



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## Consolidated statements of changes in equity

NOK (1000)	Share capital	Additional paid in capital	Retained earnings	Currency translation effects	Hedge reserve in associates	Non-controlling interest	Total equity
<b>1 January 2021</b>	<b>1,800</b>	-	<b>75,598</b>	-	-	-	<b>77,398</b>
Profit/loss	-	-	(77,235)	-	-	(252)	(77,487)
Other comprehensive income	-	-	-	(1,601)	-	(9)	(1,610)
Total comprehensive income	-	-	(77,235)	(1,601)	-	(261)	(79,097)
Capital increase	4	199,996	-	-	-	-	200,000
Common control transactions	2	40,998	(851)	-	-	(522)	39,627
Group contribution received	-	222	-	-	-	-	222
<b>31 December 2021</b>	<b>1,806</b>	<b>241,216</b>	<b>(2,488)</b>	<b>(1,601)</b>	-	<b>(783)</b>	<b>238,150</b>
<b>1 January 2022</b>	<b>1,806</b>	<b>241,216</b>	<b>(2,488)</b>	<b>(1,601)</b>	-	<b>(783)</b>	<b>238,150</b>
Net income/(loss)	-	-	(49,636)	-	-	(271)	(49,907)
Other comprehensive income	-	-	(5,524)	19,385	5,409	(173)	19,097
Total comprehensive income	-	-	(55,160)	19,385	5,409	(444)	(30,810)
Capital increase	2	129,998	-	-	-	-	130,000
Capital increase paid not registered	-	700,000	-	-	-	-	700,000
Group contribution received <sup>1</sup>	-	70,217	-	-	-	-	70,217
<b>31 December 2022</b>	<b>1,808</b>	<b>1,141,431</b>	<b>(57,648)</b>	<b>17,784</b>	<b>5,409</b>	<b>(1,227)</b>	<b>1,107,557</b>

<sup>1</sup> In June 2022, Hydro REIN recognised group contribution from Hydro Group of KNOK 70,217. The group contribution was paid in July 2022.

The accompanying notes are an integral part of the consolidated financial statements.

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Chairperson

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*Kathrine Fog*  
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Olivier Andre Girardot  
CEO

Vækerø, 28 April 2023  
The board of Hydro Rein AS

DocuSigned by:  
*Erling Sigholt*  
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Erling Sigholt

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## Notes to the consolidated financial statements

### Section 1 General information

#### Note 1.1 Reporting entity, basis of presentation and significant accounting policies

##### Reporting entity

Hydro Rein AS, previously named Hydro Vigelandssfoss AS, was incorporated in 1907 and has for over 100 years owned hydropower assets and produced electricity.

The reporting entity reflected in these financial statements comprises Hydro Rein AS and consolidated subsidiaries (Hydro Rein or the group). Hydro Rein AS is headquartered in Oslo, Norway. The group was established on 1 August 2021 via an internal reorganisation and transfer of businesses from its owner Hydro Energi AS (part of the Hydro group). The group has not restated the comparative information for the businesses received in the internal reorganisation. As such, activity and financial statement figures before 1 August 2021 consist only of Hydro Rein AS.

Hydro Rein intends to invest in and actively manage ownership interests in various renewable energy projects. The current portfolio comprises the following projects:

- 100% ownership in Vigelandssfoss (a hydropower production plant located in Vennessla, Norway)
- 50% ownership in the solar power project Irupé in Brazil
- 50% ownership in the wind power project SE3 / SE4, Sweden
- 49.9% ownership in the wind and solar power project Ventos de São Zacarias in Brazil
- 33.3% ownership in the solar power project Boa Sorte in Brazil
- 33.3% ownership in the solar power project Mendubim in Brazil
- 25% ownership in the wind power project Stor-Skålsjön in Sweden

In addition, Hydro REIN has development projects within the Energy Solutions segment through wholly-owned subsidiaries.

For full disclosure of the legal entities in the group, refer to note 7.1

The Board of Directors and the CEO authorised these financial statements for issue on 28 April 2023, to be approved by the Annual General Meeting on 28 April 2023.

##### Basis of presentation

The consolidated financial statements of Hydro Rein AS and its subsidiaries are prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (EU) (IFRS) and Norwegian authorities and effective as of 31 December 2022. Hydro Rein also provides the additional disclosures as specified under the Norwegian Accounting Act (Regnskapsloven).

The financial statements have been prepared on a historical cost basis except for certain assets, liabilities and financial instruments, which are measured at fair value. Preparation of financial statements including note disclosures requires management to make estimates and assumptions that affect amounts reported. Actual results may differ.

The functional currency of Hydro Rein AS is the Norwegian krone (NOK). The Hydro Rein consolidated financial statements are presented in NOK. If not stated otherwise, all figures are stated in thousands. As a result of rounding adjustments, the figures in one or more columns included in the financial statements may not add up to the total of that column.

##### Significant estimates and judgement

The application of accounting policies requires that management makes estimates and judgements in determining certain income, expenses, assets and liabilities. The following areas involve a significant degree of judgement and complexity and may result in significant variation in amounts.

- Valuation and assessment of certain types of derivatives, discussed in section 4.5
- Impairment of long-lived assets, discussed in section 3.4
- Revenue recognition related to construction management services, discussed in section 2.2

##### Significant accounting policies

The following description of accounting principles applies to Hydro Rein's 2022 financial reporting, including all comparative figures. The relevant accounting policies for relevant items are described in the specific notes in this set of financial statements.

##### *Income statements and statements of comprehensive income*

Hydro Rein has elected to present a separate income statement and a separate statement of comprehensive income, rather than a combined statement. Further, Hydro Rein presents an analysis of expenses based on their nature as a common analysis of expenses through Hydro Rein's value chain. Hydro Rein has elected to present the sub-totals Operating income/(loss) (EBIT) and Operating income/(loss) excluding depreciation, amortization and impairment (EBITDA), see APM section for further information.

The share of the profit (loss) in equity accounted investees is included in this sub-total because the majority of such investments are expected to be operationally integrated with Hydro Rein's businesses.

##### *Statements of cash flows*

Hydro Rein uses the indirect method to present cash flows from operating activities. Interest received is included in cash flow from investing activities. Group contributions received and paid, as well as interest paid are included in cash flows from financing activities.



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#### *Basis of consolidation*

The consolidated financial statements include Hydro Rein AS and subsidiaries, which are entities in which Hydro Rein has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers to direct the activities of the entity. Currently, Hydro Rein has more than 50 percent of the voting power in all of its subsidiaries. See section below on "Non-controlling interests" and also note 7.1 for further information on subsidiaries included in the consolidated financial statements. Subsidiaries are included from the date control commences until the date control ceases. Intercompany transactions and balances have been eliminated. Profit and loss resulting from intercompany transactions have been eliminated.

#### *Non-controlling interests*

Non-controlling interests represent equity interests in subsidiaries held by other owners than Hydro Rein. Non-controlling interests are reported as a separate section of the group's equity in accordance with IFRS 10 Consolidated Financial Statements. Results attributed to non-controlling interests are based on ownership interest, or other method of allocation if required by contract. There is a non-controlling interest of 50% in the subsidiary Irupé, Hydro Rein has control through 50% ownership, and a majority of voting rights in the Board of Directors.

#### *Transactions between non-controlling shareholders and the group*

Sales and purchases of equity interests and equity contributions not resulting in Hydro Rein gaining or losing control of a subsidiary are reported as equity transactions in accordance with IFRS 10. No gain, loss or remeasurement of values of recognised assets, liabilities or goodwill are recognised as a result of such transactions.

#### *Foreign currency transactions*

Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity by applying the rate of exchange as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange at the balance sheet date. Currency gains or losses are included in finance expense or finance income.

#### *Foreign currency translation*

For consolidation purposes, the financial statements of subsidiaries with a functional currency other than Norwegian kroner (NOK) are translated into NOK. Assets and liabilities, including investment in associates, joint ventures and goodwill, are translated using the rate of exchange as of the balance sheet date. Income, expenses and cash flows are translated using the average exchange rate for the reported period. Goodwill is recognised in the predominant functional currencies in the acquired businesses. Translation adjustments are recognised in Other comprehensive income and accumulated in the separate reserve Currency translation differences in Consolidated statement of changes in equity. On disposal of such subsidiary, joint venture or associate, the cumulative translation adjustment of the disposed entity is recognised in the income statement as part of the gain or loss on disposal.

Exchange rates used for the consolidated financial statements for the year ending 31 December 2022 are the following:

Currency	End of year	Average for the year
Brazilian Real	1,9060	1,8624
Canadian Dollar	7,2888	7,3763
Euro	10,5497	10,0993
Swedish Krona	0,9454	0,9502
US Dollar	9,9073	9,6058

#### *Accounting policies for business combinations not under common control*

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. Consideration is the sum of the fair values, as of the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised separately at the acquisition date at their fair value irrespective of any non-controlling interest, and goodwill recognised to the extent the consideration exceeds identified net assets. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests are subsequently adjusted for changes in equity of the subsidiary after the acquisition date.

#### *Significant judgment in accounting for business combinations not under common control*

In a business combination, consideration, assets and liabilities are recognised at estimated fair value, and any excess purchase price included in goodwill. In a business combination achieved in stages, Hydro Rein will remeasure its previously held ownership interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in the income statement.

Hydro Rein has in the period since the group was established, not had any business combinations in the scope of IFRS 3 which would require acquisition accounting.

#### *Business combinations under common control*

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Business combination under common control is outside the scope of IFRS 3 Business combinations and none of the other IFRS standards addresses the appropriate accounting for such transactions. Hydro Rein account for such transactions using the predecessor value method as this is the most appropriate accounting method. The assets and liabilities of the combining parties are reflected at their carrying amounts as recognised by the controlling party (i.e. those reported in the consolidated financial statements of the controlling party). No adjustments are made to reflect fair values, or any new assets or liabilities are recognised, at the date of the combination that would otherwise be done under the acquisition method. The only goodwill that is recognised is existing goodwill related to the combining parties.



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The differences between the consideration transferred and the acquired net assets of the combining entities is reflected in retained earnings.

The financial information in the consolidated financial statements of Hydro Rein is not restated for periods prior to the business combination under common control. The combination is accounted for prospectively from the date on which it occurred.

#### **New pronouncements**

None of the issued, not yet effective, accounting standards or amendments to such standards are expected to have significant effects for Hydro Rein's financial reporting. Further, none of the recently issued IFRS Interpretations Committee agenda decisions are expected to significantly change Hydro Rein's accounting policies or practice.

### **Note 1.2 Significant transactions and events in 2022**

#### **Investment in associates**

During 2022 Hydro Rein group have acquired associate stakes in several renewable energy projects in Sweden and Brazil. The acquired stake is assessed as investment in associates and accounted for using the equity method, more information on the transactions and the associates are included in section 3.3.

#### **Partial divestment of Stor-Skålsjön**

During 2022 Hydro Rein group sold a 24% share of its investment in the Stor-Skålsjön project to MEAG, reducing Hydro Reins ownership from 49% to 25%. A gain of kNOK 62,860 was recognised from the transaction. After the partial divestment, the investment is still considered investment in associate and accounted for using the equity method, more information is included in section 3.3.

#### **Capital increases**

During 2022, Hydro Rein AS has conducted two capital increases with cash injection from the parent entity Hydro Energi AS. The first capital increase of 130 000 kNOK was completed in June and the second of 700 000 kNOK was completed in December. As of year-end the second capital increase is pending registration. The transactions did not result in any changes in ownership or number of shares outstanding, more information is included in section 6.

#### **Borrowings**

During 2022, Hydro Rein repaid the shareholder loan to Norsk Hydro ASA of kNOK 435,000. A new credit facility agreement (CFA) has been set up with Norsk Hydro ASA with drawdowns amounting to kNOK 715,000 per year-end 2022. See note 4.3 for more information.



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## Section 2 Segments, revenue, operational expenses and tax

### Note 2.1 Operational and geographic segment information

Hydro Rein identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments, which requires Hydro Rein to identify its operating segments according to the organisation and reporting structure used by management. Operating segments are components of a business that are evaluated regularly by the chief operating decision maker for the purpose of assessing performance and allocating resources. Hydro Rein's chief operating decision maker is the Chief Executive Officer (CEO). Hydro Rein's operating segments represent separately managed business areas with products serving different markets, or distinct elements of the business separately followed up and reported to the chief operating decision maker.

#### Hydro Rein's reportable segments:

- **Renewable Energy** produces hydro, solar and wind power from own assets. The integrated business model comprises the full project value chain from investment, development and construction to operation, repowering and farm down (build-sell-operate).
- **Energy Solutions** delivers energy optimization and efficiency solutions to industrial power consumers within and outside of Hydro's portfolio. Energy Solutions offering include capex light "solutions as a service", while composition of solutions is tailored to individual customers' needs based on a technology agnostic approach.
- **Other** includes activities not considered part of Hydro Rein's main operations as well as management services and unallocated revenues, expenses, liabilities and assets are reported together in the Other caption

#### Operating segment information

Hydro Rein's primary measure of segment results is Operating income / (loss) before depreciation, amortization and impairment (EBITDA). In 2022, Hydro Rein updated its measure of segment results. Historically, operating income / (loss) has been the primary measurement of segment results. However, in 2022, with increased focus both from internal and external stakeholders, Operating income / (loss) before depreciation, amortization and impairment is being frequently used by management for measurement of segment results, where Operating income / (loss) before depreciation, amortization and impairment now being considered to be the primary measure of segment income / loss.

The measure is consistent with the same measure for the group, considering the principles for measuring certain intersegment transactions. Because Hydro Rein manages debt and taxes on a group basis, Income / (loss) before tax and Net income / (loss) is presented only for the group as a whole.

The accounting policies used for segment reporting reflect those used for the group. Transactions between the segments are eliminated upon consolidation.

