



The shift to renewable energy made effortless

Q2 Financial Report 2023



The first plant in the Origo-1 project was approved and energized on the 12th of August 2023.

Norsk Solar in brief:

Norsk Solar is an independent solar power producer (IPP), established in 2017 in Stavanger, Norway. Norsk Solar currently has approx. 40 employees located in Norway, Spain, South Africa, Vietnam and Brazil. Norsk Solar AS is listed on the Euronext Growth Oslo stock exchange under the ticker NSOL.

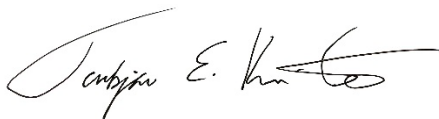
In the second quarter of 2023, Norsk Solar, continues its journey in the renewable energy sector. Our commitment to sustainable energy solutions and responsible business practices has yielded promising results.

Our renewable energy production remained robust, with 66,656 MWh of clean energy generated first half of 2023 in comparison to 63 442 MWh in first half of 2022 and we achieved a reduction of 39 036 t CO₂. This energy was harnessed from various assets with solar power, underscoring our reach in emerging countries. We got our first plant of the Origo-1 (Uberlandia 2) Solar PV project approved and energized the second week of August. The plant is situated in the Minas Gerais district in Brazil and represents the first out of 6 sites of an 18 MW project contributing to regional energy sustainability. We are expecting the other 5 to be approved and energized during the coming months.

In July Norsk Solar signed a Joint Development Agreement (JDA) with CME Solar (CMES) in Vietnam. The agreement marks a significant milestone in the effort to promote sustainable energy solutions in the country. The partnership between Norsk Solar and CMES aims to combine our expertise, resources, and technologies to accelerate the development of solar energy projects.

We extend our gratitude to our employees, partners, shareholders, and stakeholders for their continued support and collaboration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Torbjørn E. Kirkeby-Garstad'. The signature is fluid and cursive, with a prominent flourish at the end.

Torbjørn Elliot Kirkeby-Garstad

CEO, Norsk Solar

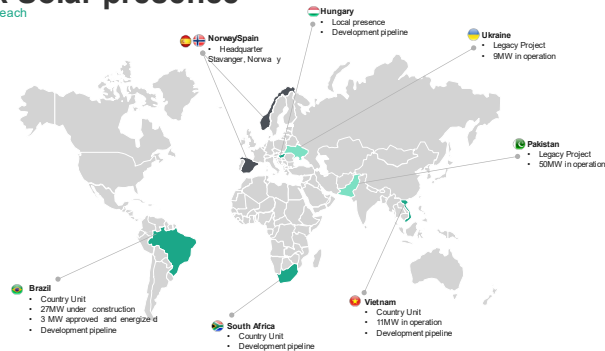
Markets – Norsk Solar Group Q2 Financial Report



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Norsk Solar presence

International reach



Vietnam

Total in operation 11 MW

YTD our assets in Vietnam produced 5,666 MWh Q1&2 2023 an increase from 2 609 MWh in 2022.

While 39 038 t CO₂ emission has been saved. Production was in accordance with seasonal irradiance expectations, supported by a well-functioning O&M and Asset Management Team

Brazil

Total approved and energized 3 MW

Total finishing construction 15 MW (part of the 18 MW Origo-1 project)

Total ready to start construction 9 MW

Secured and Active development 50 MW

South Africa

The continuous acute energy crisis in South Africa has led to major government incentives for private energy developers and we are exploring several opportunities.

Ukraine

The Semypolky solar plant in Ukraine produced 4 333 MWh Q1&2 2023, compared to 3 136 MWh during 2022 while 3 198 t CO₂ has been saved. During the war in Ukraine, no damage is done to the plant.

There are curtailments to both production and revenues. Norsk Solar pays special attention to domestic workers at the site and is relieved that there have not been incidents at the plant that have caused harm to any individuals.

Pakistan

The Gharo plant in Pakistan, where Norsk Solar owns 10%, generated 56 658 MWh Q1&2 2023, compared to 57 697 Q1&2 2022 while 33 658 t CO₂ emission has been saved.

