



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: Olav Hoslemo
Dato for fastsettelse av årsregnskapet: 24.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 01.07.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	122 517 000	20 690 000
Annen driftsinntekt	2	5 004 000	594 000
Sum inntekter		127 521 000	21 284 000
Kostnader			
Transportkostnader		-438 000	2 116 000
Lønnskostnad	4	12 000	12 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	6,7	6 201 000	6 126 000
Annen driftskostnad	4	69 649 000	12 987 000
Tap på kontraktsterminering	3	64 300 000	0
Sum kostnader		139 724 000	21 241 000
Driftsresultat		-12 203 000	43 000
Finansinntekter og finanskostnader			
Annen renteinntekt		4 000	0
Sum finansinntekter		4 000	0
Annen finanskostnad		667 000	403 000
Sum finanskostnader		667 000	403 000
Netto finans		-663 000	-403 000
Ordinært resultat før skattekostnad		-12 866 000	-360 000
Skattekostnad på ordinært resultat		10 698 000	15 568 000
Ordinært resultat etter skattekostnad		-23 564 000	-15 928 000
Årsresultat		-23 564 000	-15 928 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	6	1 032 000	1 032 000
Sum immaterielle eiendeler		1 032 000	1 032 000
Varige driftsmidler			
Tomter, bygg og utstyr	7	151 477 000	156 356 000
Sum varige driftsmidler		151 477 000	156 356 000
Finansielle anleggsmidler			
Investering i datterselskap	8	516 030 000	0
Sum finansielle anleggsmidler		516 030 000	0
Sum anleggsmidler		668 539 000	157 388 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		4 460 000	168 000
Kundefordringer på nærstående parter	11	32 464 000	3 983 000
Andre fordringer		42 671 000	5 376 000
Andre fordringer på nærstående parter	9	29 446 000	0
Sum fordringer		109 041 000	9 527 000
Sum omløpsmidler		109 041 000	9 527 000
SUM EIENDELER		777 580 000	166 915 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2021	2020
Selskapskapital	10	1 806 000	1 800 000
Annen innskutt egenkapital	10	274 011 000	173 000
Sum innskutt egenkapital		275 817 000	1 973 000
Opptjent egenkapital			
Annen egenkapital		32 630 000	56 195 000
Sum opptjent egenkapital		32 630 000	56 195 000
Sum egenkapital		308 447 000	58 168 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	5	3 213 000	4 590 000
Sum avsetninger for forpliktelser		3 213 000	4 590 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		3 213 000	4 590 000
Kortsiktig gjeld			
Leverandørgjeld		4 562 000	823 000
Betalbar skatt	5	16 596 000	18 205 000
Annen kortsiktig gjeld		3 870 000	175 000
Leverandørgjeld til nærstående parter	11	5 892 000	2 099 000
Kortsiktig rentebærende gjeld til nærstående parter	11	435 000 000	0
Kortsiktig gjeld til nærstående parter		0	82 852 000
Sum kortsiktig gjeld		465 920 000	104 154 000
Sum gjeld		469 133 000	108 744 000
SUM EGENKAPITAL OG GJELD		777 580 000	166 912 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2.1, 2.2	122 633 000	20 690 000
Annen driftsinntekt	2.1, 2.2	5 004 000	594 000
Sum inntekter		127 637 000	21 284 000
Kostnader			
Transport kostnader	2.1	-438 000	2 116 000
Lønnskostnad	2.3	2 497 000	12 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	2.5	6 210 000	6 125 000
Annen driftskostnad	2.4	106 088 000	12 987 000
Tap på kontraktsterminering	1.3, 7.3	72 725 000	0
Inntekt på investering i datterselskap og tilknyttet selskap	3.3	4 942 000	0
Sum kostnader		192 024 000	21 240 000
Driftsresultat		-64 387 000	44 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap			0
Annen renteinntekt	2.6	5 557 000	0
Sum finansinntekter		5 557 000	0
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	4.5	16 451 000	-8 076 000
Annen finanskostnad	2.6	3 745 000	403 000
Sum finanskostnader		20 196 000	-7 673 000
Netto finans		-14 639 000	7 673 000
Ordinært resultat før skattekostnad		-79 026 000	7 717 000
Skattekostnad på ordinært resultat	2.7	-1 539 000	6 565 000
Ordinært resultat etter skattekostnad		-77 487 000	1 152 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
Årsresultat		-77 487 000	1 152 000
Valutaendringer netto etter skatt		-1 610 000	0
Sum resultatkomponenter for IFRS-foretak		-1 610 000	
Totalresultat		-79 097 000	1 152 000



Konsernets balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	3.2	1 520 000	1 032 000
Sum immaterielle eiendeler		1 520 000	1 032 000
Varige driftsmidler			
Tomter, bygg og utstyr	3.1	151 541 000	156 356 000
Sum varige driftsmidler		151 541 000	156 356 000
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	3.3	281 831 000	0
Innebygde derivater	4.5	0	22 707 000
Sum finansielle anleggsmidler		281 831 000	22 707 000
Sum anleggsmidler		434 892 000	180 095 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	4.7	4 460 000	168 000
Kundefordringer til nærstående parter	4.7, 7.3	32 780 000	3 983 000
Andre fordringer	5.2	912 000	430 000
Ander fordringer mot nærstående parter	4.7, 7.3	175 782 000	0
Sum fordringer		213 934 000	4 581 000
Investeringer			
Innebygde derivater	4.5	0	2 169 000
Sum investeringer		0	2 169 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	4.6	59 707 000	0



Konsernets balanse

Beløp i: NOK	Note	2021	2020
Sum bankinnskudd, kontanter og lignende		59 707 000	0
Sum omløpsmidler		273 641 000	6 750 000
SUM EIENDELER		708 533 000	186 845 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Selskapskapital	6.1	1 806 000	1 800 000
Annen innskutt egenkapital	6.1	241 216 000	0
Sum innskutt egenkapital		243 022 000	1 800 000

Opptjent egenkapital

Annen egenkapital			75 599 000
Udekket tap		4 089 000	
Minoritetsinteresser		-783 000	
Sum opptjent egenkapital		-4 872 000	75 599 000

Sum egenkapital

238 150 000 **77 399 000**

Gjeld

Langsiktig gjeld

Utsatt skatt		2 597 000	5 290 000
Sum avsetninger for forpliktelser		2 597 000	5 290 000

Annen langsiktig gjeld

Langsiktig gjeld til nærstående parter		1 722 000	
Sum annen langsiktig gjeld		1 722 000	

Sum langsiktig gjeld

4 319 000 **5 290 000**

Kortsiktig gjeld

Betalbar skatt	2.7	1 149 000	18 205 000
Leverandørgjeld	4.7	11 192 000	823 000
Leverandørgjeld til nærstående parter	4.7	9 687 000	2 099 000
Kortsiktig gjeld til nærstående parter	4.4,	435 000 000	0



Konsernets balanse

Beløp i: NOK	Note	2021	2020
	7.3		
Annen kortsiktig gjeld	5.2	9 034 000	175 000
Annen kortsiktig gjeld til nærstående parter	4.7, 7.3	0	82 852 000
Sum kortsiktig gjeld		466 062 000	104 154 000
Sum gjeld		470 381 000	109 444 000
SUM EGENKAPITAL OG GJELD		708 531 000	186 843 000



Skatteetaten

Vår dato
27.01.2022

Din/Deres dato
17.01.2022

Saksbehandler
Thor-Petter Sørli

800 80 000
Skatteetaten.no

Din/Deres referanse
AR469570018

Telefon

Org.nr
974761076

Vår referanse
2022/5041457

Postadresse
Postboks 9200 Grønland
0134 OSLO

HYDRO REIN AS
Drammensveien 264
0283 OSLO

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 søkerelskapenes finansielle stilling og soliditet gjennom regnskapene. Regnskap utarbeidet på engelsk vil derfor være til stor nytte for mange av søkerelskapenes 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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Hydro REIN AS group Directors' report for fiscal year 2021

Hydro REIN AS ("REIN", or "the Company") and its subsidiaries (together "the Group"), was established 1 august 2021 and is a provider of renewable power and energy solutions for energy intensive industries. The Company leverages Norsk Hydro's more than 100 years of experience in industrial consumption of renewable energy to help its clients succeed in the energy transition, drive sustainability, and make a difference for the society as a whole.

The Company splits its operations in two segments:

- Renewable energy
- Energy Solutions

Renewables comprises all activities relating to the ownership, development and operation of renewable power projects, including services to projects and market activities. Per 31.12 2021 the Company had one power producing assets in operation, Vigelandsfoss, a hydropower production plant located in Vennesla, Norway. In addition, it had a subsidiary with 50% ownership in the solar power development project Irupé in Brazil, and investment in an associate of 49%, which has the ownership in the wind power project Stor-Skälsjön in Sweden. Energy Solutions comprises all activities relating to the ownership, development and operation of energy assets and solutions designed to assist industries with the management and optimisation of their energy consumption, including energy efficiency measures, on-site generation, and energy storage behind-the-meter. Per 31.12.2021 the Group had one energy storage project under construction, and no assets in operation within Energy Solutions.

REIN's initial core markets are the Nordics and Brazil, with Continental 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 Norsk Hydro group (Norsk Hydro ASA) which is listed on the Oslo Stock Exchange.

Annual accounts

The consolidated financial statements of Hydro REIN AS and its subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and Norwegian authorities and effective as of December 31, 2021.

Revenue and other income

Revenue and other income for 2021 was kNOK 127 673 compared to kNOK 21 284 for 2020, an increase of kNOK 106 353. In the first six months of 2021, the revenues were affected by a long-term power sales agreement with Hydro Energi AS. This agreement was terminated at the end of June, and in the last six months the power was sold in the Nordic power market exposing the group to the increased prices in the spot market. In 2020, hydro power was sold in the Nordic power market and was exposed to the prevailing spot prices, which at the time was significantly lower than both the contract price towards Hydro Energi in first half of 2021 and the spot prices in the second half of 2021.

