Q1

Å ENERGI

Key figures

- In the first quarter, Å Energi's reported operating profit under IFRS was NOK 4,486 million (Q1 2022: 1,600 million). Net income under IFRS came to NOK 845 million (controlling interest's share), compared with NOK 1,013 million in the first quarter of last year. The Group had NOK 12,023 (7,193) million in operating revenues.

- In the first quarter, Å Energi made an underlying[1] operating profit of NOK 2,598 (2,501) million. Underlying net income was NOK 710 million (controlling interest's share), down from NOK 1,006 million in the first quarter of last year.

- The tax expense on underlying profit was NOK 1,840 (1,431) million. In addition, the Group paid NOK 174 million for the special duty on high-priced electricity. This means that 74% of the Group's pre-tax profit is returned to society through income tax, resource rent tax and the special duty.

- The average spot price (in the NO2 region) in the first quarter was 118 øre/kWh (149 øre/kWh), down 21%. Agder Energi's hedging strategy is designed to make dividend payments more stable and predictable over the long term. In the first quarter, our hedging activities resulted in achieved electricity prices that were significantly lower than spot prices. In addition, our obligation to supply compensation and concession power at regulated prices had a negative impact on achieved prices.

- 3,046 GWh (2,348 GWh) of hydroelectric power was generated in the quarter, an increase of 30%. This increase is mainly due to the electricity generated by what was formerly Glitre Energi being included in the figures for 2023.

Key events

- In conjunction with the merger between Agder Energi and Glitre Energi, the five municipal minority shareholders in Glitre Energi Strøm Holding AS and Glitre Energi Nett Holding AS were offered the opportunity to convert their shareholdings into ownership interests in the merged parent company Å Energi AS. All of the minority shareholders accepted this offer, and in total they will own 2.07% of Å Energi AS. The conversion of their shares is expected to be implemented in the third quarter.

- On 1 May, Glitre Energi Strøm and LOS merged to become Å Strøm. The company is one of Norway's biggest electricity suppliers, and together with Vibb it is responsible for the Group's activities in the domestic market.

- Over the period 2023-26, around NOK 400 million will be spent on upgrading Steinsfoss power station in Vennesla. This will involve doing extensive work to increase generation, safeguard the long-term future of the power station, reduce risks in order to increase personal safety and improve environmental protection.

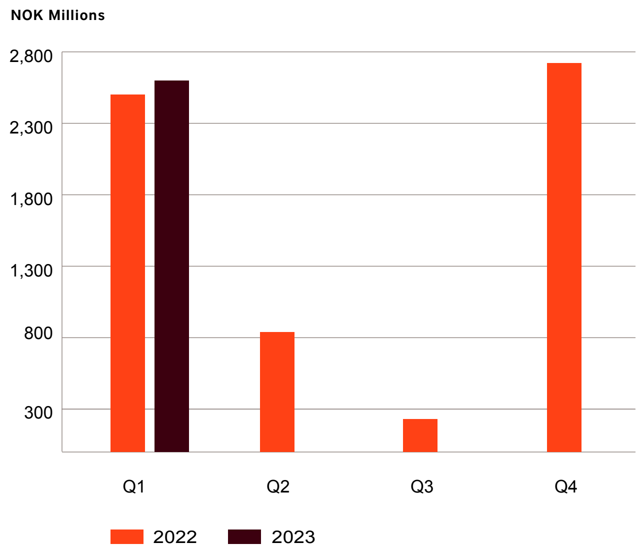
- The control system at Holen power station will be upgraded over the period 2023-26. The power station, which is situated in Bykle Municipality in Setesdal, is owned by Otra Kraft. Å Energi Vannkraft holds a 68.6% ownership interest in Holen power station and its share of the upgrade cost will be around NOK 100 million.

- In April, Netsecurity (in which Å Energi Invest owns an 83.3% interest) acquired the IT security company Data Equipment. The merged company will have 150 employees and supply services in areas such as security monitoring, incident management and security testing.

