Norfund

Annual report

Climate Investment Fund

2024

Letter from the CEO

Writing this in the early months of 2025 and looking back at 2024, I can't help but feel that although the past year had its hurdles, we are now facing an even rockier path.

Several countries have reduced their aid budgets significantly, and investors are pulling back from their commitments to the energy transition. We are also seeing trade wars hampering growth. Facing these developments, our mission may grow more challenging, but not less important. We now need to channel our energy into real action, rather than succumbing to the situation.

I just got back from a trip to Ghana and Nigeria. The entrepreneurial creativity and drive across such diverse sectors as recycling of plastics, agri-processing, fintech and distributed energy keeps on impressing me. The resilience and optimism these entrepreneurs are demonstrating gives me hope and renews my drive as CEO of Norfund.

We remain steadfast in our mission – to create jobs and improve lives by investing in businesses that drive sustainable development. In 2024, we increased our investments by NOK 1.2 billion, reaching NOK 7.7 billion. This growth, driven by strong returns, allows us to invest nearly three times the amount we receive from the Norwegian government. Despite a global decline in direct investments in developing countries, Norfund's investments grew by 18%.

Our mandates—the Development Mandate and the Climate Mandate—guide everything we do. Under the Development Mandate, we continue prioritizing investments in the Least Developed Countries, with Sub-Saharan Africa remaining our focal point. Through the Climate Mandate we invested 1.7 billion focusing on projects in countries heavily reliant on fossil fuels, such as South Africa, Indonesia, and India. The impact in terms of avoided emissions and the positive financial returns gained increased attention over the past year, as stakeholders and media recognize the fund's unique effectiveness as a climate tool.

Additionally, we were entrusted with NOK 250 million by the Norwegian Government to invest in Ukraine, supporting reconstruction and economic resilience through the Nansen program. This task exemplifies the trust placed in Norfund's experience in high-risk markets and our ability to mobilize private capital.

Investing in challenging markets is possible—and profitable. Our experience shows that private investors often overestimate risks. Norfund helps bridge this gap, mobilizing capital where it's needed the most.

Building on our 2024 results, we are prepared to scale and deepen our impact even further in 2025. By partnering with entrepreneurs and emerging businesses, we aim to create more jobs, reduce poverty, and contribute meaningfully to global climate goals.

It is an honor to lead this organization and to witness the tangible difference we are making in people's lives.

Tellef Thorleifsson

Chief Executive Officer
May, 2025

How we make a difference

Norfund is the Norwegian government's main instrument for private sector development and for accelerating the energy transition in developing and emerging markets. We invest in businesses that create jobs and drive the shift to renewable energy in high-emission countries—contributing to poverty reduction and avoiding emissions.

Throughout 2024, we continued to invest in regions where access to capital was notably scarce. Our approach includes prioritizing equity investments, mobilizing and circulating capital for greater impact, and meeting high ESG standards.

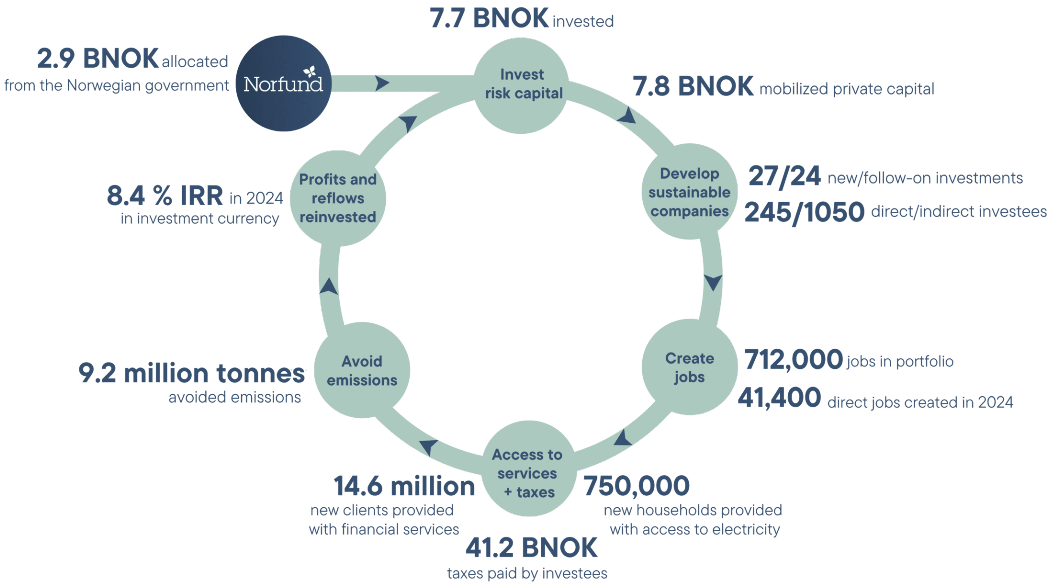
We maximize developmental impact and additionality in our investments by focusing on selected sectors and countries, with the ambition of contributing to job creation and economic growth in these regions.

Norfund's strategies towards 2026 are focused on impactful investments in the investment areas Renewable Energy, Financial Inclusion, Scalable Enterprises and Green Infrastructure.

More about additionality

The development wheel

Our operations and impacts for 2024 are illustrated in the wheel below.



The diagram illustrates our operations and impact last year, showcasing the efforts in job creation, climate mitigation, expanding energy accessibility, and advancing financial inclusion. Norfund has theories of change for each investment area, that build on literature and are outlining how we expect our inputs to lead to the desired impact. These theories were updated during 2024.

Read about our Theories of Change here

We exit investments once they no longer require additional support from us, so we can reinvest the proceeds in enterprises that have a greater need for risk capital and mobilise private capital into the markets where we operate. This ensures a continuous cycle of impact and sustainable development in the specified areas.

Norfund's mandates

Development Mandate

Create jobs and improve lives by investing in businesses that drive sustainable development

Climate Mandate

Investing in the transition to net zero in emerging markets

Ukraine Mandate

Contribute to development of sustainable businesses and job creation in Ukraine

Norfund and the SDGs

The cross-cutting issues in Norway's development policy – human rights (SDG 8), anti-corruption (SDG 16), gender equality (SDG 5), climate and environment (SDG 13) – are assessed in all our investments.

For the development mandate, Norfund's mission is to create jobs and improve lives by investing in businesses that drive sustainable development, thereby contributing to SDG 1: No Poverty. Norfund's investments are concentrated in four investment areas that contribute directly to specific targets of the SDGs: Renewable Energy (SDG 7), Financial Inclusion (SDG 9), Scalable Enterprises (SDG 8) and Green Infrastructure (SDG 11). Additionality and capital mobilisation are key priorities and help to reduce inequalities between countries (SDG 10) and to mobilise funding to developing countries (SDG 17). Norfund is a responsible investor and assesses crosscutting issues such as gender equality (SDG 5) and climate and environment (SDG 13) in our investment process.

A minority investor reliant on partners and co-investors

Norfund is always a minority investor, with ownership normally below 35 percent. It is important to support local ownership and encourage other investors to invest in developing countries.

We meticulously assess potential partners, considering factors such as their expertise, track record, societal roles, and reputation. Co-investing this way enables us to leverage additional capital and to provide the industrial and local knowledge needed for each investment. Equity is our preferred instrument, and we often take up board positions in our portfolio companies.

By mobilizing private capital Norfund can significantly amplify its impact. Getting the private sector on board is key to increasing capital flows to developing countries and bridging the SDG funding gap, as private commercial capital massively outweighs public funds. For this reason, Norfund actively seeks to pave the way for private investors by investing alongside us or after us or by being inspired by us. Norfund tracks and reports on official mobilized private capital on an annual basis according to the definitions outlined by the OECD and the MDBs

(Multilateral Development Banks).

A responsible investor

Norfund takes different measures to execute our role as a responsible investor. From management of climate, environmental and social risk to influencing governance, improving gender equality and assisting our investees through our Business Support facility. You can read more about our role as a responsible investor in 2024 across these topics:

- Environmental and social risk management
- Governance and business integrity
- Climate and environment
- Gender equality
- Business Support

More about Norfund's business integrity policy

How Norfund handles environmental and social risks

Norfund's approach to impact

Responsible tax policy

Payment of taxes is one of the important ways Norfund´s portfolio companies contribute to sustainable development. Norfund's approach to tax-related issues and what we expect from our portfolio companies and co-investors are outlined in our Responsible Tax Policy. They include requirements regarding transparency, that Norfund's investees shall pay taxes to the countries in which they operate and where the income occurs, and that third countries must only be used when necessary to meet the Norfund's development priority of investing in high-risk markets and to protect the fund's capital.

Business Support

Norfund's facility for technical assistance, Business Support, aims to enhance sustainability and development effects of our investments.

The Business Support strategy aligns with our overall strategies, and targets ESG risks and the four cross-cutting issues: human rights, anti-corruption, climate and environment, and gender equality.

Visit the digital Business Support Annual Report for 2024

Frontier Facility

Projects that have a risk level higher than other investments in Norfund's core portfolio, and that are in Least Developed Countries and fragile states can be carried out using Frontier Facility. These investments are managed as a separate facility and are not included in our overall portfolio calculations.

More about Frontier Facility

Organization and team

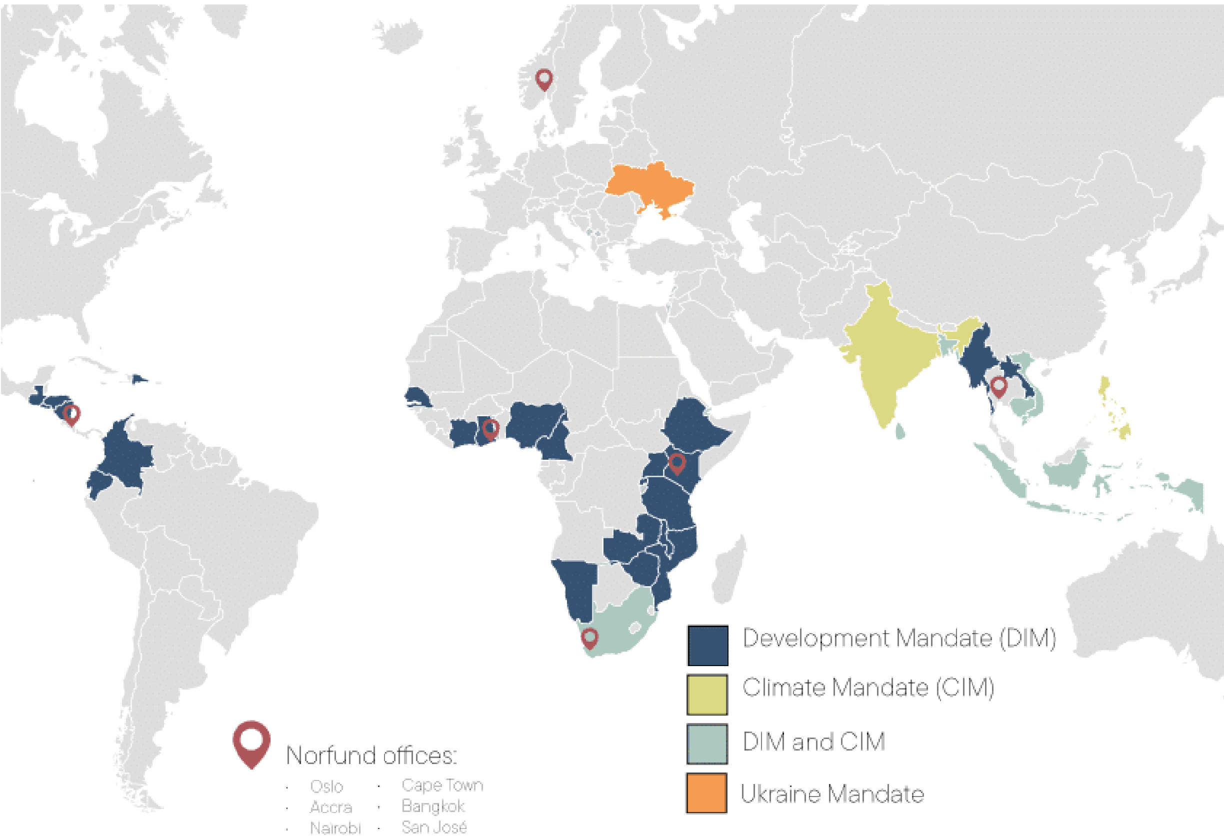
Norfund's mandate is to assist in building sustainable businesses and industries in developing countries. Our mandate is complex, and our most valuable resource to meet this mandate is our employees. We believe that with a relatively small organization built on local presence and competence spread across the globe, Norfund is a unique place to work both in terms of our mandate, as well as incorporating the Norfund culture - The Norfund Way.

