

SIMPLIFIED NOTIFICATION OF A COMPANY CONCENTRATION

BETWEEN

HV Cadre Holding AS,

Nordkraft AS

AND

Cadre Business Services AS

1 December 2022

1 SUMMARY OF NOTIFICATION

This notification concerns the establishment of a full-function joint venture between HV Cadre Holding AS and Nordkraft AS.

HV Cadre Holding AS is an investment company based in Stavanger, which is ultimately owned by HitecVision AS – a Norwegian provider of institutional capital to the Nordic region's energy industry.

Nordkraft AS is the parent company of the Nordkraft group, which is active within, *inter alia*, development, production and distribution of renewable energy.

The joint venture will be active within small-scale hydropower production and operation in the Nordic region, see Section 5.4.

As described in Section 7, the transaction will lead to a limited horizontal overlap within the market for generation and wholesale supply of electricity. The combined market shares of the joint venture and its parents in this market will not exceed 8% even on a hypothetical narrow geographic market definition, and the transaction will not raise any competitive concerns in this market.

As described in Section 8, the transaction will also lead to a limited vertical overlap between the joint venture and the Nordkraft group, [REDACTED]

[REDACTED]. The Nordkraft group's upstream market shares are estimated to be in the [REDACTED] range and the joint venture's market shares downstream are estimated to be in the [REDACTED] range. This vertical relationship will not raise any competitive concerns.

2 CONTACT INFORMATION

2.1 Notifying party I

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2.2 Notifying party II

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Contact person: Advokatfirmaet Thommessen AS
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2.3 Other companies involved

Name: Cadre Business Services AS
Company reg no.: 926 645 900
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Phone number: +47 90 04 88 88

3 THE TYPE OF CONCENTRATION OF UNDERTAKINGS

This notification is filed to the Norwegian Competition Authority pursuant to Section 18, cf. section 18a fourth paragraph of the Norwegian Competition Act, cf. the Regulation on the Notification of Concentrations Section 3 first paragraph item 3 (b) and (c), on behalf of HV Cadre Holding AS (**HV Cadre**) and Nordkraft AS (**Nordkraft**), together referred to as **the Parties** . The notification concerns the Parties' establishment of a new full-function joint venture (**NewCo**), hereinafter referred to as the **Transaction** .

HV Cadre is a wholly owned subsidiary of HitecVision NEF (GP). HitecVision NEF (GP) is a fund managed by the HitecVision group, a leading provider of institutional capital to Europe's energy industry which helps build successful companies within renewable energy and energy infrastructure.

Nordkraft is, together with its wholly owned subsidiaries – including Nordkraft Magasin AS (**Nordkraft Magasin**), an integrated energy and infrastructure group based in Narvik and Harstad, Norway. Nordkraft holds 100% of the shares in Nordkraft Magasin which owns and operates hydropower plants in Norway.

Pursuant to an investment agreement entered into on 1 November 2022 between the Parties, Cadre AS (reg.no. 927 936 615, **Cadre**) and other individuals (**the Investment Agreement**), NewCo is to be established as a player within hydropower production and operation in the Nordic region.

Following the establishment of NewCo, Nordkraft, acting through a wholly owned subsidiary to be established in connection with completion of the Transaction (**Nordkraft Invest**), will contribute to

NewCo 100% of the shares in another wholly owned subsidiary that prior to completion of the Transaction will own certain pre-existing hydropower plants and rights,¹ Cadre will contribute 100% of the shares in its subsidiary Cadre Business Service AS (**CBS**) to NewCo,² and HV Cadre will make a cash contribution [REDACTED] to NewCo. The nature of NewCo's planned business is further described in Section 5.4 below.

According to the shareholder's agreement that will be entered into between each of the Parties (albeit in respect of Nordkraft by its subsidiary Nordkraft Invest) and Cadre at the time of completion of the Transaction (**the SHA**), HV Cadre and Nordkraft will each hold approx. 48.45% of the shares in NewCo. Cadre will hold approx. 2.8% of the shares in NewCo and existing employees of CBS will hold approx. 0.3% of the shares in NewCo.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Based on the above, it is clear that NewCo will be subject to the joint control of the Parties. It is further clear that NewCo will operate independent of the Parties and must be considered to be performing on a lasting basis all the functions of an autonomous economic entity. NewCo will therefore be a full-function joint venture according to Section 17 of the Norwegian Competition Act.

