Q3

Å ENERGI

Key figures

- In the first nine months of the year, Å Energi's reported operating profit under IFRS was NOK 9 700 million (Q1-Q3 2022: -3 056 million). Net income under IFRS came to NOK 2 805 million (controlling interest's share), compared with NOK -1 421 million in the equivalent period of last year. The Group had NOK 26 531 (19 933) million in operating revenues. The increase from last year was largely due to revaluation gains on cash-settled contracts.

- In the first nine months of the year, Å Energi made an underlying[1] operating profit of NOK 5 389 (3 569) million. Underlying net income was NOK 1 551 million (controlling interest's share), up from NOK 1 113 million in the same period last year. Net income for the first three quarters now exceeds total net income for last year, which was NOK 1,515 million.

- The tax expense on underlying profit was NOK 3,632 (2,279) million. In addition, the Group paid NOK 244 million for the special duty on high-priced electricity. This means that 71% of the Group's pre-tax profit is returned to society through income tax, resource rent tax and the special duty.

- Having fallen significantly so far this year, the average spot price (NO2) was 93 øre/kWh (226 øre/kWh), down 59% from last year's record high levels. In the third quarter, the average spot price was 66 øre/kWh (352 øre/kWh), down 81%. In the first nine months 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.

- 7,934 GWh (4,096 GWh) of hydroelectric power was generated in the first nine months of the year, an increase of 94%. In the third quarter, 2,328 GWh (636 GWh) of hydroelectric power was generated, an increase of 266%. This big increase was due to Glitre Energi being included in the figures for 2023, as well as production being exceptionally low in the second and third quarters of last year.

Highlights

- The government's proposed national budget for 2024 removes the duty on high-priced electricity. This duty has led to hydropower projects being put on hold. The removal of the duty on high-priced electricity is important to promoting renewable energy development.

- In October, Å Energi Vannkraft started work on the construction of Frøytlandsfoss power station on the Fedavassdraget river system. When it enters operation in 2025, it will be able to produce clean, renewable energy for around 400 households.

- At Iveland in Agder, Iveland 1 power station will be significantly upgraded over the period 2023 to 2025. As well as increasing annual generation by around 6 GWh, which is equivalent to the average energy consumption of 400 households, this will allow safe operation and maintenance over the coming 30 years.

- Mykstufoss power station in Rollag Municipality in Viken will also undergo significant upgrades over the period 2024-2025. The work done will not increase hydroelectric power generation, but it will improve reliability over the coming 30 years.

- In September, Å Energi and Eramet Norway signed a 10-year electricity supply contract starting in 2025. The agreement will cover some of the power consumption of this industrial company, which operates smelters in Kvinesdal, Porsgrunn and Sauda.

- Glitre Nett is improving its management of forests alongside the power grid in Agder, Buskerud and Hadeland. The company is employing additional staff to work on data collection, forest analysis, the drawing up of tree felling plans, etc. in order to ensure a reliable supply of electricity.

- The Group provided NOK 232 million of new capital to Morrow Batteries in conjunction with a capital increase in September. The battery factory that Morrow is building near Arendal will have the capacity to produce 1 GWh of batteries per year when it is completed in 2024. Å Energi's ownership interest in Morrow after the capital increase is around 50%.

- In September, the final stage of the merger agreement was completed, as communicated in our Q1 interim report, by converting five municipalities that had been minority shareholders in Å Strøm and Glitre Nett into shareholders in the parent company. After this transaction, the municipal owners of Å Energi, including the municipal shareholders behind Vardar AS, comprise 47 municipalities, made up of 25 municipalities in Agder, 19 municipalities in Buskerud and 3 municipalities in Hadeland.