Total operating expenses

Total operating expenses for 2021 was kNOK 187 082 compared to kNOK 21 240 for 2020, an increase of kNOK 161 292. The increase was due to overhead and other expenses incurred in connection with activity related to the development of different project opportunities and establishing the REIN organisation, in addition to a loss of kNOK 72 725 related to the termination of a power purchase agreement (PPA) with Hydro Energi AS. Operating expenses related to the Vigelandsfoss power plant, including depreciation and amortization, were stable.

Net financial expense

Net financial expense for 2021 was kNOK 14 639 compared to a net financial income of kNOK 7 673 for 2020. The change is primarily driven by the embedded derivative tied to the contract for physical delivery of power to Hydro Energi AS, which contributed with a financial loss of kNOK 16 451 up until the termination of the contract end July 2021. In 2020, the embedded derivative had an unrealised financial gain of kNOK 8 076. In addition to the embedded

Hydro REIN AS group annual report / Directors report



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derivative movement, the group recognised interest income of kNOK 5 552 from a loan to an associate in 2021 (no interest income in 2020) and an interest expense of kNOK 3 584 in 2021, compared to kNOK 402 in 2020.

The Group – income statement summary	kNOK
Net income / (loss) before tax	(79 026)
Net income / (loss)	(77 487)
The Company – Income statement summary	kNOK
Net income / (loss) before tax	(12 868)
Net income / (loss)	(23 566)

Balance sheet

The balance sheet was strengthened during 2021, primarily due to the establishment of the group per 1 august 2021, increasing assets, liabilities, and equity by adding subsidiaries and investments in associates and joint ventures through business combinations under common control. Net cash flow from operations is lower for 2021 compared to 2020, primarily due to the loss from termination the PPA with Hydro Energi AS and higher level of other operating expenses in 2021 compared to 2020. Cash flow from investing activities is significantly lower in 2021 compared to 2020, primarily due to increase in cash pool receivable towards Hydro ASA group. Cash flow from financing activities is significantly higher in 2021 compared to 2020, primarily due to the net effect of new debt, in addition to the equity capital raise through issuance of new shares. The new debt and equity capital will contribute to the realisation of the Group's growth ambitions going forward.

Risk assessment

The Group was established in 2021 and has a limited operating history aside from the operation of the Vigelandssfoss hydropower plant. The Group intends to invest in and actively manage 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 materialise 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 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 of future projects and growth in addition to handling of currency exposure.



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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 both the company. The Board of Directors knows of no material events not reflected in these accounts that should have been included in the 2021 financial statement.

The board proposes the following allocation of the annual result for the Company:

Distribution	kNOK
To/(from) other equity	(23 566)
Total	(23 566)

Development project portfolio

In addition to the Group's current development project portfolio which consists of Stor-Skälsjön onshore wind project in Sweden and Irupé solar power project in Brazil, the Group is pursuing several prospects comprising wind and solar power projects in Brazil and the Nordics, in addition to opportunities within Energy Solutions in Europe and North-America. The Group is also engaged in a partnership working on developing a bid to take a position in the upcoming offshore wind licensing in the North Sea (Sørlig Nordsjø 2). In December 2021, the Group entered into a joint venture agreement to jointly develop a portfolio of nine early-stage onshore wind projects in Sweden. The acquisition of the 50% share in the project was conducted in January 2022.

Future expectations

The short- to mid-term growth and organisational ramp-up is built on addressing as much as possible of Norsk Hydro's 10TWh repowering need and internal demand for energy solutions, based on competitive offerings. Partnerships have been entered into or are under finalisation with reputable partners in Brazil and the Nordics to offer Norsk Hydro long-term supply of renewable power. Further, the Company is continuously screening new projects and has several actionable growth opportunities in the pipeline, both within Norsk Hydro as power offtaker and beyond. The strong deal flow capabilities demonstrate the Company's attractive value proposition to customers and partners as well as its unique relationship with Norsk Hydro.

Sustainability

Sustainability, social responsibility, and good governance are key priorities in REIN's business. The Company's mission is to help industrial clients succeed with the energy transition through investments within renewable energy productions and energy solutions, and thereby contributing to solve fundamental challenges to a sustainable existence on the planet. The Company builds on Hydro's comprehensive sustainability practices, governance and policies. The Group's investment mandate is grounded in the climate targets set in the Paris Agreement and the United Nations Sustainable Development Goals ("SDG") and provides significant flexibility to build a portfolio of renewable energy projects to deliver sustainable and long-term value creation via active ownership. The Group mainly focuses its efforts within the following three SDGs: #7 Affordable and clean energy; #8 Decent work and economic growth; and #15 Life on land. These SDGs underpin the strategic pillars to the Group's Sustainability Strategy: Climate (At the core of our business), Society (Making a positive difference) and Environment (Reduce our footprint). Through developing renewable power projects and energy solutions, the Company enables greenhouse gas reductions for industrial clients, while managing the greenhouse gas footprint in its own operations. The Company is committed to making a positive difference for local communities as well as in the supply chain, and for the Company's own employees. Finally, the Company is seeking to reduce its environmental footprint, throughout the supply chain and on the biodiversity around its projects.

The working environment

At year-end 2021, the Company did not have any employees. The Group only has employees in the Brazilian entities with 6 permanent employees at year-end 2021. The work force consists of four women and two men. The Group continuously focus on diversity in its recruiting. There has not been recorded any sick leave 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.

Hydro REIN AS group annual report / Directors report



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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.

REIN's executive management and other employees in Norway are employed in Hydro Energi AS at year end 2021, with an intention to establish the employee contracts with Hydro Rein AS in 2022. All compensation, salary and related cost for executive management and employees working with the REIN project is charged to Hydro REIN AS by Hydro Energi AS via an administrative service agreement.

Corporate governance

The Group 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 for further details on Norsk Hydro groups approach to corporate governance.

In preparation for a potential external capital raise, the Group is in the process of developing its own framework for corporate governance and compliance. The framework will be based on the Norsk Hydro framework but adjusted as needed. The Board takes an active role in this process. The Group's corporate governance structure will, when finalized, specify the distribution of rights and responsibilities between the Board of Directors, CEO and management and spell out the rules and procedures for making decisions on corporate affairs. It will provide 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.

Events after balance sheet date

Wind power investment in SE3/SE4 portfolio in Sweden

On January 10, 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 about kNOK 51 700. As part of the transaction, Hydro REIN agreed to compensate Hydro Energi AS for an amount of kEUR 5 500 (kNOK 54 835) enabling the future power purchase agreement between Stor-Skålsjön Vind AB and Hydro Energi AS being reduced for 12 to 10 years. The compensation is contingent upon a future partial divestment of Hydro REIN's share in Stor-Skålsjön Vind AB which is expected to occur in the end of first half 2022 (see separate paragraph on partial divestment in Eolus Vindpark 46 AB). Of the compensation, kEUR 2 805 (kNOK 27 966) will be recognised as contingent consideration for the acquisition of Eolus Vindpark 48 AB, while kEUR 2 695 (kNOK 26 869) will be recognised as expense in Hydro REIN's income statement once the companies have entered into the future power purchase agreement.

Investment in renewable energy project in Brazil

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 will acquire 33,33% of the shares in the project company for an estimated consideration of kUSD 8 400 (kNOK 73 912). The transaction is pending approval from competition authorities, with a conclusion expected in the start of second half of 2022.

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 will acquire 33,33% of the shares in the project company for an estimated consideration of kUSD 5 300 (kNOK 46 635) with closing of the transaction expected early in the second half 2022.

On 27 May 2022 Hydro REIN entered into agreement with Macquarie Asset Management's Green Investment Group to jointly develop project Feijão, a combined wind and solar power project in northeast Brazil. REIN will acquire 49,9% of the shares in the project company for an estimated consideration of kUSD 47 300 (kNOK 416 197). The transaction is pending competition approval with conclusion expected in the second half of 2022.

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Partial divestment in Eolus Vindpark 46 AB

On 15 April 2022, Hydro REIN agreed to sell a 24% share of its investment in Eolus Vindpark 46A AB to MEAG, reducing the Hydro REINs ownership from 49% to 25%. The consideration for the shares amounts to about kEUR 22 000 (kNOK 219 340), with Hydro REIN recognising a gain of about kEUR 6 000 (kNOK 59 820). The transaction is pending competition approval, with conclusion expected in the end of first half 2022.

Group contributions

Hydro REIN AS and its Norwegian subsidiaries will receive a total of kNOK 70 217 in group contributions from other entities in Hydro ASA Group, which were recognised in the income tax filing for 2021.



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Vækerø, 24 June 2022

The board of Hydro Rein AS

DocuSigned by:
Arvid Moss
E11C88CB4D514EB...
Arvid Moss
Chairperson

DocuSigned by:
Erling Sigholt
7503336887014D6...
Erling Sigholt

DocuSigned by:
Kathrine Fog
9ACFC5FF9A73427...
Kathrine Fog

DocuSigned by:
Kari Ekelund Thørud
8868B8570BF04C2...
Kari Ekelund Thørud

DocuSigned by:
Olivier Girardot
A519AFD2777B4D0...
Olivier Andre Girardot
CEO

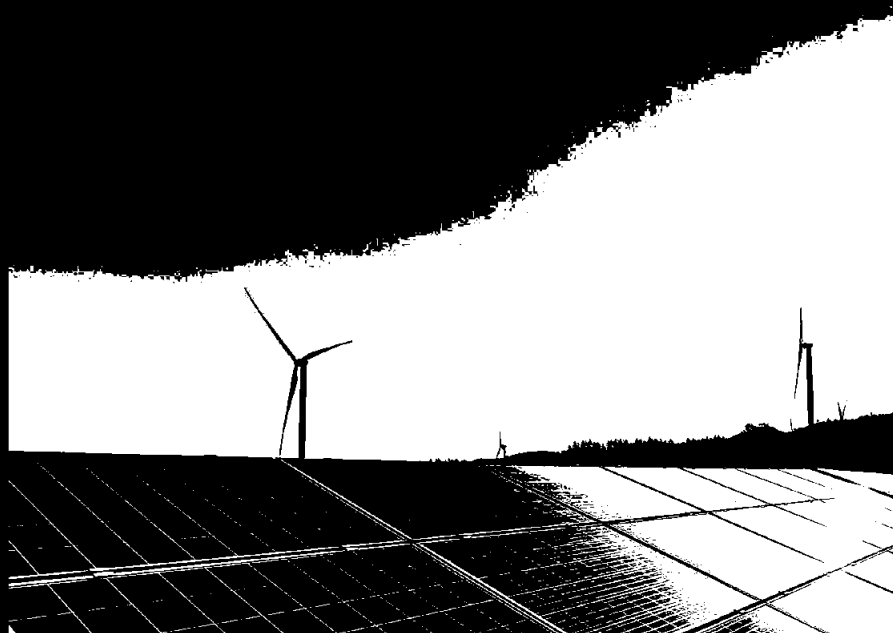
Hydro REIN AS group annual report / Directors report