NOK (1000)	Renewable Energy		Energy Solutions		Other		Eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External revenue	301,352	122,585	-	-	48	-	(172)	-	301,180	122,633
Internal revenue	-	341	-	-	-	-	-	(341)	-	-
Other Income	34,435	5,004	-	-	-	-	-	-	34,435	5,004
<b>Total revenues</b>	<b>335,787</b>	<b>127,930</b>	<b>-</b>	<b>-</b>	<b>48</b>	<b>-</b>	<b>(172)</b>	<b>(341)</b>	<b>335,614</b>	<b>127,638</b>
Transmission cost <sup>1</sup>	(1,657)	(438)	-	-	-	-	-	-	(1,657)	(438)
Salaries and personnel cost	16,112	2,497	-	-	41	-	-	-	16,153	2,497
Other operating expenses <sup>2</sup>	150,781	44,961	28,105	10,966	52,820	54,561	(172)	(4,400)	231,533	106,088
Loss from contract termination	-	72,725	-	-	-	-	-	-	-	72,725
<b>Total operating expenses</b>	<b>165,236</b>	<b>119,745</b>	<b>28,105</b>	<b>10,966</b>	<b>52,861</b>	<b>54,561</b>	<b>(172)</b>	<b>(4,400)</b>	<b>246,030</b>	<b>180,872</b>
Share of profit/(loss) from equity accounted investees	(7,922)	(4,942)	-	-	-	-	-	-	(7,922)	(4,942)
Profit/(loss) from disposal of equity accounted investees	62,860	-	-	-	-	-	-	-	62,860	-
<b>Operating income/(loss) before depreciation, amortization and impairment (EBITDA)</b>	<b>225,488</b>	<b>3,243</b>	<b>(28,105)</b>	<b>(10,966)</b>	<b>(52,861)</b>	<b>(54,513)</b>	<b>-</b>	<b>4,059</b>	<b>144,522</b>	<b>(58,177)</b>
Depreciation and amortization	6,493	6,210	479	-	-	-	-	-	6,972	6,210
<b>Operating income/loss (EBIT)</b>	<b>218,995</b>	<b>(2,967)</b>	<b>(28,584)</b>	<b>(10,966)</b>	<b>(52,861)</b>	<b>(54,513)</b>	<b>-</b>	<b>4,059</b>	<b>137,550</b>	<b>(64,387)</b>

<sup>1</sup> Transmission cost for Norwegian power producers consists of two components. A fixed fee (grid rent) and reimbursement for loss of power during transportation. Both components are invoiced as a net amount from the grid operator. Due to the high prices of electrical power in 2022 the reimbursements exceeded the fixed price portion of the grid expenses for the year, and the group are therefore reporting a negative transmission cost.

<sup>2</sup> Total operating expenses excluding depreciation, amortization and impairment. The group has experienced a significant increase in other operating costs in 2022 due to restructuring of the group and significant development of new businesses. More info can be found in Note 2.4 and Note 7.3.



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## Non-current assets, total asset and investments per segment

NOK (1000)	Renewable energy		Energy solutions		Other		Elim		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Non-current assets	1,617,372	434,891	8,357	-	-	-	-	-	1,625,729	434,891
Total assets	2,083,002	683,959	60,549	24,249	-	-	(20,317)	-	2,123,234	708,208
Investments <sup>1</sup>	1,312,589	283,706	9,018	-	-	-	-	-	1,321,607	283,706

<sup>1</sup>Investments in the period include investments in equity accounted investees, fixed assets and intangible assets

## Revenue, non-current assets, total assets and investments per region

NOK (1000)	Revenue		Non-current assets		Total assets		Investments in the period <sup>1</sup>	
	2022	2021	2022	2021	2022	2021	2022	2021
Nordics	333,131	127,637	635,913	434,338	902,525	647,988	357,942	283,153
Brazil	2,484	-	3,030	553	27,377	8,220	1,744	553
Europe	-	-	981,479	-	1,171,950	52,323	956,213	-
North-America	-	-	5,306	-	21,382	-	5,708	-
<b>Total</b>	<b>335,615</b>	<b>127,637</b>	<b>1,625,729</b>	<b>434,891</b>	<b>2,123,234</b>	<b>708,531</b>	<b>1,321,607</b>	<b>283,706</b>

<sup>1</sup>Investments in the period include investments in equity accounted investees, fixed assets and intangible assets

## Note 2.2 Revenue and other income

Revenue figures for the group is presented together with the segment reporting in section 2.1.

### Accounting policies for revenue recognition

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. For each contract we are required to identify the performance obligations, determine the transaction price, allocate the transaction price to performance obligations to the extent the contract covers more than one performance obligation, determine whether revenue should be recognised over time or at a point in time, and recognize revenue when or as performance obligations are satisfied. All revenue in the group has been accounted for over-time in 2021 and 2022.

Hydro Rein applies the above policies also for intercompany transactions between segments.

In 2022, the following revenue streams from customer contracts are significant and its accounting principle are presented:

### Revenue from power production

Produced power is sold to the parent company of Hydro Rein AS, owner Hydro Energi AS. The performance obligation is to deliver a series of distinct goods (hydropower), and the transaction price is the consideration Hydro Rein AS expects to receive, at either spot price or fixed prices. The performance obligation is fulfilled over time which entails that revenue should be recognised for each unit delivered at the transaction price. Hydro Rein AS applies a practical expedient under IFRS 15 whereby the revenue from hydropower is recognised at the amount of which the entity has a right to invoice based on the performance to date. The right to invoice hydropower arises when hydropower is produced and delivered and the right to invoice the consideration will correspond directly with the value to the customer. Invoicing is performed once a month with 30 days payment term.

Hydro Rein AS is obliged to deliver concessionary power to municipalities and county authorities at either a regulated OED (Ministry of Petroleum and Energy) price or an estimated full cost. Hydro Rein AS does not consider revenue from delivery of concessionary power to derive from a customer contract as defined in IFRS 15, but applies the same principles in IFRS 15 by analogy and therefore also presents revenue from the sale of concessionary power as sales revenue. Concessionary power is 8,314 MWh in 2022 (8,448 MWh in 2021).

### Revenue from construction management services

Hydro Rein Invest AS, a subsidiary of Hydro Rein AS, has entered into an agreement to deliver construction management services to a wind farm project in one of its associates. The performance obligation is to deliver services over the project period until completion. For the services Hydro Rein Invest AS is entitled to a fixed and a variable compensation, which is considered the transaction price. The fixed compensation was invoiced in advance at the contract date. The services is by nature delivered over time and recognition of the fixed transaction price is recognised linearly. The prepayment from the customer is therefore presented as a contract liability and reduced over the project period. As the variable amount is by nature uncertain and Hydro Rein has limited experience in forecasting this type of revenue, it has been constrained to zero. The variable consideration will be recognised when the actual transaction price is more certain, closer to completion date of the project by end of 2023.

As the revenue relates to an associate, a percentage of the gain on the customer contract is eliminated. The percentage equals the ownership percentage in the project.

Recognised revenue related to the contract after elimination for 2022 is 11,247 kNOK and the contract liability included in other current liabilities in the balance sheet is 14,823 kNOK.

### Other income



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Transactions resulting in income from activities other than normal production and sales operations are classified as other income. This includes water loss compensation based on an old appraisal court decision which provides Hydro Rein AS with an indefinite right to be compensated for lower production levels due to lower water levels after development of the river and water sources at an earlier section of the river. The compensation was equal to 5,500 MWh in 2022 (5,500 MWh in 2021) based on predetermined seasonally adjusted volumes multiplied with the average spot price for the relevant week.

Other income also include change in fair value of commodity derivatives, for further information on this income, refer to section 4.5

## Note 2.3 Salaries

At year-end 2022, the group only has employees in the Brazilian and Dutch entities, with a total salary cost of kNOK 16 153 (kNOK 2,497). Included in the salary costs is bonus accrual amounting to kNOK 4,360 (kNOK 0), with accrual parameters based on short-term and long-term incentives.

Hydro Rein AS' operations of the hydropower plant are handled day-to-day by Hydro Energi AS based on an operatorship agreement, which is a service agreement.

Hydro Rein's executive management and other employees in Norway are employed in Hydro Energi AS at year end 2022, employee contracts with Hydro Rein AS are established from 1 January 2023, see note 7.5 for further information. For 2022 all compensation, salary and related cost for executive management and employees working with the Hydro Rein project is being charged to Hydro Rein by Hydro Energi via the administrative service agreement. See note 7.3 Related parties, and also 2.4 Other operating expenses for further information.

## Note 2.4 Other operating expenses

Other operating expenses compromise mainly of operating expenses of the hydropower plant, and also other operating and administrative expenses with the establishment of the Hydro Rein group and business development activities. A significant amount of the other operating expenses are to other related parties in the Hydro group.

The operator responsibility for the Vigelandsfoss power plant is taken care of by Hydro Energi AS according to an operatorship agreement, and Hydro Energi AS charge services based on cost. The trade payable mainly relate to employee related expenses, and allocated expenses from Hydro group relating to Hydro Rein AS. Cost is related to the establishment of the development of Hydro Rein, as well as early phase project development that has occurred in 2021 and 2022. For further information regarding services from Hydro group, see note 7.3 Related Parties.

### Specification of other operating expenses

<b>NOK (1000)</b>	<b>2022</b>	<b>2021</b>
Production related expenses	11,364	3,797
Property tax	2,953	3,644
Services from Hydro Group <sup>1</sup>	139,640	66,536
Hired services and office cost	17,572	12,286
Professional services	42,149	18,679
Other expenses	17,855	1,146
<b>Other operating expenses</b>	<b>231,533</b>	<b>106,088</b>

<sup>1</sup> Refer to note 7.3 for more information

### Specification of fees to external auditor

<b>NOK (1000)</b>	<b>2022</b>	<b>2021</b>
<b>Audit Services</b>		
Audit of annual financial statements	2,332	101
<b>Other services</b>		
Other assurance services <sup>2</sup>	2,216	994
<b>Total audit remuneration</b>	<b>4,548</b>	<b>1,095</b>

<sup>2</sup>Other assurance services increased significantly in 2022 and 2021 compared to previous years, mainly due to preliminary work related the establishment of the Hydro Rein group and plans of listing the group on the Oslo Stock Exchange.



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## Note 2.5 Depreciation and amortization expense

### Accounting policies for depreciation and amortization

Depreciation and amortization expenses are measured on a straight-line basis over the estimated useful life of the asset, commencing when the asset is ready for its intended use. Intangible assets with an indefinite useful life are not depreciated.

Estimated useful life by category is as follows:

- Machinery and equipment, initial investment 4-30 years, for power plants up to 75 years
- Machinery and equipment, capitalized maintenance 1-15 years
- Buildings 20-50 years
- Intangible assets with finite lives 3-10 years, for rights related to hydroelectric power production up to 50 years

A component of an item of property, plant and equipment with a significantly differing useful life and a cost that is significant in relation to the item is depreciated separately. At each financial year-end Hydro Rein reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

### Specification of depreciation and amortization by asset category

NOK (1000)	2022	2021
Buildings	2,798	2,767
Machinery and equipment	3,583	3,435
Right of use assets	86	-
Intangible Assets	504	8
Total depreciation and amortization expense	6,972	6,210

See Note 3.1 Property, plant and equipment, and Note 3.2 Intangible assets for further information.

## Note 2.6 Finance income and expenses

The group's finance income and finance expense mainly relates to foreign exchange effects, change in fair value of derivatives and interest paid to related parties. For further information about derivatives and presentation of changes see note 4.5.

NOK (1000)	2022	2021
Interest income	7,631	5,552
Net unrealized foreign exchange gains	2,696	56
Finance income	10,327	5,608
Interest expense on loan and credit facilities	24,619	3,584
Other interest expense	71	-
Net realized foreign exchange losses	22,607	-
Change in fair value of derivatives	102,338	16,451
Other financial expenses	790	212
Finance expense	150,426	20,247
Net finance income (expense)	(140,100)	(14,639)



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## Note 2.7 Income tax

### Accounting policies for income tax

#### General Information

Apart from ordinary income tax, Hydro Rein's hydropower production activities are subject to separate rules for taxation of hydropower production companies in Norway. Hydro Rein group is therefore also charged resource rent tax and natural resources tax.

#### Ordinary income tax

The income tax expense is calculated in accordance with ordinary tax rules and by applying the enacted tax rate of 22% in Norway. The income tax expense in the income statement comprises taxes payable and changes in deferred tax liabilities/assets. Taxes payable are calculated on the basis of the taxable income for the year. Deferred tax liabilities/assets are calculated on the basis of temporary differences between the accounting and tax values and the tax effect of losses carried forward. As long as Hydro Rein AS is owned more than 90% by Hydro group, any group contribution given by Hydro Rein AS and its more than 90% owned Norwegian subsidiaries to Hydro group entities outside the Hydro Rein group, may be deductible in ordinary taxable income for Hydro REIN. The income tax consequence is recognised when Hydro Rein recognises a liability to pay the group contribution.

#### Natural resource tax

Natural resource tax is calculated based on the power plant's average power production over the past seven years without regard to profitability. The maximum tax rate is set at NOK 13/MWh. Natural resource is by itself not an income tax in accordance with IAS 12. However, as it can be offset against taxes payable from ordinary income tax, natural resource tax has a negative cash flow and liability effect in the periods when there is no ordinary tax payable to offset, but no net effect on income tax as it can be carried forward indefinitely and deducted from ordinary tax payments in the future. Natural resource tax carried forward is offset against deferred tax in the balance sheet, and netted against deferred tax liabilities. If it is likely that the natural resource tax represents a final payment where a set-off is not likely, it is expensed through the income statement as other operating expense.

#### Resource rent tax

Revenue for resource rent tax is, with certain exceptions, calculated based on the hydropower plant's hourly production, multiplied by the area spot price in the corresponding hour. However, as long as Hydro Rein AS is owned more than 90% by Hydro group, resource rent income is based on volume weighted long-term power purchase contracts with external parties in the Norwegian operations for Hydro group. The resource rent income is reduced by operating expenses, tax-related depreciation and non-taxable income to arrive at net resource rent income. The tax-free allowance is set each year on the basis of the taxable value of the power plant's operating assets, multiplied by a normative interest rate.

When applicable, negative resource rent income is included in the calculation of deferred tax/deferred tax assets in resource rent taxation along with deferred tax/tax assets related to temporary differences pertaining to production equipment in power production to the extent this can feasibly be offset. Therefore, the resource rent tax in the income statement consists of this year's payable resource rent tax plus the change in deferred resource rent tax. From 2021 onwards all new investments related to hydropower production can be deducted immediately for resource rent tax purposes. In addition, the tax rate was increased to 47.4% in 2021 (from 37% in 2020) and a calculated ordinary income tax is introduced as a new deduction. Consequently, the marginal effective resource rent tax rate was unchanged at 37% for 2021.

