# Q4

Å ENERGI

# KEY FIGURES

- In 2023, Å Energi reported an operating profit based on IFRS of NOK 12,602 million (2022: NOK 1,793 million). Net income under IFRS was a record NOK 5,373 million (controlling interest's share), compared with NOK 166 million the previous year. The figures for both 2022 and 2023 are significantly impacted by fluctuations in the value of cash-settled contracts. The Group had NOK 36,654 (35,763) million in operating revenues.

- In 2023, Å Energi made an underlying[1] operating profit of NOK 7,388 (6,289) million. Underlying net income was NOK 2,506 million (controlling interest's share), up from NOK 1,515 million the year before. Apart from the merger with Glitre Energi, the increase was due to strong underlying operations, particularly at the Entelios companies.

- The tax expense on underlying profit was NOK 4,522 (4,532) million. In addition, the Group paid NOK 246 million for the special duty on high-priced electricity. This means that 66% of the Group's pre-tax underlying profit is returned to society through income tax, resource rent tax and the special duty.

- After falling significantly in 2023, the average spot price (NO2) was 91 øre/kWh (212 øre/kWh), down 57% from the previous year's high levels. In the fourth quarter, the average spot price was 82 øre/kWh (171 øre/kWh), down 52%. The prices achieved by the Hydroelectric Power segment remain significantly lower than spot prices, although the gap fell over the course of 2023. As well as our duty to supply compensation power and concession power at regulated prices, this reflects that we have hedged at levels below spot prices. This hedging includes long-term electricity contracts with industrial customers.

- The Group generated 10,755 GWh (5,963 GWh) of hydroelectric power in 2023, an increase of 80%. 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, due to drought and low reservoir reserves. In the fourth quarter, the Group generated 2,821 GWh (1,867 GWh) of hydroelectric power, an increase of 51%.

- Over the course of 2023, we came a long way with achieving synergies from the merger. A great deal of effort has gone into integrating the businesses, including a lot of work by our employees. Consequently, the synergies achieved at the turn of the year were ahead of the plan set out when Agder Energi and Glitre Energi were merged.

# HIGHLIGHTS

- In Nissedal Municipality in Telemark, Tjønnefoss power station will be significantly upgraded during 2024 and 2025. The work done will not increase generation, but it will improve reliability over the coming 25 years.

- In October, Borregaard and Å Energi signed a new long-term supply contract for the period 2024 to 2033. The annual volume is 88 GWh, equivalent to 10-15% of Borregaard's annual consumption at its factory in Sarpsborg.

- The roughly 80 km-long 110 (132) kV power line that runs from Kristiansand to Kvinesdal is to be replaced with a new one. In November, Glitre Nett received a licence from the Norwegian Water Resources and Energy Directorate (NVE) for the first stretch of the line from Kulia in Songdalen to Leire in Søgne. The new power line is being built with the capacity to operate at a higher voltage than the current line, to facilitate further electrification of society.

- In November, Glitre Nett was given the go-ahead to build and operate the new Ramslandsvågen substation in Lindesnes Municipality. It has also received permission to demolish the existing substation. The new substation is important because it will allow the key local business GE Healthcare Lindesnes to draw more power and cover the general increase in electricity consumption in the area.

- Effective from 1 January 2024, Å Energi Varme is giving its business customers an even better discount on their district heating. The price reduction means that when the spot price payable by a business customer exceeds 70 øre/kWh, they will receive an 80% discount on the price above this limit.

- In November, Å Energi invested NOK 268 million in a private placement by the solar energy company Otovo. By doing so, Å Energi increased its ownership interest in Otovo from 6.8% to just over 31%.

- In December, Å Energi provided NOK 231 million of new capital to Morrow Batteries in conjunction with the second tranche of its capital increase. 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%.

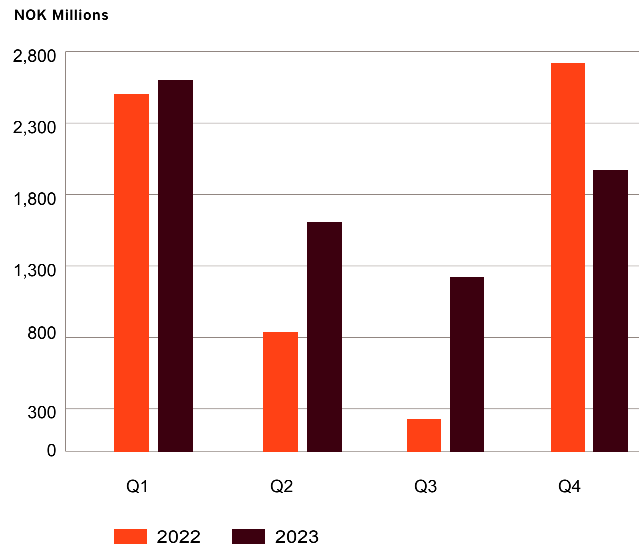
- In February, ECO STOR AS (64.4% owned by Å Energi) signed an agreement to reduce its interest in its Germany battery company ECO STOR GmbH (89% ownership interest). This will be done partly through the sale of shares and partly through a private placement for the buyers. Just under NOK 300 million of Å Energi's ownership interest will be realised through the partial disposal, while the remaining amount will remain invested in the company. The transaction, which is due to be completed by the start of April, will generate a significant accounting gain in 2024.