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Hydro REIN - Financial Statements 2021





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Consolidated financial statements Consolidated income statement

NOK (1000)	Notes	2021	2020
Revenue	2.1, 2.2	122 633	20 690
Other income	2.1, 2.2	5 004	594
Total revenue and other income		127 637	21 284
Transmission cost	2.1	(438)	2 116
Salaries and personnel cost	2.3	2 497	12
Other operating expenses	2.4	106 088	12 987
Loss from contract termination	1.3, 7.3	72 725	-
Depreciation and amortisation	2.5	6 210	6 125
Total operating expenses		187 082	21 240
Share of income / (loss) from equity accounted investees	3.3	(4 942)	-
Operating income / (loss)		(64 387)	44
Interest income	2.6	5 557	-
Change in fair value of embedded currency derivative	4.5	(16 451)	8 076
Other financial expenses	2.6	(3 745)	(403)
Net finance income / (expense)		(14 639)	7 673
Income / (loss) before tax		(79 026)	7 717
Income tax (expense) / benefit	2.7	1 539	(6 565)
Net income / (loss)		(77 487)	1 152
Net income / (loss) attributable to shareholders of the parent company		(77 235)	1 152
Net income / (loss) attributable to non-controlling interests		(252)	-
Basic and diluted earnings per share		(38.62)	0.58

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



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Consolidated statement of comprehensive income

NOK (1000)	Notes	2021	2020
Net income / (loss)		(77 487)	1 152
Other comprehensive income			
Items that may be reclassified subsequently through income statement:			
Currency translation differences, net of tax		(1 610)	-
Other comprehensive income for the period, net of tax		(1 610)	-
Total comprehensive income / (loss) for the period		(79 097)	1 152
Total comprehensive income / (loss) attributable to shareholders of the parent company		(78 836)	1 152
Total comprehensive income / (loss) attributable to non-controlling interests		(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 2021	31 December 2020	1 January 2020
Non-current assets				
Intangible assets	3.2	1 520	1 032	1 032
Property, plant & equipment	3.1	151 541	156 356	161 321
Embedded derivatives	4.5	-	22 707	16 801
Investments in equity-accounted investees	3.3	281 831	-	-
Total non-current assets		434 891	180 094	179 154
Current assets				
Trade receivables	4.7	4 460	168	463
Trade receivables on related parties	4.7, 7.3	32 780	3 983	7 168
Embedded derivatives	4.5	-	2 169	-
Other current receivables	5.2	912	430	518
Other current receivables on related parties	4.7, 7.3	175 782	-	-
Cash and cash equivalents	4.6	59 707	-	-
Total current assets		273 640	6 750	8 149
Total assets		708 531	186 844	187 303
Equity				
Share capital	6.1	1 806	1 800	1 800
Additional paid in capital	6.1	241 216	-	-
Retained earnings		(4 089)	75 599	123 447
Non-controlling interests	3.3	(783)	-	-
Total equity		238 150	77 399	125 247
Non-current liabilities				
Non-current interest-bearing debt to related parties		1 722	-	-
Deferred tax liabilities		2 597	5 290	6 110
Total non-current liabilities		4 319	5 290	6 110
Current liabilities				
Trade payables	4.7	11 192	823	1 423
Trade payables to related parties	4.7	9 687	2 099	2 317
Current interest-bearing debt to related parties	4.4, 7.3	435 000	-	-
Tax payable	2.7	1 149	18 205	26 460
Other current liabilities	5.2	9 034	175	412
Other current liabilities to related parties	4.7, 7.3	-	82 852	25 334
Total current liabilities		466 062	104 155	55 946
Total liabilities		470 381	109 445	62 056
Total equity and liabilities		708 531	186 844	187 303

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



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Consolidated statement of cash flow

NOK (1000)	Note	2021	2020
Cash flows from operating activities			
Income / (loss) before tax		(79 026)	7 717
Income tax paid	2.7	(18 205)	(15 681)
Interest expense	2.6	3 589	-
Interest income	2.6	(5 557)	-
Share of (profit) / loss from equity accounted investees	3.3	4 942	-
Depreciation and amortisation	2.5	6 210	6 126
Disposal of fixed assets	3.1	-	48
Net foreign exchange loss		448	-
Settlement of embedded currency derivative	4.5	8 425	-
Change in fair value of embedded currency derivatives	4.5	16 451	(8 076)
Change in trade receivables		(32 844)	3 480
Change in trade payables		17 206	(818)
Change in other receivables and payables		24 979	(106)
Net cash flow from operating activities		(53 380)	(7 310)
Cash flow from investing activities			
Payments for purchase of fixed assets	3.1	(1 396)	(1 208)
Payment for acquisition of associates	4.5	(75 168)	-
Business combinations under common control, net of cash	1.3	73 485	-
Increase in other current assets to related parties ¹	4.6	(175 782)	-
Investment in development of intangible assets	3.2	(503)	-
Interest received		5 557	-
Net cash flow from investing activities		(173 807)	(1 208)
Cash flow from financing activities			
Group contribution (paid) / received		222	(49 000)
Repayment of other current liabilities to related parties ¹	4.6	(82 852)	57 518
New debt	4.3	435 000	-
Repayment of debt	4.3	(260 000)	-
Receipts from issuance of ordinary shares	6.1	200 000	-
Interest paid		(3 418)	-
Net cash flow from financing activities		288 952	8 518
Foreign currency effects on cash		(2 058)	-
Net change in cash and cash equivalents		59 707	-
Cash and cash equivalents at period start		-	-
Cash and cash equivalents at period end		59 707	-

¹ Cash pool

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



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Consolidated statement of changes in equity

NOK (1000)	Share capital	Additional paid in capital	Retained earnings	Currency translation effects	Non-controlling interest	Total equity
1 January 2020	1800	-	123 446	-	-	125 246
Net income / (loss)	-	-	1152	-	-	1152
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	1152	-	-	1152
Group contribution paid	-	-	(49 000)	-	-	(49 000)
31 December 2020	1800	-	75 598	-	-	77 398
1 January 2021	1800	-	75 598	-	-	77 398
Net income / (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
Business combinations under common control ¹	2	40 998	(851)	-	(522)	39 627
Group contribution received	-	222	-	-	-	222
31 December 2021	1806	241 216	(2 488)	(1 601)	(783)	238 150

¹ Internal reorganisation of Hydro REIN Invest and IRUPE accounted for as business combination under common control. The difference between fair value of considerations given and book value of net assets received of kNOK (851) has been accounted for within Retained earnings. See disclosure 1.3 for further information

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

Vækero, 24 June 2022

DocuSigned by:
Arvid Moss
E11C8C84051AEB...

Arvid Moss
Chairperson

DocuSigned by:
Katherine Fog
9ACF05E98A73A27

Katherine Fog
Board Member

DocuSigned by:
Olivier Girardot
A519AFD277784D0

Olivier Andre Girardot
CEO

DocuSigned by:
Erling Sigheft
720230885714E01

Erling Sigheft
Board Member

DocuSigned by:
Kari Eketund Thórud
8088896709F64C2

Kari Eketund Thórud
Board Member



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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 Vigelandfoss 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 ASA 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 a 100% ownership in Vigelandfoss (a hydropower production plant located in Vennesla, Norway), a subsidiary with 50% ownership in the solar power project Irupé in Brazil, and an associate with 49% ownership in the wind power project Stor-Skålsjön in Sweden.

The Board of Directors and the CEO authorised these financial statements for issue on 24 June 2022, to be approved by the Annual General Meeting on 24 June 2022.

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 2021. 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 (one embedded derivative for the period 2019 to 2021). 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.

- Power sale contract and embedded derivative, discussed in section 1.3 and 4.5
- Impairment of long-lived assets, discussed in section 3.4

The COVID-19 pandemic continues to cause somewhat increased risk but has thus far not had any significant negative impact on the business operations. The power production is unaffected, and operations and maintenance continue largely as planned with measures to protect against infection.



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Significant accounting policies

The following description of accounting principles applies to Hydro REIN's 2021 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 a sub-total Operating income / (loss). 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.

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. Hydro REIN has non-controlling interests of 50% in the subsidiary Irupe, as Hydro REIN has 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.



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Exchange rates used for the consolidated financial statements for the year ending 31 December 2021 are the following:

Currency	End of year	Average for the year
Brazilian Real	1.57	1.59
Euro	9.97	10.17

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. The internal reorganisation and establishment of the Hydro REIN group is considered to be business combinations under common control. We refer to note 1.3 for further information about these transactions and business combinations under common control, and also below for the accompanying accounting policies and judgements used for such transactions.

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.

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



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Note 1.2 First time adoption of IFRS

The consolidated financial statements for the year ended 31 December 2021 are the first Hydro REIN has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020, it did not present consolidated financial statements, as Hydro REIN became a Group in August 2021, and that the parent company's, Hydro REIN AS, financial statement was (and continue to be) prepared in accordance with generally accepted accounting principles in Norway (NGAAP). The comparatives for Hydro REIN are the parent company's financial statements. And the implementation on 1 January 2020 relates to the parent company's financial statements that are the comparatives.

