

QUARTERLY REPORT 4 2021



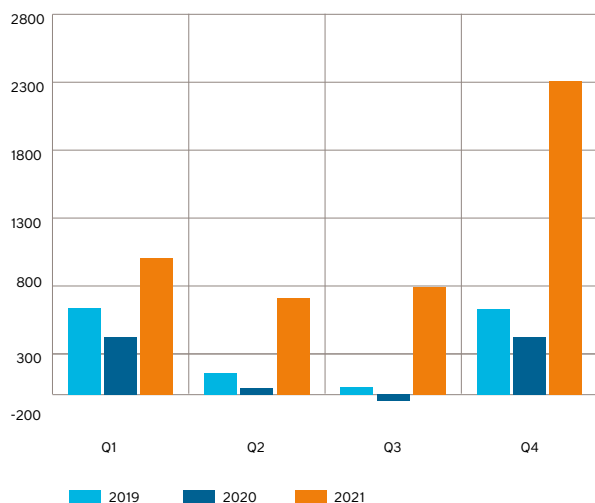
Q4 2021 HIGHLIGHTS

- In 2021, Agder Energi reported an operating profit based on IFRS of NOK 3 858 million (2020: NOK 1 857 million). Net income under IFRS came to NOK 2 062 million (controlling interest's share), compared with NOK 1 909 million in 2020. The Group had NOK 20 474 (8 204) million in operating revenues.
- In 2021, Agder Energi made an underlying¹ operating profit based on IFRS of NOK 4 810 (844) million. Underlying net income was NOK 1 923 million (controlling interest's share), up from NOK 489 million the year before. The main reasons for this NOK 1,434 million increase in profit were significantly higher electricity prices and higher electricity generation.
- The difference between the reported and underlying net income was NOK 139 million. Reported profit based on IFRS benefited from gains on disposals that are not included when calculating underlying net income, partially offset by valuation losses on hedges.
- The tax expense on the underlying profit for 2021 was NOK 2,661 (194) million, an increase of NOK 2,467 million. This means that almost 60% of the Group's pre-tax profit is returned to society through income tax and resource rent tax.
- The average spot price (in the NO2 area) rose sharply in 2021 to 76.0 øre/kWh (9.8 øre/kWh), up 678%. Agder Energi's hedging strategy is designed to make dividend payments more stable and predictable over the long term. In 2021, our hedging activities resulted in achieved electricity prices that were lower than spot prices.
- 8,880 GWh (8,112 GWh) of hydroelectric power was generated in 2021, an increase of 9%.
- In the fourth quarter, the amount generated fell by 4% to 2,411 GWh (2,499 GWh). Lower than normal precipitation meant that hydrological resources fell further during the last quarter, and at the end of the year they were significantly below normal.
- In December, Agder Energi completed the sale of its wholly-owned German subsidiary Nordgröön to the Dutch energy group Eneco. In the income statement, the contribution of the business until it was sold and the gain on its disposal are included under "Net income from discontinued operations".
- Agder Energi has partnered with Green Investment Group, one of the world's largest investors in and developers of green infrastructure, for the competition to develop a floating offshore wind farm at Utsira Nord. Utsira Nord (1.5 GW) is one of two areas that the government designated for the development of offshore wind in 2021. This area, which is around 30 kilometres from the Norwegian coast, has deep waters, is close to large industrial facilities and enjoys particularly good wind conditions. This makes Utsira Nord particularly suited to floating offshore wind. Through the partnership, Agder Energi and Green Investment Group aim to help the government reach its net zero goal for 2050, and to promote the development of a national offshore wind industry that stimulates innovation and creates jobs in the local region and Norway as a whole.
- In January, Agder Energi Vannkraft signed a major contract to supply renewable energy to Yara Norge over the period 2023-2032. Yara is building a demonstration plant that will produce hydrogen using electricity, rather than the fossil fuels that are currently used. Agder Energi, which generates its own hydroelectric power and has access to other forms of renewable energy, is in a particularly strong position to meet Yara's needs. Under the contract, Yara will also buy guarantees of origin from Agder Energi.
- Long-term supply contracts for clean Norwegian hydropower are a vital prerequisite for the electrification of Norwegian industry and the development of new green industries. The contract with Yara is a good example of how Agder Energi as a renewable energy group can work with large industrial companies to electrify their operations.
- Agder Energi Vannkraft has notified the Norwegian Water Resources and Energy Directorate (NVE) that it plans to build Syrtveit power station, which is in Evje og Hornnes Municipality. If the power station gets built, it will generate 120 GWh of clean renewable energy each year, enough for around 6,000 households.
- In November, the Agder Energi subsidiary NODES won the competitive tender to establish a local flexibility market in Gothenburg together with Göteborg Energi Nät. Göteborg Energi Nät will use the NODES market to buy flexibility from owners of flexibility sources in congested parts of the grid, in order to demonstrate how market-based solutions to bottlenecks can be used to make the distribution network more efficient.

¹) Underliggende IFRS-resultat tar utgangspunkt i konsernets IFRS-resultat og justeres for urealiserte verdiendringer på finansielle instrumenter, vesentlige gevinster eller tap ved salg av virksomhet eller andel i virksomhet og kalkulatoriske endringer knyttet til beregning av negativ grunnrenteinntekt til fremføring, se note 6 for en detaljert oppstilling.

