



The last year has been an exceptional period for Skagerak Energi and the entire renewables sector of which we are a part. Electricity prices have skyrocketed, which is not something we are celebrating. The low water level in our reservoirs is just one of many reasons for this.

It is perfectly understandable that complex cause-and-effect relationships create both deep concern and heated debate. At the same time, it is important for those of us who work in the sector to become even better at explaining how things relate to each other and what can work going forward.

In addition, it is important not to lose sight of our goals: electrification and decarbonisation will continue and we need to increase the amount of renewable power going into the system. We continue to support a green future, and are prepared to power up our efforts in the years to come.

Watchword, values and vision, for a sustainable future

Our watchword springs out of our vision and provides further inspiration for our efforts going forward:

Teaming up with a green future.

On the road to a greener world, we will collaborate both internally and externally to bring ourselves onto the right course – a single team working towards a common goal. For example, we may forge alliances with customers, suppliers, public authorities or other partners.

Every company, unit and employee in the Group shall be driven by the same overarching principles, without this restricting the individual company's identity and freedom of action. The Group's core values safeguard this, and will guide the actions of all employees:

Innovative

We think in novel and innovative ways, develop opportunities and create value-adding solutions.

Competent

We will use our knowledge and experience to reach ambitious goals and be recognised as a leader in our industry.

Responsible

We will create value while showing consideration for our employees, customers, society and the environment.

Skagerak will work systematically to reinforce its central position in the Norwegian power sector and contribute actively to its further development. This is expressed in the Group's vision:

Skagerak Energi shall be a forward-looking supplier of clean energy that contributes to social welfare, economic growth and development.

Skagerak Energi is an important contributor to society. We seek to create something significant and visible that will leave a lasting impression.



Key figures 2013–2022

	Unit	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Financial performance											
Gross operating revenues	NOK mill.	9,561	6,620	2,110	3,376	3,450	2,773	2,489	2,389	2,521	2,855
EBITDA ¹⁾	NOK mill.	6,802	4,882	898	2,175	1,987	1,642	1,078	1,405	1,177	1,540
EBITDA margin ²⁾	per cent	71.1	73.8	42.6	64.4	57.6	59.2	43.3	59.0	46.7	54.0
EBITDA, underlying ³⁾	NOK mill.	6,914	4,865	888	2,058	2,022	1,638	1,308	1,047	1,162	1,520
EBITDA margin, underlying ⁴⁾	per cent	72.3	73.5	42.1	61.0	58.6	59.1	52.6	44.0	46.1	53.2
Operating profit (EBIT)	NOK mill.	6,236	4,367	411	1,681	1,432	1,107	568	894	712	1,102
Net profit	NOK mill.	2,195	1,886	534	2,152	1,070	531	378	692	158	488
Operating margin ⁵⁾	per cent	65.2	66.0	19.5	49.8	41.5	39.9	22.8	37.6	28.2	38.6
Return on equity ⁶⁾	per cent	20.3	20.3	6.4	29.9	18.7	10.4	8.0	16.5	4.1	12.7
Return on average capital employed (ROACE), underlying ⁷⁾	per cent	75.4	40.8	3.4	14.7	15.2	11.5	8.5	6.0	8.2	13.1
Balance Sheet											
Total assets	NOK mill.	21,059	17,921	14,364	14,933	13,032	12,586	11,599	11,946	11,492	10,895
Total liabilities	NOK mill.	9,600	7,757	5,902	6,668	6,894	7,274	6,710	7,343	7,735	7,017
Equity	NOK mill.	11,458	10,164	8,462	8,265	6,138	5,312	4,889	4,603	3,758	3,878
Net interest-bearing debt ⁸⁾	NOK mill.	-3,831	-421	3,488	3,585	3,739	4,714	4,783	5,030	5,357	4,975
Capital employed ⁹⁾	NOK mill.	7,306	9,538	11,778	11,692	9,573	9,712	9,442	9,404	8,595	8,398
Liquidity											
Cash & cash equivalents	NOK mill.	5,948	3,454	451	179	340	272	207	640	306	49
Cash flow from operating activities	NOK mill.	5,523	5,085	214	1,101	1,515	931	986	602	599	912
Total investments	NOK mill.	1,190	1,021	1,014	953	973	852	660	659	810	949
No. of employees											
Women		188	178	167	166	156	154	159	160	172	174
Men		521	506	496	470	477	457	451	457	600	603
Total		709	684	663	636	633	611	610	617	772	777
Generation											
Power generated	GWh	3,986	6,504	6,358	4,947	5,820	5,949	5,993	6,071	6,216	5,447
Grid customers	No.	213,300	211,000	209,000	205,545	198,666	194,327	190,496	188,700	186,700	184,800
Power distribution grid	km	18,014	17,902	17,513	16,969	17,100	17,003	16,933	16,772	16,732	16,610
Electrical power supplied to end users	GWh	6,307	7,264	7,104	7,136	7,485	7,282	7,110	7,008	6,887	7,333
Heat supplied	GWh	138	155	135	151	141	120	114	88	78	74
Other matters											
Purchase of goods and services	NOK mill.	1,579	961	653	729	845	591	615	545	688	616
Tax and other public charges recognised in expenses	NOK mill.	4,739	2,576	255	878	997	690	564	447	636	684
Sickness absence	per cent	3.8	2.8	3.1	2.9	3.6	4.3	3.1	3.8	3.7	3.6
Total no. of injuries per million hours worked (H2)	#	3.2	4.2	0.9	10.5	2.1	2.2	4.2	6.8	5.7	3.7