[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.

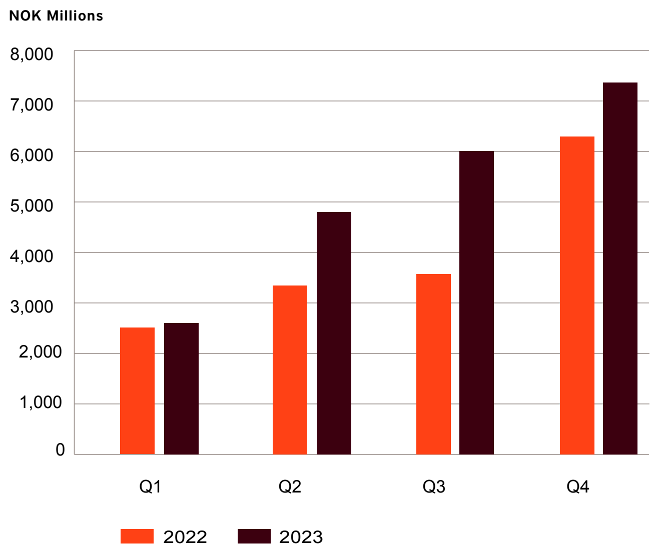
| Key figures | | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|---|---|---|---|---|---|
| **From income statement** | | | | | |
| Operating revenues | NOK millions | 10,123 | 15,830 | 36,654 | 35,763 |
| EBITDA | NOK millions | 3,241 | 5,066 | 13,744 | 2,553 |
| Operating profit | NOK millions | 2,902 | 4,849 | 12,602 | 1,793 |
| Profit before tax | NOK millions | 2,618 | 4,757 | 12,041 | 1,685 |
| Net income (controlling interest's share) | NOK millions | 2,568 | 1,587 | 5,373 | 166 |
| **Underlying performance 1)** | | | | | |
| Underlying operating revenues | NOK millions | 9,195 | 13,701 | 31,337 | 40,258 |
| Underlying EBITDA | NOK millions | 2,312 | 2,937 | 8,427 | 7,049 |
| Underlying operating profit | NOK millions | 1,999 | 2,720 | 7,388 | 6,289 |
| Profit before tax | NOK millions | 1,821 | 2,657 | 7,003 | 6,036 |
| Underlying net income (controlling interest's share) | NOK millions | 956 | 401 | 2,506 | 1,515 |
| **Cash flow** | | | | | |
| Cash flow from operating activities | NOK millions | -3,023 | -1,935 | -1,952 | 4,027 |
| Purchase of property, plant, equipment and intangible assets | NOK millions | 562 | 398 | 1,596 | 1,048 |
| **Capital** | | | | | |
| Capital employed 2) | NOK millions | | | 37,644 | 31.516 |
| Return on capital employed 3) | % | | | 9.1 | 9.6 |
| Equity ratio | % | | | 39.4 | 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.

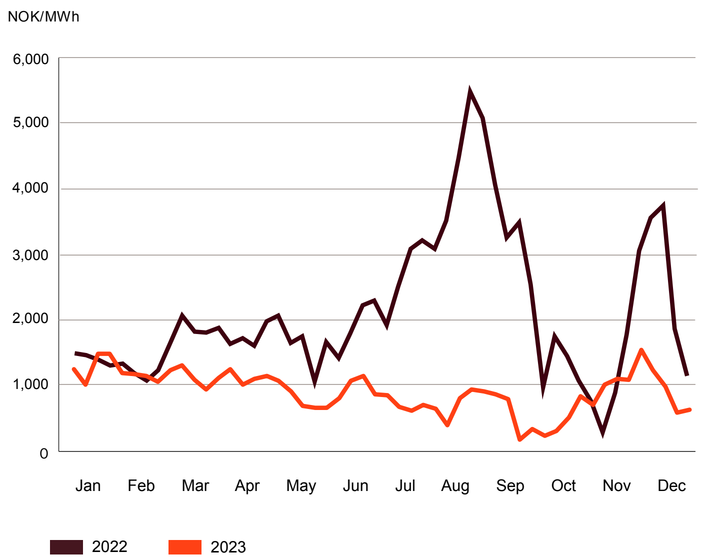
## Underlying operating profits by quarter



