

Interim report Q1

Statkraft AS

2023



Q1 AT A GLANCE

EBIT underlying

18.5

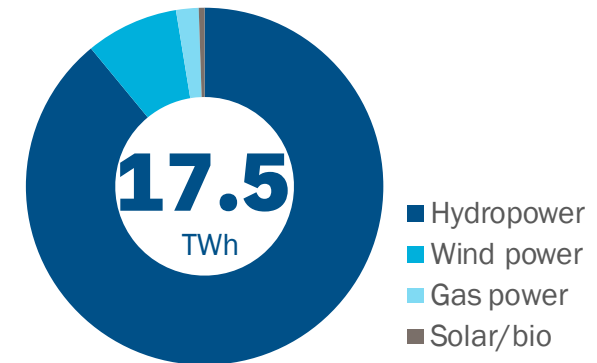
NOK BILLION

Net profit

10.9

NOK BILLION

Power generation



Cash flow from operations

2.3

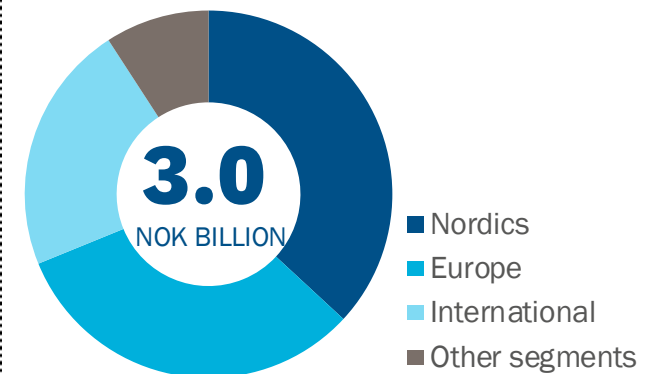
NOK BILLION

Net interest-bearing debt

-15.1

NOK BILLION

Investments



Key financial information

NOK million	2023	First quarter 2022	Change	Year 2022
Income statement				
Gross operating revenues and other income underlying	42 142	41 874	268	167 513
Net operating revenues and other income underlying	24 473	22 087	2 386	75 280
EBITDA underlying	19 728	19 073	655	59 082
Operating profit/loss (EBIT) underlying	18 541	17 953	588	54 424
- of which unrealised effects	6 596	7 295	- 699	3 206
Operating profit/loss (EBIT) IFRS	22 456	16 964	5 492	52 178
Share of profit/loss in equity accounted investments	1 273	670	603	531
Net financial items	-2 485	1 648	-4 133	6 111
- of which net currency effects	-2 947	1 215	-4 163	233
Profit/loss before tax	21 243	19 282	1 962	58 819
Net profit/loss	10 874	11 442	- 568	28 592
Key financial metrics				
Operating profit/loss (EBIT) margin underlying	44.0%	42.9%	1.1%	32.5%
ROACE	41.9%	31.1%	10.8%	42.4%
ROAE	6.8%	13.5%	-6.7%	3.4%
Balance sheet and investments				
Assets	332 931	342 923	-9 992	341 176
Equity	150 546	119 255	31 291	131 691
Net interest-bearing debt	-15 085	11 013	-26 099	-16 063
Capital employed	138 315	123 435	14 880	131 622
Equity accounted investments	21 341	15 632	5 709	18 645
Total investments	3 029	2 499	530	11 451
Cash Flow				
From operating activities	2 320	2 586	- 266	40 242
Cash and cash equivalents (incl. restricted cash)	56 939	37 705	19 234	58 902
Currency rates				
NOK/EUR average rate	10.98	9.93	1.05	10.10
NOK/EUR closing rate	11.39	9.71	1.68	10.51

Definitions

See section Alternative Performance Measures at the end of this report for definitions.

The quarterly report shows the development in the quarter compared with the same quarter last year, unless otherwise stated.

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CEO'S REVIEW



Statkraft is reporting very strong results in the first quarter of 2023. While prices generally decreased in Europe, Statkraft benefited from increased power prices in northern Norway and Sweden. The price development, as well as continued strong performance in Market operations are the key drivers of the good results.

European energy markets are still affected by the continuing war in Ukraine and Russian removal of gas from the market. The energy balance is still tight and imported natural gas is heavily influencing the power prices. Volatility and price levels continue at a high level, but lower than last year.

The operating results were also significantly impacted by positive contributions from hedging and currency effects due to the weakening of the Norwegian krone, these currency effects impacted net financial items negatively.

Operating expenses increased driven by the high-price contribution in Norway, higher number of employees, growth activities and a weakening of the Norwegian krone. The underlying costs for existing operations are stable.

In Q1-2023, Statkraft experienced a fatal road accident that occurred when a vehicle from the joint venture hydropower company Allain Duhangan collided with a young boy on a public road.

FINANCIAL PERFORMANCE

The underlying EBIT of NOK 18.5 billion is the second highest ever for a single quarter. The solid result was mainly driven by strong results from the segments Nordics, Europe and Markets.

The Nordics segment experienced higher power prices in northern Norway and positive hedging effects, and the Markets segment delivered very strong results from the trading and origination activities. The strong results from Europe were primarily related to unrealised hedging gains.

Net profit for the quarter was NOK 10.9 billion and cash flow from operating activities were NOK 2.3 billion in the quarter. Statkraft has a very solid financial position. Measured on 12 months rolling basis, the Return on Average Capital Employed (ROACE) was 42 per cent.

Statkraft's ambition is to become a leading global renewable energy producer, building 2500-3000 MW per year from 2025.

POWER GENERATION AND PRICES

Our quarterly power generation was 17.5 TWh, 1 TWh lower than the first quarter last year. The decrease was primarily related to Norwegian hydropower.

Lower coal and gas prices in combination with improved reservoir situation in southern Norway has led to lower power prices, and the average Nordic system price was 85 EUR/MWh in the quarter, 24 EUR/MWh lower than in the same quarter last year. The prices in mid and northern Norway increased compared with the first quarter last year but were still significantly lower than in southern Norway

KEY EVENTS IN THE QUARTER

In January, Statkraft announced a partnership with Copenhagen Infrastructure Partners (CIP) to develop 2.2 GW of offshore wind power in Ireland. A gain of NOK 1.6 billion was recognised, which demonstrates our value creation within offshore wind and supports our ambition to pursue an industrial role in Ireland and the North Sea. In May, the partnership secured 500 MW in Ireland's first offshore wind auction.

Looking ahead, we welcome the Norwegian authorities' recent announcement to assess 20 new areas for offshore wind development with a size that makes it possible to establish a supplier industry in Norway.

Statkraft continues to offer long-term power contracts to maintain the position as a competitive supplier to the energy intensive industry in Norway. In the quarter, we signed such agreements with Elkem and INEOS Inovyn, supplying up to 1.5 TWh per year.

Statkraft has further developed its fixed-price products for Norwegian businesses in the quarter. More retailers have been onboarded and since early May we have offered profiled contracts to businesses with high demand during daytime on working days.

SUSTAINABILITY

In the quarter, regrettably there was a violent demonstration in the vicinity of the Los Lagos project in Chile. Statkraft is currently conducting an inquiry to determine exactly what happened.

Regarding the Fosen wind farm in Norway, a final draft of the Impact Assessment Program (IAP) was sent out by the Ministry of Petroleum and Energy (MPE) in the end of April, aiming at identifying the necessary mitigating measures to be implemented in the licenses for Storheia and Roan wind farms. The MPE has also recently proposed a mediation process between the involved parties to seek to resolve the situation.

There is a risk of forced labour in the solar supply chain. This inherent risk has been highlighted in recent media coverage in Norway. Statkraft continues to implement a number of measures and participates in industry efforts to mitigate the risk.



Christian Rynning-Tønnesen

President and CEO

Strategic targets

The Board of Directors has set financial and non-financial targets for the Group. The performance related to several of the targets will be assessed over a longer time horizon. The main targets and the status at the end of the quarter are listed in the table below.

Ambition category	Strategic objective	Target	Status
Safety, security and sustainability	Prevent incidents and be committed to a workplace without injury or harm	Zero serious injuries	3
	Prevent corruption and unethical practices in all activities	Zero serious compliance incidents	0
	Deliver climate-friendly renewable energy and taking responsible environmental measures ²⁾	Reducing greenhouse gas (GHG) emissions (scope 1 & 2) by 7% g CO ₂ /kWh	+131% ²⁾
Financial performance	Deliver a solid return on capital	>12% ROACE	42%
People and organisation	Improve diversity in background, competence and gender across the company	Gender balance (40/60) across the organization by 2030 measured on all management positions	28%
Operations	Efficient management of energy resources in the Nordic hydropower fleet	>3.5% higher realised prices than the average spot price in the market	6.9%
	Deliver competitive operations & maintenance	Total cost of operations Nordic hydropower 12.7 øre/kWh for 2023	11.8 øre
Growth	Grow capacity in renewable energy (wind, solar and battery/grid services)	Run rate of 2.5-3 GW in 2025	1.0 GW

¹⁾ The KPI excludes emissions from gas-fired power plants. District heating emissions are based on a normal weather year to avoid larger temperature-driven fluctuations from year to year. Scope 2 market-based are included.

²⁾ The KPI is rolling 12 months, but currently only includes the first quarter of 2023. The result is not comparable with the target until all four quarters are included. Since district heating emissions are highest in the winter period, the first quarter result is significantly above the 2023 target. In addition, based on the planned increase in construction projects, it is expected that the total emissions will increase in the short term. This is a new KPI, and it will be further improved and evolved

SAFETY, SECURITY AND SUSTAINABILITY

Statkraft works continuously towards the goal of zero injuries. In the first three months of 2023, there were one fatal accident and another two serious injuries.

Statkraft has zero tolerance for corruption and unethical practices in all activities, and there were no serious compliance incidents in the first three months of 2023.

Statkraft continues to explore measures to reduce the direct emissions to reach climate neutrality by 2040. So far in 2023, there is an increase of 131 per cent.

See the “Sustainability” section of the report for more information about the safety, security and sustainability targets.

FINANCIAL PERFORMANCE

Statkraft aims to deliver a solid return on capital employed. Measured on 12 months rolling basis, the ROACE was 42 per cent.

The reportable segments have different risk and business models and are at different stages of development. Therefore, some of the segments are expected to achieve a ROACE higher than 12 per cent and some will deliver below.

