Q2

Å ENERGI

Key figures

- In the first six months of the year, Å Energi's reported operating profit under IFRS was NOK 6,286 million (H1 2022: NOK -1,187 million). Net income under IFRS came to NOK 1,291 million (controlling interest's share), compared with NOK -478 million in the first half of last year. The Group had NOK 19,410 (12,019) million in operating revenues.

- In the first six months of the year, Å Energi made an underlying[1] operating profit of NOK 4,202 (3,339) million. Underlying net income was NOK 1,111 million (controlling interest's share), down from NOK 1,176 million in the first half of last year.

- The tax expense on the underlying profit was NOK 2,967 (2,044) million. In addition, the Group paid NOK 246 million for the special duty on high-priced electricity. This means that 74% of the Group's pre-tax profit was returned to society through income tax, resource rent tax and the special duty. If taxes and duties had been the same as in 2022, the Group's net income in the first half of 2023 would have been around NOK 640 million higher.

- Having fallen significantly so far this year, the average spot price (in the NO2 area) was 107 øre/kWh (162 øre/kWh), down 34% from last year's record high levels. Agder Energi's hedging strategy is designed to make dividend payments more stable and predictable over the long term. In the first half of the year, our hedging activities resulted in achieved electricity prices that were significantly lower than spot prices. In addition, our obligation to supply compensation and concession power at regulated prices had a negative impact on achieved prices.

- The Group generated 5,606 GWh (3,441 GWh) of hydroelectric power in the first half of the year, an increase of 63%. This increase was due to the electricity generated by what was formerly Glitre Energi being included in the figures for 2023, as well as production being exceptionally low in the second quarter of last year.

Highlights

- Fennefoss power station in Evje was officially opened by Terje Aasland, the Minister of Petroleum and Energy, on Saturday 19 August. The power station will have the capacity to generate 59 GWh of clean, renewable energy each year, equivalent to the annual consumption of around 3,000 households.

- In June, Scope Rating upgraded Å Energi's rating to A-/positive outlook from BBB+/positive outlook. The reasons given by Scope for the upgrade were improved profitability and stability, as well as the prospects of electricity prices remaining high.

- At the AGM on 23 May, Maria Moræus Hanssen was elected the new Chair of Å Energi's Board of Directors. She has extensive senior management experience and currently holds several directorships. This was the first ordinary AGM since the merger of Agder Energi and Glitre Energi in November 2022.

- The Norwegian Hospital Procurement Trust has renewed its contract with Entelios covering electricity supply and management for Norway's health trusts. Between them, the health trusts use almost 1 TWh per year, and in spite of high energy prices their contract for active energy management and hedging has reduced their electricity costs by several hundred million Norwegian kroner over recent years.

- In May, the University of Agder, the Skeie group and Å Energi signed a partnership agreement to establish Norway's first university course specifically focusing on offshore wind power. The plan is for the course to start in the autumn of 2024, and the hope is it will help Agder become a leading centre for offshore wind.

- In June, Morrow Batteries (33.8% ownership interest) opened Norway's biggest battery research centre at the University of Agder campus in Grimstad. This is an important milestone on the road to developing sustainable batteries. Around 80 researchers, 70 of whom are from Morrow Batteries, will work at the Morrow Research Centre. In order to continue developing the company in Arendal, Å Energi and four other big shareholders provided a convertible loan to the company in May. Å Energi contributed NOK 350 million towards the NOK 567 million facility.

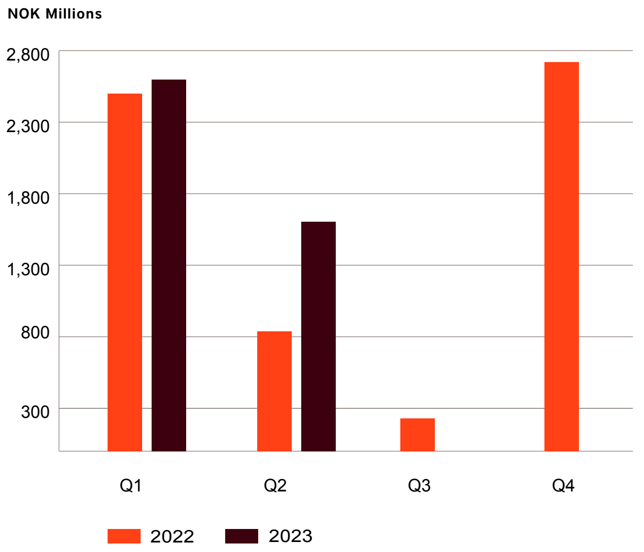
- In June, around 250 people attended the Å Energi conference, which was held at the Kilden Performing Arts Centre in Kristiansand. The theme was "More of Everything: Conflicts, Compromises and Renewable Energy Opportunities from Now to 2030".

[1] The underlying IFRS figures take the Group's IFRS profit and adjust it for the items that are described in greater detail in Note 6.