Accordingly, Hydro REIN has prepared financial statements that comply with IFRS, applicable as of 31 December 2021, together with the comparative period data for the year ended 31 December 2020. In preparing the financial statements, Hydro REIN's opening balance sheet was prepared as of 1 January 2020, Hydro REIN's date of transition to IFRS. This note explains the principal adjustments made by Hydro REIN in restating its NGAAP financial statements, including the balance sheet as of 1 January 2020 and 31 December 2020 and the income statement for the year ended 31 December 2020.

For the statement of cash flows, there are no changes in net cash flows from operating, investing or financing activities.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. Hydro REIN has not applied any exemptions.

Identified IFRS adjustments

An analysis of the differences between NGAAP and IFRS has been prepared, and there are four material GAAP-differences identified. The adjustments relate to:

- Embedded currency derivative in power sale contract between Hydro REIN AS and Hydro Energi AS
- Timing difference on group contributions received or given
- Income tax
- Reclassification natural resource tax

Embedded currency derivative in power sale contract

In 2019 Hydro REIN AS entered a contract for the sale to Hydro Energi AS of all physical power production from the Vigelandfoss hydropower plant between 2021-2030 at fixed prices in Euro. The contract is non-financial and was entered into and were held for the purpose of the delivery of the power in line with Hydro REIN's expected sales requirements and was therefore not accounted for at fair value (satisfies the own use requirements under IFRS). The contract was for physical delivery of power between Norwegian counterparties priced in Euro, and an embedded currency derivative were present. According to IFRS 9, embedded derivatives should be recognised at fair value, with subsequent changes recognised in the income statement. The embedded derivatives are not recognised according to NGAAP. The power sale contract was entered in February 2019, and the fair value of the embedded derivatives 31 December 2019 was kNOK 16 830. First time implementation effect on the opening balance 1 January 2020 is an unrealised currency derivative asset of kNOK 16 801, and an after-tax equity effect of kNOK 13 105. The fair value of the embedded derivatives at balance sheet date 31 December 2020 was kNOK 24 876, where kNOK 2 169 is classified as current. The contract started delivery in 2021. The effect of change in fair value in the period ended 31 December 2020 is recognised in the income statement with kNOK 8 078, with a tax effect of kNOK 1 777. For more information regarding the embedded derivatives see note 4.5.

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 entities are regarded as dividend to the parent. All, or parts of the group contribution paid is deductible in the income tax filing. 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.

The timing of the recognition of the Group contribution is treated differently under IFRS and NGAAP. In the 2019 income tax filing, Hydro REIN AS recognised a group contribution of kNOK 49 000 to Hydro Aluminium AS, another group company of Hydro ASA Group. According to NGAAP this can be recognised in the 2019 financial statements. According to IFRS, the group contribution should be recognised when its right to receive or give the contribution is established, which is based on the



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general assembly in the spring of 2020 when the financial statement for 2019 was approved. Group contribution was reversed in the IFRS statements with an after-tax effect on equity on kNOK 38 220.

In the income tax filing and financial statements for 2020, Hydro REIN AS received a group contribution from its parent Hydro Energi. A group contribution from parent is regarded as capital contribution from parent, and a reversal of the group contribution received from Hydro Energi recognised in NGAAP reduced group receivables with kNOK 222, reduced other equity with kNOK 173 and increased deferred tax liability with kNOK 49.

Income tax

The change in fair value of embedded derivatives has an effect on deferred tax liability of kNOK 3 696 in 1 January 2020, and a change of kNOK 1 777 at 31 December 2020.

The group contribution given to Hydro Aluminium AS has a reducing effect on tax expenses in December 2020 with kNOK 10 780. Group contribution declared in 2020 based on 2019 figures has reduced income tax expense and tax payment in 2020, according to IAS 12.57A. A Group contribution with a tax effect can be made as long as the company is owned more than 90% by one shareholder.

Reclassification natural resource tax

In Norwegian company income tax rules, natural resource tax paid can be offset against income tax. Natural resource tax carried forward was classified as other receivables in the NGAAP financial statements with kNOK 2 252 at opening balance 1 January 2020 and kNOK 4 724 at 31 December 2020, and, this is reclassified to deferred tax assets in the IFRS financial statements.

Summary of IFRS conversion effects on balance sheet and income statement

The below figures are showing the material conversion effects on the financial statements of Hydro REIN arising from the implementation of IFRS. The figures show the effects on the opening and closing balance of 2020, as well as the income statement for 2020. Only the financial statement lines which are affected by the implementation is presented in the tables.

Balance Sheet effects 1 January 2020

NOK (1000)	1 January 2020 NGAAP	Embedded derivatives	Group Contribution	Reclassification natural resource tax	1 January 2020 IFRS
Embedded derivatives	-	16 801	-	-	16 801
Other current receivables	2 770	-	-	(2 252)	518
Total assets	172 754	16 801	-	(2 252)	187 303
Share capital	1 800	-	-	-	1 800
Retained earnings	72 122	13 105	38 220	-	123 447
Total equity	73 922	13 105	38 220	-	125 247
Deferred tax liabilities	4 666	3 696	-	(2 252)	6 110
Group contribution related parties	49 000	-	(49 000)	-	-
Tax payable	15 680	-	10 780	-	26 460
Total liabilities	98 832	3 696	(38 220)	(2 252)	62 056
Total equity and liabilities	172 754	16 801	-	(2 252)	187 303



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Income statement effects 2020

NOK (1000)	2020 NGAAP	Embedded derivatives	Group contribution	2020 IFRS
Change in fair value of embedded currency derivative	-	8 076	-	8 076
Income tax expense	(15 568)	(1 777)	10 780	(6 565)
Net income / (loss)	(15 928)	6 299	10 780	1 152

Balance sheet effects year 31 December 2020

NOK (1000)	31 December 2020 NGAAP	Embedded derivatives	Group Contribution	Reclassification natural resource tax	31 December 2020 IFRS
Other intangible assets	1 032	-	-	-	1 032
Non-current embedded derivatives	-	22 707	-	-	22 707
Current embedded derivatives	-	2 169	-	-	2 169
Other current receivables	5 376	-	(222)	(4 724)	430
Total assets	166 914	24 876	(222)	(4 724)	186 844
Retained earnings	56 368	19 403	(173)	-	75 598
Total equity	58 167	19 403	(173)	-	77 399
Deferred tax liabilities	4 590	5 473	(49)	(4 724)	5 290
Total liabilities	108 746	5 473	(49)	(4 724)	109 445
Total equity and liabilities	166 914	24 876	(222)	(4 724)	186 844

Note 1.3 Significant transactions and events in 2021

Rename of company and conversion from NGAAP to IFRS

The Company changed its registered name from Hydro Vigelandsfoss AS to Hydro REIN AS. In addition, Hydro REIN's consolidated financial statements accounting framework has been converted from NGAAP to IFRS. See section 1.2 for detailed analysis of the IFRS conversion.

Termination of power sale contract with Hydro Energi

In August 2021 Hydro REIN and Hydro Energi terminated the power sale contract entered into in 2019 for the sale of all physical power production from the Vigelandsfoss power plant between 2021-2030. The power sale contract was terminated as part of the preparation and establishment of the Hydro REIN group. Hydro REIN paid kNOK 64 300 to terminate the power sale contract. In addition, the embedded derivative asset related to the power sale contract of kNOK 8 425 at the time of termination was derecognised, giving a total loss on contract termination of kNOK 72 725.

Establishment of the Hydro REIN group and business combinations under common control

Hydro REIN AS became the parent entity of the Hydro REIN group through various transactions with other Hydro ASA group companies in the second half of 2021.

Hydro REIN Invest

Hydro Energi AS transferred 100% of the directly owned shares in Hydro REIN Invest AS (HRI) to Hydro REIN in August 2021. Hydro REIN issued shares as compensation at a value considered to be approximately equal to the carrying value of the equity in Hydro REIN Invest AS at kNOK 41 000. HRI's main asset is a 49% ownership interest in the Stor-Skålsjön wind



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power project in Sweden acquired at the end of Q2 2021 and financed entirely through a kEUR 25 000 (kNOK 260 000) loan from Hydro Energi AS. HRI's ownership interest was acquired by purchasing 49% of the newly established company Eolus Vindpark 46 AB (EV 46 AB), which in turn acquired 100% of Stor-Skålsjön Vind AB. EV 46 AB financed the purchase of Stor-Skålsjön Vind AB entirely by a shareholder loan issued pro-rata according to ownership share from HRI and the majority shareholder Eolus Vind AB. HRI's other main assets at the time of the transaction were cash and three recently established subsidiaries with minimum capital and limited activity so far.

The transaction is booked as a business combination under common control out of scope from IFRS 3 Business Combinations, as Hydro Energi AS was the sole owner of the companies at the time of the transaction. Book values of assets and liabilities are continued in the consolidated accounts of Hydro REIN. The difference between the fair value of the transactions and net assets transferred of kNOK 71 has been booked within retained earnings.

IRUPE Ltda

The company also acquired from Hydro Energi AS the indirectly owned 50% shareholding in Central Fotovoltaica Irupé Participações Ltda (Irupe Ltda) for a cash consideration of kNOK 400. Irupe Ltda is a subsidiary which work on some renewable energy projects in an early development phase, it has incurred some costs to date and has a negative equity.

The transaction is booked as a business combination under common control out of scope from IFRS 3 Business Combinations, as Hydro Energi AS was the sole owner of the shares at the time of the transaction. Book values of assets and liabilities are continued in the consolidated accounts of Hydro REIN. The difference between the fair value of the transactions and net assets transferred of kNOK 922 has been booked within retained earnings.

Business combinations under common control

The assets and liabilities recognised as part of the business combinations under common control are:

NOK (1000)	HRI	Irupé	Total
Cash and cash equivalents	72 663	1 222	73 885
Other current assets	18 225	-	18 225
Investments in associates	25	-	25
Loans to associate	211 494	-	211 494
Debt to related parties	(260 000)	(1 893)	(261 893)
Other current liabilities	(1 336)	(373)	(1 709)
Net assets	41 071	(1 044)	40 027
less non-controlling interests		522	522
Net assets acquired	41 071	(522)	40 549
Purchase consideration HRI - issue of share capital	(41 000)		(41 000)
Purchase consideration Irupe - cash payment		(400)	(400)
Continuity difference booked to equity	71	(922)	(851)
Net cash received	72 663	822	73 485

Capitalisation and investment in Stor-Skålsjön

In December 2021, Hydro REIN converted its EUR 25 million (NOK 260 million) loan to equity in associate Eolus Vindpark 46 AB (Stor-Skålsjön). The capitalisation of the associated company was done as a preparation for the investment decision and construction start in the project.