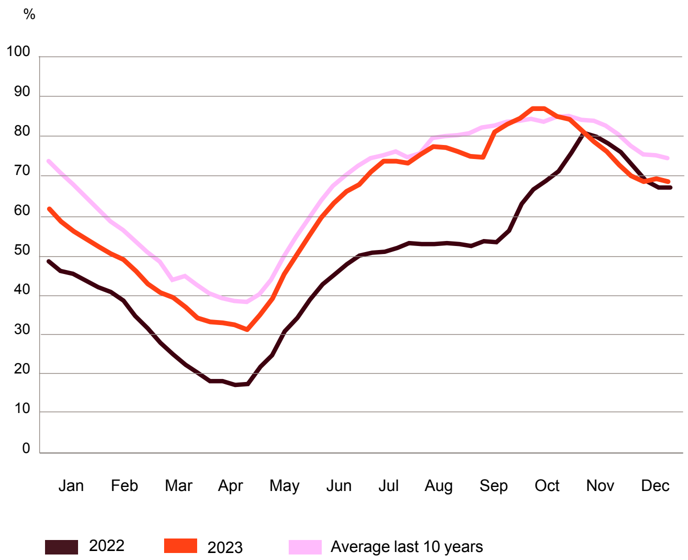

## Underlying accumulated operating profit




## 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 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 8,518 (7,726) million of operating revenues in 2023, while its operating profit was NOK 5,594 (5,452) million. The NOK 142 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 2022 being exceptionally low. The increase in volume was offset by electricity prices being significantly lower in 2023.

As we entered the fourth quarter, electricity prices in Southern Norway were very low, with both the NO1 and NO5 areas starting the quarter with negative prices, while NO2 had a positive price in the single digits. These low electricity prices followed a period of a lot of flooding and very high reservoir levels in the NO1 and NO5 price areas. Electricity prices in NO1 and NO5 were significantly lower than prices in NO2 throughout the third quarter, but in the fourth quarter prices soon returned to being the same throughout Southern Norway. This occurred in parallel with colder and drier weather during the autumn, which in turn led to electricity prices in Southern Norway approaching those of Germany.

With dry and cold weather, and reservoir levels that were somewhat lower than normal in Southern Norway towards the end of the fourth quarter, it was at times necessary to import electricity, which meant prices in neighbouring countries had a big impact on prices in Southern Norway. In spite of extended periods of dry and cold weather in Southern Norway, electricity prices in the region fell during the final part of the quarter due to falling gas prices, which caused German and continental electricity prices to decline. This trend has continued in early 2024, with falling German electricity prices putting a ceiling on the value of reservoir reserves and electricity prices in Southern Norway, in spite of a relatively cold winter in Southern Norway, which viewed in isolation is exerting upward pressure on prices.

The average spot price (in the NO2 region) in 2023 was 91 øre/kWh (212 øre/kWh), down 57%. In the fourth quarter, the average spot price was 82 øre/kWh (171 øre/kWh), down 52%.

The average spot price in the NO1 area in 2023 was 76 øre/kWh, which is 15 øre/kWh lower than in NO2.

The prices achieved by the Hydroelectric Power segment remain significantly lower than spot prices, although the gap fell over the course of 2023. As well as our duty to supply compensation power and concession power at regulated prices, this reflected that we have hedged at levels below spot prices. This hedging includes long-term electricity contracts with industrial customers.

Forward prices on Nasdaq indicate that electricity prices will fall somewhat by the summer. Forward prices for the current year indicate that average electricity prices will be slightly lower than the average price in 2023.

The Group generated 10,755 GWh (5,963 GWh) of hydroelectric power in 2023, an increase of 80%. This big increase was due to both the merger with Glitre Energi and generation in the second and third quarters of 2022 being exceptionally low. In the fourth quarter, the Group generated 2,821 GWh (1,867 GWh) of hydroelectric power, an increase of 51%. Hydrological resources (water and snow) declined during the fourth quarter, but at the end of the year they remained above normal.

At the end of the year, the average reservoir levels for all of the electric utilities in Southern Norway (in the NO1, NO2 and NO5 price areas) were 67% (65%). That is two percentage points higher than a year earlier, but slightly below normal for the time of year in all of the price areas: overall, three percentage points below the 70% median for the past twenty years.