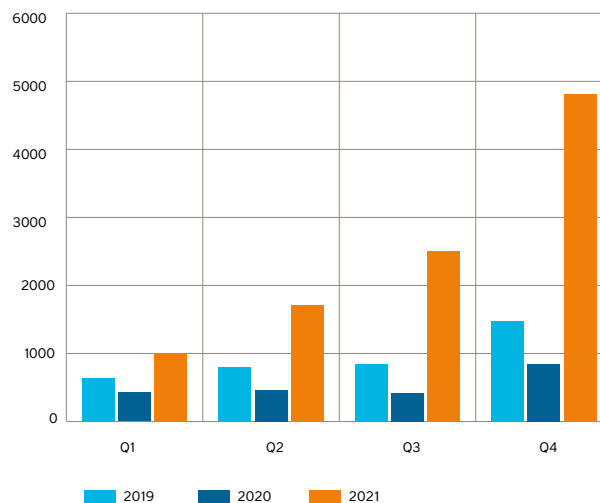
Underlying operating profits by quarter

NOK Millions



Underlying accumulated operating profit

NOK Millions



Key figures

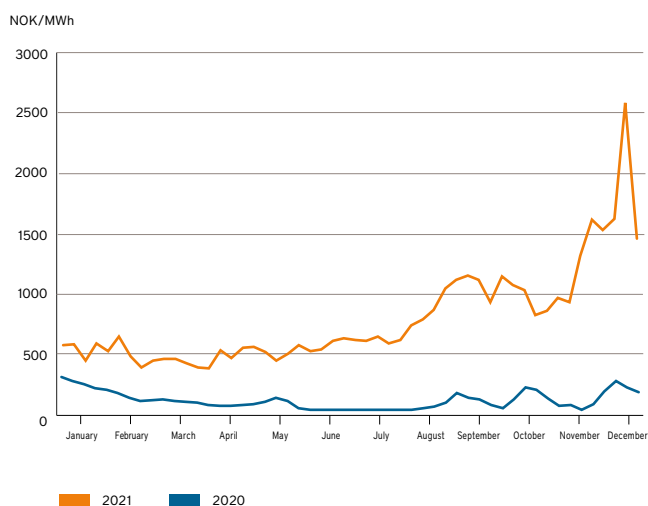
| | | Q4 2021 | 2020 | Full year 2021 | 2020 |
|--|--------------|------------|-------|-------------------|--------|
| From income statement | | | | | |
| Operating revenues | NOK millions | 8,985 | 2,230 | 20,474 | 8,204 |
| EBITDA | NOK millions | 2,131 | 634 | 4,622 | 2,583 |
| Operating profit | NOK millions | 1,894 | 459 | 3,858 | 1,857 |
| Net income (controlling interest's share) | NOK millions | 819 | 1,203 | 2,062 | 1,909 |
| Underlying performance 1) | | | | | |
| Underlying operating revenues | NOK millions | 9,397 | 2,186 | 21,425 | 7,191 |
| Underlying EBITDA | NOK millions | 2,543 | 590 | 5,574 | 1,570 |
| Underlying operating profit | NOK millions | 2,306 | 415 | 4,810 | 844 |
| Underlying net income (controlling interest's share) | NOK millions | 923 | 302 | 1,923 | 489 |
| Cash flow | | | | | |
| Cash flow from operating activities | NOK millions | 1,782 | -5 | 5,540 | 1,569 |
| Purchase of property, plant, equipment and intangible assets | NOK millions | 409 | 518 | 1,365 | 1,404 |
| Capital | | | | | |
| Capital employed 2) | NOK millions | | | 16,399 | 16,505 |
| Return on capital employed 3) | % | | | 13,4 | 4,5 |
| Equity ratio | % | | | 22,3 | 22,4 |

1) Alternative performance measures are described in Note 6.

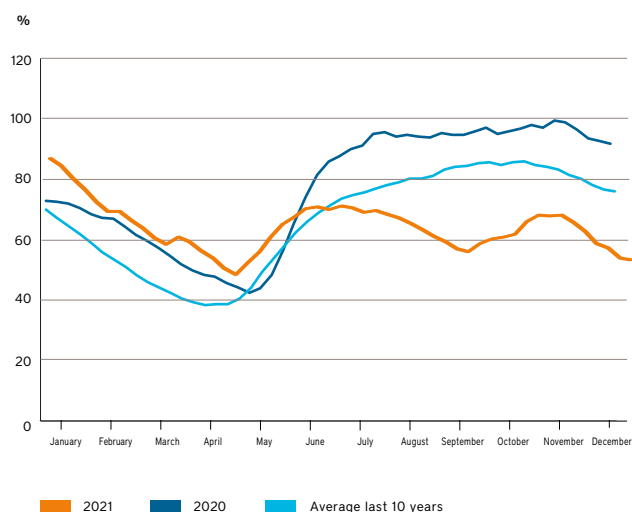
2) At the end of the reporting period.

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.

Market prices in price zone NO2



Reservoir storage levels in price zone NO2



Segments

Agder Energi is organised as a corporate group, with Agder Energi AS as the parent company. The segments are presented in line with how the management team makes, reviews and evaluates its decisions. The segments reported are Hydroelectric Power, Networks, LOS, Entelios Nordic, Entelios Central & Western Europe and Other Activities. 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 largest producers of electricity. In a normal year it expects to generate 8,700 GWh, and it owns 50 hydroelectric power stations, directly or through joint arrangements. Most of its power stations are in Agder, but it also owns power stations in the counties of Rogaland and Vestfold og Telemark. All of its electricity is generated in the NO2 price area. The segment's operating revenues come from the sale of the power that it generates in the spot market,

electricity contracts with industrial customers, the sale of concession power and financial trading.

The Hydroelectric Power segment had NOK 6 357 (1 985) million of operating revenues in 2021, while its operating profit was NOK 4 751 (558) million. The main reasons for this NOK 4,193 million increase in profit were significantly higher electricity prices and higher electricity generation.