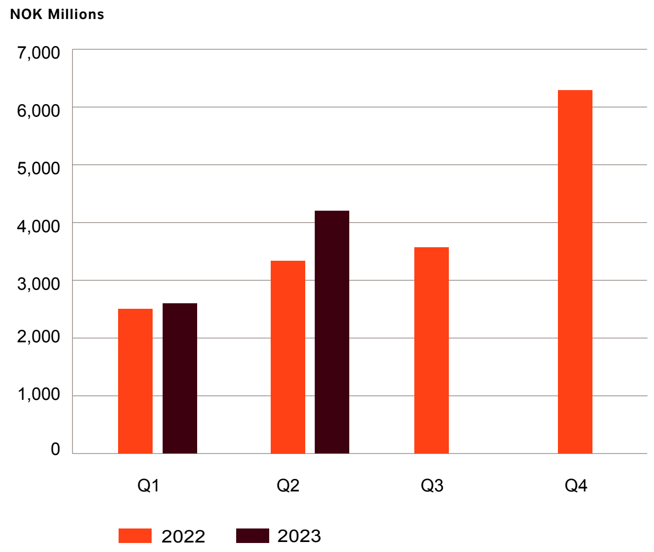
Key figures		Q2 2023	Q2 2022	H1 2023	H1 2022	Full-year 2022
From income statement						
Operating revenues	NOK millions	7,387	4,827	19,410	12,019	35,763
EBITDA	NOK millions	2,103	-2,612	6,830	-818	2,553
Operating profit	NOK millions	1,801	-2,788	6,286	-1,187	1,793
Profit before tax	NOK millions	1,793	-2,847	6,154	-1,197	1,685
Net income (controlling interest's share)	NOK millions	446	-1,491	1,291	-478	166
Underlying performance 1)						
Underlying operating revenues	NOK millions	7,162	8,453	17,275	16,546	40,258
Underlying EBITDA	NOK millions	1,877	1,014	4,694	3,708	7,049
Underlying operating profit	NOK millions	1,604	839	4,202	3,339	6,289
Profit before tax	NOK millions	1,526	776	4,081	3,209	6,036
Underlying net income (controlling interest's share)	NOK millions	401	170	1,111	1,176	1,515
Cash flow						
Cash flow from operating activities	NOK millions	1,925	3,771	1,891	7,822	4,027
Purchase of property, plant, equipment and intangible assets	NOK millions	376	229	717	408	1,048
Capital						
Capital employed 2)	NOK millions			30,402	14,454	31,516
Return on capital employed 3)	%			6.8	17.2	9.6
Equity ratio	%			33.3	13.8	28.0

1) Alternative performance measures are described in Note 6.
2) At the end of the reporting period.
3) Based on profit/loss and capital employed for the past four quarters. Profit/loss is defined as underlying net income plus the interest expense after tax.

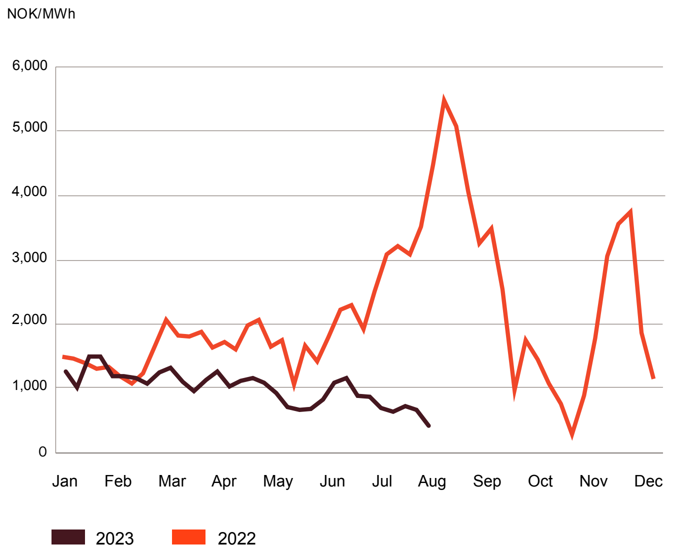
Underlying operating profit by quarter



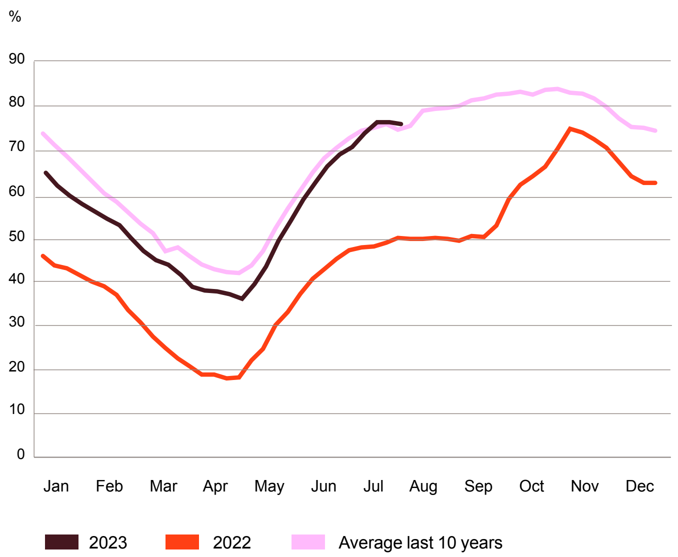
Cumulative underlying operating profit



Market prices in price zone NO2



Reservoir storage levels in price zone NO2



Segments

Å Energi is organised as a corporate group, with Å Energi AS as the parent company. The segments are presented in line with how the management team makes, reviews and evaluates its decisions. As of this report, the segments reported have been changed to Hydroelectric Power, Network, Nordic Electricity Retailing and Other Activities.

The merger between Glitre Energi and Agder Energi was completed for accounting purposes on 1 December 2022, and Glitre Energi's business is being reported as an integrated part of the segments as of 2023. Comparative figures have not been restated.

The financial figures for the segments are reported on an underlying IFRS basis, since that is what is used in internal reporting to the management and Board. A more detailed description of the segments is given below.

Hydroelectric Power
This segment is responsible for developing, operating, maintaining and refurbishing the Group's hydroelectric power stations, and it is one Norway's biggest producers of electricity, generating 11.3 TWh in a typical year.