Norfund team at the Norfund Week 2024

Country presence

To ensure local proximity and knowledge Norfund has five regional offices located in Accra, Bangkok, Cape Town, Nairobi, and San José. The regional offices generate investments, monitor existing commitments, and provide all the sector-based departments with support.

The Bangkok office manages Norfund's investments in Asia, focusing on financial services, funds, and renewable energy. Norfund has over 20 years of experience investing in East Africa with a regional office in Nairobi, focusing on scalable enterprises and financial inclusion. The office in San José handles Norfund's investments in Latin America, focusing on financial inclusion and renewable energy. The office has a particular focus on debt and equity investments and business support projects. The Southern African office is based in Cape Town, and oversees Norfund's investments in key Southern African countries, focusing on scalable enterprises and renewable energy. The Accra office manages Norfund's investments across West Africa, covering all our investment sectors. The headquarter is located in Oslo with the majority of employees.



Norfund Team

By end of year 2024, Norfund had 149 permanent employees, and 11 employees either on a temporary contract or services for hire.

Out of our permanent employees there are 90 employed in the investment departments, and 59 corporate employees. 46 employees are working at one of our regional offices, while the rest work at the headquarter in Oslo.

More detailed information about the Norfund Team can be found in our annual report on Gender Equality and Inclusion.

Board of Directors

Norfund's Board of Directors is appointed by the General Assembly. The General Assembly is constituted by the Norwegian Minister of International Development who governs the state's ownership in Norfund.

Norfund's Board of Directors ensures that the Fund operates in accordance with the Norfund Act of 1997 and the fund's statutes. The Board defines Norfund's strategy and approves individual investments exceeding specified thresholds. Other investment decisions are delegated to the CEO.

In 2024, the Board held 7 board meetings.

Olaug Svarva

Chair

Olaug Svarva was the CEO of the Government Pension Fund Norway (Folketrygdfondet) from 2006 to 2018. Today, Svarva is Chair of the Board in DNB and she has also served as board member of Investinor, Institute of International Finance (IIF), and The Norwegian memorial foundation for Alfred Nobel. From 2001 to 2006, she held positions as CEO & Investment Director at SpareBank 1 Aktiv Forvaltning and SpareBank 1 Livsforsikring. Svarva holds a Bachelor of Science in Business Administration and an MBA from the University of Denver. She is also authorized as a portfolio manager by the Norwegian Society of Financial Analysts. Appointed Chair of the Board of Norfund in June 2019.

Anne Jorun Aas

Director (from June 2024)

Anne Jorun Aas is the CEO of Farmforce AS, an agritech SaaS company that digitize data from smallholder farming. She also serves on the board of Envipco, a reverse vending machine technology company. Previous positions include COO of Scatec, SVP of Scatec Solar, interim CEO of Kjeller Innovasjon and McKinsey. She has significant board experience from listed and private companies including serving as Board Chair of EnergiX, a large program in the Norwegian Research Council. She holds a PhD in nuclear chemistry from the University of Oslo and CERN, Geneva.

Brit Rugland

Director

Brit Kristin Rugland was Director of Statoil Shipping and Maritime Technology and CFO of the Statoil Group. She led the establishment of Navion ASA. Since 2000, she has been General Manager of various parts of the Rugland family business and is currently also Chair of the board of the Norwegian Agency for Local Governments (Kommunalbanken AS). Previous positions include Chair of the board of Gassco AS for 11 years, Chair of the board of Figgjo AS, and member of the Executive Board in the Central Bank of Norway for 10 years. Rugland holds a Bachelor of Business Administration, major in accounting and a Master of Management from BI Norwegian Business School. Appointed board member in June 2015.

Martin Skancke

Director

Martin Skancke is a self-employed consultant at Skancke Consulting. He has worked in the Norwegian Ministry of Finance and headed the Ministry's Section for Monetary Policy and Public Finances. Skancke has also previously been Chair of Norway's Climate Risk Commission and Director General at the Office of the Norwegian Prime Minister and at the Ministry of Finance's Asset Management Department. He has held positions at McKinsey & Company and Storebrand ASA. He is currently a board member of Norfund, Storebrand ASA, Storebrand Livsforsikring AS, Summa Equity AB, Norsk Klimastiftelse and Klimastiftelsen UMOE. Appointed board member in June 2014.

Åslaug Haga

Director

Åslaug M. Haga is currently the CEO of Renewables Norway – the Norwegian wind power association. She has background from foreign service, national politics, private sector and international organizations. Haga has been State Secretary in the MFA and at the prime minister's office. She has held three ministerial cabinet positions in the Ministries of culture, local & regional affairs and oil & energy. She has also been a member of Parliament. She has served in various positions in the MFA – including postings at the Norwegian Mission to the UN in New York and the embassy in New Delhi. Before joining Renewables Norway, she was the Executive Director of the Global Crop Diversity Trust and Assistant Secretary General in the International Fund for Agricultural Development. From 2016 to 2020 she was Chair of the board for the Peace Research Institute Oslo. Haga was appointed to the Norfund board in August 2022.

Jarle Roth

Jarle Roth is the board chairman of Storebrand. He has previously served as CEO of Umoe, Arendals Fossekompani, Export Credit Norway, and Unitor, as well as director of the Fram Museum. He has also been board chairman of Hafslund, Norske Skog ASA, Enova SF, Glamox AS, Powel AS and EFD Induction AS; and a board member of Umoe, Kongsberg Gruppen ASA, Hafslund, Ekornes ASA, Multiconsult AS, Kverneland ASA, Awilco Offshore ASA, Grieg Shipping AS, and Aibel AS.

Pablo Barrera

Director

Pablo Barrera is CEO of Haugaland Kraft AS. He has experience from Yara and The Boston Consulting Group. Before joining Haugaland Kraft he was managing director of IMAGINE Food Collective, a value chain collaboration for the largest global private players in food and agriculture, where he was on loan from Yara. He was a member of Yara group management from 2018 to 2021, and before that he was country manager for Yara's operations in Chile.

Karoline Teien Blystad

Director (Employee Elected)

Karoline Teien Blystad is Senior Development Economist in the Strategy & Communications department at Norfund. She joined Norfund in 2015 and is mainly working on Norfund's impact. She holds a Master's degree from NTNU and a BSc in Business management from Montana State University. Previous work experience includes both the consultancy industry and the public sector. Appointed employee elected board member Nov 1st, 2021.

Vegard Benterud

Director (Employee Elected)

Vegard Benterud is Investment Director in the Green Infrastructure department at Norfund. With over 19 years of experience in private equity, Vegard has successfully executed transactions across all Norfund's key markets, including pioneering initiatives in complex environments such as Angola and Somalia. His previous positions include Investment Director at the Norwegian Microfinance Initiative (NMI) and Portfolio Manager at NBIM. Currently, he is spearheading initiatives focused on recycling and waste-to-energy projects in Africa and Asia. Vegard holds a Master of Science in Industrial Economics and

Technology Management from NTNU. He previously served on Norfund's board from 2015 to 2017 and was reappointed as a board member in September 2023.

Vidar Helgesen

Director (Until April 2024)

Vidar Helgesen is Executive Director of the Nobel Foundation. He has held several public positions in the Norwegian government, as Special Representative for the Ocean, Minister of Climate and Environment, Minister of European Affairs and Chief of Staff to the Prime Minister, as well as Deputy Minister of Foreign Affairs. Internationally, he has served as Co-chair of the China Council for International Cooperation on Environment and Development, Secretary-General of the International Institute for Democracy and Electoral Assistance and as Special Advisor to the President of the International Federation of Red Cross and Red Crescent Societies. He is a Board member of CICERO Center for International Climate Research and a Co-chair of Seaweed for Europe. Appointed board member on 1 January 2021.

Management Team

The management team manages the Fund according to Norfund's mission to create jobs and improve lives and support the transition to net zero by investing in businesses that drive sustainable development. There have been no changes in the management team in 2024.

Foto: Hanne Marie Lenth Solbø / Norfund

Tellef Thorleifsson

Chief Executive Officer

Tellef Thorleifsson has been CEO of Norfund since Autumn 2018. Prior to Norfund, he was a co-founder and managing partner of Northzone. Thorleifsson was instrumental in building Northzone to become a leading international venture fund. Since inception in 1996 it has raised more than EUR 1.5 billion through nine funds and invested in more than 130 companies. Thorleifsson is also a co-founder of the Voxtra Foundation which has been making targeted investments and grants within agribusiness in East Africa. Thorleifsson has held several directorships.

Fride Andrea Hærem

Chief Financial Risk Officer & Head of HR

Fride Andrea Hærem took the position as CFRO and Head of HR in Norfund in 2021. Before joining Norfund, she was EVP for HR, Marketing and Communication, IT and Strategy at Norconsult. She has more than 10 years of experience in HR directorship roles and has held several manager positions, including at Posten and Cermaq. She holds a Master of Management with a specialisation in international business leadership from BI Norwegian Business School.

Ylva Lindberg

Executive Vice President, Strategy & Communication

Prior to joining Norfund, Ylva was founding partner of SIGLA, a boutique consultancy on sustainability and business, for 13 years. She has worked with sustainable and impact investments for almost 20 years and has experience with asset management and consumer goods. Ylva is a senior associate of the University of Cambridge Institute for Sustainability Leadership, board member of Lærdal Medical and member of the Responsible Investment Advisory Council of BMO Global Asset Management.

