Q1

Å ENERGI

Key figures

- In the first quarter, Å Energi's reported operating profit under IFRS was NOK 3,738 million (Q1 2023: 4,486 million). Net income under IFRS came to NOK 778 million (controlling interest's share), compared with NOK 845 million in the equivalent period of last year. The Group had NOK 12,623 (12,023) million in operating revenues.

- In the first quarter, Å Energi made an underlying[1] operating profit of NOK 1,924 (2,598) million. Underlying net income was NOK 541 million (controlling interest's share), down from NOK 710 million in the first quarter of last year.

- The tax expense on underlying profit was NOK 1,260 (1,840) million in the first quarter. This means that 70% of the Group's underlying pre-tax profit is returned to society through income tax and resource rent tax.

- After falling significantly in the first quarter, the average spot price (NO2) was 74 øre/kWh (118 øre/kWh), down 38% from the same period last year. The prices achieved by the Hydroelectric Power segment were lower than spot prices due to compensation power, concession power supplied at regulated prices and hedging at levels below spot prices. The low price level of the hedging is particularly due to an indirect impact of the special duty on high-priced electricity. This hedging includes long-term electricity contracts with industrial customers.

- The Group generated 3,466 GWh (3,060 GWh) of hydroelectric power in the first quarter, an increase of 13%. At the start of the year, hydrological resources (water and snow) were slightly better than normal. They improved over the course of the quarter, and by the end of it they were significantly better than normal.

Highlights in Q1 2024

- On the Mandalselva river system, Juvatn dam is being upgraded to conform to the Dam Safety Regulation. The project, which will be completed during 2024-2025, involves an investment of around NOK 150 million. Juvatn dam helps to enable the production of around 116 GWh per year.

- Nestpervatn dam, on the Finså river system, will be upgraded at a cost of around NOK 120 million over the period 2024-2025. The upgrade is being carried out in order to ensure that the dam satisfies the Dam Safety Regulation. The dam controls the flow of water to Osen and Finså power stations, whose combined average annual production is 190 GWh.

- In February, Å Energi decided to build a pilot plant for green hydrogen production at Kongsberg, with construction due to start in 2025. The Group has already signed agreements to supply hydrogen to customers. The pilot plant will be co-located with Pikerfoss hydropower station, to minimise the impact on the landscape and reduce the environmental and carbon footprint.

- In February, Glitre Nett was given the go-ahead to build Bøylestad substation, Longum Nord transformer substation and two new 132 kV power lines between Bøylestad substation and Morrow's battery factory in Arendal. This means work on increasing the power supply to the battery factory can start in earnest.

- The international investors X-Elio and Nature Infrastructure Capital are investing in the German battery company ECO Stor, and they will become shareholders through a private placement and a partial sale of our ownership interest. The company has already installed around 100 MWh of battery storage capacity in Germany, and the capital injection will provide a platform for further growth and expansion in the German market. The transaction, which took place in April, will generate a significant gain for accounting purposes in the second quarter. It also means that the company goes from being a part-owned subsidiary to being an associated company.

- Å Energi wants to increase its production of renewable hydroelectric power and is exploring the possibility of building a pumped storage station at the top of the Setesdal valley in Agder. The capacity of any pumped storage station would be of the order of 1,000 MW, in other words more than the combined capacity of Brokke and Holen power stations. Otra Kraft, which is owned by Å Energi (68.6%) and Skagerak Energy (31.4%), has been tasked with developing the project.

- Å Energi has invited seven of Norway's largest grid operators to take part in a joint innovation project called "Euroflex". It will develop technology and solutions to make better use of the power grid. In March, Enova awarded NOK 100 million to the project.

- In February, Å Energi and Corio Generation signed a partnership agreement with the National Competence Centre for Offshore Wind. The goal is to develop the expertise needed for Norway to execute projects and exploit the opportunities provided by offshore wind power. The agreement runs for up to five years.