The segment owns, either directly or through joint arrangements, 72 hydroelectric power stations. Most of its power stations are in Agder and the former county of Buskerud, but it also owns power stations in the counties of Rogaland and Vestfold og Telemark. Since the merger of Agder Energi and Glitre Energi, the Hydroelectric Power segment has generated electricity in both the NO2 and NO1 price areas, with its expected annual electricity generation being 8.7 TWh in NO2 and 2.6 TWh in NO1. The segment's operating revenues come from the sale of the power that it generates in the spot market, electricity contracts with industrial customers and Nordic power generators, the sale of concession power and financial trading.

The Hydroelectric Power segment had NOK 5,377 (4,182) million of operating revenues in the first six months of the year, while its operating profit was NOK 3,408 (3,260) million. The NOK 148 million increase in operating profit was due to significantly higher electricity generation, as a result of both the merger with Glitre Energi and generation in the second quarter of last year being exceptionally low. The increase in volume was largely offset by lower electricity prices and a NOK 246 million impact from the new duty on high-priced electricity introduced in September 2022.

Electricity prices continued to fall during the second quarter. This was due to continuously improving gas storage levels in Europe leading to falling electricity prices, as well as an improvement in reservoir levels in Southern Norway, to above normal in the NO1 and NO5 price areas, and to around normal in the NO2 area.

Since the end of May, electricity prices in the NO1 and NO5 areas have been lower than in the NO2 area. That is mainly due to high reservoir levels in the NO1 and NO5 areas, combined with limited transmission capacity south to the NO2 area. In the NO2 area, international interconnectors have made it possible to reduce the risk of water spill in the autumn. Forward prices on Nasdaq indicate that electricity prices will rise in the autumn, with slightly higher prices expected for NO2 than for NO1 and NO5.

The average spot price (in the NO2 area) in the first half of the year was 107 øre/kWh (162 øre/kWh), down 34%. In the second quarter, the average spot price was 96 øre/kWh (175 øre/kWh), down 45%. Whereas the average spot prices in the NO2 and NO1 areas were identical in the first quarter, in the second quarter the price in the NO1 area was 18 øre/kWh lower.

The volume-weighted spot price for the electricity generated by the Hydroelectric Power segment was 113 øre/kWh in the first half of the year. The segment's achieved electricity prices were lower than spot prices. As well as our duty to supply compensation power and concession power at regulated prices, this reflected that we have hedged at levels significantly below spot prices. This hedging includes long-term electricity contracts with industrial customers.

5,606 GWh (3,441 GWh) of hydroelectric power was generated in the first half of the year, an increase of 63%. In the second quarter, 2,547 GWh (1,097 GWh) of hydroelectric power was generated, an increase of 132%. This big increase was due to both the merger with Glitre Energi and generation in the second quarter of last year being exceptionally low. Hydrological resources (water and snow) were good during the second quarter, and above normal.

At the end of June, the average reservoir levels for all of the electric utilities in the NO2 and NO1 price areas were 66% (46%) and 80% (65%) respectively. That is, respectively, 20 and 15 percentage points higher than at the same time last year. In the case of the NO2 area, reservoir levels are two percentage points higher than the average for the past ten years, whereas for the NO1 area they are three percentage points higher.

In the first half of the year, the segment made a pre-tax profit of NOK 3,374 (3,210) million. As well as paying ordinary income tax, the Hydroelectric Power segment pays resource rent tax.

Its total tax expense was NOK 2,823 (2,034) million. The main reason for the higher tax expense was a NOK 670 million increase in resource rent tax payable, around half of which was due to a higher tax rate. The effective tax rate was 84% (63%). As well as the higher resource rent tax rate, this increase reflected the introduction of the duty on high-priced electricity, as well as negative contributions from hedges that are not included in the calculation basis for resource rent tax.

Net income in the first six months of the year fell by NOK 625 million to NOK 551 (1,176) million.

NOK 240 (210) million was invested in property, plant and equipment, with the biggest individual projects being the new Fennefoss power station near Evje and the new turbine at

Høgefoss power station. In addition, several refurbishment and government-imposed projects are being implemented.

Network
The Network segment comprises Glitre Nett and Asker Nett, in which the Group holds a 51% ownership interest. Glitre Nett is responsible for the development, operation and maintenance of the regional and local distribution systems in Agder, Buskerud and Hadeland.

It had NOK 1,362 (764) million of operating revenues in the first half of the year, which was a NOK 598 million increase, mainly due to the merger with Glitre Energi in December 2022.

It made an operating profit of NOK 261 million, up from NOK -26 million in the first half of last year. The low profit in the first half of last year was due to very high costs for distribution losses, which were not reflected in the network tariffs charged to customers. In the fourth quarter of last year, a scheme to transfer congestion revenues from Statnett was introduced precisely in order to compensate distribution system operators for their rising costs and to avoid the need to increase network tariffs. The scheme made it possible for Glitre Nett to lower its network tariffs from 1 January this year.

The cost of resolving faults in the grid and KILE was roughly as expected. KILE is a reduction applied to the company's revenue cap in the event of power outages.

The segment invested NOK 358 (225) million in the first half of the year. This was around 25% lower than planned, which was mainly due to projects being delayed or postponed.

Nordic Electricity Retailing
This segment, which comprises the Group's electricity sales to end users in the Nordic region, consists of Entelios Nordic, Å Strøm and Vibb. Nordic Electricity Retailing's turnover was NOK 10,716 (11,361) million in the first six months of the year. The segment's operating profit was NOK 701 (204) million.

Entelios Nordic is responsible for the majority of the turnover, and in the first half of the year its operating revenues came to NOK 8,780 (9,900) million. The gross volume of electricity supplied to consumers and producers was 12.2 TWh (11.0 TWh) and it made an operating profit of NOK 715 (168) million. The high operating profit was mainly due to a strong contribution from energy trading and management activities. Over an extended period, Entelios has helped public and private sector customers to save billions of kroner in electricity costs by enabling them to hedge their electricity prices.