In December 2022, Stortinget (the Norwegian national assembly) approved changes to the Norwegian tax legislation. One of the changes approved was increase in resource rent tax on hydro power production, increasing the effective resource rent tax from 37% to 45%. The change in resource rent tax will be applicable from 1 January 2022.

#### High price contribution

As part of the changes in the Norwegian tax legislation, the Norwegian government introduced an excise duty ("high price contribution") on electricity sold at high prices where an excise duty of 23% where to be applied on all electricity sold for a price above 0.70NOKs/kWh. The excise duty was effective from 28 September 2022 and is presented as part of other operating expenses, handled as a permanent difference in the calculation of tax for the applicable legal entity.

#### Group contribution

There is no consolidation of groups for tax purposes in Norway, but relief for losses may be claimed within a group by way of group contribution in the income tax filing. In Norway, group contribution from parent is regarded as capital contribution from parent. Group contribution paid to parent entity is regarded as dividend to the parent. All, or parts of the group contribution paid is deductible in taxable income. According to IAS 12.57A the tax effect is included as a reduction to the tax expense in the consolidated statement of comprehensive income instead of recognised directly to equity. In 2022, group contributions of kNOK 70,217 (kNOK 222) were received from other Hydro group companies.

#### Key estimates and assumptions

Management continuously assesses the validity of material assumptions made in the tax assessments where applicable tax laws are the object of interpretation. Provisions are recognised based on the management's assessment of expected tax payments. Deferred tax assets from negative resource rent income is recognised for the portion that is expected to be offset during a 10-year period. The timing for when negative resource income can be offset is estimated based on the expectation of production volumes and forward curves.

For the years ended 2021 and 2022, there are no uncertain tax positions in Hydro Rein group.



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## Tax expense recognised in profit or loss:

NOK (1000)	2022	2021
Current tax:		
Tax payable	41,836	1,149
Change in natural resource tax asset	-	4,724
Adjustments related to previous years	-	(76)
Changes in deferred tax	5,521	(7,336)
Tax expense/(benefit)	47,357	(1,539)

## Reconciliation of the effective rate of tax and the tax rate in parent's country of registration:

NOK (1000)	2022	2021
Net profit/(loss) before tax	(2,550)	(79,026)
Income tax calculated at 22%	(561)	(17,386)
Resource rent tax	(85)	14,138
Deferred resource rent tax on temporary differences	(43)	(468)
Adjustments related to previous year	-	(76)
Loss from equity accounted investees	1,743	1,065
Non-deductible expenses	5,667	5
Non-taxable gains	(14,208)	-
Tax difference in foreign investments	(8,790)	-
Tax effect of tax loss carry forward for which no deferred tax asset is recognised	48,186	2,071
Tax effect of group contributions	15,448	-
Other	-	(888)
Tax expense/(benefit)	47,357	(1,539)

## Deferred tax liabilities

NOK (1000)	Fixed and intangible assets	Derivatives	Other	Total
1 January 2021	4,590	5,473	(49)	10,014
Recognized through the income statement	(1,049)	(5,473)	-	(6,522)
Other	-	-	49	49
31 December 2021	3,541	-	-	3,541
Recognized through the income statement	(340)	5,317	-	4,977
31 December 2022	3,201	5,317	-	8,518

## Deferred tax assets

NOK (1000)	Non-current assets and liabilities	Current assets and liabilities	Tax losses and Natural resource tax credit carried forward	Total
1 January 2021	-	-	4,724	4,724
Recognized through the income statement	-	-	944	944
Use of Natural resource tax credit	-	-	(4,724)	(4,724)
31 December 2021	-	-	944	944
Recognized through the income statement	-	-	20,583	20,583
31 December 2022	-	-	21,527	21,527



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## Net deferred tax assets and liabilities as presented in the balance sheet

NOK (1000)	2022	2021
Deferred tax assets	21,527	944
Deferred tax liabilities	8,518	3,541
Net deferred tax assets as presented in the balance sheet	13,009	-
Net deferred tax liabilities as presented in the balance sheet	-	2,597

In 2022, there are unrecognised deferred tax assets of kNOK 53 505 (kNOK 3 470) relating to carry forward losses in Brazil and the Netherlands. Deferred tax assets related to carry forward losses are not recognised due to uncertainty related to future utilization of the losses. In Brazil, taxable income is not forecasted in the foreseeable future, while the entities in the Netherlands will have future revenue from dividends that under local tax regulation is tax exempt.



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## Section 3 Long-lived assets

### Note 3.1 Property, Plant and Equipment

#### Accounting policy for Property, Plant and Equipment

Property, plant and equipment (PP&E) is recognised at acquisition cost. The carrying value of PP&E is comprised of the historical cost less accumulated depreciation and any accumulated impairment losses.

#### Asset under construction

Construction assets which the group intends to hold after commercial operation date, are included in Property, Plant and Equipment as *asset under construction*. The group begins to capitalize costs related to a project when it secures the initial land required.

#### Capitalized maintenance

Expenditures for maintenance and repairs applicable to production facilities are capitalized when such costs are incurred on a scheduled basis with a time interval of greater than one year. Expenditures that regularly occur at shorter intervals are expensed as incurred. Major replacements and renewals are capitalized, and any assets replaced are retired.

#### Capitalized interest

Hydro Rein capitalizes borrowing costs on qualifying assets in accordance with IAS 23 Borrowing Costs. Currency gains or losses related to Hydro Rein's foreign currency denominated borrowings are not capitalized.

NOK (1000)	Lands, building and building facilities	Right of use assets	Machinery, fixtures, equipment and vehicles	Assets under construction	Total
Accumulated Cost at 1 January 2021	125,658	-	101,802	689	228,150
Additions	654	-	307	435	1,396
Transfers	518	-	234	(752)	-
Currency translation effects	-	-	(1)	(6)	(7)
Accumulated cost 31 December 2021	126,830	-	102,342	366	229,537
Accumulated depreciation and impairment at 1 January 2021	29,500	-	42,294	-	71,794
Depreciation for the year	2,767	-	3,435	-	6,202
Accumulated depreciation and impairment at 31 December 2021	32,267	-	45,729	-	77,996
<b>Net carrying amount 31 December 2021</b>	<b>94,563</b>	<b>-</b>	<b>56,613</b>	<b>366</b>	<b>151,541</b>
Accumulated cost at 1 January 2022	126,830	-	102,342	366	229,537
Additions	-	2,541	6,610	1,926	11,077
Currency translation effects	-	(70)	(301)	1	(370)
Accumulated cost 31 December 2022	126,830	2,471	108,651	2,293	240,244
Accumulated depreciation and impairment at 1 January 2022	32,267	-	45,729	-	77,996
Depreciation for the year	2,798	86	3,583	-	6,467
Currency translation effects	-	-	(2)	-	(2)
Accumulated depreciation and impairment at 31 December 2022	35,065	86	49,310	-	84,461
<b>Net carrying amount at 31 December 2022</b>	<b>91,764</b>	<b>2,384</b>	<b>59,341</b>	<b>2,293</b>	<b>155,783</b>



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## Note 3.2 Intangible Assets

### Accounting policies for intangible assets

Intangible assets acquired individually or as a group are recognised at cost when acquired. Intangible assets acquired in a business combination are recognised at fair value separately from goodwill when they arise from contractual or legal rights or can be separated from the acquired entity and sold or transferred. The carrying value of intangible assets comprised of the historical cost less accumulated amortisation and any accumulated impairment losses.

### Research and development

Research expenditures are expensed as incurred. Development costs are capitalized as intangible assets at cost in accordance with IAS 38 Intangible Assets when the recognition criteria are met, including probable future economic benefit and that the cost can be measured reliably.

NOK (1000)	Mineral and waterfall rights	Software Systems	Assets under construction	Total
Accumulated Cost at 1 January 2021	1,032	-	-	1,032
Additions	-	-	503	503
Transfers	-	503	(503)	-
Currency translation effects	-	(7)	-	(7)
Accumulated cost 31 December 2021	1,032	496	-	1,528
Accumulated amortization and impairment at 1 January 2021	-	-	-	-
Amortisation for the year	-	8	-	8
Accumulated amortization and impairment at 31 December 2021	-	8	-	8
<b>Net carrying amount 31 December 2021</b>	<b>1,032</b>	<b>488</b>	<b>-</b>	<b>1,520</b>
Accumulated cost at 1 January 2022	1,032	496	-	1,528
Additions	-	3,310	-	3,310
Currency translation effects	-	108	-	108
Accumulated cost 31 December 2022	1,032	3,914	-	4,946
Accumulated amortization and impairment at 1 January 2022	-	8	-	8
Amortisation for the year	-	504	-	504
Currency translation effects	-	5	-	5
Accumulated amortization and impairment at 31 December 2022	-	517	-	517
<b>Net carrying amount at 31 December 2022</b>	<b>1,032</b>	<b>3,397</b>	<b>-</b>	<b>4,429</b>

## Note 3.3 Equity accounted investees

### Accounting policy for investments accounted for using the equity method

A joint arrangement is an entity, asset or operation that is subject to contractually established joint control. Special voting rights may extend control beyond what is conveyed through the owners' proportional ownership interest. Such rights may take the form of a specified number of board representatives, the right of refusal for important decisions, or the requirement of a qualified majority for important decisions which effectively results in joint control with the specific ownership situation.

Joint ventures are joint arrangement which represents a residual interest in the arrangement rather than an interest in assets and responsibility for liabilities.

An associate is an equity investment in which Hydro Rein has the ability to exercise significant influence, which is the power to participate in the financial and operating policy decisions of the entity. Significant influence is assumed to exist when Hydro Rein owns between 20 and 50 percent of the voting rights unless other terms and conditions affect Hydro Rein's influence.

Hydro Rein accounts for investments in associates and participation in joint ventures using the equity method. This involves recognizing Hydro Rein's interest based on its proportional share of the entity's equity, including any excess values and goodwill. Hydro Rein recognizes its share of net profit (loss), in Share of the profit (loss) in equity accounted investees. Other comprehensive income derived from associates and joint ventures is included in Hydro Rein's Other comprehensive income.

Investments in associates and joint ventures are tested for impairment when there are indications of a possible loss in value. An impairment loss is recognised if the recoverable amount, estimated as the higher of fair value less cost of disposal or value in use, is below Hydro Rein's carrying value. Impairment losses are reversed if circumstances change, and the impairment situation is no longer deemed to exist.

### Hydro Rein's joint ventures

Hydro Rein has no investments in joint ventures for the reporting periods 2021 and 2022.



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## Hydro Rein's associates

Hydro Rein had the following associates at 31 December 2022.

- *Stor-Skälsjön (Stor-Skälsjön Vind Holding AB Group)*
- *SE3/SE4 portfolio (Eolus Vindpark 48 AB)*
- *Mendubim (Mendubim Holding BV)*
- *Mendubim EPC*
- *Ventos de São Zacarias - Wind (Thalassius AO 16.21 Participacao S.A. and Thalassius AO 22.21 Participacao S.A.)*
- *Ventos de São Zacarias - Solar (Thalassius AO 27.21 Participacao S.A.)*
- *Boa Sorte (Atlas Boa Sorte Comercializadora de energia)*

The interests held by Hydro Rein consist of entities developing wind and solar power plants, currently in Sweden and Brazil. The projects are under development and further capital contributions are expected before reaching the operational phase. Parts of the future estimated production volume from these projects have been contracted through power purchase agreements at fixed prices (except for SE3/SE4), of which some with a counterparty within the Hydro group. Mendubim EPC is an engineering, procurement and construction entity that generates revenue by delivering such services to the Mendubim project.

See note 7.2 for further information on future capital contributions.

## Investments in 2022

NOK (1000)	Ventos de São Zacarias - Wind <sup>1</sup>	Ventos de São Zacarias - Solar	Boa Sorte	Mendubim	Mendubim EPC	SE3/SE4	Stor-Skälsjön <sup>2</sup>	Total
Balance as of 1 January 2022	-	-	-	-	-	-	281,831	281,831
Investments	600,983	5,502	125,323	213,835	10,572	83,278	270,270	1,309,763
Divestment	-	-	-	-	-	-	(147,001)	(147,001)
Share of profit / (loss)	(4,175)	(198)	245	(8,751)	5,990	(305)	(728)	(7,922)
Share of OCI / other <sup>3</sup>	-	-	5,409	-	-	-	(10,037)	(4,628)
Currency translation differences	(2,135)	185	(1,465)	(17,154)	367	2,867	13,632	(3,703)
Balance as of 31 December 2022	594,673	5,489	129,512	187,930	16,929	85,840	407,967	1,428,340
Ownership	49.9 %	49.9 %	33.3 %	33.3 %	33.3 %	50%	25%	
Classification	Associate	Associate	Associate	Associate	Associate	Associate	Associate	
Country	Brazil	Brazil	Brazil	Netherlands	Brazil	Sweden	Sweden	

<sup>1</sup> The Ventos de São Zacarias - wind project comprise two project holding companies

<sup>2</sup> 24% of the shares were sold during 2022

<sup>3</sup> Other include eliminations related to the associate

## Investments in 2021

NOK (1000)	Stor-Skälsjön
Balance as of 1 January 2021	-
Acquisition by business combination under common-control	25
Investments <sup>1</sup>	286,662
Share of profit / (loss)	(4,942)
Currency translation differences	86
Balance as of 31 December 2021	281,831
Ownership	49%
Classification	Associate
Country	Sweden

<sup>1</sup> Investments include debt conversion of KEUR 25 000, where KEUR 20 781, or kNOK 211 494 of the loan was part of the business combination under common-control, with no cash outflow for the group in 2021. The rest of the investment, kNOK 75 168, is a combination of converted debt that has been issued in the period August to December 2021, and capital injections.