PEOPLE AND ORGANISATION

Statkraft aims for a diverse workforce and has a long-term ambition of having minimum 40 per cent of each gender in management positions by the end of 2030.

At the end of March 2023, the share of women was 28 per cent. Statkraft has an additional target of at least 35 per cent women in top management positions by 2025 and at least 40 per cent by 2030. At the end of March, Statkraft had 32 per cent women in top management positions.

OPERATIONS

With Europe's largest portfolio of flexible hydropower plants and reservoir capacity, Statkraft can optimise Nordic hydropower generation over several years. Statkraft is therefore well positioned to achieve a higher average spot price for this generation than the average Nordic spot price.

As of March 2023, Statkraft's realised prices (measured over the last 60 months) were 6.9 per cent higher than the average spot price in the Nordics.

The cost of operations for Statkraft's Nordic hydropower fleet is relatively low. Measured on 12 months rolling basis, the cost was lower than the target.

GROWTH

Statkraft aims to have an annual development rate of 2.5–3 GW renewable energy (wind solar and battery/grid) in 2025, and 4 GW per year from 2030.

At the end of the quarter, Statkraft's development rate was 1 GW.

Previously, Statkraft has communicated a growth target of 9 GW new renewable capacity (hydro, wind and solar) by 2025. At the end of March, 3.6 GW of new capacity was either built or made investment decisions for.

Sustainability

HEALTH AND SAFETY

Regrettably there was one fatal accident in Statkraft in February 2023. A vehicle from Statkraft's part-owned company Allain Duhangan Hydropower Plant (ADHPL) in India was involved in a traffic accident that resulted in the death of a third party. The accident has been investigated to understand what happened and identify any learnings from the tragic accident.

DIVERSITY AND INCLUSION

We have raised our ambitions and set new targets on diversity and inclusion:

- Gender balance (40/60) across the organization by 2030. In practice, this means minimum 40 per cent of each gender. This will be measured on three levels: top management, all management positions, and all employees.
- Score of 8.3 on inclusion index by 2023. The inclusion index tracks the degree to which employees experience inclusion at work and is measured as part of the employee surveys.

HUMAN RIGHTS

Chile

As stated in the 2022 Annual Report, although Statkraft has been successful in establishing trust and cooperation with most of the impacted communities in the vicinity of the Los Lagos project, there are a few communities and groups that have opposed the project from the onset. Regrettably there was an attack in the vicinity of the project in February 2023. This is the latest incident in a series of attacks against the project. Demonstrators broke into the site, threatened the unarmed security guards, and destroyed parts of our infrastructure. Police arrived on the scene and expelled the attackers who report about injuries from police shooting lead pellets at them. Statkraft understands and respects the rights for people opposing and demonstrating against our activities. We need to protect the safety of our people and property, and condemn the use of violence. Statkraft is currently conducting an internal inquiry to determine exactly what happened. The incident is also under investigation by the Chilean police.

Fosen

As an update of the case described in the 2022 Annual Report, in the end of February 2023, there were demonstrations by Sami people inside and outside the Ministry of Petroleum and Energy (MPE) building marking 500 days since the Norwegian Supreme Court decision related to the Fosen wind development without any noticeable progress or action from the Norwegian state. A final draft of the Impact Assessment Program (IAP) was sent out in the end of April, aiming at identifying the necessary mitigating measures to be implemented in the licenses for Storheia and Roan wind farms to remediate the violation of Article 27 of the International Covenant on Civil and Political Rights (ICCPR). The MPE has also recently proposed a mediation process between the involved parties to seek to resolve the situation. Statkraft is committed to respect human rights, and Fosen Vind and Statkraft will support both the IAP process and the proposed mediation.

Solar supply chain

The main components for solar are photovoltaic (PV) panels, with polysilicon as the key input material, and inverters. Most of the production takes place in China. Statkraft is aware of the risk of forced labour in the solar supply chain. This inherent risk has been also highlighted in recent media coverage in Norway.

Statkraft has responded proactively to this challenge. We are running tender processes for framework agreements for solar equipment, e.g. PV panels and inverters. The initial due diligence findings indicated risks of human rights violations linked to some potential first tier suppliers. Corporate Management has therefore decided not to buy from suppliers with manufacturing in high-risk regions to reduce the likelihood. Additionally, Statkraft has also changed the way we procure PV modules and initiated a series of measures, including:

- Further mapping of risk to avoid areas with a clear connection to forced labour
- Focusing our work to a limited number of suppliers in order to have a structured dialogue and follow-up
- Including requirements in our contracts, with agreed sub-suppliers listed and a traceability protocol
- Engaging third parties to assess traceability and conduct inspections to the extent possible

	First quarter 2023	2022	Year 2022
Health and safety			
Fatal accidents ¹⁾	1	0	2
Serious injuries ¹⁾	3	5	12
TRI rate ^{1) 2)}	4.1	3.9	4.1
Absence due to illness, Group	2.9%	2.9%	3.1%
Labour Practices			
Full-time equivalents, Group	5 030	4 462	4 859
Share of women among all employees ³⁾	31%	30%	31%
Share of women in management positions ³⁾	28%	28%	28%
Share of women in top management positions ³⁾⁴⁾	32%	30%	33%
Climate			
Capacity under construction (MW) ⁵⁾	1 726	1 572	1 593
Environment			
Serious environmental incidents	0	0	0
Less serious environmental incidents ⁶⁾	68	69	357
Business ethics			
Serious compliance incidents	0	0	0

¹⁾ Includes employees and suppliers in plants where Statkraft owns 20% or more.

²⁾ TRI rate (rolling 12 months): Number of injuries per million hours worked. Includes work-related injuries which resulted in absence, medical treatment or need for alternative work assignments. Hours worked is based on actual hours worked, overtime included.

³⁾ Results are measured for the parent company and wholly owned subsidiaries.

⁴⁾ Top management positions include CEO, EVPs, and SVPs in the parent company.

⁵⁾ Includes projects where an investment decision has been taken. The reported figures include projects where the investment is > NOK 500 million, is taken in 2022 or 2023, and ongoing projects with investment > NOK 300 million when investment decision is taken before 2022.

⁶⁾ An incident that causes minor or moderate negative environmental impact. Most of the less serious environmental incidents were related to minor breaches of emission regulations for biomass plants, short breaches of minimum flow and minor hydraulic oil leaks.

Power market and generation

Power prices and optimisation of power generation constitute the fundamental basis for Statkraft's revenues. The majority of Statkraft's output is generated in the Nordic region. Power prices are influenced by hydrological factors, commodity prices for thermal power generation, technology cost, grid restrictions and nuclear availability.

POWER PRICES

The price of energy and energy-related commodities decreased in the quarter. The average system price in the Nordic region was 85.1 EUR/MWh, down 24.3 EUR/MWh from Q1 2022 and down 50.2 EUR/MWh since Q4 2022. The main drivers were lower coal and gas prices and higher reservoir levels in southern areas, as well as lower exports. There were still significant price area differences, however the differences have decreased in the period. In average, Norwegian prices in the south were around 108 EUR/MWh and prices in the mid- and north around 56 EUR/MWh and 39 EUR/MWh, respectively.

	First quarter		Year
	2023	2022	2022
Market prices (average)			
System price, Nord Pool (EUR/MWh) ^{*)}	85.1	109.4	135.6
Spot price (base), EEX (EUR/MWh)	116.2	182.9	233.8
Spot price (peak), EEX (EUR/MWh)	134.9	214.4	264.3
Spot price (base), N2EX UK (GBP/MWh)	127.6	198.4	203.8
Generation by geography (TWh)			
Norway	13.5	14.3	46.0
Sweden	1.9	2.0	6.5
Europe ex. Nordic	0.9	1.0	3.4
Rest of the world	1.2	1.2	4.3
Total generation	17.5	18.5	60.2
Generation by technology (TWh)			
Hydropower	15.6	16.5	53.9
Wind power	1.5	1.5	4.3
Gas-fired power	0.4	0.4	1.7
Biomass and solar power	0.1	0.1	0.3
Total generation	17.5	18.5	60.2

^{*)} Sources: Nord Pool and European Energy Exchange (EEX).

The average base price in the German market (EEX) was 116.2 EUR/MWh in the quarter, down 66.6 EUR/MWh from Q1 2022 and down 76.4 EUR/MWh since Q4 2022. Power prices decreased mainly due to lower gas and coal prices. The price drop came despite lower nuclear production in Europe. The average base price in the UK was 127.6 GBP/MWh in the quarter, a decrease of 70.7 GBP/MWh. The decrease was mainly driven by lower gas prices.

RESOURCE ACCESS IN THE NORDIC REGION

The total reservoir level for all hydropower producers in the Nordic region was 89 per cent of median level at the end of the quarter, corresponding to 30.3 per cent of total capacity. The levels in the south are still lower than the north, but the differences have decreased compared to the same period last year.

STATKRAFT'S POWER GENERATION

Statkraft's generation optimisation is determined by price expectations, water reservoir capacity and reservoir water levels, access to resources (inflow and wind), the margin between power prices and gas in addition to CO₂ prices (spark spread) and grid restrictions. For the flexible hydropower assets, Statkraft's water values (value of future hydropower generation) are compared with the power prices, and power will be generated when the power prices are higher than the water values.

Total power generation was 17.5 TWh, which was 1.0 TWh lower than the same period last year. The decrease was primarily related to Norwegian hydropower generation, which was 6 per cent lower than in the first quarter of 2022. This was mainly due to the high generation in March last year driven by very high prices for that period. There was an increase in the generation in the south, but the generation was still below normal. This was more than offset by decreased generation in the north.

The district heating deliveries amounted to 0.5 TWh, which was 8 per cent higher compared with the same quarter last year.

Spot sales from net physical deliveries were reduced with 10 per cent in the quarter, driven by lower Norwegian hydropower generation and higher generation to long-term contracts.