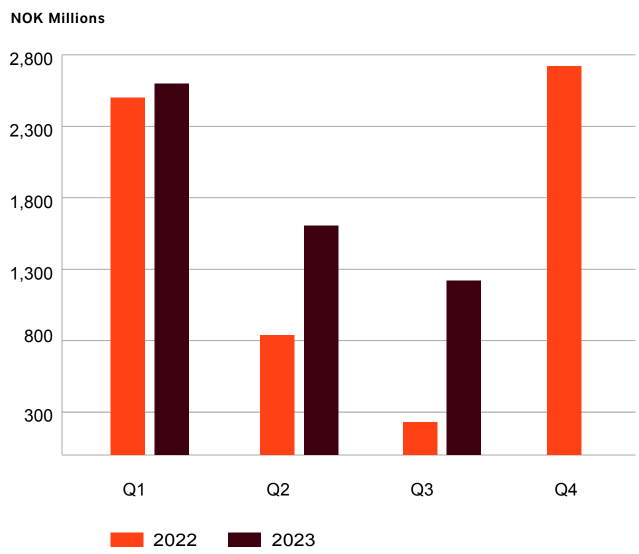
- Å Energi and Corio are partners in Nordvegen Vind, which is seeking to develop offshore wind power in the Utsira Nord area. Now Nordvegen Vind has joined Norway's first offshore wind accelerator NOW Accelerator, which aims to make the country more competitive in offshore wind and was established by the industry association Norwegian Offshore Wind.

[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.

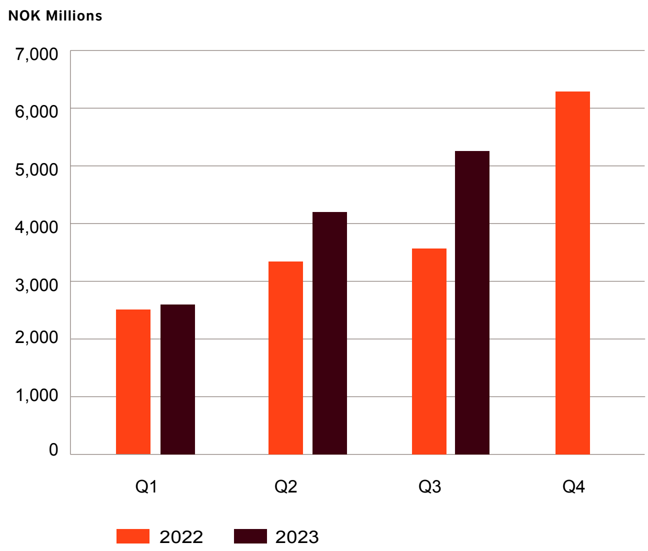
Key figures		Q3 2023	Q3 2022	01/01 - 30/09 2023	01/01 - 30/09 2022	Full-year 2022
From income statement						
Operating revenues	NOK millions	7,121	7,914	26,531	19,933	35,763
EBITDA	NOK millions	3,673	-1,694	10,503	-2,513	2,553
Operating profit	NOK millions	3,414	-1,868	9 ,700	-3,056	1,793
Profit before tax	NOK millions	3,268	-1,874	9,422	-3,071	1,685
Net income (controlling interest's share)	NOK millions	1,514	-944	2,805	-1,421	166
Underlying performance 1)						
Underlying operating revenues	NOK millions	4,868	10,011	22,143	26,557	40,258
Underlying EBITDA	NOK millions	1,421	403	6,115	4,112	7,049
Underlying operating profit	NOK millions	1,187	229	5,389	3,569	6,289
Profit before tax	NOK millions	1,101	171	5,182	3,379	6,036
Underlying net income (controlling interest's share)	NOK millions	440	-63	1,551	1,113	1,515
Cash flow						
Cash flow from operating activities	NOK millions	-821	-1,860	1,070	5,962	4,027
Purchase of property, plant, equipment and intangible assets	NOK millions	316	243	1,033	651	1,048
Capital						
Capital employed 2)	NOK millions			31,779	13,184	31,516
Return on capital employed 3)	%			7.5	17.2	9.6
Equity ratio	%			38.0	9.1	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.

