Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2024 - 31.12.2024

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Janelle Brataas
Dato for fastsettelse av årsregnskapet:	05.03.2025

Grunnlag for avgivelse

År 2024: Årsregnskapet er elektronisk innlevert
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

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

Brønnøysundregistrene, 15.05.2025

Resultatregnskap

Beløp i: NOK	Note	2024	2023
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	13,25	101 000	111 000
Sum kostnader		**101 000**	**111 000**
Driftsresultat		**-101 000**	**-111 000**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		120 084 000	50 092 000
Annen renteinntekt		21 000	21 000
Sum finansinntekter		**120 105 000**	**50 113 000**
Annen finanskostnad		4 000	2 000
Sum finanskostnader		**4 000**	**2 000**
Netto finans	4	**120 101 000**	**50 111 000**
Resultat før skattekostnad		**120 000 000**	**50 000 000**
Skattekostnad	5	0	0
Årsresultat		**120 000 000**	**50 000 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		120 000 000	50 000 000
Sum overføringer og disponeringer		**120 000 000**	**50 000 000**

Balanse

Beløp i: NOK	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	22,23	1 507 568 000	1 507 568 000
Sum finansielle anleggsmidler		**1 507 568 000**	**1 507 568 000**
Sum anleggsmidler		**1 507 568 000**	**1 507 568 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	6,8,10, 13	85 000	93 000
Sum fordringer		**85 000**	**93 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	20 457 000	20 452 000
Sum bankinnskudd, kontanter og lignende		**20 457 000**	**20 452 000**
Sum omløpsmidler		**20 542 000**	**20 545 000**
SUM EIENDELER		**1 528 110 000**	**1 528 113 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		120 000	120 000
Annen innskutt egenkapital		1 527 990 000	1 527 990 000
Sum innskutt egenkapital		**1 528 110 000**	**1 528 110 000**
Sum egenkapital	17	**1 528 110 000**	**1 528 110 000**

Balanse

Beløp i: NOK	Note	2024	2023
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld	6	0	3 000
Sum kortsiktig gjeld		**0**	**3 000**
Sum gjeld		**0**	**3 000**
SUM EGENKAPITAL OG GJELD		**1 528 110 000**	**1 528 113 000**
POSTER UTENOM BALANSEN			
Pantstillelser	11	1 507 568 000	1 507 568 000

Konsernets resultatregnskap

Beløp i: NOK	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	443 043 000	523 924 000
Annen driftsinntekt	25	9 328 000	9 303 000
Sum inntekter		**452 371 000**	**533 227 000**
Kostnader			
Varekostnad		176 637 000	217 882 000
Lønnskostnad	3,16	36 334 000	32 382 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	12,13, 14	75 299 000	73 908 000
Annen driftskostnad	13,25	36 850 000	25 418 000
Sum kostnader		**325 120 000**	**349 590 000**
Driftsresultat		**127 251 000**	**183 637 000**
Finansinntekter og finanskostnader			
Inntekt på andre investeringer		3 324 000	5 480 000
Annen renteinntekt		9 754 000	9 595 000
Annen finansinntekt		160 000	119 000
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi	7	19 392 000	32 966 000
Sum finansinntekter		**32 630 000**	**48 160 000**
Annen rentekostnad		83 457 000	76 208 000
Annen finanskostnad		4 165 000	6 273 000
Sum finanskostnader		**87 622 000**	**82 481 000**
Netto finans	4	**-54 992 000**	**-34 321 000**
Resultat før skattekostnad		**72 259 000**	**149 316 000**
Skattekostnad	5	14 897 000	31 501 000
Årsresultat		**57 362 000**	**117 815 000**
Minoritetsinteresser		1 605 000	2 543 000

Konsernets resultatregnskap

Beløp i: NOK	Note	2024	2023
Årsresultat etter minoritetsinteresser		**55 757 000**	**115 272 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		55 757 000	115 272 000
Sum overføringer og disponeringer		**55 757 000**	**115 272 000**

Konsernets balanse

Beløp i: NOK	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	13,14	435 089 000	450 373 000
Goodwill	14	1 611 348 000	1 611 348 000
Sum immaterielle eiendeler		**2 046 437 000**	**2 061 721 000**
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	12	934 881 000	947 823 000
Sum varige driftsmidler		**934 881 000**	**947 823 000**
Finansielle anleggsmidler			
Investeringer i aksjer og andeler	24	275 620 000	247 296 000
Andre fordringer	6,7,8,10	78 489 000	30 878 000
Sum finansielle anleggsmidler		**354 109 000**	**278 174 000**
Sum anleggsmidler		**3 335 427 000**	**3 287 718 000**
Omløpsmidler			
Varer			
Varer	15	7 461 000	5 637 000
Sum varer		**7 461 000**	**5 637 000**
Fordringer			
Kundefordringer	6, 8	59 941 000	123 708 000
Andre fordringer	6,7,8,10	31 281 000	28 868 000
Sum fordringer		**91 222 000**	**152 576 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	6	180 443 000	191 959 000
Sum bankinnskudd, kontanter og lignende		**180 443 000**	**191 959 000**
Sum omløpsmidler		**279 126 000**	**350 172 000**

Konsernets balanse

Beløp i: NOK	Note	2024	2023
SUM EIENDELER		**3 614 553 000**	**3 637 890 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		120 000	120 000
Annen innskutt egenkapital		1 487 443 000	1 551 706 000
Sum innskutt egenkapital		**1 487 563 000**	**1 551 826 000**
Minoritetsinteresser		51 914 000	50 861 000
Sum egenkapital	17	**1 539 477 000**	**1 602 687 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	16	211 000	6 710 000
Utsatt skatt	5	143 282 000	138 613 000
Andre finansielle forpliktelser	13	20 694 000	21 081 000
Sum avsetninger for forpliktelser		**164 187 000**	**166 404 000**
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	6,11	1 639 655 000	1 696 759 000
Sum annen langsiktig gjeld		**1 639 655 000**	**1 696 759 000**
Sum langsiktig gjeld		**1 803 842 000**	**1 863 163 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	6,11	139 767 000	
Leverandørgjeld	6	25 098 000	66 465 000
Betalbar skatt	5	9 613 000	20 064 000
Skyldige offentlige avgifter	6,9	9 941 000	13 463 000
Annen kortsiktig gjeld	6,9,10, 13	86 815 000	72 048 000
Sum kortsiktig gjeld		**271 234 000**	**172 040 000**
Sum gjeld		**2 075 076 000**	**2 035 203 000**

Konsernets balanse

Beløp i: NOK	Note	2024	2023
SUM EGENKAPITAL OG GJELD		**3 614 553 000**	**3 637 890 000**
POSTER UTENOM BALANSEN			
Garantistillelser	11	500 000	500 000
Pantstillelser	11	325 898 000	381 095 000

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List of Signatures

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VT årsregnskap 2024.pdf

Name	Method	Signed at
BYSVEEN, STEINAR	BANKID	2025-03-06 22:42 GMT+01
Jansen, Linnea	BANKID	2025-03-06 14:43 GMT+01
Maria Munina	One-Time-Password	2025-03-06 14:31 GMT+01
Jeremy Roudier	One-Time-Password	2025-03-06 14:12 GMT+01
Dahl, Christian Andre	BANKID	2025-03-06 14:00 GMT+01

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External reference: 9ABA7D8933FF47CBB903CB1095AEAF9A

Varme Topco AS

Director's report 2024

Varme Topco AS - group

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

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

Varme Acquisitions AS purchased 70% of the shares in Enebakk Bioenergi AS in January 2024.