Financial performance

FIRST QUARTER

NOK million	First quarter		Year
	2023	2022	2022
Net operating revenues and other income underlying	24 473	22 087	75 280
Operating profit/loss (EBIT) underlying	18 541	17 953	54 424
- of which unrealised effects	6 596	7 295	3 206
Operating profit/loss (EBIT) IFRS	22 456	16 964	52 178
Share of profit/loss in equity accounted investments	1 273	670	531
Net financial items	-2 485	1 648	6 111
- of which net currency effects	-2 947	1 215	233
Profit/loss before tax	21 243	19 282	58 819
Tax expense	-10 370	-7 840	-30 228
Net profit/loss	10 874	11 442	28 592

Statkraft continued to deliver strong underlying EBIT in the first quarter. The segment Nordics contributed significantly to the results, driven by positive hedging effects and higher power prices in the northern parts of Norway, while lower power generation, lower southern Norwegian power prices and high-price contribution on power generation had a negative effect.

The Europe segment improved significantly due to positive hedging effects, partly offset by lower power prices and generation.

The Markets segment delivered strong results in the quarter, primarily related to trading and origination. Compared with the first quarter last year, the segment's underlying EBIT was lower as last year included a significant contribution from the discontinued dynamic asset management activities.

The EBIT IFRS was positively affected by unrealised value changes from embedded EUR derivatives driven by a weaker forward NOK against EUR and a gain from the divestment of 50 per cent of Statkraft's offshore wind portfolio in Ireland.

Net financial items in the quarter included significant negative currency effects, primarily driven by a weaker NOK vs. EUR.

The increase in tax expense was mainly due to a higher resource rent tax rate.

REVENUES

Net operating revenues from Generation were stable. Lower generation and lower realised prices in the segment Europe were offset by higher realised prices in the segment Nordics.

Net operating revenues from Customers increased, mainly driven by improved margins from market access activities in Germany.

Net operating revenues from Other decreased, mainly due to lower contribution from the subsea interconnector between Sweden and Germany (Baltic Cable) driven by a decreased price spread.

Gains/losses from market activities increased, mainly driven by improved contribution from financial hedging of generation revenues in the segments Nordics and Europe. This was partly offset by lower contribution from the discontinued dynamic asset management activities in the segment Markets and decreased value changes from embedded derivatives indexed to certain commodities.

Transmission costs increased, mainly driven by negative variable fee in the NO2 (Southern Norway) area price in the comparable period.

OPERATING EXPENSES

In general, a weaker NOK compared to other exchange rates compared with the first quarter last year contributed to an increase in the operating expenses.

The increase in salaries and payroll costs was mainly due to a higher number of full-time equivalents following the increased activity level in line with the growth strategy.

The increase in depreciations and amortisations was mainly related to currency effects.

NOK million	First quarter		Year
	2023	2022	2022
Net operating revenues and other income underlying			
Generation	15 168	15 476	65 101
District heating	484	366	1 203
Customers	16 215	16 790	80 296
Other	1 862	3 582	11 005
Sales revenues	33 728	36 213	157 605
Gains/losses from market activities	8 165	5 436	8 498
Other operating income	249	225	1 409
Gross operating revenues and other income	42 142	41 874	167 513
Generation	-1 024	-1 274	-7 156
District heating	-179	-109	-384
Customers	-15 075	-16 251	-77 400
Other	-942	-1 795	-6 190
Energy purchase	-17 220	-19 429	-91 131
Transmission costs	-449	-358	-1 103
Net operating revenues and other income	24 473	22 087	75 280
Operating expenses underlying			
Salaries and payroll costs	-1 963	-1 620	-7 508
Depreciations and amortisations	-1 187	-1 120	-4 657
Regulatory fees	-1 202	-368	-3 409
Other operating expenses	-1 580	-1 026	-5 281
Operating expenses	-5 932	-4 134	-20 855

The increase in regulatory fees was mainly related to the high-price contribution in Norway which was introduced in the fourth quarter of 2022.

Other operating expenses was higher mainly due to an increased activity level in all segments related to the growth strategy.

ITEMS EXCLUDED FROM OPERATING PROFIT/LOSS (EBIT) UNDERLYING

The segment reporting is based on underlying figures, which is in accordance with how the corporate management makes, follows up and evaluates its decisions. Unrealised value changes from embedded EUR derivatives, gains/losses from divestments of business activities which are not included in the DS/DBS business model and impairments/reversal of impairments are excluded from operating profit/loss (EBIT) underlying. See the section Segments in the quarterly financial statements as well as the Alternative Performance Measures section for further information.

Embedded EUR derivatives linked to long-term industry contracts had a positive effect. This was mainly driven by a weakening of the forward NOK against EUR.

NET FINANCIAL ITEMS

Net currency losses of NOK 2947 million in the quarter were driven by a weakening of NOK against EUR and were primarily related to external debt, partly offset by bank deposits in EUR.

Interest and other financial items were mainly in line with last year. Increased interest income following increased liquidity and interest rates were offset by negative value changes on interest rate derivatives.

CASH FLOW

The EBIT (IFRS) of NOK 22 456 million includes NOK 8916 million of unrealised positive non-cash effects. Working capital movements contributed negatively in the quarter with NOK 4308 million. Further, net cash inflow from margin calls of NOK 3589 million contributed positively, partly offset by cash outflow related to investments in DS/DBS projects of NOK 811 million, leading to a cash flow from operations of NOK 2320 million.

NOK million	First quarter		Year
	2023	2022	2022
Cash flow			
Operating activities	2 320	2 586	40 242
Investing activities	- 904	-1 503	-7 015
Financing activities	-5 100	- 415	-13 184
Net change in cash and cash equivalents	-3 684	668	20 043
Cash and cash equivalents (incl. restricted cash) at period end	56 939	37 705	58 902

The negative cash flow from investing activities of NOK 904 million was mainly related to maintenance of Norwegian hydropower and investments in grid activities in Norway of NOK 661 million, as well as investments in new capacity of NOK 562 million mainly in hydropower and wind projects in Chile. This was partly offset by business divestment.

The cash flow from financing activities was negative with NOK 5100 million and consisted mainly of repayment of a certificate loan of NOK 5000 million.

INVESTMENTS

In the period Statkraft invested NOK 3023 million. Almost half of the investments were related to new capacity, either through the business model Develop-Sell (DS) / Develop-Build-Sell (DBS), where the aim is to develop and construct onshore wind and solar power plants with the intention to divest the power plants either before, at the time of, or shortly after completion or through the business model Build-Own-Operate (BOO). The DS/DBS investments were mainly related to the development and construction of wind and solar projects, primarily in Ireland. The largest BOO investments were related to the hydropower plants Tidong in India and Los Lagos in Chile, as well as the wind farm Torsa in Chile.

The quarterly maintenance investments of NOK 541 million were primarily related to Nordic hydropower.

Other investments of NOK 940 million were mainly related to grid activities in Norway, as well as development cost for projects in Ireland.

Segments

The Group's operating segments are in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified based on internal management information that is periodically reviewed by the corporate management and used as a basis for resource allocation and key performance review.

For more detailed information about segments in Statkraft, see note 4 to the financial statements in the annual report for Statkraft AS Group for 2022.

NORDICS

Key events

Several new long-term power contracts have been signed providing hedges for 52 TWh for the years 2023-2035. Some of the contracts are subject to conditions precedent.

On 15 March, a landmark partnership was signed where funds managed by Copenhagen Infrastructure Partners (CIP) acquired a 50% stake in Statkraft's offshore wind portfolio in Ireland. The consideration for the shares was NOK 1018 million. The recognised gain was NOK 1603 million which included a remeasurement of the remaining 50% shareholding from carrying value to fair value.

Quarterly financial performance

The Nordics segment continued to deliver a strong underlying EBIT driven by higher average achieved spot prices despite lower Nordic system prices. This was due to more favourable area prices. In addition, there were positive effects from financial hedging of generation revenues of NOK 1.8 billion following the significant decrease in future Nordic power prices during the quarter. These factors were offset by lower Norwegian hydropower generation and higher operating expenses, which was mainly driven by the high-price contribution in Norway that was introduced from the fourth quarter in 2022.

There was an increased underlying EBIT from hydropower in Sweden and from Nordic wind power driven by increased power prices in the relevant price areas. The subsea interconnector between Sweden and Germany (Baltic Cable) had lower underlying EBIT driven by a decreased price spread between Germany and SE4 (South Sweden).

ROACE remained high at 53.8 per cent following the strong underlying EBIT in the quarter.

ROAE was negative mainly driven by the increased resource rent tax rate in Norway.

The investments were mainly related to maintenance within Nordic hydropower

NOK million	First quarter		Year
	2023	2022	2022
NORDICS			
Gross operating revenues and other income	16 739	15 928	59 223
Net operating revenues and other income	15 451	14 508	53 375
Operating expenses	-2 914	-2 026	-10 333
Operating profit/loss (EBIT) underlying	12 537	12 481	43 042
- of which unrealised effects	2 158	1 377	-597
Unrealised value changes from embedded EUR derivatives	2 320	-701	-1 338
Gains/losses from divestments of business activities	1 603	-	-
Impairments/reversal of impairments	-	-	-692
Operating profit/loss (EBIT) IFRS	16 460	11 780	41 011
Share of profit/loss in equity accounted investments	1 160	540	-685
Gains/losses from divestments of equity accounted investments	-	-	4 242
ROACE (rolling 12 months)	53.8%	47.5%	53.9%
ROAE (rolling 12 months)	-0.5%	12.4%	-6.3%
Total investments	1 117	601	3 855
Generation (TWh)	15.4	16.3	52.5

EUROPE

Key events

Commercial operation was reached for Cloghan wind farm with a capacity of 34 MW in Ireland and Lister Drive grid services project with a capacity of 26 MW in the UK.

Quarterly financial performance

The increase in underlying EBIT was mainly driven by positive unrealised value changes from financial hedging of gas-fired power in Germany. This was partly offset by lower revenues from hydropower in Albania due to hydrology and gas-fired power in Germany due to decreased spark spread. The operating expenses have increased following adjustment of solidarity contribution in Albania, increased business development activities and FX effects.

ROACE was 15.3 per cent, up from previous quarter primarily driven by higher underlying EBIT. ROAE was 25.7 per cent, a decrease from previous quarter, following lower power prices in the UK.

Investments were mainly related to development and construction of wind and solar projects within the DS/DBS business model, primarily in Ireland.