Thomas Fjeld Heltne

Executive Vice President, General Counsel

Thomas Fjeld Heltne took the position as General Counsel in Norfund in 2019. Before joining Norfund, he was Director M&A at Norsk Hydro. Heltne has throughout his career worked with transactions, financing and international projects, both from the legal and commercial side. He holds a degree in law from Norway as well as a Master of Laws from LSE and Corporate Finance from the Norwegian School of Management. Heltne has been member of and observer to boards of Norwegian industrial companies and served on the Trade Policy Panel for the Confederation of Norwegian Enterprise (NHO).

Erik Sandersen

Executive Vice President, Financial Institutions

Erik joined Norfund in 2014 and has represented Norfund on several boards of banks and microfinance institutions. He is currently a board member of the South Africa-based bank investment firm Arise and of the Nordic Microfinance Initiative. Prior to joining Norfund, Erik worked for 10 years as a co-founder and partner in a venture capital firm in the Nordic region. He has also worked as an executive in the IT sector and for the Boston Consulting Group in London and Oslo. He holds a master's degree in engineering from the Norwegian University of Science and Technology (NTNU) and an MBA from Stanford University.

Mark Davis

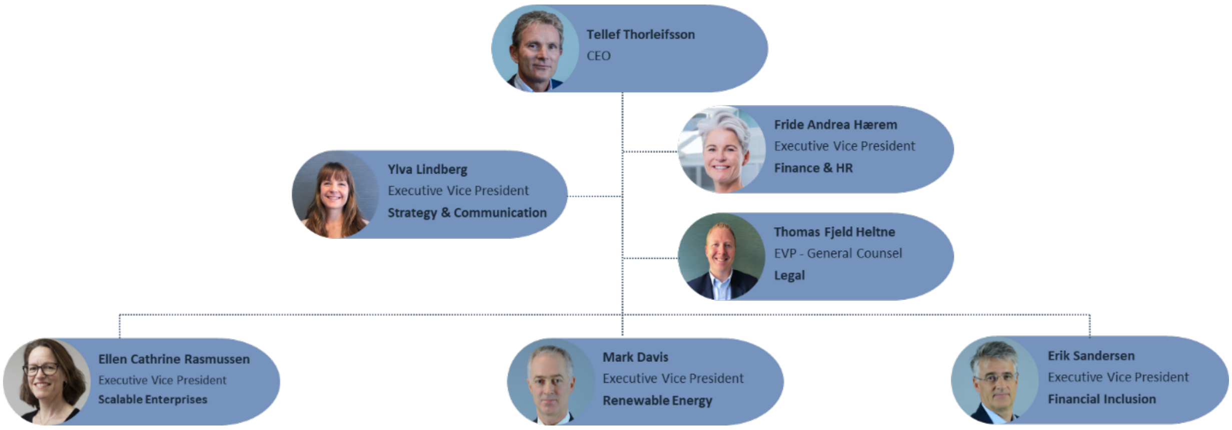
Executive Vice President, Renewable Energy

Mark has worked extensively with renewable energy investments, regulation and policy in developing countries, with a focus on Africa. Prior to joining Norfund he was a partner at ECON Analysis, and previously was Postgraduate Director at the Energy & Development Research Centre, University of Cape Town. He holds a PhD in energy economics from the University of Sussex, and earlier degrees in mathematics and applied science from the University of Cape Town.

Ellen Cathrine Rasmussen

Executive Vice President, Green Infrastructure and Scalable Enterprises

Ellen Cathrine Rasmussen joined Norfund as EVP for Scalable Enterprises in March 2020. In 2021 she also took on the role of EVP for Green Infrastructure. Prior to Norfund, Ellen held several senior positions at Yara, the world's leading fertilizer company. Her last position in Yara was as VP of Sustainability Programs and Global Projects. Prior to that, she was country manager for the Ivory Coast. Earlier in her career Ellen spent four years as EVP for Agrinos, an international agriculture input provider, responsible for Europe, Middle East, Africa and Asia. Ellen has also had various management positions at Norsk Hydro and served as a board member for SINTEF. She studied economics in Norway and France.



Norfund Investment Committee

Norfund's Investment Committee (IC) is important for quality assurance and for strengthening decision-making. The IC is chaired by the CEO, Tellef Thorleifsson and has seven additional members:

- Three external members: Per Aage Jacobsen, Kathryn Baker and Jacob Kholi.
- Four management team members; Mark Davis, Erik Sandersen, Ellen Cathrine Rasmussen, and Thomas Fjeld Heltne.
- One E&S advisor; Karin Bianca Gullman.

Norfund Credit Committee

Norfund Credit Committee (CC) approves loans to banks.

The committee consists of:

- Tellef Thorleifsson
- Thomas Fjeld Heltne
- Naana Winful Fynn
- Erik Sandersen
- Kristin Imafidon
- Tore Olaf Rimmereid (External)

Norfund Risk and Audit Committee

The Risk and Audit Committee is a preparation and advisory committee for the Board of Directors.

Its function is twofold:

- Assess the company's overall operational and financial risk and recommend any measures to the board.
- Assist the Board of Directors in overseeing the company's financial reporting and control systems and recommend improvements.

The committee consists of three representatives from the Board:

- Martin Skancke (leader)
- Jarle Roth
- Vidar Helgesen (until April)
- Åslaug Haga (from May)

And three representatives from Norfund, where Chief Financial and Risk Officer is leading the committee secretariat:

- Fride Andrea Hærem
- Hege Elisabeth Seel (until September)
- Guro Ruud Cedell (from September)
- Hanne Jørstad Francke

Additionality

Norfund is committed to making a difference by ensuring that our capital contributes to outcomes that would otherwise not have happened. This is referred to as "additionality" and is a key criterion for Norfund's investments.

The Norfund Act states that Norfund shall contribute to establishing viable, profitable undertakings that would not otherwise be initiated because of the high risk involved.

Proving the additionality of our investments is challenging because it requires insights into what could have happened had we not invested. Norfund substantiates additionality claims by evaluating all potential investments against our additionality framework. We also have portfolio level KPIs and thresholds that ensure that we allocate capital to instruments and markets with high inherent risk.

What does it mean that an investment is additional?

Financially additionality

An investment is financially additional when the private sector partners are unable to obtain financing from capital markets (local or international) for a specific activity at the necessary terms and/or scale, or where it mobilises finance from the private sector that would otherwise not have been invested.

Value additionality

An investment is value additional in cases where the investor adds non-financial value, alongside its investment, to private sector partners that the capital markets would not offer, and which will lead to better development outcomes. It is often pursued through active ownerships (e.g. board participation), capacity building activities, advisory services and other technical assistance and other ways.

Development additionality

Development additionality is that the investment will deliver development impact that would not have occurred without the partnership between the official and the private sector.

Ten ambitions on additionality

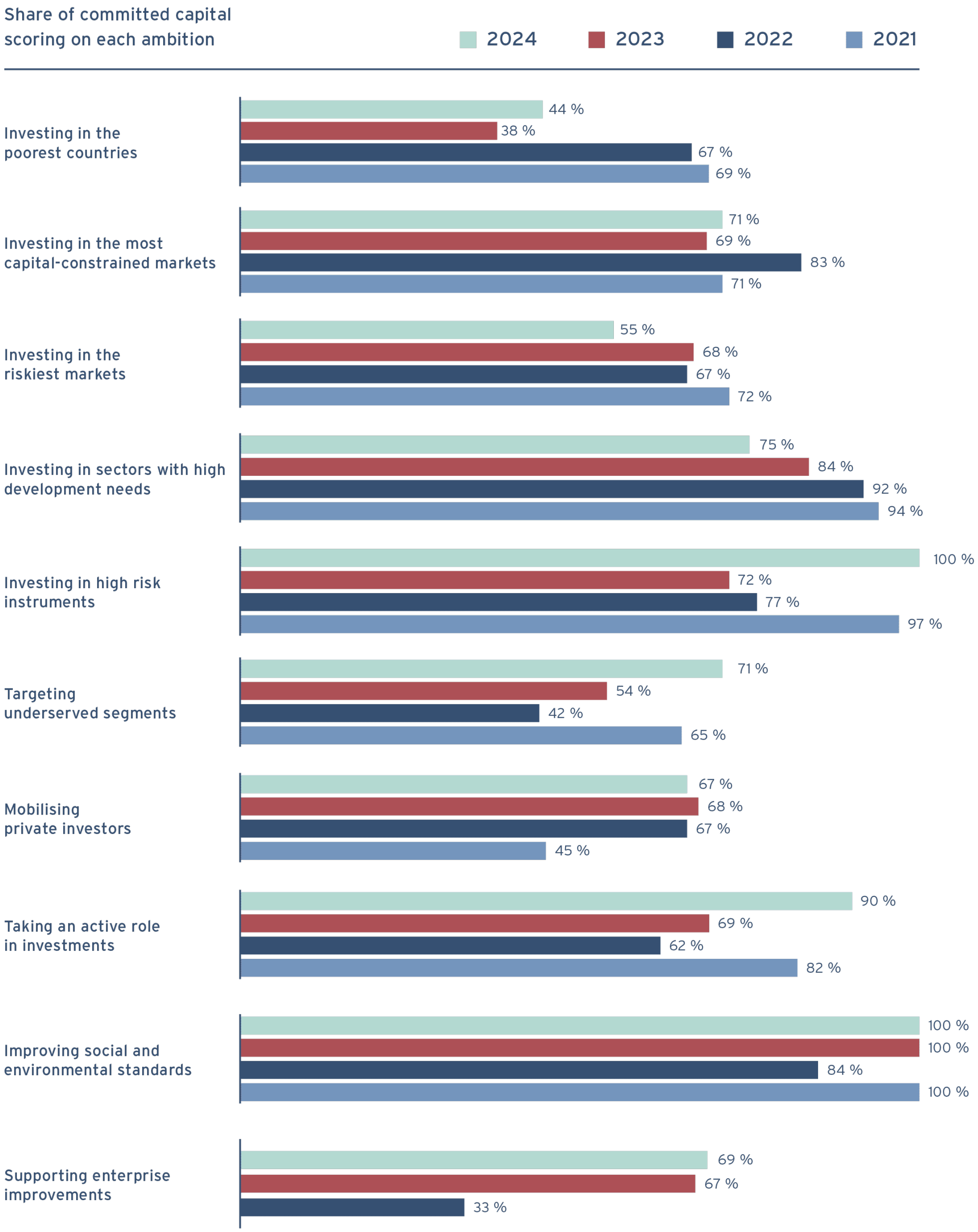
Norfund has a defined additionality framework that helps assess the additionality of our investments and ensure alignment with the OECD definition. This framework consists of ten additionality ambitions (see table below) reflecting both the financial and value additionality of our investments. For each ambition, we have identified relevant indicators to assess the extent to which we meet these ambitions. Investments under the Climate Investment Mandate are subject to the same additionality assessment. Development additionality is assessed for each new investment by setting baseline and target values for key impact/climate ambitions, describing what the investment aims to achieve.

Norfund's additionality in an investment depends on many factors and the additionality framework tries to capture different aspects of additionality. Investments are scored 1-10 based on how many additionality ambitions they trigger.

We have revised the framework twice since 2018, based on our user experience and to better reflect the markets we operate in. From 2025, we will implement a revised additionality framework to comply with updated OECD-DAC Private Sector Instrument requirements for additionality.

More information on which ambitions each investment is particularly additional on, is listed on the individual pages of each investment in the investment overview on Norfund's webpage.