In 2023 the segment made a pre-tax profit of NOK 5,529 (5,372) million. In the fourth quarter, pre-tax profit came to NOK 1,360 (2,021) million. As well as paying ordinary income tax, the Hydroelectric Power segment pays resource rent tax. The segment's tax expense was NOK 4,219 (4,374) million in 2023. The main reason for the high tax expense is the high amount of resource rent tax payable, at NOK 2,729 (2,948) million. The effective tax rate was 76% (81%). The high tax rate is due to negative contributions from hedges, which are not taken into account when calculating resource rent tax.

Net income for 2023 amounted to NOK 1,310 (998) million, an increase of NOK 312 million. This increase was mainly due to the merger with Glitre Energi, as well as a weak third quarter in 2022. In the fourth quarter, net income was NOK 562 (-97) million. The big improvement in the fourth quarter was mainly due to the income statement impacts of the introduction of the duty on high-priced electricity and retroactive increase in resource rent tax in the fourth quarter of 2022.

NOK 541 (393) million was invested by the segment in 2023. Fennefoss power station began normal operation in the third quarter and generator 8 at Høgefoss was commissioned in November. Several major refurbishment projects, including at Steinsfoss and Holen power stations, are just starting up. We expect a high level of investment in refurbishments and government-imposed projects over the coming years.

**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 Network segment had NOK 2,908 (2,419) million of operating revenues in 2023. Operating profit was NOK 652 million, up from NOK 477 million in 2022. The increase in both revenues and operating profit was due to the merger with Glitre Energi in December 2022.

The cost of resolving faults in the grid was NOK 94 million and KILE came to NOK 96 million. Of this, NOK 45 million and NOK 25 million respectively was due to the extreme weather event “Babet”. KILE is a reduction applied to the company’s revenue cap in the event of power outages.

NOK 823 (539) million was invested by the segment in 2023. That was 12% 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 19,560 (29,106) million in 2023. The segment’s operating profit was NOK 1,525 (470) million.

Entelios Nordic is responsible for the majority of the turnover, and its operating revenues came to NOK 16,356 (25,459) million. The gross volume of electricity it supplied to consumers and producers was 24.8 TWh (21.2 TWh), and it made an operating profit of NOK 1,589 (530) 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 significantly reduce their risks 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 a number of other companies in the Group including those involved in district heating, local heating, biofuels, flexibility services, venture capital activities, business development and new ventures. In addition, it comprises the Group’s ownership interests in Viken Fiber and Nettpartner, as well as some small companies.

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 178 (161) million in 2023, while its operating profit was NOK 53 (44) 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 fourth quarter it also compensated its business customers.

The volume of billable energy supplied in 2023 was 148 GWh (136 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. NOK 20 (9) million was invested by the segment in 2023.

**Unrealised gains and losses**
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 Group’s revenues and its ability to pay dividends. Through 2023, unrealised gains and losses on electricity and currency contracts rose by NOK 5,317 million. That is particularly due to two issues. Firstly, some of the losses at the start of the year, which related to 2023, were realised. Secondly, during 2023 forward electricity prices (system prices) for the years 2024-27 fell

by around 30%. This has led to a reduction in unrealised losses on contracts for subsequent years.

**Cash flows and capital adequacy**

Cash flow from operating activities came to NOK -1,952 million in 2023, compared with NOK 4,027 million the previous 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. In addition, there was a big increase in tax paid, which totalled NOK 5,779 (2,735) million in 2023.

Investment in property, plant and equipment and intangible assets amounted to NOK 1,596 (1,048) million. The Hydroelectric Power and Network segments were responsible for 86% of the investments in property, plant and equipment. Acquisitions, financial investments and net change in loans amounted to NOK 1,366 million. Most of this relates to investments in Morrow Batteries. It also reflects Netsecurity's acquisition of Data Equipment and an increase in our ownership interest in Otovo.

Net financial items came to NOK -561 (-108) million. Of the NOK 465 (303) million financial expense, NOK 350 (218) 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 from associates amounted to NOK -132 million (NOK 53 million share of profit), comprising a NOK 67 million gain on Å Energi's investment in Viken Fiber, a NOK 89 million charge for its share of losses at Morrow Batteries, a NOK 94 million charge for its share of losses and an impairment loss at Nettpartner and a NOK 16 million loss on other investments.

There was an unrealised loss of NOK -100 million (gain of NOK 75 million) on interest rate contracts and shareholdings. Of this, NOK 62 (144) million related to interest rate contracts. The remaining NOK -162 (-68) million was a revaluation loss on our investment in Otovo. In the fourth quarter, Å Energi increased its ownership interest in Otovo to around 31% through a private placement. The valuation loss relates to the period before the private placement took place. Since then, the company has been accounted for as an investment in an associate using the equity method.