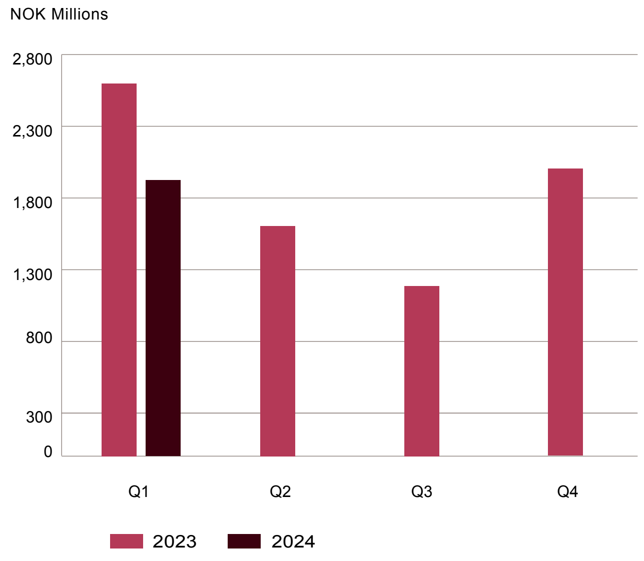
- In March, the "Å fund" was launched. It will support activities to promote equal opportunity, diversity and a sense of community aimed at children and young people in Å Energi's shareholder municipalities. The Å fund will provide a total of two million kroner of funding each year. Around twenty organisations received financial support when the first set of grants were awarded in May. The next round of grants will be awarded in the autumn.

[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.

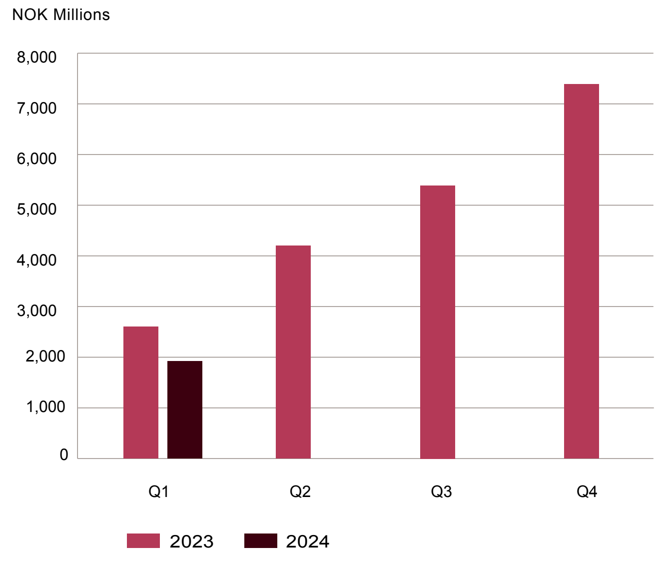
Key figures		01.01. - 31.03. 2024	2023	Full year 2023
From income statement				
Operating revenues	mill. kr	12,623	12,023	36,654
EBITDA	mill. kr	4,017	4,727	13,744
Operating profit	mill. kr	3,738	4,486	12,602
Profit before tax	mill. kr	3,464	4,361	12,041
Net income (controlling interest's share)	mill. kr	778	845	5,373
Underlying performance 1)				
Underlying operating revenues	mill. kr	10,783	10,113	31,337
Underlying EBITDA	mill. kr	2,177	2,817	8,427
Underlying operating profit	mill. kr	1,924	2,598	7,388
Profit before tax	mill. kr	1,789	2,555	7,003
Underlying net income (controlling interest's share)	mill. kr	541	710	2,506
Cash flow				
Cash flow from operating activities	mill. kr	2,195	-34	-1,952
Purchase of property, plant, equipment and intangible assets	mill. kr	315	341	1,596
Capital				
Capital employed 2)	mill. kr	39,276	32,490	37,644
Return on capital employed 3)	%	8.2	6.9	9.1
Equity ratio	%	40.9	33.3	39.4

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.