Percentage of committed capital to new projects in 2024 scoring materially on each additionality ambition (follow-on investments are not included):



Since 2022, the overall share of investments scoring on the additionality ambition

"Investing in the poorest countries" has declined. This is partly due to the introduction of the Climate Investment Fund as well as expected annual fluctuations. Generally, projects in the poorest countries have smaller ticket sizes, which means they take up a relatively smaller share of total committed capital. 11 out of 27 new projects in 2024 scored on this ambition, which illustrates the high level of activity towards these countries in Norfund.

More than two thirds of the committed capital in 2024 targeted sector-specific underserved segments, meaning the beneficiaries are underserved business types or end-clients. This could for instance be a loan issued to a financial institution targeting microenterprises or an investment in a company providing off-grid solutions to poor households.

All the capital Norfund committed in 2024 were with high risk instruments. This includes equity, various quasi-equity instruments, local currency loans, and debt with long tenor. Norfund's willingness to take on more risk than what the market normally is willing to accept is central to our additionality, and as such this is a positive development.

Climate Mandate

Investing in the transition to net zero

Climate Mandate

The Climate Investment Fund is Norway's most important tool in accelerating the global energy transition by investing in renewable energy in developing countries with large emissions from coal and other fossil power production.

To help developing countries build their economies on the backbone of renewable energy, the Climate Investment Fund (CIM) will invest 10 billion NOK between 2022-2027 in renewable energy and enabling technologies.

Instructions for the Climate Investment Fund (in Norwegian)

Ambitions

We have set climate impact ambitions for the 2022-26 strategy period and track annual progress. As of end 2024, we have overdelivered on all three ambitions, as illustrated in the table above.

Investment area	Ambition (2022-2026 strategy period)	Achievement by end of 2024
Climate investment mandate	**14 million tCO2e** avoided emissions	**17.6 million**
	9 GW new capacity financed	**7.9 GW**

Note: Calculated using the harmonized IFI approach: "GHG Accounting for Grid Connected Renewable Energy projects" (2019). Expected annual avoided emissions once operational, and not attributed to Norfund.

Photo credit: Erco Energia

Strategy

The objective of the Climate Investment Fund is to contribute to reducing or avoiding emissions of greenhouse gases by investing in renewable energy in developing countries with extensive emissions from coal power and other fossil fuel-based power production. Within our mandate, we need to prioritize. Our core countries have therefore been selected based on three criteria: climate impact, additionality and feasibility.

Geography

The Climate Investment Fund prioritizes 8 core countries, selected based on their potential for climate impact, additionality and feasibility of investments: India, Vietnam, Philippines, Cambodia, Indonesia, Sri Lanka, Bangladesh and South Africa. We allow exposure limits of up to 25% of the total allocation of 10 billion NOK for large countries such as India and South Africa.

Sectors

We invest in both large scale grid connected renewables such as wind and solar farms and smaller projects selling directly to commercial and industrial customers such as rooftop solar. We also invest in technologies that enable more renewable energy generation, such as storage and transmission

Instruments

The Climate Investment Fund may invest in equity, debt, funds and other instruments (including guarantees), and targets an overall portfolio share of 70% equity and 30% debt. The fund shall always adopt a minority position, targeting equity stakes from 20% upwards to 35%, but accept up to 49% with strategic partners in line with Norfund's statutes. The Climate Investment Fund aims to allocate 5-10% of the funds – directly and through platforms – into early phase development.

Partners and platforms

The Climate Investment Fund, in line with Norfund's overarching strategy, aims to establish new as well as strengthen existing platforms and partnerships.

This strategy of sharing risk can enable industrial investors to realize more projects or enter new markets, multiplying the impact of Norfund's capital, and leading to sustainable business ventures.

Exits

Under the Climate Investment Fund we have an ambition to seek exit of mature or de-risked investments to recycle capital and multiply the climate impact we can have per dollar committed by the fund.

Read about avoided emissions here

Read about energy access and supply here

Investments 2024

Climate Mandate

2024 marked the second full year of operations for the Climate Investment Fund. During the year, four new investments were made. In addition, five follow-on investments supporting the growth of existing Climate Investment Fund portfolio companies were also made. In total, new commitments of NOK 1.7 billion were made, taking the total Climate Investment Fund portfolio to NOK 5.6 billion. The investments made in 2024 are expected to contribute to avoid 2.9 million tons of CO2e emissions when the projects are operational.

Highlights of 2024

EnerGrid

A new IEA report warns that up to 15% of global solar and wind power production may remain unused by 2030 without increased investment in grids and storage. India is among the countries where the need for such investments is particularly pressing. According to recent estimates from India's Central Electricity Authority (CEA), the country will require 170,000 kilometers of transmission lines and 47 GW of energy storage capacity (BESS) over the next eight years to integrate increased renewable energy production.

To address this challenge, The Climate Investment Fund together with BII and IndiGrid, an Indian Infrastructure Investment Trust ("InvIT") that is one of the largest owner and operator of transmission projects in India, have set up a new platform, EnerGrid, which will develop power grid and battery storage projects. The partners are committing up to USD 300 million of equity investments which is expected to enable EnerGrid to develop projects valued at approximately USD 1.2 billion over the coming years. Of this the Climate Investment Fund is contributing USD 50 million and mobilizing a further USD 50 million from KLP via the jointly owned investment vehicle KNI India AS. The agreed structure is such that once projects are constructed, the projects will be acquired from EnerGrid by IndiGrid at a pre-agreed value and the capital can be recycled into new projects.

Candi

Candi Solar was founded in 2018 by three former colleagues, creating a distributed energy business by providing flexible contract structures for solar power focusing on the underserved small and medium sized businesses (SMEs) clients who is struggling to access attractive financing due to their credit ratings. Distributed energy solutions are an important part of the energy transition in emerging markets and the Climate Investment Fund is supporting this by investing USD 20 million as part of a larger investment round of USD 38 million of growth capital for the company. Kyuden International and STOA account for the rest of the amount. The company is operating in South Africa and India.

Xurya

In 2024, the Climate Investment Fund made its first direct investment into Indonesia by investing 25 million USD in Xurya, a company that offers rooftop solar rental to commercial and industrial companies. By renting out the solar PVs, the businesses can overcome the high installation costs of adopting renewable energy, making it easier to switch from fossil to renewable energy supply. The investment was part of a USD 55 million fund raise with investors such as British International Investment (BII), Swedfund, Climate Capital and AC Ventures participated. This is the first investment is under the Just Energy Transition (JETP) where Norway has pledged up to USD 250 million of equity investments via the Climate Investment Fund.

Pele

Pele Green Energy Group is a South African Black Economic Empowerment (BEE) infrastructure company, founded by five young entrepreneurs in 2009. The group develops, owns, builds, and operates renewable energy projects in South Africa. As of today, they have 980 MW in operation, 670 MW under construction, and a further pipeline of more than 5 GW under development. Many of the Climate Investment Fund's investments are follow-on investments in existing investees and the fund made its first invested in Pele Green Energy in 2023. The first investment of approximately 400 million NOK has contributed to the construction of a portfolio of large solar and wind power plants. The company now needs more capital to finance further growth, which is planned within projects that deliver energy directly to businesses (C&I), investments in battery storage, and government tenders for larger renewable projects. As in the previous investment, the Climate Investment Fund is partnering with Nedbank, one of South Africa's largest banks, to invest a total of ca 320 million NOK to scale up the company's investments in renewable energy of which the Climate Investment Fund is investing ca 160 million NOK.

Investment	Country	Investment year	Sector	Instrument	Ownership share	Domicile	Committed (MNOK)
SAEL	India	2022	Biomass	Equity	N/A	India	1156.9
Fourth Partner Energy	India	2023	Solar power	Loans Equity	N/A	India	696.7
Indigrid	India	2024	Renewable-enabling Transmission infrastructure	Equity	13%	India	612.0
Pele Green Energy	South Africa	2023	Other/hybrid renewables	Loans Equity	N/A	South Africa	557.5
Enel Coral	India	2022	Wind power	Loans Equity	25%	India	453.0
H1 Kenhardt	South Africa	2022	Solar power	Loans	0%	South Africa	443.0
Enel Thar Solar	India	2022	Solar power	Loans Equity	25%	India	288.3
Xurya	Indonesia	2024	Solar power	Equity	17%	Singapore	279.9
Candi Solar	Global	2024	Solar power	Equity	18.5%	Switzerland	213.9
H1 Capital	South Africa	2021	Other/hybrid renewables	Equity	25%	South Africa	212.7
H1 EDF NFBII	South Africa	2022	Wind power	Loans	0%	South Africa	187.9
Greenpower SL	Sri Lanka	2023	Solar power	Equity	30%	France	135.3
Gadag Transmission	India	2023	Renewable-enabling Transmission infrastructure	Loans Equity	25%	India	124.9
SEACEF II	Regional	2023	Renewable energy fund	Funds	8%	Singapore	112.3
Koppal Narendra	India	2022	Renewable-enabling Transmission infrastructure	Equity	25%	India	71.2
Orbital Energy	Sri Lanka	2024	Solar power	Equity	30%	Singapore	43.0

Financial results

In 2024, the Climate Investment Fund gained revenues of NOK 66 million, primarily interest income. The operating results ended at NOK 56 million. The Fund has rounded its third year, and by the end of 2024, a total of NOK 5.59 billion have been committed.

On the cost side, the 2024 numbers are impacted by a positive value change for investments and receivables at year end of NOK 34 million, compared to negative NOK 14 million in 2023. The remaining costs for the climate investment fund are mainly related to management fees based on the fund's portfolio share of Norfund's total portfolio.

The Climate Investment Fund's equity

The fund's total balance as of the end of 2024 was NOK 6 billion. The balance increased by NOK 2,056 million from 31.12.2023, of which the earned result added to equity amounted to NOK 56 million. The remaining increase came from this year's capital contribution from the state budget and allocation from Norfund, both amounting to NOK 1 billion each.

Internal rate of return (IRR)

In 2024, the Climate Investment Fund (climate mandate) delivered an estimated return measured by Internal Rate of Return (IRR) of 9.3 % in investment currency and 18.2 % in NOK.

As there are significant annual variations, the return on our investment is better reflected in IRR calculations since inception. Since inception, the portfolio has had an IRR of 14.4 % in investment currency and 19.0 % in NOK. The return figures should be viewed in light of the fact that the fund is relatively new with still few investments and no realizations.

9.3 % IRR for 2024 in investment currency (18.2%

	in NOK)
14.4 %	IRR since inception in investment currency (19% in NOK)

At the end of 2024, the committed portfolio totaled NOK 37.6 billion.

