

Q4

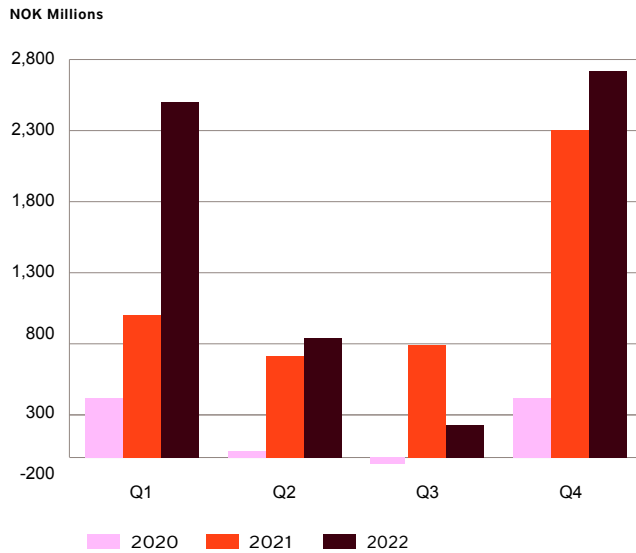
2022 Highlights

- The merger between Glitre Energi and Agder Energi was completed on 1 December 2022 and the merged group was given the name Å Energi. The reported 2022 figures for Å Energi include 12 months of Agder Energi's figures and Glitre Energi's figures for December.
- The merger has created Norway's biggest electric utility with operations throughout the value chain, from generation through to end users. The cornerstone of the new group will be hydroelectric power, with around 11.3 TWh generated each year at 72 wholly owned and part-owned power stations. The merger has created Norway's second biggest distribution system operator, with a 30,000-kilometre distribution network that supplies power to approximately 310,000 customers in Buskerud and Agder. The Group will manage and trade over 30 TWh of electricity in the Nordic region, become Norway's leading supplier to the business market and have over 200,000 domestic electricity customers.
- The merger has raised the Group's equity by NOK 13.9 billion to NOK 20.6 billion at the end of the year, and has increased the size of its balance sheet by NOK 17.7 billion, from NOK 55.8 billion in the third quarter of 2022 to NOK 73,5 billion at the end of the year. As a result of this, the Group's equity ratio rose from 9.1% at 30 September 2022 to 28.0% at 31 December 2022.
- In 2022, Å Energi made an underlying¹ operating profit of NOK 6 289 (4 810) million. Underlying net income was NOK 1 515 million (controlling interest's share), down from NOK 1 923 million the year before. Net income under IFRS came to NOK 166 million, with the difference from the underlying performance being mainly due to unrealised gains and losses under cash-settled contracts.
- Å Energi notes that the authorities significantly increased the tax burden on the electric power sector during the fourth quarter. In the national budget in December, the decision was taken to raise the resource rent tax from 37% to 45% on hydropower retroactively from 1 January 2022. In addition, a new special duty on high-priced electricity was introduced, amounting to 23% of the electricity price in excess of 70 øre/kWh, effective from 28 September 2022.
- Tax increases result in a marginal tax rate of up to 90%, and they introduce a great deal of uncertainty in the business and regulatory environment for the electric power sector. Overall, the higher resource rent tax and special duty on high-priced electricity are expected to raise Å Energi's tax burden by NOK 2.5 billion in 2023-24. Together with the uncertain environment, this reduces our ability to invest in developing new projects to generate more renewable energy and to increase peak power generation at hydropower stations, restricts our ability to offer fixed-price contracts and limits our capacity to invest in upgrading the distribution system. Moreover, it reduces the dividend that our municipal shareholders can use to provide services to their inhabitants.
- The tax expense on our underlying profit for 2022 was NOK 4,532 (2,661) million, an increase of NOK 1,871 million. In addition, there was a NOK 309 million special duty on high-priced electricity. This means that 76% of the Group's pre-tax profit is returned to society through income tax, resource rent tax and the special duty.
- Å Energi is making good progress with integrating the two organisations, and it has already come a long way in a number of areas. In 2023, the new, merged group will be fully operational and ready to seize any new market opportunities that arise in conjunction with the green energy transition. The Group will also continue to exploit the synergies that have been created by combining the two regional electric utilities which have become Å Energi.

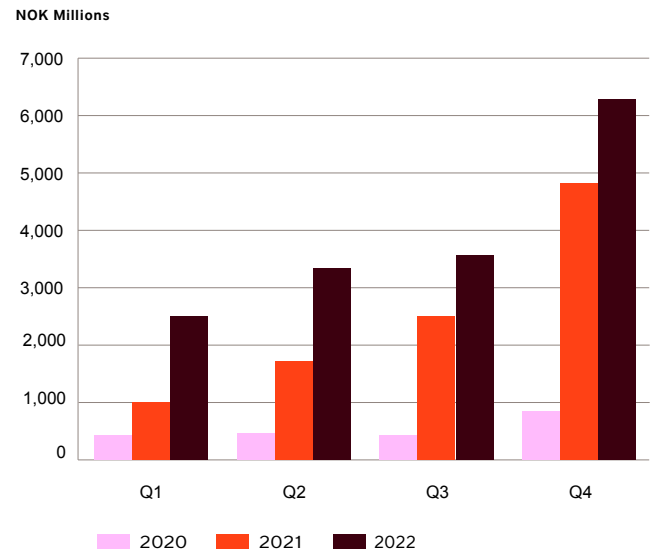
¹ The underlying IFRS figures take the Group's IFRS profit and adjust it for items described in Note 6.