Since the Parties meet the turnover thresholds set out in Section 18 of the Norwegian Competition Act, the Transaction is notifiable to the Norwegian Competition Authority.

The Transaction is not subject to regulatory requirements from other competition authorities.

¹ These pre-existing assets to be transferred to NewCo from Nordkraft are not themselves "undertakings concerned" for the purposes of the present notification, see the EU Commission's Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings para. 139.

² CBS' pre-existing business is considered an "undertaking concerned" for the purposes of the present notification, see EU Commission's Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings para. 133 and 140.

4 THE CONDITIONS FOR SUBMITTING SIMPLIFIED NOTIFICATION ARE SATISFIED

The Transaction qualifies for a simplified notification in accordance with Section 3 first paragraph item 3 letter a) and b) of the Regulations on the Notification of Concentrations. As further explained in Sections 7 and 8 below, the Transaction will not lead to horizontal overlaps between either of the Parties and NewCo exceeding 20% and the vertical overlap between either of the Parties and NewCo falls well below 30%.

5 THE STRUCTURE AND BUSINESS AREAS OF THE UNDERTAKINGS

5.1 HV Cadre

5.1.1 *Legal and organizational structure*

HV Cadre is an investment company based in Stavanger. It has no employees. HV Cadre is a wholly owned subsidiary of HitecVision NEF (GP) AS (as general partner of a Norwegian limited partnership, HitecVision New Energy Fund AS (**the HV Fund**)), which in turn is owned 100% by HV Capital NEF AS. The HV Fund is managed by HitecVision Advisory AS (**HV Advisory**), which is wholly owned by HitecVision AS (**HV**).

HV is a Norwegian provider of institutional capital to the Nordic region's energy industry. It currently sponsors, and is (directly or indirectly) a minority investor in, seven active private equity funds (including the HV Fund), which have a total capital of 5.7 billion EUR. HV is headquartered in Stavanger, Norway, with offices in Oslo, Milan and London. At the beginning of 2022, the HV Group had 61 employees divided between its offices in Stavanger, Oslo and London.

HV is an indirect investor in all of its funds. Since its establishment over 30 years ago, it has invested in over 150 companies in the energy sector. HV Advisory holds a license as an alternative investment fund manager (AIFM) from The Financial Supervisory Authority of Norway.

5.1.2 *Areas of business*

Through its various subsidiaries, HV invests in companies within the energy sector, making significant growth investments in oil and gas companies and renewable energy producers, as well as energy infrastructure.

The following of HV's portfolio companies have activities within generation and wholesale supply of electricity in the Nordic region:

- **Aneo** is a 50/50 full-function joint venture between TrønderEnergi and HitecVision.³ Aneo's main activity is production and distribution of electric wind energy in Norway.

³ See <https://e24.no/det-groenne-skiftet/i/z7qq4w/troenderenergi-og-hitecvision-nytt-energiselskap-skal-hete-aneo>.

- **Sval Energi AS** is a company positioned in both E&P and renewables. Its subsidiary Sval Renewables AS holds a 50% ownership share in the Finnish onshore wind farm Metsälamminkangas.

Additionally, HV owns 50% of Vårgrønn AS, which is a full-function joint venture between HV and Eni BV. HV and Eni's ambition is for Vårgrønn AS to become active within development, construction, operation, and ownership of offshore wind energy and infrastructure in Northern European markets. Vårgrønn currently has activities in the UK offshore wind market as well as early-stage initiatives in emerging Polish and French markets for offshore wind. Vårgrønn has applied to two upcoming license acreage awards for offshore wind in the North Sea area (Utsira Nord and Sørlige Nordsjø II).

For the sake of completeness, it is noted that HV, through its subsidiaries Moreld AS and Havfram AS, soon expects to be active within [REDACTED]

An overview and short description of all portfolio companies of HV is available at: <https://www.hitecvision.com/portfolio>.