Financial summary Q2 2023

– Norsk Solar Q2 Financial Report

Consolidated statement of profit & loss

Group profit in Q2 shows a loss of NOK 7.5 million. The decrease of NOK 9.9 million compared to the same period in 2022 derives from higher operating expenses and lower financial income. The increase in operating expenses relates to organizational growth and increased activity related to projects. Net financial income was NOK 8.2 million higher in 2022, and mainly due to a higher unrealized foreign exchange gain.

EBITDA for Q2 was minus NOK 5,1 million compared to minus NOK 2.6 million in the same period last year.

Year to date, the Group incurred a loss of NOK 24.8 million compared to a loss of NOK 20.1 million in the same period last year, mainly due to an increase in salaries and operating expenses. Net financial income was also higher last year.

Revenue

The company derives its income from sale of solar power under long-term power purchase agreements, as well as management and development services to associated companies. During Q2 of 2023, revenue consisted mainly of the sale of power derived from the Semypolky plant in Ukraine, as well as management fees.

The plant in Ukraine is fully operational, but the situation remains challenging. The plant is affected by curtailments and lower receipts on invoiced revenues. As a precaution therefore, Norsk Solar has chosen to continuously write off the outstanding accounts receivable from the Ukrainian plant.

In 2022 Nordic Impact Cooperation became an associated company of Norsk Solar AS, also making Norsk Solar Vietnam Co Ltd an associated company. The sale of solar energy from our operations in Vietnam is thus accounted for through income from associates in Q2 2023, compared to revenue in Q2 2022.

Operating expenses

Total operating expenses in Norsk Solar consists mainly of personnel expenses and other operating expenses.

In 2022, Norsk Solar received a grant from Norad for up to NOK 20 million to help support our development work in South Africa and Vietnam. Norsk Solar has previously booked such grants upon cash receipt of claim. However, going forward, such grant provisions will be booked on an ongoing basis as a reduction in the eligible cost base, and in the applicable period the costs occur. For Q2 2023, we have booked the grant accrual to date, and this has resulted in higher than normal cost reduction this quarter.

Salaries before grant reduction was NOK 10,1 million – in line with Q1 2023, and an increase of NOK 4,7 million compared to Q2 2022 as the organization has increased both on HQ and country level. There is booked a reduction of NOK 6,4 million per Q2 which reflects provision for Norad grant coverage for activities in Vietnam and South Africa for parts of 2022 and year to date 2023.

Total operating expenses before grant allocation was NOK 9.1 million, an increase of NOK 6.1 million from Q2 2022. This is mainly related to bad debt provisions in Ukraine, increased costs to other third-party services and legal assistance related to development activities. There is booked a reduction of NOK 2.0 million per Q2 which reflects provision for Norad grant coverage, resulting in total operating expenses of NOK 7 million.

Financial items

Net financial income amounts to NOK 0.1 million in Q2 2023 compared to NOK 8.3 million the same period last year. This is mainly due to unrealized foreign exchange gain last year.

Consolidated statement of financial position

– Norsk Solar Q2 Financial Report

Fixed assets

Reduction of fixed assets in Q2 is related to depreciations. The changes in PP&E includes currency translation changes. The change in Q2 compared to the same period last year relates to Nordic Impact Cooperation change from subsidiary to associated company.

Total current assets

Decrease in trade receivables is mainly due to the received repayment of previous loans to associated companies.

Cash and cash equivalents decreased due to the company's project development and investments in construction of renewable production assets.

Total shareholder equity

Net equity is reduced by the loss in the first half of 2023 and translation effects.

Total liabilities

Other long-term liabilities are increased by drawdowns of the NOK 100 million credit facility at Sparebank 1 SR-Bank.

Current liabilities are mainly reduced by the repayment of the outstanding on the NOK 50 million credit facility at Sparebank 1 SR-Bank

Subsequent events

Norsk Solar has in July been granted a loan of NOK 20 million from Innovation Norway. The loan has a duration of 10 years.