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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). 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.

2021

NOK (1000)	Renewable energy	Energy Solutions	Other	Elimination	Total
External revenue	122 585	-	48	-	122 633
Internal revenue	341	-	-	(341)	-
Other Income	5 004	-	-	-	5 004
Total revenue and other income	127 930	-	48	(341)	127 637
Transmission cost ¹	(438)	-	-	-	(438)
Salaries and personnel cost	2 497	-	-	-	2 497
Other operating expenses ²	44 961	10 966	54 531	(4 400)	106 088
Loss from contract termination	72 725	-	-	-	72 725
Depreciation and amortisation	6 210	-	-	-	6 210
Share of (income) / loss from equity accounted investees	4 942	-	-	-	4 942
Operating income / (loss)	(2 967)	(10 966)	(54 483)	4 059	(64 387)

¹ 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 the final quarter of 2021 the reimbursements exceeded the fixed price portion of the grid expenses for the year, and the Group are therefore reporting a negative transmission cost.

² The Group has experienced a significant increase in other operating costs in 2021 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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2020

NOK (1000)	Renewable energy	Energy Solutions	Other	Elimination	Total
Revenue	20 690	-	-	-	20 690
Other income	594	-	-	-	594
Total revenue and other income	21 284	-	-	-	21 284
Transmission cost	2 116	-	-	-	2 116
Salaries and personnel cost	12	-	-	-	12
Other operating expenses	12 987	-	-	-	12 987
Depreciation and amortization	6 126	-	-	-	6 126
Operating income / (loss)	44	-	-	-	44

Non-current assets, total asset and investments per segment

2021

NOK (1000)	Renewable energy	Energy Solutions	Other	Total
Non-current assets	434 891	-	-	434 891
Total assets	684 282	24 249	-	708 531
Investments ¹	283 706	-	-	283 706

2020

NOK (1000)	Renewable energy	Energy Solutions	Other	Total
Non-current assets	180 094	-	-	180 094
Total assets	186 844	-	-	186 844
Investments ¹	1 208	-	-	1 208

¹ 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 ¹	
	2021	2020	2021	2020	2021	2020	2021	2020
Nordics	127 637	21 284	434 338	180 094	647 988	186 844	283 153	1 208
Brazil	-	-	553	-	8 220	-	553	-
Netherlands	-	-	-	-	52 323	-	-	-
Total	127 637	21 284	434 891	180 094	708 531	186 844	283 706	1 208

¹ Investments in the period include investments in equity accounted investees, fixed assets and intangible assets.



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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 2020 and 2021.

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

In 2021, revenue from power production is significant and its accounting principle for revenue from customer contracts is 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 8 448 MWh in 2021 (8 448 MWh in 2020).

Other income

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 2021 (5 500 MWh in 2020) based on predetermined seasonally adjusted volumes multiplied with the average spot price for the relevant week.

Note 2.3 Salaries

At year-end 2021, the Group only has employees in the Brazilian entities, with a total salary cost of kNOK 2 497. 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 2021, with an intention to establish the employee contracts with Hydro REIN AS in 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 comprise 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 ASA group.



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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 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. For further information regarding services from Hydro ASA Group, see note 7.3 Related Parties.

NOK (1000)	2021	2020
Production related expenses	3 797	2 057
Property tax	3 644	2 409
Services from Hydro Group	66 536	7 829
Hired services and office cost	12 286	130
Professional services	18 679	172
Other expenses	1 146	390
Total other operating expenses	106 088	12 987

Audit services

Audit of annual financial statements	101	32
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Other services

Other assurance services	994	140
Total audit remuneration	1 095	172

Other assurance services increased significantly in 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 in 2022.

Note 2.5 Depreciation and amortisation expenses

Accounting policies for depreciation and amortisation

Depreciation and amortisation 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 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 amortisation by asset category.

NOK (1000)	2021	2020
Buildings	2 767	2 742
Machinery and equipment	3 435	3 384
Intangible Assets	8	0
Total depreciation and amortisation expense	6 210	6 126

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



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Note 2.6 Finance income and expenses

The Group's finance income and finance expense mainly relates to embedded derivative effects and interest paid to related parties. The embedded currency derivative derives from the contract for physical delivery of power between the Hydro REIN AS and Hydro Energi AS.

NOK (1000)	2021	2020
Interest income	5 552	-
Net unrealised foreign exchange gains	56	-
Change in fair value of embedded currency derivative	-	8 076
Total financial income	5 608	8 076
Interest expense on loan facility	3 584	402
Net unrealised foreign exchange losses	-	1
Change in fair value of embedded currency derivative	16 451	-
Other financial expenses	212	-
Total finance expense	20 247	403
Net finance income / (expense)	(14 639)	7 673

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 ASA Group, any group contribution given by Hydro REIN AS and its more than 90% owned Norwegian subsidiaries to Hydro ASA 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 recognise 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 ASA Group, resource rent income is based on volume weighted long-term power purchase contracts with external parties in the Norwegian operations for Hydro ASA 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



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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 has increased to 47.4% (from 37% in 2020) and a calculated ordinary income tax is introduced as a new deduction. Consequently, the marginal effective resource rent tax rate is unchanged at 37%.

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 2020, group contributions of kNOK 49 000 was paid to the Hydro ASA Group, with a tax effect of kNOK 10 780.

In 2021, group contributions of kNOK 222 was received from other Hydro ASA Group companies. Since received group contribution is considered a capital contribution, it did not have any impact on the income tax for 2021.

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 2020 and 2021, there are no uncertain tax positions in Hydro REIN group.

NOK (1000)	2021	2020
Current tax:		
Tax payable	1149	18 205
Change natural resource tax asset	4724	(2 490)
Adjustments previous years	(76)	(71)
Group contribution	-	(10 780)
Changes in deferred tax	(7 336)	1 701
Tax expense / (benefit)	(1 539)	6 565

A reconciliation of the effective rate of tax and the tax rate in parent's country of registration:

NOK (1000)	2021	2020
Net profit / (loss) before tax	(79 026)	7 717
Income taxes calculated at 22 %	(17 386)	1 698
Resource rent tax	14 138	15 716
Deferred resource rent tax on temporary differences	(468)	-
Adjustments previous year	(76)	(71)
Loss from equity accounted investees	1 065	-
Non-deductible expenses	5	2
Tax effect of tax loss carry forward for which no deferred tax asset is recognised	2071	-
Other	(888)	-
Group contribution	-	(10 780)
Tax expense / (benefit)	(1 539)	6 565



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Deferred tax liabilities

NOK (1000)	Fixed and intangible Assets	Embedded derivatives	Other	Total
1 January 2020	4 666	3 696	-	8 362
Recognised through the income statement	(76)	1 777	-	1 701
Other	-	-	(49)	(49)
31 December 2020	4 590	5 473	(49)	10 014
Recognised through the income statement	(1 049)	(5 473)	-	(6 392)
Other	-	-	49	49
31 December 2021	3 541	-	-	3 541

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 2020	-	-	2 252	2 252
Recognised through the income statement	-	-	-	-
Net towards other balance sheet items	-	-	2 472	2 472
31 December 2020	-	-	4 724	4 724
Recognised through the income statement	-	-	944	944
Use of Natural resource tax credit	-	-	(4 724)	(4 724)
31 December 2021	-	-	944	944

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

NOK (1000)	2021	2020
Deferred tax assets	944	4 724
Deferred tax liabilities	3 541	10 014
Net deferred tax assets as presented in the balance sheet	-	-
Net deferred tax liabilities as presented in the balance sheet	2 597	5 290

In 2021, there are unrecognised deferred tax assets of kNOK 2 928 relating to carry forward losses in Brazil and the Netherlands.

Deferred tax assets in 2020 was unused natural resource tax carried forward. It was utilised in full in 2021.



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Section 3 Long-Lived Assets

Note 3.1 Property Plant & 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, buildings and building facilities	Machinery, fixtures, equipment and vehicles	Assets under construction	Total
Accumulated cost at 1 January 2020	125 149	101 012	828	226 989
Additions	-	619	588	1 208
Disposals	(47)	-	-	(47)
Transfers	555	171	(727)	-
Accumulated cost at 31 December 2020	125 658	101 802	689	228 150
Accumulated depreciation and impairment at 1 January 2020	26 758	38 910	-	65 668
Depreciation for the year	2 742	3 384	-	6 126
Impairment	-	-	-	-
Accumulated depreciation and impairment 31 December 2020	29 500	42 294	-	71 794
Net carrying amount at 31 December 2020	96 158	59 508	689	156 356
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)
Balance at 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
Impairment	-	-	-	-
Balance at 31 December 2021	32 267	45 729	-	77 996
Net carrying amount at 31 December 2021	94 563	56 613	366	151 541



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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 thousands	Mineral and waterfall rights	Software Systems	Assets under construction	Total
Accumulated cost at 1 January 2020	1 032	-	-	1 032
Additions	-	-	-	-
Accumulated cost at 31 December 2020	1 032	-	-	1 032
Accumulated depreciation and impairment at 1 January 2020	-	-	-	-
Amortisation for the year	-	-	-	-
Impairment	-	-	-	-
Accumulated depreciation and impairment 31 December 2020	-	-	-	-
Net carrying amount at 31 December 2020	1 032	-	-	1 032
Accumulated cost at 1 January 2021	1 032	-	-	1 032
Additions	-	-	503	503
Transfers	-	503	(503)	-
Currency translation effects	-	(7)	-	(7)
Balance at 31 December 2021	1 032	496	-	1 528
Accumulated depreciation and impairment at 1 January 2021	-	-	-	-
Amortisation for the year	-	8	-	8
Impairment	-	-	-	-
Balance at 31 December 2021	-	8	-	8
Net carrying amount at 31 December 2021	1 032	488	-	1 520

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.