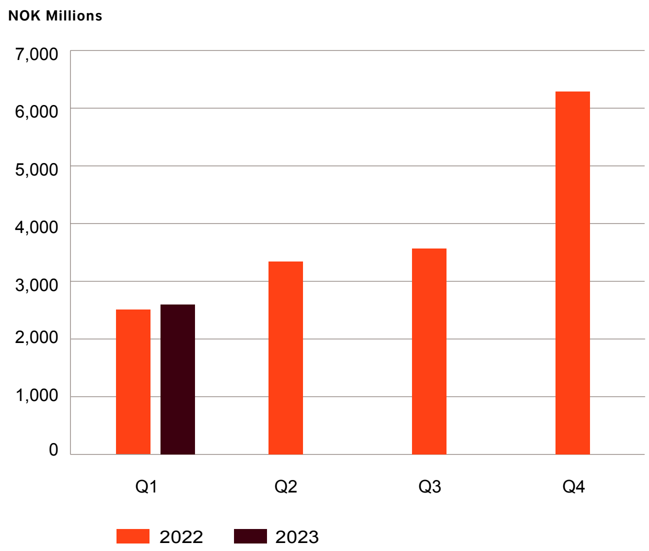
- In March, Vårgrønn, Å Energi and Corio launched a new brand called Brigg Vind. Brigg Vind will initially aim to develop wind power in the Sørlige Nordsjø II area – and it sees a potential market for offshore wind in Norway of 50 GW by 2050. Through the Nordvegen Vind partnership, Å Energi and Corio Generation are aiming to develop floating offshore wind in the Utsira Nord area and to help create a world-class offshore wind industry.

[1] The underlying IFRS figures take the Group's IFRS profit and adjust it for the items that are described in greater detail in Note 6.