5.2 Nordkraft

5.2.1 Legal and organizational structure

Nordkraft is the parent company of the Nordkraft group, which is active within, *inter alia*, development, production and distribution of renewable energy. Nordkraft's wholly owned subsidiaries include

- Enerconsult AS
- Nordkraft Prosjekt AS
- Hålogaland Kraft Nett AS
- Nordkraft Magasin AS (which currently owns the hydropower plants and rights that will be transferred to NewCo as part of the Transaction, as described in Section 3)
- Nordkraft Industrinett AS
- Nordkraft Produksjon AS
- Nordkraft Fiber AS
- Nordkraft Eiendom AS

Additionally, Nordkraft owns 86.97% of Nordkraft Magasin 2 AS.

⁴ [REDACTED] As this is not a market where NewCo will be active, nor a market upstream or downstream from that of NewCo or a neighbouring market closely related to that of NewCo, this will not be dealt with further in the following.

The business areas of Nordkraft's subsidiaries – insofar as they are relevant to the present Transaction – are set out in Section 5.2.2 below.

Nordkraft has a minority interest (19.31%) in Yve AS, which owns Polar Kraft AS – a company that sells electricity to end users. Nordkraft does not have ownership interests below 50% in any other companies that are active in business areas horizontally or vertically related to NewCo.

5.2.2 Areas of business

Nordkraft is active within, *inter alia*, development, production and distribution of renewable energy.

Nordkraft Prosjekt AS develops and builds hydro and wind power plants for Nordkraft and third parties.⁵ It also handles upgrades and major maintenance tasks on Nordkraft's own power plants.

Nordkraft Produksjon AS is responsible for the group's power plant operation and energy management, which includes facilities management, day-to-day maintenance services, as well as power trading and management of electricity certificates and guarantees of origin. The production unit focuses on efficient operation of power plants, including water reservoirs, small hydropower facilities and wind power facilities.⁶ A large part of its business consists in the operation of power plants and energy management on behalf of third parties. The Production unit is also active in wholesale supply of electricity from Nordkraft in NO4 through the spot market and various intraday markets. The production unit has 28 employees.⁷

Nordkraft Magasin 2 AS owns and operates nine (9) hydropower facilities in NO4.

Though its wholly owned subsidiaries, Nordkraft also has activities within energy and environmental consultancy (Enerconsult AS), is the grid operator in eight municipalities in Troms and Finnmark county (Hålogaland Kraft Nett AS), and builds, operates and delivers content services to end customers through its own fiber and fixed wireless broadband infrastructure (Nordkraft Fiber AS). In collaboration with external partners, Nordkraft also offers mobile charging infrastructure for electric

⁵ For example, in 2021, Nordkraft's Project unit completed the power plants Øvre and Lower Russvik in Tysfjord and Ritaelva and Sveingard in Ullsfjord. The power plants were pre-sold as turnkey power plants to Småkraft AS, and Øvre and Nedre Russvik were handed over to Småkraft AS autumn 2021. Ritaelva and Sveingard were put into operation autumn 2021, and were handed over to Småkraft AS in spring 2022.

⁶ A full overview of Nordkraft's power facilities, including both those owned by Nordkraft and those operated on behalf of third parties, can be found on <https://www.nordkraft.no/kraftverk/kraftverksoversikt/>. This list also includes the nine hydropower facilities owned by Nordkraft Magasin 2 AS.

⁷ Albeit irrelevant to the present Transaction, it is noted for the sake of completeness that the production unit also develops and manages fiber facilities in the Narvik region and operates street lights in Narvik municipality.

cars and is in an early phase of facilitating charging solutions for national and international maritime ports.⁸

More information about Nordkraft and its business areas is available on https://www.nordkraft.no/?lang=no_NO.