1) EBITDA = Operating profit before depreciation and amortisation.

2) EBITDA margin = EBITDA/Gross operating revenues

3) EBITDA, underlying = EBITDA – Unrealised changes in the value of energy contracts – Changes in pension plans

4) EBITDA margin, underlying = EBITDA, underlying/Gross operating revenues

5) Operating margin = (Operating profit * 100)/Gross operating revenues

6) Return on equity = (Net profit * 100)/Average equity

7) Return on average capital employed (ROACE), underlying = (Operating profit, underlying * 100)/Average capital employed, Operating profit, underlying = Operating profit – Unrealised changes in the value of energy contracts – Changes in pension plans

8) Net interest-bearing debt = Non-current and current interest-bearing debt + Liabilities in the group account scheme Receivables in the group account scheme – Bank deposits and cash

9) Capital employed = Equity + Non-current and current interest-bearing debt + Liabilities in the group account scheme – Receivables in the group account scheme Bank deposits and cash – Investments in associates – interest-bearing receivables – current investments

6,307 GWh

ELECTRICAL ENERGY SUPPLIED

3,986 GWh

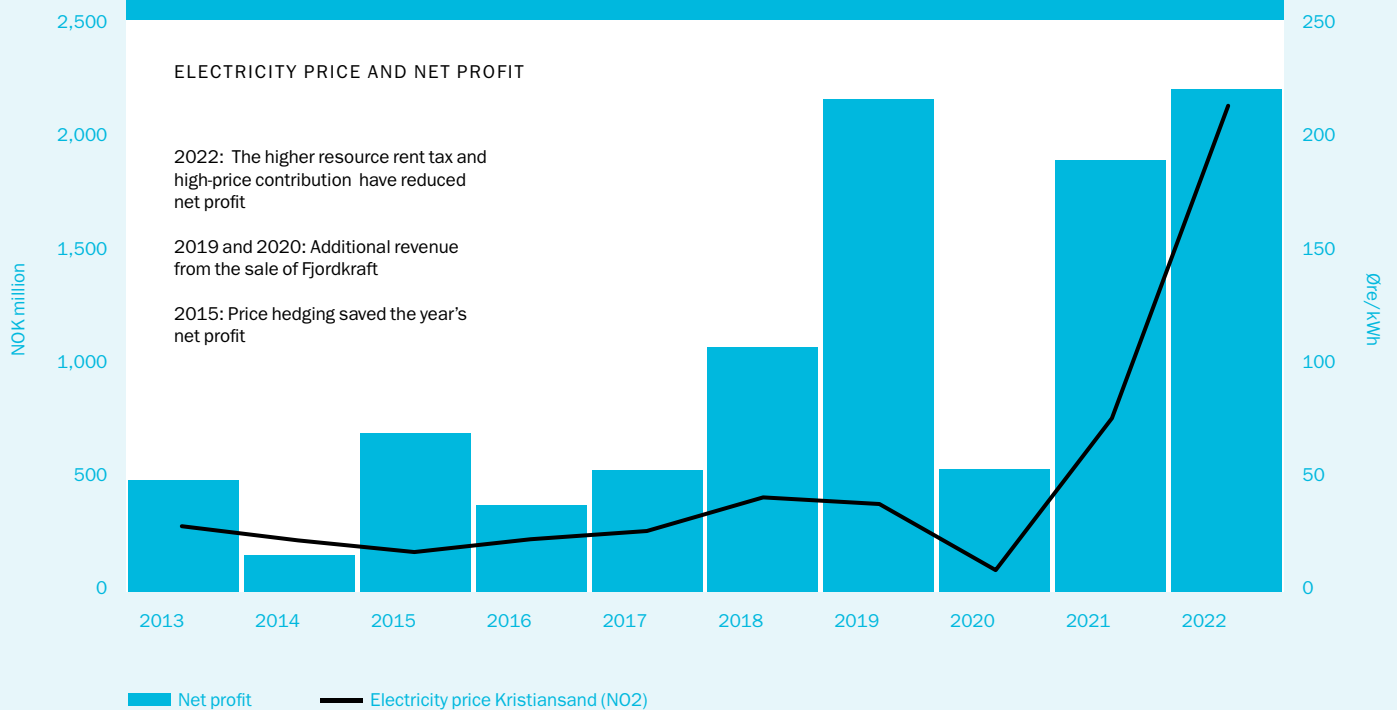
POWER GENERATED

138 GWh

HEAT SUPPLIED

2.2 bn NOK

NET PROFIT





Good result in turbulent times

From a financial point of view, Skagerak Energi did extremely well in 2022. However, its result came with a bitter aftertaste. The challenges were many. Power shortages and insufficient grid capacity could be a reality in just a few years. Skagerak Energi is supporting a green future, and we will do what we can to overcome the challenges, but our framework conditions are largely determined by central government and the Norwegian parliament (Storting). They may be faced with some difficult choices if we are to succeed in the electrification of society, the creation of new green jobs and the achievement of our climate goals in the years ahead.

The trend we had set in the autumn of 2021 continued in 2022, but it felt as though all the dials were turned up an additional notch or two. Coal and gas prices rose sharply after Russia's invasion of Ukraine on 24 February 2022. This affected electricity prices, which, in South Norway, were also driven up by low reservoir water levels after a long period of dry weather.