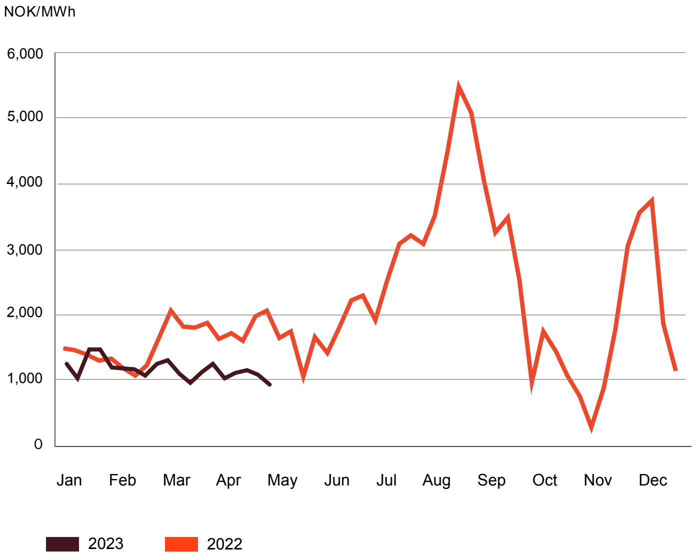
Underlying operating profits by quarter



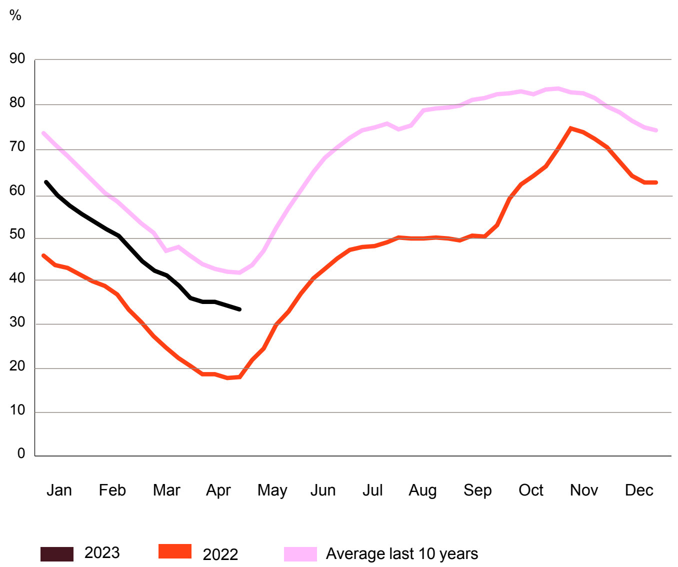
Underlying accumulated operating profit



Market prices in price zone NO2



Reservoir storage levels in price zone NO2



Key figures		Q1 2023	Q1 2022	Full-year 2022
From income statement				
Operating revenues	NOK millions	12,023	7,193	35,763
EBITDA	NOK millions	4,727	1,794	2,553
Operating profit	NOK millions	4,486	1,600	1,793
Profit before tax	NOK millions	4,361	1,649	1,685
Net income (controlling interest's share)	NOK millions	845	1 013	166
Underlying performance 1)				
Underlying operating revenues	NOK millions	10,113	8,093	40 ,258
Underlying EBITDA	NOK millions	2,817	2,695	7,049
Underlying operating profit	NOK millions	2,598	2,501	6,289
Profit before tax	NOK millions	2,555	2,432	6,036
Underlying net income (controlling interest's share)	NOK millions	710	1,006	1,515
Cash flow				
Cash flow from operating activities	NOK millions	-34	4,051	4,027
Purchase of property, plant, equipment and intangible assets	NOK millions	341	178	1,048
Capital				
Capital employed 2)	NOK millions	32,490	16,604	31,516
Return on capital employed 3)	%	6.9	17.2	9.6
Equity ratio	%	31.9	25.1	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.

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 are Hydroelectric Power, Network, Å Strøm, Entelios Nordic and Other Activities.

The merger between Glitre Energi and Agder Energi was completed for accounting purposes on 1 December 2022, and Glitre Energi's business is being reported as an integrated part of the segments as of 2023. Comparative figures have not been restated.

The financial figures for the segments are reported on an underlying IFRS basis, since that is what is used in internal reporting to the management and Board. A more detailed description of the segments is given below.

Hydroelectric Power
This segment is responsible for developing, operating, maintaining and refurbishing the Group's hydroelectric power stations, and it is one Norway's biggest producers of electricity, generating 11.3 TWh in a typical year.

The segment owns, either directly or through joint arrangements, 72 hydroelectric power stations. Most of its power stations are in Agder and the former county of Buskerud, but it also owns power stations in the counties of Rogaland and Vestfold og Telemark. Whereas all of its electricity was previously generated in the NO2 price area, after the merger it will typically generate 2.6 TWh in the NO1 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 3,303 (2,917) million of operating revenues in the first quarter, while its operating profit was NOK 2,153 (2,446) million. The decline in operating profit was mainly due to electricity prices being lower than in the year-earlier period, as well as a NOK 174 million impact from the new duty on high-priced electricity introduced in September 2022.

Electricity prices have fallen significantly since the turn of the year. That is mainly because Europe has had a mild winter, resulting in low gas consumption and European gas storage facilities filling up. The EU has thus far been successful with its REPowerEU plan to reduce its dependency on Russian gas by cutting consumption, increasing renewable energy generation and diversifying its energy supplies, which includes importing more LNG from the United States. Consequently, German electricity prices fell from over 400 EUR/MWh at their peak in December 2022 to under 100 EUR/MWh at the end of the first quarter. With hydrological resources remaining slightly below normal in the Nordic region throughout the quarter, electricity prices in Southern Norway have largely followed German prices. Forward prices on Nasdaq for the NO2 area indicate that electricity prices will continue to fall as we enter summer, but they also suggest prices will increase as we head into next winter to slightly above what we saw this winter.

The average spot prices in the NO2 and NO1 areas were almost identical during the first quarter, and at 118 øre/kWh (149 øre/kWh) they were 21% lower than in the year-earlier period. The volume-weighted spot price for the electricity generated by the segment in the first quarter was 125 øre/kWh. Achieved electricity prices fell by almost the same amount, and they were once again lower than spot prices in the first quarter. As well as our duty to supply compensation power and concession power at regulated prices, this reflected that we have hedged at levels significantly below spot prices.

In the first quarter, the segment generated 3,046 GWh (2,348 GWh) of hydroelectric power. At the start of the year, hydrological resources (water and snow) were slightly above normal. Over the course of the quarter they continued to improve, and by the end of the quarter they were significantly better than normal.

At the end of the quarter, the average reservoir level for all of the electric utilities in the NO2 price area was 38% (23%) of capacity, 15 percentage points higher than last year, but 6 percentage points below the average for the past ten years, which is 44%.