Prices reached record highs, and the average spot price in the NO2 area was 126.9 øre/kWh (13.6 øre/kWh) in the fourth quarter. For the year as a whole, the average spot price in the NO2 area was 76.0 øre/kWh (9.8 øre/kWh), an increase of 678%. The volume-weighted spot price for the electricity generated by the segment in 2021 was 80.1 øre/kWh. Achieved electricity prices also rose sharply, but they were lower than spot prices. As well as the impact of supplying compensation power and concession power at regulated prices, this reflects a negative contribution from electricity price and currency hedges. The segment's market operations related to trading and origination also made a significant contribution in the quarter and 2021 as a whole.

The main reason for the high electricity prices in 2021, and particularly in the final two quarters of the year, is the high price of gas in Europe. Limited gas supplies from Russia, combined with periods of cold weather in the autumn and a cold outlook for the winter, led to such a scarcity of gas that the gas price at times was more than five times as high as it has been for the past ten years. In addition, the CO2 price almost trebled, from 30 EUR/tonne to almost 90 EUR/tonne over the course of the year.

For much of the day, electricity prices on the continent and in the United Kingdom are determined by the cost of the marginal source of power needed to meet demand, which is generally the cost of electricity from gas-fired power stations. In the markets that surround us, high gas and CO2 prices have therefore resulted in prices that are far higher than in the past. The high prices on the continent and in the UK have affected prices in the NO2 area, which is normal in dry years when Southern Norway is at times dependent on electricity imports to meet demand. In contrast to 2020, when Southern Norway had a big electricity surplus due to large quantities of snow and rain, the autumn of 2021 was very dry,

which meant that reservoirs were not topped up much, so for extended periods their water levels were close to record lows. This has affected electricity prices in South Norway, which have been pushed up towards the levels in our neighbouring countries. Not all parts of the Nordic countries have seen as high prices as the NO2 area. Prices have generally been significantly lower in the northernmost parts of Norway and Sweden, due to a large electricity surplus that cannot all be exported.

The segment generated 8,880 GWh (8,112 GWh) of hydroelectric power during 2021, an increase of 9% over the previous year. In the fourth quarter, the amount generated fell by 4% to 2,411 GWh (2,499 GWh). Lower than normal precipitation meant that hydrological resources continued to decline during the quarter, and at the end of the year they were significantly below normal. At the end of the year, the average reservoir level for all of the electric utilities in the NO2 price area was 50% (78%) of capacity, a notable 28 percentage points below the average for the past ten years.

In 2021 the segment made a pre-tax profit of NOK 4,647 (475) million. As well as paying ordinary income tax, the Hydroelectric Power segment also pays resource rent tax. Its total tax expense was NOK 2,670 (140) million. The effective tax rate rose to 57.5% (29.4%). The main reasons for the increase in the tax expense were higher net income and higher resource rent tax due to significantly higher spot prices. The resource rent tax calculation takes into account the spot value of electricity generated, but not the value of hedges. This year, hedges made a negative contribution, whereas in the equivalent period of last year they made a significant positive contribution. This explains why the effective tax rate also rose. Net income amounted to NOK 1 977 (335) million, an increase of NOK 1,642 million.

The segment invested NOK 390 (554) million in property, plant and equipment in 2021, with the biggest project being the new Fennefoss power station near Evje.

A number of smaller refurbishment and government imposed projects are also ongoing. The introduction of a cash flow tax on hydroelectric power investments as of 2021 will have a significant positive impact on liquidity by lowering resource rent tax payable in future years.

Network

The Network segment is responsible for developing, operating and maintaining the transmission and distribution grid in Agder. The segment had NOK 1 462 (1 443) million of operating revenues in 2021. It made an operating profit of NOK 74 million, down from NOK 298 million in 2020. High electricity prices meant that the cost of transmission losses was around NOK 220 million higher than in 2020. That is the main explanation for the low operating profit. Another reason why profit fell is that in 2020 a NOK 40 million gain was recognised for an insurance payout relating to extreme weather events in previous years.

There were three major power outages in 2021. Combined with a number of individually minor incidents, this meant that expenses related to fault resolution and KILE were NOK 7 million and NOK 16 million respectively higher than expected. KILE is a reduction applied to the company's income cap in the event of power outages.

NOK 696 (577) million was invested in 2021. Including NOK 151 (142) million of customer contributions, gross investment was NOK 847 (719) million. The increase in investment was the result of both growth in the number of projects requested by customers and several large regional power grid projects being implemented in 2021 after being delayed or postponed in 2020 on account of the pandemic. The electrification of society means that customers are requiring more power, which is part of the reason for customer-initiated projects.

Entelios Nordic

Entelios Nordic is one of the leading energy retailers in the Nordic region. In Norway, it is the leading supplier of electricity to the commercial market. Entelios also has signi-

ficant turnover in the Swedish and Finnish markets, as well as customers in Denmark.

In 2021, Entelios' turnover was NOK 9 995 million, up from NOK 3 648 million in the same period last year. The increase was due to higher spot prices and growth in sales volumes. The volume of electricity sold was 19.9 TWh (16.1 TWh). This growth was due to an increase in customer numbers. The segment's operating profit was NOK 70 (33) million. Profit rose thanks to a strong contribution from trading portfolios.

Entelios Nordic is the part of the Agder Energi Group with greatest exposure to customers. In response to the Covid-19 crisis, several measures were implemented to reduce the risk of bad debts. These included updating credit checks, chasing up payments more closely and considering the need for collateral. In spite of the exceptional circumstances that we experienced, both realised losses and bad debt provisions are in line with previous years.

Entelios Central Western Europe

The Central Western Europe segment has consisted of the German part of Entelios and the company Nordgröön. The companies in this segment have managed and optimised distributed renewable energy generation and sold flexibility services. In the fourth quarter, Nordgröön was sold to the Dutch company Eneco.