Financial statements

Income Statement			
(Figures in 1000s of NOK)	Note	2024	2023
Interest income	2	55.484	0
Dividends received	2	8.363	7.682
Realized gains	3	0	4.872
Other operating income		2.087	0
Total operating income		**65.935**	**12.554**
Operating expenses			
Value changes investments and receivables		34.179	-14.024
Realised losses		0	0
Total realized losses and value change		**34.179**	**-14.024**
Payroll expenses		-100	-15
Management costs	4	-29.983	-16.792
Other operating expenses		-13.578	-8.859
Total operating expenses		**-43.661**	**-25.666**
Operating results		**56.454**	**-27.137**
Other financial income	3	2	20
Other financial expenses		-126	-1.364
Net financial items		**-124**	**-1.345**
Profit before tax		**56.329**	**-28.481**
Taxes		**0**	**0**
Profit for the year		**56.329**	**-28.481**
Allocations			
Transferred to / from surplus fund	5	56.329	-28.481
Total allocations		**56.329**	**-28.481**

Balance Sheet			
(Figures in 1000s of NOK)	**Note**	**2024**	**2023**
ASSETS			
Total receivables		**487**	**259**
Investments			
Investments in equities and funds	6	2 728 430	1 694 299
Loans to investment projects	6	778 184	392 194
Total investments		**3 506 613**	**2 086 494**
Bank deposits		**2 516 547**	**1 879 927**
Total current assets		**6 023 647**	**3 966 680**
Total assets		**6 023 647**	**3 966 680**
EQUITY AND LIABILITIES			
Equity			
Called and fully paid capital			
Primary capital	5	2 250 000	1 500 000
Reserve capital		750 000	500 000
Total called and fully paid capital		**3 000 000**	**2 000 000**
Retained earnings			
Surplus fund	5	3 023 009	1 966 680
Total retained earnings		**3 023 009**	**1 966 680**
Total equity		**6 023 009**	**3 966 680**
Liabilities			
Other current liabilities		637	0
Total liabilities		**637**	**0**
Total equity and liabilities		**6 023 647**	**3 966 680**

Note 1

The financial statements for the Climate Investment Fund (KIF) follow the same accounting principles as Norfund's annual financial statements.

Note 2

Dividends received from Norfund's investment in H1 Capital South Africa amounts to TNOK 8363. Interest income of NOK 55 484 is primarily related to Norfund's investment in H1 Kenhardt.

Note 3

In 2024, Norfund has decided to reclassify currency effects on all investments from financial to operating results. The table below shows the figures for 2023 that have been restated in accordance with the changed reclassification. The reclassified amount is shown in the table under the columns "Restated Operating Result 2023" and "Restated Financial Result 2023"

Amounts in thousands NOK	**2024**	**2023**
Other financial income	2	20
Other financial expenses	-126	-1,364
Net financial items	**-124**	**-1,345**

Amounts in thousands NOK	**Original 2023**	**Reclassified 2023**	**Restated Financial Result 2023**
Other financial income	4,892	-4,872	20
Other financial expenses	-1,364	0	-1,364
Net financial items (reclassified)	**3,528**	**-4,872**	**-1,345**

Amounts in thousands NOK	**Original 2023**	**Reclassified 2023**	**Restated Operating Result 2023**
Realized gains	0	4,872	4,872
Net operating items (reclassified)	**0**	**4,872**	**4,872**

Note 4

The management fee is calculated based on the Climate Investment Fund's (KIF) portfolio share of Norfund's total portfolio, and Norfund's total costs. The portfolio share is based on the historical book value of the investments. The management fee is allocated quarterly, and at the end of 2024, KIF accounted for 10.4% of Norfund's total investments. For further details, please refer to the discussion in the board's report under the chapter on organization and efficient operations.

Note 5

Equity *(amounts in thousands NOK)*	**KIF primary capital**	**KIF reverve capital**	**NF surplus fund**	**Total equity**
Equity per 31.12.2023	**1,500,000**	**500,000**	**1,966,680**	**3,966,680**
Transfer from the Ministry of Foreign Affairs	750,000	250,000	0	1,000,000
Earmarking of Norfund's surplus fund	0	0	1,000,000	1,000,000
Profit for the year	0	0	56,329	56,329
Equity per 31.12.2024	**2,250,000**	**750,000**	**3,023,009**	**6,023,009**

Note 6

The Climate Investment Fund (KIF) has the following investments with remaining commitments and book value at the end of 2024. Further information can be found in the Climate Investment Fund's activity report.

Equity *(amounts in thousands NOK)*	**Remaining commitment**	**Book value**
KNI INDIA AS	318,772	516,135
H1 Capital	0	212,745
SAEL	172,827	984,042
Pele Green Energy	0	156,312
Greenpower (tidl. Volta)	0	10,699
Fourth Partner Energy Limited	0	431,519
SEACEF	86,709	22,000
Xura	141,918	138,050
Candi Solar	0	213,942
Orbital Energy	0	42,984
Andre prosjekter	554,659	0
Total	**1,274,884**	**2,728,430**

Loans *(amounts in thousands NOK)*	**Remaining commitment**	**Book value**
H1 Kenhardt	41,492	401,534
Fourth Partner Energy Limited	0	265,260
Pele Green Energy	367,508	9,534
Greenpower (tidl. Volta)	22,707	101,856
Andre prosjekter	420,325	0
Total	**852,032**	**778,184**

[Independent auditors report 2024 (for the full financial accounts, not only the Climate Investment Mandate)]

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Board of Directors' report

In 2024, Norfund delivered a total return of 8.4 percent in local currency and 19.6 percent in NOK. By the end of the year, the committed portfolio amounted to NOK 43.2 billion, with NOK 7.7 billion committed to new investments during the year. The companies in Norfund's portfolio employed a total of 712,000 people, with 41,400 new jobs created throughout the year. By the end of 2024, the Climate Investment Fund had financed 7.9 GW of renewable capacity, which will avoid 17.6 million tons of CO2e annually when the power plants are operational.

2024 was a year of great uncertainty. Inflation and rising debt costs have affected wallets and state finances. In many of Norfund's markets, economic growth is hampered by conflict, uncertainty, climate change, and power shortages.

In October, the World Bank stated that the goal of eradicating extreme poverty by 2030 is out of reach. Over the past five years, there has been virtually no progress due to several shocks to the global economy, such as the COVID-19 pandemic, high inflation, and increasing conflict and vulnerability. The Bank warns that the period 2020-2030 is likely to be a lost decade in the fight against poverty, which is entrenched in developing countries with weak economic growth.

Entering the year, inflation remained high in many countries, and central banks around the world kept interest rates up. Since then, inflation has significantly reduced in most Western countries, and interest rates are on their way down. In their World Economic Outlook from October 2024, the IMF estimates inflation for developing countries as a group to be around 4.2 percent, which is nearly double that in the eurozone. Countries in Sub-Saharan Africa continue to have high inflation, with an average of 12.2 percent. The World Bank warns in its International Debt Report 2024 that the cost of servicing public debt in the poorest countries (IDA countries) has risen to the highest level since 2002, estimated at 1.2 percent of GDP.

The global economy had stable but historically weak growth in 2024, estimated at around 3.2 percent by the IMF. The IMF estimates that the economy in developing countries grew by 4.2 percent in 2024. However, growth is very unevenly distributed. In Asia, large developing countries such as India, Indonesia, and the Philippines all had strong growth, while in Africa, the large economies of Nigeria and South Africa both grew slower than the global growth of 3.2 percent. The World Bank points out that growth in most developing countries is not sufficient to catch up on the lost progress since 2020, especially for the least developed countries and countries in conflict.

A strong dollar, macroeconomic instability, and increasing debt burdens increased the risk for investors in many of Norfund's markets. A strong US dollar made loans more expensive and weakened local currencies. A rising debt burden made it challenging to maintain growth and attract foreign investments. UNCTAD points out that investments in sectors related to achieving the Sustainable Development Goals fell by as much as 11 percent in 2024, and that investments in food systems, infrastructure, and water and sanitation in 2024 remained at a lower level compared with 2015 when the goals were adopted.

In a challenging 2024, there was also positive progress. Central banks and governments have, in most of Norfund's markets, succeeded in controlling galloping inflation. Several countries implemented reforms aimed at increasing private investments, such as in Ethiopia, where authorities have taken steps to open up to international investments to increase companies' access to capital. For many African countries, the entrepreneurial spirits of a growing young population a promising source of economic growth and attention far beyond the African continent. One area where this is already happening is in music, where Afrobeats, with artists like Burna Boy and Ayra Starr, have gained global attention through streaming platforms and social media. The African CEO Forum estimates that creative industries in Africa can create up to 20 million jobs and contribute export revenues equivalent to 4 percent of Africa's GDP by 2030.

Around 3 billion people had the opportunity to go to the polls in 2024, more than ever before. For many countries, the elections have brought about new vitality and rejuvenation. In Senegal, Bassirou Diomaye Faye was elected president, becoming the youngest elected leader in Africa, while in Sri Lanka, old political elites that have led the country into economic chaos were ousted in favor of an outsider. There have also been cases of elections leading to increasing national tensions and polarization, such as in Mozambique, where BMI Research estimates that the economy shrank by as much as 4.9 percent due to unrest following the election in October.

An increasingly larger part of global aid is being diverted away from long-term development and poverty alleviation in favor of dealing with the consequences of war and conflict and combating climate change. This means that relatively fewer funds are available for aid to job creation and poverty alleviation. The development is further reinforced by aid freezes in the USA and the announcement of new cuts in aid budgets in several European countries.

The EU's Copernicus program reports that 2024 was the first year with sustained temperatures 1.5 degrees Celsius above pre-industrial levels. According to researchers, this means it is very likely that the Paris Agreement's ambition to limit warming to 1.5 degrees Celsius will be breached. At COP29 in Baku, a new climate financing goal of 300 billion USD was adopted to combat climate change. The goal is to triple climate finance, and corresponds to 150 percent of the total aid from OECD countries in 2023, and will be dependent on mobilizing substantial private capital in order to achieve the goal.

Transfers from the national budget to Norfund's development mandate have been stable in nominal terms (NOK) for several years, and in the period 2019-2024. Norfund's share of the aid budget has thus decreased from 5.2 percent to 3.1 percent (excluding transfers to the Climate Investment Fund). The weakening of the NOK exchange rate against the USD from 2019 to 2024 has further weakened the value of transfers to Norfund by about 20 percent measured in Norfund's investment currency.

Despite a challenging backdrop, Norfund increased its total investments for the two mandates to 7.7 billion kroner in 2024, up from 6.5 billion kroner in 2023. In 2024, Norfund received 1.7 billion kroner over the state budget for the development mandate and 1 billion kroner for the Climate Investment Fund, as well as 250 million kroner for the newly established Investment Fund for Ukraine. A higher commitment level is possible thanks to available capital from the sale of SN Power (completed in 2021), a recycling of capital through the sale of investments and loan repayments.

About Norfund

Norfund's mandates and strategy

Norfund was established in 1997 as Norway's most important tool for promoting investments in developing countries. The fund's purpose is to contribute with equity and other risk capital, as well as provide loans and guarantees for the development of sustainable business activities in developing countries. The aim is to establish viable and profitable businesses that would not otherwise be initiated due to high risk.

Norfund is a responsible owner that adapts its ownership to the sector, instrument, and risk. For some investments (e.g., equity investments with a significant minority share), the fund will have an active role, while for others (e.g., loans to banks), it is natural to be less active. However, Norfund is always a responsible owner that sets high ethical standards. Norfund aims to sell its stake when the fund is no longer necessary for the investment, so that the capital can be recycled and put to work in new investments.

Since 2022, Norfund, has also been responsible for managing the Climate Investment Fund, which builds on Norfund's long experience with investments in renewable energy. In December 2024, Norfund was also tasked with managing the Investment Fund for Ukraine as a separate mandate.