Pre-tax profit for the first quarter amounted to NOK 2,151 (2,417) million. As well as paying ordinary income tax, the Hydroelectric Power segment pays resource rent tax. Its total tax expense was NOK 1,748 (1,423) million. The effective tax rate was 81% (59%). The tax expense mainly rose due to a NOK 344 million increase in resource rent tax, as a result of a higher tax rate and a negative contribution from hedges that are not included in the calculation basis for resource rent tax. The effective tax rate including the duty on high-priced electricity was 83%. Net income in the first quarter fell by NOK 592 million to NOK 403 (995) million

NOK 96 (49) 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.

Network
The Network segment comprises Glitre Nett and a 51% ownership interest in Asker Nett. Glitre Nett is responsible for the development, operation and maintenance of the regional and local distribution systems in Agder, Buskerud and Hadeland.

The Network segment's operating revenues were NOK 776 (456) million in the first quarter of the year, which was a NOK 320 million increase, mainly due to the merger with Glitre Energi in December 2022.

It made an operating profit of NOK 175 million, up from NOK 7 million last year. The low profit in the first quarter of last year was due to very high costs for distribution losses, which were not reflected in the network tariffs charged to customers. In the fourth quarter of last year, a scheme to transfer congestion revenues from Statnett was introduced precisely in order to compensate distribution system operators for their rising costs and to avoid the need to raise network tariffs. The scheme made it possible for Glitre Nett to lower its network tariffs from 1 January this year.

The cost of resolving faults in the grid and KILE was just under NOK 10 million higher than expected. KILE is a reduction applied to the company's revenue cap in the event of power outages.

The segment invested NOK 157 (121) million in the first quarter. This was around 30% lower than planned, which was mainly due to projects being delayed or postponed.

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 the first quarter, the segment's turnover was NOK 5,115 million, up from NOK 2,994 million in the same period last year. The gross volume of electricity supplied to consumers and producers was 5.9 TWh (5.7 TWh).

The segment's operating profit was NOK 346 (83) million. Most of this increase can be attributed to a strong contribution from energy management. Over an extended period, Entelios has helped public and private sector customers to save billions of kroner in electricity costs by enabling them to hedge their electricity prices.

Entelios 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. 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.

Å Strøm
Å Strøm, one of Norway's leading electricity retailers, was formed by the merger of LOS and Glitre Energi Strøm. With almost 220,000 domestic customers, Å Strøm is Norway's fourth largest electricity company, and it has customers throughout Norway, but particularly in Agder, Buskerud and Hadeland. This segment also includes Vibb, which is a digital electricity supplier to domestic customers, with customers all over Norway. The company is growing quickly and now has 52,000 customers.

Å Strøm and Vibb, with their distinct profiles and business models, together constitute Å Energi's product offering in the domestic electricity market.

Total turnover in the first quarter came to NOK 1,505 million, compared with NOK 878 million in the year-earlier period. The increase in turnover is due to the figures for last year only including LOS.

The segment's operating profit was NOK 3 (17) million. Operating profit fell on account of lower margins.

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 parts of the New Industries business area, which is responsible for the Group's venture capital activities, business development and new ventures. In addition, it covers parts of the Customer & Digital Solutions business area, digital services related to district heating, local heating, biofuels and flexibility services, and a few other small companies. The segment also manages our ownership interests in Viken Fiber and Nettpartner.

Å Energi Varme develops, builds and supplies district heating and cooling services for homes and commercial buildings, mainly in Kristiansand, Arendal and Grimstad. The company's turnover was NOK 70 (45) million in the first quarter, while its operating profit was NOK 33 (11) million. The company continued to offer a compensation scheme based on the model of the government's electricity subsidy to all of its domestic customers, and in the first quarter it also compensated its business customers. The volume of billable energy supplied was 55 GWh (52 GWh). The increase was due to a slightly colder winter and lower energy prices. Hedges entered into in the past made a negative contribution in the quarter.

Å Energi, Nodes and the two biggest distribution system operators in Norway – Elvia and Glitre Nett – will use the Euroflex project to kick-start work on developing new, flexible solutions that can relieve pressure on the grid during periods of peak demand. The area covered by the project is home to 1.3 million electricity customers, and the project has received a NOK 6 million grant from Enova's Pilot-E programme.