The Group's gross interest-bearing liabilities at the end of the year amounted to NOK 13.3 (11.4) billion. It had NOK 13.2 (6.0) billion of net interest-bearing liabilities. The average interest rate on the Group's debt portfolio was 3.4% (2.6%). The Group's liquidity buffer at the end of the year comprised NOK 3.8 (3.5) billion of unused credit facilities and NOK 0.1 (5.4) billion of bank deposits and short-term interest-bearing securities. The overdraft facility was raised by NOK 1.5 billion to NOK 3.0 billion in the fourth quarter in order to provide greater financial flexibility.

**Operations and working environment**

At the close of the year, the Group had 1,512 (1,322) permanent and temporary employees, representing 1,468 (1,322) full-time equivalents. There has been a general increase in the number of employees at the Group due to factors such as hiring for new ventures, the acquisition of Data Equipment, and new hires at the Group's hydroelectric power and network segments.

Sickness absence at Å Energi rose slightly in the fourth quarter. The sickness absence rate for the past 12 months has been 3.9% (3.5%). In 2023, 11 (12) occupational accidents were recorded involving our own employees and contractors, leading to 50 (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 2.8 (4.0) for our own employees and contractors.

**Outlook**

Forward prices on Nasdaq indicate that electricity prices will fall somewhat by the summer. Forward prices for the current year indicate that average electricity prices will be slightly lower than the average price in 2023.

During the fourth quarter, hydrological reserves declined, but at the end of the year they remained higher than normal. Assuming normal precipitation levels over the coming period, revenues from energy sales are expected to remain high.

Å Energi is planning a number of hydroelectric power projects including new power stations, upgrades and increases in capacity, several of which can be completed by 2030. In total, these investments may come to NOK 11 billion. The cancellation of the duty on high-priced electricity provides greater predictability, which is vital to carrying out major investments. However, it is 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.

The Network segment has implemented a number of measures to ensure that customers can connect to the grid as quickly as possible. Conditional grid connections, digitalisation, greater use of power system protection, etc. is helping us to operate the existing power grid closer to its capacity limit. Nevertheless, intelligent operation of the existing network is insufficient to meet high customer demand, so a lot of new infrastructure must also be built.

Network is planning to invest of the order of NOK 2 billion per year between now and 2035. Lead times for building new grid infrastructure must be significantly reduced if Norway is to reach its climate goals and realise the ambitions of its industrial policy. Efficient licensing processes are vital in that respect.

Kristiansand, 20 February 2024
The Board of Directors of Å Energi AS

# Income statement

| (Amounts in millions of NOK) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|---|---|---|---|---|
| Energy sales | 7,992 | 12,121 | 27,669 | 37,606 |
| Transmission revenues | 870 | 1,044 | 2,532 | 2,148 |
| Other operating revenues | 463 | 1,068 | 1,475 | 1,487 |
| Gains and losses on electricity and currency contracts | 799 | 1,597 | 4,978 | -5,478 |
| **Total operating revenues** | **10,123** | **15,830** | **36,654** | **35,763** |
| Energy purchases | -5,529 | -8,924 | -18,280 | -29,654 |
| Transmission expenses | -42 | -36 | -125 | -43 |
| Other raw materials and consumables used | -207 | -567 | -500 | -623 |
| Employee benefits | -527 | -347 | -1,651 | -1,050 |
| Depreciation and impairment losses | -339 | -217 | -1,141 | -760 |
| Property taxes and licence fees | -78 | -53 | -312 | -226 |
| Duty on high-priced electricity | -2 | -309 | -246 | -309 |
| Other operating expenses | -497 | -527 | -1,797 | -1,304 |
| **Total operating expenses** | **-7,221** | **-10,981** | **-24,052** | **-33,969** |
| **Operating profit** | **2,902** | **4,849** | **12,602** | **1,793** |
| Share of profit of associates and joint ventures | -115 | 63 | -132 | 53 |
| Financial income | 21 | 22 | 137 | 67 |
| Unrealised gains and losses on interest rate contracts and shares | -41 | -98 | -100 | 75 |
| Financial expenses | -148 | -79 | -465 | -303 |
| **Net financial income/expenses** | **-284** | **-92** | **-561** | **-108** |
| **Profit before tax** | **2,618** | **4,757** | **12,041** | **1,685** |
| Income tax | -583 | -1,093 | -2,731 | -441 |
| Resource rent tax | 507 | -2,068 | -3,964 | -1,082 |
| **Tax expense** | **-76** | **-3,161** | **-6,695** | **-1,523** |
| **Net income** | **2,543** | **1,596** | **5,346** | **162** |
| Of which attributable to non-controlling interests | -25 | 9 | -27 | -4 |
| **Of which attributable to controlling interest** | **2,568** | **1,587** | **5,373** | **166** |