Extreme prices and low output

During the year, therefore, we saw electricity prices that few – if any – experts had managed to foresee. In short, 2022 was characterised by extreme prices and low output. Although Skagerak Kraft generated just two-thirds of the output in a normal year, the high prices meant that revenues were nevertheless extraordinarily high.

When the power situation is as strained as it was in 2022, prices are particularly vulnerable to major fluctuations. We saw this clearly in August, when prices reached record highs in a month when they are normally low due to low consumption.

The special circumstances created an untenable situation that is not sustainable. Many people have asserted that the market is not working, but at a fundamental level that is precisely what it is doing. When there is a shortage of electricity, the price rises. The solution is simple to describe but a huge challenge to accomplish, at least in the short term. We must rapidly expand the amount of renewable energy being produced, and we must build a stronger distribution grid.

Substantial package of tax measures

The Skagerak Group's annual results are a clear reflection of a market that is out of balance. A net profit of approx. NOK 2 billion is historically high, but the basis for that profit was halved when the Norwegian government, with support from the Socialist Left Party, increased the resource rent tax permanently and retroactively, while simultaneously imposing a temporary high-price contribution on power companies.

Given the power companies' extraordinary revenues and the introduction of electricity cost compensation schemes, it may be argued that the taxes should be increased temporarily. The majority of power companies are, like Skagerak Energi, publicly owned after all. The challenge is that a permanent increase in the level of tax impacts the companies' ability to invest, at the same time as they are expected to help realise the energy transition and achieve our national climate goals.

Heading towards a power shortage in 2027

According to Statnett's latest calculations, we are currently heading towards a power shortage in just four years' time. Given that the licensing processes often take twice that long, we are about to encounter a serious problem.