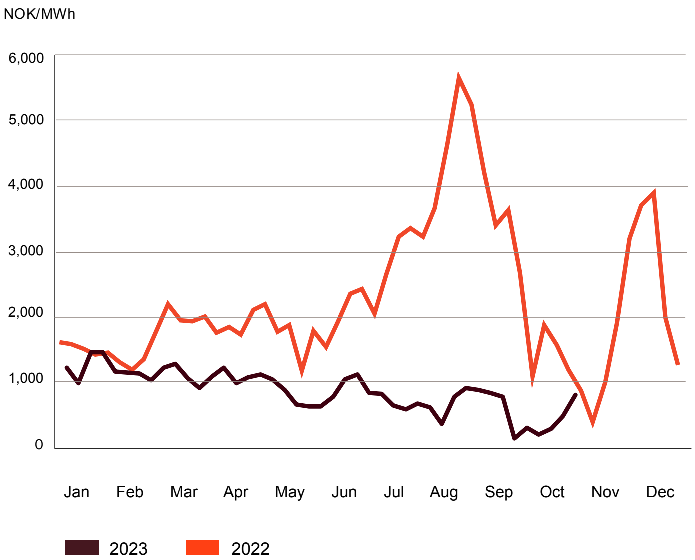
Underlying operating profit by quarter



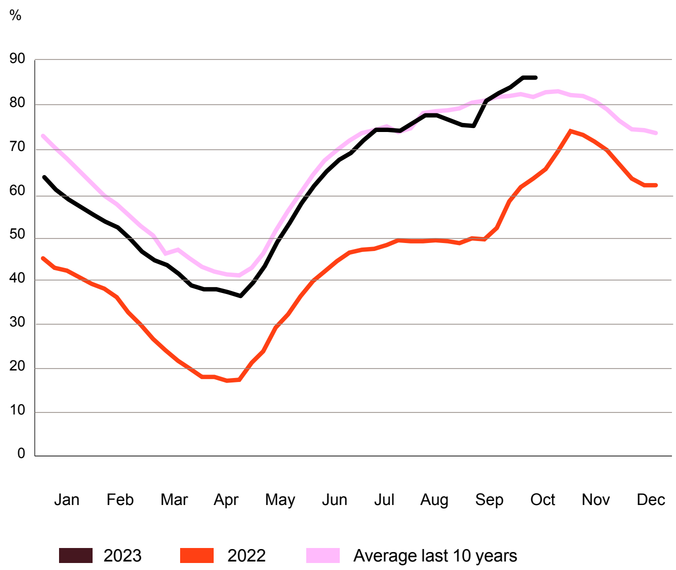
Cumulative underlying operating profit



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 the first half of this year, 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, 73 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 6 866 (4 970) million of operating revenues in the first nine months of the year, while its operating profit was NOK 4 204 (3 449) million. The NOK 755 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 and third quarters of last year being exceptionally low. The increase in volume was offset by lower electricity prices and a NOK 244 million impact from the duty on high-priced electricity introduced in September 2022.

Electricity prices in Southern Norway fell further during the third quarter. The decline in prices was significantly greater in the NO1 and NO5 areas than in NO2. Prices in the NO2 area have followed a fairly normal pattern of being slightly lower than German electricity prices. However, in the third quarter reservoir reserves in the NO2 area improved, and at the end of the quarter they were roughly normal. As a result, in the third quarter electricity prices in the NO2 area were further below German electricity prices than earlier in the year.

Since the end of May, electricity prices in the NO1 and NO5 areas have been significantly lower than electricity prices in the NO2 area. This trend was reinforced in the third quarter, primarily due to reservoirs being very close to capacity, flooding, and a higher proportion of run-of-the-river hydroelectricity in the NO1 and NO5 areas. There is limited transmission capacity from NO1 south to NO2. Consequently, electricity generation in the NO1 and NO5 areas has been very high during a period of relatively low consumption. This caused prices in the NO1 and NO5 areas to collapse, with average prices turning negative in the final two weeks of the third quarter.

The average spot price (NO2) in the first nine months of the year was 93 øre/kWh (226 øre/kWh), down 59%. In the third quarter, the average spot price was 66 øre/kWh (352 øre/kWh), down 81%. While the average spot prices in the NO2 and NO1 areas were identical in the first quarter, the prices in NO1 in the second and third quarters respectively were 8 øre/kWh and 47 øre/kWh, lower.

The segment's achieved electricity prices were significantly 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.

Forward prices on Nasdaq indicate that electricity prices will rise as we enter winter, with slightly higher prices expected for NO2 than for NO1 and NO5. Forward prices for next year are around the same level as the average price so far this year.