Entelios is one of the leading energy retailers in the Nordic region. In Norway, the company is the leading supplier of electricity to the commercial market. Entelios Nordic also has significant turnover in Sweden, Finland and Denmark. Entelios is the part of the Group with greatest exposure to customers. High electricity prices increase this exposure, due to both an increase in trade receivables and a higher probability of customers experiencing payment difficulties. Entelios' management team closely monitors this exposure, and realised losses on trade receivables are in line with previous periods.

Å Strøm and Vibb, with their distinct profiles and business models, constitute Å Energi's product offering in the domestic electricity market. Å Strøm, which is one of Norway's leading electricity retailers to domestic customers, was created by the merger of LOS and Glitre Energi Strøm. Å Strøm is Norway's fourth largest electricity company, and it has customers throughout Norway, with the bulk of them being in Agder, Buskerud and Hadeland. Vibb is a digital electricity supplier to domestic customers all over Norway. The company has signed an agreement to take over Talkmore's electricity customers, and the transfer will be completed in September.

Other Activities
This segment comprises the parent company Å Energi, which is responsible for management, various shared functions and financing. In addition, it includes Å Energi Fornybar Forvaltning, which is responsible for managing and maximising the return on the electricity generated by Hydroelectric Power. Other Activities also includes parts of the New Industries business area, which is responsible for the Group's venture capital activities, business development and new ventures. In addition, it covers district heating, local heating, biofuels and flexibility services, as well as a few other small companies. The segment also manages our ownership interests in Viken Fiber and Nettpartner.

Å Energi Varme develops, builds and supplies district heating and cooling services for homes and commercial buildings, mainly in Kristiansand, Arendal and Grimstad. The company's turnover was NOK 116 (68) million in the first six months of the year, while its operating profit was NOK 35 (10) million. The company continued with a compensation scheme based on the model of the government's electricity subsidy for all of its domestic customers, and in the first half of the year it also compensated its business customers. The volume of billable energy supplied was 78 GWh (76 GWh). The increase was due to a slightly colder winter and lower energy prices. Hedges entered into in the past made a negative contribution. Investment in the period amounted to NOK 13 (4) million.

Cash flows and capital adequacy
Cash flow from operating activities came to NOK 1,891 million in the first six months of the year, compared with NOK 7,822 million in the first half of last year. One important reason for the change was the timing difference between the cash flows from Entelios Nordic's contracts with its customers and its exchange-traded hedging instruments. Over the duration of the contracts, the exchanged-traded instruments and the customer contracts will have roughly the same cash flows, but this will vary greatly between periods. This effect also largely explains the unusually strong cash flow in the first half of last year. In addition, the Group paid NOK 3,652 million in tax in the first six months of the year. A reduction in the Group's working capital had a positive impact on cash flow. This reflects the fact that customer receivables are typically high at the turn of the year and then fall over the first half as a result of lower prices and electricity consumption.

Investment in property, plant and equipment and intangible assets amounted to NOK 717 (408) million. The Hydroelectric Power and Network segments were responsible for 84% of the investments in property, plant and equipment.

Net financial items came to NOK -132 (-10) million. Of the NOK 210 (139) million financial expense, NOK 169 (101) million was interest payable on the debt portfolio. The increase in interest on the debt portfolio was the result of both higher market interest rates and higher interest-bearing liabilities on account of the merger with Glitre Energi.

The Group's share of loss of associates amounted to NOK -24 (-1) million, which includes a NOK 43 million gain on Å Energi's investment in Viken Fiber. The overall loss was due to several of the Group's other associates making a loss.

There was an unrealised loss of NOK -3 million (gain of NOK 101 million) on interest rate contracts and shareholdings. Of this, NOK 78 (154) million related to interest rate contracts. The remaining NOK -81 (-52) million was a revaluation loss on our investment in Otovo.

The Group's gross interest-bearing liabilities at the end of June amounted to NOK 10.1 (8.3) billion. It had NOK 8.0 (0.2) billion of net interest-bearing liabilities. The average interest rate on the Group's debt portfolio was 3.3% (2.4%). The Group's liquidity buffer at the end of June comprised NOK 4.5 (2.5) billion of unused credit facilities and NOK 2.1 (8.1) billion of bank deposits and short-term interest-bearing securities. Most of the surplus liquidity was the result of realising futures contracts traded on NASDAQ.

Operations and working environment

At the close of the first half of the year, the Group had 1,430 (989) full-time and temporary employees, representing 1,393 (962) full-time equivalents. The merger with Glitre Energi has resulted in an increase of around 300 employees. In addition, there has been an increase in the number of new hires, including at the parent company and the Group's venture capital business, partly as a result of the acquisition of Data Equipment.

Å Energi's sickness absence rate stabilised around the 3% target during the quarter and the trend is positive. The sickness absence rate for the past 12 months has been 3.7% (3.8%). So far this year, 7 (8) occupational accidents have been recorded involving our own employees and contractors, leading to 76 (52) days off work. The accident figures are equivalent to a total injury frequency (number of injuries, whether or not they resulted in lost time, per million work hours over the past 12 months) of 3.4 (4.9) for our own employees and contractors.

Outlook

Over the course of the winter, fears of energy shortages abated, both in Norway and on the continent. In 2023 this has resulted in a sharp fall in electricity prices from their high levels, and forward prices on Nasdaq indicate that electricity prices in 2023 and the coming years will be significantly lower than in 2022.

At the end of June, hydrological resources (water and snow) were better than normal. The combination of the merger with Glitre Energi and plentiful hydrological resources means that we expect to generate significantly more electricity in 2023 than in 2022, with energy sales remaining strong. However, the new duty on high-priced electricity will apply to the whole year in 2023, which will have a negative impact on our financial results.