In 2021, the continuing operations had turnover of NOK 115 (26) million, and made an operating loss of NOK -9 (-45) million. The loss was lower than in the equivalent period last year, as a result of stronger margins and reduced expenses.

Having been sold, Nordgröön is classified as discontinued operations. The company is therefore presented on a separate line in the accounts, and it is not included in the above figures. Before it was sold, Nordgröön's turnover was NOK 1,982 (1,183) million, while it made an operating profit of NOK 3 million (loss of NOK 2 million). Higher electricity prices resulted in higher turnover, in spite of the volume

under management falling. Including an accounting gain on the disposal, Nordgröön contributed NOK 45 million of net income (loss of NOK 3 million).

LOS

LOS is one of Norway's leading electricity retailers. It supplies electricity to domestic customers all over Norway, with the bulk of them being in Southern Norway. The company's turnover was NOK 1 660 million in 2021, compared with NOK 463 million in 2020. The volume of electricity supplied rose from 1.94 TWh to 2.03 TWh. The increase in turnover was almost entirely due to higher spot prices. LOS is continuing to develop relevant products, services and digital customer solutions for the domestic market.

The segment's operating profit was NOK 38 (80) million. The decline in profit was mainly due to high electricity prices, which put considerable pressure on the company's margins.

Other activities

This segment comprises the parent company Agder Energi, which is responsible for management, various shared functions and financing. In addition, it includes Agder Energi Kraftforvaltning, which is responsible for managing and maximising the return on the electricity generated by Hydroelectric Power, the Group's development and venture capital activities, Agder Energi Varme and a few other small companies.

Agder 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 124 (108) million in 2021, while its operating profit was NOK 19 (12) million. The volume of billable energy supplied rose to 149 GWh (127 GWh). This increase was due to a cold winter, as well as customer growth. The company's hedging of energy contracts made a negative contribution in the period. Investment totalled NOK 17 (20) million.

Cash flows and capital adequacy

Cash flow from operating activities came to NOK 5 540 million in 2021, compared with NOK 1 569 million in 2020. This year's cash flow from operating activities is the Group's highest ever by some margin, which is due to various factors. A strong underlying performance, particularly in the Hydroelectric Power segment, is one key reason. In addition, the amount of tax paid was just NOK 139 million. That is because tax is paid in arrears, and low electricity prices in 2020 meant that both income tax and resource rent tax payable were significantly lower than normal. At the end of 2021, NOK 2,707 million had been set aside for tax payable on profit for the year. Although this amount relates to 2021, it will only be payable and affect cash flows in 2022. In addition, the cash flow statement includes a NOK 2,681 adjustment for non-cash gains and losses. A significant proportion of this relates to timing effects arising from customer management at Entelios Nordic. Entelios offers various services that aim to minimise the electricity price paid by the customers who use its management services. These services leave Entelios with an electricity price exposure with respect to its customers. In order to hedge its net exposure, the company uses exchange-traded contracts. These exchange-traded contracts are futures contracts, and changes in their value are settled daily. Entelios' contracts with its customers are forward contracts, which are only settled on their delivery dates. The big increase in prices has resulted in significant gains on the exchange-traded contracts and the associated cash receipts, whereas cash payments for the roughly equivalent losses on contracts with customers have been limited. The positive cash flow will therefore be reversed in subsequent periods when the contracts with customers are settled. Conversely, higher working capital during the period had a negative impact on cash flow. That was mainly due to higher electricity prices, which resulted in higher trade receivables.

Investment in property, plant and equip-

ment and intangible assets amounted to NOK 1 365 (1 404) million. NOK 151 (142) million of this comprised investments in power distribution networks paid for by customers. On the statement of cash flows, investments are presented gross, with customer payments included under net cash provided by operating activities. The Hydroelectric Power and Network segments were responsible for 91% of the investments in property, plant and equipment. Net cash used in investing activities totalled NOK 2,392 million, up from NOK 699 million in 2020. The increase was due to NOK 1,020 of excess liquidity being invested in short-term interest-bearing securities in 2021, as well as 2020 including NOK 753 million of proceeds from the disposal of Craffor.

Net financial items came to NOK 243 (-163) million. There was a net financial gain thanks to valuation gains on interest rate swaps and profit from associates. Other financial items included NOK 214 (243) million of interest on our debt portfolio and NOK 0 (61) million of exchange rate gains.

Profit from associates, which came to NOK 259 (105) million, was largely driven by three factors. NOK 178 million of it came from a revaluation gain on our investment in Otovo. In the first quarter, Otovo was reclassified from being an investment in an associate accounted for using the equity method to being a shareholding measured at fair value. The revaluation gain at the time of reclassification is included under profit from associates, whereas subsequent changes in value are presented under unrealised gains and losses on interest rate contracts and shareholdings.

In addition, a NOK 60 million gain was recognised after the estimated purchase price adjustment relating to the sale of our ownership interest in Fosen Vind was updated. This adjustment is a non-cash item and the final purchase price depends on the situation in several years' time. This estimate has been maintained after the

Supreme Court of Norway ruled on 11 October that the licences granted for developing wind farms at Roan and Storseia were invalid. In the third quarter, Morrow Batteries carried out a share issue. As a result of the issue, Agder Energi's ownership interest fell from 39% to 35%. For accounting purposes, this dilution is considered a sale leading to the recognition of a NOK 47 million non-cash gain.

There was an unrealised gain of NOK 202 million (NOK -100 million loss) on interest rate contracts and shareholdings. NOK 133 (-100) million of this related to interest rate contracts and NOK 69 (0) million to a revaluation gain on the Group's investment in Otovo.