NOK million	First quarter		Year
	2023	2022	2022
EUROPE			
Gross operating revenues and other income	4 281	3 281	12 453
Net operating revenues and other income	3 581	1 662	5 400
Operating expenses	-1 069	- 713	-3 568
Operating profit/loss (EBIT) underlying	2 513	949	1 832
- of which unrealised effects	2 514	- 28	- 628
Impairments/reversal of impairments	-	- 23	1 542
Operating profit/loss (EBIT) IFRS	2 513	926	3 375
Share of profit/loss in equity accounted investments	40	96	281
ROACE (rolling 12 months)	15.3%	5.1%	8.8%
ROAE (rolling 12 months)	25.7%	11.7%	32.2%
Total investments	967	457	3 708
Generation (TWh)	0.8	0.9	3.1

INTERNATIONAL

Key events

Statkraft acquired a SPV in India to obtain access to land for planned solar development.

Quarterly financial performance

The change in underlying EBIT from comparable period was affected by negative contributions driven by dry hydrology in Türkiye and higher energy purchase in Chile to cover commitments from long-term power sales agreements on delayed construction projects. These effects were offset by positive contributions from Brazil mainly due to lower energy purchase and inflation adjustments of power sales agreements. In addition, there was a positive contribution from Peru due to higher power prices in the quarter.

The increase in share of profit from equity accounted investments was mainly driven by higher power prices and generation in Chile.

ROACE was 2.7 per cent, slightly down from previous quarter, driven by higher capital employed. ROAE was 25.8 per cent, slightly down from previous quarter but still at a high level, which is explained mainly by reversal of impairments in India and Chile in the second quarter of 2022.

The investments were mainly related to the construction of the wind farms Torsa in Chile and Ventos de Santa Eugenia in Brazil, as well as the hydropower plants Los Lagos in Chile and Tidong in India.

NOK million	First quarter		Year
	2023	2022	2022
INTERNATIONAL			
Gross operating revenues and other income	1 130	877	3 993
Net operating revenues and other income	632	532	2 475
Operating expenses	- 493	- 388	-1 839
Operating profit/loss (EBIT) underlying	139	144	636
Gains/losses from divestments of business activities	-	-	- 1
Impairments/reversal of impairments	- 7	- 264	-1 753
Operating profit/loss (EBIT) IFRS	132	- 120	-1 117
Share of profit/loss in equity accounted investments	92	52	988
ROACE (rolling 12 months)	2.7%	2.5%	2.9%
ROAE (rolling 12 months)	25.8%	21.5%	27.2%
Total investments	667	1 113	2 732
Generation (TWh)	1.2	1.3	4.6

MARKETS

Key events

The first power purchase contract of renewable electricity and certificates from a 99 MW wind farm in the US was signed. The contract starts in 2023 and runs until 2026.

Two long-term power supply agreements with Commercial Metal Company Poland (CMC) have been signed. Combined with a previously signed contract, the three contracts secure the power price for volumes up to 400 GWh per year. The new contracts start in 2025 and last until 2034.

A 10-year power purchase agreement relating to the energy sourced from four solar farms in Italy with an overall capacity of 63 MW has been signed with Mytilineos.

Quarterly financial performance

Volatility and prices seem to consolidate at a lower level in the beginning of 2023 compared to last year, but they are still on a high level. Continued strong underlying EBIT from the Markets segment, and the decrease in underlying EBIT was mainly driven by lower contribution from the dynamic asset management portfolios which were closed at the end of 2022.

Trading and origination activities had an underlying EBIT of NOK 3599 million compared with NOK 3043 million in the first quarter of 2022. The high result in the quarter was mainly driven by power positions gaining on lower price levels and lower volatility in the European power markets, market access activities in the UK and the entering of successful positions on Nordic portfolios.

In line with the growth strategy, higher business activity leads to an increase in operating expenses due to higher number of full-time equivalents and increased IT expenses. In addition, the weakening of the Norwegian krone increased the operating expenses.

NOK million	First quarter		Year
	2023	2022	2022
MARKETS			
Gross operating revenues and other income	20 313	22 151	93 312
Net operating revenues and other income	4 568	5 394	14 106
Operating expenses	- 938	- 734	- 3 732
Operating profit/loss (EBIT) underlying	3 631	4 659	10 374
- of which unrealised effects	1 833	6 125	4 917
Operating profit/loss (EBIT) IFRS	3 631	4 659	10 374
Total investments	3	16	42
Specification of operating profit/loss (EBIT) underlying			
- Trading & origination ¹⁾	3 694	3 043	10 042
- DAMP	- 63	1 616	332
Operating profit/loss (EBIT) underlying	3 631	4 659	10 374

¹⁾ Includes trading, origination and market access.

DISTRICT HEATING

Quarterly financial performance

The underlying EBIT improved compared to the first quarter in 2022, primarily driven by higher heating prices and higher volume delivered.

ROACE (12 months rolling) was 0.7% up from previous quarter due to improved underlying EBIT. The average capital employed was stable.

The investments were primarily related to densification, acquisition of land and maintenance and other reinvestments in existing assets, mainly in Norway.

NOK million	First quarter		Year
	2023	2022	2022
DISTRICT HEATING			
Gross operating revenues and other income	422	326	1 088
Net operating revenues and other income	274	233	749
Operating expenses	- 146	- 128	- 561
Operating profit/loss (EBIT) underlying	127	105	188
Impairments/reversal of impairments	- 1	- 1	- 3
Operating profit/loss (EBIT) IFRS	126	104	184
ROACE (rolling 12 months)	6.0%	5.3%	5.4%
ROAE (rolling 12 months)	n/a	n/a	n/a
Total investments	78	32	169
Delivered volume (GWh)	416	380	1 002

NEW TECHNOLOGIES

Key events

On 13 March, Statkraft and Mer announced the interest of inviting new shareholders into Mer.

On 28 March, Statkraft entered into a JV agreement (33% ownership) to develop a hydrogen portfolio in the Northwest of Wales and Northeast of England.

Quarterly financial performance

The decrease in underlying EBIT was primarily due to higher activity and cost levels in line with the growth strategy.

The investments were primarily related to EV charging equipment in Mer and investments made by Statkraft Ventures.

NOK million	First quarter		Year
	2023	2022	2022
NEW TECHNOLOGIES			
Gross operating revenues and other income	239	166	685
Net operating revenues and other income	80	63	215
Operating expenses	- 327	- 211	- 871
Operating profit/loss (EBIT) underlying	- 247	- 147	- 656
Impairments/reversal of impairments	-	-	- 1
Operating profit/loss (EBIT) IFRS	- 247	- 147	- 657
Share of profit/loss in equity accounted investments	- 19	- 18	- 54
ROACE (rolling 12 months)	n/a	n/a	n/a
ROAE (rolling 12 months)	n/a	n/a	n/a
Total investments	195	232	894

Outlook

Despite the drop in power prices in the first quarter this year, the prices are expected to continue at higher levels than seen in the years before 2021 in the short and medium term. The volatility in the energy markets is also expected to continue.

The need for flexibility in the energy market is accelerating. Statkraft has Europe's largest portfolio of flexible hydropower plants and reservoir capacity, and these assets are an important source of dispatchable power generation. The operations of the assets are continuously optimised according to the hydrological situation and expected power prices. To further strengthen this competitiveness, Statkraft wants to make significant reinvestments in the Nordic hydropower portfolio and has plans for a high activity level towards 2030.

In the recently updated strategy Statkraft sets significantly higher growth ambitions across geographies and technologies. Specifically, accelerating the growth rate in renewable energy, pursuing an industrial role in offshore wind in the North Sea and Ireland, aiming to become a leading developer of green hydrogen in Norway and Sweden and raise the business development activities across technologies in Norway. The aim is to be a major solar, onshore wind and battery storage developer with an annual delivery rate of 2.5–3 GW per year by 2025 and 4 GW per year by 2030. In total, Statkraft aims to develop 30 GW new renewable capacity within 2030, which will be partly kept and partly divested. That could increase Statkraft's annual power generation by up to 50 percent from today, to around 100 TWh per year by the end of the decade.

The strong financial results seen over the last couple of years have had a positive effect on Statkraft's investment capacity. The recently introduced higher Norwegian resource rent tax and the high-price contribution on power generation in Norway have a negative effect on project profitability and investment capacity. However, Statkraft still has a very solid financial foundation for further growth. The investment programme has a large degree of flexibility, and the pace and total amount of investments will depend on market development and opportunities.

Statkraft has a substantial volume of long-term power contracts. These contracts are supplemented with financial power contracts and other risk mitigating activities. This reduces the price risk for significant parts of Statkraft's generation and, in sum have a stabilising effect on cash flow over time. Statkraft will continue to offer new contracts to maintain the position as a competitive supplier to the industry in Norway. Statkraft is also taking a leading role in offering fixed price contracts to businesses in Norway.

Statkraft's ambition is to maintain the position as the largest generator of renewable energy in Europe and to be a significant player in South America and India through investments in renewable energy. This will contribute to lowering carbon emissions and fight climate change.

Statkraft's commitment to safety, sustainability and responsible business practices continues to be a foundation for all activities.