The merged group is fully operational and ready to seize any market opportunities that arise in conjunction with the green energy transition. The Group will also continue to exploit the synergies that have been created by combining the two regional electric utilities that together constitute Å Energi.

DECLARATION BY THE BOARD OF DIRECTORS AND CEO

We confirm that, to the best of our knowledge, the interim financial statements for the period 1 January to 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. We also confirm that the information contained in the interim report provides a true and fair view of the Group's assets, liabilities, financial position and overall results.

Kristiansand, 22 August 2023

Maria Moræus Hanssen
Chair

Ann Christin Andersen
Deputy Chair

Lars Erik Torjussen
Board Member

Lars Petter Maltby
Board Member

Morten A. Yttreeide
Board Member

Kristin Steenfeldt-Foss
Board Member

Asbjørn Grundt
Board Member

Tove E. Pettersen
Board Member

Oddvar Emil Berli
Board Member

Kristine Gjøsæter
Board Member

Rune Bæver
Board Member

Asbjørn Hoveland
Board Member

Steffen Syvertsen
CEO

Income statement

(Amounts in millions of NOK)	Q2 2023	Q2 2022	H1 2023	H1 2022	Full-year 2022
Energy sales	6,755	8,044	15,443	15,568	37,606
Transmission revenues	521	305	1,208	770	2,148
Other operating revenues	445	138	697	264	1,487
Gains and losses on electricity and currency contracts	-334	-3,661	2,062	-4,582	-5,478
Total operating revenues	**7,387**	**4,827**	**19,410**	**12,019**	**35,763**
Energy purchases	-4,103	-6,853	-10,264	-11,666	-29,654
Transmission expenses	-28	22	-57	-14	-43
Other raw materials and consumables used	-171	-29	-222	-59	-623
Employee benefits	-399	-260	-759	-494	-1,050
Depreciation and impairment losses	-302	-175	-543	-369	-760
Property taxes and licence fees	-82	-61	-164	-119	-226
Duty on high-priced electricity	-73	0	-246	0	-309
Other operating expenses	-428	-259	-869	-485	-1,304
Total operating expenses	**-5,587**	**-7,614**	**-13,124**	**-13,207**	**-33,969**
Operating profit	**1,801**	**-2,788**	**6,286**	**-1,187**	**1,793**
Share of profit of associates and joint ventures	-21	4	-24	-1	53
Financial income	28	17	105	30	67
Unrealised gains and losses on interest rate contracts and shares	74	-16	-3	101	75
Financial expenses	-89	-63	-210	-139	-303
Net financial income/expenses	**-8**	**-59**	**-132**	**-10**	**-108**
Profit before tax	**1,793**	**-2,847**	**6,154**	**-1,197**	**1,685**
Income tax	-386	615	-1,418	246	-441
Resource rent tax	-964	734	-3,443	462	-1,082
Tax expense	**-1,350**	**1,349**	**-4,861**	**708**	**-1,523**
Net income	**443**	**-1,497**	**1,293**	**-489**	**162**
Of which attributable to non-controlling interests	-2	-7	2	-11	-4
Of which attributable to controlling interest	**446**	**-1,491**	**1,291**	**-478**	**166**

Comprehensive income

(Amounts in millions of NOK)	Q2 2023	Q2 2022	H1 2023	H1 2022	Full-year 2022
Net income	**443**	**-1,497**	**1,293**	**-489**	**162**
Other comprehensive income					
Cash flow hedges	0	31	0	74	120
Translation differences	4	13	30	4	5
Tax impact	0	-7	0	-16	-26
Total items that may be reclassified to income statement	**4**	**38**	**30**	**62**	**98**
Remeasurements of pensions	249	-39	286	-76	-395
Tax impact	-78	11	-89	22	117
Total items that will not be reclassified to income statement	**171**	**-27**	**197**	**-54**	**-277**
Total other comprehensive income	**175**	**10**	**228**	**9**	**-179**
Comprehensive income	**618**	**-1,487**	**1,521**	**-480**	**-17**
Of which attributable to non-controlling interests	-2	-6	6	-11	-4
Of which attributable to controlling interest	**620**	**-1,480**	**1,515**	**-469**	**-13**

Statement of Financial Position

(Amounts in millions of NOK)	30.06.23	30.06.22	31.12.22
Deferred tax assets	0	2,013	0
Intangible assets	6,449	365	6,097
Property, plant and equipment	33,342	17,518	33,145
Investments in associates and joint ventures	4,882	377	4,969
Derivatives	5,278	5,730	6,910
Other non-current financial assets	1,593	1,220	1,053
Total non-current assets	**51,544**	**27,223**	**52,174**
Inventories	137	17	295
Receivables	3,904	4,908	10,201
Derivatives	3,259	4,539	6,424
Cash and cash equivalents	2,082	7,499	4,430
Total current assets	**9,382**	**16,964**	**21,350**
TOTAL ASSETS	**60,926**	**44,187**	**73,524**
Paid-in capital	14,870	1,907	14,870
Retained earnings	4,471	4,184	4,795
Non-controlling interests	957	22	939
Total equity	**20,298**	**6,113**	**20,604**
Deferred tax	6,472	162	4,402
Provisions	1,691	2,668	1,830
Derivatives	7,788	9,855	12,406
Interest-bearing non-current liabilities	6,794	7,046	7,754
Total non-current liabilities	**22,745**	**19,731**	**26,393**
Interest-bearing current liabilities	3,300	1,295	3,158
Tax payable	5,044	4,601	5,782
Derivatives	6,114	10,488	11,425
Other non-interest-bearing current liabilities	3,426	1,959	6,161
Total current liabilities	**17,883**	**18,344**	**26,527**
TOTAL EQUITY AND LIABILITIES	**60,926**	**44,187**	**73,524**