Average gross interest-bearing liabilities were NOK 10.0 (10.6) billion in 2021, and the average interest rate on the debt portfolio was 2.1% (2.3%). The Group's liquidity buffer at the end of the year comprised NOK 2.5 (5.0) billion of unused credit facilities and NOK 2.5 (0.4) billion of bank deposits and short-term interest-bearing securities. The size of the credit facilities was lowered back down to normal levels in

the second quarter on account of the improvement in the Covid-19 situation.

Operations and working environment

At the close of the year, the Group had 935 (925) full-time and temporary employees, representing 907 (881) full-time equivalents. There has been an increase in the number of new hirings in the Network segment and in the Group's venture capital activities. Meanwhile, the sale of Nordgröön has reduced full-time equivalents by around 20.

The Group's sickness absence rate has remained steady at low levels in recent years, and for the past 12 months it was 2.8% (2.7%).

In 2021, 4 (3) occupational accidents were recorded involving our own employees, and 4 (7) involving contractors. 65 (5) days were lost due to injuries to our own employees and 8 (5) to contractors. 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 (3.4).

Outlook

The high electricity prices are largely due to low precipitation levels through the summer and into the autumn and winter, combined with high electricity prices on the continent. Forward prices indicate that prices will remain high in 2022.

At the end of the year, the Group's hydrological resources (water and snow) were significantly below normal. Assuming normal precipitation levels over the coming months, we expect lower power generation in 2022 than in 2021. However, the high forward prices suggest that receipts from energy sales will remain high in 2022.

The electrification of society will lead to strong demand for increased grid capacity in Agder. At the end of the year, applications had been lodged for approximately 1,250 MW of new grid connections for major consumers, which is similar to what has historically been the peak consumption in the Network segment's distribution area.

Kristiansand, 15 February 2022
The Board of Directors of Agder Energi AS

INCOME STATEMENT

| (Amounts in NOK million) | Q4 | | Full year | |
|--|---------------|--------------------|----------------|--------------------|
| | 2021 | 2020 (restated) | 2021 | 2020 (restated) |
| Energy sales | 9,041 | 1,616 | 19,643 | 5,189 |
| Transmission revenues | 349 | 378 | 1,381 | 1,338 |
| Other operating revenues | 257 | 231 | 649 | 565 |
| Gains and losses on electricity and currency contracts | -662 | 5 | -1,200 | 1,113 |
| Total operating revenues | 8,985 | 2,230 | 20,474 | 8,204 |
| Energy purchases | -6,178 | -1,007 | -13,408 | -3,266 |
| Transmission expenses | -36 | -107 | -264 | -395 |
| Other raw materials and consumables used | -12 | -73 | -134 | -178 |
| Employee benefits | -280 | -211 | -958 | -810 |
| Depreciation and impairment losses | -237 | -175 | -764 | -726 |
| Property taxes and licence fees | -55 | -50 | -225 | -210 |
| Other operating expenses | -294 | -147 | -862 | -762 |
| Total operating expenses | -7,091 | -1,771 | -16,615 | -6,347 |
| Operating profit | 1,894 | 459 | 3,858 | 1,857 |
| Share of profit of associates and joint ventures | -5 | 109 | 259 | 105 |
| Financial income | 1 | 20 | 17 | 85 |
| Unrealised gains and losses on interest rate contracts | 115 | 60 | 202 | -100 |
| Financial expenses | -56 | -61 | -236 | -253 |
| Net financial income/expenses | 55 | 128 | 243 | -163 |
| Profit before tax | 1,950 | 587 | 4,101 | 1,694 |
| Income tax | -418 | -99 | -831 | -352 |
| Resource rent tax | -762 | 110 | -1,258 | -70 |
| Tax expense | -1,179 | 10 | -2,089 | -423 |
| Net income from continuing operations | 770 | 597 | 2,012 | 1,271 |
| Net income from discontinued operations | 45 | 620 | 45 | 668 |
| Net income | 815 | 1,217 | 2,058 | 1,939 |
| Of which attributable to non-controlling interests | -4 | 13 | -5 | 30 |
| Of which attributable to controlling interest | 819 | 1,203 | 2,062 | 1,909 |

COMPREHENSIVE INCOME

| (Amounts in NOK million) | Q4 | | Full year | |
|--|------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net income | 815 | 1,217 | 2,058 | 1,939 |
| Other comprehensive income and expenses | | | | |
| Cash flow hedges | 13 | 10 | 54 | -14 |
| Translation differences | -6 | -4 | -9 | 0 |
| Tax impact | -3 | -2 | -12 | 3 |
| Total items that may be reclassified to income statement | 4 | 4 | 33 | -10 |
| Remeasurements of pensions | -53 | 219 | 2 | 188 |
| Tax impact | 31 | -11 | 15 | -2 |
| Total items that will not be reclassified to income statement | -22 | 208 | 17 | 186 |
| Total other comprehensive income and expenses | -18 | 212 | 50 | 176 |
| Comprehensive income | 797 | 1,428 | 2,108 | 2,114 |
| Of which attributable to non-controlling interests | -4 | 13 | -5 | 29 |
| Of which attributable to controlling interest | 801 | 1,415 | 2,113 | 2,086 |