KEY FINANCIAL FIGURES

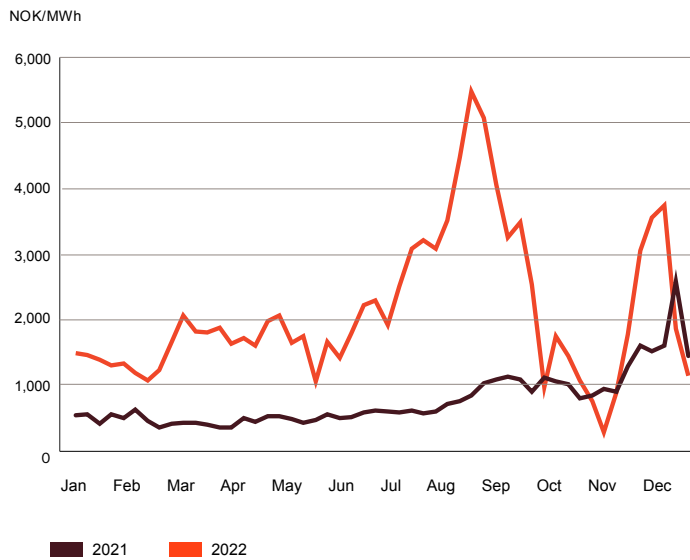
Underlying operating profits by quarter



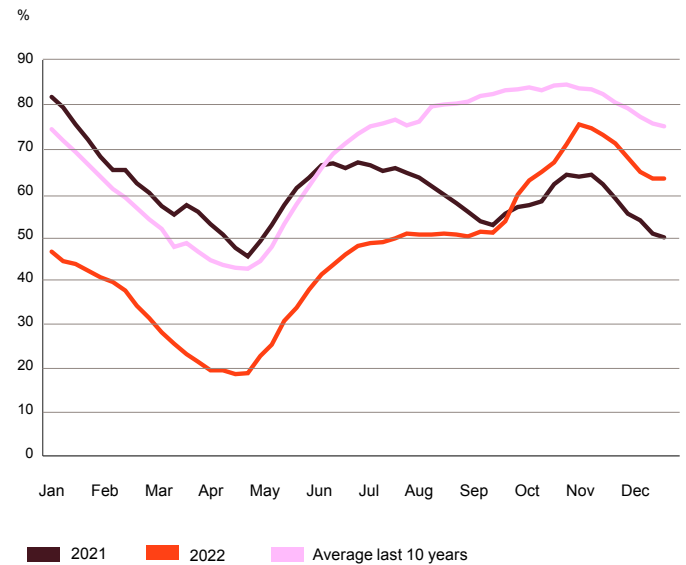
Underlying accumulated operating profit



Market prices in price zone NO2



Reservoir storage levels in price zone NO2



Key figures		Q4		Full year	
		2022	2021	2022	2021
From income statement					
Operating revenues	NOK millions	15,830	9,023	35,763	20,625
EBITDA	NOK millions	5,066	2,131	2,553	4,622
Operating profit	NOK millions	4,849	1,894	1,793	3,858
Profit before tax	NOK millions	4,757	1,950	1,685	4,101
Net income (controlling interest's share)	NOK millions	1,588	819	166	2,062
Underlying performance 1)					
Underlying operating revenues	NOK millions	13,701	9,435	40,258	21,576
Underlying EBITDA	NOK millions	2,937	2,543	7,049	5,574
Underlying operating profit	NOK millions	2,720	2,306	6,289	4,810
Profit before tax	NOK millions	2,657	2,246	6,036	4,582
Underlying net income (controlling interest's share)	NOK millions	402	923	1,515	1,923
Cash flow					
Cash flow from operating activities	NOK millions	-1 935	1,744	4,027	5,389
Purchase of property, plant, equipment and intangible assets	NOK millions	398	371	1,048	1,214
Capital					
Capital employed 2)	NOK millions			31,516	16,399
Return on capital employed 3)	%			9.6	9.6
Equity ratio	%			28.0	22.3

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.

Financial performance

Our quarterly and full-year financial figures only include the results of the Glitre Energi Group for the month of December.

In 2022, Å Energi reported an operating profit based on IFRS of NOK 1 793 million (2021: NOK 3 858 million). Net income under IFRS came to NOK 166 million (controlling interest's share), compared with NOK 2 062 million in 2021. The decline in profit was due to the increase in forward electricity prices resulting in unrealised losses on the Group's cash-settled hedges. The Group had NOK 35 763 (20 625) million in operating revenues.

In the fourth quarter, its reported operating profit under IFRS came to NOK 4,849 million, compared with NOK 1,894 million in the year-earlier period. IFRS net income rose from NOK 819

million in the fourth quarter of 2021 to NOK 1,588 million in the latest year.

Its underlying operating profit under IFRS was NOK 2,720 million in the fourth quarter, compared with NOK 2,306 million in the fourth quarter of 2021. Underlying net income came to NOK 402 million, against NOK 923 million in the year-earlier period. The reason why operating profit rose, but net income fell, is a significant increase in the tax burden.

In November, Å Energi sold its ownership interest in its associate Otera AS to Vinci Energies Norway AS. The sale was recognised in the fourth quarter, giving the Group an accounting gain of NOK 65 million.

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. The segments reported in 2022 were Hydroelectric Power, Network, LOS, Entelios Nordic and Other Activities.

The merger between Glitre Energi and Agder Energi was completed as of 1 December 2022. Glitre Energi's figures, which are included for December, are presented under Other Activities. As of 2023, Glitre Energi's business will be reported as an integrated part of the new segments.

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. The reported figures for the segment only cover the hydroelectric power operations of what was formerly Agder Energi, as Glitre Energi's figures for December are presented under Other Activities.