5.3 CBS

5.3.1 *Legal and organizational structure*

CBS is a wholly-owned subsidiary of Cadre. Pursuant to Section 3.4 of the Investment Agreement, Cadre will contribute 100% of the shares in CBS to NewCo, making CBS an undertaking concerned for the purposes of this notification.⁹

5.3.2 *Areas of business*

CBS is an independent asset management firm for renewable power producing assets. CBS currently supplies asset management services related to seven (7) hydropower plants in Norway, all of which are either wholly- or majority-owned by SV Vesivoima OY, a subsidiary of the Finnish power production company Suomen Voima (**the Soumen Voima plants**). These asset management services entail that CBS functions as the day-to-day owner of the managed facilities and is responsible for following up subcontractors, and liaising with landowners, authorities and other stakeholders.

5.4 NewCo

The Parties wish to establish NewCo as a player within hydropower production and operation in the Nordic region.

Following the establishment of NewCo and in connection with completion of the Transaction, Nordkraft will, as described in Section 3 above, contribute the following hydropower assets and rights to NewCo pursuant to Section 3.2 of the Investment Agreement:¹⁰

- [REDACTED]
- [REDACTED]

⁸ As these are not markets where NewCo is active, nor markets upstream or downstream from those of NewCo or neighbouring markets closely related to those of NewCo, the activities mentioned in this paragraph will not be dealt with further in the following.

⁹ See footnote 2.

¹⁰ These assets and rights are currently owned and held by Nordkraft's subsidiary Nordkraft Magasin. Pursuant to the investment agreement, the assets and rights will be transferred to a new Norwegian private limited liability company which shall be indirectly wholly-owned by Nordkraft. At closing, 100% of the shares in this new acquiring company shall be transferred to NewCo.

- [REDACTED]

Pursuant to Section 3.7 of the Investment Agreement [REDACTED]
[REDACTED]
[REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Pursuant to Section 3.4 of the Investment Agreement, Cadre will contribute 100% of the shares in CBS to NewCo. NewCo will continue to provide asset management services to the seven (7) Soumen Voima plants following completion of the Transaction, as well as to other hydropower plants that may be acquired by NewCo in the future. Such asset management services will, as mentioned in Section 5.3.2, entail following up subcontractors, and liaising with landowners, authorities and other stakeholders. As further described in Section 8, Nordkraft will be a subcontractor to NewCo in this regard and will be responsible for daily maintenance, care, monitoring, power sales and business management.

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

7.2 The market for generation and wholesale supply of electricity

7.2.1 Product market

In line with consistent practice from the NCA and the European Commission, the Parties consider that there exists a separate market for production and wholesale supply of electric power.¹²

The sale of power in the wholesale market takes place between power producers and customers such as energy companies, traders and larger end-users. Trading mainly takes place in the spot market for electricity, where the most important spot market in the Norwegian context is the Nordic Elspot market operated by Nord Pool. In addition, electricity is traded wholesale in the subsequent intraday market, in the reserve power market/balance market and – occasionally – through bilateral, physical power agreements with large power buyers.¹³

In its practice, the Commission has assumed that the production and sale of electricity in the wholesale market constitutes a single product market, because the production of electricity is not a market activity unless the electricity is sold.¹⁴ The Commission has not further segmented the wholesale market according to the source of the power supplied (hydropower, wind power, solar power or other).¹⁵ Practice shows that the Commission has also found no reason to divide the wholesale market for electricity into different sub-markets, as the various products sold in the various sub-markets are in reality the same commodity.¹⁶ The parties therefore assume that the relevant product market for the production and sale of electric power is a unified wholesale market.

7.2.2 Geographic market

7.2.2.1 A common Nordic power market

The NCA has previously considered the geographic market for generation and wholesale of electricity to be Nordic in scope or possibly narrower.¹⁷ The Commission has similarly considered that, with regard to the Nordic region, the market may be wider (or narrower) than national.¹⁸

The Parties consider that Norway is part of a common Nordic power market, which includes Sweden, Denmark and Finland, which in turn is integrated into the European power market. Each country is

¹² See e.g. V2002-62 p. 9; V2002-26 p. 13; COMP/M.5224 British Energy (2008) para. 15 cf. M.4517 Iberdrola / Scottish Power (2007) para. 11; and M.7927 EPH / ENEL / SE (2016) paras. 9-12.