During the year, Drammen Fjernvarme AS increased its share capital by a total of MNOK 50. The capital increase was carried out by increasing the nominal value and does not affect the rights to the shares. Varme Acquisitions, having a 50% ownership in the company had a share contribution of MNOK 25.

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

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

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

In 2024, there was a decrease in heat sales from the previous year, which is largely due to the decrease in the market price of electricity from 2023 to 2024.

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

The group had a net profit of kr 57,4 mill for 2024 and the Board is satisfied with this result. In the parent company, the net loss before group contributions received was kr 0,1 mill. The company received a group contribution of kr 120,1 mill so that the net profit is kr 120,0 mill.

The difference between net cash flows from operational activities and the operating profit consist mainly of depreciation, interest and taxes paid and a decrease in net working capital. Capital expenditures for increased production capacity and distribution are financed from cash flows from operating activities in 2024 and long-term bank loans.

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

In 2024, the district heating regulator, NVE has proposed changes to the district heat price regulation. The strong link to the wholesale electricity price remains and the proposed changes, although expected to be relatively neutral, increase regulatory risk.

Environment
The group has not had any accidents in 2024 which have caused serious pollution of the external environment.

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

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

Pursuant to National ETS (emission trading systems) legislation, Oslofjord Varme AS is obligated to buy quotas for CO2 emissions and is awarded free allowances. In 2024, the company had total emissions of 543 tons of CO2 from the combustion of light fuel oil. As an alternative to the payment of NOx taxes, Oslofjord Varme AS is a member of the NOx Fund and pays a deposit into the fund. The fund distributes capital to NOx reducing measures after an application process.

Working environment and personnel
The group has 22 employees, 17 men and 5 women (parent company: no employees). The group's personnel policy ensures that there is no gender discrimination, and therefore no other measures are taken in this area. The working environment is good. There were no work-related injuries in 2024. There has been a total of 90 days of absence (1,9%) due to sick leave.

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

Financial risks
The group is satisfactorily financed with equity, long-term loans and issued notes. The group has entered into cross currency swaps to secure the interest rate and exchange rate on the long-term loans and notes. Varme Finco AS is in the process of refinancing their bank loan facilities as at 31.12.2024 and will enter into interest rate swaps to secure the interest rate on the long-term loans during Q1 2025. The group's production volume is sensitive to changes in the outdoor temperature. All invoicing occurs monthly in arrears, so bad debts are very limited. The group has entered into a commodity hedge to secure the portion of the district heating sales price which is based on the market price of electricity. The Group's liquidity is therefore transparent, so that the total financial risk in the group must be regarded as low. For further description, we refer to note 20 for financial risk management.

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

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

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

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

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

Distribution of profits
The parent company had a net profit of kr 120,0 mill in 2024. It is proposed that the net profit be allocated to other equity.

Bærum, 5 March 2025

Steinar Bysveen
Chairman of the Board

Linnea Jansen
Board member

Maria Munina
Board member

Jérémy Roudier
Board member

Christian Dahl
Board member

Varme Topco AS
Income statement
Amounts in NOK thousands

Parent Company 2024	Parent Company 2023		Note	Group 2024	Group 2023
		Revenue			
0	0	Sales revenue	2	443 043	523 924
0	0	Other operating income	25	9 328	9 303
0	**0**	**Total revenue**		**452 370**	**533 227**
		Operating expenses			
0	0	Energy costs		176 637	217 882
0	0	Employee benefit expenses	3, 16	36 334	32 382
0	0	Depreciation and amortisation expenses	12, 13, 14	75 299	73 908
101	111	Other operating expenses	13, 25	36 850	25 418
0	0	Other gains/(losses) - net	7	-19 392	-32 966
101	**111**	**Total operating expenses**		**305 728**	**316 624**
-101	**-111**	**Operating profit**		**146 642**	**216 603**
		Financial income and expenses			
120 084	50 092	Income from subsidiaries		0	0
21	21	Other financial income		9 914	9 714
4	3	Other financial expenses		87 622	82 481
120 101	**50 110**	**Net financial items**	4	**-77 707**	**-72 767**
0	0	Share of profits of associates and joint ventures		3 324	5 480
120 000	**50 000**	**Profit before income tax**		**72 259**	**149 316**
0	0	Income tax expense	5	-14 897	-31 501
120 000	**50 000**	**Net profit**		**57 362**	**117 815**
		Profit is attributable to:			
		Owners of Varme Topco AS		55 757	115 272
		Non-controlling interests		1 605	2 543
				57 362	**117 815**
		Allocated as follows			
120 000	50 000	Transferred to other equity		55 757	115 272

Varme Topco AS
Statement of comprehensive income

Amounts in NOK thousands

	2024	2023
Profit for the period	57 362	117 815
Other comprehensive income		
Items that may be reclassified to profit or loss		
Cash flow hedges	-4 053	-1 216
Income tax relating to these items	892	268
Items that will not be reclassified to profit or loss		
Pension liabilities	3 760	-1 779
Income tax relating to these items	-827	391
Other comprehensive income for the period, net of tax	-229	-2 336
Total comprehensive income (loss) for the period	**57 133**	**115 479**
Total comprehensive income for the period is attributable to:		
Owners of Varme Finco AS	55 518	112 797
Non-controlling interests	1 615	2 681
	57 133	**115 479**