Cash flows and capital adequacy
Cash flow from operating activities came to NOK -34 in the first quarter, compared with NOK 4,051 million in the first quarter last year. The low cash flow in the first quarter was mainly due to two factors. One important reason was the timing difference between the cash flows from Entelios Nordic's contracts with its customers and its exchange-traded hedging instruments. Over the duration of the contracts, the exchanged-traded instruments and the customer contracts will have roughly the same cash flows, but this will vary greatly between periods. This effect also largely explains the strong cash flow in the first quarter of last year. In addition, the Group paid NOK 1,824 million in tax in the first quarter. A reduction in the Group's working capital had a positive impact on cash flow. This reflects the fact that typically customer receivables fall in the first quarter.

Investment in property, plant and equipment and intangible assets amounted to NOK 341 (178) million. The Hydroelectric Power and Network segments were responsible for 76% of the investments in property, plant and equipment.

Net financial items came to NOK -105 (-76) million. Of the NOK 105 (76) million financial expense, NOK 82 (53) million was interest payable on the debt portfolio. The increase in interest on the debt portfolio was the result of both higher market interest rates and higher interest-bearing liabilities on account of the merger with Glitre Energi.

The Group's share of loss of associates amounted to NOK -3 (-5) million, which includes a NOK 17 million gain on Å Energi's investment in Viken Fiber. The overall loss was due to several of the Group's other associates making a loss.

There was an unrealised loss of NOK -77 million (gain of NOK 118 million) on interest rate contracts and shareholdings. Of this, NOK -5 (124) million related to interest rate contracts. The remaining NOK -72 (-7) million was a revaluation loss on our investment in Otovo.

The Group's gross interest-bearing liabilities at the end of the quarter amounted to NOK 11.0 (8.2) billion. It had NOK 7.0 (2.6) billion of net interest-bearing liabilities. The average interest rate on the Group's debt portfolio was 3.1% (2.4%). The Group's liquidity buffer at the end of the quarter comprised NOK 3.5 (2.5) billion of unused credit facilities and NOK 4.0 (5.6) 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 quarter, the Group had 1,369 (966) full-time and temporary employees, representing 1,328 (936) 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 at the parent company and in the Network segment.

The sickness absence rate for the past 12 months has been 4.1% (4.6%). In 2023, 3 (5) occupational accidents were recorded involving our own employees and contractors, leading to 7 (31) 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 3.1 (4.0) for our own employees.

Many staff members are facing heavier workloads due to the merger and having to do new tasks in addition to those related to our ordinary operations. With the help of our company health service, we have provided training on going through a restructuring process, work-related stress factors and efficient time management. Road traffic accidents have long been considered a high risk, and with travel increasing as a result of the merger, we will implement measures to improve road safety at the Group.

Outlook

Over the course of the autumn and winter, 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 indicate that electricity prices in 2023 and the coming years will be significantly lower than in 2022.

At the start of the year, hydrological resources (water and snow) were slightly above normal. Over the course of the quarter they continued to improve, and by the end of the quarter they were significantly better than normal. The combination of the merger with Glitre Energi and plentiful hydrological resources means that we expect to generate significantly more electricity in 2023 than in 2022, with energy sales remaining strong. However, the new duty on high-priced electricity will apply to the whole year in 2023, which will have a negative impact on our financial results.

The new, merged group is fully operational and ready to seize any 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.

Kristiansand, 25 May 2023
The Board of Directors of Å Energi AS

Income statement

(Amounts in millions of NOK)	Q1 2023	Q1 2022	Full-year 2022
Energy sales	8,687	7,524	37,606
Transmission revenues	687	465	2,148
Other operating revenues	252	126	1,487
Gains and losses on electricity and currency contracts	2,397	-921	-5,478
Total operating revenues	**12,023**	**7,193**	**35,763**
Energy purchases	-6,161	-4,813	-29,654
Transmission expenses	-29	-37	-43
Other raw materials and consumables used	-50	-30	-623
Employee benefits	-360	-235	-1,050
Depreciation and impairment losses	-242	-194	-760
Property taxes and licence fees	-82	-58	-226
Duty on high-priced electricity	-174	0	-309
Other operating expenses	-440	-226	-1,304
Total operating expenses	**-7,537**	**-5,593**	**-33,969**
Operating profit	**4,486**	**1,600**	**1,793**
Share of profit of associates and joint ventures	-3	-5	53
Financial income	78	13	67
Unrealised gains and losses on interest rate contracts and shares	-77	118	75
Financial expenses	-121	-76	-303
Net financial income/expenses	**-124**	**49**	**-108**
Profit before tax	**4,361**	**1,649**	**1,685**
Income tax	-1,032	-369	-441
Resource rent tax	-2,479	-272	-1,082
Tax expense	**-3,511**	**-641**	**-1,523**
Net income	**850**	**1,009**	**162**
Of which attributable to non-controlling interests	5	-4	-4
Of which attributable to controlling interest	**845**	**1 013**	**166**