So there is a certain degree of hope in the words of Kjetil Lund, Director General of the Norwegian

Water Resources and Energy Directorate (NVE), who said: "... licensing processes are also anthropogenic". In this area, the politicians hold the key. They can simplify the regulations and allocate more money to increase the administrative processing capacity.

Energy system must be seen as a whole

But power shortages are only one part of the problem. In Lede's area, the power distribution grid, a take-off requirement equivalent to twice today's capacity has been reported in, and all the applicants want grid access before 2030. For its part, Statnett has given notice that – as it currently stands – there will be no more capacity in the national grid before 2032–2034, after Lede has allocated approx. 350 MW in 2023.

There is no point constructing more power generation facilities if we do not also expand the grid that will distribute the power produced. If we are to realise the climate goals that have been set for 2030 and 2050, we must view the entire energy system as a whole. We must expand the power grid and generate more electricity, while district heating and biogas must be used more extensively. In addition, we need to develop good storage solutions, in the form of batteries, heat storage or liquid energy carriers such as hydrogen.

“Many people have asserted that the market is not working, but at a fundamental level that is precisely what it is doing. When there is a shortage of electricity, the price rises.”

Our role is to produce more renewable energy

Here we come to the core of Skagerak's business. Our role is to facilitate the energy transition and increase the amount of renewable power and energy being produced. With a planned output of over 200 GWh, construction of the Sauland Power Plant is the initiative that will most quickly make a significant contribution. Skagerak Kraft is working to find a contract partner that can provide the best possible construction solution.

The Group also has ambitions in the field of solar power. This is being achieved through our shareholding in Isola Solar, which supplies solar panels for integration into building structures and installation on flat roofs, and Skagerak Energitjenester, which optimises and increases the efficiency of energy consumption and production for commer-

cial customers. In addition, Skagerak Kraft aims to develop solar farms and take a substantial share of a market that the Norwegian Water Resources and Energy Directorate (NVE) estimates will reach 7 TWh in 2040.

The Group also has growth ambitions in the field of biogas. Through the company Air Liquide Skagerak, this business was expanded to include Sweden in 2022. The company wishes to start producing biogas in addition to its processing and sale. The long-term goal is to create a Nordic business with an annual biogas output of around 1 TWh.

For the foreseeable future, power generation and distribution activities will continue to be the most important cornerstones of the Skagerak Group's financial basis. If we are to succeed with the energy transition, we need to replace fossil energy carriers and use energy more efficiently. This is a common denominator for many of the initiatives that have been taken within the field of new business. Batteries are an area that shows a great deal of potential, not least because the country's largest cities have signed a joint commitment to make the municipalities' building and construction activities emission-free by 2025. In 2022, Skagerak's mobile batteries for the building and construction sector were deployed for the first time, and the results were promising.

Our employees are our most important resource

Every day, our employees continue to deliver good results. Efforts in the field of occupational health, safety and environment yield good results, although there will always be room for improvement.

In 2022, we welcomed many new employees to our workforce through a combination of natural turnover and a high level of activity. The Group is working systematically in the area of recruitment to secure the best candidates when new jobs need to be filled. Our employees are our most important resource when it comes to completing the challenging tasks that lie ahead.

The war has shown how important energy is

The war in Ukraine has shown us how vulnerable we are and how important energy is for us. It has been a wake-up call and shows that we cannot take security of supply for granted. It could, in the worst case, threaten the very model on which our society is based. The infrastructure required for electricity production and distribution is critical for society, and it is vital that we succeed in maintaining stable supplies. At the same time, this must be done at prices that are not exorbitant for businesses and private consumers. In the midst of all this, we must not lose sight of our climate goals.

The supply of energy is a complex area entailing many dilemmas. Overcoming all the challenges we face will demand a lot of us. This applies to the energy sector, the business community, private consumers and – in particular, perhaps – our political leaders.

Rising tax burden could hamper the energy transition

Despite a tax burden of around 80 per cent in 2022, the Skagerak Group's financial position must still be described as good. However, it cannot be denied that the tax level impinges on our ability to invest. It has been announced that the high-price contribution, which was introduced in the autumn of 2022, will remain in place until the close of 2024.