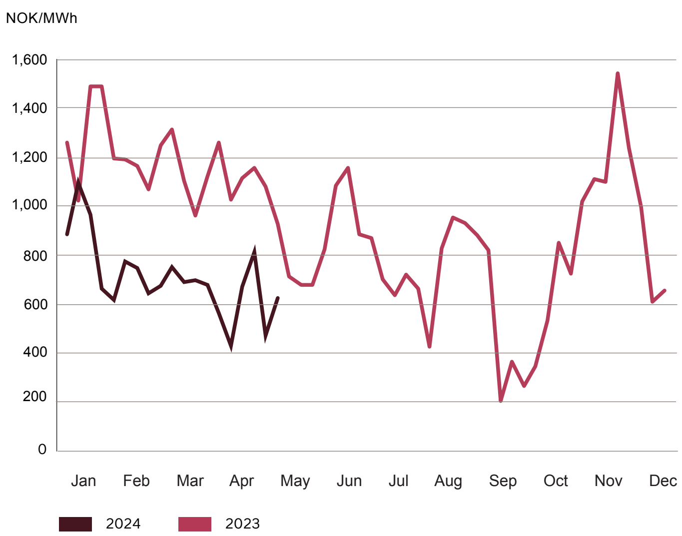
Underlying operating profits by quarter



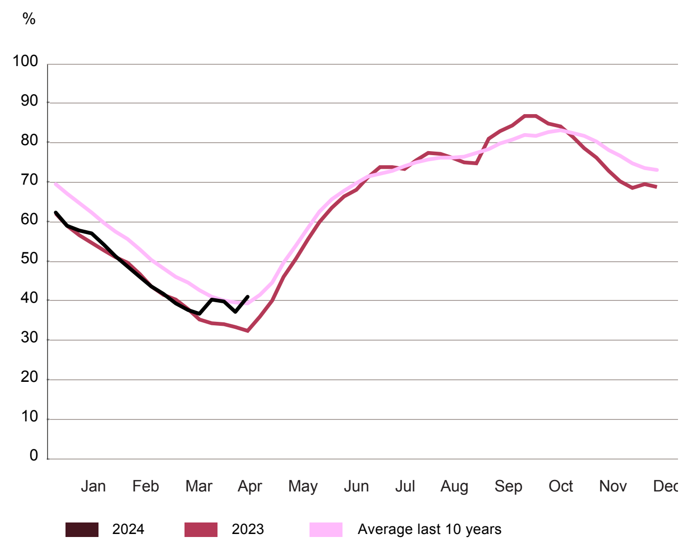
Underlying accumulated operating profit



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. A more detailed description of the segments is given below.

The financial figures for the segments are reported on an underlying profit basis, since that is what is used in internal reporting to the management and Board. Note 1 provides a reconciliation of underlying profit and reported profit under IFRS.

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 Hydroelectric Power segment owns, either directly or through joint arrangements, 73 hydroelectric power stations. Most of its power stations are in Agder and in 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 3,516 (3,307) million of operating revenues in the first quarter, while its operating profit was NOK 1,677 (2,154) million. The NOK 477 million decline in operating profit was due to electricity prices being significantly lower in the first quarter. The price decline was partially offset by higher generation.

The year started with a cold winter, which contributed to higher electricity consumption in Southern Norway. However, on the continent it was mild and windy, and in January electricity prices in the NO1 area were higher than in Denmark, Germany and the Netherlands. Electricity prices in the NO2 area were slightly lower, and marginally below electricity prices in Germany. In February and March, electricity prices in both NO1 and NO2 were on average lower than German electricity prices, in spite of there at times being a weak hydrological balance in the Nordic region, which fell as low as -20 TWh at the start of January and start of March. Resource reserves varied considerably over the course of the quarter, with the hydrological balance improving to around zero in February and at the end of March. It is the northern parts of the Nordic region that have had the weakest resource reserves.

Electricity prices in NO1 and NO2 fell during the quarter in parallel with lower electricity prices in Germany as a result of falling gas prices. Compared with the first quarter of last year, gas prices and German electricity prices almost halved. This is largely due to the EU managing to compensate for the loss of Russian gas and the fact that the continent experienced a mild winter. Electricity prices in Southern Norway follow price levels in the countries around us, and are therefore also much lower than in the first quarter of last year.