Statement of cash flows

	Q2		H1		Full-year
(Amounts in millions of NOK)	**2023**	**2022**	**2023**	**2022**	**2022**
Cash flow from operating activities					
Profit before tax	1,793	-2,847	6,154	-1,197	1,685
Depreciation and impairment losses	302	175	543	369	760
Non-cash gains and losses	-662	6,828	-4,957	8,238	5,934
Share of profit of associates and joint ventures	21	-4	24	1	-53
Tax paid	-1,828	-70	-3,652	-140	-2,735
Change in net working capital, etc.	2,299	-312	3,779	551	-1,564
Net cash provided by operating activities	**1,925**	**3,771**	**1,891**	**7,822**	**4,027**
Investing activities					
Purchase of property, plant, equipment and intangible assets	-376	-229	-717	-408	-1,048
Purchase of businesses/financial assets	-259	-223	-278	-224	-352
Net change in loans	-341	442	-341	422	1,033
Dividends from associates	79	0	79	0	0
Sale of property, plant, equipment and intangible assets	0	1	8	5	8
Sale of businesses/financial assets	0	0	0	0	159
New cash and cash equivalents from merger	0	0	0	0	1,171
Net cash used in investing activities	**-898**	**-10**	**-1,250**	**-204**	**972**
Financing activities					
Repayment of long-term borrowings	-967	-26	-1,042	-764	-1,284
Transactions with non-controlling interests	-9	-14	-9	-14	56
Dividends paid	-1,938	-755	-1,938	-755	-755
Net cash used in financing activities	**-2,914**	**-795**	**-2,989**	**-1,534**	**-1,983**
Net change in cash and cash equivalents	**-1,887**	**2,966**	**-2,348**	**6,084**	**3,015**
Cash and cash equivalents at start of period	3,969	4,533	4,430	1,415	1,415
Cash and cash equivalents at end of period	2,082	7,499	2,082	7,499	4,430

Statement of changes in equity

(Amounts in millions of NOK)	Paid-in capital	Cash flow hedges	Translation differences	Retained earnings	Total for controlling interest	Non-controlling interests	Total equity
Equity at 01/01/2022	**1,907**	**-83**	**-1**	**5,509**	**7,331**	**37**	**7,369**
Net income	0	0	0	166	**166**	-4	**162**
Other comprehensive income	0	93	5	-277	**-179**	0	**-179**
Dividends paid	0	0	0	-755	**-755**	0	**-755**
Merger with Glitre Energi	12,962	0	0	94	**13,056**	849	**13,905**
Other changes in equity	0	0	0	45	**45**	56	**102**
Equity at 31/12/2022	**14,870**	**10**	**3**	**4,782**	**19,665**	**939**	**20,604**
Equity at 01/01/2023	**14,870**	**10**	**3**	**4,782**	**19,665**	**939**	**20,604**
Net income	0	0	0	1,291	**1,291**	2	**1,293**
Other comprehensive income	0	0	27	197	**224**	4	**228**
Dividends paid	0	0	0	-1,938	**-1,938**	-19	**-1,957**
Other changes in equity	0	0	0	98	**98**	32	**130**
Equity at 30/06/23	**14,870**	**10**	**30**	**4,431**	**19,341**	**957**	**20,298**

Segments

Operating revenues

(Amounts in millions of NOK)	Q2 2023	Q2 2022	H1 2023	H1 2022	Full-year 2022
Hydroelectric Power	2,074	1,265	5,377	4,182	7,712
Network	587	308	1,362	764	2,419
Nordic Electricity Retailing	4,309	6,744	10,716	11,361	29,173
Other activities and group adjustments	623	339	1,044	617	1,990
Eliminations	-430	-203	-1,226	-377	-1,037
Total	**7,162**	**8,453**	**17,275**	**16,546**	**40,258**
Adjustments to IFRS, see Note 1	226	-3,626	2,136	-4,527	-4,496
IFRS revenues	**7,387**	**4,827**	**19,410**	**12,019**	**35,763**

Operating profit

(Amounts in millions of NOK)	Q2 2023	Q2 2022	H1 2023	H1 2022	Full-year 2022
Hydroelectric Power	1,255	814	3,408	3,260	5,440
Network	86	-32	261	-26	477
Nordic Electricity Retailing	351	104	701	204	470
Other activities and group adjustments	-89	-47	-168	-99	-158
Eliminations	0	0	0	0	60
Total	**1,604**	**839**	**4,202**	**3,339**	**6,289**
Adjustments to IFRS, see Note 1	196	-3,626	2,085	-4,527	-4,496
IFRS operating profit	**1,801**	**-2,788**	**6,286**	**-1,187**	**1,793**

Net income

(Amounts in millions of NOK)	Q2 2023	Q2 2022	H1 2023	H1 2022	Full-year 2022
Hydroelectric Power	149	181	551	1,176	987
Network	67	-44	198	-55	300
Other activities and group adjustments	279	69	548	136	330
Eliminations	-96	-43	-183	-91	-113
Total	**399**	**163**	**1,114**	**1,165**	**1,505**
Adjustments to IFRS, see Note 1	44	-1,661	179	-1,654	-1,342
IFRS net income	**443**	**-1,497**	**1,293**	**-489**	**162**

Notes to the interim financial statements

The figures in this interim report have not been audited.

Note 1 Accounting principles

Å Energi's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The same accounting principles and calculation methods have been applied as for the annual financial statements for 2022.

Accounting principles of the segments

The underlying performance of the segments is reported in accordance with internal reporting to the management team. Underlying performance is based on IFRS figures and adjusted as described in Note 6. The table below shows the impact of the differences between the accounting principles used for segment reporting and IFRS.