¹³ See V2002-62 pp. 8-9 and 30, V2002-26 pp. 11-12 and 31 and A2000-26 p. 4. See notice to the NCA of a business concentration between Agder Energi AS and Glitre Energi AS of 16 August 2022 for a more detailed explanation for the market for the production and wholesale supply of power.

¹⁴ See e.g. case COMP/M. 7927 EPH/ENL/SE (2016) para. 10.

¹⁵ See e.g. case COMP/M. 5224 British Energy (2008) para. 15, cf. case M.4517 Iberdrola/Scottish Power (2007).

¹⁶ E.g. Nordpool's day-ahead market (which is by far the largest market for Nordic power trade), Nordpool's intraday market, the market for reserve power (Nw: *balansekraft*) and bilateral agreements. See case COMP/M. 5224 EDF/British Energy paras. 10-19.

¹⁷ See V2002-62 p. 14 and V2002-26 p. 17.

¹⁸ See case M.8660 FORTUM / UNIPER (2004) para 26 cf. cases COMP/M.3268 – Sydkraft/Graninge, para. 27; COMP/M.3868 – DONG/Elsam/Energi E2, paras. 258-260.

divided into different price areas (see the list of Norwegian price areas below), and the price of electricity is always uniform within each individual price area. Whether the price is the same in two or more price areas will generally depend on the level of production and consumption in each price area, and whether there is free transmission capacity between adjacent price areas. If there is limited need for power exchange between two price areas, the transmission capacity between these areas will typically be sufficient for the current to flow freely between them, while in the case of a high demand for power exchange between two areas, the (limited) transmission capacity to one area from an adjacent price area may mean that it is not possible for the current to flow freely between price areas (this is when so-called bottlenecks occur). Such bottlenecks can contribute to periodic price differences between adjacent price areas.

The vast majority of wholesale supply of electricity in the Nordic region takes place through the day ahead market of the Nordic power exchange Nord Pool. Based on reported supply and demand in the individual price areas and available transmission capacity between the price areas, Nord Pool determines prices for each individual price area. As mentioned above, the price in two price areas will be the same as long as the (lack of) transmission capacity between the relevant price areas does not give rise to a bottleneck.

On this basis, the Parties consider that the overall market for the production and wholesale supply of electricity is at least Nordic in scope.

7.2.2.2 Possible geographic segmentation based price correlation between national price areas

As noted above, the Norwegian power market is divided into different price areas. The five price areas (*elspot-områder*) in Norway are: NO1 (Southeast Norway), NO2 (Southwest Norway), NO3 (Central Norway), NO4 (Northern Norway) and NO5 (West Norway). Supply and demand are reported in the price areas where production and consumption take place.

There is transmission capacity between several of the adjacent price areas in the Nordic power market, and there has historically been a high degree of correlation between all price areas in the Nordics. As a result of bottlenecks/lack of transmission capacity between different price areas and other situational conditions (caused, among other things, by high energy prices in Europe, low rainfall, cables to foreign countries, as well as high consumption) prices in the Nordics have varied to a lesser extent in 2021, cf. the below table. However, prices in the north have had a high degree of convergence. The following figure shows an overview of price variations in various Nordic price areas in 2021:¹⁹

¹⁹ This figure is taken from the simplified notification of a company concentration between TrønderEnergi AS and HitecVision AS dated 16 May 2022. The original source of the figure is Nordpool.