STATEMENT OF FINANCIAL POSITION

| (Amounts in NOK million) | 31.12.21 | 31.12.20 |
|--|---------------|---------------|
| Deferred tax assets | 211 | 273 |
| Intangible assets | 380 | 376 |
| Property, plant and equipment | 17,345 | 16,762 |
| Investments in associates and joint ventures | 177 | 124 |
| Derivatives | 1,617 | 1,625 |
| Other non-current financial assets | 1,334 | 1,461 |
| Total non-current assets | 21,063 | 20,621 |
| Inventories | 136 | 65 |
| Receivables | 7,618 | 2,675 |
| Derivatives | 2,842 | 1,125 |
| Cash and cash equivalents | 1,415 | 402 |
| Total current assets | 12,011 | 4,267 |
| TOTAL ASSETS | 33,074 | 24,888 |
| Paid-in capital | 1,907 | 1,907 |
| Retained earnings | 5,424 | 3,627 |
| Non-controlling interests | 37 | 34 |
| Total equity | 7,369 | 5,569 |
| Deferred tax | 1,112 | 1,779 |
| Provisions | 2,483 | 2,128 |
| Derivatives | 1,772 | 1 171 |
| Interest-bearing non-current liabilities | 7,746 | 8,937 |
| Total non-current liabilities | 13,114 | 14,014 |
| Interest-bearing current liabilities | 1,284 | 2,000 |
| Tax payable | 2,707 | 189 |
| Derivatives | 4,842 | 903 |
| Other non-interest-bearing current liabilities | 3,759 | 2,213 |
| Total current liabilities | 12,592 | 5,305 |
| TOTAL EQUITY AND LIABILITIES | 33,074 | 24,888 |

STATEMENT OF CASH FLOWS

| (Amounts in NOK million) | Q4 | | Full year | |
|---|---------------|------------|---------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Cash flow from operating activities | | | | |
| Profit before tax from continuing operations | 1,950 | 587 | 4,101 | 1,694 |
| Profit before tax from discontinued operations | 45 | 628 | 45 | 691 |
| Depreciation and impairment losses | 237 | 181 | 764 | 734 |
| Non-cash gains/losses on energy, currency and interest rate contracts | 664 | -59 | 2,681 | -319 |
| Share of profit of associates and joint ventures | 5 | -109 | -259 | -105 |
| Gain/loss on sale of businesses | -48 | -591 | -48 | -616 |
| Tax paid | -4 | -8 | -139 | -650 |
| Change in trade receivables | -2,416 | -1,237 | -1,675 | 141 |
| Change in trade payables | 1,368 | 553 | 856 | 138 |
| Change in net working capital, etc. | -18 | 49 | -785 | -140 |
| Net cash provided by operating activities | 1,782 | -5 | 5,540 | 1,569 |
| Investing activities | | | | |
| Purchase of property, plant, equipment and intangible assets | -371 | -482 | -1,214 | -1,262 |
| Purchase of property, plant and equipment paid for by customers | -38 | -36 | -151 | -142 |
| Purchase of businesses/financial assets | -4 | -12 | -61 | -55 |
| Net change in loans | -1,020 | -3 | -1,018 | -10 |
| Sale of property, plant, equipment and intangible assets | 0 | 8 | 5 | 17 |
| Sale of businesses/financial assets | 46 | 753 | 46 | 753 |
| Net cash used in investing activities | -1,387 | 229 | -2,392 | -699 |
| Financing activities | | | | |
| New long-term borrowings | 0 | 1,200 | 177 | 1,890 |
| Repayment of long-term borrowings | -265 | -776 | -1,505 | -1,416 |
| Net change in current liabilities | 0 | -361 | -500 | -458 |
| Transactions with non-controlling interests | 19 | 0 | 19 | 0 |
| Dividends paid | 0 | 1 | -325 | -615 |
| Net cash used in financing activities | -247 | 63 | -2,136 | -598 |
| Net change in cash and cash equivalents | 148 | 286 | 1,013 | 271 |
| Cash and cash equivalents at start of period | 1,267 | 116 | 402 | 131 |
| Cash and cash equivalents at end of period | 1,415 | 402 | 1,415 | 402 |

STATEMENT OF CHANGES IN EQUITY

| (Amounts in NOK million) | Paid-in capital | Cash flow hedges | Translation differences | Retained earnings | Total for controlling interest | Non-controlling interests | Total equity |
|---|-----------------|------------------|-------------------------|-------------------|--------------------------------|---------------------------|--------------|
| Equity at 01/01/2020 | 1,907 | -104 | -11 | 2,257 | 4,049 | 33 | 4,082 |
| Net income | 0 | 0 | 0 | 1,909 | 1,909 | 30 | 1,939 |
| Other comprehensive income and expenses | 0 | -22 | 19 | 186 | 183 | -1 | 181 |
| Dividends paid | 0 | 0 | 0 | -612 | -612 | -3 | -615 |
| Other changes in equity | 0 | 0 | 0 | 6 | 6 | -25 | -19 |
| Equity at 31/12/2020 | 1,907 | -126 | 7 | 3,746 | 5,535 | 34 | 5,569 |
| Equity at 01/01/2021 | 1,907 | -126 | 7 | 3,746 | 5,535 | 34 | 5,569 |
| Net income | 0 | 0 | 0 | 2,062 | 2,062 | -5 | 2,058 |
| Other comprehensive income and expenses | 0 | 42 | -9 | 17 | 51 | 0 | 50 |
| Dividends paid | 0 | 0 | 0 | -325 | -325 | 0 | -325 |
| Other changes in equity | 0 | 0 | 0 | 9 | 9 | 9 | 18 |
| Equity at 31/12/2021 | 1,907 | -83 | -1 | 5,509 | 7,331 | 37 | 7,369 |