Excluding Glitre Energi's hydropower business, the Hydroelectric Power segment expects to generate 8,700 GWh in a normal year, and it owns 50 hydroelectric power plants, either 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 7 419 (6 357) million of operating revenues in 2022, while its operating profit was NOK 5 232 (4 751) million. The main reason for the increase in operating profit was significantly higher electricity prices, partly offset by significantly lower electricity generation. In the fourth quarter, the segment's operating profit was NOK 1,780 (2,346) million. The reduction is due to lower electricity generation, as well as a NOK 276 million effect from the introduction of the special duty on high-priced electricity from 28 September 2022.

Electricity prices fluctuated a great deal over the course of the year. The war in Ukraine resulted in a significant decline in the supply of energy, particularly gas, from Russia to Europe. This, combined with low reservoir levels in Southern Norway for much of the year and low generation, led to record high electricity prices in the NO2 price area in 2022. The autumn of 2022 saw heavy precipitation in Southern Norway, while mild weather in Europe enabled gas storage facilities to be filled. Over the course of the fourth quarter, fears of energy shortages therefore abated, both in Norway and on the continent. This resulted in a sharp fall in electricity prices, and forward prices on Nasdaq for the NO2 area indicate that electricity prices in 2023 and the

following years will be significantly lower than in 2022.

The average spot price in the NO2 area in 2022 was a record high 213 øre/kWh (76 øre/kWh), an increase of 179%. In the fourth quarter the spot price averaged 171 øre/kWh (127 øre/kWh). The volume-weighted spot price for the electricity generated by the segment in 2022 was 203 øre/kWh. Achieved electricity prices also rose significantly, but they were lower than spot prices. As well as our duty to supply compensation power and concession power at regulated prices, this reflected a significant negative contribution from our hedges.

In 2022, the segment generated 5,963 GWh, which was 33% lower than the volume of 8,897 GWh in 2021, and the lowest in its history. In the fourth quarter, it generated 1,867 GWh (2,422 GWh), 23% less than in the year-earlier period. High precipitation combined with low generation led to a significant improvement in hydrological resources during the quarter. Whereas hydrological resources were significantly lower than normal at the start of the quarter, they were above normal at the end of the year.

At the end of 2022, the average reservoir level for all of the electric utilities in the NO2 price area was 63% (50%) of capacity, 13 percentage points higher than last year, but 12 percentage points below the 75% average for the past ten years.

In 2022 the segment made a pre-tax profit of NOK 5,097 (4,647) million. As well as paying ordinary income tax, the Hydroelectric Power segment pays resource rent tax. Its total tax expense was NOK 4,106 (2,670) million. The effective tax rate was 81% (58%). The main reason for the tax expense rising was a NOK 502 million increase in resource rent tax, as a result of a higher tax rate and significantly higher spot prices. The effective tax rate including the duty on high-priced electricity was 82%.

Net income in 2022 fell by NOK 986 million to NOK 991 (1 977) million. In the fourth quarter, net income was NOK -104 (978) million. The sharp deterioration in the quarter was mainly due to a NOK 778 million income statement effect related to an increase in the resource rent tax rate applied retroactively from 1 January 2022 and the introduction of a special duty on high-priced electricity.

NOK 393 (390) million was invested in property, plant and equipment, with the biggest individual projects being the new Fennefoss power station near Evje and the new turbine at Høgefoss power station. In addition, several refurbishment and government-imposed projects are being implemented.

Nomeland power station in Iveland is being upgraded at a cost of around NOK 60 million. Each year Nomeland generates around 178 GWh of clean, renewable energy, equivalent to the consumption of roughly 11,100 average households. The amount of hydropower it generates will not rise as a result of the upgrades, but its future reliability will be improved.

Network

The reported figures for the Network segment only cover the distribution business of what was formerly Agder Energi, since Glitre Energi Nett's December figures are presented under

Other Activities. As of 2023, Glitre Energi's business will be reported as an integrated part of the new segments.

The new distribution system operator will be called Glitre Nett, and in the segment reporting for 2023 it will comprise Agder Energi Nett and Glitre Energi Nett, as well as a 51% ownership interest in Asker Nett. Glitre Nett is responsible for the development, operation and maintenance of the regional and local distribution system in Agder, Buskerud and Hadeland.

Glitre Nett reduced its network tariffs from 1 January 2023. This was possible thanks to Statnett's congestion revenues, which are to be used to reduce the network tariffs in areas with high electricity prices. For a customer whose annual consumption is 20,000 kWh, the price cut will mean an annual saving of just over NOK 1,700 if they are in Buskerud and Hadeland, or around NOK 3,000 if they are in Agder. The difference is due to the distribution system operators charging different network tariffs in 2022. The exact saving for individual customers will depend on their total consumption and consumption patterns. From January 2023, all customers in the area covered by Glitre Nett – Agder/Hadeland/Buskerud – will be charged the same network tariffs.

The Network segment had NOK 2 224 (1 613) million of operating revenues in 2022. Operating revenues rose by NOK 611 million, mainly due to the recognition of congestion revenues from Statnett.

In 2022, high electricity prices meant that the cost of transmission losses was NOK 247 million higher than in 2021. When the Norwegian Energy Regulatory Authority (RME) sets distribution system operators' permitted revenues, it includes compensation for distribution network losses. The tariffs that Agder Energi charged to its customers in 2022 did not fully reflect the rising cost of transmission losses. These will in principle be included in the tariffs and recognised in future financial periods. However, in September 2022 the government announced that some of the extraordinarily high congestion revenues received by Statnett would be passed on to the regional distribution system operators in Southern Norway. The aim is to compensate the distribution system operators for the rising cost of network losses, in order to reduce the need for higher network tariffs. This arrangement was approved in the fourth quarter, and will apply to the whole of 2022 and 2023. In the fourth quarter, NOK 519 million was received from Statnett and recognised. The arrangement was an important reason why the distribution business could reduce its network tariffs in 2023.