The segment generated 7,934 GWh (4,096 GWh) of hydroelectric power in the first nine months of the year, an increase of 94%. In the third quarter, it generated 2,328 GWh (636 GWh) of hydroelectric power, an increase of 266%. This big increase was due to both the merger with Glitre Energi and generation in the second and third quarters of last year being exceptionally low. Hydrological resources (water and snow) continued to improve over the course of the quarter, and at the end of the third quarter they were significantly better than normal.

At the end of September, the average reservoir levels for all of the electric utilities in the NO2 and NO1 price areas were 83% (53%) and 96% (76%), respectively. That is, respectively, 30 and 20 percentage points higher than at the same time last year. In the case of the NO2 area, reservoir levels are in line with the average for the past ten years, whereas in the NO1 area they are almost ten percentage points above average.

Pre-tax profit for the first nine months of the year amounted to NOK 4,168 (3,351) million. In the third quarter, pre-tax profit came to NOK 790 (147) million. As well as paying ordinary income tax, the Hydroelectric Power segment pays resource rent tax. Its tax expense for the first nine months of the year was NOK 3,421 (2,259) million. The main reason for the higher tax expense was a NOK 859 million increase in resource rent tax payable, around half of which was due to a higher tax rate.

The effective tax rate was 82% (67%). In addition to 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 nine months amounted to NOK 748 (1 092) million, an decline of NOK 344 million. In the third quarter, net income came to NOK 193 million (loss of NOK 80 million).

NOK 359 (247) million was invested in property, plant and equipment, with the biggest individual projects being the new Fennefoss power station near Evje and a new generator at Høgefoss power station. Fennefoss power station began normal operation in the third quarter, while the new generator at Høgefoss power station is expected to enter service in the fourth quarter. 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.

The segment's operating revenues were NOK 1,915 (1,064) million in the first nine months of the year, which was a NOK 851 million increase, mainly due to the merger with Glitre Energi in December 2022.

It made an operating profit of NOK 351 million, up from a NOK 119 million loss for the first nine months of last year. The loss in the first nine months 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. In the first quarter of this year, Glitre Nett recognised NOK 264 million from the scheme. In the second and third quarters, no such transfers were made to the distribution system operators.

The cost of resolving faults in the grid and KILE were NOK 49 million and NOK 54 million, respectively. KILE is a reduction applied to the company's revenue cap in the event of power outages.

The segment invested NOK 541 (337) million in the first nine months of the year. That was almost 25% lower than planned, which was mainly due to customer-initiated projects being delayed or postponed.

Nordic Electricity Retailing

This segment comprises the Group's electricity sales to end users in the Nordic region. It consists of Entelios Nordic, Å Strøm and Vibb. Nordic Electricity Retailing's turnover was NOK 13,339 (22,902) in the first nine months of the year. It made an operating profit of NOK 1,110 (377) million.

Entelios Nordic is responsible for the majority of the turnover, and in the first nine months of the year its operating revenues came to NOK 11,162 (17,918) million. The gross volume of electricity supplied to consumers and producers was 17.4 TWh (14.1 TWh), and it made an operating profit of NOK 1,143 (345) 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 achieved significant growth over the past year, both organically and through acquisitions. In September, it completed the takeover of Talkmore's electricity customers.

Other Activities

This segment comprises the parent company Å Energi, which is responsible for management, various shared functions and financing. 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. In the first nine months of the year, the company made an operating profit of NOK 30 (21) million on turnover of NOK 115 (105) 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 third quarter it also compensated its business customers. The volume of billable energy supplied was 92 GWh (90 GWh). The increase was due to customer growth and the fact that temperatures have, at times, been lower than last year. Hedges entered into in the past made a negative contribution. Investment in the period amounted to NOK 14 (8) million.

Cash flows and capital adequacy

Cash flow from operating activities came to NOK 1 070 million in the first nine months of the year, compared with NOK 5 962 million in the year-earlier period. 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.

The Group paid NOK 3,657 million in tax in the first nine months of the year, while a reduction in its 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 1 033 (651) million. The Hydroelectric Power and Network segments were responsible for 87% of the investments in property, plant and equipment. Acquisitions, financial investments and net change in loans amount to NOK 861 million. Most of this related to investments in Morrow Batteries and Netsecurity's acquisition of Data Equipment.