For the **development mandate**, Norfund aims to create jobs and improve living conditions by investing in businesses that contribute to sustainable development. Norfund has four investment areas: Financial Inclusion, Renewable Energy, Green Infrastructure, and Scalable Enterprises. Each of the four investment areas has ambitions that directly and measurably contribute to achieving the UN's Sustainable Development Goals. Under the development mandate, Norfund prioritizes investments in countries with limited access to capital, particularly the least developed countries (LDCs) and Sub-Saharan

Africa, in addition to equity as the preferred instrument. The Ministry of Foreign Affairs decided in 2022 that approximately 60 percent of capital contributions from the state budget over time should be invested in renewable energy.

For the **climate mandate** (Climate Investment Fund), the goal is to promote the transition to net-zero emissions in emerging markets. Under the climate mandate, Norfund mainly invests in the production and development of renewable energy, as well as areas closely related to this. Norfund prioritizes equity investments for this mandate as well. The climate mandate is primarily aimed at middle-income countries where the opportunities to reduce or avoid greenhouse gas emissions are significant.

The **Ukraine mandate** (Investment Fund for Ukraine) was established in December 2024 and aims to contribute to the development of sustainable business activities and job creation in Ukraine. The fund will support investments that would not otherwise be carried out due to the high risk in Ukraine. The fund will contribute to mobilizing private capital by having private investors invest alongside the fund or be inspired by the fund. Since its inception, Norfund has been working to identify potential investments, and the ambition is to commit the first investments during 2025.

Financing

Norfund is financed through annual capital contributions from the state, as well as profits from investment activities. In 2024, capital contributions from the state amounted to 1,678 million kroner under the development mandate (including 25 million kroner allocated to the Frontier Facility, 1,000 million kroner under the climate mandate, and 250 million kroner for the Ukraine mandate (allocated in December 2024). In addition to capital contributions, Norfund received 10 million under the "Business Support" grant scheme.

Returns in the form of interest and dividends from investments, loan repayments, and the realization of previous investments constitute an increasing share of the fund's available investment capital, allowing Norfund to invest far more than the capital provided over the state budget and thus contribute to even greater impact on development and climate.

Additionality

Most countries where Norfund invests are perceived as less attractive to international investors because the risk is considered too high. Norfund's expertise, willingness, and ability to manage risk are therefore important for providing capital to these countries and succeeding with investments. Norfund aims to be additional in all investments. The fund is financially additional by providing capital that businesses would otherwise find difficult to access due to capital scarcity and high risk. Norfund is value-additional by providing value beyond capital by being an active owner, strengthening the sustainability of the business, and contributing to business improvements. Norfund is a minority investor and thus also helps to mobilize capital from other investors both in Norway and internationally. Norfund's expected additionality is assessed before each investment and reported to the OECD's Development Committee and on Norfund's website.

The OECD requires that all investments made by development finance institutions must be additional. In 2024, Norfund underwent an "ODA eligibility assessment" conducted by the secretariat of the OECD's Development Assistance Committee. Norfund achieved a full score in this assessment, which means that our systems and reports comply with all requirements.

External evaluation of renewable energy investments

In 2024, Norfund was subject to an external evaluation conducted by KPMG Norway on behalf of the Department for Evaluation of Norwegian Development Cooperation. The evaluation covered investments in renewable energy under Norfund's development mandate from 2015-2023, and under the Climate Investment Fund from 2022-2023.

The report shows that Norfund's investments have contributed to increased electricity production, better access to renewable energy, and avoided greenhouse gas emissions in developing countries. In the years covered by the evaluation, Norfund has contributed to financing more than 11 GW of new renewable capacity and to over 7 million households gaining access to electricity. An important finding is also that Norfund's requirements for profitability and economic sustainability in investments, along with efficient operations in its own organization, are important contributions to the good results.

Norfund will in 2025 assess how the recommendations in the evaluation report are best followed up and keep the Ministry of Foreign Affairs informed through the regular ownership dialogue.

Norfund's total portfolio in 2024

In 2024, the portfolio (development mandate and climate mandate) delivered a return measured by IRR (internal rate of return) of 8.4 percent in local currency and 19.6 percent in NOK. The Norwegian krone weakened by 10.7 percent against the USD during the year, which is reflected in the IRR figures in Norwegian kroner. Since its inception, the portfolio has an IRR of 5.2 percent in local currency and 8.7 percent measured in Norwegian kroner.

As of 31.12.2024, Norfund's committed portfolio totaled 43.2 billion kroner. During 2024, the fund committed 7.7 billion kroner. The results for the Development Mandate and Climate Mandate are described in more detail below.

Development Mandate - portfolio in 2024

In 2024, the development mandate delivered a return measured by IRR of 8.3 percent measured in investment currency and 19.7 percent measured in NOK. Since its inception, the portfolio has had an IRR of 5.1 percent measured in investment currency and 8.6 percent measured in NOK. At the end of 2024, the committed portfolio was 37.6 billion kroner.

Norfund committed 6 billion kroner under the development mandate in 2024, distributed across 23 new and 19 follow-up investments. The commitments for the year were broadly distributed among the investment areas, with 2.6 billion kroner to Financial Inclusion, 1.6 billion kroner to Renewable Energy, and 1.6 billion to Growth-Oriented Businesses. Green Infrastructure committed 234 million kroner.

The committed portfolio in LDCs (least developed countries) accounted for 34 percent of the portfolio at the end of 2024, while Sub-Saharan Africa accounted for 64 percent. Equity accounted for 73 percent of the portfolio at year-end. The target for renewable energy ended at 68 percent at the end of 2023. Norfund's portfolio is thus in line with the targets set by the board that the portfolio should have at least 33 percent in LDCs and 50 percent in Sub-Saharan Africa, 70 percent in equity, as well as the statutory target that approximately 60 percent of capital contributions to Norfund over time should be invested in renewable energy .

Norfund prioritizes investment areas where there is an opportunity to contribute to significant development effects. Each investment area has a theory of change that shows how Norfund's capital and expertise contribute to development effects and the achievement of the UN's Sustainable Development Goals. For the development mandate, these are SDG 1 (No Poverty), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), and 9 (Industry, Innovation, and Infrastructure).

Norfund annually collects data on development effects from portfolio companies (both direct investments and indirectly through platforms and funds). At the end of 2024, there were a total of 712,000 jobs in the companies Norfund is invested in, of which 699,000 jobs were in companies under the development mandate. About three-quarters of these jobs are permanent. A full 64 percent of the jobs are in Africa, and 27 percent are in LDCs.

To be able to say something about development over time, data from companies that have reported for two consecutive years are analyzed. Net (the balance between lost and new jobs), 41,400 jobs were created in companies Norfund is invested in. Of these, 39,800 jobs were created in companies under the development mandate.

Payment of taxes and fees is an important contribution to the countries Norfund invests in. In 2024, companies in the development mandate's portfolio paid a total of 41.2 billion kroner in taxes and fees, of which 30 billion in Africa. Furthermore, 64 billion in wages were paid in the companies Norfund is invested in, also mainly in Africa.

Quantified ambitions have been set for each investment area that reflect accumulated organic growth (i.e., development in the companies after Norfund became an investor) on sector-relevant parameters. The ambitions are set for the entire strategy period (2023-2026) and not for individual years.

Halfway through the strategy period, investments in Renewable Energy under the development mandate are approaching the goal of increased financed capacity but are significantly below the target for households that have gained access to electricity. In Financial Inclusion, investments are well on their way to reaching the goal of an increased customer base but are still some way off the goal of increasing outstanding loan volume. Direct investments in Growth-Oriented Businesses have already met both goals for the strategy period, while indirect investments through funds are well-positioned to reach the goal of increased company revenues but are somewhat behind the expected level for job creation. The data reported is not attributed, meaning it shows the total effect of the portfolio companies and does not take into account Norfund's ownership share. More detailed information about Norfund's development effects is available in the annual report.

Frontier Facility - portfolio in 2024

Frontier Facility is a facility managed by Norfund for project development and risk mitigation and is intended to take higher risks compared to Norfund's ordinary mandates. The facility receives earmarked funds over the state budget. Through the scheme, Norfund contributes to project development and risk mitigation at an early stage. The portfolio consists of ten projects, with a total commitment of 183 million kroner.

In 2024, Frontier Facility published its first status report, which evaluated goal achievement from 2019 to 2023 on the indicators provided by the Ministry of Foreign Affairs. The results from the status report show that Frontier Facility has had good goal achievement and mobilized private capital by initiating investments that would not otherwise have happened, as well as reducing risk for private actors in challenging markets. The facility has invested in early-stage project development and risk mitigation measures within Norfund's investment areas.

Climate Investment Fund - portfolio in 2024

In 2024, the Climate Investment Fund (climate mandate) delivered a calculated return measured by IRR of 9.3 percent in investment currency and 18.2 percent in NOK. Since its inception, the portfolio has had an IRR of 14.4 percent in investment currency and 19.0 percent in NOK. The return figures must be seen in light of the fact that the fund is relatively new with still few investments and no realizations.

At the end of 2024, the committed portfolio was 5.6 billion kroner. In 2024, the fund made its first investment in Indonesia through the company Xurya, which provides renewable energy solutions directly to businesses. Norfund also launched a new platform for investments in power grids in India together with IndiGrid and British BII. There is a great need for investments in transmission in India to handle the growth in renewable variable power such as wind and solar power. The majority of the fund is invested in India and South Africa, and work is therefore underway to expand the portfolio geographically.

Also, for the climate mandate, Norfund's investments directly contribute to the UN's Sustainable Development Goals. These are SDG 13 (Climate Action), 7 (Affordable and Clean Energy), and 8 (Decent Work and Economic Growth). For 2024, Norfund's new commitments contributed to financing 1,250 MW of renewable energy and to estimated ex-ante avoided greenhouse gas emissions of 2.9 million tons annually. This is lower than previous years due to several investments in transmission, which do not count towards the ambitions.

The Climate Investment Fund is on track to exceed the goals set for the fund's first strategy period (2022-2026) of 9 GW of renewable energy financed and 14 million tons of avoided greenhouse gas emissions annually. At the end of 2024, the fund has contributed to financing 7.9

GW of renewable capacity, which will contribute to avoiding 17.6 million tons of CO2e annually when the power plants are operational.

In 2024, the greenfield projects that KIF has helped finance produced 3,421 GWh, resulting in 3.4 million tons of avoided CO2e emissions. Capacity under construction or already installed is increasing rapidly from year to year and was 4,643 MW at the end of 2024.