Operating profit was NOK 436 million, up from NOK 74 million in 2021. The transfer of congestion revenues from Statnett and lower network charges in the national electricity transmission system were the most important reasons for the improvement.

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

In 2022, the segment invested NOK 539 (696) million, NOK 157 million less than in 2021. The decline was due to higher

than normal investment in 2021. That in turn was a result of customer-initiated projects and several major projects being completed after they were delayed or postponed in 2020 due to the Covid-19 pandemic. Including NOK 194 (151) million of customer contributions, gross investment was NOK 733 (847) million.

Entelios Nordic

Entelios Nordic 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.

In 2022, Entelios Nordic's turnover was NOK 25 421 million, up from NOK 9 995 million in 2021. This increase was due to higher spot prices. The gross volume of electricity supplied to consumers and producers was 19.6 TWh (19.9 TWh). The decline in volume is assessed to be related to the general fall in consumer demand. The underlying portfolio was slightly bigger than in 2021, and volumes are expected to grow in 2023.

The segment's operating profit was NOK 530 (70) million. Most of this increase can be attributed to a strong contribution from energy management. Over the course of the year, public and private sector customers saved billions of kroner in electricity costs as a result of Entelios helping them to lock in advantageous forward electricity contracts.

Entelios Nordic is the part of the Group with greatest exposure to customers. High electricity prices have increased this exposure, due to both an increase in trade receivables and a higher probability of customers experiencing payment difficulties. Consequently, the provision for bad debts was raised in the fourth quarter. The management of Entelios closely monitors this exposure, and in spite of the exceptional circumstances, realised losses on trade receivables are in line with earlier periods.

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 in 2022 was NOK 3,304 million, compared with NOK 1,660 million the previous year. The increase in turnover was due to higher spot prices. The supplied volume was 1.7 TWh, compared with 2.0 TWh in the same period the previous year. This reduction was due to lower consumption as a result of higher electricity prices and higher temperatures.

The segment's operating profit was NOK -13 (38) million. In September, LOS offered its customers fixed price contracts and at the same time hedged the purchase price for the expected electricity consumption under the contracts it signed. After this, prices fell significantly, and the company allowed its customers to back out of the contracts, although LOS still had to buy the electricity at the hedged price. That resulted in a significant loss, and it is the main reason why the company made an operating loss.

Other Activities

This segment comprises the parent company Å Energi, which is responsible for management, various shared functions and financing. In addition, it includes Å Energi Fornybar Forvaltning, which is responsible for managing and maximising the return on the electricity generated by Hydroelectric Power. Other Activities also includes the New Industries business area, which is responsible for the Group's venture capital activities, business development and new ventures, and Agder Energi Varme, as well as various smaller 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 161 (124) million in 2022, while its operating profit was NOK 45 (19) million. In 2022, the company had a compensation scheme based on the model of the government's electricity subsidy for all of its domestic customers. The volume of billable energy supplied was 136 GWh (149 GWh). Volumes fell as a result of a milder winter, and high energy prices also led to less heat being used in a number of buildings. The company's hedging of energy contracts made a negative contribution. NOK 9 (17) million was invested in 2022.

From 1 January 2023, Å Energi Varme introduced a new scheme involving greater discounts for business customers as well. Domestic customers were already compensated in line with the electricity subsidy for households. The discounts result in significantly lower energy costs for district heating when spot prices and energy consumption are high.

Other Activities also includes the figures for December for what was formerly the Glitre Energi Group. From 2023 onwards, Glitre Energi will be included in the normal segment reporting.

The Glitre Energi Group made an operating profit of NOK 196 million for the month of December. Glitre Nett's distribution system business contributed NOK 38 million, while its hydropower business contributed NOK 208 million. Glitre Energi's net income in December came to NOK 10 million as a result of a very high tax burden on the hydropower business. In December, Glitre Energi generated 211 GWh.

The Glitre Energi Group's performance in 2022 was affected by historically low electricity generation, a negative contribution from hedges and big negative impacts from a higher tax burden. In the coming years, Glitre Energi's former business is expected to make a positive contribution to the new group's financial performance and help it to develop its operations. From 2023 onwards, Glitre Energi's results will be included in the joint operations reported by segment.

Unrealised gains and losses

Å Energi hedges the price it receives for some of its future electricity generation. Prices are fixed for a number of years in advance. The aim is to ensure stability in the company's revenues and its ability to pay dividends. The disadvantage of this approach is that the Group loses out on some of the upside when electricity prices are high. Prices are hedged either through

fixed-price contracts with energy-intensive industrial customers or through exchange-traded cash-settled electricity contracts. Contracts with industrial companies that are used to guarantee future revenues from our own hydroelectric power generation are only included in the financial statements when the electricity is supplied to the customer.