Oslo, 22 May 2023

The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

NOK million	First quarter 2023	2022	Year 2022
PROFIT AND LOSS			
Sales revenues	33 728	36 213	157 605
Gains/losses from market activities	10 485	4 735	7 159
Other operating income	1 851	225	1 409
Gross operating revenues and other income	46 064	41 173	166 174
Energy purchase	-17 220	-19 429	-91 131
Transmission costs	- 449	- 358	-1 103
Net operating revenues and other income	28 396	21 386	73 940
Salaries and payroll costs	-1 963	-1 620	-7 508
Depreciations and amortisations	-1 187	-1 120	-4 657
Impairments/reversal of impairments	- 8	- 289	- 907
Regulatory fees	-1 202	- 368	-3 409
Other operating expenses	-1 580	-1 026	-5 281
Operating expenses	-5 940	-4 422	-21 763
Operating profit/loss (EBIT)	22 456	16 964	52 178
Share of profit/loss in equity accounted investments	1 273	670	531
Net currency effects	-2 947	1 215	233
Interest and other financial items	462	431	5 878
Net financial items	-2 485	1 648	6 111
Profit/loss before tax	21 243	19 282	58 819
Income tax expense	-10 370	-7 840	-30 228
Net profit/loss	10 874	11 442	28 592
Of which non-controlling interest	240	333	624
Of which owners of the parent	10 634	11 108	27 968
OTHER COMPREHENSIVE INCOME (OCI)			
Items in other comprehensive income that recycle over profit/loss:			
Items recorded in other comprehensive income in equity accounted investments	- 16	1	88
Recycling of currency translation effects related to foreign operations disposed	- 38	- 39	- 2
Currency translation effects	7 973	-2 473	4 765
Total	7 919	-2 511	4 851
Items in other comprehensive income that will not recycle over profit/loss:			
Changes in fair value of financial instruments, net of tax	-	28	- 90
Estimate deviation pension in equity accounted investments	40	28	- 23
Estimate deviation pension, net of tax	- 28	- 312	797
Total	13	- 257	684
Other comprehensive income	7 932	-2 767	5 535
Total comprehensive income	18 805	13 315	34 127
Of which non-controlling interest	409	564	777
Of which owners of the parent	18 397	12 750	33 350

STATEMENT OF FINANCIAL POSITION

NOK million	Note	First quarter 2023	2022	Year 2022
ASSETS				
Deferred tax assets		1 043	1 470	1 213
Intangible assets	6	4 564	4 451	4 322
Property, plant and equipment	6	128 083	116 080	122 808
Equity accounted investments		21 341	15 632	18 645
Derivatives	9	30 098	36 821	39 180
Other non-current assets		8 563	6 916	7 367
Non-current assets		193 691	181 370	193 533
Inventories	7	18 477	9 671	12 550
Receivables		43 266	55 117	58 040
Financial investments		630	616	629
Derivatives	9	19 928	58 444	17 522
Cash and cash equivalents (incl. restricted cash)		56 939	37 705	58 902
Current assets		139 240	161 553	147 643
Assets		332 931	342 923	341 176
EQUITY AND LIABILITIES				
Paid-in capital		59 219	59 219	59 219
Other reserves		14 603	697	6 853
Retained earnings		70 576	53 895	59 928
Total equity attributable to owners of the parent		144 398	113 812	126 000
Non-controlling interest		6 148	5 443	5 691
Equity		150 546	119 255	131 691
Deferred tax		20 531	14 846	16 964
Pension liabilities		3 063	2 761	2 927
Bond and bank debt	8	28 669	18 940	25 083
Lease liabilities	8	1 821	1 752	1 687
Contract liabilities		3 638	3 953	3 736
Derivatives	9	28 933	32 301	43 629
Other non-current liabilities		4 373	3 316	3 974
Non-current liabilities		91 027	77 869	98 000
Commercial papers, bond and bank debt	8	6 587	18 394	12 310
Lease liabilities	8	347	317	345
Contract liabilities		316	316	316
Taxes payable		25 177	19 249	26 365
Derivatives	9	26 512	75 998	35 049
Other current liabilities	8	32 417	31 525	37 100
Current liabilities		91 358	145 798	111 485
Equity and liabilities		332 931	342 923	341 176

STATEMENT OF CHANGES IN EQUITY

NOK million	Paid-in capital	Hedging reserves and profit and loss reserves other shares	Accumulated translation differences	Total other reserves	Retained earnings	Total equity attributable to owner of parent	Non-controlling interests	Total equity
Balance as of 31 Dec 2021	59 219	- 179	2 413	2 234	41 426	102 880	4 896	107 775
Net profit/loss	-	-	-	-	11 108	11 108	333	11 442
Total other comprehensive income	-	- 20	-1 518	-1 537	1 361	- 176	134	- 43
Total comprehensive income for the period	-	- 20	-1 518	-1 537	12 469	10 932	467	11 399
Transactions with non-controlling interests	-	-	-	-	-	-	81	81
Balance as of 31 March 2022	59 219	- 198	895	697	53 896	113 812	5 443	119 255
Balance as of 31 Dec 2021	59 219	- 179	2 413	2 234	41 426	102 880	4 896	107 775
Net profit/loss	-	-	-	-	27 968	27 968	624	28 592
Total other comprehensive income	-	15	4 603	4 618	764	5 382	153	5 535
Total comprehensive income for the period	-	15	4 603	4 618	28 732	33 350	777	34 127
Dividend	-	-	-	-	-10 214	-10 214	- 312	-10 526
Transactions with non-controlling interests	-	-	-	-	- 15	- 15	330	316
Balance as of 31 Dec 2022	59 219	- 163	7 016	6 853	59 928	126 000	5 691	131 691
Net profit/loss	-	-	-	-	10 634	10 634	240	10 874
Total other comprehensive income ¹⁾	-	- 16	7 766	7 750	13	7 763	169	7 932
Total comprehensive income for the period	-	- 16	7 766	7 750	10 647	18 397	409	18 806
Dividend	-	-	-	-	-	-	- 1	- 1
Transactions with non-controlling interests	-	-	-	-	-	-	49	49
Balance as of 31 March 2023	59 219	- 179	14 782	14 603	70 576	144 398	6 148	150 546

¹⁾ Includes NOK 212 million in inflation adjustment of Turkish entities due to hyperinflation as of 31 March 2023. Comparable figures have not been restated.

STATEMENT OF CASH FLOW

NOK million	First quarter		The year	
	2023	2022	2022	
CASH FLOW FROM OPERATING ACTIVITIES				
Operating profit/loss (EBIT)	22 456	16 964	52 178	
Depreciations, amortisations and impairments	1 195	1 408	5 565	
Gains/losses from divestments and disposals of assets	-1 603	- 91	- 226	
Unrealised effects included in operating profit/loss (EBIT)	-8 916	-6 594	-1 867	
Dividends from equity accounted investments	41	23	1 154	
Changes in working capital	-4 308	-8 543	-1 524	
Investments in development and construction projects classified as inventories (DS/DBS)	- 811	- 345	-2 792	
Cash collateral, margin calls and option prepayments	3 589	1 102	2 815	
Cash effects from foreign exchange derivatives related to operations	- 348	239	- 296	
Effects from prepayments from customers	- 99	- 99	- 316	
Taxes paid	-8 459	-1 312	-14 519	
Other changes	- 417	- 165	70	
Cash flow from operating activities	A	2 320	2 586	40 242
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in property, plant and equipment and intangible assets	-1 497	-1 753	-8 041	
Divestment of shares in subsidiaries, net liquidity inflow	783	-	-	
Acquisitions of shares in subsidiaries, net liquidity outflow	- 146	- 157	- 269	
Loans and interest related to equity accounted investments	34	22	130	
Sale of development and construction projects classified as inventories (DS/DBS)	-	427	1 537	
Other investments	- 77	- 42	- 372	
Cash flow from investing activities	B	- 904	-1 503	-7 015
CASH FLOW FROM FINANCING ACTIVITIES				
New debt	2 369	9 305	25 911	
Repayment of debt	-7 400	-9 979	-28 271	
Cash collateral related to financing	- 288	312	- 593	
Interests paid	- 329	- 235	-1 030	
Interests received from cash and other assets	499	93	995	
Dividend and group contribution paid to Statkraft SF	-	-	-10 214	
Transactions with non-controlling interests	49	89	18	
Cash flow from financing activities	C	-5 100	- 415	-13 184
Net change in cash and cash equivalents	A+B+C	-3 684	668	20 043
Currency exchange rate effects on cash and cash equivalents	1 720	- 124	1 696	
Cash and cash equivalents 1 Jan	58 902	37 162	37 162	
Cash and cash equivalents 31 Mar / 31 Dec	56 939	37 705	58 902	
<i>Of which are cash and cash equivalents in joint operations</i>	209	213	190	
Unused committed credit lines	14 812	12 624	13 668	
Unused overdraft facilities	2 050	2 052	2 045	
Restricted cash	368	356	332	

Segments

The segment reporting is based on underlying figures, which is in accordance with how the corporate management makes, follows up and evaluates its decisions. The table below shows a reconciliation of IFRS figures versus underlying figures.

The items below are excluded from the underlying figures:

1. **Gains/losses from market activities:** Unrealised value changes from embedded EUR derivatives related to long-term industry contracts.
2. **Other operating income:** Gains from divestments of business activities that are not included in the DS/DBS business model.
3. **Impairments/reversal of impairments:** Related to intangible assets, property, plant and equipment.
4. **Other operating expenses:** Losses from divestments of business activities that are not classified as DS/DBS.

RECONCILIATION OF IFRS FIGURES VERSUS UNDERLYING FIGURES

NOK million	First quarter 2023			First quarter 2022			The year 2022		
	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales revenues	33 728		33 728	36 213		36 213	157 605		157 605
Gains/losses from market activities	10 485	-2 320	8 165	4 735	701	5 436	7 159	1 338	8 498
Other operating income	1 851	-1 603	249	225	0	226	1 409	1	1 409
Gross operating revenues and other income	46 065	-3 923	42 142	41 173	701	41 874	166 174	1 339	167 513
Energy purchase	-17 220		-17 220	-19 429		-19 429	-91 131		-91 131
Transmission costs	-449		-449	-358		-358	-1 103		-1 103
Net operating revenues and other income	28 396	-3 923	24 473	21 386	701	22 087	73 940	1 339	75 280
Salaries and payroll costs	-1 963		-1 963	-1 620		-1 620	-7 508		-7 508
Depreciations and amortisations	-1 187		-1 187	-1 120		-1 120	-4 657		-4 657
Impairments/reversal of impairments	-8	8	-	-289	289	-	-907	907	-
Regulatory fees	-1 202		-1 202	-368		-368	-3 409		-3 409
Other operating expenses	-1 580	-	-1 580	-1 026	-	-1 026	-5 281	-	-5 281
Operating expenses	-5 940	8	-5 932	-4 422	289	-4 134	-21 763	907	-20 855
Operating profit/loss (EBIT)	22 456	-3 915	18 541	16 964	990	17 953	52 178	2 247	54 424