Condensed interim financial information

– Norsk Solar Q2 Financial Report

Norsk Solar AS Consolidated financial statement Profit and loss statement

<i>NOK 1000</i>		Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
	Note	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Operating revenue and operating expenses						
Revenue	3	5,711	5,665	7,731	7,444	13,077
Other operating income		1	0	1	0	660
Total operating revenue		5,712	5,665	7,732	7,444	13,737
Cost of goods and services		0	-58	0	199	167
Salaries and adm. expenses		3,785	5,387	13,863	12,339	30,437
Depreciation	4	2,470	3,241	4,764	5,748	10,887
Impairment	5	0	0	0	9,492	9,492
Other operating expenses	5	7,016	2,985	16,727	5,577	26,388
Total operating expenses		13,271	11,555	35,353	33,356	77,371
Operating profit/(loss)		-7,558	-5,890	-27,621	-25,911	-63,635
Financial income and financial expenses						
Interest received		8	268	1,721	268	1,958
Other financial income		780	6,470	2,847	6,470	1,903
Income/Loss from associates	8	482	418	1,218	418	-3,581
Interest expenses		-1,113	-571	-2,381	-1,368	-3,488
Other financial expenses		-86	1,733	-623	-5	-27
Net financials		71	8,316	2,782	5,783	-3,235
Profit/(loss) before taxation		-7,487	2,427	-24,839	-20,128	-66,870
Income tax expense		2	1	5	1	138
Profit/(loss) for the financial year		-7,489	2,426	-24,844	-20,129	-67,008
Net profit/(loss) for the year attributable to:						
Owners of the parent company	11	-6,263	1,734	-22,179	-13,513	-52,487
Non-controlling interests	11	-1,226	692	-2,665	-6,617	-14,521
		-7,489	2,426	-24,844	-20,129	-67,008

Interim consolidated balance sheet

– Norsk Solar Q2 Financial Report

Norsk Solar AS Consolidated financial statement Balance sheet

<i>NOK 1000</i>	Note	30 June 2023	30 June 2022	31 Dec 2022
		Unaudited	Unaudited	Audited
Assets				
Non-current assets				
Property, plant and equipment	4	15,763	94,634	18,027
Intangible assets		232	280	174
Investments in subsidiary companies	7	0	0	325
Investments in associated companies	8	52,839	0	35,613
Investments in shares		14,667	14,667	14,667
Total non-current assets		83,502	109,581	68,806
Current assets				
Inventories		163	186	150
Trade receivables		1,804	8,494	40,855
Other receivables		18,897	18,816	5,233
Loan to associated company		0	0	17,721
Cash and bank balances	9	25,538	58,865	44,436
Total current assets		46,402	86,361	108,396
Total assets		129,904	195,942	177,202

Interim consolidated balance sheet

– Norsk Solar Q2 Financial Report

Norsk Solar AS Consolidated financial statement Balance sheet

<i>NOK 1000</i>	Note	30 June 2023	30 June 2022	31 Dec 2022
		Unaudited	Unaudited	Audited
Shareholders equity and liabilities				
Capital and reserves				
Paid-in equity				
Share capital	10	758	748	748
Share capital - not registered	11	0	0	6
Share premium reserves	11	117,021	168,409	117,021
Total paid-in capital		117,779	169,157	117,775
Retained earnings				
Retained earnings	11	-52,043	-19,681	-27,040
Total retained earnings		-52,043	-19,681	-27,040
Equity attributable to owners of the parent company				
		69,732	126,677	91,878
Non-controlling interests	11	-3,996	22,799	-1,142
Total shareholders equity		65,736	149,476	90,736
Non-current liabilities				
Non-current liabilities	6	48,305	33,875	31,560
Total non-current liabilities		48,305	33,875	31,560
Current liabilities				
Debt to financial institutions	6	6,749	4,807	44,175
Trade liabilities		3,945	1,890	2,988
Social security, VAT and similar public debt		2,765	2,256	4,874
Tax payable		39	15	14
Other current liabilities		2,366	3,621	2,856
Total current liabilities		15,864	12,590	54,907
Total liabilities		64,168	46,465	86,466
Total shareholders equity and liabilities		129,904	195,942	177,202