Varme Topco AS
Balance Sheet
Amounts in NOK thousands

Parent Company				Group	
31.12.2024	31.12.2023		Note	31.12.2024	31.12.2023
		ASSETS			
		Non-current assets			
		Intangible and tangible assets			
0	0	Intangible assets	14	2 024 010	2 039 280
0	0	Right-of-use assets	13	22 427	22 441
0	0	Deferred tax asset	5	0	0
0	0	Property, plant and equipment	12	934 881	947 823
0	**0**	***Total intangible and tangible assets***		**2 981 318**	**3 009 544**
		Financial assets			
1 507 568	1 507 568	Investments in subsidiaries	22, 23	0	0
0	0	Investments in associated companies and joint ventures	24	275 620	247 296
0	0	Derivative financial instruments	7	58 351	10 812
0	0	Other long-term receivables	6, 8, 10	20 139	20 066
1 507 568	**1 507 568**	***Total financial assets***		**354 110**	**278 174**
1 507 568	**1 507 568**	**Total non-current assets**		**3 335 427**	**3 287 718**
		Current assets			
		Receivables			
0	0	Inventories	15	7 461	5 637
0	0	Trade receivables	6, 8	59 941	123 708
0	0	Derivative financial instruments	7	1 869	6 646
84	92	Other receivables	6, 8, 10, 13	29 412	22 222
84	**92**	***Total receivables***		**98 684**	**158 213**
20 457	**20 452**	***Cash and cash equivalents***	6	**180 443**	**191 959**
20 542	**20 544**	**Total current assets**		**279 126**	**350 172**
1 528 110	**1 528 113**	**TOTAL ASSETS**		**3 614 553**	**3 637 890**

Varme Topco AS
Balance Sheet
Amounts in NOK thousands

Parent Company 31.12.2024	Parent Company 31.12.2023		Note	Group 31.12.2024	Group 31.12.2023
		EQUITY AND LIABILITIES			
		EQUITY			
		Paid-in capital			
120	120	Share capital		120	120
1 527 990	1 527 990	Other paid-in capital		1 487 443	1 551 706
1 528 110	**1 528 110**	***Total paid-in capital***		**1 487 563**	**1 551 826**
		Retained earnings			
0	0	Other equity		0	0
0	**0**	***Total retained earnings***		**0**	**0**
0	0	Non-controlling interests		51 914	50 861
1 528 110	**1 528 110**	**TOTAL EQUITY**	17	**1 539 477**	**1 602 687**
		LIABILITIES			
		Provisions			
0	0	Pension liabilities	16	211	6 710
0	0	Lease liabilities	13	20 694	21 081
0	0	Derivative financial instruments	6, 7	0	0
0	0	Deferred tax liability	5	143 282	138 613
0	**0**	***Total provisions***		**164 187**	**166 404**
		Other long-term liabilities			
0	0	Borrowings	6, 11	1 639 655	1 696 759
0	**0**	***Total long-term liabilities***		**1 639 655**	**1 696 759**
		Current liabilities			
0	3	Trade payables	6	25 098	66 465
0	0	Income tax payable	5	9 613	20 064
0	0	Lease liabilities	13	3 289	2 745
0	0	Derivative financial instruments	6, 7	0	724
0	0	Borrowings	6, 11	139 767	0
0	0	Public duties payable	6, 9	9 941	13 463
0	0	Other short-term liabilities	6, 9, 10	83 527	68 579
0	**3**	***Total current liabilities***		**271 234**	**172 040**
0	**3**	**TOTAL LIABILITIES**		**2 075 077**	**2 035 203**
1 528 110	**1 528 113**	**TOTAL EQUITY AND LIABILITIES**		**3 614 553**	**3 637 890**

Bærum 5.3.2025

Steinar Bysveen
Chairman of the Board

Linnea Jansen
Board member

Maria Munina
Board member

Jérémy Roudier
Board member

Christian Dahl
Board member

Varme Topco AS
Statement of cash flows

Amounts in NOK thousands

Parent Company			Group	
31.12.2024	31.12.2023		31.12.2024	31.12.2023
		Cash flows from operating activities		
-101	-111	Cash generated from operations (Note 18)	203 080	260 963
21	21	Interest received	9 914	9 714
-4	-3	Interest paid	-86 835	-81 772
0	0	Income taxes paid	-20 064	-28 059
0	0	Change in accounts receivables	63 766	39 027
-3	3	Change in trade payables	-36 067	-47 174
120 092	105 061	Change in other working capital	-1 136	-45 293
120 005	**104 971**	**Total net cash from operating activities**	**132 658**	**107 405**
		Cash flows from investing activities		
0	0	Purchases of property, plant and equipment	-43 921	-36 121
0	0	Acquisitions of shares	-25 992	0
0	0	Dividends from associates and joint ventures	0	0
0	**0**	**Total net cash from investing activities**	**-69 913**	**-36 121**
		Cash flows from financing activities		
0	0	Proceeds from borrowings	52 500	35 000
0	0	Repayment of borrowings	-1 594	0
0	0	Change in short-term liabilities	0	0
0	0	Principle elements of lease payments	-3 879	-3 433
-120 000	-105 000	Dividends paid to the owners of the parent	-121 288	-105 000
0	0	Net group contributions received (paid)	0	0
-120 000	**-105 000**	**Total net cash flows from financing activities**	**-74 262**	**-73 433**
5	-29	Net increase (decrease) in cash and cash equivalents	-11 517	-2 150
20 452	20 481	Cash and cash equivalents at beginning of period	191 959	194 109
20 457	**20 452**	**Cash and cash equivalents at end of period**	**180 443**	**191 959**

Varme Topco AS

NOTES TO THE FINANCIAL STATEMENTS FOR 2024

Note 1 Accounting principles

Accounting principles

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

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

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to classification of liabilities.

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

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

Shares in subsidiaries - Parent

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

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

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

Subsidiaries - Group

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

Acquisition-related costs are expensed as incurred.

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

Associated companies - Group

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

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

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

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

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

Intangible assets - Group

Goodwill

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

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

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

Customer contracts and customer relationships

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

EUA allowances held for own use

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

Other accounting principles – Parent and Group

Revenue recognition

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

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

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

Cash and cash equivalents

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

Financial assets

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

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

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

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

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

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

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

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

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

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

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

Derivative financial instruments and hedging activities

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

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

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

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

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

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

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

Foreign currency translation

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

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

Borrowings

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

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

Borrowing costs

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

Leases

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

Fixed assets

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

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

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

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

Inventory

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

Pension obligations

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

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

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

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

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

Taxes

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

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

Note 2 Sales revenue

(Amounts in NOK thousands)

The group's revenues are generated from the supply of district heat and district cooling, in combination referred to as thermal energy to customers within the group's 7 concession areas as well as to 3 business-to-business (B2B) customers.

The 7 concession areas are located in Bærum, Ullensaker, Enebakk, Fredrikstad and Mosjøen. The 3 B2B customers are all located within the greater Oslo region.