SEGMENTS

OPERATING REVENUES

| (Amounts in NOK million) | Q4 | | Full year | |
|---------------------------------|--------------|--------------|---------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Hydroelectric Power | 2,756 | 603 | 6,357 | 1,985 |
| Network | 385 | 420 | 1,462 | 1,443 |
| LOS | 728 | 145 | 1,660 | 463 |
| Entelios Nordic | 4,425 | 1,099 | 9,995 | 3,648 |
| Entelios CWE | 47 | 11 | 115 | 26 |
| Other | 1,472 | 198 | 3,054 | 611 |
| Eliminations | -417 | -291 | -1 218 | -986 |
| Total | 9,397 | 2,186 | 21,425 | 7,191 |
| Adjustments to IFRS, see Note 1 | -412 | 44 | -951 | 1,013 |
| IFRS revenues | 8,985 | 2,230 | 20,474 | 8,204 |

OPERATING PROFIT

| (Amounts in NOK million) | Q4 | | Full year | |
|---------------------------------|--------------|------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Hydroelectric Power | 2,346 | 250 | 4 751 | 558 |
| Network | -53 | 152 | 74 | 298 |
| LOS | 8 | 13 | 38 | 80 |
| Entelios Nordic | 30 | 1 | 70 | 33 |
| Entelios CWE | 2 | -6 | -9 | -45 |
| Other | -27 | 4 | -115 | -80 |
| Eliminations | 0 | 0 | 0 | 0 |
| Total | 2,306 | 415 | 4,810 | 844 |
| Adjustments to IFRS, see Note 1 | -412 | 44 | -951 | 1,013 |
| IFRS operating profit | 1,894 | 459 | 3,858 | 1,857 |

NET INCOME

| (Amounts in NOK million) | Q4 | | Full year | |
|---------------------------------|------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Hydroelectric Power | 978 | 170 | 1,977 | 335 |
| Network | -55 | 103 | 2 | 162 |
| LOS | 6 | 10 | 31 | 64 |
| Entelios Nordic | 16 | -2 | 34 | 16 |
| Entelios CWE | -1 | 0 | -11 | -48 |
| Other | -25 | 35 | -115 | -11 |
| Eliminations | 0 | 0 | 0 | 0 |
| Total | 919 | 315 | 1,919 | 519 |
| Adjustments to IFRS, see Note 1 | -104 | 901 | 139 | 1,420 |
| IFRS net income | 815 | 1,217 | 2,058 | 1,939 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

The figures in this interim report have not been audited.

NOTE 1 Accounting principles

Agder 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 2020.

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.

| (Amounts in NOK million) | Q4 | | Full year | |
|--|-------------|------------|-------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Electricity and currency contracts | -412 | 44 | -951 | 1,013 |
| Adjustment to revenues/operating profit | -412 | 44 | -951 | 1,013 |
| Unrealised gains and losses on interest rate swaps | 20 | 60 | 133 | -100 |
| Unrealised gains and losses on equity investments | 95 | 0 | 69 | 0 |
| Material gains on disposals | 48 | 701 | 316 | 736 |
| Tax impact of negative resource rent carryforwards | -22 | 5 | -69 | 4 |
| Tax impact of other corrections | 167 | 91 | 642 | -232 |
| Adjustment to net income | -104 | 901 | 139 | 1,420 |

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 Agder 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:

| (Amounts in NOK million) | Full year 2021 | | | Full year 2020 | | |
|--|----------------|----------|--------|----------------|----------|-------|
| | Unrealised | Realised | Total | Unrealised | Realised | Total |
| Gains and losses on electricity and currency contracts | -951 | -248 | -1 200 | 1,013 | 99 | 1,113 |
| Unrealised gains and losses on interest rate contracts | 202 | | | -100 | | |
| Impact of unrealised gains and losses on pre-tax profit | -749 | | | 884 | | |
| Tax effect of unrealised gains and losses | | | | | | |
| Income tax | 180 | | | -201 | | |
| Resource rent tax | 462 | | | -29 | | |
| Total tax | 642 | | | -230 | | |
| Impact of unrealised gains and losses on net income | -107 | | | 683 | | |

Agder Energi uses cash-settled hedges to secure a guaranteed price for some of its future electricity generation. Under IFRS, changes in the value of these contracts are recognised through profit or loss.

In 2021, forward prices for electricity rose sharply. For 2022, forward prices have quadrupled, while for the years 2023-2026 the increases are 25-40%. This significantly reduced the value of the Group's electricity price hedges, and it is the main reason for the net unrealised loss of NOK -951 million on electricity and currency contracts.

The Norwegian kroner strengthened against the euro. This caused the value of our currency hedges to rise. This impact is partly offset by the loss recognised on the embedded currency derivatives in long-term electricity contracts.

In 2021, the value of our interest rate swaps rose by NOK 133 million due to higher interest rates and a NOK 69 million increase in the value of our investment in Otovo after it was reclassified as a shareholding measured at fair value.

Overall, unrealised gains and losses on contracts made a negative contribution to net income under IFRS of NOK -107 million.

NOTE 4 Tax expense

| | Full year 2021 | | Full year 2020 | |
|--|-------------------------|---------------------|-------------------------|---------------------|
| | Amounts in NOK millions | % of pre-tax profit | Amounts in NOK millions | % of pre-tax profit |
| Expected income tax rate 22% | 902 | 22% | 373 | 22% |
| Impact of non-capitalised deferred tax assets | 6 | 0% | 10 | 1% |
| Permanent differences and changes in tax rates | -77 | -2% | -30 | -2% |
| Income tax expense | 831 | 20% | 352 | 21% |
| Resource rent tax expense | 1,258 | 31% | 70 | 4% |
| Total tax expense | 2,089 | 51% | 423 | 25% |

The Group's income tax expense came to NOK 831 million, an increase of NOK 479 million over the year-earlier period. Income tax rose as a result of higher pre-tax profit. The effective income tax rate was two percentage points lower than the nominal tax rate. Gains on the sales of shares and ownership interests are not taxable. Consequently, revaluation gains on shares are not adjusted for tax effects. The aforementioned gains and losses relating to Otovo, Fosen Vind and Morrow Batteries are therefore not adjusted for tax effects, which is the reason for the permanent differences that reduce the effective tax rate.