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## Specification of investments in 2022

NOK (1000)	Ventos de	Ventos de	Boa Sorte	Mendubim	Mendubi m EPC	SE3/SE4	Stor- Skålsjön <sup>1)</sup>	Total
	São Zacarias - Wind	São Zacarias - Solar						
Initial cash payment for investment in shares	160,582	5,502	26,168	62,159	10,572	79,814	-	344,797
Equity injections	394,808	-	76,039	151,676	-	3,464	270,270	896,257
Investments not paid at year-end	45,594	-	23,115	-	-	-	-	68,709
Investments made as of 31 December 2022	600,984	5,502	125,322	213,835	10,572	83,278	270,270	1,309,763
Cash payments per end 31 December 2022	555,390	5,502	102,207	213,835	10,572	83,278	270,270	1,241,053

<sup>1)</sup>Of kNOK 270,270, kNOK 252,078 of the equity was injected after the partial disposal of Stor-Skålsjön

## Transactions in 2022

### Wind power investment in SE3/SE4 portfolio in Sweden

On 10 January 2022, Hydro Rein completed the acquisition of 50% of the shares in the entity Eolus Vindpark 48 AB, which is the entity owning the SE3/SE4 portfolio with 9 wind power projects, for a cash consideration amounting to kNOK 51,693. As part of the transaction, Hydro Rein agreed to compensate Hydro Energi AS for an amount of kEUR 5,500 (kNOK 53,894) enabling the power purchase agreement between Stor-Skålsjön Vind AB and Hydro Energi AS being reduced for 12 to 10 years. The compensation was contingent upon the partial divestment of Hydro Reins share in the Stor-Skålsjön project which was closed on 14 June 2022 (see section under). Of the compensation, kEUR 2,805 (kNOK 28,121) has been recognised as contingent consideration for the acquisition of Eolus Vindpark 48 AB, while kEUR 2,695 (kNOK 28,013) was recognised as expense in Hydro Reins income statement. The compensation was paid in September 2022.

### Partial divestment of Stor-Skålsjön project

On 15 April 2022, Hydro Rein agreed to sell a 24% share of its investment in the Stor-Skålsjön project to MEAG, reducing the Hydro Reins ownership from 49% to 25%. The transaction was closed on 14 June 2022 after receiving approval from competition authorities. The consideration for the shares amounts to kEUR 20,192 (kNOK 209,888), with Hydro Rein recognising a gain of kNOK 62,860. The Stor-Skålsjön project will continue to be accounted for as an investment in associate after the transaction.

### Investment in Mendubim project

On 30 March 2022 Hydro Rein entered into agreement with Scatec and Equinor to jointly develop project Mendubim, a solar power project in northeast Brazil. Rein agreed to acquire 33.33% of the shares in the holding company of the project (Mendubim Holding BV) and Mendubim EPC (Engineering, Procurement and Construction) through direct issue. The transaction for the holding company of the project was closed in on 7 July 2022 for a consideration of kUSD 6,153 (kNOK 62,159) while the transaction for Mendubim EPC was closed on 10 August for a consideration of kUSD 1,089 (kNOK 10,572).

Hydro Rein has conducted an evaluation of the considerations paid for Mendubim Holding BV and Mendubim EPC, resulting in excess value of kUSD 4,233 (kNOK 23,697) being identified related to the purchase of Mendubim Holding BV. The excess value is allocated to licenses and customer contracts obtained for the project, prior to Reins entry. Excess value identified will be accounted for as an intangible asset and amortised over the lifetime of the project, starting on commercial operation date for the project. The amortisation will be reported as part of Share of income/(loss) from equity accounted investees in Reins income statement. Identified intangible assets are presented as part of investment in equity accounted investees in Reins balance sheet.

### Investment in Boa Sorte project

On 15 April 2022 Hydro Rein entered into agreement with Atlas Renewable Energy to jointly develop project Boa Sorte, a solar power project in southeast Brazil. Rein agreed to acquire 33.33% of the shares in the project. The transaction for the project company was closed on 5 July 2022 for a consideration of kUSD 4,778 (kNOK 49,283) with kUSD 2,632 (kNOK 26,168) being paid at closing of the transaction while kUSD 2,146 (kNOK 23,115) is expected to be settled early in first half of 2023.

Hydro Rein has conducted an evaluation of the considerations paid for Boa Sorte, resulting in excess value of kUSD 4,422 (kNOK 44,199) being identified. The excess value is allocated to licenses and customer contracts obtained for the project, prior to Reins entry. Excess value identified will be accounted for as an intangible asset and amortised over the lifetime of the project, starting on commercial operation date for the project. The amortisation will be reported as part of Share of income/(loss) from equity accounted investees in Reins income statement. Identified intangible assets are presented as part of investment in equity accounted investees in Reins balance sheet.

### Investment in Ventos de São Zacarias project

On 27 May 2022 Hydro Rein entered into agreement with Macquarie Asset Management's Green Investment Group to jointly develop project Ventos de São Zacarias, a combined wind and solar power project in northeast Brazil. Rein acquired 49.9% of the shares in two holding companies for the project for a total consideration of kUSD 21,070 (kNOK 211,677). The transaction was closed on 9 September 2022 with kUSD 16,532 (kNOK 166,082) being paid at closing of the transaction while kUSD 4,538 (kNOK 45,594) is expected to be settled early in first half of 2023.

Hydro Rein has conducted an evaluation of the considerations paid for Ventos de São Zacarias, resulting in excess value of kUSD 4,538 (kNOK 45,594) being identified. The excess value is allocated to licenses and customer contracts obtained for the project, prior to Reins entry. Excess value related to licenses and customer contracts will be accounted for as an intangible asset and amortised over the lifetime of the project, starting on commercial operation date for the project. The amortisation will be reported as part of Share of income/(loss) from equity accounted investees in Reins income statement. Identified intangible assets are presented as part of investment in equity accounted investees in Reins balance sheet.



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On 16 December 2022, Hydro Rein closed the transaction related to the acquisition of 49.9% of the shares in Ventos de São Zacarias – solar for a total consideration of kUSD 562 (kNOK 5,502). The investment will be accounted for as an associate as part of investment in equity accounted investees in REINs balance sheet. Hydro Rein has conducted an evaluation of the consideration, resulting in excess value of kUSD 11 (kNOK 108). The excess value has been allocated to goodwill.

#### Cash-calls in 2022

During 2022, Hydro Rein has conducted cash calls of kNOK 3,464 related to the investment in the SE3/SE4 project, kNOK 270,270 related to the investment in the Stor-Skålsjön project, kNOK 394,808 related to the investment in the Feijão project, kNOK 76,039 related to the investment in the Boa Sorte project and kNOK 151,676 related to the investment in the Mendubim project, totalling kNOK 896,257. The cash calls are recognised as increase in investment in equity accounted investees.

In 2023, additional acquisitions of associates have been performed. See note 7.5 for further information.

#### Summarised financial information for associates and joint ventures

Hydro Rein's associates are still in an establishment and development phase. The table presents summarised financial information for the associated company in Hydro Rein's statements. The figures apply to 100% of the company's operations, in accordance with IFRS 12.

2022

NOK (1000)	Ventos de São Zacarias - Wind	Ventos de São Zacarias - Solar	Boa Sorte	Mendubim	Mendubim EPC	SE3/SE4	Stor-Skålsjön
Revenue	-	-	-	-	239,078	-	-
Operating income / (loss)	(6,726)	(68)	(3,438)	(6,138)	27,134	(615)	9,704
Financial expenses	(1,558)	(65)	875	(19,586)	490	-	(12,556)
Tax	-	-	(173)	663	(10,093)	-	586
Net income / (loss)	(8,284)	(134)	(2,736)	(25,062)	17,531	(615)	(2,266)
Current assets	381,254	2,876	86,562	318,191	232,647	1,662	360,358
Non-current assets	801,231	8,010	225,878	361,020	61	114,640	1,358,496
Current liabilities	80,932	139	50,068	146,390	183,343	873	52,850
Non-current liabilities	-	-	8,371	2,952	-	-	-
Equity	1,101,552	10,748	254,001	529,869	49,365	115,429	1,666,004
Net cash flow from operating activities	283	(20)	(5,762)	(23,266)	(26,035)	14,726	14,599
Net cash flow from investing activities	(719,248)	(7,827)	(177,157)	(347,816)	-	(5,949)	(708,816)
Net cash flow from financing activities	1,084,679	11,164	235,182	538,942	30,706	(7,402)	1,025,770
Net foreign currency translation difference	8,547	64	1,221	741	109	17	1,392
Cash and cash equivalents at period start	-	-	-	-	-	50	10,999
Cash and cash equivalents at period end	374,261	3,380	53,483	168,602	4,780	1,442	343,944



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2021

NOK (1000)	Stor-Skålsjøn
Revenue	-
Operating income / (loss)	(122)
Financial expenses	(9,955)
Net income / (loss)	(10,077)
Current assets	571,152
Non-current assets	219
Current liabilities	8,695
Non-current liabilities	-
Equity	562,676
Net cash flow from operating activities	(20,190)
Net cash flow from investing activities	(542,235)
Net cash flow from financing activities	573,643
Net foreign currency translation difference	(220)
Cash and cash equivalents at period start	-
Cash and cash equivalents at period end	10,999

### Note 3.4 Impairment of non-current assets

#### Accounting policies for impairment of property, plant and equipment, and intangible assets, and equity accounted investees

Property, plant and equipment, intangible assets and equity-accounted investees are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with IAS 36 Impairment of Assets. Goodwill and intangible assets with indefinite life are required to be tested for impairment annually, in addition to any tests required when impairment indicators are determined to be present.

When a Cash Generating Unit (CGU) or an asset is tested for impairment, the recoverable amount is estimated as the higher of the CGU's fair value less cost of disposal, or its value in use. The carrying amount is not recoverable if it exceeds the recoverable amount. An impairment loss is recognised in the amount that the carrying value exceeds its recoverable amount. Losses are reversed in the event of a subsequent increase in the recoverable amount of an impaired asset. However, impairment of goodwill is not reversed.

#### Significant judgement in accounting for impairment of non-current assets

The identification of CGUs involves judgement, including assessment of whether active markets exist, and the level of interdependency of cash inflows. For Hydro Rein, the CGU is the individual power plant. Vigelandsfoss is the only operational power plant at year end 2022. The Irupé, Ventos de São Zacarias (Wind and Solar), Mendubim, Boa Sorte, SE3/SE4 and Stor-Skålsjøn projects are in development and construction phases. Assessing which indicators that may cause a CGU to be impaired includes such conditions as market capitalization, significant changes in the Company's planned use of the assets or a significant adverse change in the expected sales volumes or margins. Fair value of the powerplant is estimated based on recent transactions on comparable assets, or other relevant information. Calculation of value in use is a discounted cash flow calculation based on continued use of the assets in its present condition, excluding potential capacity of improvement or expansion potential.

#### Impairment indicator assessment for 2022

With a positive net operating income of the year, no impairment indicators are considered present.

The assets in Irupé, Ventos de São Zacarias (Wind and Solar), Mendubim, Boa Sorte, SE3/SE4 and Stor-Skålsjøn was acquired in 2022 and 2021 and are in development and construction stage with no impairment triggers present.



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## Section 4 Financial instruments

### Note 4.1 Accounting policies of financial instruments

Financial instruments are recognised when Hydro Rein becomes a party to the contractual terms of the instrument. Financial assets and liabilities are classified based on the nature and purpose of the instruments into the categories

- *Financial instruments at fair value through profit and loss*
- *Financial instruments at fair value through other comprehensive income*
- *Financial instruments at amortised cost.*

On initial recognition, a financial instrument is classified as measured at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit and loss (FVTPL). Classification depends on the contractual terms, the business model and, for some instruments, the company's choice. The content of the categories and subsequent measurement are described below.

#### **Financial instruments recognised at fair value through profit and loss**

At year end 31 December 2022, Hydro Rein has one financial asset and two financial liabilities recognised at fair value through profit and loss (non per 31 December 2021).

For subsequent measurement of fair value through profit and loss:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

#### **Financial instruments recognised at fair value through other comprehensive income**

The group has no financial instruments recognised at fair value through other comprehensive income.

#### **Financial instruments recognised at amortised cost**

Financial instruments, both assets and liabilities, are measured at amortised cost using the effective interest rate method, where the effective interest remains the same over the entire term of the instruments. The effective interest rate amortisation is included as finance income or cost in the income statement.

Financial assets (debt instruments) recognised at amortised cost are classified in this category if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The groups financial assets recognised at amortised cost include long-term loan to associates, trade receivables and other receivables. Subsequent measurements of financial assets are measured subsequently at amortised cost less loss allowances. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial liabilities (debt instruments) recognised at amortised cost are classified in this category unless they are held for trading. The groups financial liabilities recognised at amortised cost include current and non-current borrowings, trade payables and other current payables. Subsequent measurement of financial liabilities are measured at amortised cost using the effective interest rate method.

#### **Derecognition of financial assets**

A financial asset is derecognised and removed from the group's financial position when the following conditions are met:

- The rights to receive cash flows from the asset have expired or the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement,
- And either the group has transferred substantially all the risks and rewards of the asset, or the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

#### **Derecognition of financial liabilities**

A financial liability is derecognised then the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement



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## Note 4.2 Classes and categories of financial assets and liabilities

### Financial assets

NOK (1000)	2022	2021
<i>Financial assets at amortized cost</i>		
Cash and cash equivalents	237,694	59,707
Other current receivables on related parties	181,340	175,782
Trade receivables	58,321	37,240
<i>Financial assets FVTPL</i>		
Non-current derivatives (level 3)	24,168	-
<b>Total financial assets</b>	<b>501,523</b>	<b>272,729</b>

### Financial liabilities

NOK (1000)	2022	2021
<i>Financial liabilities at amortized cost</i>		
Interest bearing liabilities to related parties	715,000	436,722
Trade payables	37,681	20,879
<i>Financial liabilities FVTPL</i>		
Current derivatives (level 3)	105,291	-
<b>Total financial liabilities</b>	<b>857,972</b>	<b>457,601</b>

The carrying amounts of financial assets and liabilities measured at amortized cost approximate their fair value as at 31 December 2022 and 31 December 2021.

## Note 4.3 Borrowings

All current interest-bearing debt is towards related parties, see note 7.3 Related parties for further information.

NOK (1000)	2022	2021
<i>Current interest-bearing liabilities</i>		
Lease liability, current portion included in other current liabilities	519	-
Other interest-bearing current liabilities	-	435,000
<b>Total current interest-bearing liabilities</b>	<b>519</b>	<b>435,000</b>
<i>Non-current interest-bearing liabilities</i>		
Lease liability	1,861	-
Non-current interest-bearing debt	715,000	1,722
<b>Total non-current interest-bearing liabilities</b>	<b>716,861</b>	<b>1,722</b>
<b>Total loans and other interest-bearing liabilities in:</b>		
- NOK	715,000	435,000
- BRL	2,380	1,722
<b>Total</b>	<b>717,380</b>	<b>436,722</b>

The table details changes in Hydro Rein's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in Hydro Rein's statement of cash flows from financing activities.