Interim consolidated cash flow statement

– Norsk Solar Q2 Financial Report

Norsk Solar AS Consolidated statement of cash flows

<i>NOK 1000</i>	Note	YTD 2023 Unaudited	FY 2022 Audited
Cash flows from operating activities:			
Net profit (- loss) for the period		-24,839	-66,870
Adjustments for:			
Depreciation and amortization changes	4	4,764	10,887
Impairment charges		0	9,492
Income / Loss from associates	8	-1,218	3,581
Change in inventories		-12	29
Change in trade and other receivables		40,469	-24,082
Change in trade and other payables		-1,153	-2,165
Change in accrued expenses, other current liabilities and currency		-490	-3,142
Cash from operating activities		17,521	-72,270
Taxes paid		0	3
Net cash from operating activities		17,521	-72,267
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchase of property, plant and equipment	4	-347	-10,726
Net payments for purchase of shares	8	-15,395	-325
Cash from long term receivables		0	-653
Cash out due to deconsolidation of NIC Group		0	-2,538
Net cash from investing activities		-15,742	-14,241
CASH FLOWS FROM FINANCING ACTIVITIES:			
Capital increase	11	4	0
Cash from transaction with non-controlling interests		0	9,235
Proceeds / repayment short term loans		-38,965	38,000
Proceeds / repayment of long term loans		18,284	-3,092
Net cash from financing activities		-20,677	44,143
Net change in cash and cash equivalents		-18,898	-42,364
Cash and cash equivalents at beginning of the year		44,436	86,801
Cash and cash equivalents at end of period	9	25,538	44,436

Notes to the consolidated financial statements

Note 1 – Corporate information

Norsk Solar AS was founded in 2017 and is incorporated and domiciled in Norway. The address of its registered office is Haakon VIIIs gate 8, NO-4005 Stavanger, Norway.

Norsk Solar AS (“the company”), its subsidiaries and investments in associated companies (“the Group”), develops solar power plants with a long-term build-own-operate (“BOO”) strategy for utility-scale and corporate off-takers in emerging markets.

The company is listed on the stock exchange Euronext Growth in Oslo under the ticker “NSOL”.

The consolidated financial statements for the Q2 2023 were authorised for issue in accordance with a resolution by the Board of Directors on 29 August, 2023.

Note 2 – Accounting principles

These condensed interim consolidated financial statements are prepared in accordance with recognition and measurement principles consistent with Norwegian Accounting Act and generally accepted accounting principles in Norway. These condensed interim consolidated financial statements are unaudited. They are condensed and do not include all information, and notes required by the Norwegian Accounting Act and generally accepted accounting principles in Norway for a complete set of consolidated financial statements.

The presentation currency of the Group is Norwegian kroner (NOK).

These condensed interim consolidated financials should be read in conjunction with the annual consolidated financial statements for 2022.

Note 3 – Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time in the following major areas of operations.

Per area of operation:	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Solar Energy	5,478	5,665	7,269	7,444	12,479
Government grant	0	0	0	0	660
Other	234	0	462	0	598
Total	5,712	5,665	7,732	7,444	13,737

Per geographic market:	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Norway	234	0	463	1	1,258
Europe	5,478	4,459	7,268	5,747	9,996
Asia	0	1,206	0	1,697	2,483
Total	5,712	5,665	7,732	7,444	13,737

*In 2022 Nordic Impact Cooperation became an associated company of Norsk Solar AS, also making Norsk Solar Vietnam Co Ltd an associated company. For 2023 the revenue from Asia is thus accounted for in the Income from Associates.

Note 4 – Property, plant, and equipment

Up until 30 June 2023, Property, Plant, and Equipment (PP&E) have been affected by depreciation expenses of NOK 4.8 million, mainly related to the plant in Ukraine. The changes in PP&E includes currency translation changes.

Note 5 – Impairment

The situation in Ukraine per end of June 2023 remains very challenging and the outcome of the situation and the impact on the assets in Ukraine remains highly uncertain. There has been no damage to the plant in Ukraine and it is still fully operating. We cannot see any factors which have altered our impairment test done in Q2 2022.