A particular challenge posed by the high-price contribution is that it makes investments in more energy output less profitable. Energy output is important to balance the power system as it becomes increasingly weather dependent, in other words with a higher proportion based on solar and wind power generation. Skagerak can boost energy output at some hydropower plants by investing in the installation of an additional generator, which enables production capacity to increase in those hours when demand, and prices, are high. However, if the level of taxation becomes too high in those hours, investing in the additional machinery will be unprofitable.

In 2022, the resource rent tax payable by hydropower plants was raised permanently from 37 per cent to 45 per cent. This change is not temporary and will, in the longer term, impair the Group's investment capacity. Skagerak plans to make substantial investments in areas such as solar power, biogas and batteries, areas that have an important place in the energy transition. An increase in the overall tax burden imposed on the sector will reduce its profitability, investment capacity and ability to pay dividends. The tax burden on renewable hydropower, including the high-price contribution, is now already higher than for non-renewable oil and gas – something well worth pausing to reflect on.

“We must expand the power grid and generate more electricity, while district heating and biogas must be used more extensively.”



Jens Bjørn Staff
CEO

Annual Report 2022

Skagerak Energi Group

(Comparable figures for 2021 in parentheses)

Highlights from 2022

- Gross operating revenues totalled NOK 9,561 million in 2022 (NOK 6,620 million), up 44% from 2021. EBITDA totalled NOK 6,802 million, up 39% from 2021. Net profit rose by 16% to NOK 2,195 million (NOK 1,886 million).
- Record-high electricity prices contributed to significantly higher revenues for the power generating business. The power distribution business also posted higher net operating revenues, as a result of high electricity prices and tariff support from Statnett. This also had a positive impact on the district heating business, although materially higher input costs reduced profits.
- Skagerak Kraft completed and commissioned two new hydropower plants: the Ala Power Plant in Valdres and the new Dalsfoss Power Plant on the Kragerø watercourse.
- Skagerak Energitjenester AS was established to optimise and increase the efficiency of commercial customers' energy consumption and production.
- The Group invested in Where₂O AS, a company that supplies IoT solutions for better surveillance and management of hydropower reservoirs. It also invested in Evyon AS, a company that recycles car batteries. In addition, Skagerak Energi increased its investment in Isola Solar AS, which specialises in the installation of solar panels on the roofs and walls of commercial buildings.
- The Group's efforts with respect to new growth opportunities both inside and outside of its current core businesses were further reinforced through the year.

Business

Skagerak Energi is a regional energy concern, headquartered in Porsgrunn, Norway. Its core businesses are electricity production and distribution, as well as the production and distribution of district heating. In addition to its core businesses, the Group develops and invests in energy-related goods and services. The Group's operations are organised in separate subsidiaries wholly owned by Skagerak Energi AS.

Skagerak Kraft generates hydropower in South Norway. Its 52 wholly or partly owned production facilities have generated an average annual output of 5.5 TWh in the past five years.

Lede manages and develops the power distribution grids in the regions of Vestfold and Grenland and the municipality of Hjartdal, and the regional power distribution grid covering Vestfold and large parts of Telemark. At the close of the year, the company had 213,000 customers.

Skagerak Varme operates a district heating system in central parts of Vestfold and Telemark.

Through its wholly owned subsidiary Skagerak Energipartner, the Group also owns 49 per cent of the shares in Air Liquide Skagerak, which markets and distributes natural gas and biogas; 33 per cent of the electrical installation company Laugstol; 24 per cent of Isola Solar, which specialises in solar panels for rooftop installation and integration into building structures; 9 per cent of the Dutch software company Jedlix, which offers smart charging for electric vehicles; 44 per cent of Where₂O, which supplies IoT solutions for better surveillance and management of hydropower reservoirs; and 3.2 per cent of Evyon, which recycles car batteries.

Skagerak Energi's vision is to be a forward-looking supplier of clean energy that contributes to social welfare, economic growth and development. The Group's business idea is to create value for customers, shareholders and society by producing,

9,561

NOK MILL.

Gross operating revenues totalled NOK 9,561 million in 2022 (NOK 6,620 million), up 44% from 2021. EBITDA totalled NOK 6,802 million, up 39% from 2021. Net profit rose by 16% to NOK 2,195 million (NOK 1,886 million).