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	Non-current interest-bearing debt to related parties	Current interest-bearing debt to related parties	Other current liabilities to related parties	Lease liability	Total
NOK (1000)					
<b>Liabilities at 1 January 2021</b>	-	-	(82,852)	-	(82,852)
Cash pool - net repayment in borrowing	-	-	82,852	-	82,852
New debt issues	-	(435,000)	-	-	(435,000)
Repayment of debt	-	260,000	-	-	260,000
<i>Transactions without cash effect</i>					
Common-control transaction HRI	-	(260,000)	-	-	(260,000)
Common-control transaction IRUPE	(1,722)	-	-	-	(1,722)
<b>Liabilities at 31 December 2021</b>	<b>(1,722)</b>	<b>(435,000)</b>	-	-	<b>(436,722)</b>
Reclassification of debt from current to non-current	(435,000)	435,000	-	-	-
New debt issues	(715,000)	-	-	-	(715,000)
Repayment of debt	437,190	-	-	-	437,190
<i>Transactions without cash effect</i>					
Initial recognition lease liability	-	-	-	(2,464)	(2,464)
Currency	(468)	-	-	84	(384)
<b>Liabilities at 31 December 2022</b>	<b>(715,000)</b>	-	-	<b>(2,380)</b>	<b>(717,380)</b>
Current portion of lease liability included in other current liabilities				(519)	
Long term lease liability				(1,861)	

#### 4.4 Net cash/(debt)

	31 December 2022	31 December 2021
NOK (1000)		
Lease liability (current and non-current)	(2,380)	-
Current interest-bearing liabilities	-	(435,000)
Non-current interest-bearing liabilities	(715,000)	(1,722)
<b>Total interest bearing-liabilities</b>	<b>(717,380)</b>	<b>(436,722)</b>
Cash	237,694	59,707
Other current receivables on related parties (cash pool)	181,340	175,782
<b>Net cash/(debt)</b>	<b>(298,346)</b>	<b>(201,233)</b>

Net cash/(debt) is a non-IFRS measure and a liquidity metric to determine how well it can pay all of its debts if they were due immediately. The net cash/(debt) figure is calculated in the following way; current and non-current interest-bearing liabilities, current and non-current lease liabilities, other current liabilities to related parties (cash pool) plus cash and interest bearing receivables on related parties (cash pool). At year-end 2022, the net cash/(debt) amounts to kNOK (298,346) (kNOK (201,233)). For further information about Hydro Rein's assessment on commitments and going concern, see section 4.7 and 7.4.

Other current liabilities/receivables to related parties is Hydro Rein's cash pool arrangement, and therefore part of the net cash/(debt). See further information about the cash pool arrangement in note 4.6.

#### Note 4.5 Derivatives and reconciliation of recurring fair value measurements

##### Economic hedge of investment in the Ventos de São Zacarias wind project

On 27 May Hydro Rein entered into a deal contingent hedge (DCH). The DCH is a hedge against fluctuations in FX rates (EUR and BRL) and Brazilian inflation (IPCA) on expected USD cash outflows related to capitalization expenditures in the Ventos de São Zacarias wind and solar project in Brazil. The hedges are deal contingent, meaning that if there is no deal – i.e. Hydro Rein leave the Ventos de São Zacarias project before financial close – then Hydro Rein will have no liability towards the hedge provider. The DCH is an instrument where the underlying variables are spot FX rates (EUR/BRL/USD) (financial variable), BRL inflation rates (financial variable), interest rates in EUR (financial variable), interest rates in BRL (financial variable), credit risk of hedge provider and Hydro Rein (financial variable) and probability of deal going ahead (non-financial variable). Hydro Rein's current assessment is that the deal is highly probable to go ahead; and the majority of the contract value will depend on the financial variables. The deal is defined as investment in the Ventos de São Zacarias project (refer to note 3.3) and the reach of financial close (financial close defined as the date of the first disbursement under the project debt financing). Overall, it is Hydro Rein's judgment that this last contingency is not a significant non-financial variable specific to Rein and therefore the contract will not be excluded from



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accounting requirements under IFRS 9. Hydro Rein has therefore recognised the contract at fair value, with the fair value change through profit and loss.

The DCH has an expected duration of 10 months from inception, and the total amounts hedged are EUR 25.5 million and BRL 1,214.6 million. On 31 December 2022 the DCH have a negative fair value of EUR 8.985 million (NOK 94.789 million). The fair value estimate is a level 3 estimate in accordance with IFRS, with the significant inputs being the currency, interest rate and inflation movements from inception of the DCH.

During 2022, kUSD 2,875 (kNOK 28,913) was settled related to the DCH. While the DCH is contingent upon the deal going ahead, some settlements will occur prior to Financial close. Should Hydro Rein decide to leave the project at some point prior to Financial close, any settlements due prior to financial close would be cancelled. Any settlements already paid would not be redeemed.

#### Guarantee of Origin

On 14 June 2022, Hydro Rein entered into agreement with its associate Stor-Skålsjön to buy 28.74% of Stor-Skålsjön's expected production of Guarantee of Origin (GoO) from its wind park in the period 2023 to 2033. The expected number of GoOs to be received in the period is estimated with a normal production to be approximately 2.3 million GoOs. The agreed price for the GoOs to be delivered is fixed at kEUR 450. The contract represents a financial instrument in form of a forward contract, with fair value of the contract estimated to kEUR 2,290 (kNOK 24,168) per 31 December 2022. Unrealized gain from the contract is being presented as part of Other income in the income statement due to the contract being a commodity derivative. 25% of the unrealized gain has been eliminated in Hydro Reins profit and loss due to the contract being held towards the associate Stor-Skålsjön, from which Hydro Rein holds a 25% ownership share. The fair value estimate is a level 3 estimate in accordance with IFRS, with the significant inputs being the GoO price and FX rate EUR/NOK, in addition to uncertainty related to actual production volume. The GoOs will be accounted for as inventory in accordance with IAS 2 when the delivery of such GoOs commence.

#### Call option

On 5 July 2022, Hydro Rein acquired 33.3% of the shares in the Boa Sorte project from Atlas Renewable Energy. Further, Hydro Rein and Atlas Renewable Energy entered into an agreement with the offtaker in the Boa Sorte project, Alumínio Brasileiro S.A. (Albras), granting Albras a right, but not an obligation, to acquire 10% of the shares in the Boa Sorte project. The agreed price with Albras amounts to kUSD 18,890 (kNOK 187,144), with Hydro Reins relative share being kUSD 6,290 (kNOK 62,319). The agreement takes form of a call option, issued from Hydro Rein and Atlas Renewable Energy, to Albras. Per 31 December 2022, the Black Scholes option pricing formula has been applied to estimate the value of the option recognised in Hydro Reins balance sheet, with the liability amounting to kUSD 1,060 (kNOK 10,502). The fair value estimate is a level 3 estimate in accordance with IFRS, with significant inputs being the net present value of the share in the Boa Sorte project, interest rate, volatility, and strike price.

#### Embedded derivative

In 2019 Hydro Rein AS entered into a contract with Hydro Energi AS for the sale of all physical power production from the Vigelandsfoss power plant between 2021-2030 at fixed prices in EUR. The contract is non-financial and was entered into and held for the purpose of the delivery of power in line with Hydro Rein ASs expected sales requirements and is therefore not accounted for at fair value (own use). The contract is for the physical delivery of power between Norwegian counterparties and priced in EUR. An embedded currency derivative is bifurcated from the contract and the exchange of settlement in NOK to EUR is accounted for as embedded currency derivative. The currency derivatives are measured at fair value through profit and loss. The currency derivatives are not considered to be closely linked to the host contract. For this reason, the currency derivatives are separated out of the host contract and recognised at fair value through profit and loss, and classified as a separate financial instrument. The fair value calculations using currency forward curve are determined using best estimate. The input relevant to determine the fair value of the currency derivative is EUR/NOK currency forward, interest rates and expected production. Currency forward and interest rates are assessed to be a level 2 input. However, the expected production is not observable in the market, and is assessed to be a level 3 input. The power sale contract was terminated in August 2021, with the embedded derivative being derecognised correspondingly.

NOK (1000)	Derivative commodity instruments		Derivative financial instruments	
	Assets	Liabilities	Assets	Liabilities
Opening Balance 1 January 2021	-	-	-	24,876
Unrealized value change of derivative in the period recognised in the income statement	-	-	-	(16,451)
Settled as part of contract termination <sup>1</sup>	-	-	-	(8,425)
Closing balance 31 December 2021	-	-	-	-
Gains or (losses) for the period recognised in profit and loss	18,183	-	-	(102,338)
Currency translation effects	-	-	-	(2,953)
Eliminated gain in profit and loss from commodity derivative asset held towards equity accounted investee	5,985	-	-	-
Closing balance 31 December 2022	24,168	-	-	(105,291)

<sup>1</sup> Included in loss from contract termination under operating expenses

Realized portion of derivative in the period recognised in the income statement as part of Other financial income / (expenses) (28,913)

#### Sensitivity analysis

In accordance with IFRS, Hydro Rein has chosen to provide information about market risk and potential loss from its use of derivative financial instrument through sensitivity disclosures. The sensitivity analysis depicted below reflects the hypothetical pre-tax gain/loss in fair values that would occur assuming a 10% change in foreign currency rates (EUR, USD and BRL), 10% change in produced volume, 10% change in commodity price, 10% change in Brazilian inflation and 10% change in interest rates. The sensitivity analysis is only presented for 2022, as there were no derivatives in the financial statements at year end 2021.

#### Derivative financial instruments



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<i>Deal contingent hedge</i>	Carrying value	EUR		BRL		Inflation	
		-10%	+10%	-10%	+10%	-10%	+10%
NOK (1000)							
<b>31 December 2022</b>							
Effect on profit or loss before tax	(94,789)	(2,678)	2,678	115,786	(94,734)	70,763	(70,763)
Effect on equity		(1,987)	1,987	85,913	(70,293)	52,506	(52,506)

<i>Call option</i>	Carrying value	USD		Equity		Interest rates	
		-10%	+10%	-10%	+10%	-10%	+10%
NOK (1000)							
<b>31 December 2022</b>							
Effect on profit or loss before tax	(10,502)	1,050	(1,050)	4,824	(5,240)	332	(331)
Effect on equity		779	(779)	3,579	(3,888)	246	(246)

#### Derivative commodity instruments

<i>Guarantees of origin - forward contract</i>	Carrying value	EUR		Volume		GoO prices	
		-10%	+10%	-10%	+10%	-10%	+10%
NOK (1000)							
<b>31 December 2022</b>							
Effect on profit or loss before tax	24,168	(2,417)	2,417	(6,994)	6,994	(6,994)	6,994
Effect on equity		(1,885)	1,885	(5,455)	5,455	(5,455)	5,455

## 4.6 Other non-derivative financial instruments

### Trade receivables and other current financial receivables

NOK (1000)	2022	2021
Trade receivables related parties	54,366	32,780
Trade receivables external	3,954	4,460
Total	58,320	37,240
Other current receivables on related parties*	181,340	175,782
Total	239,660	213,022

\* Other current receivables on related parties is in its entirety related to a cash pool agreement with Corporate Finance in Hydro group.

No allowance for impairment of trade receivables or other receivables recognised in 2021 and 2022. Trade receivables for 2021 and 2022 are primarily with its owner Hydro Energi AS, or towards Agder Energi Vannkraft AS for water loss compensation. Hydro Energi AS is considered to have a low credit risk. Hydro Energi AS is also providing operational and administrative services towards Hydro Rein (see note 7.3). Any default in payments from Hydro Energi can thus be netted against payables Hydro Rein has towards Hydro Energi. The water loss compensation from external party Agder Energi Vannkraft AS is also considered to have low credit and default risk.

### Trade payables and other current financial liabilities

NOK (1000)	2022	2021
Trade payables related parties	20,022	9,687
Trade payables external	17,659	11,192
Total	37,681	20,879

### Cash and cash equivalents

#### Accounting policy

Cash and cash equivalents in the balance sheet includes cash, bank deposits and all other monetary instruments with a maturity of less than three months from the date of acquisition and are measured at nominal value

Until August 2021 Hydro Rein AS and Hydro Rein group did not have its own bank accounts and managed all of its funds through Norsk Hydro's cash pool arrangement. The agreement includes a credit facility of kNOK 130 000 with interest based on the monthly short-term interest rate in Norway. The credit facility is readily available without any delay. Hydro Rein has not issued any guarantee for the cash pool arrangement and credit facility. The credit facility can be terminated by Hydro group with thirty days written notice.

Hydro Rein AS, Hydro Rein Invest AS and Hydro Rein Energy Solutions AS are part of the cash pool with Hydro group, while the other entities established in 2021 and 2022 (Norway, Netherlands, Sweden, Germany, Canada, and Brazil) are not part of the cash pool. Cash pool is presented as other current asset/liability to related parties in the financial statements.

NOK (1000)	2022	2021
Unrestricted cash balances	237,694	59,707
Total cash and cash equivalents	237,694	59,707



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## Note 4.7 Financial Risk

### Market risk exposure

Hydro Rein's operating results are affected by the inflow to the watercourse Otra for the Vigelandssfoss hydropower plant, as well as the price development in the power markets. As a producer of electricity, the group is exposed to change in power production and price volatility which can have a significant impact on the reported results. Hydro Rein does not hedge its exposure towards these risks.

Hydro Rein sold its power production in 2022 using Nordpool spot prices where Euro is the official trading currency. In 2019, Hydro Rein entered into a fixed EUR-price sales contract with Hydro Energi AS for the period 2021-2030. The contract was terminated in August 2021, with Hydro Rein being exposed to the spot power price at the Nordpool trading exchange for the remainder of 2021.

### Foreign currency risk exposure

Hydro Rein's primary operational foreign currency risk linked to fluctuations in the value of Euro, Swedish Krone, US-dollars, Canadian dollars, and Brazilian Real versus Norwegian Krone. In addition, Hydro Rein's results and equity are influenced by value changes for the functional currencies of the individual entities and the Norwegian Krone as the group's presentation currency.

### Liquidity risk exposure

Most of the production of electricity in 2021 and 2022 was sold to Hydro Energi AS. Hydro Energi AS sell electricity at NordPool Day-Ahead market. Hydro Energi AS is assessed as a solid company with low credit risk as it is part of Hydro group with BBB / Baa3 credit rating.

To minimise its liquidity risk, Hydro Rein is a part of a cash pool agreement and has a credit facility with Corporate Finance in Norsk Hydro. The receivable or liabilities in the cash pool is classified as current.