NOK million	First quarter		Year
	2023	2022	2022
Gross operating revenues and other income, external			
Nordics	16 117	15 597	57 896
Europe	4 060	2 898	11 088
International	1 105	800	3 605
Markets	20 252	22 170	93 410
District heating	422	318	1 079
New technologies	235	160	635
Other and group items	-49	-69	-201
Statkraft AS Group	42 142	41 874	167 512
Gross operating revenues and other income, internal			
Nordics	622	331	1 327
Europe	221	383	1 365
International	25	77	388
Markets	61	-19	-98
District heating	-	8	9
New technologies	5	6	50
Other and group items	-934	-786	-3 040
Statkraft AS Group	-	-	-
Net operating revenues and other income			
Nordics	15 451	14 508	53 375
Europe	3 581	1 662	5 400
International	632	532	2 475
Markets	4 568	5 394	14 106
District heating	274	233	749
New technologies	80	63	215
Other and group items	-113	-305	-1 041
Statkraft AS Group	24 473	22 087	75 280
Operating profit/loss (EBIT) underlying			
Nordics	12 537	12 481	43 042
Europe	2 513	949	1 832
International	139	144	636
Markets	3 631	4 659	10 374
District heating	127	105	188
New technologies	-247	-147	-656
Other and group items	-158	-238	-992
Statkraft AS Group	18 541	17 953	54 424
Operating profit/loss (EBIT) IFRS			
Nordics	16 460	11 780	41 011
Europe	2 513	926	3 375
International	132	-120	-1 117
Markets	3 631	4 659	10 374
District heating	126	104	184
New technologies	-247	-147	-657
Other and group items	-158	-238	-992
Statkraft AS Group	22 456	16 964	52 178

NOK million	First quarter		Year
	2023	2022	2022
Share of profit/loss in equity acc investments			
Nordics	1 160	540	-685
Europe	40	96	281
International	92	52	988
Markets	-	-	-
District heating	-	-	-
New technologies	-19	-18	-54
Other and group items	-	-	-
Statkraft AS Group	1 273	670	531
Property, plant and equipment and intangible assets			
Nordics	81 501	79 219	79 984
Europe	19 932	15 318	18 381
International	25 105	20 166	22 775
Markets	140	140	137
District heating	3 527	3 473	3 466
New technologies	1 553	1 196	1 461
Other and group items	888	1 019	925
Statkraft AS Group	132 647	120 531	127 129
Equity accounted investments			
Nordics	15 967	11 878	13 739
Europe	873	853	801
International	4 409	2 857	4 026
Markets	-	-	-
District heating	-	-	-
New technologies	73	56	92
Other and group items	17	-15	-14
Statkraft AS Group	21 341	15 629	18 645
Depreciations, amortisations and impairments			
Nordics	-614	-609	-3 219
Europe	-250	-264	616
International	-191	-407	-2 424
Markets	-9	-8	-35
District heating	-51	-51	-203
New technologies	-37	-28	-128
Other and group items	-45	-42	-172
Statkraft AS Group	-1 195	-1 408	-5 565
Total investments			
Nordics	1 117	601	3 855
Europe	967	457	3 708
International	667	1 113	2 732
Markets	3	16	42
District heating	78	32	169
New technologies	195	232	894
Other and group items	2	47	50
Statkraft AS Group	3 029	2 499	11 451

Selected notes to the accounts

NOTE 1 – BASIS FOR PREPARATION

ACCOUNTING POLICIES

The consolidated financial statements for the first quarter of 2023, ended 31 March 2023, have been prepared in accordance with International Financial Reporting Standards (IFRS) and consist of Statkraft AS and its subsidiaries and equity accounted investments. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated annual report for 2022. The accounting policies applied are the same as those applied in the annual consolidated financial statements for 2022.

The interim consolidated financial statements have not been audited.

PRESENTATION OF FINANCIAL STATEMENTS

The presentation in the interim report has been prepared in accordance with the requirements in IAS 34. The schedules comply with the requirements in IAS 1.

ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting principles to the preparation of the interim financial statements, management has exercised its judgment and employed estimates and assumptions that affect the figures included in the statement of profit and loss and the statement of financial position. The most important assumptions regarding future events and other significant sources of uncertainty in relation to the estimates, and which may involve a significant risk of material changes to the amounts recognised in future financial periods, are discussed in the annual report for 2022. In preparing the consolidated financial statements for the current quarter, the Group's management has exercised its judgment in relation to the same areas where such judgment has had material significance in relation to the figures included in the Group's statement of profit and loss and statement of financial position, as discussed in the annual report for 2022.

Uncertain energy markets

The price of energy and energy-related commodities remained at a high level in the quarter, although the prices were reduced somewhat towards the end of the quarter. The volatility has also normalised and the uncertainties in estimates and risk for adjustments of carrying value of non-financial assets and long-term energy contracts in subsequent periods are reduced compared to 2022.

NOTE 2 - REVENUE SPECIFICATION PER SEGMENT

The Group's sales revenues and energy purchase are divided into four categories:

Generation includes sales revenues and energy purchase related to Statkraft's physical power generating assets. The category includes spot sales, long-term contracts, concessionary sales contracts and certain environmental certificates.

District heating includes sales revenues and energy purchase related to district heating activities in Norway and Sweden.

Customers includes sales revenues and energy purchase related to market access and end-user activities which are in accordance with IFRS 15 and is mainly related to activities in Germany, UK and Norway.

Other mainly consists of:

- Revenues related to DS/DBS business model in Europe.
- A subsea interconnector between Sweden and Germany.
- Rental of power plants in Norway.
- Grid activities in Norway and Peru.
- EV charging activities in Europe.

NOK million	Statkraft AS Group	Nordics	Europe	International	Markets	District heating	New technologies	Other	Group items
First quarter 2023									
Generation - sales revenues	15 168	12 716	1 465	1 083	-	-	-	-	- 96
Generation - energy purchase	-1 024	- 16	- 679	- 419	-	-	-	-	90
Generation - net	14 144	12 700	786	664	-	-	-	-	- 6
District heating - sales revenues	484	66	-	-	-	420	-	-	- 2
District heating - energy purchase	- 179	- 32	-	-	-	- 149	-	-	2
District heating - net	305	34	-	-	-	271	-	-	-
Customers - sales revenues	16 215	103	-	-	16 885	-	-	-	- 773
Customers - energy purchase	-15 075	- 101	-	-	-15 745	-	-	-	771
Customers - net	1 140	2	-	-	1 140	-	-	-	- 2
Other - sales revenues	1 862	1 583	159	43	- 112	-	219	-	- 30
Other - energy purchase	- 942	- 772	- 10	- 5	-	-	- 159	- 13	17
Other - net	919	811	149	38	- 112	-	60	- 13	- 14
Sales revenues - total	33 728	14 468	1 624	1 126	16 773	420	219	-	- 902
Energy purchase - total	-17 220	- 921	- 689	- 424	-15 745	- 149	- 159	- 13	880
Sales revenues adjusted for energy purchase	16 508	13 547	935	702	1 028	271	60	- 13	- 22

NOK million	Statkraft AS Group	Nordics	Europe	International	Markets	District heating	New technologies	Other	Group items
First quarter 2022									
Generation - sales revenues	15 476	12 452	2 237	792	7	-	-	-	-12
Generation - energy purchase	-1 274	-38	-981	-258	-2	-	-	-	5
Generation - net	14 201	12 414	1 256	534	5	-	-	-	-8
District heating - sales revenues	366	50	-	-	-	317	-	-	-1
District heating - energy purchase	-109	-18	-	-	-	-93	-	-	2
District heating - net	257	32	-	-	-	224	-	-	1
Customers - sales revenues	16 790	41	-	-	17 264	-	-	-	-515
Customers - energy purchase	-16 251	-41	-	-	-16 755	-	-	-	545
Customers - net	539	-	-	-	509	-	-	-	30
Other - sales revenues	3 582	2 406	941	66	-	7	158	-	4
Other - energy purchase	-1 795	-1 002	-630	-54	-	-	-103	-6	-
Other - net	1 787	1 404	311	12	-	7	55	-6	4
Sales revenues - total	36 213	14 949	3 178	858	17 271	324	158	-	-525
Energy purchase - total	-19 429	-1 099	-1 611	-312	-16 757	-93	-103	-6	552
Sales revenues adjusted for energy purchase	16 784	13 850	1 567	546	514	231	55	-6	27
The year 2022									
Generation - sales revenues	65 101	51 124	10 441	3 649	-	-	-	-	-112
Generation - energy purchase	-7 156	-278	-5 787	-1 206	2	-	-	-	113
Generation - net	57 945	50 846	4 654	2 443	2	-	-	-	1
District heating - sales revenues	1 203	137	-	-	-	1 076	-	-	-10
District heating - energy purchase	-384	-55	-	-	-	-339	-	-	10
District heating - net	819	82	-	-	-	737	-	-	-
Customers - sales revenues	80 296	256	-2	-	82 113	-	-	-	-2 071
Customers - energy purchase	-77 400	-251	-13	-	-79 207	-	-	-	2 071
Customers - net	2 896	5	-14	-	2 906	-	-	-	-1
Other - sales revenues	11 005	8 530	1 759	265	-125	7	655	-	-87
Other - energy purchase	-6 190	-4 384	-1 169	-173	-	-	-470	-36	42
Other - net	4 814	4 146	590	92	-125	7	185	-36	-45
Sales revenues - total	157 605	60 047	12 198	3 914	81 988	1 083	655	-	-2 280
Energy purchase - total	-91 131	-4 968	-6 969	-1 379	-79 205	-339	-470	-36	2 235
Sales revenues adjusted for energy purchase	66 475	55 079	5 230	2 535	2 783	745	185	-36	-45

NOTE 3 - UNREALISED EFFECTS REPORTED IN THE STATEMENT OF PROFIT AND LOSS

The table below discloses the effects recognised in the statement of profit and loss from unrealised value changes from:

- **Gains/losses from market activities** includes inventories and financial instruments measured at fair value.
- **Net currency effects** includes currency gains and losses on financial instruments measured at amortised cost and fair value.
- **Interest and other financial items** includes financial instruments measured at fair value.

Nordics Positive unrealised effects from financial hedging of generation revenues driven by decreased forward power prices through the first quarter. In addition, there were positive unrealised effects related to embedded derivatives linked to commercial long-term contracts driven by a weakening of the forward NOK against EUR.

Europe The positive unrealised effects were mainly related to financial hedging of generation revenues for gas-fired power assets in Germany. In addition, there were also positive effects from financial hedging of generation activities in Albania and from financial hedging of generation revenues for wind power assets in Germany and France driven by decreased forward prices on the hedges through the first quarter.

Markets The positive unrealised effects were mainly related to trading and origination.

Group items and other The negative unrealised effects were related to interest and exchange rate derivatives towards the segment Markets.