	NO1	NO2	NO3	NO4	NO5	SE1	SE2	SE3	SE4	DK1	DK2	FI
NO1	1.00	0.99	0.41	0.47	1.00	0.42	0.42	0.84	0.81	0.84	0.81	0.74
NO2	0.99	1.00	0.40	0.46	0.99	0.41	0.41	0.83	0.81	0.85	0.81	0.73
NO3	0.41	0.40	1.00	0.91	0.41	0.97	0.97	0.54	0.46	0.34	0.39	0.53
NO4	0.47	0.46	0.91	1.00	0.48	0.88	0.88	0.56	0.47	0.36	0.41	0.53
NO5	1.00	0.99	0.41	0.48	1.00	0.42	0.42	0.83	0.80	0.83	0.81	0.74
SE1	0.42	0.41	0.97	0.88	0.42	1.00	1.00	0.55	0.46	0.35	0.40	0.55
SE2	0.42	0.41	0.97	0.88	0.42	1.00	1.00	0.55	0.46	0.35	0.40	0.55
SE3	0.84	0.83	0.54	0.56	0.83	0.55	0.55	1.00	0.92	0.83	0.87	0.91
SE4	0.81	0.81	0.46	0.47	0.80	0.46	0.46	0.92	1.00	0.91	0.95	0.83
DK1	0.84	0.85	0.34	0.36	0.83	0.35	0.35	0.83	0.91	1.00	0.96	0.72
DK2	0.81	0.81	0.39	0.41	0.81	0.40	0.40	0.87	0.95	0.96	1.00	0.78
FI	0.74	0.73	0.53	0.53	0.74	0.55	0.55	0.91	0.83	0.72	0.78	1.00

As can be seen from this table, the price correlation was 0.91 between NO3 and NO4, 0.97 between NO3 and SE1 and 0.97 between NO3 and SE2 in 2021. The high degree of correlation between NO3, NO4, SE1 and SE2, coupled with the fact that the price levels in these areas have to a greater extent been disconnected from price areas in the south, may indicate that the geographic market today could conceivably be delimited to NO3, NO4, SE1 and SE2. The Parties are of the opinion that the geographic market is in any event not narrower than these four price-convergent areas of the Nordic power market.

As will be shown in the following, the transaction will not have negative effects on competition regardless of the exact geographic scope of the market. For the purposes of this notification, it is therefore not necessary to conclude on the geographic scope of the market.

7.2.3 Competition analysis

Nordkraft is only active in NO4. HV has wholesale power supply activities in Finland through Sval and in NO3 through Aneo. NewCo will initially only be active within generation and wholesale supply of electricity in NO4 through the asset transfers from Nordkraft described in Section 5.4.

If one assumes, for the sake of analysis, the narrowest geographic market delineation conceivable – that is, one separate geographic market for each national price area – the only overlap within generation and wholesale supply of electricity would be between Nordkraft and NewCo, which both operate in NO4.

The total power production in NO4 in 2020 was 23,758 GWh, while the total power production in NO4 in 2021 was 25,038 GWh.²⁰ Of this, Nordkraft's total production in NO4, including the production

²⁰ <https://www.nordpoolgroup.com/en/Market-data1/Power-system-data/Production1/>.

assets to be transferred to NewCo, totalled 807.5 GWh in 2020 and 1,113.5 GWh in 2021.²¹ Nordkraft thus accounted for approximately 3.4% of the total power production in NO4 in 2020 and 4.4% of the total power production in NO4 in 2021.

As mentioned in Section 5.4, Nordkraft will transfer the following power producing assets to NewCo:

- [REDACTED]
- [REDACTED]
- [REDACTED]

NewCo's power producing assets in NO4 will have a total estimated yearly production of approximately [REDACTED]. NewCo's activities in NO4 at its inception will thus be very limited, although the Parties wish to expand NewCo's power production in the years ahead, [REDACTED]

As is evident from the figures presented above, both Nordkraft and NewCo's activities in NO4 are limited, and they will remain limited following the Transaction.

Assuming, again for the sake of analysis, a somewhat wider (but still hypothetically narrow) geographic market that includes both NO3 and NO4, NewCo's activities within generation and wholesale supply of electricity would overlap both with those of Nordkraft (as described above) and those of HV (through its subsidiary Aneo).

