

Skandia GreenPower AS

Report Q2-2021



Kristiansand, August 31st, 2021

We are on track in becoming a central player in the Nordics

Skandia Greenpower is a retailer of electricity towards the consumer market.

The group is aiming to become a key player in the Norwegian and Nordic energy industry by the time we reach the end of 2025. We will realise this target by offering a simpler, cheaper, and greener electricity.

We have an objective of accelerating the use of renewable energy sources through profitable energy management and optimization, applying digital solutions that enable smarter consumption and production. The result is lower cost and reduced CO2-footprint.

25% customer growth

After the private placement of MNOK 150 in February, the group has started upscaling all sales activities, both through aligning forces with strategic external partners and through internal initiatives. From the private placement until the end of August we have a realised growth in the number of customers by 25%. We are optimistic that our sales growth currently is on a positive trend through the year and into 2022.

Building a tech and digital sales organisation

We are building a tech company and recruitment processes for all functions in the organisation. Our growth plan includes a technological shift through the development of the NextGen platform / Growth in number of customers in the Nordic market and a corresponding efficient delivery process. This entails to secure key competence in all areas supporting digital sales and marketing through the organisation.

Soft launch in progress

The development phase of NextGen is reaching its end. The digital platform solution is fully developed in its first version and a soft launch is planned during the second half of 2021. We will perform a soft launch of the platform towards a targeted audience during Q4. The soft launch phase will be replaced by the launch of the platform in the market.

We are striving to digitize, not only the NextGen platform but the internal handling processes. During the second quarter we have recruited key personnel to drive these changes in the organisation.

Key figures for the second quarter of 2021

We are comparing financial figures between 2020 and 2021. It is important to stress that the two organisations are very different in 2020 compared to 2021. The major difference is that the company wasn't recapitalised in 2020 and therefore had a lack of financial strength and underlying activities.

Consolidated income statement

Gross revenue amounted to MNOK 122 MNOK for the first half year (2020: MNOK 58)

- Gross revenue for the second quarter alone is MNOK 45 (2020: MNOK 19)
- Gross revenue is highly affected by the Nordpool-market electricity prices.
- The Elspot prices were volatile in 2020 and the prices were at an historically low level.
- The spot prices in 2021 have on the other hand been very high at some points of time.
- The volumes in MWH delivered by SkandiaEnergi in 2021 was in line with 2020

Net revenue for the first half year is MNOK 19 (2020: MNOK 27)

- Net revenue for the second quarter alone is MNOK 8,3 (2020: 12,5)
- Net revenue is reduced in 2021 compared to 2020, mainly due an alignment of our prices with the remaining market
- The business / revenue model is based on contracts with customers where SkandiaEnergi invoices customers based on wholesale prices plus a fixed margin.

Operating expenditure for the first half year is MNOK 25,7 (2020: MNOK 27,7)

- Operating expenditure for the second quarter alone is MNOK 12,7 (2020: MNOK 14,2)
- The group has worked to streamline operations and has reduced its cost base.

EBITDA for the first half year is MNOK 3,7 (2020: MNOK 9,3)

- EBITDA for the second quarter alone is MNOK 0,9 (2020: MNOK 3,6)

Net result for the period was MNOK -4,8 (2020: MNOK -0,8)

- Net result for the second quarter alone is MNOK -3,2 (2020: MNOK -2,2)

Consolidated cash flow

Net cash generated from operating activities for the first half year is MNOK -2,6 (2020: -20,8 MNOK)

- Net cash flow from operating activities for the second quarter alone is MNOK -22,6 (2020: MNOK -20,6). The net cash generated from operating activities is highly affected by changes in working capital.
- There is a time delay between the payment date for purchased electric power for one month and the payment date from the customers for the same month. Net difference is 45 days in our advance. This time delay has a major impact on working capital between the winter and summer months due to volume and price differences.
- The group has changed the method of invoicing to customers in 2021 from advance invoicing to invoicing in arrears and this has had a negative effect on the working capital

Net cashflow from investments is MNOK -24 (2020: -20,5 MNOK)

- Net cashflow from investments for the second quarter alone is MNOK -12,9 (2020: MNOK -9,3)

Cash generated from financing activities is MNOK 139,3 (2020: MNOK 23,4 MNOK)

- There is no cash flow from financing activities during the second quarter (2020: MNOK 23,4)
- Cash generated from issuing of new share capital was 139,3 MNOK. This was done during the first quarter of 2021.

Overall operations and finance

The group has changed the method of invoicing to customers from prepayment invoicing to invoicing in arrears.

The increase of gross revenue from MNOK 57,7 in 2020 to MNOK 121,7 for the first six months in 2021 reflects the unusual low Nordpool-market electricity prices in 2020.