The Group has considered the Trade Receivables related to the offtaker of the solar plant in Semypolky. The Ukrainian off-taker has since March 2022 paid on average 50 % of the revenues generated on the defined Feed-in-Tariff for the asset. Norsk Solar continues its cautious approach and recognizes a credit loss provision for the full amount of unpaid invoices. This results in an additional impairment of NOK 3.6 million being booked as Other operating expenses in the first half of 2023.

Note 6 – Financing

On February 13, 2023, Norsk Solar secured a NOK 100 million debt facility from Sparebank1 SR-Bank. This replaced the previous NOK 50 million facility from the bank. Changes in non-current and current liabilities YTD are recognized by the repayment of the NOK 38 million drawn of the NOK 50 million facility early January. Non-current liabilities are increased by a draw down on the NOK 100 million debt facility in relation to project developments. The maturity date for the bridge financing is December 2024.

Non-current liabilities consist of non-recourse financing from NEFCO in connection to the construction of the solar plant in Semypolky, Ukraine. The maturity date for the non-recourse finance is December 2029.

Non-current liabilities also consist of loan to Innovasjon Norge.

Debt to financial institutions classified as current liabilities per 30 June, consist of loan repayments to NEFCO and Innovasjon Norge that are due within one year.

Note 7 – List of subsidiaries

The following subsidiaries are included in the consolidated financial statement:

Subsidiary	Country of incorporation	30 June 2023 Interest/voting power	31 Dec 2022 Interest/voting power
Norsk Solar Nicaragua	Nicaragua	99.0%	99.0%
Semypolky Solar Ltd	UK	64.3%	64.3%
Semypolky Solar LLC	Ukraine	45.0%	45.0%
Semypolky Solar 2 LLC	Ukraine	45.0%	45.0%
Norsk Solar EPC AS	Norway	100.0%	100.0%
Norsk Solar Hungary kFT	Hungary	51.0%	51.0%
Norsk Solar Brasil Ltda.	Brasil	100.0%	100.0%
Norsk Solar Ukraine LLC	Ukraine	100.0%	100.0%
Norsk Solar Maldives PVT Ltd	Maldives	100.0%	100.0%
Norsk Solar South Africa (PYT) Ltd.	South Africa	100.0%	100.0%
Norsk Solar AS Vietnam Ltd Company	Vietnam	100.0%	100.0%
Norsk Solar Spain S.L.	Spain	100.0%	100.0%
Norsk Solar Brasil 2 S.A.	Brasil	100.0%	0.0%
UFV MG XXIV EF LTDA	Brasil	100.0%	0.0%
UFV MG V EF LTDA	Brasil	100.0%	0.0%

Interest/voting power in indirectly held subsidiaries are shown with interest/voting power adjusted for ownership percentage via subsidiary.

The process of liquidating Norsk Solar Nicaragua and Norsk Solar Maldives is still under progress. Norsk Solar Ukraine LLC was liquidated 3 July, 2023.

Norsk Solar Vietnam Ltd. Company and Norsk Solar Spain S.L. were established at the end of 2022 and were not eliminated in the annual report due to little to no activity in the year. The subsidiaries have been eliminated in the consolidated financials for the first half of 2023.

Note 8 – Interest in associated companies

The consolidated financial statements include the Group's share of profit/loss from associated companies where the Group has significant influence, accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and subsequently adjusted for further investments, distributions, and the Group's share of the net income from the net investment.

The company decided on two capital increases in the first quarter of 2023 to support the investments in Brasil. These were registered in Brønnøysund on 28 March and 10 May 2023.

Associated company	Country of incorporation	March 31,2023 Interest/voting power	Dec 31,2022 Interest/voting power
Nordic Impact Cooperation AS	Norway	33.92%	33.92%

Associated company, YTD 2023 100%	EBIT	Net profit	Total Assets	Total Equity
Nordic Impact Cooperation Group	-1,301	3,529	290,205	158,020

* NIC Group consists of Nordic Impact Cooperation AS, and its wholly owned subsidiaries Norsk Solar Vietnam Ltd. (UK), Norsk Solar Vietnam Co. Ltd (Vietnam), Norsk Solar Brasil 1 S.A. (Brasil), UFV MG XXVII EF LTDA (Brasil) and UFV MG XXVIII EF LTDA (Brasil).