The total power production in NO3 and NO4 combined in 2020 was approximately 49,650 GWh, while the total power production in NO3 and NO4 combined in 2021 was approximately 50,180 GWh.²² Of this, Nordkraft's actual power production (as set out above) accounted for only 1,6% in 2020 and 2.2% in 2021. The power production in NO3 of the assets that today form part of Aneo (HV) totalled

²¹ See Nordkraft's annual report for 2021, linked to in Section 9 below, p. 10. Note that this includes power produced at plants owned by Nordkraft itself. As shown in the annual report, Nordkraft's production on power plants operated on behalf of third parties was 694.2 GWh in 2021 (2020: 628.5 GWh), with 495.8 GWh from wind power (2020: 423.4 GWh) and 198.4 GWh from hydropower (2020: 205.1 GWh). For operated power plants, the third party owner of the plant bears the cost and risk of operation, and the sale of the electricity generated in such power plants must in the Parties' opinion be attributed to the third party owner.

²² <https://www.nordpoolgroup.com/en/Market-data1/Power-system-data/Production1/>.

Nordkraft's top five competitors, customers and suppliers in a market for generation and wholesale supply of electricity including NO3, NO4, SE1 and SE2

Competitors	Customers ²⁶	Suppliers
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

8 VERTICAL RELATIONSHIPS

According to Section 3.6(a) of the SHA, [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]

Nordkraft has not analysed its exact market share in a market for operations, maintenance and energy management services to hydropower production facilities and is not aware of any data showing the total size of such a market. However, operations, maintenance and energy management services to hydropower production facilities are typically supplied all across the country, and the Parties therefore consider that the market must be considered national in scope.²⁷ Nordkraft estimates their market shares to be [REDACTED]

As far as hydropower plants that NewCo owns is concerned, the Parties consider that the relevant downstream market is the market for generation and wholesale supply of electricity. As shown in Section 7.2.3, NewCo's market shares in the downstream market for generation and wholesale supply of electricity will at its inception be [REDACTED] even on a hypothetically narrowly delineated market including only NO4.

²⁶ [REDACTED]
 [REDACTED]

²⁷ This is supported by the fact that the seven Suomen Voima plants to which Nordkraft will supply operations, maintenance and energy management services as subcontractor to NewCo, are located in NO2 and NO3 (see <https://suomenvoima.fi/energy-portfolio/>), while Nordkraft operates out of NO4.

As far as hydropower plants that NewCo will operate for third parties is concerned, i.e., the seven Soumen Voima plants, Nordkraft's operations, maintenance and energy management services may be considered an input factor in NewCo's asset management services (described in Section 5.4). The relevant downstream market is therefore the supply of such asset management services. CBS current operations in this segment – which will be transferred to NewCo following the Transaction – only comprises the seven Suomen Voima plants, and CBS estimates that this makes up a market share of approximately [REDACTED]

HV's subsidiary Aneo is also active within operations, service and maintenance of hydropower production facilities. Although Nordkraft is to have a first right of priority to act and be engaged as operations, maintenance and energy management contractor for NewCo, the Parties note for the sake of completeness that Aneo's market share in a national market for such services is estimated to be in the [REDACTED] range.

Based on the Parties' low market shares in the relevant upstream and downstream markets, the Parties consider that these vertical relationships do not give rise to any competitive concerns.

The Parties are not aware of any other vertical relationships between NewCo and either of the Parties' areas of business.

9 ANNUAL REPORTS AND FINANCIAL STATEMENTS

Nordkraft's annual report and financial statement for 2021 is available at https://www.nordkraft.no/getfile.php/1319285-1656054992/Nordkraft%20dokumenter/Nordkraft_2021.pdf.

HV Cadre was established in 2022 and does not yet have an annual report or financial statement.

CBS' financial statement for 2021 is attached as

Annex 1: Financial statement 2021 for Cadre Business Services AS

10 DISCLOSURE/PUBLIC ACCESS

This notification contains business secrets, cf. Section 18 b of the Competition Act. The Parties' reasoning for confidential information not to be made publicly available is attached as:

Annex 2: Reasoning for confidential information not to be made publicly available

Please note that Annex 2 is also considered as confidential information in its entirety.

The Parties' proposal for a non-confidential version of the notification is attached as:

Annex 3: Proposed non-confidential version of the notification

We kindly ask to be notified should the Competition Authority receive any requests for access to this notification or other documents in the case.

Best regards

Advokatfirmaet Thommessen AS



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Associate / Advokatfullmektig