With the cash-settled electricity contracts, no electricity is physically delivered, and there is just a financial settlement. The financial settlement is the difference between the price indicated in the contract and the actual price (spot price) of electricity in the period for which the contract applies. If the agreed price is 50 øre/kWh, whereas the spot price is 80 øre/kWh, Å Energi will have to pay 30 øre/kWh to its counterparty to the cash-settled contract. Meanwhile, the Group will receive 80 øre/kWh from the sale of electricity in the spot market. Looking at the financial contract and spot electricity sales in combination, Å Energi will receive 50 øre/kWh for the volume of electricity hedged with a cash-settled contract. Conversely, if the spot price is 30 øre/kWh, Å Energi will receive 20 øre/kWh from the counterparty to the cash-settled contract and 30 øre/kWh from selling electricity in the spot market. The total amount it receives for the hedged volume is once again 50 øre/kWh. Cash-settled contracts thus allow Å Energi to achieve the same goal as it does through contracts with industrial customers, which is to secure a guaranteed price for some of its future electricity generation. As such, both cash-settled contracts and contracts with industrial customers help the Group to ensure more predictable revenues from power generation.

In the IFRS financial statements, cash-settled contracts must be measured at fair value with gains and losses recognised through profit or loss. When forward prices rise as sharply as they have done in 2022, in isolation it leads to a loss on the cash-settled contracts. This is recognised in the financial statements as it arises. Higher forward prices also create an expectation that the value of electricity sold in the spot market will be higher, but this increase is only reflected in the financial statements when the electricity is actually generated. This asymmetric timing in the recognition of changes in the value of the financial hedges and of the hedged production is the reason for the Group's poor financial performance under IFRS in 2022. Even after adjusting for the losses on the cash-settled contracts, the Group has a significant margin on the hedged electricity generation.

The unrealised gains and losses for the period are described in greater detail in Note 3.

Cash flows and capital adequacy

Cash flow from operating activities came to NOK 4 027 million in 2022, compared with NOK 5 389 million the previous year. A strong underlying performance, particularly in the Hydroelectric Power segment, is one key reason for the strong cash flow. In addition, the cash flow statement includes a NOK 5,934 million 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 in 2022 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 were not affected to the same extent. In the fourth quarter, this effect was partially reversed, both on account of the price of contracts for 2023 falling and due to payments made under contracts with customers. But there remains a significant amount that will be reversed in later periods when the contracts with customers are settled.

Tax paid came to NOK 2,735 (139) million in 2022.

Investment in property, plant and equipment and intangible assets amounted to NOK 1 048 (1 214) million. The Hydro-electric Power and Network segments were responsible for 95% of the investments in property, plant and equipment. There was a NOK 1,033 million net change in loans, NOK 1,020 million of which related to the redemption of interest-bearing financial instruments (bonds and commercial paper), which is where excess liquidity is invested. Glitre's NOK 1,171 of cash and cash equivalents at the time of the merger is included under cash flow from investing activities.

Net financial items came to NOK -108 (243) million. Of the NOK 303 (236) million financial expense, NOK 218 (214) million was interest payable on the debt portfolio.

The Group's share of profit of associates amounted to NOK 53 (259) million. The profit for 2022 included a NOK 65 million gain on the sale of Å Energi's shares in Otera. The profit from associates was unusually high in 2021 due to valuation gains on Otovo and Morrow and the recognition of a gain in relation to Fosen Vind.

There was an unrealised gain of NOK 75 (202) million on interest rate contracts and shareholdings. NOK 144 (133) million of this related to interest rate swaps, due to higher market interest rates. The remaining NOK -68 (69) million was a revaluation loss on our investment in Otovo.

Gross interest-bearing liabilities were NOK 10.9 (9.0) billion at the end of 2022. The average interest rate on the Group's debt portfolio was 2.7% (2.1%). The Group's liquidity buffer at

the end of the year comprised NOK 3.5 (2.5) billion of unused credit facilities and NOK 4.4 (2.4) billion of bank deposits and short-term interest-bearing securities. Most of the surplus liquidity was the result of realising futures contracts traded on NASDAQ.

Operations and working environment

At the close of the year, the Group had 1,345 (935) permanent and temporary employees, representing 1,305 (907) full-time equivalents. The merger with Glitre Energi has resulted in an increase of around 300 employees. In addition, there has been an increase in the number of new hires in the Network segment and in the Group's venture capital activities.

After more sickness absence during the winter of 2022 due to Covid and other infectious diseases, the Group's sickness absence rate has returned to normal. The sickness absence rate for the past 12 months has been 3.4% (3.0%). In 2022, 12 (7) occupational accidents were recorded involving our own employees and contractors, leading to 56 (66) days off work. The accident figures are equivalent to a total injury frequency (number of injuries, whether or not they resulted in lost time, per million work hours over the past 12 months) of 3.2 (2.2) for our own employees.

Outlook

Over the course of the fourth quarter, fears of energy shortages abated, both in Norway and on the continent. This resulted in a sharp fall in electricity prices from their high levels, and forward prices on Nasdaq for the NO2 area indicate that electricity prices in 2023 and the coming years will be significantly lower than in 2022.

There was a significant improvement in our hydrological resources (water and snow) during the latest quarter, and the Group started 2023 with resources that were above normal. Assuming normal precipitation levels over the coming months, Å Energi expects significantly higher electricity generation in 2023 than in 2022, with revenues from energy sales remaining high. However, the new duty on high-priced electricity will apply to the whole year in 2023, which is expected to negatively impact our financial results.

In 2023, the new, merged group will be fully operational and ready to seize any new market opportunities that arise in conjunction with the green energy transition. The Group will also continue to exploit the synergies that have been created by combining the two regional electric utilities which have become Å Energi.