Net financial items came to NOK -278 (-16) million. Of the NOK 317 (224) million financial expense, NOK 251 (161) 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 -18 (-11) million, which includes a NOK 64 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 -59 million (gain of NOK 173 million) on interest rate contracts and shareholdings. Of this, NOK 77 (208) million related to interest rate contracts. The remaining NOK -136 (-35) million was a revaluation loss on our investment in Otovo.

The Group's gross interest-bearing liabilities at the end of September amounted to NOK 9.9 (8.1) billion. It had NOK 9.3 (2.4) billion of net interest-bearing liabilities. The average interest rate on the Group's debt portfolio was 3.3% (2.6%). The Group's liquidity buffer at the end of the quarter comprised NOK 3.5 (2.5) billion of unused credit facilities and NOK 0.6 (5.7) 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. A NOK 1 billion credit facility was terminated during the quarter.

In September, Å Energi completed the Group's first issue of green bonds. The transaction was considerably oversubscribed, and a total of NOK 1.0 billion green bonds were issued, made up of NOK 700 million with a 5-year term and NOK 300 million with a 3-year term.

Operations and working environment

At the close of the quarter, the Group had 1,475 (1,023) full-time and temporary employees, representing 1,412 (991) full-time equivalents. The merger with Glitre Energi has resulted in an increase of around 300 employees. In addition, the number of employees has risen as a result of the acquisition of Data Equipment, as well as due to staff being hired in new business areas and at the distribution system operator.

Sickness absence at Å Energi rose slightly in the third quarter. The sickness absence rate for the past 12 months has been 3.8% (3.4%). So far this year, 10 (10) occupational accidents have been recorded involving our own employees and contractors, leading to 46 (71) 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 3.3 (5.6) 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. The hydrological situation has further improved in 2023. 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 September, hydrological resources were significantly 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.

The government's proposal to remove the duty on high-priced electricity is a step in the right direction towards developing more hydroelectric power. Å Energi will step up its efforts on hydropower projects, with several being possible to complete by 2030. However, it is highly regrettable that the government is not planning to reverse the increase in the resource rent tax on hydroelectric power from 37% to 45%. The increase hits shareholders of hydroelectric power companies and reduces the capacity of utilities to invest at a time when the investment needed in renewable energy is greater than ever before.

Kristiansand, 8 November 2023
The Board of Directors of Å Energi AS

Income statement

(Amounts in millions of NOK)	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Full-year 2022
Energy sales	4,235	9,918	19,678	25,486	37,606
Transmission revenues	454	333	1,662	1,103	2,148
Other operating revenues	315	155	1,012	419	1,487
Gains and losses on electricity and currency contracts	2,117	-2,493	4,179	-7,075	-5,478
Total operating revenues	**7,121**	**7,914**	**26,531**	**19,933**	**35,763**
Energy purchases	-2,486	-9,064	-12,751	-20,730	-29,654
Transmission expenses	-26	8	-83	-7	-43
Other raw materials and consumables used	-70	3	-292	-56	-623
Employee benefits	-365	-208	-1,124	-703	-1,050
Depreciation and impairment losses	-259	-174	-803	-543	-760
Property taxes and licence fees	-70	-53	-234	-173	-226
Duty on high-priced electricity	2	0	-244	0	-309
Other operating expenses	-431	-292	-1,300	-777	-1,304
Total operating expenses	**-3,707**	**-9,782**	**-16,831**	**-22,989**	**-33,969**
Operating profit	**3,414**	**-1,868**	**9,700**	**-3,056**	**1,793**
Share of profit of associates and joint ventures	7	-10	-18	-11	53
Financial income	11	16	116	46	67
Unrealised gains and losses on interest rate contracts and shares	-56	72	-59	173	75
Financial expenses	-107	-85	-317	-224	-303
Net financial income/expenses	**-145**	**-6**	**-278**	**-16**	**-108**
Profit before tax	**3,268**	**-1,874**	**9,422**	**-3,071**	**1,685**
Income tax	-731	406	-2,149	652	-441
Resource rent tax	-1,028	523	-4,471	985	-1,082
Tax expense	**-1,759**	**929**	**-6,620**	**1,637**	**-1,523**
Net income	**1,510**	**-945**	**2,803**	**-1,434**	**162**
Of which attributable to non-controlling interests	-4	-2	-2	-13	-4
Of which attributable to controlling interest	**1,514**	**-944**	**2,805**	**-1,421**	**166**