The average spot price (in the NO2 area) in the quarter was 74 øre/kWh (118 øre/kWh), down 38%. The average spot price in the NO1 area was almost identical, at 76 øre/kWh (118 øre/kWh).

The prices achieved by the Hydroelectric Power segment were lower than spot prices due to compensation power, concession power supplied at regulated prices and hedging at levels below spot prices. The low price level of the hedging is particularly due to an indirect impact of the special duty on high-priced electricity. The introduction of the duty resulted in a higher level of hedging for a given volume of financial hedges. After its introduction, the volume of hedging instruments was therefore reduced, through buybacks, in order to maintain the desired level of hedging. This was done at a time when prices were high, so the buybacks meant locking in a loss, as they were done at prices significantly above the original prices of the hedging instruments. This factor is the biggest reason why achieved prices were lower than spot prices. Our hedging includes long-term electricity contracts with industrial customers.

The Group generated 3,466 GWh (3,060 GWh) of hydroelectric power in the first quarter, an increase of 13%. At the start of the year, hydrological resources (water and snow) were slightly higher than normal. They improved over the course of the quarter, and by the end of it they were significantly better than normal.

At the end of the first quarter, the average reservoir level for all of the electric utilities in Southern Norway (in the NO1, NO2 and NO5 price areas) was 30% (33%). That is three percentage points lower than at the same time last year, and five percentage points lower than the median level at the end of the first quarter over the past 20 years, which is 35%. Meanwhile, the average reservoir level for electric utilities in the two northernmost price areas (NO3 and NO4) was 26%, which is right down at the very lowest reservoir levels seen during the past 20 years.

Profit before tax amounted to NOK 1,689 (2,151) million in the first quarter. As well as paying ordinary income tax, the Hydroelectric Power segment pays resource rent tax. Its total tax expense was NOK 1,209 (1,748) million. The main reason for the lower tax expense was resource rent tax payable falling to NOK 743 (1,189) million, due to the lower spot value of the electricity generated. The effective tax rate was 72% (81%). The decline was due to a lower negative contribution from hedges, which do not form part of the calculation basis for resource rent tax. Due to the lower tax expense, net income rose by NOK 76 million to NOK 480 (404) million.

The segment invested NOK 94 (96) million in the first quarter. Several major refurbishment projects, including at Steinsfoss, Iveland and Holen power stations, are just starting up. We expect a high level of investment over the coming years, and in the first quarter the decision was taken to refurbish the Juvatn and Nesper dams.

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 transmission and distribution systems in Agder, Buskerud and Hadeland. The Network segment constitutes a natural monopoly, so the Norwegian Water Resources and Energy Directorate (NVE) regulates the companies' revenues.

In the first quarter, the Network segment had NOK 936 million of operating revenues, up from NOK 775 million in the first quarter of last year. In spite of the increase, annual revenues are expected to be lower than the revenue cap set by the NVE for 2024.

The segment made an operating profit of NOK 271 million, up from NOK 175 million in the year-earlier quarter. Three main factors explain the improvement. As well as the increase in revenues described above, the cost of distribution losses fell by NOK 47 million, due to lower electricity prices, whereas transmission expenses paid to the national grid were NOK 111 million higher.

The cost of resolving faults in the grid totalled NOK 33 (20) million in the first quarter, and KILE came to NOK 27 (24) million. NOK 15 million and NOK 13 million of these costs, respectively, were due to the bad weather in January. KILE is a reduction applied to the company's revenue cap in the event of power outages.

The segment invested NOK 185 (157) million in the first quarter. This was around 40% lower than planned, This is due to projects in the regional network being delayed or deferred, as well as fewer customer-initiated projects being requested in the distribution network. We expect the discrepancy between actual and planned investments to reduce over the course of the year.

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 6 316 (6 408) million in the first quarter. The segment's operating profit was NOK 89 (349) million.

Entelios Nordic is responsible for the majority of the turnover, and its operating revenues came to NOK 5,124 (5,094) million. The business is continuing to deliver strong results, and it made an operating profit of NOK 98 million in the first quarter. Nevertheless, its operating profit fell from NOK 346 million in the first quarter of last year, because there was an unusually strong contribution from trading activities in 2023.