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

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

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

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

2024

	Bærum	Fredrikstad	Ullensaker	Enebakk	Mosjøen	B2B customers
District heating	229 285	77 629	3 181	1 988	8 132	43 602
District cooling	64 959	3 180	2 217	0	0	8 869
Total	**294 244**	**80 809**	**5 398**	**1 988**	**8 132**	**52 471**

2023

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

Note 3 Employee benefit expenses

(Amounts in NOK thousands)

Parent company

There are no employees in Varme Topco AS.

The audit fee included in other operating expenses for 2024 totals KNOK 85,3 excluding VAT and can be categorised as follows:

	2024	2023
Statutory audit	78	85
Other assistance	8	0

Group

Employee costs	**2024**	**2023**
Salaries and wages	28 879	26 263
Capitalised own work	-3 267	-3 576
Social security costs	5 502	5 469
Pension costs	2 965	2 498
Remuneration to the Board	703	987
Other remuneration	1 552	741
Total	**36 334**	**32 382**

On average, the number of employees in the accounting year has been 19,6 (2023 - 19,7).

Remuneration for executives in the group	Managing Director Oslofjord Varme AS	Managing Director Fredrikstad Fjernvarme AS	Board of Directors
Salary	3 749	1 472	
Bonus	748	112	
Pension costs*	284	138	
Other remuneration	274	11	
Remuneration to the Board			703
Total	**5 055**	**1 734**	**703**

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

Audit fee
The audit fee included in other operating expenses for 2024 totals KNOK 549 excluding VAT and can be categorised as follows:

	2024	2023
Statutory audit	503	782
Other assistance	44	0
Refinancing consultancy	2	0

Note 4 Specification of financial income and expenses

(Amounts in NOK thousands)

Parent company

Financial income	**2024**	**2023**
Group contribution	120 084	50 092
Other interest income	21	21
Total financial income	**120 105**	**50 113**

Financial expenses	**2024**	**2023**
Other interest expenses	0	0
Other financial expenses	4	3
Total financial expenses	**4**	**3**

Group

Financial income	**2024**	**2023**
Interest income from customers	117	164
Other interest income	9 637	9 431
Other financial income	160	119
Total financial income	**9 914**	**9 714**

Financial expenses	**2024**	**2023**
Other interest expenses	83 457	76 208
Other financial expenses	4 165	6 273
Total financial expenses	**87 622**	**82 481**

Note 5 Taxes

(Amounts in NOK thousands)

Parent company

Components of the income tax expense:	**31.12.2024**	**31.12.2023**
Current tax on profits for the year	0	0
Change in deferred taxes	0	0
Total income tax expense	**0**	**0**

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

Profit (loss) before taxes	120 000	50 000
Permanent differences *)	0	0
Change in temporary differences	0	0
Group contribution received without tax effect	-120 000	-50 000
Taxable income	**0**	**0**

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

Reconciliation of the tax expense	**31.12.2024**	**31.12.2023**
Profit (loss) before taxes	120 000	50 000
Expected income tax based on nominal tax rate	26 400	11 000
Tax effect of the following:		
Permanent differences	-26 400	-11 000
Income tax expenses	0	0
Effective tax rate	0,0 %	0,0 %

Group

Components of the income tax expense:	**31.12.2024**	**31.12.2023**
Current tax on profits for the year	9 613	20 064
Tax on group contributions	0	127
Change in deferred tax over P&L	5 284	11 310
Total tax expense	**14 897**	**31 501**

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

Profit (loss) before taxes	72 259	149 316
Permanent differences *)	-1 223	-650
Share of profits in associated companies, partnerships and joint ventures	-3 324	-5 480
Change in temporary differences in OCI	-2 739	-1 779
Change in temporary differences	-16 364	-72 040
Previously unrecognised tax losses used to reduce deferred tax expense	-4 915	21 832
Group contributions given	0	0
Taxable income	**43 694**	**91 200**

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

	31.12.2024	**31.12.2023**
Deferred tax liabilities:		
Intangible assets	430 130	445 176
Borrowings	0	0
Receivables	-255	46
Construction in progress	22 727	24 351
Property, plant and equipment	189 292	201 537
Total	641 894	671 110

Deferred tax assets:		
Property, plant and equipment	-3 617	-2 337
EUA allowances	-3 361	-2 483
Pension liabilities	-211	-6 710
Derivative financial instruments	60 220	16 734
Provisions for liabilities	0	0
Leasing contracts	-23 983	-23 828
Gain (loss) on property, plant and equipment	-74	-93
Total	28 973	-18 716
Tax loss carryforward	-19 082	-21 832
Basis for deferred tax - net	651 785	630 561
Net deferred tax liability	**143 393**	**138 723**
Deferred tax asset from Søndre Jong Varme AS	-110	-110
Total net deferred tax liability	**143 282**	**138 613**
Deferred tax %	22 %	22 %
Of which deferred tax asset (liability) in equity (OCI)	594	530
Deferred tax asset from Enebakk Bioenergi AS	551	0
Of which deferred tax asset (liability) booked directly to the balance sheet	0	-127
Deferred tax	**144 427**	**139 016**

Reconciliation of the tax expense

	31.12.2024
Profit (loss) before taxes	72 259
Expected income tax based on nominal tax rate	15 897
Tax effect of the following:	
Permanent differences *)	-269
Share of profits of associated companies, partnerships and joint ventures	-731
Limited interest liability	0
Tax expenses	14 897
Effective tax rate	20,6 %

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

Note 6 Financial assets and financial liabilities

(Amounts in NOK thousands)

Parent

The parent company has a total of KNOK 20 542 in financial assets of which KNOK 84 are classified as other financial assets at amortised cost and KNOK 20 457 are classified as cash and cash equivalent. See note 8.
The company does not have any restricted cash as at 31.12.2024.

The parent company has a total of KNOK 0 in financial liabilities. See note 9.

Group

Financial assets	**31.12.2024**	**31.12.2023**
Financial assets at amortised cost		
a) Trade receivables	59 941	123 708
b) Other financial assets at amortised cost	49 551	42 288
c) Cash and cash equivalents	180 443	191 959
Derivative financial instruments		
d) Used for hedging	60 220	17 458
	350 154	**375 413**

Financial liabilities	**31.12.2024**	**31.12.2023**
Liabilites at amortised cost		
e) Trade and other payables	118 566	148 507
f) Borrowings	1 779 422	1 696 759
Lease liabilities - see note 13	23 983	23 826
Derivative financial instruments		
g) Used for hedging	0	724
	1 921 970	**1 869 816**

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

a) Trade receivables

	31.12.2024	**31.12.2023**
Current assets		
Trade receivables	60 226	123 708
Loss allowance - see note 20	-284	0
	59 941	**123 708**

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

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

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

b) Other financial assets at amortised cost

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

	31.12.2024	**31.12.2023**
Financial leasing assets (amount due after 2025 is KNOK 16 530)	17 209	17 284
Other receivables	32 342	25 004
Loss allowance	0	0
	49 551	**42 288**

Other receivables generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.
The non-current other receivables are due and payable within 15 years from the end of the reporting period.