A summary of Hydro Rein's total contractual obligations and commercial commitments to make future payments is presented below, in nominal values:

#### 2022

Amounts in NOK million	2023	2024	2025	2026	Thereafter	Total
Current lease liability	519	-	-	-	-	519
Non-current lease liability	-	898	898	898	307	3,001
Non-current debt	-	715,000	-	-	-	715,000
Commitments for capital contributions in equity accounted investees <sup>1</sup>	2,366,982	376,499	-	-	-	2,743,481
Gross cash flows from derivatives <sup>2</sup>	98,043	26,647	-	-	-	124,690
Total contractual and non-contractual obligations, undiscounted	2,465,544	1,119,044	898	898	307	3,586,691

<sup>1</sup> See note 7.2 for further information

<sup>2</sup> See note 4.4 for further information

In connection with internal funding arrangements to finance acquisition of project rights, Hydro Rein has non-current interest-bearing liabilities to related parties of NOK 715 million and a total net debt of NOK 298 million (see section 4.4). There are also funding commitments towards equity accounted investees of NOK 2,743.8 million with scheduled payments in 2023 and 2024.

Hydro Rein's cash flow from operations (the hydropower plant in Vigelandssfoss) in 2022 is not expected to be able to cover the outstanding liabilities and commitments. However, the planned external capital rise is expected to cover the outstanding liabilities and commitments. In the event of a delay in the external capital rise Hydro group will cover the capital contribution commitment towards equity accounted investees. This commitment from its owners in Hydro group was necessary and part of the investment mandate Hydro Rein obtained prior to investing in the projects. See note 7.4 for further information.

#### 2021

Amounts in NOK million	2022	2023	2024	2025	Thereafter	Total
Non-current debt and current portion of non-current debt	435,000	-	-	-	-	435,000
Non-current debt	-	1,722	-	-	-	1,722
Commitments for capital contributions in equity accounted investees <sup>3</sup>	-	962,167	19,636	-	-	981,803
Contractual commitments for equity accounted investees <sup>4</sup>	23,134	-	-	-	-	23,134
Total contractual and non-contractual obligations, undiscounted	458,134	963,889	19,636	-	-	1,441,659

<sup>3</sup> Unconditional purchase obligations (TSA) with equity accounted investment Stor-Skålsjön, see below and note 7.2 for further information

<sup>4</sup> Cost commitment with potential wind and solar project in Brazil, see note 7.2 for further information

### Interest rate exposure

Hydro Rein is exposed to changes in interest rates, primarily as a result of financing its business operations. The NOK credit facility from Hydro group is currently the only financing source of the group (see section 4.6). The corresponding interest rate exposures are consequently related to the variable interest rate.

### Other risk exposure

Major accidents, legal proceedings or investigations and incidents relating to Health, Safety and Environment (HSE) and corporate responsibility



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could impose significant costs and substantially damage the group's reputation. The Hydro group's established policies and procedures are implemented, and Hydro Rein has a continuous focus on mitigating the risk of such incidents.



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## Section 5 Other current assets and liabilities

### Note 5.1 Other current assets

Other current assets comprise of the following:

NOK (1000)	2022	2021
Prepayments	16,416	22
Other receivables	3,734	890
<b>Total other current assets</b>	<b>20,151</b>	<b>912</b>

### Note 5.2 Other current liabilities

Other current liabilities comprise of the following:

NOK (1000)	2022	2021
Accrued expenses	3,695	4,794
Accrued holiday pay and other salaries	4,980	187
Public taxes	17,630	836
Contract liabilities	14,823	-
Other payables	-	2,406
Deferred consideration	66,229	-
Other current liabilities	1,313	811
<b>Total other current liabilities</b>	<b>108,670</b>	<b>9,034</b>



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## Section 6 Equity

### Note 6.1 Outstanding shares

NOK (1000), except number of shares	Number of shares	Share capital	Additional paid in capital
At 1 January 2021	2,000	1,800	-
Capital increase		6	240,994
Group contribution			222
31 December 2021	2,000	1,806	241,216
Capital increase	-	2	829,998
Group contribution	-	-	70,217
31 December 2022	2,000	1,808	1,141,431

No new shares were issued in the capital increases in 2021 and 2022.

#### 2022

The nominal value of each share was increased from NOK 903 in 2021 to NOK 904 in 2022, the capital raise of 130 000 kNOK was received in cash. A capital increase of 700 000 kNOK was approved and paid in cash on 21 December 2022, however at year-end the capital increase was pending registration in Brønnøysundregisterene, 2000 NOK will be reclassified to share capital in 2023 when the capital increase is registered.

#### 2021

The nominal value of each share was increased, from NOK 900 in 2020 to NOK 903 in 2021. Of the kNOK 241 000 in capital increase in 2021, kNOK 200 000 was received in cash payment. The final kNOK 41 000 was raised as a part of the business combinations under common control described in Note 1.3.

#### Non-controlling interest

As of 31 December 2022, Hydro Rein had a 50% non-controlling interest in its entity Central Fotovoltaica Irupe Participações Ltda (Irupe). Irupe is considered immaterial to the group, with total assets of kNOK 1 162. It is therefore considered not necessary to disclose summarised financial information for the entity.

### Note 6.2 Earnings per share

Basic and diluted earnings per share is computed using Net income/ (loss) attributable to Hydro Rein AS shareholders and the weighted average numbers of outstanding shares in each period. There are no diluting elements. The capital increases completed in 2021 and 2022 was done without issuance of new shares, but instead an increase in the principal of each share, meaning that the weighted average number of outstanding shares used for calculating basic and diluted earnings per share was 2000 for both 2021 and 2022.

NOK (1000), except number of shares	2022	2021
Net income/(loss)	(49,907)	(77,486)
Net income / (loss) attributed to non-controlling interests	(271)	(252)
Net income / (loss) attributed to Hydro Rein AS shareholders	(49,636)	(77,234)
Weighted average number of shares for the year	2,000	2,000
Earnings / (loss) per share (basic and diluted)	(24.82)	(38.62)



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## Section 7 Other information

### Note 7.1 Consolidated group companies and equity accounted investees

The following subsidiaries and equity accounted investees are included in the consolidated financial statements of Hydro Rein group.

Legal name	Country	Owner-ship	Voting	Ownership type
Hydro Rein AS	Norway	100.0 %	100.0 %	Parent
Hydro Rein Invest AS	Norway	100.0 %	100.0 %	Subsidiary
Hydro Rein Offshore Wind AS <sup>1</sup>	Norway	100.0 %	100.0 %	Subsidiary
Hydro Rein Energy Solutions AS <sup>1</sup>	Norway	100.0 %	100.0 %	Subsidiary
Hydro Rein Netherlands B.V.	Netherlands	100.0 %	100.0 %	Subsidiary
Hydro Rein Feijão Holding B.V.	Netherlands	100.0 %	100.0 %	Subsidiary
Hydro Rein Feijão Solar Holding B.V.	Netherlands	100.0 %	100.0 %	Subsidiary
Hydro Rein Irupé Holding B.V.	Netherlands	100.0 %	100.0 %	Subsidiary
Hydro Rein Boa Sorte Holding B.V. <sup>1</sup>	Netherlands	100.0 %	100.0 %	Subsidiary
Hydro Rein Energy Solutions Germany GmbH <sup>1</sup>	Germany	100.0 %	100.0 %	Subsidiary
Hydro Rein Energy Solutions Canada LTD <sup>1</sup>	Canada	100.0 %	100.0 %	Subsidiary
Hydro Rein Energy Services AB <sup>1</sup>	Sweden	100.0 %	100.0 %	Subsidiary
Hydro Rein Energy Solutions Spain Srl <sup>1</sup>	Spain	100.0 %	100.0 %	Subsidiary
Hydro Rein Brazil Soluções Renováveis Ltda.	Brazil	100.0 %	100.0 %	Subsidiary
Central Fotovoltaica Irupé Participações Ltda	Brazil	50.0 %	50.0 %	Subsidiary
Eolus Vindpark 48 AB <sup>1</sup>	Sweden	50.0 %	50.0 %	Associate
Thalassius A016.21 Participações S.A <sup>1</sup>	Brazil	49.9 %	49.9 %	Associate
Thalassius A022.21 Participações S.A <sup>1</sup>	Brazil	49.9 %	49.9 %	Associate
Thalassius A027.21 Participações S.A <sup>1</sup>	Brazil	49.9 %	49.9 %	Associate
Stor-Skålsjön Vind Holding AB <sup>2</sup>	Sweden	25.0 %	25.0 %	Associate
Atlas Boa Sorte Comercializadora de Energia S.A. <sup>1</sup>	Brazil	33.3 %	33.0 %	Associate
Mendubim Holding B.V. <sup>1</sup>	Brazil	33.3 %	33.0 %	Associate
Mendubim Solar EPC S.A. <sup>1</sup>	Brazil	33.3 %	33.0 %	Associate

<sup>1</sup> New investments in 2022, for more information on investments in associates, see note 3.3

<sup>2</sup> 24 % of the shares were sold during 2022, more information in note 3.3. Entity formerly titled Eolus Vindpark 46 AB

### Note 7.2 Guarantees, contractual obligations, contingent liabilities

#### Stor-Skålsjön project

In relation to the Stor-Skålsjön project, three bank guarantees have been issued related to supplier contract payments, PPA performance and environmental permit commitments, amounting to EUR 20 million (NOK 211 million), EUR 15 million (NOK 158 million) and SEK 16.7 million (NOK 15.8 million), respectively. The bank guarantee issued in relation to the supply contract has been arranged by the project partner MEAG, with EUR 20 million (NOK 211 million) reflecting Hydro Rein's share.

#### Mendubim project

Per year-end 2022, Hydro Rein has issued a parent company guarantee related to a supplier contract on the Mendubim project, amounting to approx. BRL 110 million (NOK 210 million).

#### Ventos de São Zacarias project

For the Ventos de São Zacarias project, Hydro Rein has issued a bond reimbursement agreement of BRL 99 million (NOK 189 million) to counter-guarantee a performance bond issued by the project partner GIG. Hydro Rein has also issued an equity commitment letter related to a supplier contract in the Ventos de São Zacarias project. The equity commitment letter is supported by a bank guarantee amounting to approx. EUR 26 million (NOK 274 million).

#### Boa Sorte project

Per year-end 2022, Rein's partner in the Boa Sorte project has issued two parent company guarantees related to a supplier contract and an energy swap agreement. Rein's liability towards its partner amounts to approx. USD 4.8 million (NOK 48.5 million) and BRL 6.6 million (NOK 12.6 million), respectively, corresponding to Rein's ownership share in the project (33.3%).

See section 4.7 for a tabular presentation of the cost commitment and contractual obligation in Norwegian krone.

### Note 7.3 Related parties

Hydro Rein AS is a fully owned subsidiary of Hydro Energi AS which again is a fully owned subsidiary of Norsk Hydro ASA (together with its subsidiaries, the "Hydro group"). Companies in the Hydro group are thereby considered to be related parties.

The operator responsibility for the Vigelandfoss power plant is taken care of by Hydro Energi AS according to an operatorship agreement. These costs mainly comprise hours incurred by Hydro Energi AS employees priced based on cost and are included in operating expenses.



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Hydro Rein is also invoiced for overhead from Hydro Energi AS including share of Hydro group charges from Hydro group and central power production costs.

Hydro Rein has entered into separate administrative services agreements with Hydro Energi AS in September 2021, regarding Hydro Energi's provision of various administrative services and business support. The services to be provided under the agreement comprise but are not limited to: (i) strategic and administrative services, (ii) market analysis, (iii) policy watch, and (iv) other activities such as grid support, project development and finance function support. Executive management compensation and other personnel cost for Hydro Rein are included in the administrative service agreement for 2021 and 2022. As consideration for these services, the relevant service recipient shall pay a fee consisting of its share of the cost incurred by Hydro Energi in relation to the relevant services plus a mark-up. The agreements may be terminated by each relevant party on 4 weeks prior notice.

As part of the reorganization and preparation for an external capital raise in Hydro Rein group, Hydro Rein has its own executive management group. At year-end 2022, the management group and other employees at the headquarter is employed in Hydro Energi, the employee contracts will be established with Hydro Rein effective from January 2023. For the period up until the establishment of the employee contracts for management and employees, Hydro Rein is compensating Hydro Energi for its cost and services via the administrative service and business support agreement described above.

Hydro Rein as a subsidiary of Hydro Energi AS is part of a global business service agreement with certain members of the Hydro group (including Norsk Hydro) as service providers, setting out the framework for the service providers' provision of services related to HR, IT and finance functions. As consideration for the services, Hydro Rein shall pay a fee consisting of the actual cost incurred by the service providers in connection providing the services plus a mark-up. The Global Business Services Agreement may be terminated by each party on three months prior notice. Hydro Rein is currently working on establishing a separate agreement as preparation for the potential listing of the group.

As of 31 December 2022, The Norwegian state had ownership interests of 34.3 percent of total shares outstanding in Hydro group through the Ministry of Trade, Industry and Fisheries. In addition, Folketrygdfondet, which manages the Government Pension Fund – Norway held 5.9 percent. As such, Hydro Rein has concluded that the Norwegian state's shareholding represents a significant interest in Hydro group, and that the State thus is a related party also to the Hydro Rein group.

The Norwegian state has ownership interests in a substantial number of companies. The ownership interests in 70 companies are managed by the ministries and covered by public information from the Ministry of Trade, Industry and Fisheries. Hydro Rein has not had any significant transactions towards any of these 70 companies except Hydro group in 2021 or 2022.