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.

Å Strøm and Vibb, with their distinct profiles and business models, constitute Å Energi's product offering in the domestic electricity market. Å Strøm is Norway's fourth largest electricity company in the domestic market, 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.

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 71 (70) million in the first quarter, while its operating profit was NOK 23 (33) million.

The volume of billable energy supplied was 65 GWh (55 GWh). The increase was due to the winter being cold, particularly in January, and customer growth. The company invested NOK 1 (8) million.

Cash flows and capital adequacy
Cash flow from operating activities came to NOK 2,195 in the first quarter, compared with NOK -34 million in the first quarter last year. This year's cash flow is the result of strong underlying operations and lower working capital. Working capital normally falls in the first quarter. The opposite is the case for tax paid, since income tax and resource rent tax is mainly paid in the first and second quarters of the subsequent year.

One important reason for the low cash flow in the first quarter of last year was the timing difference between Entelios Norden'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 the first quarter of last year, there was a particularly big negative impact on cash flow.

Investment in property, plant and equipment and intangible assets amounted to NOK 315 (341) million. The Hydroelectric Power and Network segments were responsible for 92% of the investments in property, plant and equipment.

Net financial items came to NOK -274 (-124) million. Of the NOK 157 (121) million financial expense, NOK 125 (80) million was interest payable on the debt portfolio. The increase in interest on the debt portfolio was due to an increase in both market interest rates and interest-bearing liabilities.

The Group's share of loss from associated companies amounted to NOK -177 (-3) million. This includes a NOK 173 million loss on the Group's investment in Otovo. The company's share price fell by 60% in the first quarter, and a NOK 150 million impairment has been recognised against the value of the investment. In addition, a NOK 20 million gain was recognised on the Group's investment in Viken Fiber, while its share of losses at Morrow Batteries came to NOK 29 million. A NOK 5 million gain was made on other investments.

There was an unrealised valuation gain of NOK 15 million (loss of NOK -5 million) on interest rate swaps. In the first quarter of last year, Otovo was not an associated company, and changes in its market value were recognised in income. It contributed a NOK 72 million loss, which meant that total unrealised losses in the first quarter of last year came to NOK 77 million.

The Group's gross interest-bearing liabilities at the end of March amounted to NOK 14.1 (11.0) billion. It had NOK 11.5 (7.0) billion of net interest-bearing liabilities. The average interest rate on the Group's debt portfolio was 4.0% (3.0%). The Group's liquidity buffer at the end of the quarter comprised NOK 5 (3.5) billion of unused credit facilities and NOK 2.6 (4.0) billion of bank deposits and short-term interest-bearing securities.

Operations and working environment

At the close of the quarter, the Group had 1,506 (1,375) full-time and temporary employees, representing 1,466 (1,337) 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.

The Group's sickness absence rate has risen slightly. The sickness absence rate for the past 12 months has been 3.7% (3.4%). In the first quarter, 1 (3) occupational accidents were recorded involving our own employees and contractors, leading to 30 (13) 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 2.2 (3.1) for our own employees and contractors.

Outlook

Forward prices for the current year indicate that average electricity prices will be lower than the average price in 2023. Reservoir resources improved over the course of the first quarter, and by the end of it they were significantly better than normal. Assuming normal precipitation levels over the coming period, revenues from hydroelectric power sales are expected to remain high.

Entelios Nordic continues to deliver strong results, but it expects profit to be significantly lower this year, since last year's profit was unusually high.