The resource rent tax expense amounted to NOK 1,258 (70) million. This comprises NOK 1,560 (13) million of resource rent tax payable, and a NOK 302 million increase in deferred resource rent tax assets (reduction of NOK -57 million). The big increase in resource rent tax payable is due to hydroelectric power generated having a higher value. The NOK 302 million increase in deferred tax reflects a NOK 462 million gain due to revaluation losses on contracts liable for resource rent tax that are measured at fair value (see Note 3). This was partly offset by a NOK -159 million loss arising from negative resource rent carryforwards and temporary differences relating to property, plant and equipment.

NOTE 5 Change in interest-bearing liabilities

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

| (Amounts in NOK million) | 2021 | 2020 |
|---|--------------|---------------|
| Interest-bearing liabilities at 1 Jan. | 10,937 | 10,758 |
| New long-term borrowings (cash item) | 177 | 1,890 |
| Repayment of long-term borrowings (cash item) | -1,505 | -1,416 |
| Net change in overdraft and other current liabilities (cash item) | -500 | -458 |
| Exchange rate fluctuations (non-cash item) | -92 | 137 |
| New lease liabilities (non-cash item) | 13 | 25 |
| Interest-bearing liabilities at 31 Dec. | 9,030 | 10,937 |

Interest-bearing liabilities includes NOK 185 (225) million of lease liabilities.


NOTE 6 Alternative performance measures (APM)

Agder 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 Agder Energi have decided that the dividend policy should be based on the previous year's underlying profit under IFRS.

Agder 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.

Agder 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 Agder 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 gains and losses on the disposal of businesses or ownership interests in businesses

An adjustment is made for 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. Material gains and losses refers to disposals of businesses or ownership interests in businesses with an impact on net income of at least NOK 25 million in 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. 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 Agder Energi are presented under financial items.

Underlying operating revenues, EBITDA and operating profit include the pre-tax effect of gains and losses on disposals.

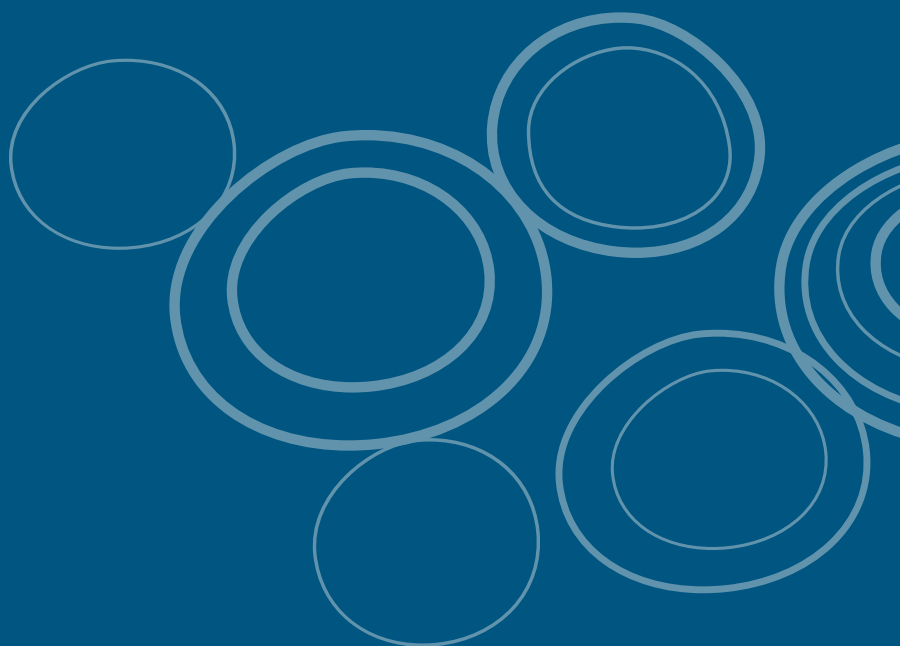
Underlying net income includes the post-tax effect of gains and losses on disposals of businesses or ownership interests in business that are not controlled by Agder Energi.

3. +/- 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. Agder 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 NOK million) | 2021 | 2020 |
|---|---------------|--------------|
| IFRS operating revenues | 20,474 | 8,204 |
| Unrealised gains and losses, electricity and currency | 951 | -1,013 |
| Material gains on the disposal of businesses or ownership interests in businesses | 0 | 0 |
| Underlying operating revenues | 21,425 | 7,191 |
| IFRS operating profit | 3,858 | 1,857 |
| Depreciation and impairment losses | 764 | 726 |
| IFRS EBITDA | 4,622 | 2,583 |
| Unrealised gains and losses, electricity and currency | 951 | -1 013 |
| Material gains on the disposal of businesses or ownership interests in businesses | 0 | 0 |
| Underlying EBITDA | 5,574 | 1,570 |
| IFRS operating profit | 3,858 | 1,857 |
| Unrealised gains and losses, electricity and currency | 951 | -1,013 |
| Material gains on the disposal of businesses or ownership interests in businesses | 0 | 0 |
| Underlying operating profit | 4,810 | 844 |
| IFRS net income (controlling interest's share) | 2,062 | 1,909 |
| Changes in unrealised gains and losses after tax (see Note 3) | 107 | -683 |
| Changes in deferred tax assets from neg. resource rent carryforwards | 69 | -4 |
| Material gains on the disposal of businesses or ownership interests in businesses | -316 | -734 |
| Underlying net income (controlling interest's share) | 1,923 | 489 |



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