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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 2020 and 2021.

Hydro REIN's associates

Hydro REIN had the following associates at end of 2021.

- *Stor-Skålsjön (Eolus Vindpark 46 AB Group)*

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

¹ 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. See section 1.3 for further information about the loan.

During 2021, Hydro REIN and Eolus Vind (joint owners of Stor-Skålsjön Vind AB) entered into a power purchase commitment agreement with Hydro Energi AS with the purpose of facilitating a future power purchase agreement between Stor-Skålsjön Vind AB and Hydro Energi AS, whereas Stor-Skålsjön Vind AB will be the seller and Hydro Energi AS will be the buyer. The future power purchase agreement between Stor-Skålsjön Vind AB and Hydro Energi AS is contingent upon a future partial divestment of REIN's share in Stor-Skålsjön Vind AB, expected to occur in 2022. See note 7.5 Events after the reporting date for further information.

In 2022 additional acquisition of associates have been performed. See note 7.5 Events after the reporting date 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.



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	Stor-Skålsjön	
	EUR (1000)	NOK (1000)
Revenue	-	-
Operating income / (loss)	(12)	(122)
Financial expenses	(981)	(9 955)
Net income / (loss)	(993)	(10 077)
Current assets	57 278	571 152
Non-current assets	22	219
Current liabilities	872	8 695
Non-current liabilities	-	-
Equity	56 428	562 676
Net cash flow from operating activities	(1 985)	(20 190)
Net cash flow from investing activities	(53 311)	(542 235)
Net cash flow from financing activities	56 399	573 643
Net foreign currency translation difference	-	(220)
Cash and cash equivalents at period start	-	-
Cash and cash equivalents at period end	1 103	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 where 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 2021. The Irupé and Stor-Skålsjön projects are in early development 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 2021 and 2020

With a negative net operating income of the year, an impairment indicator assessment has been performed for the non-current assets.



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For Vigelandsfoss, none of the assessed indicators were found to be a triggering event for an impairment analysis. The negative performance in 2021 were due to the termination of the power sale contract, with a negative impact on net operating income of kNOK 72 725 (see section 1.3 for further information). There are no operational issues with the hydropower plant. In addition, the market situation at year-end 2021 for the spot price and the forward rate prices for electricity the Norwegian market were all-time high.

The assets in Irupé and Stor-Skålsjön was acquired in 2021 and are in early development stage with no impairment triggers present.

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 2021, Hydro REIN has no financial assets or liabilities recognised at fair value through profit and loss. A power sale contract was entered in February 2019 with the related party Hydro Energi. The contract was for physical delivery of power between Norwegian counterparties priced in Euro, and an embedded currency derivative were present. The contract was terminated in August 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:



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- 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 when 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

Note 4.2 Classes and categories of financial assets and liabilities

Financial assets NOK (1000)	2021	2020
<i>Financial assets at amortised cost</i>		
Cash and equivalents	59 707	-
Other current receivables to related parties	175 782	-
Trade receivables	37 240	4 581
<i>Financial assets FVTPL</i>		
Embedded currency derivative (level 3)	-	24 879
Total	272 729	29 460

Financial liabilities NOK (1000)	2021	2020
<i>Financial liabilities at amortised cost</i>		
Other current liabilities to related parties	-	82 852
Interest bearing liabilities to related parties	436 722	-
Trade payables	20 879	2 922
Total	457 601	85 774

The carrying amounts of financial assets and liabilities measured at amortised cost approximate their fair value as at 31 December 2021 and 31 December 2020.

Note 4.3 Borrowings

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

NOK thousands	2021	2020
Overdraft facilities	-	82 852
Other interest-bearing current liabilities	435 000	-
Other interest-bearing current liabilities	435 000	82 852
Non-current interest-bearing debt	1 722	-
Total non-current interest-bearing liabilities	1 722	-
Total loans and other interest-bearing liabilities in:		
- NOK	435 000	82 852
- BRL	1 722	-
Total other interest-bearing liabilities	436 722	82 852



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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.

NOK (1000)	Non-current interest-bearing debt to related parties	Current interest-bearing debt to related parties	Other current liabilities to related parties ¹⁾	Total
Liabilities 1 January 2020	-	-	(25 334)	(25 334)
Cash pool - net increase in borrowing	-	-	(57 518)	(57 518)
Liabilities as at 31 December 2020	-	-	(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)
Liabilities as at 31 December 2021	(1 722)	(435 000)	-	(436 722)

¹ In 2021, the net cash pool for Hydro REIN was positive (see note 4.4)

Note 4.4 Net debt

NOK (1000)	31 December 2021	31 December 2020	1 January 2020
Other current liabilities to related parties	-	(82 852)	(25 334)
Current interest-bearing liabilities	(435 000)	-	-
Non-current interest-bearing liabilities	(1 722)	-	-
Total interest-bearing liabilities	(436 722)	(82 852)	(25 334)
Cash	59 707	-	-
Other current receivables to related parties	175 782	-	-
Net debt	(201 233)	(82 852)	(25 334)

Net 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 debt figure is calculated in the following way; current and non-current interest-bearing liabilities, other current liabilities to related parties (cash pool) plus cash and interest bearing receivables to related parties (cash pool). At year-end 2021, the net debt figures are 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 debt. See further information about the cash pool arrangement in note 4.6.



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Note 4.5 Derivatives and reconciliation of recurring fair value measurements

In 2019 Hydro REIN AS entered into a contract with Hydro Energi AS for the sale of all physical power production from the Vigelandfoss 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 and derecognised, see note 1.3 for further information.

Reconciliation of recurring fair value measurement categorised within Level 3

NOK (1000)	2021	2020
Opening balance 1 January	24 876	16 800
Unrealised value change for the period recognised in the income statement	(16 451)	8 076
Settled as part of contract termination	(8 425)	-
Balance at period close	-	24 876

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/NOK) and a 10% change in produced volume. The sensitivity analysis is only presented for 2020, as there are no derivatives in the financial statements at year end 2021.

NOK (1000)	Carrying value	Estimated change in fair value			
		EUR/NOK -10%	EUR/NOK +10%	Volume -10%	Volume +10%
31 December 2020					
Effect on profit or loss before tax	24 879	(62 345)	62 345	(2 488)	2 488
Effect on equity		(48 629)	48 629	(1 941)	1 941

4.6 Other non-derivative financial instruments

Trade receivables and other current financial receivables

NOK (1000)	2021	2020
Trade receivables related parties	32 780	3 983
Trade receivables external	4 460	168
Total trade receivables	37 240	4 151
Other current receivables on related parties*	175 782	-
Total trade payables and other current financial liabilities	213 022	4 151

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

No allowance for impairment of trade receivables or other receivables recognised in 2020 and 2021. Trade receivables for 2020 and 2021 are either 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



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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)	2021	2020
Trade payables related parties	9 687	2 099
Trade payables external	11 192	823
Total trade payables	20 879	2 922
Other current liabilities to related parties*	-	82 852
Total trade payables and other current financial liabilities	20 879	85 774

* Other current liabilities to related parties is in its entirety related a cash pool agreement with Corporate Finance in Hydro ASA Group. 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 ASA Group with thirty days written notice.

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, and presenting zero cash in the balance sheet at 31 December 2020. All entities except for the entities established in 2021 (mainly in the Netherlands and Brazil) is still part of the cash pool. Cash pool is presented as other current asset/liability to related parties in the financial statements.

NOK (1000)	2021	2020
Unrestricted cash balances	59 707	-
Restricted cash balances	-	-
Total cash and cash equivalents	59 707	-

Note 4.7 Financial risk

Market risk exposure

Hydro REIN's operating results are affected by the inflow to the watercourse Otra for the Vigelandfoss 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 2020 and again from August 2021 using Nordpool spot prices where Euro is the official trading currency. However, in 2019, Hydro REIN entered into a fixed EUR-price sales contract with Hydro Energi AS in the period 2021-2030. The contract was terminated in the third quarter of 2021, and after this the Hydro REIN have again been exposed to the spot power price at the Nordpool trading exchange. See more information and sensitivity analysis in Note 4.6.

Foreign currency risk exposure

Hydro REIN's primary operational foreign currency risk linked to fluctuations in the value of Euro, Swedish Krone 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.

A shareholder loan of MEUR 25 (MNOK 260) to the equity-accounted investment Stor-Skålsjön was established in the common-control transaction of HRI in August 2021. The entire shareholder loan of MEUR 25 was in December 2021 converted to equity in Stor-Skålsjön. For further information, see note 3.3. Equity-accounted investees.



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Liquidity risk exposure

Most of the production of electricity in 2020 and 2021 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 ASA 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:

Amount in thousands	2022	2023	2024	2025	Thereafter	Total
Short-term debt and current portion of long-term debt	435 000	-	-	-	-	435 000
Non-current debt including interest	-	1 722	-	-	-	1 722
Unconditional purchase obligations ¹	-	962 167	19 636	-	-	981 803
Contractual commitments for equity accounted investees ²	23 134	-	-	-	-	23 134
Total contractual and non-contractual obligations, undiscounted	458 134	963 889	19 636	-	-	1 441 659

¹ Unconditional purchase obligations (TSA) with equity accounted investment Stor-Skålsjön, see below and note 7.4 for further information

² Cost commitment with potential wind and solar project in Brazil, see note 7.4 for further information

In connection with internal funding arrangements to finance acquisition of project rights, Hydro REIN has current interest-bearing liabilities to related parties of NOK 435 million and a total net debt of NOK 201 million (see section 4.4). There are also funding commitments towards Stor-Skålsjön of NOK 981.8 million with scheduled payments in 2023 and early 2024.

As a newly established group, Hydro REIN's cash flow from operations (the hydropower plant in Vigelandsfoss) 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 ASA Group will cover the commitment towards Stor-Skålsjön. This commitment from its owners in Hydro ASA Group was necessary and part of the investment mandate Hydro REIN obtained before investing in Stor-Skålsjön. In addition, the maturity of the current interest-bearing liabilities of NOK 435 million (also towards the Hydro ASA Group) have after reporting date, in March 2022, been extended until December 2024.