Note 9 – Cash and cash equivalents

	30-Jun-23	31-Dec-22
Short-term bank deposits	25,538	44,436
Cash and cash equivalents in the cash flow statement	25,538	44,436
Bank deposits for employee tax withholding	934	2,140

Note 10 – Share capital and shareholders information

	Number of shares authorised	Number of shares issued and fully paid	Nominal value per share	Carrying amount
2022	74,770,387	74,770,387	0.0100	747,704
30 June, 2023	75,825,262	75,825,262	0.0100	758,253

Top 10 largest shareholders in %

	30 June, 2023		31 December, 2023	
	Number of shares	Owner interest	Number of shares	Owner interest
Valinor AS	35 532 861	46,9 %	35 532 861	47,5 %
Pictet & Cie (Europe) S.A.	4 978 194	6,6 %	4 978 194	6,7 %
ØLV HOLDING AS	4 721 230	6,2 %	4 721 230	6,3 %
BERKER GROUP AS	4 469 653	5,9 %	4 700 930	6,3 %
FREMT AS	4 425 000	5,8 %	4 699 230	6,3 %
AEGA ASA	3 989 170	5,3 %	3 989 170	5,3 %
NORDIC ESG AND IMPACT INFRASTRUCT	2 631 578	3,5 %	2 631 578	3,5 %
RØROS KOBBERVERK AS	2 448 120	3,2 %	2 448 120	3,3 %
CACEIS Bank	1 590 536	2,1 %	1 590 536	2,1 %
AUSTAVIND AS	1 102 631	1,5 %	1 102 631	1,5 %
Total	65 888 973	86,9 %	66 394 480	88,8 %
Total other	9 936 289	13,1 %	8 375 907	11,2 %
Total number of shares	75 825 262	100%	74 770 387	100%

Røros Kobblerverk AS is owned by Chairman of the Board.
ØLV Holding AS is owned by former CEO.

Note 11 – Equity

NOK 1000	Share capital	Share capital unregistered	Share premium	Retained earnings	Equity attributable to parent	Minority Interest	Sum
Balance December 31, 2022	748	6	117 021	-27 040	91 878	-1 142	90 735
Profit (Loss) for the period	0	0	0	-24 844	-22 179	-2 665	-24 844
Translation differences	0	0	0	-159	33	-192	-159
Registration of previous capital increase	6	-6	0	0	0	0	0
Capital increase	4	0	0	0	4	0	4
Total	758	0	117 021	-52 043	69 736	-3 996	65 736

Note 12 – Subsequent events

Norsk Solar has in July been granted a loan of NOK 20 million from Innovation Norway.

The loan has a duration of 10 years.

Norsk Solar Ukraine LLC was liquidated 3 July, 2023.



Company address Haakon VII's gate 8, N-4005
Stavanger, Norway

Telephone +47 901 35 533

Webpage norsksolar.com

Email contact@norsksolar.com

Organization number 819 113 912

Executive Management team

Torbjørn E. Kirkeby-Garstad	CEO
Christine Mork	CFO
Trond Debes	EVP Strategy and General Counsel
Rafael Cola	EVP Commercial
Ingrid Sara Amundsgård	EVP Sustainability, HSE and Communications
Sandra Holstad	EVP People and Culture
Pedro Jose Alonso	EVP Execution and O&M

Extended Management team

Mauro Benedetti	Country Manager, Brazil
Ramon Tavenor	Country Manager, South Africa
Rakesh Iruppattil	Country Manager, Vietnam

Information source: www.norsksolar.com/investor-relations/

Financial Calendar 2022/2023

26.04.2023	Annual Report 2022
31.05.2023	Annual General Meeting
14.06.2023	Quarterly Report Q2 2023
30.08.2023	Quarterly Report Q2 2023
29.11.2023	Quarterly Report Q3 2023