Kristiansand, 23 May 2024

The Board of Directors of Å Energi AS

Income statement

(Amounts in millions of NOK)	01.01. - 31.03. 2024	2023	Full year 2023
Energy sales	9,570	8,687	27,669
Transmission revenues	851	687	2,532
Other operating revenues	334	252	1,475
Gains and losses on electricity and currency contracts	1,868	2,397	4,978
Total operating revenues	**12,623**	**12,023**	**36,654**
Energy purchases	-7,397	-6,161	-18,280
Transmission expenses	-158	-29	-125
Other raw materials and consumables used	-78	-50	-500
Employee benefits	-415	-360	-1,651
Depreciation and impairment losses	-279	-242	-1,141
Property taxes and licence fees	-104	-120	-312
Duty on high-priced electricity	0	-135	-246
Other operating expenses	-454	-440	-1,797
Total operating expenses	**-8,885**	**-7,537**	**-24,052**
Operating profit	**3,738**	**4,486**	**12,602**
Share of profit of associates and joint ventures	-177	-3	-132
Financial income	46	78	137
Unrealised gains and losses on interest rate contracts and shares	15	-77	-100
Financial expenses	-157	-121	-465
Net financial income/expenses	**-274**	**-124**	**-561**
Profit before tax	**3,464**	**4,361**	**12,041**
Income tax	-825	-1,032	-2,731
Resource rent tax	-1,873	-2,479	-3,964
Tax expense	**-2,698**	**-3,511**	**-6,695**
Net income	**767**	**850**	**5,346**
Of which attributable to non-controlling interests	-11	5	-27
Of which attributable to controlling interest	**778**	**845**	**5,373**

Comprehensive income

(Amounts in millions of NOK)	01.01. - 31.03. 2024	2023	Full year 2023
Net income	**767**	**850**	**5,346**
Other comprehensive income			
Cash flow hedges	6	0	-20
Translation differences	5	26	27
Tax impact	-1	0	4
Total items that may be reclassified to income statement	**10**	**27**	**11**
Remeasurements of pensions	269	37	144
Tax impact	-83	-11	-22
Total items that will not be reclassified to income statement	**186**	**26**	**122**
Total other comprehensive income	**196**	**53**	**133**
Comprehensive income	**963**	**903**	**5,479**
Of which attributable to non-controlling interests	-10	7	-24
Of which attributable to controlling interest	**973**	**895**	**5,503**

Statement of Financial Position

(Amounts in millions of NOK)	**31.03.24**	**31.03.23**	**31.12.23**
Intangible assets	6,418	6,099	6,429
Property, plant and equipment	33,274	33,219	33,226
Investments in associates and joint ventures	5,699	4,978	5,876
Derivatives	5,046	4,793	4,504
Other non-current financial assets	1,426	1,025	1,128
Total non-current assets	**51,864**	**50,114**	**51,163**
Inventories	147	155	831
Receivables	4,788	6,652	7,908
Derivatives	2,250	3,666	1,514
Cash and cash equivalents	2,594	3,969	104
Total current assets	**9,779**	**14,442**	**10,358**
TOTAL ASSETS	**61,643**	**64,556**	**61,521**
Paid-in capital	16,014	14,870	16,014
Retained earnings	9,033	5,750	8,060
Non-controlling interests	170	895	181
Total equity	**25,217**	**21,515**	**24,255**
Deferred tax	9,122	6,127	7,495
Provisions	1,504	1,632	1,599
Derivatives	3,525	7,511	4,471
Interest-bearing non-current liabilities	10,203	7,814	7,599
Total non-current liabilities	**24,355**	**23,084**	**21,165**
Interest-bearing current liabilities	3,856	3,161	5,790
Tax payable	1,336	4,236	3,467
Derivatives	2,167	7,118	2,368
Other non-interest-bearing current liabilities	4,712	5,442	4,477
Total current liabilities	**12,071**	**19,958**	**16,102**
TOTAL EQUITY AND LIABILITIES	**61,643**	**64,556**	**61,521**