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 ASA 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 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)	2021	2020
Prepayments	22	-
Other receivables	890	430
Total other current assets	912	430

Note 5.2 Other current liabilities

Other current liabilities comprise of the following:

NOK (1000)	2021	2020
Accrued expenses	4 794	66
Accrued holiday pay and other salaries	187	-
Public taxes	836	109
Other payables	2 406	-
Other current liabilities	811	-
Total other current liabilities	9 034	175



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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 2020	2 000	1 800	-
31 December 2020	2 000	1 800	-
Capital increase	-	6	240 994
Group contribution	-	-	222
31 December 2021	2 000	1 806	241 216

No new shares were issued in the capital increases in 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 2021, Hydro REIN had a 50% non-controlling interest in its entity Central Fotovoltaica Irupé Participações Ltda (Irupé). Irupe is considered immaterial to the Group, with total asset of kNOK 636. 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 increase completed in 2021 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 2020 and 2021.

NOK (1000)	2021	2022
Net income / (loss)	(77 487)	1152
Net income / (loss) attributed to non-controlling interests	(252)	-
Net income / (loss) attributed to Hydro REIN AS shareholders	(77 235)	1152
Weighted average number of shares for the year	2 000	2 000
Earnings / (loss) per share (basic and diluted)	(38.62)	0.58



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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.

NOK (1000)	Country	Ownership	Voting	Ownership type
Hydro REIN AS	Norway	100 %	100 %	
Hydro REIN Invest AS ¹	Norway	100 %	100 %	Subsidiary
Hydro REIN Energy Solutions AS	Norway	100 %	100 %	Subsidiary
Hydro REIN Netherlands BV	Netherlands	100 %	100 %	Subsidiary
Hydro REIN Feijao Holding BV	Netherlands	100 %	100 %	Subsidiary
Hydro REIN Irupe Holding BV	Netherlands	100 %	100 %	Subsidiary
Hydro REIN Brazil Solucoes Renovaveis Ltda	Brazil	100 %	100 %	Subsidiary
Central Fotovoltaica Irupé Participações Ltda ²	Brazil	50 %	50 %	Subsidiary
Eoulus Vindpark 46 AB (Stor-Skålsjön)	Sweden	49 %	49 %	Associate

¹ Part of Hydro REIN Group from 1 August 2021

² Part of Hydro REIN Group from 28 September 2021. In Irupé, Hydro REIN has 50 percent ownership, but an agreement between the owners give Hydro REIN control and voting majority in the Board, and thereby control of the company. Therefore, Irupé is considered a subsidiary with 50 percent non-controlling interests

Note 7.2 Guarantees, contractual obligations, contingent liabilities

Cost commitment potential project in Brazil

The Group has a cost commitment towards its partner in a wind power and solar power project in Brazil. If Hydro REIN decides not to invest in this project, the partner will be reimbursed for development expenses, estimated to USD 2.2 million (NOK 23 million) per year end 2021. If an investment is made by Hydro REIN, the cost reimbursement will be a premium and excess value on the consideration paid to acquire a share in the project. At year-end, 31 December 2021, no investment decision has been made, but management believe it is probable they will invest in project company in the future, the cost commitment is therefore considered to be a contingent liability with no provision accounted for at year end 2021.

See section 4.7 for a tabular presentation of the figures in Norwegian Krone.

Stor-Skålsjön

Investment decision has been made in the wind power project of Stor-Skålsjön. Total contractual purchase obligation for the turbine supply for 42 wind turbines (capacity of 6,2MW per turbine) has been committed. Most of the payment is expected to occur in 2023. Hydro REIN's share of the purchase commitment is MEUR 98 (MNOK 981.8). The commitment is backed by a bank guarantee amounting to MEUR 20 at year end.

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 ASA Group"). Companies in the Hydro ASA 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 2020. 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 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



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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 cost for Hydro REIN are included in the administrative service agreement at year end 2021. 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 the Hydro REIN group, Hydro REIN has its own executive management group. At year end 2021, the management group and other employees at the headquarter is employed in Hydro Energi, and with an intention to establish the employee contracts with Hydro REIN in 2022. 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 2021, The Norwegian state had ownership interests of 34.6 percent of total shares outstanding in Hydro ASA Group through the Ministry of Trade, Industry and Fisheries. In addition, Folketrygdfondet, which manages the Government Pension Fund – Norway held 7.0 percent. As such, Hydro REIN has concluded that the Norwegian state's shareholding represents a significant interest in Hydro ASA 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 ASA Group in 2020 or 2021.

Transactions with related parties

NOK (1000)

Party	Relation	Accounts	Type	2021	2020
Hydro ASA Group	Parent	Sales	Power production	122 585	20 690
Hydro ASA Group	Parent	Operating costs	Break fee	(64 300)	-
Hydro ASA Group	Parent	Operating costs	Hydropower service	(8 429)	(7 829)
Hydro ASA Group	Parent	Operating costs	Management fee	(28 984)	-
Hydro ASA Group	Parent	Operating costs	Personnel fee	(29 123)	-
Hydro ASA Group	Parent	Finance expense	Interest expense	(3 584)	-
Eolus Vindpark 46 AB	Associate	Finance income	Interest income	4 990	-
Total				(6 845)	12 861



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Outstanding balance

NOK (1000)

Party	Relation	Accounts	2021	2020	
Hydro ASA Group	Parent	Assets	Cash Pool	175 782	(82 852)
Hydro ASA Group	Parent	Assets	Receivables	32 780	3 983
Hydro ASA Group	Parent	Liabilities	Payables	(9 687)	(2 099)
Hydro ASA Group	Parent	Liabilities	Current debt	(435 000)	-
Hydro ASA Group	Parent	Liabilities	Non-current debt	(1 722)	-
Total			(237 847)	(80 968)	

Board of Directors

No remuneration has been paid to the Board of Directors for the financial year ended 31 December 2021

Note 7.4 Going concern

In 2021, Hydro REIN has a negative net income of kNOK 73 938, increased costs due to overhead and other expenses incurred in connection with development of various project opportunities and establishing the Hydro REIN organisation, in addition to a loss related to the termination of the power sale agreement. In connection with internal funding arrangements to finance acquisition of project rights, Hydro REIN has current interest-bearing liabilities to related parties of NOK 435 million and a total net debt of NOK 201 million (see section 4.4). There are also funding commitments towards Stor-Skålsjön of NOK 981.8 million with scheduled payments in 2023 and early 2024 (see section 4.7 and 7.2).

As a newly established group, Hydro REIN's cash flow from operations (the hydropower plant in Vigelandfoss) in 2022 is not expected to be able to cover the outstanding liabilities and commitments. However, the planned external capital raise is expected to cover the outstanding liabilities and commitments. In the event of a delay in the external capital raise Hydro ASA Group will cover the commitment towards Stor-Skålsjön. This commitment from its owners in Hydro ASA Group was necessary and part of the investment mandate Hydro REIN obtained before investing in Stor-Skålsjön. In addition, the maturity of the current interest-bearing liabilities of NOK 435 million (also towards the Hydro ASA Group) have after reporting date, in March 2022, been extended until December 2024. In addition, Hydro REIN AS and its Norwegian subsidiaries will receive a total of kNOK 70 717 in group contributions from other entities in the Hydro ASA Group as part of the income tax filing for 2021.

As such, Hydro REIN is under the assumption that there is no uncertainty on going concern and the financial statements have therefore been prepared under the assumption of going concern.



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Note 7.5 Events and transactions after reporting date

Wind power investment in SE3/SE4 portfolio in Sweden

On January 10, 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 about kNOK 51 700. As part of the transaction, Hydro REIN agreed to compensate Hydro Energi AS for an amount of kEUR 5 500 (kNOK 54 835) enabling the future power purchase agreement between Stor-Skålsjön Vind AB and Hydro Energi AS being reduced from 12 to 10 years. The compensation is contingent upon a future partial divestment of Hydro REINs share in Stor-Skålsjön Vind AB which is expected to occur in the end of first half 2022 (see separate paragraph on partial divestment in Eolus Vindpark 46 AB). Of the compensation, kEUR 2 805 (kNOK 27 966) will be recognised as contingent consideration for the acquisition of Eolus Vindpark 48 AB, while kEUR 2 695 (kNOK 26 869) will be recognised as expense in Hydro REINs income statement once the companies have entered into the future power purchase agreement.

Investment in renewable energy project in Brazil

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 will acquire 33,33% of the shares in the project company for an estimated consideration of kUSD 8 400 (kNOK 73 912). The transaction is pending approval from competition authorities, with a conclusion expected in the start of second half 2022.

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 will acquire 33,33% of the shares in the project company for an estimated consideration of kUSD 5 300 (kNOK 46 635) with closing of the transaction expected in the early in second half 2022.

On 27 May 2022 Hydro REIN entered into agreement with Macquarie Asset Management's Green Investment Group to jointly develop project Feijão, a combined wind and solar power project in northeast Brazil. REIN will acquire 49.9% of the shares in the project company for an estimated consideration of kUSD 47 300 (kNOK 416 197). The transaction is pending competition approval with conclusion expected in the second half of 2022.

Partial divestment in Eolus Vindpark 46 AB

On 15 April 2022, Hydro REIN agreed to sell a 24% share of its investment in Eolus Vindpark 46A AB to MEAG, reducing the Hydro REINs ownership from 49% to 25%. The consideration for the shares amounts to about kEUR 20 200 (kNOK 201 394), with Hydro REIN recognising a gain of about kEUR 6 000 (kNOK 59 820). The transaction is pending competition approval, with conclusion expected in the end of first half 2022.

Group contributions

Hydro REIN AS and its Norwegian subsidiaries will receive a total of kNOK 70 217 in group contributions from other entities in Hydro ASA Group, which were recognised in the income tax filing for 2021.