Comprehensive income

(Amounts in millions of NOK)	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Full-year 2022
Net income	**1,510**	**-945**	**2,803**	**-1,434**	**162**
Other comprehensive income					
Cash flow hedges	3	0	3	74	120
Translation differences	-10	4	20	9	5
Tax impact	-1	0	-1	-16	-26
Total items that may be reclassified to income statement	**-8**	**4**	**22**	**67**	**98**
Remeasurements of pensions	-17	-228	269	-304	-395
Tax impact	5	67	-83	89	117
Total items that will not be reclassified to income statement	**-12**	**-161**	**186**	**-215**	**-277**
Total other comprehensive income	**-20**	**-157**	**208**	**-148**	**-179**
Comprehensive income	**1,490**	**-1,102**	**3,011**	**-1,582**	**-17**
Of which attributable to non-controlling interests	-5	-2	0	-13	-4
Of which attributable to controlling interest	**1,495**	**-1,100**	**3,011**	**-1,569**	**-13**

Statement of Financial Position

(Amounts in millions of NOK)	30/09/2023	30/09/2022	31/12/22
Deferred tax assets	0	5,085	0
Intangible assets	6,443	384	6,097
Property, plant and equipment	33,391	17,627	33,145
Investments in associates and joint ventures	5,099	473	4,969
Derivatives	4,266	7,197	6,910
Other non-current financial assets	1,498	1,011	1,053
Total non-current assets	**50,698**	**31,777**	**52,174**
Inventories	72	22	295
Receivables	3,337	7,458	10,201
Derivatives	2,702	11,051	6,424
Cash and cash equivalents	628	5,457	4,430
Total current assets	**6,738**	**23,988**	**21,350**
TOTAL ASSETS	**57,436**	**55,765**	**73,524**
Paid-in capital	16,014	1,907	14,870
Retained earnings	5,570	3,138	4,795
Non-controlling interests	208	54	939
Total equity	**21,791**	**5,099**	**20,604**
Deferred tax	7,631	1,968	4,402
Provisions	1,595	2,945	1,830
Derivatives	4,590	12,526	12,406
Interest-bearing non-current liabilities	7,650	6,358	7,754
Total non-current liabilities	**21,466**	**23,798**	**26,393**
Interest-bearing current liabilities	2,297	1,727	3,158
Tax payable	4,952	4,872	5,782
Derivatives	3,406	18,114	11,425
Other non-interest-bearing current liabilities	3,523	2,155	6,161
Total current liabilities	**14,179**	**26,868**	**26,527**
TOTAL EQUITY AND LIABILITIES	**57,436**	**55,765**	**73,524**

Statement of cash flows

(Amounts in millions of NOK)	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Full-year 2022
Cash flow from operating activities					
Profit before tax	3,268	-1,874	9,422	-3,071	1,685
Depreciation and impairment losses	259	174	803	543	760
Non-cash gains and losses	-4,431	2,585	-9,388	10,823	5,934
Share of profit of associates and joint ventures	-7	10	18	11	-53
Tax paid	-5	0	-3,657	-140	-2,735
Change in net working capital, etc.	94	-2,755	3,873	-2,204	-1,564
Net cash provided by operating activities	**-821**	**-1,860**	**1,070**	**5,962**	**4,027**
Investing activities					
Purchase of property, plant, equipment and intangible assets	-316	-243	-1,033	-651	-1,048
Purchase of businesses/financial assets	-229	-106	-508	-330	-352
Net change in loans	-12	402	-353	825	1,033
Dividends from associates	0	0	79	0	0
Sale of property, plant, equipment and intangible assets	3	0	11	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	**-555**	**53**	**-1,804**	**-151**	**972**
Financing activities					
New long-term borrowings	1,000	0	1,000	0	0
Repayment of long-term borrowings	-2,078	-305	-3,120	-1,070	-1,284
Net change in current liabilities	1,000	0	1,000	0	0
Transactions with non-controlling interests	-1	70	-10	56	56
Dividends paid	0	0	-1,938	-755	-755
Net cash used in financing activities	**-79**	**-235**	**-3,068**	**-1,769**	**-1,983**
Net change in cash and cash equivalents	**-1,455**	**-2,043**	**-3,803**	**4,042**	**3,015**
Cash and cash equivalents at start of period	2,082	7,499	4,430	1,415	1415
Cash and cash equivalents at end of period	628	5,457	628	5,457	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 and expenses	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	2,805	**2,805**	-2	**2,803**
Other comprehensive income and expenses	0	2	18	186	**205**	3	**208**
Dividends paid	0	0	0	-1,938	**-1,938**	-19	**-1,957**
Share issue	1,144	0	0	-400	**744**	-744	**0**
Other changes in equity	0	0	0	102	**102**	32	**134**
Equity at 30/09/2023	**16,014**	**12**	**21**	**5,537**	**21,584**	**208**	**21,791**