Income statement

(Amounts in millions of NOK)	Q4		Full year	
	2022	2021	2022	2021
Energy sales	12,121	9,041	37,606	19,643
Transmission revenues	1,044	349	2,148	1,381
Other operating revenues	1,068	296	1,487	800
Gains and losses on electricity and currency contracts	1,597	-662	-5,478	-1,200
Total operating revenues	15,830	9,023	35,763	20,625
Energy purchases	-8,924	-6,179	-29,654	-13,408
Transmission expenses	-36	-36	-43	-264
Other raw materials and consumables used	-567	-12	-623	-134
Employee benefits	-347	-280	-1,050	-958
Depreciation and impairment losses	-217	-237	-760	-764
Property taxes and licence fees	-53	-55	-226	-225
Duty on high-priced electricity	-309	0	-309	0
Other operating expenses	-527	-332	-1,304	-1,013
Total operating expenses	-10,981	-7,129	-33,969	-16,767
Operating profit	4,849	1,894	1,793	3,858
Share of profit of associates and joint ventures	63	-5	53	259
Financial income	22	1	67	17
Unrealised gains and losses on interest rate contracts and shares	-98	115	75	202
Financial expenses	-79	-56	-303	-236
Net financial income/expenses	-92	55	-108	243
Profit before tax	4,757	1,950	1,685	4,101
Income tax	-1,093	-418	-441	-831
Resource rent tax	-2,068	-762	-1,082	-1,258
Tax expense	-3,161	-1,179	-1,523	-2,089
Net income from continuing operations	1,596	770	162	2,012
Net income from discontinued operations	0	45	0	45
Net income	1,596	815	162	2,058
Of which attributable to non-controlling interests	9	-4	-4	-5
Of which attributable to controlling interest	1,588	819	166	2,062

Comprehensive income

(Amounts in millions of NOK)	Q4		Full year	
	2022	2021	2022	2021
Net income	1,596	815	162	2,058
Other comprehensive income				
Cash flow hedges	45	13	120	54
Translation differences	-4	-9	5	-12
Tax impact	-10	-3	-26	-12
Total items that may be reclassified to income statement	32	1	98	31
Remeasurements of pensions	-91	-53	-395	2
Tax impact	28	31	117	15
Total items that will not be reclassified to income statement	-63	-22	-277	17
Total other comprehensive income	-31	-21	-179	48
Comprehensive income	1,565	794	-17	2,105
Of which attributable to non-controlling interests	9	-4	-3	-5
Of which attributable to controlling interest	1,556	798	-13	2,110

Statement of Financial Position

(Amounts in millions of NOK)	31.12.22	31.12.21
Deferred tax assets	0	211
Intangible assets	6,097	380
Property, plant and equipment	33,145	17,345
Investments in associates and joint ventures	4,969	177
Derivatives	6,910	1,617
Other non-current financial assets	1,053	1,334
Total non-current assets	52,174	21,063
Inventories	295	136
Receivables	10,201	7,618
Derivatives	6,424	2,842
Cash and cash equivalents	4,430	1,415
Total current assets	21,350	12,011
TOTAL ASSETS	73,524	33,074
Paid-in capital	14,870	1,907
Retained earnings	4,795	5,424
Non-controlling interests	939	37
Total equity	20,604	7,369
Deferred tax	4,402	1,112
Provisions	1,830	2,483
Derivatives	12,406	1,772
Interest-bearing non-current liabilities	7,754	7,746
Total non-current liabilities	26,393	13,114
Interest-bearing current liabilities	3,158	1,284
Tax payable	5,782	2,707
Derivatives	11,425	4,842
Other non-interest-bearing current liabilities	6,161	3,759
Total current liabilities	26,527	12,592
SUM EGENKAPITAL OG GJELD	73,524	33,074

Statement of cash flows

(Amounts in millions of NOK)	Q4		Full year	
	2022	2021	2022	2021
Cash flow from operating activities				
Profit before tax from continuing operations	4,757	1,950	1,685	4,101
Profit before tax from discontinued operations	0	45	0	45
Depreciation and impairment losses	217	237	760	764
Non-cash gains and losses	-4,890	664	5,934	2,681
Share of profit of associates and joint ventures	-63	5	-53	-259
Gain/loss on sale of businesses	0	-48	0	-48
Tax paid	-2,595	-4	-2,735	-139
Change in trade receivables	0	1		
Change in trade payables	0	-1		
Change in net working capital, etc.	640	-1 104	-1,564	-1,755
Net cash provided by operating activities	-1,935	1,744	4,027	5,389
Investing activities				
Purchase of property, plant, equipment and intangible assets	-398	-371	-1,048	-1 214
Purchase of property, plant and equipment paid for by customers	0	0	0	0
Purchase of businesses/financial assets	-22	-4	-352	-61
Net change in loans	209	-1,020	1,033	-1,018
Sale of property, plant, equipment and intangible assets	3	0	8	5
Sale of businesses/financial assets	159	46	159	46
New cash and cash equivalents from merger	1,171	0	1,171	0
Net cash provided by operating activities	1,122	-1,349	972	-2,241
Financing activities				
New long-term borrowings	0	0	0	177
Repayment of long-term borrowings	-214	-265	-1,284	-1,505
Net change in current liabilities	0	0	0	-500
Transactions with non-controlling interests	0	19	56	19
Dividends paid	0	0	-755	-325
Net cash used in financing activities	-214	-247	-1,983	-2,136
Net change in cash and cash equivalents	-1,027	148	3,015	1,013
Cash and cash equivalents at start of period	5,457	1,267	1,415	402
Cash and cash equivalents at end of period	4,430	1,415	4,430	1,415

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 01/01/2021	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	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
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