212.8

ØRE/KWH (NO2)

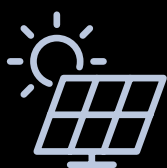
Record-high electricity prices contributed to significantly higher revenues for the power generating business. The power distribution business also posted higher net operating revenues, as a result of high electricity prices and tariff support from Statnett. This also had a positive impact on the district heating business, although materially higher input costs reduced profits.



Skagerak Kraft completed and commissioned two new hydropower plants: the Ala Power Plant in Valdres and the new Dalsfoss Power Plant on the Kragerø watercourse.



Skagerak Energitjenester AS was established to optimise and increase the efficiency of commercial customers' energy consumption and production.



The Group invested in Where₂O AS, a company that supplies IoT solutions for better surveillance and management of hydropower reservoirs. It also invested in Eylon AS, a company that recycles car batteries. In addition, Skagerak Energi increased its investment in Isola Solar AS, which specialises in the installation of solar panels on the roofs and walls of commercial buildings.



The Group's efforts with respect to new growth opportunities both inside and outside of its current core businesses were further reinforced through the year.

distributing and selling energy, and by developing and supplying energy-related products and services. The Group's core values (competent, responsible and innovative) underpin its development and operations.

The Group has adopted the watchword "In support of a green future", which reflects its position as an active and important contributor to the energy transition, to which end investments must be made to increase electrification and boost other renewable energy solutions.

Market conditions

For the power sector, 2022 was impacted by the war in Ukraine, drought and record-high price levels. There were major price differences within Norway's borders. At the beginning of the year, the water levels in South Norway's hydropower reservoirs were significantly lower than normal. A winter when little snow fell in the mountains, particularly in the southern region (NO2) and eastern region (NO1), was followed by a hot, dry summer, which resulted in record-low water levels in these areas. The water shortage in South Norway led to a reduction in electricity exports, and the NO2 region was a net importer of electricity from July to October. Electricity prices in South Norway had to be linked to the continental price level to save water. Russia's invasion of Ukraine and the subsequent warfare, as well as the imposition of economic sanctions, eliminated gas volumes equivalent to around 40 per cent of Europe's consumption. Periodic fears of gas rationing produced extremely high and volatile gas prices in 2022, which spilled over into the continental electricity market and onward to South Norway. Extremely wet weather from the end of September, combined with low power generation, restored the water situation in South Norway almost to normal by mid November. At the same time, low gas consumption and high volumes of LNG imports ensured full gas storage facilities in Europe, causing both gas and electricity prices to fall substantially.

The average annual electricity price for 2022 came to 212.8 øre/kWh in price area NO2, up from 76.2 øre/kWh in 2021.

In 2022, Norway as a whole received precipita-

tion equivalent to 141.5 TWh, 6.6 TWh more than normal. In South Norway (price areas NO1, NO2 and NO5) annual precipitation corresponded to 86.2 TWh, 2.3 TWh less than normal. The annual reservoir inflow in South Norway was equal to 88.4 TWh, about the same as normal.

A total of 144.4 TWh of electricity was generated in Norway, a decrease of 8.6 per cent compared with the year before. Power generation in South Norway fell by 19.1 per cent, while it rose by 15.3 per cent in Central and Northern Norway. Consumption fell by 5.6 per cent compared with the year before, totalling 132 TWh for the year. Norway exported 12.4 TWh of electricity in 2022, 5.1 TWh less than in 2021. While the export volume fell by 11.9 TWh in South Norway, it rose by 6.8 TWh in the rest of the country. Overall, Norway's hydropower reservoirs were 65.1 per cent full at the close of the year, 2.9 percentage points down on the median level. Skagerak Kraft's reservoirs were 58 per cent full at the close of 2022, which is 12.5 per cent below the average for the last five years. By comparison, the company's reservoirs were 46 per cent full at the close of 2021.

The Group's earnings and financial development

The Group prepares its financial statements in accordance with the Regulations of 7 February 2022 relating to simplified application of the International Financial Reporting Standards (IFRS).

The Group generated gross operating revenues of NOK 9,561 million in 2022, up 44 per cent on the year before (NOK 6,620 million). The increase is attributable primarily to substantially higher electricity prices.