Segments

Operating revenues

(Amounts in millions of NOK)	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Full-year 2022
Hydroelectric Power	1,480	782	6,866	4,970	7,712
Network	552	300	1,915	1,064	2,419
Nordic Electricity Retailing	2,623	8,577	13,339	19,976	29 ,173
Other activities and group adjustments	409	513	1,364	1,031	1,990
Eliminations	-196	-161	-1,340	-484	-1,037
Total	**4,868**	**10,011**	**22,143**	**26,557**	**40,258**
Adjustments to IFRS, see Note 1	2,253	-2,097	4,388	-6,624	-4,496
IFRS revenues	**7,121**	**7,914**	**26,531**	**19,933**	**35,763**

Operating profit

(Amounts in millions of NOK)	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Full-year 2022
Hydroelectric Power	793	194	4,204	3 ,449	5,440
Network	90	-94	351	-119	477
Nordic Electricity Retailing	410	172	1,110	377	470
Other activities and group adjustments	-105	-43	-277	-137	-158
Eliminations	0	0	0	0	60
Total	**1,187**	**229**	**5,389**	**3,569**	**6,289**
Adjustments to IFRS, see Note 1	2,227	-2,097	4,311	-6,624	-4,496
IFRS operating profit	**3,414**	**-1,868**	**9,700**	**-3,056**	**1,793**

Net income

(Amounts in millions of NOK)	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Full-year 2022
Hydroelectric Power	193	-79	748	1,092	987
Network	59	-93	257	-148	300
Other activities and group adjustments	316	121	863	257	330
Eliminations	-132	-13	-318	-100	-113
Total	**436**	**-65**	**1,550**	**1,100**	**1,505**
Adjustments to IFRS, see Note 1	1,073	-881	1,253	-2,534	-1,342
IFRS net income	**1,510**	**-945**	**2,803**	**-1,434**	**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.

Reconciliation of figures for segments with reported IFRS figures

	Q3		Q1-Q3		Full-year
(Amounts in millions of NOK)	**2023**	**2022**	**2023**	**2022**	**2022**
Electricity and currency contracts	2,253	-2,097	4,388	-6,624	-4,496
Adjustments to revenues	**2,253**	**-2,097**	**4,388**	**-6,624**	**-4,496**
Depreciation of acquisitions	-26	0	-77	0	0
Adjustments to operating profit	**2,227**	**-2,097**	**4,311**	**-6,624**	**-4,496**
Depreciation of acquisitions, associates	-4	0	-12	0	0
Unrealised gains and losses on interest rate swaps	-1	55	77	208	148
Unrealised gains and losses on shareholdings	-55	17	-136	-35	-68
Material gains on disposals/reclassifications	0	-20	0	0	65
Tax impact of negative resource rent carryforwards	9	-14	-58	-51	37
Effects on deferred tax of changes to tax rates	0	0	0	0	-122
Tax impact of other corrections	-1,103	1,178	-2,930	3,967	3,093
Adjustment to net income	**1,073**	**-881**	**1,253**	**-2,534**	**-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 12 for tables showing their financial performance. As of the first half of 2023, 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:

	01/01 - 30/09/2023			01/01 - 30/09/2022		
	Unrealised	**Realised**	**Total**	**Unrealised**	**Realised**	**Total**
Gains and losses on electricity and currency contracts	4 388	-209	4 179	6 624	451	-7 075
Unrealised gains and losses on interest rate contracts and shares	-59			173		
Impact of unrealised gains and losses on pre-tax profit	**4 329**			**-6 451**		
Tax effect of unrealised gains and losses						
Income tax	-982			1 412		
Resource rent tax	-1 987			2 556		
Total tax	**-2 969**			**3 967**		
Impact of unrealised gains and losses on net income	**1 360**			**-2 483**		

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 during the first nine months of the year. For the remainder of 2023, prices fell by an average of 76%, and for 2024-2027 they fell by 29-48%.