Segments

Operating revenues

(Amounts in millions of NOK)	Q4		Full year	
	2022	2021	2022	2021
Hydroelectric Power	2,459	2,756	7,419	6,357
Network	1,160	423	2,224	1,613
LOS	1,043	728	3,304	1,660
Entelios Nordic	7,503	4,426	25,421	9,995
Other and consolidations	2,005	1,522	2 933	3 184
Eliminations	-469	-419	-1 042	-1 233
Total	13,701	9,435	40 258	21 576
Adjustments to IFRS, see Note 1	2,129	-412	-4 496	-951
IFRS revenues	15,830	9,023	35 763	20 625

Operating profit

(Amounts in millions of NOK)	Q4		Full year	
	2022	2021	2022	2021
Hydroelectric Power	1,780	2,346	5,232	4,751
Network	555	-53	436	74
LOS	-45	8	-13	38
Entelios Nordic	185	30	530	70
Other and consolidations	185	-25	45	-124
Eliminations	60	0	60	0
Total	2,720	2,306	6,289	4,810
Adjustments to IFRS, see Note 1	2,129	-412	-4,496	-951
IFRS revenues	4,849	1,894	1,793	3,858

Net income

(Amounts in millions of NOK)	Q4		Full year	
	2022	2021	2022	2021
Hydroelectric Power	-104	978	991	1,977
Network	420	-55	272	2
LOS	-36	6	-12	31
Entelios Nordic	154	16	386	34
Other and consolidations (incl. discontinued operations)	-30	-26	-133	-126
Eliminations	0	0	0	0
Total	404	919	1,505	1,919
Adjustments to IFRS, see Note 1	1,192	-104	-1,342	139
IFRS net income	1,596	815	162	2,058

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 2021, except for in the case of customer contributions in the distribution system business. Each year, the Network segment receives customer contributions that fully or partially pay for new connections or grid upgrades. Assets paid for by customers were previously capitalised as property, plant and equipment, while the customer contribution received is included on the statement of financial position as unearned revenue and is recognised as revenue over the useful life of the asset.

In conjunction with the merger, this has been changed, and as of 2022 customer contributions are recognised as operating revenues, whereas costs associated with building the infrastructure are expensed.

The comparative figures in the income statement have been restated.

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 millions of NOK)	Q4		Full year	
	2022	2021	2022	2021
Electricity and currency contracts	2,129	-412	-4 496	-951
Adjustment to revenues/operating profit	2,129	-412	-4,496	-951
Unrealised gains and losses on interest rate swaps	-61	20	148	133
Unrealised gains and losses on shareholdings	-34	95	-68	69
Material gains on disposals/reclassifications	65	48	65	316
Tax impact of negative resource rent carryforwards	88	-22	37	-69
Tax impact of other corrections	-996	167	2,971	642
Adjustment to net income	1,192	-104	-1,342	139

Note 2 Segments

The operating segments presented are the same as the ones used in reporting to the Group management team. Segment reporting is used by Å Energi's management to assess the performance of the various business areas, and to allocate resources to them. See page 14 for tables showing their financial performance. Glitre Energi's figures for December are included in their entirety under Other Activities, since that is how they were reported in 2022. From 2023 onwards, Glitre Energi's business will be reported as an integrated part of the new segments.

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 millions of NOK)	Full year 2022			Full year 2021		
	Unrealised	Realised	Total	Unrealised	Realised	Total
Gains and losses on electricity and currency contracts	-4,496	-983	-5,478	-951	-248	-1,200
Unrealised gains and losses on interest rate contracts and shares	75			202		
Impact of unrealised gains and losses on pre-tax profit	-4,420			-749		
Tax effect of unrealised gains and losses						
Income tax	957			180		
Resource rent tax	2,137			462		
Total tax	3,094			642		
Impact of unrealised gains and losses on net income	-1,326			-107		

Å Energi uses cash-settled contracts to secure a guaranteed price of some of its future electricity generation. Prices are fixed for a number of years in advance. The aim is to ensure stability in the company's revenues and its ability to pay dividends. Forward (system) prices for electricity rose significantly in 2022. The price increase for 2023 is 240% and for 2024-2027 it is 80-150%.

When prices rise, the value of our financial hedges falls. When prices rise as much as they did in 2022, their value falls considerably. Under IFRS, changes in the value of these contracts are recognised through profit or loss. The reported profit for 2022 under IFRS was negatively affected by a NOK -1 326 loss on cash-settled contracts, mainly related to financial hedges.

At the end of the fourth quarter, the value of our interest rate swaps had risen by NOK 144 million due to higher interest rates, while the value of our investment in Otovo fell by NOK 68 million.

The revaluation losses resulted in a negative tax expense (income) of NOK 3,094 million. Income tax is calculated on all of the revaluation gain and losses, except those relating to shares. Resource rent tax is only calculated on revaluations of contracts that are covered by the rules on resource rent tax.

Note 4 Tax expense

(Amounts in millions of NOK)	Full year 2022		Full year 2021	
	Amounts in NOK millions	% of pre-tax profit	Amounts in NOK millions	% of pre-tax profit
Expected income tax rate 22%	371	22 %	902	22 %
Impact of non-capitalised deferred tax assets	10	1 %	0	0 %
Permanent differences and changes in tax rates	60	4 %	-71	-2 %
Income tax expense	441	26 %	831	20 %
Resource rent tax expense	1,082	64 %	1,258	31 %
Total tax expense	1,523	90 %	2,089	51 %

The resource rent tax expense amounted to NOK 1 082 (1 258) million. This comprises NOK 2,948 (1,560) million of resource rent tax payable, and a NOK 1,865 (302) million increase in deferred resource rent tax assets. The big increase in resource rent tax payable is due to the tax rate having been raised from 37% to 45% as well as hydroelectric power generated having a higher spot value. The NOK 1,865 million increase in deferred tax assets reflects a NOK 2,137 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 272 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 so far this year:

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

(Amounts in millions of NOK)	2022	2021
Interest-bearing liabilities at 1 Jan.	9,030	10,937
New long-term borrowings (cash item)	0	177
Repayment of long-term borrowings (cash item)	-1,284	-1,505
Net change in overdraft and other current liabilities (cash item)	0	-500
Exchange rate fluctuations (non-cash item)	111	-92
New lease liabilities (non-cash item)	9	13
New liabilities from merger (non-cash item)	3,046	0
Interest-bearing liabilities at 31 Dec.	10,912	9,030

Interest-bearing liabilities includes NOK 377 (185) million of lease liabilities.