# Comprehensive income

| (Amounts in millions of NOK) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|---|---|---|---|---|
| **Net income** | **2,543** | **1,596** | **5,346** | **162** |
| **Other comprehensive income** | | | | |
| Cash flow hedges | -23 | 45 | -20 | 120 |
| Translation differences | 7 | -4 | 27 | 5 |
| Tax impact | 5 | -10 | 4 | -26 |
| **Total items that may be reclassified to income statement** | **-11** | **32** | **11** | **98** |
| Remeasurements of pensions | -125 | -91 | 144 | -395 |
| Tax impact | 62 | 28 | -22 | 117 |
| **Total items that will not be reclassified to income statement** | **-63** | **-63** | **122** | **-277** |
| **Total other comprehensive income** | **-74** | **-31** | **133** | **-179** |
| **Comprehensive income** | **2,468** | **1,565** | **5,479** | **-17** |
| Of which attributable to non-controlling interests | -25 | 9 | -24 | -4 |
| **Of which attributable to controlling interest** | **2,493** | **1,556** | **5,503** | **-13** |

# Statement of Financial Position

| (Amounts in millions of NOK) | 31.12.23 | 31.12.22 |
|---|---|---|
| Intangible assets | 6,429 | 6,097 |
| Property, plant and equipment | 33,226 | 33,145 |
| Investments in associates and joint ventures | 5,876 | 4,969 |
| Derivatives | 4,504 | 6,910 |
| Other non-current financial assets | 1,128 | 1,053 |
| **Total non-current assets** | **51,163** | **52,174** |
| | | |
| Inventories | 831 | 295 |
| Receivables | 7,908 | 10,201 |
| Derivatives | 1,514 | 6,424 |
| Cash and cash equivalents | 104 | 4,430 |
| **Total current assets** | **10,358** | **21,350** |
| | | |
| **TOTAL ASSETS** | **61,521** | **73,524** |
| | | |
| Paid-in capital | 16,014 | 14,870 |
| Retained earnings | 8,060 | 4,795 |
| Non-controlling interests | 181 | 939 |
| **Total equity** | **24,255** | **20,604** |
| | | |
| Deferred tax | 7,495 | 4,402 |
| Provisions | 1,599 | 1,830 |
| Derivatives | 4,471 | 12,406 |
| Interest-bearing non-current liabilities | 7,599 | 7,754 |
| **Total non-current liabilities** | **21,165** | **26,393** |
| | | |
| Interest-bearing current liabilities | 5,790 | 3,158 |
| Tax payable | 3,467 | 5,782 |
| Derivatives | 2,368 | 11,425 |
| Other non-interest-bearing current liabilities | 4,477 | 6,161 |
| **Total current liabilities** | **16,102** | **26,527** |
| | | |
| **TOTAL EQUITY AND LIABILITIES** | **61,521** | **73,524** |

# Statement of cash flows

| (Amounts in millions of NOK) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Profit before tax | 2,618 | 4,757 | 12,041 | 1,685 |
| Depreciation and impairment losses | 339 | 217 | 1,141 | 760 |
| Non-cash gains and losses | -228 | -4,890 | -9,616 | 5,934 |
| Share of profit of associates and joint ventures | 115 | -63 | 132 | -53 |
| Tax paid | -2,122 | -2,595 | -5,779 | -2,735 |
| Change in net working capital, etc. | -3,744 | 640 | 129 | -1,564 |
| **Net cash provided by operating activities** | **-3,023** | **-1,935** | **-1,952** | **4,027** |
| **Investing activities** | | | | |
| Purchase of property, plant, equipment and intangible assets | -562 | -398 | -1,596 | -1,048 |
| Purchase of businesses/financial assets | -537 | -22 | -1,045 | -352 |
| Net change in loans | 32 | 209 | -321 | 1,033 |
| Dividends received from associates | 0 | 0 | 79 | 0 |
| Sale of property, plant, equipment and intangible assets | 7 | 3 | 18 | 8 |
| Sale of businesses/financial assets | 108 | 159 | 108 | 159 |
| New cash and cash equivalents from merger | 0 | 1,171 | 0 | 1,171 |
| **Net cash used in investing activities** | **-952** | **1,122** | **-2,757** | **972** |
| **Financing activities** | | | | |
| New long-term borrowings | 0 | 0 | 1,000 | 0 |
| Repayment of long-term borrowings | -35 | -214 | -3,155 | -1,284 |
| Net change in current liabilities | 3,491 | 0 | 4,491 | 0 |
| Transactions with non-controlling interests | 19 | 0 | 9 | 56 |
| Dividends paid | -24 | 0 | -1,961 | -755 |
| **Net cash used in financing activities** | **3,451** | **-214** | **383** | **-1,983** |
| **Net change in cash and cash equivalents** | **-524** | **-1,027** | **-4,326** | **3,015** |
| Cash and cash equivalents at start of period | 628 | 5,457 | 4,430 | 1,415 |
| Cash and cash equivalents at end of period | 104 | 4,430 | 104 | 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-con-trolling 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 | 5,373 | **5,373** | -27 | **5,346** |
| Other comprehensive income | 0 | -16 | 24 | 122 | **130** | 3 | **133** |
| Dividends paid | 0 | 0 | 0 | -1,938 | **-1,938** | -24 | **-1,961** |
| Share issue | 1,144 | 0 | 0 | -400 | **744** | -744 | **0** |
| Other changes in equity | 0 | 0 | 0 | 99 | **99** | 34 | **133** |
| **Equity at 31/12/2023** | **16,014** | **-6** | **27** | **8,039** | **24,074** | **181** | **24,255** |