Net profit came to NOK 2,195 million in 2022 (NOK 1,886 million).

EBITDA, corrected for unrealised changes in the value of energy contracts and changes in pension plans, totalled NOK 6,914 million in 2022, up 42 per cent from the year before.

Income from associates in 2022 totalled NOK

39 million. This is NOK 30 million higher than the year before. The Group had net financial items of NOK 41 million, compared with NOK -108 million in 2021.

The tax expense for 2022 totalled NOK 4,121 million (NOK 2,382 million). As a result of high electricity prices and a higher tax rate, resource rent tax came to NOK 2,760 million in 2022 (NOK 1,447 million). Ordinary corporation tax increased by NOK 536 million. Following a decision by the Norwegian Financial Services Complaints Board relating to losses incurred in connection with Telenor Cinclus from 2008 and 2009, Skagerak Energi received and recognised in income the amount of NOK 124 million.

Net profit, corrected for unrealised changes in the value of energy contracts, securities, interest and currency contracts, as well as changes in pension plans, totalled NOK 2,278 million (NOK 1,869 million).

Total investments in property, plant and equipment came to NOK 1,094 million in 2022 (NOK 1,003 million). The bulk of the investments have been in the power grid operator Lede (78 per cent) and the electricity generator Skagerak Kraft (16 per cent).

The Group generated a net cash flow from operating activities of NOK 5,523 million in 2022 (NOK 5,085 million). The difference between operating profit and cash flow from operating activities relates primarily to tax and interest paid, partly offset by depreciation and amortisation. Net interest-bearing receivables changed from NOK 0.4 billion in 2021 to NOK 3.8 billion in 2022. Apart from interest-bearing debt, the balance sheet comprises interest-free liabilities, including tax liabilities, amounting to NOK 4.1 billion.

Total capital at the close of 2022 stood at NOK 21.1 billion (NOK 17.9 billion). The Group had an equity ratio of 54 per cent (57 per cent). The market value of the Group's production facilities is materially higher than book value.

The parent company generated gross operating revenues of NOK 227 million in 2022 and made an operating loss of NOK 174 million. The parent company's revenues derive primarily from the sale of

services to group companies. Net financial income totalled NOK 1,382 million in 2022, almost all of which comprises interest on loans to group companies and group contributions received.

At the close of 2022, the parent company had total capital of NOK 10.7 billion, the majority of which comprised investments in subsidiaries. At the close of 2022, the parent company had equity amounting to NOK 8.3 billion.

Going concern

The financial statements have been prepared on the assumption that the business is a going concern. The business is financially sound, has adequate liquidity and a market position that, based on existing forecasts, is expected to provide a good basis for long-term value creation.

Annual result and allocation of funds

The Group made a net profit for the year of NOK 2,195 million. The parent company, Skagerak Energi AS, made a net profit for the year of NOK 1,070 million. The Board of Directors is proposing the following allocation of funds to the Annual General Meeting of Skagerak Energi AS:

To other equity:	NOK 1,070 million
Total allocated:	NOK 1,070 million

It is further proposed that a dividend of NOK 1,139 million be paid out for 2022, as well as a group contribution to Skagerak Energitjenester AS of NOK 1.5 million. The Board has assessed the company's equity and liquidity following the proposed dividend payout and deems this an appropriate level, given the risk picture and the scale of the business.

No circumstances have arisen after the close of the financial year that have had a material impact on the assessment of the financial statements. The Board considers that the annual financial statements provide a true and fair picture of Skagerak Energi's assets and liabilities, financial position and results.

Earnings, operations and development in the business areas

Power generation

Gross operating revenues rose from NOK 5,250 million in 2021 to NOK 7,688 million in 2022, an increase of 47 per cent. Most of the increase is attributable to prices that were even higher than the already historically high levels seen in 2021. The average price for the year in price area NO2 came to 212.8 øre/kWh in 2022 (76.2 øre/kWh), up 179 per cent from 2021. Compared with 2021, the company's power sales revenues rose by NOK 4,220 million. This was due to higher electricity prices. At the same time, reduced output drew down power sales revenues by NOK 1,925 million.