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

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

c) Cash and cash equivalents

	31.12.2024	**31.12.2023**
Current assets		
Cash at bank and in hand	180 443	191 959
Deposits at call	0	0
	180 443	**191 959**

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

	2024
Balances as above	180 443
Balances as per statement of cash flow	**180 443**

The group has a total of KNOK 1 615 in restricted cash as at 31.12.2024.

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

e) Trade and other payables

	31.12.2024	31.12.2023
Current liabilities		
Trade payables	25 098	66 465
Payroll tax and other statutory liabilities	9 941	13 463
Other payables	83 611	68 672
	118 650	**148 600**

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

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

f) Borrowings

	31.12.2024	31.12.2023
Secured		
Bank loans and issued notes	1 639 655	1 696 759
Bank overdrafts and short-term loans	139 767	0
Total secured borrowings	**1 779 422**	**1 696 759**

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

The Varme Finco group has complied with both the financial covenants (default ratios) and lock-up tests of its borrowing facilities during the 2024 reporting period, see note 11 for details.

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

Note 7 Derivative financial instruments

(Amounts in NOK thousands)

Group

The Group has entered into two cross currency swaps and one commodity hedge as at 31.12.2024.
The swaps secure the interest rate and currency rate on the long-term loans and notes of the Group. The interest rate and currency rate for the notes and the swaps are fixed on the same day. The commodity hedge secures the wholesale price of electricity for the sales price of district heating.

	31.12.2024		31.12.2023	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	0	0	6646	30
Cross currency swaps	58 351	0	10812	0
Commodity hedge	1 869	0	0	694

The notional principal amounts of the outstanding swaps as of 31.12.2024 were kr 509 mill. The swaps and note purchase agreements have corresponding timing of interest rate fixing and interest periods. The cross currency swaps are classified as non-current assets as the remaining maturity of the hedged item is more than 12 months.

The notional principal amount of the outstanding commodity hedge as of 31.12.2024 was kr 18 mill. The wholesale electricity price used to determine the sales revenues for district heating and the commodity hedge contract have corresponding timing. The hedge is classified as current liabilities to the extent it is expected to be settled within 12 months after the ending of the reporting period. AS of 31.12.2024, the fixed price on the Group's hedge was kr 860 pr MWh and the market price is based on the Nasdaq forward price of wholesale electricity. The fair value of the hedge is the present value of hte difference between the fixed and floating rates on the principal amount fo the length of the agreement.

Hedging reserves	**Interest rate swaps**	**Commodity hedge**
Opening balance 1 January 2024	**5 160**	**-541**
Add: new hedging contracts in 2024	0	0
Less: terminated contracts in 2024	0	0
Less: change in fair value of hedging instrument recognised in OCI for the year	-6 616	2 563
Less: deferred tax	1 455	-564
Closing balance 31 December 2024	**0**	**1 458**

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

Cross currency swaps	47 539
Borrowings - see note 11	-28 147
Other gains/(losses) - net	19 392

Note 8 Trade and other receivables

(Amounts in NOK thousands)

Parent company

	31.12.2024	**31.12.2023**
Long-term receivables:		
Receivables from related parties	84	92
Total long-term receivables	**84**	**92**

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

Note 9 Other payables

(Amounts in NOK thousands)

Parent company

There are no other payables in the parent company as per 31.12.2024.

Note 10 Intercompany balances for group companies

(Amounts in NOK thousands)

Parent company

		31.12.2024	**31.12.2023**
Receivables			
Varme Finco AS	Current	84	0
Oslofjord Varme AS	Current	0	92
Total group receivables		**84**	**92**

Liabilities			
Oslofjord Varme AS	Current	0	3
Total group liabilities		**0**	**3**

Note 11 Mortgaged debt and guarantee obligations

(Amounts in NOK thousands)

As of 31.12.2024, Varme Finco AS has entered into a Common Terms Agreement covering a Bank Facilities agreement with a consortium consisting of SEB AB, Nordea Bank ABP and DNB Bank ASA and a PP Note Purchase agreement with four PP debt providers represented by IFM investors, Vantage Infrastructure and Sunlife.

The Bank Facilities agreement is for KNOK 985 918 and as of 31.12.2024, KNOK 745 918 is drawn down. The loan matures in seven years from the date of the first drawdown, 19.12.2019. The loan is to be repaid in full on the maturity date as no installments are made during the period of the loan. The loan has a floating interest rate of NIBOR + margin.

The PP Note Purchase agreement is for an equivalent of KNOK 811 950 and four notes have been issued at a fixed rate, expiring in 10, 12 and 15 years from the date of issuance, 19.12.2019. Two of the issued notes are in NOK and two are in EUR. The notes are to be repaid in full on the maturity date. The EUR notes are recognised at the market exchange rate as at 31.12.2024.

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

Parent company

	31.12.2024	31.12.2023
Book value of assets secured for mortgaged debt:		
Investments in shares	1 507 568	1 507 568
Total	**1 507 568**	**1 507 568**

Group

As of 31.12.2024, Fredrikstad Fjernvarme AS has entered into a bank loan and bank overdraft facility with Danske Bank AS. The bank loan is for KNOK 140 000 and as of 31.12.2024, KNOK 140 000 is drawn down. The loan and overdraft facility matures in three years from the date of extention, 30.8.2022. The loan is to be repaid in full on the maturity date as no installments are made during the period of the loan. The loan has a floating interest rate of NIBOR + margin. The bank overdraft facility is for KNOK 32 and as of 31.12.2024, KNOK 0 is drawn down.

As of 31.12.2024, Enebakk Bioenergi AS has entered into a bank loan with Nordea Bank Abp. The bank loan is for KNOK 2 500 and as of 31.12.2024, KNOK 2 500 is drawn down. The loan matures 01.07.2029. The loan is to be repaid in full on the maturity date as no installments are made during the period of the loan. The loan has a floating interest rate of NIBOR + margin. To secure the debt, Varme Finco AS has guaranteed for the loan.