#### Transactions with related parties

NOK (1000)

Party	Relation	Accounts	Type	2022	2021
Hydro group	Parent	Sales	Power production	284,508	122,585
Hydro group	Parent	Other income	Services	4,789	-
Hydro group	Parent	Operating costs	Contract termination	-	(64,300)
Hydro group	Parent	Operating costs	Hydropower service	(7,994)	(8,429)
Hydro group	Parent	Operating costs	Management fee	(27,662)	(28,984)
Hydro group	Parent	Operating costs	Personnel fee	(75,972)	(29,123)
Hydro group	Parent	Operating costs	Compensation payment	(28,013)	-
Hydro group	Parent	Finance income	Interest income	4,201	-
Hydro group	Parent	Finance expense	Interest expense	(24,619)	(3,584)
ALBRAS - Alumínio Brasileiro S.A	Hydro subsidiary	Finance expense	Unrealized fair value loss	(10,398)	-
Stor-Skålsjön Vind AB	Associate	Other income	Construction management services	11,247	-
Stor-Skålsjön Vind AB	Associate	Other income	Unrealized fair value gain	18,183	-
Stor-Skålsjön Vind Holding AB	Associate	Finance income	Interest income	-	4,990
				148,270	(6,845)

#### Outstanding balances

NOK (1000)

Party	Relation	Accounts	Type	2022	2021
Hydro group	Parent	Assets / (liability)	Cash Pool	181,340	175,782
Hydro group	Parent	Assets	Receivables	54,366	32,780
Hydro group	Parent	Liabilities	Payables	(20,022)	(9,687)
Hydro group	Parent	Liabilities	Short-term debt	-	(435,000)
Hydro group	Parent	Liabilities	Non-current debts	(715,000)	(1,722)
ALBRAS - Alumínio Brasileiro S.A	Hydro subsidiary	Liabilities	Financial instrument	(10,502)	-
Stor-Skålsjön Vind AB	Associate	Assets	Commodity derivative	24,168	-
Stor-Skålsjön Vind AB	Associate	Liabilities	Prepayment	16,960	-
				(468,690)	(237,847)



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## Note 7.4 Going concern

The financial statements for Hydro Rein for 2022 have been prepared under the assumption of going concern.

Per year-end 2022, Hydro Rein has a net loss of kNOK 49,907. Operating income for the year amounts to kNOK 137,550, while the net loss has been driven by net financial expenses of kNOK 140,100 and income tax expense of kNOK 47,357.

In connection with internal funding arrangements to finance acquisition and development of project rights, Hydro Rein has non-current interest-bearing liabilities to Hydro group of kNOK 715,000, maturing in June 2024. In addition, there are funding commitments towards Stor-Skålsjön, Mendubim, Boa Sorte and Ventos de São Zacarias totalling kNOK 2,743,481 with scheduled payments in 2023 (kNOK 2,366,982) and 2024 (kNOK 376,499).

As a newly established group, Hydro Rein's cash flow from operations (primarily from the hydropower plant in Vigelandsfoss) for full year 2023 is not expected to be able to cover the non-current interest-bearing debt towards Hydro group and outstanding funding commitments. However, the contemplated external capital raise is expected to cover the non-current interest-bearing debt and outstanding funding commitments per 31 December 2022. In the event of an external capital raise, there is a change of control clause in the credit facility agreement (CFA) with Hydro group where Hydro group has the option to require the CFA repaid (initially maturing in June 2024). Per 31 December 2022, the non-current interest-bearing debt related to the CFA amounted to kNOK 715,000. In the event of a delay in the external capital raise, Hydro group will cover the outstanding funding commitment towards Stor-Skålsjön, Boa Sorte, Mendubim and Ventos de São Zacarias either by issuance of loans through the CFA or equity contributions to Hydro Rein. This commitment from its owners in Hydro group was necessary and part of the investment mandate Hydro Rein obtained before investing into these projects.

The change of control clause in the CFA does not include a minimum change of ownership requirement to be effective, hence could this clause be enforced should the Hydro group decided to dispose (or be diluted through an external capital raise) any portion of the shares in Hydro Rein. Managements evaluates the scenario of the Hydro group enforcing the repayment of the CFA, should Hydro Rein be in a position of not receiving the necessary funds to cover outstanding commitments and non-current interest-bearing debt through an external capital raise, to be unlikely.

As such, management's assessment is that the use of the going concern assumption is appropriate, and that there is no material uncertainty.

## Note 7.5 Events and transactions after reporting date

### Employee contract establishment

Effective from 1 January 2023, all Hydro Rein employees in Norway have had their employment contracts established with Hydro Rein AS. Up until 31 December 2022, all Hydro Rein employees in Norway had their employment contracts with Hydro Energi AS. As part of establishment of employee contracts with Hydro Rein AS, pension liabilities previously held by Hydro Energi AS, was transferred to Hydro Rein AS. The expenses for the pension schemes transferred to Hydro Rein AS, had up until 31 December 2022 been paid by Hydro Rein AS as part of the administrative service agreement with Hydro Energi AS for personnel expenses, no expenses were hence recognised as part of the transfer of the pension liabilities, with Hydro Rein being reimbursed by Hydro Energi AS for the assumed pension liability. The liabilities amounted to 24 million per 1 January 2023 and will be presented in the financial position of Hydro Rein group as pension liabilities.

### Arielle

On 4 November 2022 Hydro Rein entered into agreement with Commerz Real to jointly develop project Arielle, consisting of two solar power projects in Denmark. Rein agreed to acquire 50% of the shares in the projects. The transaction was closed on 1 March 2023 for a consideration of EUR 1,9 million (NOK 20 million).

### Vista Alegre

On 31 March 2023, Hydro Rein entered into a call option agreement with Atlas Renewable Energy, granting Hydro Rein the option to acquire 33.3% of the shares in the solar project Vista Alegre located in Brazil. REIN paid USD 1 (NOK 10) in premium for acquiring the option, with the exercise period being from 31 March 2023 to 1 April 2024.

### Group contribution

Hydro Reins Norwegian subsidiaries will receive a total of 97 million in group contributions from other entities in Hydro group, which will be recognised in Hydro Reins financial statement at the time of approval in general assembly of the Hydro group entities giving the group contribution.



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## Alternative performance measures (APMs)

This section describes the non-GAAP financial alternative performance measures (APM) that are used in the annual report. The following measures are not defined nor specified in the applicable financial reporting framework of IFRS. They may be considered as non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to IFRS.

Financial APMs are intended to enhance comparability of the results and cash flows from period to period, and it is Hydro Rein's experience that these are frequently used by analysts, investors and other parties. Management also uses these measures internally to drive performance in terms of long-term target setting and as basis for performance related pay. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner and across the company where relevant. Operational measures such as, but not limited to, GWh and Permanent employees are not defined as financial APMs. Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

### Hydro Reins financial APMs

*Operating income/(loss)* (EBIT) is defined as the net income/(loss) for the year/period before net financial income (expenses) and income tax expense. Operating income/(loss) (EBIT) is used as a measure of the Hydro Rein's operational profitability.

*Operating income/(loss) before depreciation, amortization and impairment* (EBITDA) is defined as the Net income/(loss) for the year/period before net financial income/(expenses), income tax (expense)/benefit, depreciation, amortization and impairment. Operating income/(loss) before depreciation, amortization and impairment (EBITDA) is used as an additional measure of the Hydro Rein's operational profitability.

*Adjusted EBITDA* is defined as EBITDA excluding items in the operating income/(loss) which are not regarded as part of the underlying business. Examples of such items are expenses related to termination of agreement and expenses related to compensation for change in agreements.

*Net cash/(debt)* is calculated as the end of period Total interest-bearing liabilities less the end of period Cash and cash equivalents and cash pool receivable/(payable). Hydro Rein considers this a good measure of how well the group can pay all its debts if they were due immediately.

*Equity ratio* is calculated as the end of period Equity divided by the end of period Total assets. Hydro Rein considers this a good measure on the group's solidity.

*Liquidity* is calculated as the end of period net of Cash and cash equivalents, cash pool receivable/(payable) and bank overdraft. Hydro Rein considers this a good measure of the group's liquidity.



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<b>Operating income/(loss) (EBIT)</b> NOK (1000)	<b>2022</b>	<b>2021</b>
Net income/(loss)	(49,907)	(77,487)
Income tax (expense)/benefit	47,357	(1,539)
Net financial income / (expense)	140,100	14,639
<b>Operating income/(loss) (EBIT)</b>	<b>137,550</b>	<b>(64,387)</b>
<b>Operating income/(loss) before depreciation, amortization and impairment (EBITDA)</b> NOK (1000)	<b>2022</b>	<b>2021</b>
Net income/(loss)	(49,907)	(77,487)
Income tax (expense)/benefit	47,357	(1,539)
Net financial income/(expense)	140,100	14,639
Depreciation, amortization and impairment	6,972	6,210
<b>Operating income/(loss) before depreciation, amortization and impairment (EBITDA)</b>	<b>144,522</b>	<b>(58,178)</b>
<b>Adjusted EBITDA</b> NOK (1000)	<b>2022</b>	<b>2021</b>
Net income/(loss)	(49,907)	(77,487)
Income tax (expense)/benefit	47,357	(1,539)
Net financial income/(expense)	140,100	14,639
Depreciation, amortization and impairment	6,972	6,210
<b>Operating income/(loss) before depreciation, amortization and impairment (EBITDA)</b>	<b>144,522</b>	<b>(58,178)</b>
Compensation payment to Hydro Energi AS	28,103	-
Loss from contract termination	-	72,725
<b>Adjusted EBITDA</b>	<b>172,625</b>	<b>14,547</b>
<b>Net cash/(debt)</b> NOK (1000)	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Non-current interest-bearing debt to related parties	(715,000)	(1,765)
Current interest-bearing debt to related parties	-	(435,000)
Lease liability	(2,380)	-
Total interest-bearing liabilities	(717,380)	(436,765)
Cash and cash equivalents	237,694	59,707
Other current receivables on related parties (cash pool)	181,340	175,782
<b>Net cash/(debt)</b>	<b>(298,346)</b>	<b>(201,276)</b>
<b>Liquidity</b> NOK (1000)	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Cash and cash equivalents	237,694	59,707
Cash pool receivable/(payable)	181,340	175,782
Liquidity	419,034	235,489
<b>Equity ratio</b> NOK (1000)	<b>31 Dec 2022</b>	<b>31 Dec 2022</b>
Total equity	1,107,557	238,150
Total assets	2,123,234	708,531
Equity ratio	52%	34%



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## Parent Company Financial statements



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## Financial statements

### Income statement

NOK (1000)	Notes	2022	2021
Revenue	2	284,508	122,517
Other income	2	16,252	5,004
<b>Total revenue and other income</b>		<b>300,760</b>	<b>127,521</b>
Transmission cost/(credit)		(1,657)	(438)
Salaries and personnel cost	4	57	12
Other operating expenses	4	80,100	69,649
Loss from contract termination	3	-	64,300
Depreciation and amortization	6, 7	6,253	6,201
<b>Total operating expenses</b>		<b>84,752</b>	<b>139,726</b>
<b>Operating income/(loss)</b>		<b>216,007</b>	<b>(12,205)</b>
Interest income		1,235	4
Other financial income		4,876	-
Interest expense		(21,513)	-
Other financial expense		(508)	(667)
<b>Net finance income/(expense)</b>		<b>(15,910)</b>	<b>(663)</b>
<b>Income/(loss) before income tax</b>		<b>200,097</b>	<b>(12,868)</b>
Income tax (expense)/benefit	5	(46,707)	(10,698)
<b>Net income/(loss)</b>		<b>153,391</b>	<b>(23,566)</b>

The accompanying notes are an integral part of the financial statements.



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## Balance sheet

NOK (1000)	Notes	31 December 2022	31 December 2021
<b>Non-current assets</b>			
Intangible assets	6	1,032	1,032
Property plant & equipment	7	146,307	151,477
Shares in subsidiaries	8	1,676,030	516,030
Long term receivables on related parties	9	2,190	-
<b>Total non-current assets</b>		<b>1,825,559</b>	<b>668,539</b>
<b>Current assets</b>			
Trade receivables		3,277	4,460
Trade receivables on related parties	11	69,110	32,464
Other current receivables		3,699	564
Other current receivables on related parties	9, 11	196,815	71,553
<b>Total current assets</b>		<b>272,901</b>	<b>109,041</b>
<b>Total assets</b>		<b>2,098,460</b>	<b>777,580</b>
<b>Equity</b>			
Share capital	10	1,808	1,806
Additional paid in capital	10	1,104,009	274,011
Retained earnings	10	186,020	32,630
<b>Total equity</b>		<b>1,291,837</b>	<b>308,447</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing debt to related parties	11	715,000	-
Deferred tax liabilities	5	3,199	3,213
<b>Total non-current liabilities</b>		<b>718,199</b>	<b>3,213</b>
<b>Current liabilities</b>			
Trade payables		11,709	4,562
Trade payables to related parties	11	16,488	5,892
Current interest-bearing debt to related parties	11	-	435,000
Tax payable	5	47,050	16,596
Other current liabilities		13,177	3,870
<b>Total current liabilities</b>		<b>88,424</b>	<b>465,920</b>
<b>Total liabilities</b>		<b>806,623</b>	<b>469,133</b>
<b>Total equity and liabilities</b>		<b>2,098,460</b>	<b>777,580</b>

The accompanying notes are an integral part of the financial statements.



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## Statement of cash flow

NOK (1000)	Notes	2022	2021
<b>Cash flow from operating activities</b>			
Income/(loss) before income tax		200,097	(12,868)
Income tax paid	5	(16,267)	(18,205)
Net interest expense		20,278	651
Depreciation and amortization	6, 7	6,253	6,201
Change in trade receivables		(35,463)	(32,773)
Change in trade payables		17,743	7,532
Change in other receivables and payables		(1,862)	3,328
<b>Net cash flow from operating activities</b>		<b>190,780</b>	<b>(46,134)</b>
<b>Cash flow from investing activities</b>			
Payments for purchase of fixed assets		(1,084)	(1,321)
Payments for loans to subsidiaries		(2,190)	-
Payments for acquisition of subsidiaries	8	(1,160,000)	(475,030)
Change in other current assets to related parties (cash pool)	9	(122,369)	(29,446)
Loan issue to subsidiary	11	(45,000)	-
Interest received		608	-
<b>Net cash flow from investing activities</b>		<b>(1,330,035)</b>	<b>(505,797)</b>
<b>Cash flow from financing activities</b>			
Group contribution (paid) / received		42,107	222
Other current liabilities to related parties (cash pool)	9	-	(82,852)
New debt		715,000	435,000
Repayment of debt		(435,000)	-
Capital increases	10	830,000	200,000
Interest paid		(12,852)	(439)
<b>Net cash flow from financing activities</b>		<b>1,139,255</b>	<b>551,931</b>
Foreign currency effect on cash		-	-
<b>Net change in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at period start</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at period end</b>		<b>-</b>	<b>-</b>

The accompanying notes are an integral part of the financial statements.



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## Notes to the parent company financial statements

### Note 1 General Information

The Financial Statements consist of income statement, balance sheet, statement of cash flows and related notes. The annual financial statements have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

The accompanying notes are an integral part of the financial statements.