# Segments

## Operating revenues

| (Amounts in millions of NOK) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|---|---|---|---|---|
| Hydroelectric Power | 1,653 | 2,755 | 8,518 | 7,726 |
| Network | 993 | 1,355 | 2,908 | 2,419 |
| Nordic Electricity Retailing | 6,221 | 8,933 | 19,560 | 29,106 |
| Other activities and consolidations | 739 | 1,012 | 2,102 | 1,847 |
| Eliminations | -411 | -355 | -1,751 | -839 |
| **Total** | **9,195** | **13,701** | **31,337** | **40,258** |
| Adjustments to IFRS, see Note 1 | 929 | 2,129 | 5,317 | -4,496 |
| **IFRS revenues** | **10,123** | **15,830** | **36,654** | **35,763** |

## Operating profit

| (Amounts in millions of NOK) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|---|---|---|---|---|
| Hydroelectric Power | 1,389 | 2,004 | 5,594 | 5,452 |
| Network | 301 | 597 | 652 | 477 |
| Nordic Electricity Retailing | 414 | 93 | 1,525 | 470 |
| Other activities and consolidations | -106 | -33 | -383 | -170 |
| Eliminations | 0 | 60 | 0 | 60 |
| **Total** | **1,999** | **2,720** | **7,388** | **6,289** |
| Adjustments to IFRS, see Note 1 | 903 | 2,129 | 5,214 | -4,496 |
| **IFRS operating profit** | **2,902** | **4,849** | **12,602** | **1,793** |

## Net income

| (Amounts in millions of NOK) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|---|---|---|---|---|
| Hydroelectric Power | 562 | -94 | 1,310 | 998 |
| Network | 215 | 448 | 473 | 300 |
| Nordic Electricity Retailing | 358 | 73 | 1,221 | 330 |
| Other activities and consolidations | -205 | -23 | -523 | -123 |
| **Total** | **930** | **404** | **2,481** | **1,505** |
| Adjustments to IFRS, see Note 1 | 1,612 | 1,192 | 2,865 | -1,342 |
| **IFRS net income** | **2,543** | **1,596** | **5,346** | **162** |
| Of which attributable to non-controlling interests | -25 | 9 | -27 | -4 |
| Of which attributable to controlling interest | 2,568 | 1,587 | 5,373 | 166 |

# 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**

| (Amounts in millions of NOK) | Q4 2023 | Q4 2022 | Full year 2023 | Full year 2022 |
|---|---|---|---|---|
| Electricity and currency contracts | 929 | 2,129 | 5,317 | -4,496 |
| **Adjustments to revenues** | **929** | **2,129** | **5,317** | **-4,496** |
| Amortization of acquisition adjustment | -26 | 0 | -103 | 0 |
| **Adjustments to operating profit** | **903** | **2,129** | **5,214** | **-4,496** |
| Amortization of acquisition adjustment, associates | -4 | 0 | -16 | 0 |
| Unrealised gains and losses on interest rate swaps | -15 | -61 | 62 | 148 |
| Unrealised gains and losses on shareholdings | -26 | -34 | -162 | -68 |
| Material gains on disposals/reclassifications | -60 | 65 | -60 | 65 |
| Tax impact of negative resource rent carryforwards | -2 | 88 | -60 | 37 |
| Change in deferred tax due to change in tax rate | 0 | 0 | 0 | -122 |
| Tax impact of other corrections | 816 | -996 | -2,113 | 3,093 |
| **Adjustment to net income** | **1,612** | **1,192** | **2,865** | **-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:

| | Full year 2023 | | | Full year 2022 | | |
|---|---|---|---|---|---|---|
| | **Unrealised** | **Realised** | **Total** | **Unrealised** | **Realised** | **Total** |
| Gains and losses on electricity and currency contracts | 5,317 | -339 | 4,978 | -4,496 | -983 | -5,478 |
| Unrealised gains and losses on interest rate contracts and shares | -100 | | | 75 | | |
| **Impact of unrealised gains and losses on pre-tax profit** | **5,217** | | | **-4,420** | | |
| Tax effect of unrealised gains and losses | | | | | | |
| Income tax | -1,183 | | | 957 | | |
| Resource rent tax | -983 | | | 2,137 | | |
| **Total tax** | **-2,166** | | | **3,094** | | |
| **Impact of unrealised gains and losses on net income** | **3,051** | | | **-1,326** | | |