The additional liabilities as a result of the merger include NOK 228 million of lease liabilities.

Note 6 Alternative performance measures (APM)

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

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

Å Energi uses the following alternative performance measures:

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

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

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

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

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

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

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

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

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

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

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

When Glitre Energi and Agder Energi merged, Glitre's assets and liabilities were measured at fair value. Any acquisition adjustment relating to depreciable assets is depreciated over the remaining useful life of the assets. Measurement at fair value results in a significantly higher depreciation expense than if the two businesses had remained separate. However, the two groups had

relatively similarly business operations and the owners remain the same. We do not consider the higher depreciation expense to be the result of a decline in underlying value creation.

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

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

4. +/- Effect of changes to tax rates

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

This adjustment is reflected in the underlying net income.

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

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

This adjustment is reflected in the underlying net income.

((Amounts in millions of NOK)	Full year	
	2022	2021
IFRS operating revenues	35,763	20,625
Unrealised gains and losses, electricity and currency	4 496	951
Material gains on the disposal of businesses or ownership interests in businesses	0	0
Underlying operating revenues	40,258	21,576
IFRS operating profit	1,793	3,858
Depreciation and impairment losses	760	764
IFRS EBITDA	2,553	4,622
Unrealised gains and losses, electricity and currency	4,496	951
Material gains on the disposal of businesses or ownership interests in businesses	0	0
Underlying EBITDA	7,049	5,574
IFRS operating profit	1,793	3,858
Unrealised gains and losses, electricity and currency	4,496	951
Material gains on the disposal of businesses or ownership interests in businesses	0	0
Underlying operating profit	6,289	4,810
IFRS net income (controlling interest's share)	166	2,062
Changes in unrealised gains and losses after tax (see Note 3)	1,326	107
Changes in deferred tax assets from neg. resource rent carryforwards	-36	69
Material gains on the disposal of businesses or ownership interests in businesses and reclassifications	122	0
Underlying net income (controlling interest's share)	-65	-316
Underliggende resultat etter skatt (majoritetens andel)	1,515	1,923

Note 7 Merger between Agder Energi and Glitre Energi

The merger between Agder Energi and Glitre Energi was carried out on 29 November. The consideration paid to the shareholders of Glitre Energi AS consisted of shares in Agder Energi AS. At the time of the merger, the value of the consideration was determined to be NOK 12,962 million.

Assets and liabilities that to date have been recognised as a result of the merger:

	Fair value
Assets	
Property, plant and equipment – waterfall rights	6,557
Property, plant and equipment – other	9,766
Associates	4,575
Other non-current assets	395
Trade receivables and other current assets	1,626
Bank deposits	1,171
Total assets	24,091
Liabilities	-6,774
Deferred tax	-1,976
Interest-bearing non-current liabilities	-535
Other non-current liabilities	-1,624
Interest-bearing current liabilities	-4,848
Other interest-bearing current liabilities	-15,757
Total liabilities	
Total net identifiable assets	8,334
Less non-controlling interests	943
Goodwill	5,571
Total	12,962

Deferred tax liabilities have been recognised on the basis of the difference between the tax and accounting value of assets and liabilities. Deferred tax liabilities have not been discounted. There is a significant difference between the nominal value and fair value of deferred tax liabilities. Around NOK 4 billion of the goodwill relates to this difference between the fair value and nominal value of deferred tax liabilities, and it is therefore so-called technical goodwill. In addition, just over NOK 1 billion relates to expected synergies from the merger, mainly in the areas network, hydroelectric power and retail.

Non-controlling interests are recognised in proportion to their share of the net identifiable assets and mainly consist of Glitre Energi Nett Holding and Glitre Energi Strøm Holding.

The merger was completed for accounting purposes on 1 December 2022, and in the period from that date until 31 December 2022, Glitre Energi's business contributed NOK 1,935 million in revenues and NOK 868 million in net income to the reported results. If the merger had occurred on 1 January 2022, the Group's revenues for 2022 would have been NOK 3,522 million higher and its net income would have been NOK 1,323 million lower. For the fourth quarter viewed in isolation, the equivalent figures would have been NOK 3,550 million and NOK 875 million respectively. The stated pro-forma figures are based on IFRS.

The big variations in revenues and net income are due to unrealised gains and losses on financial hedges. Å Energi does not apply hedge accounting to those contracts, and instead it recognises changes in value under gains and losses on electricity and currency contracts. The big changes in value as a result of the extreme price fluctuations in 2022 would therefore have been recognised in the income statement.

Glitre's financial results have been significantly impacted by the introduction of the special duty on high-priced electricity and higher rate for resource rent tax. The effect of these rule changes was recognised in its entirety in the fourth quarter, with the fourth quarter and full-year financial statements seeing a charge of NOK 41 million for the duty on high-priced electricity and NOK 544 million for the higher rate of resource rent tax. The increase in resource rent tax comprises NOK 183 million in resource rent tax payable and NOK 361 million in changes in deferred resource rent tax.