#### The company's operation

The company's operation is related to production of electrical power. The company owns a hydro power plant in Vennesla Kommune in Norway. The company also have significant investments in subsidiaries.

#### Classification of balance sheet items

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

#### Revenues

Income from sales of electrical power is recognised either at fair value at the time of delivery, which also equals the time of production. However, in the period January to August 2021 Hydro Rein AS had a power sale contract with Hydro Energi AS with fixed prices. In addition, Hydro Rein AS is obliged to deliver concessionary power to municipalities and county authorities at either a regulated OED (Ministry of Petroleum and Energy) price or an estimated full cost.

#### Expenses

Expenses are matched with and expensed at the same time as the income the expenses can be attributed to. Expenses that cannot be directly attributed to income are expensed when incurred.

#### Investments in other companies

Except for current investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividends from other companies are reflected as financial income when it has been approved.

#### Property, plant and equipment and depreciation

Property, plant and equipment are recognised in the balance sheet at acquisition cost, less accumulated depreciation and write-downs. Expenses associated with normal maintenance and repairs are expensed on an ongoing basis. Expenses or improvements are added to the fixed asset's cost price and depreciated in line with the fixed asset. The company's operating assets are depreciated over the estimated economic life. Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

#### Asset impairments

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

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

#### Receivables

Receivables are stated at face value, less expected losses.

#### Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry forward 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 carry forward 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 contribution 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 (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

#### Natural resource tax

Natural resource tax (NRT) is a Norwegian surtax on hydropower generation in Norway. It is a profit-independent tax that is calculated on the basis of the individual power plant's average output over the past seven years. The tax rate is NOK 13/MWh. Income tax can be offset against the natural resource tax paid.

#### Resource rent tax

Resource rent tax (RRT) is a Norwegian surtax on hydropower generation in Norway. It is a profit-dependent tax levied on the net resource rent revenue generated by each power plant. Resource rent revenue is calculated on the basis of the individual power plant's production hour by hour, multiplied by the spot price for the corresponding hour. The actual contract price is applied for deliveries of concessionary power and power subject to physical contracts with a term exceeding seven years. Income from green certificates is included in gross resource rent



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revenue. Actual operating expenses, depreciation and a tax-free allowance are deductible. The tax-free allowance is set each year on the basis of the taxable value of the power plant's operating assets, multiplied by a normative interest rate. Negative resource rent revenues per power plant from the 2006 fiscal year or earlier years can only be carried forward with interest offset against future positive resource rent revenues from the same power plant. From 2007 onwards negative resource rent revenues per power plant can be pooled with positive resource rent revenues for other power plants. From 2021 onwards all new investments related to hydropower production can be deducted immediately for resource rent tax purposes.

In December 2022, Stortinget (the Norwegian national assembly) approved changes to the Norwegian tax legislation. One of the changes approved was increase in resource rent tax on hydro power production, increasing the effective resource rent tax from 37% to 45%. The change in resource rent tax will be applicable from 1 January 2022.

#### **High price contribution**

As part of the changes in the Norwegian tax legislation, the Norwegian government introduced an excise duty ("high price contribution") on electricity sold at high prices where an excise duty of 23% were to be applied on all electricity sold for a price above 0.70NOKs/KWh. The excise duty was effective from 28 September 2022 and is presented as part of other operating expenses, handled as a permanent difference.

#### **Cash flow statement**

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other current investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

#### **Group financial statements**

The company is the parent of the Hydro Rein group. The company is also included in the group financial statements of Norsk Hydro ASA. The financial statements for both groups can be handed out at the following address: Drammensveien 260, 0283 Oslo or online - [www.hydro.com](http://www.hydro.com).



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## Note 2 Revenue

<b>NOK (1000)</b>	<b>2022</b>	<b>2021</b>
Revenue per segment:		
Sales of power to Hydro Energi AS	284,508	122,469
Sales and other income to others	16,252	5,052
Other operating expenses	300,760	127,521

The company previously had a fixed price contract with Hydro Energi AS for sales of electrical power. This contract was terminated in August 2021, and the company is now invoicing based on spot prices.

## Note 3 Loss from contract termination

In 2019, the Company entered into a fixed EUR-price sales contract with Hydro Energi AS with effect for deliveries from 1 January 2021. The contract was terminated in the third quarter of 2021 and a compensation of kNOK 64 300 was paid to Hydro Energi AS. From the termination of the contract the company has been exposed to fluctuating spot prices.

## Note 4 Salary, employees, benefits, loans to employees etc

### Salaries and other compensation

Hydro Rein's executive management and other employees in Norway are employed in Hydro Energi AS at year end 2022, employee contracts with Hydro Rein AS are established from 1 January 2023, see note 13 for further information. For 2022 all compensation, salary and related cost for executive management and employees working with the Hydro Rein project is being charged to Hydro Rein by Hydro Energi via the administrative service agreement. See note 11 for further information.

### Cost of Audit Services

Fees paid to KPMG:

<b>NOK (1000)</b>	<b>2022</b>	<b>2021</b>
Audit of annual financial statements	2,045	30
Other assurance services <sup>1</sup>	2,153	1,112
Total	4,198	1,142

<sup>1</sup> Other assurance services increased significantly in 2021 & 2022 compared to previous years, mainly due to preliminary work related to plans of listing the company on the Oslo Stock Exchange.



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## Note 5 Tax cost

NOK (1000)	2022	2021
<i>Current tax:</i>		
Tax payable	46,720	16,596
Use of Natural resource tax credit	-	4,724
Adjustment previous years	-	18
Group contribution	-	(9,263)
Changes in deferred tax	(13)	(1,377)
<b>Tax expense</b>	<b>46,707</b>	<b>10,698</b>

NOK (1000)	2022	2021
Net profit/(loss) before tax	200,097	(12,868)
Income taxes calculated at 22%	44,021	(2,831)
Adjustment previous years	-	(143)
Deferred surtax on temporary difference	(43)	(468)
Non-deductible expenses	2,813	2
Resource rent tax	(85)	14,138
<b>Tax expense</b>	<b>46,707</b>	<b>10,698</b>

## Deferred tax assets

NOK (1000)	Tax losses carried forward	Other	Total
Recognized through the income statement	328	-	328
31 December 2021	328	-	328
Recognized through the income statement	(328)	-	(328)

## Deferred tax liabilities

NOK (1000)	Fixed and intangible assets	Other	Total
1 January 2021	4,590	-	4,590
Recognized through the income statement	(1,049)	-	(1,049)
31 December 2021	3,541	-	3,541
Recognized through the income statement	(341)	-	(341)
31 December 2022	3,199	-	3,199

## Net deferred tax assets and liabilities as presented in the balance sheet

NOK (1000)	2022	2021
Deferred tax assets	-	328
Deferred tax liabilities	3,199	3,541
<b>Net deferred tax liabilities as presented in the balance sheet</b>	<b>3,199</b>	<b>3,213</b>



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## Note 6 Intangible assets

NOK (1000)	Mineral and waterfall rights	Total
Accumulated cost at 1 January 2021	1,032	1,032
<b>Net carrying amount at 31 December 2021</b>	<b>1,032</b>	<b>1,032</b>
Accumulated cost at 1 January 2022	1,032	1,032
<b>Net carrying amount at 31 December 2022</b>	<b>1,032</b>	<b>1,032</b>

## Note 7 Fixed Assets

NOK (1000)	Lands, building and building facilities	Machinery, fixtures, equipment and vehicles	Assets under construction	Total
Accumulated Cost at 1 January 2021	125,657	101,802	689	228,149
Additions	654	307	362	1,323
Tr	518	167	(685)	-
Accumulated cost at 31 December 2021	126,829	102,276	366	229,472
Accumulated depreciation and impairment at 1 January 2021	29,500	42,294	-	71,794
Depreciation for the year	2,767	3,434	-	6,201
Accumulated depreciation and impairment at 31 December 2021	32,267	45,728	-	77,995
<b>Net carrying amount 31 December 2021</b>	<b>94,562</b>	<b>56,548</b>	<b>366</b>	<b>151,477</b>
Accumulated cost at 1 January 2022	126,829	102,276	366	229,471
Additions	-	698	386	1,084
Accumulated cost at 31 December 2022	126,829	102,974	752	230,555
Accumulated depreciation and impairment at 1 January 2022	32,267	45,728	-	77,994
Depreciation for the year	2,798	3,455	-	6,253
Accumulated depreciation and impairment at 31 December 2022	35,065	49,183	-	84,248
<b>Net carrying amount at 31 December 2022</b>	<b>91,764</b>	<b>53,791</b>	<b>752</b>	<b>146,307</b>
Estimated useful life (years)	20-50	5-25		

Investments in fixed assets, including the company's power plants are capitalized and depreciated linearly over the assets estimated useful life. When the company invests in larger projects, interests are calculated and capitalized during construction.

## Note 8 Investments in shares

NOK (1000)	Ownership	Balance sheet value
Hydro REIN Invest AS	100%	1,626,000
Hydro REIN Energy Solutions AS	100%	37,030
Hydro REIN Offshore Wind AS*	100%	13,000
Balance sheet value 31.12		1,676,030

\*Hydro REIN Offshore Wind AS was founded 14 March 2022.



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## Note 9 Cash and cash equivalents

The company had no cash at year end. The company is included in Hydro group's cash pool. The company's cash equivalents are presented as Other current receivables / liabilities on related parties.

## Note 10 Equity

NOK (1000)	Share capital	Additional paid in capital	Retained earnings	Total equity
At 1 January 2021	1,800	173	56,195	58,167
Capital increase	6	240,994	-	241,000
Profit/(loss) for the period	-	-	(23,566)	(23,566)
Group contribution received / (given)	-	32,844	-	32,844
31 December 2021	1,806	274,011	32,629	308,447
Capital increase	2	129,998	-	130,000
Capital increase paid, not registered	-	700,000	-	700,000
Profit / (loss) for the period	-	-	153,391	153,391
31 December 2022	1,808	1,104,009	186,020	1,291,837

## Note 11 Related parties

Hydro Rein AS is a fully owned subsidiary of Hydro Energi AS which again is a fully owned subsidiary of Norsk Hydro ASA (together with its subsidiaries, the "Hydro group"). Companies in the Hydro group are thereby considered to be related parties.

Most of the production of electricity is sold to Hydro Energi AS at the prevailing spot prices in Nord Pool power market up to December 2021. In 2019, the Company entered into a fixed EUR-price sales contract with Hydro Energi AS with effect for deliveries from 1 January 2021. This contract was terminated in August 2021 and a compensation of kNOK 64 300 was paid to Hydro Energi AS, and after this the Hydro Rein again sold at the prevailing spot prices in Nord Pool to Hydro Energi.

The operator responsibility for the Vigelandsfoss power plant is taken care of by Hydro Energi AS according to an operatorship agreement. These costs mainly comprise hours incurred by Hydro Energi AS employees priced based on cost and are included in operating expenses. Hydro Rein is also invoiced for overhead from Hydro Energi AS including share of Hydro group charges from Hydro ASA group and central power production costs.

Hydro Rein have entered into separate administrative services agreements with Hydro Energi AS in September 2021, regarding Hydro Energi's provision of various administrative services and business support. The services to be provided under the agreement comprise but are not limited to: (i) strategic and administrative services, (ii) market analysis, (iii) policy watch, and (iv) other activities such as grid support, project development and finance function support. Executive management compensation and other personnel costs for Hydro Rein are included in the administrative service agreement at year end 2022. As consideration for these services, the relevant service recipient shall pay a fee consisting of its share of the cost incurred by Hydro Energi in relation to the relevant services plus a mark-up. The agreements may be terminated by each relevant party on 4 weeks prior notice.

As part of the reorganization and preparation for the potential listing of group, Hydro Rein has its own executive management group. At year-end 2022, the management group and other employees at the headquarter is employed in Hydro Energi, the employee contracts will be established with Hydro Rein effective from January 2023. For the period up until the establishment of the employee contracts for management and employees, Hydro Rein is compensating Hydro Energi for its cost and services via the administrative service and business support agreement described above.

Hydro Rein as a subsidiary of Hydro Energi AS is part of a global business service agreement with certain members of the Hydro group (including Norsk Hydro) as service providers, setting out the framework for the service providers' provision of services related to HR, IT and finance functions. As consideration for the services, Hydro Rein shall pay a fee consisting of the actual cost incurred by the service providers in connection providing the services plus a mark-up. The Global Business Services Agreement may be terminated by each party on three months prior notice. Hydro Rein is currently working on establishing a separate agreement as preparation for the potential listing of the group.

The state of Norway's ownership in Norsk Hydro ASA represents significant influence and companies owned by the state of Norway is thereby considered to be related parties.



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## Transactions with related parties

NOK (1000)

Accounts	Type	2022	2021
Sales	Power production	284,508	122,469
Operating costs	Break fee	-	(64,300)
Operating costs	Other expenses	(31,646)	(46,212)
Finance income	Interest income	1,234	-
Finance expense	Interest expense	(21,511)	(646)
		254,096	11,311

## Outstanding balance

NOK (1000)

Accounts		2022	2021
Assets	Loans	2,190	-
Asset/liabilities	Cash Pool	151,815	29,446
Assets	Receivables	69,110	32,464
Assets	Group contribution	-	42,107
Assets	Current loan	45,000	-
Liabilities	Payables	(16,488)	(5,892)
Liabilities	Long term debt	(715,000)	-
Liabilities	Current debt	-	(435,000)
		(463,373)	(336,875)

## Note 12 Events after the reporting date

### Employee contract establishment

Effective from 1 January 2023, all Hydro Rein employees in Norway have had their employment contracts established with Hydro Rein AS. Up until 31 December 2022, all Hydro Rein employees in Norway had their employment contracts with Hydro Energi AS. As part of establishment of employee contracts with Hydro Rein AS, pension liabilities previously held by Hydro Energi AS, was transferred to Hydro Rein AS. The expenses for the pension schemes transferred to Hydro Rein AS, had up until 31 December 2022 been paid by Hydro Rein AS as part of the administrative service agreement with Hydro Energi AS for personnel expenses, no expenses were hence recognised as part of the transfer of the pension liabilities, with Hydro Rein being reimbursed by Hydro Energi AS for the assumed pension liability. The liabilities amounted to NOK 24 million per 1 January 2023 and will be presented in the financial position of Hydro Rein group as pension liabilities.



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