Statement of cash flows

(Amounts in millions of NOK)	01.01. - 31.03. 2024	2023	Full year 2023
Cash flow from operating activities			
Profit before tax	3,464	4,361	12,041
Depreciation and impairment losses	279	242	1,141
Non-cash gains and losses	-2,354	-4,296	-9,616
Share of profit of associates and joint ventures	177	3	132
Tax paid	-1,660	-1,824	-5,779
Change in net working capital, etc.	2,290	1,480	129
Net cash provided by operating activities	**2,195**	**-34**	**-1,952**
Investing activities			
Purchase of property, plant, equipment and intangible assets	-315	-341	-1,596
Purchase of businesses/financial assets	-3	-19	-1,045
Net change in loans	-6	1	-321
Dividends received from associates	0	0	79
Sale of property, plant, equipment and intangible assets	2	8	18
Sale of businesses/financial assets	0	0	108
Net cash used in investing activities	**-322**	**-352**	**-2,757**
Financing activities			
New long-term borrowings	2,608	0	1,000
Repayment of long-term borrowings	-250	-76	-3,155
Net change in current liabilities	-1,741	0	4,491
Transactions with non-controlling interests	0	0	9
Dividends paid	0	0	-1,961
Net cash used in financing activities	**617**	**-76**	**383**
Net change in cash and cash equivalents	**2,490**	**-461**	**-4,326**
Cash and cash equivalents at start of period	104	4,430	4,430
Cash and cash equivalents at end of period	2,594	3,969	104

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 01/01/2023	**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**
Equity at 01/01/2024	**16,014**	**-6**	**27**	**8,039**	**24,074**	**181**	**24,255**
Net income	0	0	0	778	**778**	-11	**767**
Other comprehensive income	0	5	5	186	**196**	0	**196**
Equity at 31/12/2024	**16,014**	**-1**	**32**	**9,002**	**25,047**	**170**	**25,217**

Segments

Operating revenues

(Amounts in millions of NOK)	01.01. - 31.03. 2024	2023	Full year 2023
Hydroelectric Power	3,516	3,307	8,518
Network	936	775	2,896
Nordic Electricity Retailing	6,316	6,408	19,560
Other activities and consolidations	463	363	2,039
Eliminations	-449	-740	-1,677
Total	**10,783**	**10,113**	**31,337**
Adjustments to IFRS, see Note 1	1,840	1,910	5 ,317
IFRS revenues	**12,623**	**12,023**	**36,654**

Operating profit

(Amounts in millions of NOK	01.01. - 31.03. 2024	2023	Full year 2023
Hydroelectric Power	1,677	2,154	5,594
Network	271	175	652
Nordic Electricity Retailing	89	349	1,525
Other activities and consolidations	-114	-80	-383
Total	**1,924**	**2,598**	**7,388**
Adjustments to IFRS, see Note 1	1,815	1,888	5,214
IFRS operating profit	**3,738**	**4,486**	**12,602**

Net income

(Amounts in millions of NOK)	01.01. - 31.03.. 2024	2023	Full year 2023
Hydroelectric Power	480	404	1,310
Network	166	130	473
Nordic Electricity Retailing	40	268	1,221
Other activities and consolidations	-156	-87	-523
Total	**530**	**715**	**2,481**
Adjustments to IFRS, see Note 1	237	135	2,865
IFRS net income	**767**	**850**	**5,346**
Of which attributable to non-controlling interests	-11	5	-27
Of which attributable to controlling interest	778	845	5,373

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 2023.

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

	01.01. - 31.03.		**Full year**
(Amounts in millions of NOK)	**2024**	**2023**	**2023**
Electricity and currency contracts	1,840	1,910	5,317
Adjustments to revenues	**1,840**	**1,910**	**5,317**
Amortization of acquisition adjustment	-26	-22	-103
Adjustments to operating profit	**1,815**	**1,888**	**5,214**
Amortization of acquisition adjustment, associates	-4	-5	-16
Impairment losses, associates	-150	0	-60
Unrealised gains and losses on interest rate swaps	15	-5	62
Unrealised gains and losses on shareholdings	0	-72	-162
Tax impact of negative resource rent carryforwards	-18	-39	-60
Tax impact of other corrections	-1,420	-1,632	-2,113
Adjustment to net income	**237**	**135**	**2,865**

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 13 for tables showing their financial performance

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. - 31.03.2024			01.01. - 31.03.2023		
	Unrealised	**Realised**	**Total**	**Unrealised**	**Realised**	**Total**
Gains and losses on electricity and currency contracts	1,840	28	1 ,868	1,910	486	2,397
Unrealised gains and losses on interest rate contracts and shares	15			-77		
Impact of unrealised gains and losses on pre-tax profit	**1,855**			**1,833**		
Tax effect of unrealised gains and losses						
Income tax	-408			-419		
Resource rent tax	-1,025			-1,216		
Total tax	**-1,433**			**-1,635**		
Impact of unrealised gains and losses on net income	**421**			**197**		