Investment Fund for Ukraine - portfolio in 2024

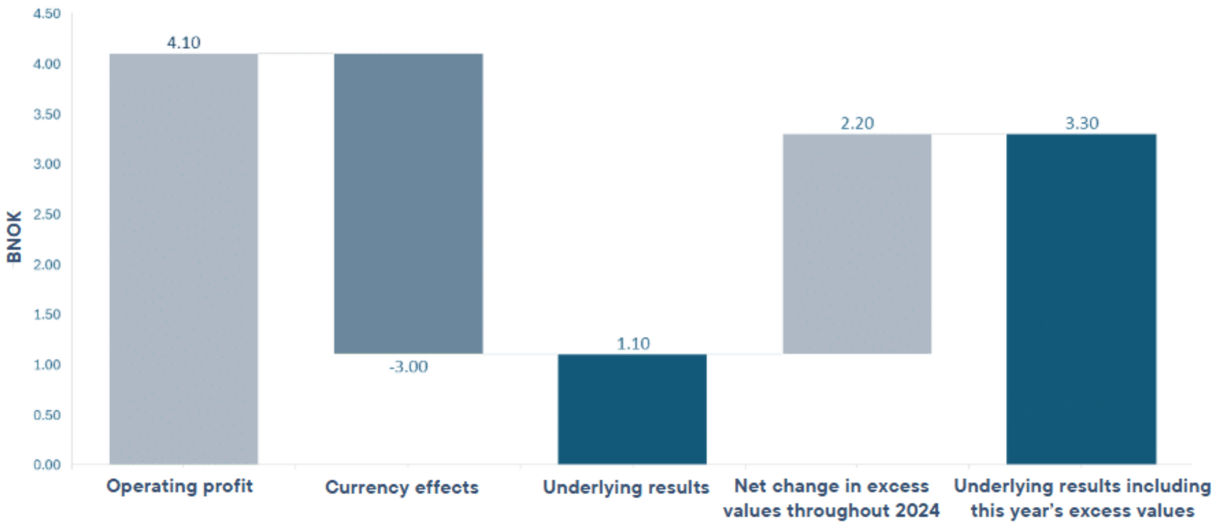
Norfund was assigned the task of managing the new Investment Fund for Ukraine in December 2024, and no investments were made in the fund in 2024. Norfund has been working to build a pipeline of potential investments. The fund aims to make its first investments in 2025.

Statement on the annual accounts

Norfund ended the year with operating revenues of 2,086 million kroner and a positive result after tax of 4,099 million kroner. The result is significantly affected by currency effects due to a weaker Norwegian krone against our primary currency USD. Currency effects in the result amounted to 2,995 million kroner, compared to 472 million kroner in 2023. The currency effects are mainly due to value adjustments of our investment portfolio and our liquidity placements in foreign currency, as well as effects from realized gains and losses.

The historically weak krone gives investments and cash holdings a higher value measured in NOK and shows the strong impact exchange rate fluctuations have on revenues and annual accounts. This effect will be reversed if we have a corresponding strengthening of the Norwegian krone. Nevertheless, for the Board, it is the IRR (return) in investment currency that is the relevant metric as this more accurately reflects Norfund's underlying results.

Excluding exchange rate effects, the result for 2024 is 1,104 million NOK, a reduction of 320 million NOK compared to 2023. Result effects for each year come directly from revenues and costs, as well as from value changes in existing investments and the realization of investments. The negative change in underlying results in 2024 (compared to 2023) is mainly driven by increased write-downs, as well as lower realized gains and losses, somewhat offset by increased income from dividends and interest.



This illustration shows how Norfund's underlying annual results would look if unrealized value increases on investments were included.

Interest income from operations has increased from 1,080 million NOK in 2023 to 1,356 million NOK in 2024. Interest income consists of interest income from the loan portfolio and liquidity placements, which include a bond portfolio in foreign currency. The growth in interest income can mainly be explained by an increase in the loan portfolio by 17 percent during the year from 8,147 million NOK to 9,537 million NOK, as well as a weakened Norwegian krone against the US dollar by 11.6 percent compared to 2023. The accounts show realized gains from the portfolio totaling 109 million NOK, of which 45 million NOK are realized positive exchange rate effects. Realized underlying gains excluding exchange rate effects are mainly from Arrend (43 million NOK) and Basecamp (15 million NOK). Furthermore, the company received 578 million NOK in dividends, with the most significant being Agua Imara (179 million NOK), Arise B.V. (140 million NOK), and Klinchenberg (115 million NOK).

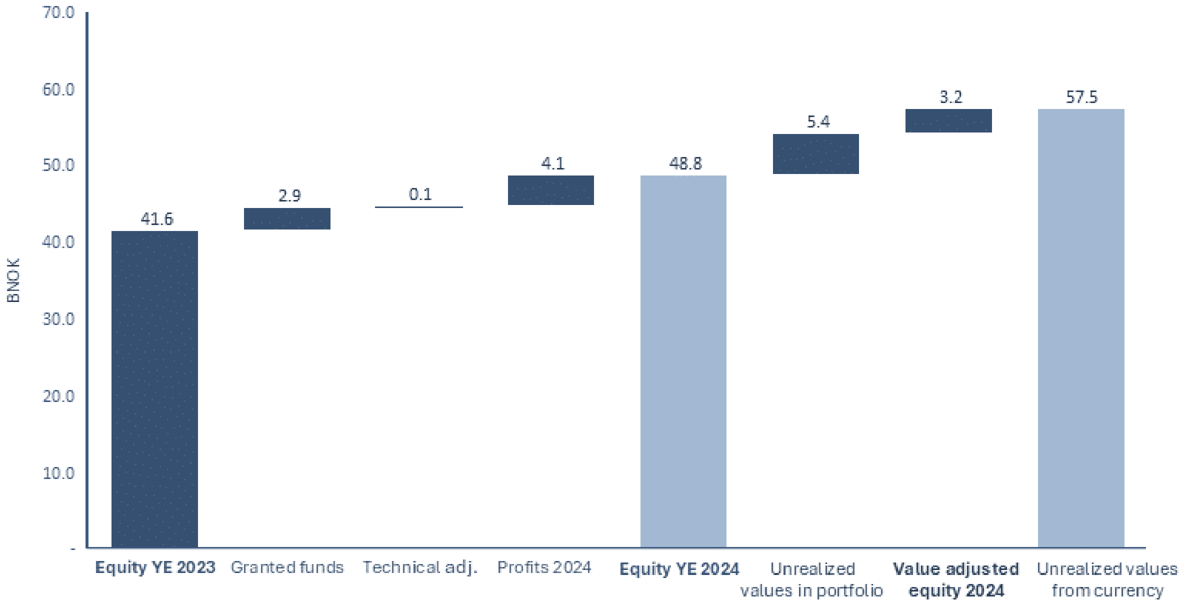
Salary costs have increased by 13 percent compared to 2023, to 246 million NOK. Both investment and staff functions were further strengthened throughout the year. This also leads to increases in other cost areas, but overall, within expectations. Operating costs measured as a percentage of committed portfolio remain stable at 1 percent, consistent with the goal that these should be below the average for comparable development finance institutions.

Realised loss and value changes for investments and receivables in 2024 ended at positive 1,929 million NOK compared to positive 167 million NOK in 2023. This consists of realised losses including exchange rate effects of negative 226 million NOK in 2024 and value changes totalling positive 2,155 million NOK.

Value changes consist of write-downs, reversals of write-downs, and exchange rate effects related to investments in loans, shares, and funds, liquidity placements, and receivables in the annual accounts. Total exchange rate effects related to value changes in 2024 were positive 2,609 million NOK compared to positive 514 million NOK in 2023.

Total write-downs for investments and receivables in 2024 excluding exchange rate effects were negative 454 million NOK compared to negative 227 million NOK in 2023. The write-downs are partly due to some companies in the portfolio being burdened by volatile commodity prices and delays in global value chains, among other things as a result of conflicts in the Middle East and the war in Ukraine. The same applies to the situation in Myanmar where conditions continue to be challenging, and some larger value reductions are made here. There is also a risk related to currency in Africa in general and Mozambique in particular through limited access to USD, which poses a challenge when it comes to loan repayments.

Norfund's total balance as of the end of 2024 was 49,119 million NOK. The balance increased by 7,077 million NOK from 31.12.2023, of which earned result added to equity amounted to 4,099 million NOK and the year's capital contribution from the state budget amounted to 2,928 million NOK. Adjusted equity based on estimated market values for Norfund's portfolio was as of 31.12.2024 at 57,460 million NOK.



This illustration shows Norfund's adjusted equity, where unrealized value increases on our investments are added.

At the end of 2024, Norfund had outstanding, unpaid commitments totaling 9,606 million NOK. The cash balance was at the same time 6,457 million NOK in addition to liquidity placements of 8,357 million NOK. Of the liquidity holdings, 2,000 million NOK is earmarked for the Climate Investment Fund, which will be invested in the period 2025-26. As a result of a growing capital base, it was decided in 2024 to strengthen liquidity management. This was done through increased staffing and the decision to establish a separate treasury mandate. The board considers liquidity to be good and confirms that the prerequisites for continued operations are in place. In the board's opinion, the annual accounts for 2024 provide a true and fair view of Norfund's financial position.

Organization, environment, and responsible business tax

Corporate governance

The general assembly is Norfund's highest authority. Governance is exercised through general meeting decisions, including the establishment and amendment of Norfund's articles of association. In 2024, an extraordinary general meeting was held in connection with the establishment of the Investment Fund for Ukraine and the determination of compensation for the newly established compensation committee. The Ministry of Foreign Affairs receives quarterly reports, and regular contact meetings are held throughout the year.

Norfund's board is elected by the general assembly. Two members are elected by and among the fund's employees. The board consists of nine members. The Risk and Audit Committee (RRU) consists of the committee chair and two members elected from the board's members. In 2024, the board established a Compensation Committee consisting of three members. In 2024, the board had a total of seven board meetings and six meetings in the RRU. Norfund has taken out liability insurance with AIG that covers the board's members and externally appointed board members in portfolio companies.

Norfund has a framework of governance documents that covers everything from the Norfund Act, the articles of association, and overarching frameworks adopted by the board to administration-adopted guidelines for important subject areas and routines and procedures for carrying out and following up on investment activities. The structure and guidelines are regularly updated and adapted to Norfund's operations. The Investment Committee reviews investment proposals and contributes to quality assurance. In 2024, the committee consisted of nine people, three of whom are external. The Credit Committee reviews and approves loans to financial institutions and consists of five members, (including one external member). Both committees review individual investments between USD 4 million and USD 20 million, and the investments are approved by the managing director. Both committees must also give their recommendation on investments over USD 20 million, but these are approved by the board. Smaller investment decisions are also raised with the board when necessary, for example, if there are elements with particularly high risk or reputational sensitivity. Investments up to USD 4 million are reviewed and approved by the administration.

Data, risk management, and internal control

Taking risks is at the core of Norfund's mandate. What risks Norfund has and how these are managed are described in Norfund's risk appetite statement, adopted by the board. The statement describes two risk categories. The first concerns where and in what Norfund invests (such as markets, instruments, and currency risk). These risks are managed through Norfund's market insight, local presence, and portfolio diversification. The second category is risk related to how the company selects investment partners and how Norfund carries out investments and operates the organization (e.g. partner and corruption risk, environmental and social conditions, and HSE). The risks can be minimised by designing and implementing appropriate systems and regular training, contractual terms, internal control, and compliance.

The Enterprise Risk Management framework is a tool used by management and the board to identify, understand, and manage key operational risks. The administration's proposal for the top ten risk areas is discussed with the risk and audit committee before being presented to the board. Proposals for areas for external internal audit are compared with the risk overview, and the committee gives a recommendation that is reviewed and decided by the board.