	Q2		H1		Full-year
(Amounts in millions of NOK)	**2023**	**2022**	**2023**	**2022**	**2022**
Electricity and currency contracts	226	-3,626	2,136	-4,527	-4,496
Adjustments to revenues	**226**	**-3,626**	**2,136**	**-4,527**	**-4,496**
Depreciation of acquisitions	-29	0	-51	0	0
Adjustments to operating profit	**196**	**-3,626**	**2,085**	**-4,527**	**-4,496**
Depreciation of acquisitions, associates	-4	0	-8	0	0
Unrealised gains and losses on interest rate swaps	83	29	78	154	148
Unrealised gains and losses on shareholdings	-9	-46	-81	-52	-68
Material gains on disposals/reclassifications	0	20	0	20	65
Tax impact of negative resource rent carryforwards	-28	-16	-67	-37	37
Effects on deferred tax of changes to tax rates	0	0	0	0	-122
Tax impact of other corrections	-195	1,978	-1,827	2,789	3,093
Adjustment to net income	**44**	**-1,661**	**179**	**-1,654**	**-1,342**

Note 2 Segments

The operating segments presented are the same as the ones used in reporting to the Group management team. Segment reporting is used by Å Energi's management to assess the performance of the various business areas, and to allocate resources to them. See page 14 for tables showing their financial performance. As of this report, the segments reported have been changed to Hydroelectric Power, Network, Nordic Electricity Retailing and Other Activities.

Note 3 Breakdown of unrealised gains and losses

The table below gives details of how unrealised gains and losses affect the financial results reported by the Group:

	H1 2023			H1 2022		
	Unrealised	**Realised**	**Total**	**Unrealised**	**Realised**	**Total**
Gains and losses on electricity and currency contracts	2,136	-74	2,062	-4,527	-55	-4,582
Unrealised gains and losses on interest rate contracts and shares	-3			101		
Impact of unrealised gains and losses on pre-tax profit	**2,133**			**-4,425**		
Tax effect of unrealised gains and losses						
Income tax	-487			962		
Resource rent tax	-1,366			1,827		
Total tax	**-1,853**			**2,789**		
Impact of unrealised gains and losses on net income	**279**			**-1,636**		

Å Energi uses cash-settled contracts to secure a guaranteed price of some of its future electricity generation. Prices are fixed for a number of years in advance. The aim is to ensure stability in the company's revenues and its ability to pay dividends. Forward (system) prices for electricity fell in the first half of the year. For the remainder of 2023, prices fell by an average of 36%, and for 2024-2027 they fell by 13-30%.

This decline has increased the value of the Group's hedges. Meanwhile, the Norwegian krone weakened 11% against the euro in the first half of the year. That reduced the value of the contracts used to hedge against currency risk. Overall, there was a NOK 2,136 million pre-tax valuation gain on electricity and currency contracts.

In the first half of the year, the value of our interest rate swaps rose by NOK 78 million, while the value of our investment in Otovo fell by NOK 81 million.

The net revaluation gain resulted in a tax expense of NOK 1,853 million. Income tax is calculated on all of the revaluation gain and losses, except those relating to shares. Resource rent tax is only calculated on revaluations of contracts that are covered by the rules on resource rent tax.

H1 net income under IFRS includes a NOK 279 million gain after tax on financial contracts.

Note 4 Tax expense

(Amounts in millions of NOK)	01.01. - 30.06. 2023 Amounts in millions of NOK	 % of net income	01.01. - 30.06. 2022 Amounts in millions of NOK	 % of net income
Expected income tax rate 22%	1,354	22%	-263	22%
Impact of non-capitalised deferred tax assets	11	0%	6	0%
Permanent differences and changes in tax rates	53	1%	11	-1%
Income tax expense	**1,418**	**23%**	**-246**	**21%**
Resource rent tax expense	**3,443**	**56%**	**-462**	**39%**
Total tax expense	**4,861**	**79%**	**-708**	**59%**

The resource rent tax expense amounted to NOK 3,443 (-462) million. This comprises NOK 1,928 (1,258) million of resource rent tax payable, and a NOK 1,515 (-1,720) million change in deferred resource rent tax. The increase in resource rent tax payable is due to the tax rate having been raised from 37% to 45% and hydroelectric power generated having a higher spot value. The expense for changes in deferred tax almost entirely relates to an increase in the value of contracts measured at fair value subject to resource rent tax (see Note 3).

Note 5 Change in interest-bearing liabilities

The table below gives details of changes in the Group's interest-bearing liabilities so far this year:

(Amounts in millions of NOK)	2023	2022
Interest-bearing liabilities at 1 Jan.	10,912	9,030
Repayment of long-term borrowings (cash item)	-1,042	-764
Exchange rate fluctuations (non-cash item)	177	75
New lease liabilities (non-cash item)	47	0
Interest-bearing liabilities at 30 June	**10,094**	**8,341**

Interest-bearing liabilities includes NOK 401 (159) million of lease liabilities.

Note 6 Alternative performance measures (APM)

Å Energi's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Alternative performance measures are used to provide relevant supplementary information to the IFRS financial statements by adjusting for impacts that are not considered relevant to the underlying profit for the period. Using alternative performance measures that better reflect the underlying value added by the Group will make it easier to compare results and cash flows over time. The alternative performance measures are defined, calculated and used consistently and transparently over time.

The alternative performance measures are used for internal management and governance purposes, and the municipal majority shareholders in Å Energi have decided that the dividend policy should be based on the previous year's underlying profit under IFRS.