In the first quarter, unrealised gains and losses on electricity and currency contracts rose by NOK 1,840 million. During the quarter, forward electricity prices (system prices) fell by 24% for the remainder of 2024 and by 12% for the years 2025-2027. This has led to a reduction in unrealised losses on contracts for subsequent financial periods. Meanwhile, the Norwegian krone weakened 4% against the euro in 2024. That resulted in a fall in 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 the first quarter, the value of our interest rate swaps rose by NOK 15 million.

The net revaluation gain resulted in a tax expense of NOK -1 433 million. Income tax is calculated on all gains. Resource rent tax is only calculated on revaluations of contracts that are covered by the rules on resource rent tax.

First quarter net income under IFRS includes a NOK 421 million gain after tax on financial contracts.

Note 4 Tax expense

(Amounts in millions of NOK)	01.01. - 31.03. 2024 Amounts in NOK millions	 % of pre-tax	01.01. - 31.03. 2023 Amounts in NOK millions	 % of pre-tax
Expected income tax rate 22%	762	22 %	959	22 %
Impact of non-capitalised deferred tax assets	5	0 %	10	0 %
Permanent differences and changes in tax rates	57	2 %	62	1 %
Income tax expense	**825**	**24 %**	**1,032**	**24 %**
Resource rent tax expense	**1,873**	**54 %**	**2,479**	**57 %**
Total tax expense	**2,698**	**78 %**	**3,511**	**81 %**

The resource rent tax expense amounted to NOK 1,873 (2,479) million. This comprises NOK 743 (1,189) million of resource rent tax payable, and a NOK 1,130 (1,290) 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)	2024	2023
Interest-bearing liabilities at 1 Jan.	13,389	10,912
New long-term borrowings (cash item)	2,608	0
Repayment of long-term borrowings (cash item)	-250	-76
Net change in overdraft and other current liabilities (cash item)	-1,741	0
Exchange rate fluctuations (non-cash item)	53	139
Interest-bearing liabilities at 31 Mar.	**14,059**	**10,975**

Interest-bearing liabilities include NOK 350 (365) 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 Energi's assets and liabilities were measured at fair value. Any acquisition adjustment relating to depreciable assets is depreciated over the remaining useful life of the assets. Measurement at fair value results in a significantly higher depreciation expense than if the two businesses had remained separate. However, the two groups had relatively similarly business operations and the owners remain the same. We do not consider the higher depreciation expense to be the result of a decline in underlying value creation.

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

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

4. +/- Effect of changes to tax rates

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

This adjustment is reflected in the underlying net income.

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

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

This adjustment is reflected in the underlying net income.

(Amounts in millions of NOK)	01.01 - 31.03. 2024	2023	Full year 2023
IFRS operating revenues	12,623	12,023	36,654
Unrealised gains and losses, electricity and currency	-1,840	-1,910	-5,317
Underlying operating revenues	**10,783**	**10,113**	**31,337**
IFRS operating profit	3,738	4,486	12,602
Depreciation and impairment losses	279	242	1,141
IFRS EBITDA	**4,017**	**4,727**	**13,744**
Unrealised gains and losses, electricity and currency	-1,840	-1,910	-5,317
Underlying EBITDA	**2,177**	**2,817**	**8,427**
IFRS operating profit	3,738	4,486	12,602
Unrealised gains and losses, electricity and currency	-1,840	-1,910	-5,317
Amortization of acquisition adjustment	26	22	103
Underlying operating profit	**1,924**	**2,598**	**7,388**
IFRS net income (controlling interest's share)	778	845	5,373
Changes in unrealised gains after tax (see Note 3)	-421	-197	-3,051
Material gains on disposals or impairment losses	150	0	60
Amortization of acquisition adjustment	17	22	64
Changes in deferred tax assets from neg. resource rent carryforwards	18	39	60
Underlying net income (controlling interest’s share)	**541**	**710**	**2,506**

English translation: Språkverkstaden

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