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

	31.12.2024	31.12.2023
Mortgaged debt:		
The following amounts have been drawn on the facilities agreement (net costs of loan):		
Varme Finco AS	1 637 155	1 557 342
Fredrikstad Fjernvarme AS	139 767	139 417
Enebakk Bioenergi AS	2 500	0
Total	**1 779 422**	**1 696 759**
Book value of assets secured for mortgaged debt:		
Fixed assets	200 000	200 000
Trade receivables	15 463	26 178
Cash and cash equivalents	110 434	134 465
Total	**325 898**	**360 643**

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

Financial covenants:
The common terms agreement applies debt covenants at the group level with testing on a half-yearly basis. The level of the ratios for the leverage ratio changes every half year for the intial five years and then is maintained at a constant ratio. The ICR ratio is a constant ratio of 2:1.
This results in the following demands on the Varme Finco group as at 31.12.2024:

Leverage ratio (Total net debt / EBITDA)	10:1
Interest cover ratio (EBITDA / Net Finance Charges)	2:1

Interest cover and leverage ratios will be tested both retrospectively and prospectively at each period ending. There is no indication of breach of covenants as of 31.12.2024.

In addition to the debt covenants, the commen terms agreement applies financial testing for lock-up at the group level with testing on a half-yearly basis. The level of the ratios for the leverage ratio changes every half year for the intial five years and then is maintained at a constant ratio. The ICR is a constant ratio of 2.5:1 and the LLCR is a constant ratio of 1.175:1.
This results in the following demands on the Varme Finco group as at 31:12:2024:

Backward Looking Leverage ratio (Total net debt / EBITDA)	9.0:1
Forward Looking Leverage ratio (Total net debt / EBITDA)	9.0:1
Interest cover ratio (EBITDA / Net Finance Charges)	2.5:1
Loan life coverage ratio (NPV plus cash / Outstanding principle amount of Secured Debt)	1.175:1

As at 31.12.2024, there is no indication of non-compliance with the lock-up ratios. Refer to note 26 regarding amendments to the financial covenants and financial testing for lock-up for the ICR after 31.12.2024.

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

The loan agreement with Danske Bank AS applies a debt covenant with Fredrikstad Fjernvarme AS. The booked value of equity shall be a minimum of 25% as per 31.12 and is to be measured by 31.5 of the following year. As of 31.12.2024, the equity ratio was 42,5%.

Note 12 Property, plant and equipment

(Amounts in NOK thousands)

Fixed assets	Buildings and other property	Production equipment	Other equipment	Construction in progress	Total fixed assets
Cost 1.1.2024	687 143	542 843	5 761	24 750	1 260 497
Capital expenditure	14 168	327	204	24 749	39 449
Purchase of Enebakk Bioenergi	3 371	1 055	0	0	4 426
Enova grants received	0	0	0	-50	-50
Reclassifications	17 021	6 709	1 167	-24 897	0
Disposals	0	0	0	0	0
Cost 31.12.2024	721 703	550 934	7 133	24 551	1 304 321
Accumulated depreciation 31.12.2024	-106 402	-253 844	-4 800	0	-365 046
Accumulated write downs 31.12.2024	0	-4 394	0	0	-4 394
Book value 31.12.2024	**615 301**	**292 696**	**2 332**	**24 551**	**934 881**
Depreciation for the period	19 553	36 568	645	0	56 766

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

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

Capitalised cost for own work for project development is KNOK 2 804.
Capitalised borrowing costs for project development is KNOK 828.

Note 13 Leases

(Amounts in NOK thousands)

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2024	2023
Right-of-use assets		
Property rentals	17 950	19 643
Machinery	1 844	2 090
Vehicles	2 633	708
	22 427	**22 441**
Lease liabilities		
Current	3 289	2 745
Non-current	20 694	21 081
	23 983	**23 826**

Additions to the right-of-use assets during the 2024 financial year were KNOK 3 249 (2023 - KNOK 4 259).

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2024	2023
Depreciation charge of right-of-use assets		
Property rentals	-2 306	-2 267
Machinery	-246	-123
Vehicles	-711	-484
	-3 263	**-2 874**
Interest expense (included in finance cost)	-786	-709
Gains (-) and losses due to terminations, purchases, impairments and other changes	0	4
Expense relating to short-term leases (included in other operating expenses)	0	0
Expense relating to leases of low-value assets that are not shown above as short-term leases	0	0

The total cash outflow for leases in 2024 was KNOK 3 879 (2023 - KNOK 3 433).

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

The group leases various properties, machinery and vehicles. Rental contracts are typically made for fixed periods of 1 to 15 years, but may have extension options as described in (v) below.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.
Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

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

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

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

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

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

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

(iv) Variable lease payments

The group does not have any variable lease payments.

(v) Extension and termination options

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

Note 14 Intangible assets

(Amounts in NOK thousands)

Non-current assets	Other rights	Customer contracts	Customer relationships	Goodwill	Total
Cost 1.1.2024	6 432	44 720	463 200	1 611 348	2 125 700
Capital expenditures	0	0	0	0	0
Disposals	0	0	0	0	0
Cost 31.12.2024	6 432	44 720	463 200	1 611 348	2 125 700
Accumulated depreciation 31.12.2024	-1 473	-12 185	-88 033	0	-101 691
Book value 31.12.2024	**4 958**	**32 536**	**375 167**	**1 611 348**	**2 024 010**

	Other rights	Customer contracts	Customer relationships	Goodwill	Total
Depreciation for the period	238	1828	13205	0	15 270

The group uses straight line depreciation for all intangible assets.

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

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

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

Budget and forecast assumptions

The impairment tests performed for 2024 are based on the 2025 budget, management's long-term forecasts (2-15 years) and a long term plan based on yearly forecasts using growth assumptions before the terminal value is established in 2045. Future cash flows are calculated over a 21 year period before the terminal value is calculated due to the longevity of the assets that the goodwill represents; concessions, new customers and contracts. A perpetual growth rate of 2% is assumed, which is consistent with industry reports. The cash flows are based on a number of assumptions. Due to the district heating price cap model, electricity prices play a significant role in the profitability of the business and the impairment tests utilise the forward price for electricity from a 3rd party consultant. Normal production is assumed for the business based on ten years' historic volume data, adjusted for weather/building normalisation, planned customer connections in the short term and long term growth assumptions. The current price cap model for district heating is expected to continue until the terminal year.

Discount rate

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

Sensitivity

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

EUA Allowances

Oslofjord Varme is a participant in the CO2 quota scheme and is allocated EUA allowances free of charge from the Norwegian Environment Agency. As of 31.12.2024, the number of EUA allowances allocated to Oslofjord Varme is more than their measured emissions. The company uses a zero cost principle for allowances that are allocated free of charge and therefore, the value of KNOK 9 478 is not recorded at 31.12.