Å Energi uses the following alternative performance measures:

- *Underlying operating revenues:* Operating revenues +/- the adjustments described below
- *EBITDA:* Operating profit before depreciation and impairment losses
- *Underlying EBITDA:* EBITDA +/- the adjustments described below
- *Underlying operating profit:* Operating profit +/- the adjustments described below
- *Underlying net income:* Net income +/- the adjustments described below

The following adjustments are made to calculate the Group's underlying operating revenues, EBITDA, operating profit and net income:

1. +/- Unrealised gains and losses on electricity and currency contracts, interest rate contracts and shareholdings at fair value and currency loans.

Å Energi has a significant volume of contracts that are measured at fair value under IFRS. These are mainly financial contracts whose aim is to hedge the value of future electricity generation. Future electricity generation is only recognised when it occurs. Fluctuations in the value of the financial contracts are excluded from the underlying results and are only included when they are settled. This ensures consistency in the timing of when the hedging instruments and hedged items are included in the underlying results. It also reduces fluctuations in the results and gives a more accurate idea of how Å Energi has performed in the reporting period. Changes in the fair value of compensation power agreements and other contracts measured at fair value are also excluded from the underlying results. However, changes in the market value of the Group's trading portfolios are included in the underlying results.

The underlying operating revenues, EBITDA and operating profit are adjusted for the pre-tax effect of unrealised gains and losses on electricity and currency contracts and of currency loans.

Underlying net income is adjusted for the post-tax effect of unrealised gains and losses on electricity and currency contracts and of currency loans. In addition, it includes the post-tax effect of unrealised gains and losses on interest rate swaps and shareholdings.

2. +/- Material impairments and material gains and losses on the disposal of businesses or ownership interests in businesses

An adjustment is made for material impairments and material gains and losses on the disposal of businesses or ownership interests in businesses, since these are not considered to be part of the underlying performance in the reporting period. An item is considered material if its impact on net income is NOK 25 million or more within a single financial year. Even if several items individually have a smaller impact than NOK 25 million, they are considered material if their total impact is greater than NOK 50 million in a financial year. When several items are analysed together, impairments and material gains/losses are considered separately. Any reversal of past impairments is treated in the same way as impairments. In conjunction with disposals, gains and losses are presented as other operating revenues and other operating expenses respectively. Gains and losses on the disposal of ownership interests in businesses that are not controlled by Å Energi are presented under financial items.

Underlying operating revenues, EBITDA and operating profit include the pre-tax effect of gains and losses on disposals. Underlying net income includes the post-tax effect of gains and losses on disposals of businesses or ownership interests in businesses that are not controlled by Å Energi

3. +/- Depreciation and impairment losses and reversal of impairment losses relating to the acquisition adjustment from the merger with Glitre Energi

When Glitre Energi and Agder Energi merged, Glitre's assets and liabilities were measured at fair value. Any acquisition adjustment relating to depreciable assets is depreciated over the remaining useful life of the assets. Measurement at fair value results in a significantly higher depreciation expense than if the two businesses had remained separate. However, the two groups had relatively similarly business operations and the owners remain the same. We do not consider the higher depreciation expense to be the result of a decline in underlying value creation.

The underlying operating profit and net income include the pre-tax effect of depreciation and impairments and the reversal of impairments relating to the acquisition adjustment.

The underlying net income includes the post-tax effect of depreciation and impairments and the reversal of impairments relating to the acquisition adjustment from the merger with Glitre Energi.

4. +/- Effect of changes to tax rates

Changes in tax rates alter the carrying amount of deferred tax liabilities and assets. The recognition of changes to deferred tax liabilities as a result of changes in tax rates is not considered part of the underlying performance. An adjustment is therefore made for material effects on profit arising from changes in tax rates. Effects are considered material if they exceed NOK 25 million for the Group.

This adjustment is reflected in the underlying net income.

5. +/- Changes in deferred tax assets arising from negative resource rent carryforwards at power stations

The accounting rules require future tax savings from negative resource rent carryforwards to be included on the balance sheet as an asset. Å Energi has implemented this requirement by including the estimated value of tax savings over the coming ten years on its balance sheet. This calculation is highly sensitive to changes in parameters like electricity prices in euros and the EUR/NOK exchange rate. The carrying amount of this accounting estimate is almost entirely governed by external factors such as electricity prices and the EUR/NOK exchange rate, so changes in the estimate recognised in the income statement tell us nothing about the underlying performance during the reporting period.

This adjustment is reflected in the underlying net income.

(Amounts in millions of NOK))	**01.01 - 30.06.** **2023**	**2022**	**Full-year** **2022**
IFRS operating revenues	19,410	12,019	35,763
Unrealised gains and losses, electricity and currency	-2,136	4,527	4,496
Underlying operating revenues	**17,275**	**16,546**	**40,258**
IFRS operating profit	**6,286**	**-1,187**	**1,793**
Depreciation and impairment losses	543	369	760
IFRS EBITDA	**6,830**	**-818**	**2,553**
Unrealised gains and losses, electricity and currency	-2,136	4,527	4,496
Underlying EBITDA	**4,694**	**3,708**	**7,049**
IFRS operating profit	6,286	-1,187	1,793
Unrealised gains and losses, electricity and currency	-2,136	4,527	4,496
Amortization of acquisition adjustment	51	0	0
Underlying operating profit	**4,202**	**3,339**	**6,289**
IFRS net income (controlling interest’s share)	1,291	-478	166
Changes in unrealised gains and losses after tax (see Note 3)	-279	1,636	1,326
Material gains on the disposal of businesses or ownership interests in businesses	0	-20	-65
Depreciation of acquisitions	33	0	0
Changes in deferred tax assets from neg. resource rent carryforwards	67	37	-36
Effects on deferred tax of changes to tax rates	0	0	122
Underlying net income (controlling interest's share)	**1,111**	**1,176**	**1,515**

English translation: Språkverkstaden

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