Comprehensive income

(Amounts in millions of NOK)	Q1 2023	Q1 2022	Full-year 2022
Net income	**850**	**1,009**	**162**
Other comprehensive income and expenses			
Cash flow hedges	0	43	120
Translation differences	26	-9	5
Tax impact	0	-9	-26
Total items that may be reclassified to income statement	**27**	**25**	**98**
Remeasurements of pensions	37	-37	-395
Tax impact	-11	11	117
Total items that will not be reclassified to income statement	**26**	**-26**	**-277**
Total other comprehensive income and expenses	**53**	**-2**	**-179**
Comprehensive income	**903**	**1,007**	**-17**
Of which attributable to non-controlling interests	7	-5	-4
Of which attributable to controlling interest	**895**	**1,012**	**-13**

Statement of Financial Position

(Amounts in millions of NOK)	31.03.23	31.03.22	31.12.22
Deferred tax assets	0	190	0
Intangible assets	6,099	365	6,097
Property, plant and equipment	33,219	17,382	33,145
Investments in associates and joint ventures	4,978	172	4,969
Derivatives	4,793	2,279	6,910
Other non-current financial assets	1,025	1,298	1,053
Total non-current assets	**50,114**	**21,686**	**52,174**
Inventories	155	24	295
Receivables	6,652	5,296	10,201
Derivatives	3,666	1,838	6,424
Cash and cash equivalents	3,969	4,533	4,430
Total current assets	**14,442**	**11 ,691**	**21,350**
TOTAL ASSETS	**64,556**	**33,377**	**73,524**
Paid-in capital	14,870	1,907	14,870
Retained earnings	5,750	6,427	4,795
Non-controlling interests	895	33	939
Total equity	**21,515**	**8,367**	**20,604**
Deferred tax	6,127	312	4,402
Provisions	1,632	2,561	1,830
Derivatives	7,511	2,935	12,406
Interest-bearing non-current liabilities	7,814	6,959	7,754
Total non-current liabilities	**23,084**	**12,766**	**26,393**
Interest-bearing current liabilities	3,161	1,278	3,158
Tax payable	4,236	3,982	5,782
Derivatives	7,118	4,732	11,425
Other non-interest-bearing current liabilities	5,442	2,252	6,161
Total current liabilities	**19,958**	**12,243**	**26,527**
TOTAL EQUITY AND LIABILITIES	**64,556**	**33,377**	**73,524**

Statement of cash flows

(Amounts in millions of NOK)	Q1 2023	Q1 2022	Full-year 2022
Cash flow from operating activities			
Profit before tax	4,361	1,649	1,685
Depreciation and impairment losses	242	194	760
Non-cash gains and losses	-4,296	1,410	5,934
Share of profit of associates and joint ventures	3	5	-53
Tax paid	-1,824	-70	-2,735
Change in net working capital, etc.	1,480	863	-1,564
Net cash provided by operating activities	**-34**	**4,051**	**4,027**
Investing activities			
Purchase of property, plant, equipment and intangible assets	-341	-178	-1,048
Purchase of businesses/financial assets	-19	-1	-352
Net change in loans	1	-19	1,033
Sale of property, plant, equipment and intangible assets	8	5	8
Sale of businesses/financial assets	0	0	159
New cash and cash equivalents from merger	0	0	1,171
Net cash used in investing activities	**-352**	**-193**	**972**
Financing activities			
Repayment of long-term borrowings	-76	-739	-1,284
Transactions with non-controlling interests	0	0	56
Dividends paid	0	0	-755
Net cash used in financing activities	**-76**	**-739**	**-1,983**
Net change in cash and cash equivalents	**-461**	**3,118**	**3,015**
Cash and cash equivalents at start of period	4,430	1,415	1,415
Cash and cash equivalents at end of period	3,969	4,533	4,430