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 Group's revenues and its ability to pay dividends. Through 2023, unrealised gains and losses on electricity and currency contracts rose by NOK 5,317 million. That is particularly due to two issues. Firstly, some of the losses at the start of the year, which related to 2023, were realised. Secondly, during 2023 forward electricity prices (system prices) for the years 2024-27 fell by around 30%. This has led to a reduction in unrealised losses on contracts for subsequent years. Meanwhile, the Norwegian krone weakened 7% against the euro in 2023. That reduced the value of the contracts used to hedge against currency risk. However, the negative impact in the case of the currency contracts is significantly smaller than the positive impact in the case of the electricity contracts.

In 2023, the value of our interest rate swaps rose by NOK 62 million, while the value of our investment in Otovo fell by NOK 162 million.

The net revaluation gain resulted in a tax expense of NOK 2,166 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.

In total, 2023 net income under IFRS includes a NOK 3,051 million gain after tax on financial contracts.

## **Note 4** Tax expense

| (Amounts in millions of NOK) | Full year 2023 Amounts in NOK millions | Full year 2023 % of pre-tax | Full year 2022 Amounts in NOK millions | Full year 2022 % of pre-tax |
|---|---|---|---|---|
| Expected income tax rate 22% | 2,649 | 22% | 371 | 22% |
| Impact of non-capitalised deferred tax assets | 9 | 0% | 10 | 1% |
| Permanent differences and changes in tax rates | 74 | 1% | 60 | 4% |
| **Income tax expense** | **2,731** | **23%** | **441** | **26%** |
| **Resource rent tax expense** | **3,964** | **33%** | **1,082** | **64%** |
| **Total tax expense** | **6,695** | **56%** | **1,523** | **90%** |

The resource rent tax expense amounted to NOK 3,964 (1,082) million. This comprises NOK 2,729 (2,948) million of resource rent tax payable, and a NOK 1,235 (-1,865) million change in deferred resource rent tax. 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 |
| New long-term borrowings (cash item) | 1,000 | 0 |
| Repayment of long-term borrowings (cash item) | -3,155 | -1,284 |
| Net change in overdraft and other current liabilities (cash item) | 4,491 | 0 |
| Exchange rate fluctuations (non-cash item) | 66 | 111 |
| New lease liabilities (non-cash item) | 76 | 9 |
| New liabilities from merger (non-cash item) | 0 | 3,046 |
| **Interest-bearing liabilities at 31 Dec.** | **13,389** | **10,912** |

Interest-bearing liabilities include NOK 379 (377) 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.

| | **Full year** | |
|---|---|---|
| (Amounts in millions of NOK) | **2023** | **2022** |
| IFRS operating revenues | 36,654 | 35,763 |
| Unrealised gains and losses, electricity and currency | -5,317 | 4,496 |
| **Underlying operating revenues** | **31,337** | **40,258** |
| | | |
| IFRS operating profit | 12,602 | 1,793 |
| Depreciation and impairment losses | 1,141 | 760 |
| **IFRS EBITDA** | **13,744** | **2,553** |
| | | |
| Unrealised gains and losses, electricity and currency | -5,317 | 4,496 |
| **Underlying EBITDA** | **8,427** | **7,049** |
| | | |
| IFRS operating profit | 12,602 | 1,793 |
| Unrealised gains and losses, electricity and currency | -5,317 | 4,496 |
| Amortization of acquisition adjustment | 103 | 0 |
| **Underlying operating profit** | **7,388** | **6,289** |
| | | |
| IFRS net income (controlling interest's share) | 5,373 | 166 |
| Changes in unrealised gains and losses after tax (see Note 3) | -3,051 | 1,326 |
| Material gains on disposals or impairment losses | 60 | -65 |
| Amortization of acquisition adjustment | 64 | 0 |
| Changes in deferred tax assets from neg. resource rent carryforwards | 60 | -36 |
| Change in deferred tax due to change in tax rate | 0 | 122 |
| **Underlying net income (controlling interest's share)** | **2,506** | **1,515** |

English translation: Språkverkstaden

Å ENERGI