Note 15 Inventories

(Amounts in NOK thousands)

	2024	2023
Current assets		
Raw materials	7 461	5 637
Book value 31.12	**7 461**	**5637**

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

(ii) Amounts recognised in profit or loss
Inventories recognised as an expense during the year ended 31 December 2024 amounted to KNOK 20 789. These were included in energy costs KNOK 20 488 and other expenses KNOK 301.

There were no write-downs of inventories during 2024.

Note 16 Pensions

(Amounts in NOK thousands)

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

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

Net pension expenses	**2024**	**2023**
Current service cost	2 825	2 736
Net interest costs	127	187
Impact of plan amendments on DBO	0	0
Total net pension expenses including social security fees	2 951	2 922
Interest costs reclassified as financial expenses	127	187
Total net pension costs for defined benefit plan	**2 825**	**2 736**
Defined contribution pension plan	932	777
Total included in employee benefit expenses	**3757**	**3512**

Defined contribution plans:	**31.12.2024**	**31.12.2023**
Number of participants	11	9
Contribution rate	6-18,1%	6-18,1%

Defined benefit plans:	**31.12.2024**	**31.12.2023**
Actives	11	11
Pensioners	13	9

Financial assumptions:	**31.12.2024**	**31.12.2023**
Discount rate	3,10 %	3,00 %
Estimated salary increase	3,50 %	3,50 %
Estimated pension increase	2,90 %	2,60 %
Estimated social security base figure adjustment	3,25 %	3,25 %

Actuarial assumptions:		
Mortality table	K2013BE	K2013BE
Disability table	KU	KU
Expected turnover	2,3 %	2,3 %

Net Defined Benefit Obligation:	**31.12.2024**	**31.12.2023**
Present value of funded obligations	67 332	73 317
Fair value of plan assets	70 433	69 561
Deficit (-) / surplus (+)	3 101	-3 757
Present value of unfunded obligations	-3 312	-2 953
Net asset (liabilities) in the balance sheet	**-211**	**-6 710**

Reconciliation of net amount recognised in the Balance sheet:	31.12.2024	31.12.2023
Net assets (liabilities) recognised in the Balance sheet 1.1	-6 710	-9 482
Net periodic pension cost	-2 334	-2 261
Employer contributions	5 073	6 812
Remeasurements (loss) gain	3 760	-1 779
Net assets (liabilities) recognised in the Balance sheet 31.12	**-211**	**-6 710**

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

Financial assumptions:	31.12.2024	31.12.2023
Discount rate	3,90 %	3,10 %
Estimated salary increase	4,00 %	3,50 %
Estimated pension increase	3,00 %	2,80 %
Estimated social security base figure adjustment	3,75 %	3,25 %
Actuarial assumptions:		
Expected return on funds	2,30 %	2,30 %
Mortality table	K2013BE	K2013BE
Disability table	KU	KU
Expected turnover	2,3 %	2,3 %

Note 17 Shareholders' Equity

(Amounts in NOK thousands)

Parent company

	Share Capital	Other paid-in equity	Total
Equity as at 1.1.2024	120	1 527 990	1 528 110
Profit for the year		120 000	120 000
Dividends		-120 000	-120 000
Equity as at 31.12.2024	**120**	**1 527 990**	**1 528 110**

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

Group

	Share Capital	**Other paid-in equity**	**Other equity**	**Total**	**Non-controlling interests**	**Total**
Equity as at 1.1.2024	120	1 551 706	0	1 551 826	50 861	1 602 687
Net profit for the year		55 757		55 757	1 605	57 362
Defined pension benefit liabilities, net of tax (IAS19R)		2 933		2 933		2 933
Derivative financial instruments, net of tax		-3 161		-3 161		-3 161
Purchase Enebakk Bioenergi AS		208		208	1 169	1 377
Dividends provided for or paid		-120 000		-120 000	-1 720	-121 720
Balance as at 31.12.2024	**120**	**1 487 442**	**0**	**1 487 562**	**51 914**	**1 539 477**

Note 18 Cash Flow Information

(Amounts in NOK thousands)

Parent

	2024	2023
Cash generated from operations:		
Profit before income tax	**120 000**	**50 000**
Adjustments for:		
Group contributions classified as financing cash flows	-120 084	-50 092
Finance costs - net	-17	-18
Cash generated from operations	**-101**	**-111**

Group

	2024	2023
Cash generated from operations:		
Profit before income tax	**72 259**	**149 316**
Adjustments for:		
Depreciation and amortisation expenses	75 299	73 908
Write down of assets	0	0
Share of profits of associates and joint ventures	-3 324	-5 480
Principle elements of leasing liabilities classified as financing cash flows	3 093	2 724
Fair value adjustment to derivatives	-21 955	-32 272
Finance costs - net	77 707	72 767
Cash generated from operations	**203 080**	**260 963**

Unpaid investment invoices have been reclassified and reduce the change in accounts payable.

Note 19 Critical estimates and judgements

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

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

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

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

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

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

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

Critical judgments in applying the entity's accounting policies

Useful life of intangible assets

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

Note 20 Financial risk management

Financial risk factors

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

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

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

Market risk

Currency risk

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

Price risk

The group is exposed to price risk due to variations in the different inputs in production – including electricity and biofuel.
In addition, the group is exposed by their own production in connection with the price limit on turnover of remotely deliverable heat which needs to be reconciled to the spot price for electricity. The group has entered into a commodity hedge where the group agrees with other parties to exchange the difference between fixed contract prices and the spot price for electricity.

Interest risk on cash flows

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

The group only has floating interest loans in NOK, whereof 0% is secured through swaps pr 31.12.2024. As pr 31.12.2024, the group is refinancing the bank loans in Varme Finco AS and will by 31.3.2025 have entered into interest rate swaps to convert floating interest to fixed interest on at least 70% including the PP notes. Such interest rate swaps will convert the floating rate loans to economic fixed rate loans. The group raises long-term loans at floating rates and swaps them into fixed rates that are lower than what the group would have achieved by raising a fixed-rate loan directly. With these interest rate swaps, the group agrees with other parties to exchange the difference between fixed contract rates and floating interest rates estimated in accordance with the agreed principal. This is performed in accordance with agreed upon intervals.

The group only has fixed interest notes in NOK and EUR, of which the EUR notes are hedged with cross currency swaps. Together with the loans, the total amount of interest which is converted to fixed is 52% for the group.