UNREALISED EFFECTS REPORTED IN PROFIT AND LOSS

NOK million	First quarter 2023		
	Unrealised	Realised	Total
Gains/losses from market activities:	8 916	1 569	10 485
-of which Nordics ¹⁾	4 478	- 91	4 387
-of which Europe	2 514	83	2 597
-of which Markets	1 833	1 644	3 477
-of which Group items and other	92	- 66	25
Total Gains/losses from market activities ¹⁾	8 916	1 569	10 485
Net financial items:			
Net currency effects ²⁾	-3 514	567	-2 947
Interest and other financial items	31	431	462
Total Net financial items	-3 483	998	-2 485
Total unrealised effects	5 433		

¹⁾ Includes effects from embedded EUR derivatives that is excluded from underlying EBIT as presented in the segment disclosure.

²⁾ Currency losses year to date from internal loans were NOK 1444 million, of which a loss of NOK 17 million was realised.

NOK million	First quarter 2022			Year 2022		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN PROFIT AND LOSS						
Gains/losses from market activities:						
-of which Nordics ¹⁾	676	- 586	90	-1 935	-1 375	-3 310
-of which Europe	- 28	- 28	- 56	- 628	403	- 225
-of which Markets	6 125	-1 263	4 862	4 917	6 321	11 238
-of which Group items and other	- 179	18	- 161	- 487	- 58	- 544
Total Gains/losses from market activities ¹⁾	6 594	-1 859	4 735	1 867	5 292	7 159
Net financial items:						
Net currency effects ²⁾	1 109	107	1 215	1 126	- 893	233
Interest and other financial items	345	88	433	1 421	4 457	5 878
Total Net financial items	1 454	195	1 648	2 547	3 564	6 111
Total unrealised effects	8 048			4 414		

¹⁾ Includes effects from embedded EUR derivatives that is excluded from underlying EBIT as presented in the segment disclosure.

²⁾ Currency gains for the year 2022 from internal loans were NOK 27 million, of which a gain of NOK 406 million was realised.

NOTE 4 - TAX EXPENSE

NOK million	First quarter 2023	2022	Year 2022
Tax expense			
Profit/loss before tax	21 243	19 282	58 819
Nominal tax rate in Norway	22%	22%	22%
Tax calculated at nominal Norwegian tax rate	4 674	4 242	12 940
Tax on share of profit/loss in equity accounted investments	- 280	- 147	- 117
Resource rent tax payable	3 750	3 401	15 949
Resource rent tax deferred	1 749	579	889
Other differences from the nominal Norwegian tax rate	476	- 235	566
Tax expense	10 370	7 840	30 228
Effective tax rate	48.8%	40.7%	51.4%

Resource rent tax payable increased, mainly due to a higher tax rate (45 per cent vs. 37 per cent).

Resource rent tax deferred increased, mainly due to unrealised value changes related to embedded derivatives and a higher tax rate.

Other differences from the nominal Norwegian tax rate were mainly driven by previous years taxes and non-deductible regulatory fees.

NOTE 5 - NORWEGIAN HYDROPOWER AND RELATED BUSINESS

This note discloses selected financial figures from Norwegian hydropower and related business. See note 4 in the annual report 2022.

NOK million	Statkraft AS Group	"Norwegian hydropower" from:		Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
		Statkraft Energi AS	Skagerak Kraft Group			
Year to date 2023						
Gross operating revenues and other income	46 064	13 986	1 957	15 964		15 964
Net operating revenues and other income	28 396	13 721	1 866	15 609		15 609
Operating profit/loss (EBIT)	22 456	12 040	1 441	13 482		13 482
Share of profit/loss in equity accounted investments	1 273	-	1	1	1 152 ¹⁾	1 153
Net financial items	-2 485	54	72	126		126
Tax expense	-10 370	-7 555	-1 093	-8 649		-8 649
Net profit/loss	10 874	4 539	420	4 959	1 152	6 112
Net profit/loss (of which owners of the parent)	10 634	4 539	280	4 819	1 152	5 971
Assets 31 Mar 2023						
Equity accounted investments	21 341	2	12	14	14 672 ¹⁾	14 686
Other assets	311 590	39 493	10 109	49 602		49 602
Total assets	332 931	39 495	10 121	49 616	14 672	64 288
EBITDA	23 651	12 321	1 490	13 811		13 811
Depreciations, amortisations and impairments	-1 195	- 280	- 49	- 329		- 329
Maintenance and other investments	1 482	558	40	597		597
Investments in new capacity	562	-	-	-		-
New capacity for subsequent divestment (DS/DBS)	811	-	-	-		-
Investments in shareholdings	174	-	3	3		3
Total investments	3 029	558	42	600		600

¹⁾ Statkraft's share.

NOK million	Statkraft AS Group	"Norwegian hydropower" from:		Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
		Statkraft Energi AS	Skagerak Kraft Group			
The year 2022						
Gross operating revenues and other income	166 174	34 716	7 594	42 350		42 350
Net operating revenues and other income	73 940	34 257	7 387	41 678		41 678
Operating profit/loss (EBIT)	52 178	28 493	6 100	34 593		34 593
Share of profit/loss in equity accounted investments	531	223	2	226	- 947 ¹⁾	- 722
Net financial items	6 111	75	66	141		141
Tax expense	-30 228	-21 878	-4 632	-26 510		-26 510
Net profit/loss	28 592	6 914	1 536	8 450	- 947	7 503
Net profit/loss (of which owners of the parent)	27 968	6 914	1 016	7 929	- 947	6 982
Paid dividend and group contribution to Statkraft		7 334 ²⁾	662 ³⁾	7 996	742 ³⁾	8 738
Assets 31 Dec 22						
Equity accounted investments ⁴⁾	18 645	2	9	11	13 473 ¹⁾	13 484
Other assets ⁴⁾	322 531	39 214	10 111	49 325		49 325
Total assets ⁴⁾	341 176	39 216	10 120	49 336	13 473	62 809
EBITDA	57 743	29 626	6 310	35 936		35 936
Depreciations, amortisations and impairments	-5 565	-1 133	- 210	-1 343		-1 343
Maintenance investments and other investments	5 451	1 780	138	1 918		1 918
Investments in new capacity	2 448	-	41	41		41
New capacity for subsequent divestment DS/DBS	2 827	-	-	-		-
Investments in shareholdings	725	-	3	3		3
Total investments	11 451	1 780	182	1 962		1 962

¹⁾ Statkraft's share.

²⁾ Dividend and group contribution after tax paid from Statkraft Energi AS.

³⁾ Dividend paid to Statkraft.

⁴⁾ Comparable figures for Norwegian hydropower have been restated.

NOTE 6 - INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

NOK million	First quarter 2023	2022	Year 2022
INTANGIBLE ASSETS			
Balance as of 01.01.	4 322	4 112	4 112
Additions	364	173	238
Additions from acquisition of companies	-	176	254
Reclassifications	-	- 29	- 36
Amortisations	- 59	- 51	- 224
Impairments	- 8	- 62	- 360
Derecognition from divestments ¹⁾	- 311	-	-
Disposals	- 32	-	- 3
Currency translation effects	288	132	341
Balance as of end of period	4 564	4 451	4 322

PROPERTY, PLANT AND EQUIPMENT	2023	2022	2022
Balance as of 01.01.	122 808	116 521	116 521
Additions	1 353	1 653	7 067
Additions due to IFRS 16 (new contracts)	119	53	300
Remeasurements and other changes (IFRS 16)	16	42	20
Additions from acquisition of companies	50	15	77
Capitalised borrowing costs	210	72	292
Reclassifications	-	29	35
Depreciations	- 1 128	- 1 069	- 4 432
Impairments	-	- 227	- 2 139
Reversal of impairments	-	-	1 593
Derecognition from divestments	-	- 106	- 223
Disposals	- 4	- 13	- 106
Currency translation effects ²⁾	4 659	- 890	3 803
Balance as of end of period	128 083	116 080	122 808

¹⁾ Divested a 50% stake in Statkraft's offshore wind portfolio in Ireland. For more details see note 11.

²⁾ Includes NOK 218 million in inflation adjustment of Turkish entities due to hyperinflation as of 31 March 2023.

Accounting policies, judgment and assumptions for impairments are described in note 15 in the annual report 2022.

Hyperinflation in Turkey The Turkish economy has been defined as hyperinflationary since the second quarter 2022, and still is in the first quarter in 2023.

The consumer price index published by the Turkish Statistical Institute has been used when applying IAS 29. The CPI index was 1128.45 in December 2022 and 1269.75 in March 2023.

The main effect from the remeasurement is an increase of Property, Plant and Equipment of NOK 218 million for the first quarter in 2023, with a corresponding effect under Other Comprehensive Income.

Impairments/reversal of impairments

There were no material impairments or reversal of impairments in the first quarter in 2023.

NOTE 7- INVENTORIES

NOK million	First quarter 2023	2022	The year 2022
Inventories measured at fair value less costs to sell			
Environmental certificates	11 674	5 754	7 022
Inventories measured at the lower of cost price and net realisable value			
Environmental certificates	528	752	549
Spare parts	295	175	216
Other	312	86	270
Total	1 135	1 014	1 035
Wind and solar projects (DS/DBS) measured at the lower of cost price and net realisable value			
Development projects	1 432	990	1 298
Construction projects	4 080	1 870	3 144
In operation	156	44	51
Total	5 668	2 904	4 493
Total inventories	18 477	9 671	12 550

Statkraft's inventories consist of environmental certificates and wind- and solar projects that Statkraft intends to develop and divest to third parties either before, at the time of or shortly after construction (DS/DBS). In addition, Statkraft has some inventories which are directly related to property plant and equipment, whereof spare parts are the most significant group.

Statkraft currently has 11 ongoing construction projects within the business model, as well as two projects where construction is completed. Put/call option agreements (PCOA) for future sale have been signed for four construction projects. The carrying value of these projects are NOK 2.7 billion at quarter end. These agreements will be closed when the projects reach the agreed conditions.

The increase in fair value less costs to sell for environmental certificates from December 2022 is explained by increased inventory of certificates, increased market prices and currency effects.