Norfund monitors portfolio exposure and country risk exposure. The board has set risk thresholds for exposure to individual countries and groups of countries, which are followed. In 2024, this particularly applied to the climate mandate, which has significant exposure to India and South Africa.

Norfund has zero tolerance for corruption and financial irregularities and has established systems to prevent, detect, report, and handle misconduct cases. In 2024, 15 "Business Integrity Incidents" were reported, of which 12 incidents concerned allegations of financial misconduct in the portfolio. The cases are followed up in accordance with established procedures. One of the cases was of such a nature that it was reported further to the Ministry of Foreign Affairs.

Organization and efficient operations

Norfund has seen significant growth in recent years in terms of increased investment volume, a growing portfolio, and more employees. The external evaluation of Norfund's investments in renewable energy conducted in 2024 found that Norfund operates very efficiently compared to other European development finance institutions. For 2024, Norfund's operating costs amount to 1 percent of the committed portfolio, in line with the goal that this should be below the average for comparable institutions within development finance. The board regularly evaluates resources and cost levels to ensure a robust organization adapted to Norfund's mandate and risk profile.

Increased complexity as a result of the organisation's growth is a risk. Norfund works systematically with culture to ensure that the organisation develops in a way that allows Norfund's mission to be carried out in the best possible way. The board regularly evaluates resources and cost levels to ensure a robust organization adapted to Norfund's mandate and risk profile.

At the end of 2024, Norfund had 157 employees, of whom 149 are permanent positions, and with 30 nationalities represented. About two-thirds of the company's employees work directly with investments, while one-third are attached to staff functions. In addition to the office in Oslo, Norfund has five regional offices in our markets. Strong regional offices with experienced teams working closely on the company's markets are crucial for the success of Norfund's investment strategy.

In 2024, recruitment of new permanent positions primarily strengthened the staff areas and the investment area of Renewable Energy. About 30 percent of the new hires in 2024 belong to one of the regional offices in line with the ambition that the organisation's growth should happen in our markets.

The gender balance is good with 51 percent female and 49 percent male employees. Within both the company's top management and the extended management group, the proportion of women is 43 percent. In 2024, 27 new employees started, including 8 on temporary contracts. Measured in permanent positions, Norfund's turnover in 2024 was 4.1 percent.

Norfund had a sick leave rate of 3 percent in 2024, which is the threshold value Norfund internally has set for sick leave. The board does not find it necessary to implement special measures related to the working environment.

Norfund annually maps salary levels with a particular focus on gender-related salary differences according to the principle of equal pay for equal work. The findings indicate that there is no systematic difference in salary between genders, as can be read more about in the activity and reporting obligation. Norfund should be competitive, but not a leader in terms of salary. Guidelines for executive pay, the executive pay report, and the explanation of work on gender equality and work against discrimination (ARP) are available on Norfund's website.

Responsible business

Corporate social responsibility is a starting point for Norfund's operations both for its own operations and portfolio companies. The cross-cutting considerations in Norwegian development policy - human rights, gender equality, anti-corruption, climate, and the environment - are all included in this work. Norfund is a responsible owner that contributes to companies' value creation. In 2024, the board adopted an updated E&S sustainability policy for our work in the area of environment and social conditions (E&S), climate, and gender equality.

Norfund works systematically with environmental and social conditions through the investment process. IFC's (International Finance Corporation) standards for environmental and social conditions are used in this work and are adapted to investments in developing countries. By using these standards, Norfund meets the expectations of responsible business in the government white paper on ownership policy, Meld. St. 6 (2022–2023). Norfund's work is in line with the state's expectation to carry out due diligence in accordance with recognized methods.

A statement on Norfund's due diligence in accordance with the requirements of the Transparency Act is available on Norfund's website.

Norfund has significantly strengthened its work on climate in 2024 and adopted a strategy for climate transition and the shift to net zero. The ambitions and measures reflect that climate can affect each company's ability to succeed, owners' expectations, and that Norfund is an investor in developing countries with different challenges and opportunities than those found in more developed markets. Norfund aligns all new investments with the Paris Agreement over time, assesses climate risk for all new investments, and reports on climate risk according to the TCFD framework.

Regarding emissions from the portfolio (Scope 3, category 15), Norfund works with portfolio companies to increase competence and reporting ability, thereby improving the quality of emissions data. This will eventually contribute to more companies being able to map and reduce their own emissions and enable reporting on emissions in the portfolio.

Norfund also has emissions from its own operations. Norfund is certified as an

Environmental Lighthouse and uses this framework to improve internal environmental work. Direct greenhouse gas emissions from Norfund's operations were 1140 tonnes in 2024, with the majority originating from air travel.

Good working conditions are a requirement for all businesses in Norfund's portfolio. Norfund monitors health, environment, and safety (HSE) in all investments with a particular focus on training and compliance with HSE routines. Reporting of serious incidents, accidents, and deaths is a requirement in investment agreements. In 2024, Norfund regrettably experienced 8 work-related deaths in companies where Norfund is directly invested. Such incidents are reported to the board and in special cases also further to the Ministry of Foreign Affairs. Norfund follows up on such deaths to ensure they are investigated, safety routines are adjusted if necessary, and that the bereaved receive the compensation they are entitled to.

Norfund has clear guidelines for responsible tax comparable to other European development finance institutions. Overall, the use of third countries is relatively high, partly due to significant investments in regional funds and structures where the use of third countries is considered necessary. With assessments of both structure and domicile against Norfund's tax guidelines, the use of third countries is considered justifiable.

Norfund has a grant scheme financed by the Ministry of Foreign Affairs. The scheme has existed since 2000 but has had significantly reduced funding in recent years. Norfund received 11 million NOK in 2024, down from 32 million NOK in 2021. The purpose of the scheme is to strengthen the development effects of investments. Norfund supports, for example, capacity building and training in climate adaptation and emissions reduction, gender equality measures, and measures to strengthen how companies work with E&S. In 2024, 21 new projects received grants, and 15.8 million NOK went to this portfolio, which consisted of 59 active projects.

In 2024, work continued to strengthen gender equality in individual investments, through tailored programmes for the individual company, as well as through the Female Future programme and The Boardroom Africa, both of which offer leadership development. In collaboration with other development finance institutions, Norfund has rolled out a training programme to combat gender-based violence and harassment (GBVH). Much of this work depends on funding through the grant scheme, which has limited funds. In addition, Norfund participates in 2X Global, an international collaboration on gender equality.

Norfund has regular dialogue and cooperation with civil society organizations and other partners. In 2024, Norfund had thematic meetings on climate, E&S, and gender equality, in addition to the annual dialogue meeting with all interested parties around the launch of the business report in June. Civil society is also a target group at the annual Norfund conference, which has themes of dilemmas and challenges in Norfund's work.

Looking ahead

The increased geopolitical tensions have marked the beginning of 2025, and international rules-based cooperation is under a historical pressure. There is great uncertainty about the role the US, which has historically been by far the largest aid actor, will play going forward, while aid budgets in many European countries are being cut in favour of military build-up. For the remaining aid, there is an increasing expectation that it will serve national self-interests as much as it will help fight poverty and climate change. Going forward, there will be increased pressure to clearly document the effect and results of aid, as well as to use scarce aid funds in a way that triggers other, particularly private financing sources.

In a world where the law of the strongest prevails, we can assume that weaker actors are at risk of losing. Norfund expects that our markets and investments will feel the geopolitical backdrop in 2025 in new ways. Most estimates indicate that increasing tensions and trade wars will negatively impact Norfund's markets. The IMF estimates global economic growth of 3.3 percent in 2025, just up from the estimated growth in 2024. Projections for emerging economies are about one percentage point higher, but with significant differences between countries and regions. Asia has the most positive outlook, driven by strong expected growth in large economies (6.5 percent growth in India). In Latin America and the Caribbean, the outlook is much worse, with an estimated growth of 2.2 percent. Growth in Sub-Saharan Africa is estimated at 4.2 percent, which is also the estimated average for emerging economies. However, it is worth noting that the two largest economies in Sub-Saharan Africa, Nigeria and South Africa, are both expected to grow much slower.

The financing gap to achieve the sustainable development goals continues to grow, and the OECD estimates the gap to be USD 6400 billion by 2030 if the world continues on its current course. In July, world leaders will meet for a new "Financing for Development" conference in Seville, Spain, to discuss how to bridge the gap. Private sector investments must play a key role if we are to succeed, both because aid and public financial flows are far from enough to cover the investment needs, but also to contribute to solutions and tax revenues that can help bridge the gap.

2025 is the year the UN's climate panel has estimated that greenhouse gas emissions must peak if the world is to keep the global temperature increase within the targets of the Paris Agreement of 1.5-2°C. There are significant investment needs if we are to succeed in reducing emissions and transitioning in line with the targets, and we will be dependent on mobilising private actors to reach the climate financing goal from COP29 of USD 300 billion.

Common to the financing gap for the Sustainable Development Goals and the climate financing goal are the high expectations for mobilising private capital. To succeed with the ambitions, it is necessary to scale up measures with documented effect, such as private sector investments. Such investments are still less than 2 percent of total aid from OECD countries. Norfund's most important contribution will be to continue to be a responsible, long-term investor and take risks where others cannot or will not.

A challenging global landscape creates difficulties for Norfund but also shows the need for a patient and counter-cyclical investor like us. When capital flows out of developing countries, Norfund's role becomes even more important. High unemployment in many markets requires viable, profitable businesses that can create jobs and a healthy financial sector that can finance these. And these jobs must be created within the limits of what nature and climate can tolerate.

In 2025, Norfund has an ambition to commit NOK 10 billion and have a total portfolio of approximately NOK 50.4 billion by the end of the year. Norfund can invest far more than the NOK 2.9 billion that has been allocated to Norfund over the aid budget, as profitable investments allow the capital to be recycled. However, it is expected that this capacity will be reduced going forward as the funds from the sale of SN Power are fully invested, and continued capital inflow becomes even more important.

Norfund cannot succeed alone. Therefore, cooperation with partners – portfolio companies, co-investors, owners, and other stakeholders – is crucial. The board is grateful for the trust Norfund received in 2024 and will do its best to deliver also in 2025.

The board considers Norfund well-equipped to deliver on the strategy and goals that have been set and thanks the management and employees for important work in a challenging year. Diversity and strong presence in our regions contribute to us being well-prepared for the future. Norfund will continue to be an important player in order to succeed with ambitious policies for development and climate, and to contribute to create jobs and improve living conditions, and supporting the transition to net-zero emissions in developing countries.

Oslo, 26 March 2025

Olaug Johanne Svarva

Jan Tellef Thorleifsson

Martin Skancke

Jarle Kjell Roth

Pablo Alberto Barrera Lopez

Åslaug Marie Haga

Anne Jorun Aas

Brit Kristin Sæbø Rugland

Karoline Teien Blystad

Vegard Benterud

Board Chair

CEO

Board member

Board member

Board member

Board member

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To the General Meeting of Norfund

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Norfund (the Company), which comprise the balance sheet as at 31 December 2024, the income statement, 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, and
- 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.

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 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 and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. 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 nor the other information accompanying the financial statements.

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Oslo, 26 March 2025
Deloitte AS

Roger Furholm
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.