Credit Risk

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

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

	Trade receivables	
	2024	**2023**
Opening loss allowance at 1 January	0	215
Increase in loss allowance recognised in profit or loss during the year	331	0
Receivables written off during the year as uncollectible	-46	-15
Unused amount reversed	0	-200
Closing loss allowance at 31 December	284	0

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

Liquidity risk

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

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

(MNOK)

31.12.2024	**< 3 mnd**	**3 md – 1 yr**	**1-2 yr**	**2-5 yr**	**Over 5 yr**
Borrowings	0,0	139,8	745,4	2,5	891,7
Net settled derivatives	-1,9	0,0	0,0	0,0	-58,4
Trade and other payables	47,8	10,3	3,2	9,6	47,9
Financial guarantee contracts	0	0	0	0	0

Note 21 Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The group's 2 cross currency swaps are recorded at fair value. The swaps are entered in order to secure the group's cash flow in connection with future interest payments, the agreements are accounted for in accordance with this. The value of these agreements is calculated by the groups' bank based on future cash flow estimates and an observable curve for return on investment. Changes in fair value are recognised in comprehensive income, net after tax. See note 7.

Note 22 Business combinations

(Amounts in NOK thousands)

On 1 January 2024 Varme Acquisitions AS acquired 70% of Enebakk Bioenergi AS. The acquisition increases the district heating operations within the greater Oslo area.

Enebakk Bioenergi AS became a subsidiary of the Varme Finco group immediately following the acquisition.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration (refer to (b) below)	**1 845**

The assets and liabilities recognised as a result of the acquisition are as follows:

Property, plant and equipment	3 098
Other investments	13
Inventory	68
Trade and other receivables	283
Cash	451
Deferred tax liability	385
Loans	-1 116
Other short-term liabilities	-455
Net identifiable assets acquired	2 728
Goodwill	-883
Net assets acquired	**1 845**

(b) Purchase consideration - cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	1 845
Less: Balances acquired	
- Cash	645
Net outflow of Cash - investing activities	**1 200**

At the time of approval of the financial statements, the assumptions and basis allocation of over value is preliminary. The final evaluation will be assessed and adjusted in accordance with IFRS 3.

All costs associated with the acquisition have been expensed.

Note 23 Investments in subsidiaries

(Amounts in NOK thousands)

In January 2024, Varme Acquisitions AS acquired 70% of the shares in Enebakk Bioenergi AS.

Parent company

Company	Number of shares	Ownership	Cost price	Book value
Varme Finco AS	300	100 %	1 507 568	1 507 568
Subsidiaries owned through Varme Finco AS:				
Varme Acquisitions AS	6 469 149	100 %	2 598 798	2 598 798
Oslofjord Varme AS	100	100 %	2 383 948	2 383 948
Fredrikstad Fjernvarme AS	967 937	57 %	77 259	77 259
Enebakk Bioenergi AS	4 952	70 %	1 845	1 845
Mosjøen Varme Leasing AS	30 000	100 %	8 600	8 600

Investments in subsidiaries are booked according to the cost method.

Financial information:	Net profit (loss) for 2024	Equity 31.12.2024	Location
Varme Finco AS	57 126	1 459 262	Bærum
Varme Acquisitions AS	2 419	2 691 294	Bærum
Oslofjord Varme AS	85 933	208 442	Bærum
Fredrikstad Fjernvarme AS	3 913	122 319	Fredrikstad
Enebakk Bioenergi AS	-267	3 630	Enebakk
Mosjøen Varme Leasing AS	3 192	21 604	Bærum

Note 24 Investments in associated companies and joint ventures

(Amounts in NOK thousands)

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

In 2024, Drammen Fjernvarme AS increased its share capital by a total of MNOK 50. The capital increase was carried out by increasing the nominal value and does not affect the rights to the shares. Varme Acquisitions, having a 50% ownership in the company had a share contribution of MNOK 25.

Company	Book value 01.01.2024	Share of profits 2024	Other changes in capital	Book value 31.12.2024
Drammen Fjernvarme AS	247 296	3 324	25 000	275 620

Financial information:	Net profit (loss) for 2024	Equity 31.12.2024	Ownership	Location
Drammen Fjernvarme AS	6 648	289 023	50 %	Drammen

Note 25 Related party transactions

(Amounts in NOK thousands)

Parent company

The following transactions occurred with related parties:

Sales and purchases of goods and services	**2024**	**2023**
- Purchase of services from Oslofjord Varme AS	16	4
Total	**16**	**4**

Note 26 Events after the reporting period

(Amounts in NOK thousands)

In February 2025, Varme Finco AS entered into a Bank Facilities agreement with a consortium consisting of SEB AS, DNB Bank ASA and Swedbank and a PP Note Purchase agreement with four PP debt providers represented by IFM investors, Sunlife and Vantage. The CTA and MDA have been amended to incorporate the changes made by entering new agreements and to make adjustments to the covenants.

The Bank Facilities agreement is for KNOK 1 074 000 and as of March 2025, KNOK 474 000 is drawn down. The loan matures in seven years from the date of the first drawdown. The loan is to be repaid in full on the maturity date as no installments are made during the period of the loan. The loan has a floating interest rate of NIBOR + margin.

In addition to the existing four notes in the PP Note Purchase agreement, two notes have been issued at a fixed rate for KNOK 311 000, expiring in 12 and 15 years from the date of issuance, 4.3.2025. The issued notes are in NOK. The notes are to be repaid in full on the maturity date.

The outstanding bank loans as at 31.12.2024 have been repaid, see note 11.

The ICR ratio has been amended in the CTA and MDA and for the financial covenant will be a constant ratio after 31.12.2024 of:

Interest cover ratio (EBITDA / Net Finance Charges) 1.7:1

For financial testing the ICR ratio for both backward and forward looking lock-up ratio level will be set at a ratio of 2.0:1 for 2025 and 2026, while from 2027 the ratio will be 2.15:1

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To the General Meeting of Varme Topco AS

Independent Auditor's Report

Opinion

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

- the financial statements of the parent company Varme Topco AS (the Company), which comprise the balance sheet as at 31 December 2024, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Varme Topco AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2024, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

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

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Drammen, 5 March 2025
PricewaterhouseCoopers AS

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

Securely signed with Brevio

Revisjonsberetning - Varme Topco AS 2024

Signers:

Name	*Method*	*Date*
Nymark, Gorm Frode	BANKID	2025-03-08 09:46

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

This file is sealed with a digital signature. The seal is a guarantee for the authenticity of the document.

Skatteetaten

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

VARME TOPCO AS
Brynsveien 2
1338 SANDVIKA

MOTTATT
29 NOV. 2018

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

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

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

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

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

Bakgrunn
Fra søknaden gjengis:

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

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

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

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

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

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

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

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

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.