The decrease of net revenue from MNOK 27,1 in the first six months in 2020 to MNOK 19,1 in 2021 is due to several circumstances, but mainly due to a strategy of having a more market driven pricing strategy. In addition, due to a lower slightly average customer base.

The group has reduced the operating expenses for the first six months in 2021 with 2,1 MNOK compared with 2020 by focusing on maintaining a low-cost base.

The group is investing in the next generation digital solution and in customer acquisition and has increased the capital expenses in 2021 compared to 2020.

Net loss for the period in 2021 amounted to -4,8 MNOK (2020 -0,8 MNOK)

In the board's opinion, the presented P&L and corresponding balance sheet give a correct picture of the operating result and the group's earnings for this period. The administration has the intent to improve the reporting structures and reports. This will be presented at a later stage.

Market outlook

The electricity retail market has a short pay-back time on customer acquisitions. Consequently, the group customer base is profitable. The retail market for electricity sales is highly competitive. The group has an ambition to grow in the private consumer market.

Research and development activities

The digital platform solution is fully developed in its first version. The group is in the phase making the latest changes to fine-tune the product solution to bring it to the market.

During 2021, the company has employed critical staff to build our organisation, including the new CTO with strong expertise and experience from the energy industry.

In 2021, 10,4 MNOK has been spent on the development of smart technology and digital solutions.

Going concern

The assumption of continued operations is present, and the consolidated financial statements for the period ended 30 June 2021 have been prepared under this assumption. Skandia GreenPower is currently in a development phase with negative operating results. The board believes that this phase will continue during 2021-2022, but that the available liquidity received through the private placement in February 2021 will make it possible to finance operations beyond 2021 and years ahead.

Risks and uncertainties

The demand for electricity, electricity prices, customer churn are the main uncertainties in a short-term perspective. The demand for electricity varies with e.g. weather conditions and temperature. Electricity prices are determined by supply and demand through Nordpool, the marketplace for electricity in the Nordic countries.

The group's current exposure to currency risk is limited as most of the group's income and expenses are in NOK. The group has some costs that are not in NOK, such as payments for el-certificates and guarantees of origin, which are generally payable in Euro. The group has not secured its currency risk through forward exchange contracts per 30.06.2021.

The group is exposed to credit risk. If the group's customers are unable or unwilling to pay, the group may experience a loss. While this risk is to some extent mitigated by the fact that the group's customer portfolio consists primarily of retail customers, with no single customer representing a significant part of the group's income, payment failures by customers may still have an adverse effect on the group's results of operations and financial condition.

The group has a liquidity risk associated with inflows and outflows of the flow of goods, however the group has secured sufficient funds to cover this risk.

Outlook

The group sees significant opportunities for further growth in all parts of the business. Technology development and customer behaviour changes will in the years ahead be a generator for a new era for the energy industry.

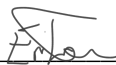
Board and management confirmation

We confirm, to the best of our knowledge, that the half-year report and financial statements for the period of 1 January to 30 June 2021 have been prepared in accordance with the Norwegian Accounting Act and accounting standards generally accepted in Norway (NGAAP) and give a true and fair view of the Skandia GreenPower group's assets, liabilities, financial position, and results for the period.

We also confirm, to the best of our knowledge, that the board of directors' report includes a fair review of important events that have occurred during the period and their impact on the financial statement, any major related parties' transactions, and a description of the principal risks and uncertainties for the operations.

August 30th. 2021

The board of directors and the CEO of Skandia Greenpower AS



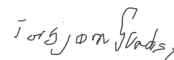
Erik Edvard Tønnesen
Chairman of the board



André Berg Edvardsen
Board member



Jon Arne Ramsland
Board member



Torbjørn Gladsø
Board member



Gunnar Norheim
CEO

Consolidated P&L

NGAAP / NOK 1.000 / UNAUDITED	Note	Q2 - 2021	Q2 - 2020	YTD Q2-2021	YTD Q2-2020
Bruttoinntekt / Gross revenue	1	45 014	18 888	121 951	57 694
Varekostnader / Cost of goods sold		(36 683)	(6 398)	(102 896)	(30 575)
Netto inntekt / Net revenue	2	8 330	12 490	19 055	27 119
Lønn og sosiale kostnader / Personnel expenses		(3 159)	(3 127)	(6 778)	(6 372)
Andre driftskostnader / Other operating expenses	3	(4 256)	(5 794)	(8 572)	(11 464)
EBITDA		915	3 569	3 706	9 283
Avskrivninger / Depreciation and amortization	4	(5 242)	(5 249)	(10 322)	(9 898)
Driftsresultat / EBIT		(4 327)	(1 680)	(6 616)	(615)
Finansposter / Net financial items		246	(511)	407	(450)
Resultat før skatt / EBT		(4 081)	(2 191)	(6 209)	(1 065)
Skatt / Taxes		898	14	1 366	(234)
Resultat / Net result		(3 183)	(2 177)	(4 843)	(830)

From the private placement on EuroNext Growth on February 22nd, 2021, until the end of august 2021, we have realised a growth of 25%, ending on 29.000 customers. From the start of the year, we experienced a decline in the number of customers, replaced by the following 25% growth. We are currently on a monthly basis delivering our sales targets but will not catch up the Q1 lag.