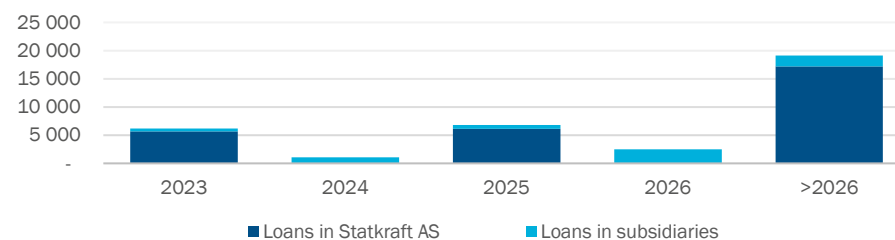
NOTE 8 - INTEREST-BEARING LIABILITIES

NOK million	First quarter 2023	2022	Year 2022
INTEREST-BEARING LIABILITIES, CURRENT			
Commercial papers, bond and bank debt	6 587	18 394	12 310
Lease liabilities	347	317	345
Cash collateral	4 473	9 359	3 495
Debt to Statkraft SF	200	200	200
Other current liabilities	18	16	15
Total	11 625	28 285	16 365
INTEREST-BEARING LIABILITIES, NON-CURRENT			
Bond and bank debt	28 669	18 940	25 083
Lease liabilities	1 821	1 752	1 687
Total	30 490	20 692	26 770
Total interest-bearing liabilities	42 115	48 978	43 135

INTEREST-BEARING DEBT REPAYMENT PLAN¹⁾

Long-term debt redemption profile

NOK million



¹⁾ Lease liabilities and debt related to cash collateral are not included.

NOTE 9 – DERIVATIVES

The table below discloses derivatives measured at fair value specified on hierarchy levels.

NOK million				
Fair value hierarchy				
	Fair value measurement at period-end using:			Total
	Level 1	Level 2	Level 3	
First quarter 2023				
Derivatives at fair value through profit and loss				
Energy derivatives, non-current assets	100	11 298	17 972	29 371
Energy derivatives, current assets	28	17 618	2 241	19 887
Energy derivatives, non-current liabilities	-1 385	-13 140	-14 125	-28 650
Energy derivatives, current liabilities	-1 964	-22 560	-946	-25 470
Energy derivatives, net	-3 222	-6 783	5 142	-4 863
Currency and interest rate derivatives, non-current assets	-	727	-	727
Currency and interest rate derivatives, current assets	-	41	-	41
Currency and interest rate derivatives, non-current liabil.	-	-282	-	-282
Currency and interest rate derivatives, current liabilities	-	-1 041	-	-1 041
Currency and interest rate derivatives, net	-	-555	-	-555
	Fair value measurement at period-end using:			Total
	Level 1	Level 2	Level 3	
The year 2022				
Derivatives at fair value through profit and loss				
Energy derivatives, non-current assets	132	15 269	23 008	38 409
Energy derivatives, current assets	88	13 426	3 839	17 353
Energy derivatives, non-current liabilities	-3 336	-21 378	-18 595	-43 309
Energy derivatives, current liabilities	-3 066	-28 045	-3 520	-34 631
Energy derivatives, net	-6 182	-20 728	4 732	-22 178
Currency and interest rate derivatives, non-current assets	-	771	-	771
Currency and interest rate derivatives, current assets	-	169	-	169
Currency and interest rate derivatives, non-current liabil.	-	-321	-	-321
Currency and interest rate derivatives, current liabilities	-	-418	-	-418
Currency and interest rate derivatives, net	-	202	-	202

NOK million			
Derivatives measured at fair value based on Level 3			
	Assets	Liabilities	Total
First quarter 2023			
Opening balance 01.01.2023	26 847	-22 115	4 732
Unrealised changes in value recognised in profit and loss	-7 565	7 979	414
Transfers to or from Level 3	-62	84	22
Currency translation effects	993	-1 019	-26
Closing balance 31.03.2023	20 213	-15 071	5 142
Net realised gain (+)/loss (-) recognised in profit and loss first quarter 2023.			192
The year 2022			
Opening balance 01.01.2022	12 298	-11 128	1 170
Unrealised changes in value recognised in profit and loss	14 941	-9 433	5 508
Transfers to or from Level 3	-1 016	-925	-1 941
Currency translation effects	624	-629	-5
Closing balance 31.12.2022	26 847	-22 115	4 732
Net realised gain (+)/loss (-) recognised in profit and loss 2022.			-609

NOTE 10 - DISPUTES, CONTINGENCIES AND UNCERTAIN TAX POSITIONS

There are no material changes to the facts and circumstances of the significant legal proceedings and uncertain tax positions disclosed in the annual report for 2022.

NOTE 11 - MERGERS, ACQUISITIONS AND DIVESTMENTS

From the Build-Own-Operate (BOO) business model:

On 16 March 2023, Statkraft divested a 50% stake in Statkraft's offshore wind portfolio in Ireland to funds managed by Copenhagen Infrastructure Partners (CIP). The scope of the transaction includes the three phases of the North Irish Sea Array (NISA) and the Bore Array. Developing and building these projects are expected to require an investment of more than NOK 40 billion by Statkraft and CIP by 2030. Following the transaction, NISA and Bore Array went from being subsidiaries to being investments in a joint venture. The gain of NOK 1603 million was recognised as Other operating income, of which NOK 821 million do not have cash effect. The gain includes realised gains from reduced ownership interest from 100% to 50%, an adjustment from carrying value to fair value of the remaining ownership interest and recycling of foreign currency translation effects. Part of the consideration for the shares are subject to certain future contingent events, and the gain reflects a best estimate at the transaction date. The fair value of the JV interests is NOK 1018 million.

NOTE 12 - SUBSEQUENT EVENTS

In May 2023, Statkraft closed an agreement to divest a wind farm in Ireland for a total of NOK 835 million. The wind farm has a capacity of 34 MW.

Alternative Performance Measures

As defined in ESMA's guideline on alternative performance measures (APM), an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Statkraft uses the following APMs:

EBITDA underlying is defined as operating profit/loss (EBIT) underlying before depreciations and amortisations. The APM is used to measure performance from operational activities. EBITDA underlying should not be considered as an alternative to operating profit and profit before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is EBITDA underlying an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

Operating profit/loss (EBIT) underlying is an APM used to measure performance from operational activities.

Items excluded from operating profit/loss (EBIT) underlying:

Statkraft adjusts for the following three items when reporting operating profit (EBIT) underlying:

Unrealised value changes from embedded EUR derivatives, since they do not reflect how the segment is following up on the results. The EUR exposure in the power sales agreements with the power intensive industry are hedged by entering into currency derivatives or EUR bonds. Hence, the unrealised value changes from the energy (EUR) derivatives are partly offset in Net financial items in the Profit and loss statement.

Gains/losses from divestments of business activities that are not classified as DS/DBS, since the gains or losses do not give an indication of future performance or periodic performance from operating activities. Such gains or losses are related to the cumulative value creation from the time the asset is acquired until it is sold.

Impairments/reversal of impairments, since they affect the economics of an asset for the useful life of that asset; not only the period in which it is impaired, or the impairment is reversed.

The above items are also excluded from **Gross operating revenues and other income underlying** and **Net operating revenues and other income underlying**. See also section Segment.

ROACE is defined as operating profit/loss (EBIT) underlying divided by capital employed. ROACE is calculated on a rolling 12-month average and is used to measure return from the operational activities as well as benchmarking performance.

ROAE is defined as share of profit/loss in equity accounted investments, divided by the book value of the Group's equity accounted investments. ROAE is calculated on a rolling 12-month average. The financial metric is used to measure return from the Group's equity accounted investments as well as benchmarking performance.

Capital employed is the capital allocated to perform operational activities. Property, plant and equipment, intangible assets and solar- and wind projects presented under inventories in the statement of financial position (DS/DBS) are defined as Statkraft's capital employed.

Net interest-bearing liabilities is used to measure indebtedness.

Net interest-bearing liabilities - equity ratio is calculated as net interest-bearing liabilities relative to the sum of net interest-bearing liabilities and equity.

Operating profit/loss (EBIT) margin underlying (%) is calculated as operating profit/loss (EBIT) underlying relative to gross operating revenues and other income underlying.

ALTERNATIVE PERFORMANCE MEASURES

NOK million	First quarter		Year 2022
	2023	2022	
OPERATING PROFIT/LOSS (EBIT) MARGIN UNDERLYING			
Operating profit/loss (EBIT) underlying	18 541	17 953	54 424
Gross operating revenues and other income underlying	42 142	41 874	167 513
Operating profit/loss (EBIT) margin underlying	44.0%	42.9%	32.5%
RECONCILIATION OF OPERATING PROFIT/LOSS (EBIT) UNDERLYING TO EBITDA UNDERLYING			
Operating profit/loss (EBIT) underlying	18 541	17 953	54 424
Depreciations and amortisations	1 187	1 120	4 657
EBITDA underlying	19 728	19 073	59 082
FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED			
Intangible assets	4 564	4 451	4 322
Property, plant and equipment	128 083	116 080	122 808
Inventories (DS/DBS)	5 668	2 904	4 493
Capital employed	138 315	123 435	131 622
Average capital employed ¹⁾	131 316	120 871	128 453
RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)			
Operating profit/loss (EBIT) underlying, rolling 12 months	55 012	37 532	54 424
Average capital employed ¹⁾	131 316	120 871	128 453
ROACE	41.9%	31.1%	42.4%
RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)			
Share of profit/loss in equity accounted investments, rolling 12 months	1 134	1 911	531
Average equity accounted investments ¹⁾	16 626	14 310	15 428
ROAE	6.8%	13.4%	3.4%
NET INTEREST-BEARING LIABILITIES			
Non-current interest-bearing liabilities	30 490	20 692	26 770
Current interest-bearing liabilities	11 625	28 285	16 365
Cash and cash equivalents incl. restricted cash (A)	-56 939	-37 705	-58 902
Restricted cash (B)	368	356	332
Cash and cash equivalents included in net interest-bearing liabilities (A+B)	-56 571	-37 349	-58 569
Current financial investments	- 630	- 616	- 629
Net interest-bearing liabilities	-15 085	11 013	-16 063
NET INTEREST-BEARING LIABILITIES-EQUITY RATIO			
Net interest-bearing liabilities	-15 085	11 013	-16 063
Equity	150 546	119 255	131 691
Sum of net interest-bearing liabilities and equity	135 461	130 268	115 628
Net interest-bearing liabilities - equity ratio	-11.1%	8.5%	-13.9%

¹⁾ Average capital employed and average equity accounted investments are based on the average for the last four quarters.

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