This decline has increased the value of the Group's hedges. Meanwhile, the Norwegian krone fell 7% against the euro in the first three quarters of the year. That reduced the value of the contracts used to hedge against currency risk. Overall, there was a NOK 4,388 million pre-tax revaluation gain on electricity and currency contracts.

In the first nine months of the year, the value of our interest rate swaps rose by NOK 77 million, while the value of our investment in Otovo fell by NOK 136 million.

The net revaluation gain resulted in a tax expense of NOK 2,969 million. Income tax is calculated on all of the revaluation gains 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.

Net income for the first nine months of the year under IFRS includes a NOK 1 360 million gain after tax on financial contracts.

Note 4 Tax expense

(Amounts in millions of NOK)	01/01 - 30/09/2023 Amounts in millions of NOK	% of net income	01/01 - 30/09/2022 Amounts in millions of NOK	% of net income
Expected income tax rate 22%	2,073	22%	-676	22%
Impact of non-capitalised deferred tax assets	16	0%	10	0%
Permanent differences and changes in tax rates	59	1%	13	0%
Income tax expense	**2,149**	**23%**	**-652**	**21%**
Resource rent tax expense	**4,471**	**47%**	**-985**	**32%**
Total tax expense	**6,620**	**70%**	**-1,637**	**53%**

The resource rent tax expense amounted to NOK 4 471 (-985) million. This comprises NOK 2,278 (1,419) million of resource rent tax payable, and a NOK 2,192 (-2,404) 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:

Change in interest-bearing liabilities broken down by cash and non-cash items

(Amounts in millions of NOK)	2023	2022
Interest-bearing liabilities at 1 Jan.	10,912	9,030
Repayment of long-term borrowings (cash item)	1,000	0
Exchange rate fluctuations (non-cash item)	-3,120	-1,070
New lease liabilities (non-cash item)	1,000	0
Exchange rate fluctuations (non-cash item)	108	125
New lease liabilities (non-cash item)	47	0
Interest-bearing liabilities at 30 Sep.	**9,947**	**8,085**

Interest-bearing liabilities includes NOK 389 (146) 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.

	Q1-Q3		**Full-year**
(Amounts in millions of NOK)	**2023**	**2022**	**2022**
IFRS operating revenues	26,531	19,933	35,763
Unrealised gains and losses, electricity and currency	-4,388	6,624	4,496
Material gains on the disposal of businesses or ownership interests in businesses	0	0	0
Underlying operating revenues	**22,143**	**26,557**	**40,258**
IFRS operating profit	9,700	-3,056	1,793
Depreciation and impairment losses	803	543	760
IFRS EBITDA	**10,503**	**-2,513**	**2,553**
Unrealised gains and losses, electricity and currency	-4,388	6,624	4,496
Material gains on the disposal of businesses or ownership interests in businesses	0	0	0
Underlying EBITDA	**6,115**	**4,112**	**7,049**
IFRS operating profit	9,700	-3,056	1,793
Unrealised gains and losses, electricity and currency	-4,388	6,624	4,496
Amortization of acquisition adjustment	77	0	0
Underlying operating profit	**5,389**	**3,569**	**6,289**
IFRS net income (controlling interest’s share)	2,805	-1,421	166
Changes in unrealised gains and losses after tax (see Note 3)	-1,360	2,483	1,326
Material gains on the disposal of businesses or ownership interests in businesses	0	0	-65
Amortization of acquisition adjustment	48	0	0
Changes in deferred tax assets from neg. resource rent carryforwards	58	51	-36
Change in deferred tax due to change in tax rate	0	0	122
Underlying net income (controlling interest’s share)	**1,551**	**1,113**	**1,515**

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