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Financial statements Income statement

NOK (1000)	Notes	2021	2020
Revenue	2	122 517	20 690
Other income	2	5 004	594
Total revenue and other income		127 521	21 284
Transmission cost		(438)	2 116
Salaries and personnel cost	4	12	12
Other operating expenses	4	69 649	12 987
Loss from contract termination	3	64 300	-
Depreciation and amortisation	6, 7	6 201	6 126
Total operating expenses		139 726	21 241
Operating income / (loss)		(12 205)	43
Interest income		4	-
Other financial expenses		(667)	(403)
Net finance income / (expenses)		(663)	(403)
Net income / (loss) before tax		(12 868)	(360)
Income tax (expense) / benefit	5	(10 698)	(15 568)
Net income / (loss)		(23 566)	(15 928)

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



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Balance Sheet

NOK (1000)	Notes	2021	2020
Non-current assets			
Intangible assets	6	1 032	1 032
Property, plant & equipment	7	151 477	156 356
Shares in subsidiaries	8	516 030	-
Total non-current assets		668 539	157 387
Current assets			
Trade receivables		4 460	168
Trade receivables on related parties	11	32 464	3 983
Other current receivables		42 671	5 376
Other current receivables on related parties	9	29 446	-
Total current assets		109 041	9 527
Total assets		777 580	166 914
Equity			
Share capital	10	1 806	1 800
Additional paid in capital	10	274 011	173
Retained earnings	10	32 630	56 195
Total equity		308 447	58 167
Non-current liabilities			
Deferred tax liabilities	5	3 213	4 590
Total non-current liabilities		3 213	4 590
Current liabilities			
Trade Payables		4 562	823
Trade payables on related parties	11	5 892	2 099
Current interest-bearing liabilities to related parties	11	435 000	-
Tax payable	5	16 596	18 205
Other current liabilities		3 870	175
Other current liabilities on related parties	11	-	82 852
Total current liabilities		465 920	104 156
Total liabilities		469 133	108 746
Total equity and liabilities		777 580	166 914

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



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Statement of cash flow

NOK (1000)	Note	2021	2020
Cash flows from operating activities			
Income / (loss) before tax		(12 868)	(360)
Income tax paid	5	(18 205)	(15 681)
Net interest expense		651	-
Depreciation and amortisation	6, 7	6 201	6 126
Loss disposal of fixed assets	7	-	48
Change in trade receivables		(32 773)	3 480
Change in trade payables		7 532	(600)
Change in other receivables and payables		3 328	(324)
Net cash flow from operating activities		(46 134)	(7 310)
Cash flow from investing activities			
Payments for purchase of fixed assets		(1 321)	(1 208)
Payment for acquisition of subsidiaries	8	(475 030)	-
Increase in other current assets to related parties ¹	9	(29 446)	-
Net cash flow from investing activities		(505 797)	(1 208)
Cash flow from financing activities			
Group contribution (paid) / received		222	(49 000)
Repayment of other current liabilities to related parties ¹	9	(82 852)	57 518
New debt		435 000	-
Receipts from issuance of ordinary shares	10	200 000	-
Interest paid		(439)	-
Net cash flow from financing activities		551 931	8 518
Foreign currency effects on cash		-	-
Cash and cash equivalents at period start		-	-
Cash and cash equivalents at period end		-	-

¹Cash pool

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 2022 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.



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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.

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.

Note 2 Revenue

NOK (1000)	2021	2020
Revenue per segment:		
Sales of power to Hydro Energi AS	122 469	20 690
Sales and other income to others	5 052	594
Total	127 521	21 284

The company previously had a fixed price contract with Hydro Energi AS for sales of electrical power. This contract was terminated in August 2020, and the company is now invoicing based on spot prices.



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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 2021, with an intention to establish the employee contracts with Hydro REIN AS in 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.

Cost of Audit Services

Fees paid to KPMG:

NOK (1000)	2021	2020
Audit of annual financial statements	30	32
Other assurance services	1 112	140
Total	1 142	172

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

Note 5 Tax cost

NOK (1000)	2021	2020
<i>Current tax:</i>		
Tax payable	16 596	18 205
Use of Natural resource tax credit	4 724	(2 490)
Adjustment previous years	18	-
Group contribution	(9 263)	(71)
Changes in deferred tax	(1 377)	(76)
Tax expense	10 698	15 568
NOK (1000)	2021	2020
Net profit/ (loss) before tax	(12 868)	(360)
Income taxes calculated at 22 %	(2 831)	(79)
Adjustment previous years	(143)	(71)
Deferred surtax on temporary difference	(468)	-
Non-deductible expenses	2	2
Resource rent tax	14 138	15 716
Tax expense	10 698	15 568



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Deferred tax assets

NOK (1000)	Tax losses carried forward	Other	Total
1 January 2021	-	-	-
Recognised through income statement	328	-	328
31 December 2021	328	-	328

Deferred tax liabilities

NOK (1000)	Fixed and intangible assets	Other	Total
1 January 2020	4 666	-	4 666
Recognised through income statement	(76)	-	(76)
31 December 2020	4 590	-	4 590
Recognised through income statement	(1 049)	-	(1 049)
31 December 2021	3 541	-	3 541

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

NOK (1000)	2021	2020
Deferred tax assets	328	-
Deferred tax liabilities	3 541	4 590
Net deferred tax assets as presented in the balance sheet	-	-
Net deferred tax liabilities as presented in the balance sheet	3 213	4 590

Note 6 Intangible Assets

NOK (1000)	Mineral and waterfall rights	Total
Accumulated cost at 1 January 2020	1 032	1 032
Additions	-	-
Accumulated depreciation and impairment at 1 January 2020	-	-
Depreciation for the year	-	-
Net carrying amount at 31 December 2021	1 032	1 032
Accumulated cost at 1 January 2021	1 032	1 032
Additions	-	-
Accumulated depreciation and impairment at 1 January 2021	-	-
Amortisation for the year	-	-
Net carrying amount at 31 December 2021	1 032	1 032



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Note 7 Fixed Assets

NOK thousands	Lands, buildings and building facilities	Machinery, fixtures, equipment and vehicles	Assets under construction	Total
Accumulated cost at 1 January 2020	125 149	101 012	828	226 989
Additions	-	619	588	1 207
Disposals	(47)	-	-	(47)
Transfers	555	171	(727)	-
Accumulated cost at 31 December 2020	125 657	101 802	689	228 149
Accumulated depreciation and impairment at 1 January 2020	26 758	38 910	-	65 668
Depreciation for the year	2 742	3 384	-	6 126
Accumulated depreciation and impairment 31 December 2020	29 500	42 294	-	71 794
Net carrying amount at 31 December 2020	96 157	59 508	689	156 355
Accumulated cost at 1 January 2021	125 657	101 802	689	228 149
Additions	654	307	362	1 323
Transfers	518	167	(685)	-
Balance 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
Balance at 31 December 2021	32 267	45 728	-	77 995
Net carrying amount at 31 December 2021	94 562	56 548	366	151 477
Estimated useful life (years)	20-50	5-25		

Investments in fixed assets, including the company's power plants are capitalised 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 %	496 000
Hydro REIN Energy Solutions AS	100 %	20 030
Balance sheet value 31.12		516 030

Hydro Energi AS transferred 100% of the directly owned shares in Hydro REIN Invest AS (HIRI) to Hydro REIN in August 2021 via an internal reorganisation. The transfer was treated as a share capital increase via a contribution in kind where the share capital and additional paid in capital was increase with a total of kNOK 41 000. See section 1.3 in the consolidated financial statements for further information about the transfer and internal reorganisation. All further investments were made net of cash.

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.



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Note 10 Equity

NOK (1000)	Notes	Share capital	Additional paid in capital	Retained earnings	Total equity
1 January 2020		1 800	-	72 122	73 922
Profit / (loss) for the period		-	-	(15 928)	(15 928)
Group contribution received / (given)		-	173	-	173
31 December 2020		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

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 ASA Group"). Companies in the Hydro ASA 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 2020. 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 2021. 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 2021, the management group and other employees at the headquarter is employed in Hydro Energi, and with an intention to establish the employee contracts with Hydro REIN in 2022. 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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Annual Report 2021

Hydro REIN

Transactions with related parties NOK (1000)

Accounts	Type	2021	2020
Sales	Power production	122 469	20 690
Operating costs	Break fee	(64 300)	-
Operating costs	Other expenses	(46 212)	(7 829)
Finance expense	Interest expense	(646)	-
		11 311	12 861

Outstanding balance NOK (1000)

Accounts		2021	2020
Assets / liabilities	Cash Pool	29 446	(82 852)
Assets	Receivables	74 571	3 983
Liabilities	Payables	(5 892)	(2 099)
Liabilities	Current debt	(435 000)	-
		(336 875)	(80 968)

Note 12 Contractual obligations

At the beginning of the year 2021, Hydro REIN had a fixed price contract with Hydro Energi AS for the delivery of electrical power, to 2030. The contract was terminated in 2021, forcing Hydro REIN to pay a fee of kNOK 64 300.

Note 13 Events after the reporting date

There are no significant events to report of.



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Hydro REIN AS
NO-0240 Oslo
Norway

T +47 22 53 81 00
www.hydro.com

Design and production: Hydro REIN
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KPMG AS
Søkedalsveien 6
Postboks 7000 Majorstuen
0306 Oslo

Telephone +47 45 40 40 63
Fax
Internet www.kpmg.no
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 sheets as at 31 December 2021 and 2020, the income statement and statement of cash flows for the years 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 sheets as at 31 December 2021, 31 December 2020 and 1 January 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the years ended 31 December 2021 and 2020, 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 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 31 December 2020 and 1 January 2020, and its financial performance and its cash flows for the years ended 31 December 2021 and 2020 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 laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

- is consistent with the financial statements and
- contains the information required by applicable legal 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

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Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Offices in

Oslo	Elverum	Mo i Rana	Stord
Ålesund	Frimo	Molde	Strøme
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drummen	Kristiansand	Stavanger	Ålesund

Penneo Dokumentnøkkel: 7C3EE-4JLT7-8COW7-L3OE4-PLLBX-QMNBH



Independent Auditor's Report - Hydro REIN AS

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. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company 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, 27 June 2022
KPMG AS

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

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Geir Moen

Partner

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