In addition, we have invested heavily in upscaling the technical department by engaging highly skilled staff to design the NextGen Platform. We have grown from 3 to 10 FTE during the last 12 months counting from the end of Q2-2020.

1. Gross revenue is significantly higher in 2021 than compared to the same period last year. This is mainly due to the lower electricity price levels in 2020 compared to 2021.
2. Net revenue is lower in 2021 compared to the same period in 2020. In 2020, our customers generated a revenue per customer of 1.880. Our budget for 2021, based on the forecasted market situation, has a budget of NOK 1.675 per customer. There is a mix of explanations why. Levelling our prices to market levels, combination customer volumes and reduced consumption.

We are currently aligned with our budgeted assumptions for the net revenue per customer.

3. Reduced operating expenses in 2021 reflect that the organisation has been growing through the period of the second quarter. In addition, that the organisation has been developing the NextGen platform. These costs are activated.
4. The customer acquisitions cost (CAC) is activated monthly and expensed over a period of 36 months.

Consolidated balance sheet

NGAAP / NOK 1.000 / UNAUDITED	Note	Q1-2021	Q2-2021	Q2-2020
Immatrielle og varige eiendeler / intangible and fixed assets	1	54 776	62 398	44 422
Utsatt skattefordel / Deferred tax benefit		7 616	8 514	6 264
Fordringer / Receivables	2	37 693	28 608	16 439
Kontanter / Cash and equivalents	3	154 206	118 784	9 451
Sum eiendeler / total assets		254 291	218 303	76 576
Egenkapital / Equity	4	166 156	162 970	21 746
Kortsiktig gjeld / Current liabilities	5	88 135	55 333	54 830
Sum gjeld og EK / Total Equity and liabilities		254 291	218 303	76 576

The company is after the private placement securely financed and has a substantial cash portfolio of MNOK 119 by the end of Q2-2021. In addition, the balance sheet reflects an investment in our NextGen Platform as well as the customer acquisition cost.

1. The intangible assets are primarily activated customer acquisition costs (CAC) as well as investments in the NextGen platform, MNOK 31 and MNOK 25 respectively.
2. The decrease in receivables from the first to the second quarter is explained partly because the transition from prepayment to payment in arrears as well as a decrease in consumption per end customer.
3. The company is funded to secure its future operations with a solid equity
4. The increase in equity refer to the private placement of MNOK 150 in February. The net growth in equity was MNOK 139,3.
5. Short term debt is primarily debt to the electricity power vendors. We are experiencing a decrease in our short-term debt primarily due to the difference in consumed electricity throughout the second quarter.

Consolidated Cash flow

NGAAP / NOK 1.000 / UNAUDITED	Note	Q2-2021	Q2-2020	YTD Q2-2021	YTD Q2-2020
Resultat før skatt / EBT		(4 081)	(2 192)	(6 209)	(1 065)
Avskrivninger / Ordinary depr. and amortization incl impair.		5 242	(14 546)	10 322	(9 898)
Endring i arbeidskapital / Change in working capital	1	(23 720)	18 277	(6 711)	12 261
Netto kontantstrøm fra drift Net cash flow from operating activities		(22 559)	(20 605)	(2 598)	(20 846)
Kjøp av varige driftsmidler og immatrielle eiendeler / Investment in fixed assets and intangibles	2	(12 864)	(9 307)	(24 046)	(20 467)
Netto kontantstrøm fra investeringer Net cash flow from investments		(12 864)	(9 307)	(24 046)	(20 467)
Endring i egenkapital / Changes in net equity		-	20 000	139 268	20 000
Endring i kassekreditt / Net change in credit facility		-	3 447	-	3 447
Netto kontantstrøm fra finansieringer Net cash flow from financing activities		-	23 447	139 268	23 447
Netto endring i kontantstrøm Net change i Cash / Cash equivalents		(35 423)	(6 465)	112 624	(17 866)

The net cash flow from operating activities is MNOK -2,6. Main difference being the changes between the first and second quarter (called the electricity balance below). In addition, the negative cash flow from investments reflects our work in building a tech and sales organisation.

1. Changes in net working capital between the first, and the second quarter are primarily due to the time gap difference between payments received and payments due (Electricity balance). This means that during summer we will be cash negative while during winter we will be cash positive (viewed from the electricity balance alone).
2. The investment in fixed assets and intangible assets are allocated to the cost of customer acquisition as well as investing in the NextGen platform (see the previous page for more details). Both these investments are according to our original growth plans.