Statement of changes in equity

(Amounts in millions of NOK)	Paid-in capital	Cash flow hedges	Translation differences	Retained earnings	Total for controlling interest	Non-controlling interests	Total equity
Equity at 01/01/2022	**1,907**	**-83**	**-1**	**5,509**	**7,331**	**37**	**7,369**
Net income	0	0	0	166	**166**	-4	**162**
Other comprehensive income and expenses	0	93	5	-277	**-179**	0	**-179**
Dividends paid	0	0	0	-755	**-755**	0	**-755**
Merger with Glitre Energi	12,962	0	0	94	**13,056**	849	**13,905**
Other changes in equity	0	0	0	45	**45**	56	**102**
Equity at 31/12/2022	**14,870**	**10**	**3**	**4,782**	**19,665**	**939**	**20,604**
Equity at 01/01/2023	**14,870**	**10**	**3**	**4,782**	**19,665**	**939**	**20,604**
Net income	0	0	0	845	**845**	5	**850**
Other comprehensive income and expenses	0	0	24	26	**50**	3	**53**
Other changes in equity	0	0	0	60	**60**	-51	**9**
Equity at 31/03/2023	**14,870**	**10**	**27**	**5,713**	**20,620**	**895**	**21,515**

Segments

Operating revenues

(Amounts in millions of NOK)	Q1 2023	Q1 2022	Full-year 2022
Hydroelectric Power	3,303	2,917	7,419
Network	776	456	2,224
Å Strøm	1,505	878	3,304
Entelios Nordic	5,115	2,994	25,421
Other and consolidations	422	1,025	2,933
Eliminations	-1,008	-177	-1,042
Total	**10,113**	**8,093**	**40,258**
Adjustments to IFRS, see Note 1	1,910	-901	-4,496
IFRS revenues	**12,023**	**7,193**	**35,763**

Operating profit

(Amounts in millions of NOK)	Q1 2023	Q1 2022	Full-year 2022
Hydroelectric Power	2,153	2,446	5,232
Network	175	7	436
Å Strøm	3	17	-13
Entelios Nordic	346	83	530
Other and consolidations	-79	-53	45
Eliminations	0	0	60
Total	**2,598**	**2,501**	**6,289**
Adjustments to IFRS, see Note 1	1,888	-901	-4,496
IFRS operating profit	**4,486**	**1,600**	**1,793**

Net income

(Amounts in millions of NOK)	Q1 2023	Q1 2022	Full-year 2022
Hydroelectric Power	403	995	991
Network	130	-12	272
Å Strøm	0	13	-12
Entelios Nordic	268	54	386
Other and consolidations	-86	-48	-133
Eliminations	0	0	0
Total	**715**	**1,002**	**1,505**
Adjustments to IFRS, see Note 1	135	7	-1,342
IFRS net income	**850**	**1,009**	**162**

Notes to the interim financial statements

The figures in this interim report have not been audited.

Note 1 Accounting principles

Å Energi's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The same accounting principles and calculation methods have been applied as for the annual financial statements for 2022.

Accounting principles of the segments

The underlying performance of the segments is reported in accordance with internal reporting to the management team. Underlying performance is based on IFRS figures and adjusted as described in Note 6. The table below shows the impact of the differences between the accounting principles used for segment reporting and IFRS.

	Q1		Full-year
(Amounts in millions of NOK)	**2023**	**2022**	**2022**
Electricity and currency contracts	1,910	-901	-4,496
Adjustments to revenues	**1,910**	**-901**	**-4,496**
Amortization of acquisition adjustment	-22	0	0
Adjustments to operating profit	**1,888**	**-901**	**-4,496**
Amortization of acquisition adjustment, associates	-5	0	0
Unrealised gains and losses on interest rate swaps	-5	124	148
Unrealised gains and losses on shareholdings	-72	-7	-68
Material gains on disposals/reclassifications	0	0	65
Tax impact of negative resource rent carryforwards	-39	-22	37
Tax impact of other corrections	-1,632	811	2,971
Adjustment to net income	**135**	**7**	**-1,342**

Note 2 Segments

The operating segments presented are the same as the ones used in reporting to the Group management team. Segment reporting is used by Å Energi's management to assess the performance of the various business areas, and to allocate resources to them. See page 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:

	Q1 2023			Q1 2022		
	Unrealised	**Realised**	**Total**	**Unrealised**	**Realised**	**Total**
Gains and losses on electricity and currency contracts	1,910	486	2,397	-901	-21	-921
Unrealised gains and losses on interest rate contracts and shares	-77			118		
Impact of unrealised gains and losses on pre-tax profit	**1,833**			**-783**		
Tax effect of unrealised gains and losses						
Income tax	-432			171		
Resource rent tax	-1,205			641		
Total tax	**-1,637**			**811**		
Impact of unrealised gains and losses on net income	**196**			**28**		

Å Energi uses cash-settled contracts to secure a guaranteed price of some of its future electricity generation. Prices are fixed for a number of years in advance. The aim is to ensure stability in the company's revenues and its ability to pay dividends. Forward (system) prices for electricity fell in the first quarter. For the remainder of 2023, prices fell by an average of 32%, and for 2024-27 they fell by 17-29%.

This decline has increased the value of the Group's hedges. Meanwhile, the Norwegian krone weakened 8% against the euro in the first quarter. That reduced the value of the contracts used to hedge against currency risk. Overall, there was a NOK 1,910 million pre-tax valuation gain on electricity and currency contracts.

In the first quarter, the value of our interest rate swaps fell by NOK 5 million, while the value of our investment in Otovo fell by NOK 72 million.

The net revaluation gain resulted in a tax expense of NOK 1,637 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.

First quarter net income under IFRS includes a NOK 196 million gain after tax on financial contracts.

Note 4 Tax expense

	Q1 2023		Q1 2022	
	Amounts in millions of NOK	**% of net income**	**Amounts in millions of NOK**	**% of net income**
Expected income tax rate 22%	959	22 %	363	22 %
Impact of non-capitalised deferred tax assets	10	0 %	0	0 %
Permanent differences and changes in tax rates	62	1 %	6	0 %
Income tax expense	**1,032**	**24 %**	**369**	**22 %**
Resource rent tax expense	**2,479**	**57 %**	**272**	**16 %**
Total tax expense	**3,511**	**81 %**	**641**	**39 %**

The resource rent tax expense amounted to NOK 2,479 (272) million. This comprises NOK 1,189 (856) million of resource rent tax payable, and NOK 1,290 (584) million for deferred resource rent tax. The increase in resource rent tax payable was mainly due to the tax rate being raised from 37% to 45%. The expense for changes in deferred tax almost entirely relates to an increase in the value of contracts measured at fair value subject to resource rent tax (see Note 3).

Note 5 Change in interest-bearing liabilities

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

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

(Amounts in millions of NOK)	**2023**	**2022**
Interest-bearing liabilities at 1 Jan.	10,912	9,030
Repayment of long-term borrowings (cash item)	-76	-739
Exchange rate fluctuations (non-cash item)	139	-54
Interest-bearing liabilities at 31 March	**10,975**	**8,237**

Note 6 Alternative performance measures (APM)

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

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

Å Energi uses the following alternative performance measures:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. +/- Effect of changes to tax rates

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

This adjustment is reflected in the underlying net income.

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

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

This adjustment is reflected in the underlying net income.

	Q1		Full-year
(Amounts in millions of NOK)	**2023**	**2022**	**2022**
IFRS operating revenues	12,023	7,193	35,763
Unrealised gains and losses, electricity and currency	-1,910	901	951
Material gains on the disposal of businesses or ownership interests in businesses	0	0	0
Underlying operating revenues	**10,113**	**8,093**	**36,714**
IFRS operating profit	4,486	1,600	1,793
Depreciation and impairment losses	242	194	760
IFRS EBITDA	**4,727**	**1,794**	**2,553**
Unrealised gains and losses, electricity and currency	-1,910	901	951
Material gains on the disposal of businesses or ownership interests in businesses	0	0	0
Underlying EBITDA	**2,817**	**2,695**	**3,504**
IFRS operating profit	4,486	1,600	1,793
Unrealised gains and losses, electricity and currency	-1 910	901	951
Amortization of acquisition adjustment	22	0	0
Underlying operating profit	**2,598**	**2,501**	**2,745**
IFRS net income (controlling interest's share)	845	1,013	166
Changes in unrealised gains and losses after tax (see Note 3)	-196	-28	107
Changes in deferred tax assets from neg. resource rent carryforwards	39	22	69
Amortization of acquisition adjustment	22	0	-316
Underlying net income (controlling interest's share)	**710**	**1,006**	**27**

English translation: Språkverkstaden

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