In 2022 as a whole, Skagerak produced a total of 3,986 GWh of electricity, compared with 6,504 GWh in 2021, a decrease of 39 per cent. Skagerak's output equalled 3.1 per cent (4.5 per cent) of Norway's total annual hydropower production. At the start of 2023, Skagerak's hydropower reservoirs were 57.9 per cent full (45.5 per cent).

Operating expenses, including amortisation and depreciation, increased by NOK 531 million compared with the year before. This is largely attributable to the introduction, with effect from 28 September 2022, of an additional high-price contribution imposed on power plants already paying resource rent tax. The high-price contribution is calculated at the rate of 23 per cent of that portion of the price which exceeds NOK 0.70/kWh on average for the month concerned, and applies to all output covered. For 2022 as a whole, the high-price contribution came to NOK 405 million.

Three new power plants have been built in recent years, and depreciation has increased as a result. A total of NOK 23 million was recognised in non-recurring expenses to cover future liabilities relating to the securing and writing down of operating assets associated with the old Dalsfos Power Plant after its closure. Property tax decreased by NOK 13 million from 2021 to 2022.

EBITDA, corrected for unrealised changes in the value of energy contracts and changes in pension plans, came to NOK 6,391 million in 2022 (NOK 4,468 million), an increase of 43 per cent.

The tax expense increased by a total of 65 per cent compared with the year before. The overall tax expense in 2022 came to NOK 3,924 million (NOK 2,383 million). Of this amount, ordinary corporation tax payable accounted for NOK 1,148 million (NOK 619 million), while resource rent tax payable accounted for NOK 2,612 million (NOK 1,325 million). In connection with the national budget deliberations in December 2022, the Norwegian parliament (Storting) approved an increase in the resource rent tax rate from 37 per cent to 45 per cent, to be applied retroactively to 2022 as a whole. This increased the amount of resource rent tax payable by NOK 464 million.

The business has invested NOK 179 million (NOK 332 million) in property, plant and equipment. The largest projects relating to the company's own facilities in 2022 were the completion of the new Dalsfoss Power Plant and the Ala Power Plant, as well as ongoing projects to replace the control systems at the Grønvollfoss and Årlifoss power plants and upgrade the turbine at the Årlifoss Power Plant. Skagerak Kraft is involved in eight cases relating to a revision of its licensing terms.

The Norwegian Water Resources and Energy Directorate (NVE) also administers the regulations relating to dam safety. A material tightening up of these regulations means that many older dams must be refurbished at considerable cost. Skagerak and its partly owned power generators are well underway with the necessary upgrades. This activity will continue in the years to 2030.

Tax is a material cost element for hydropower producers. This includes property tax, licence fees, resource rent tax, natural resource tax and ordinary corporation tax. As adopted, the 2023 national budget contains major changes for hydropower producers, including an increase in the resource rent tax rate and a temporary high-price contribution. This latter results in an effective tax rate of 90 per cent on electricity sold at prices exceeding the high-price threshold.

Power distribution

The power distribution business, Lede, generated gross operating revenues of NOK 1,755 million in 2022 (NOK 1,238 million), while net operating revenues after transmission costs (grid loss) came to NOK 1,207 million (NOK 967 million). These substantial changes are attributable to the record-high electricity prices in 2022, which have affected several elements in the price setting for Norwegian power grid operators.

As a result of the sharp increase in electricity prices, the cost of the grid operators' grid losses rose far higher than had been factored in when the grid tariffs were set. In 2022, therefore, there was an ever-growing need to raise the grid tariffs to compensate for this. However, in October, the Ministry of Petroleum and Energy introduced a tariff support scheme whereby Statnett's congestion revenues would be transferred directly to the grid operators, enabling them to avoid increasing the grid tariffs. Lede received NOK 621 million in support, which is the main reason for the increase in gross operating revenues. The amount of the support granted was calculated on the basis of energy transmitted in 2020, which proved to be higher than the actual volume transmitted in 2022. This resulted in a certain amount of overcompensation, which largely accounts for the rise in net operating revenues. However, this will even out over time.

A new payment model for local power distribution grids was introduced on 1 July 2022. The tariffs remained unchanged.

In addition to a year-on-year increase in costs due to higher prices and wages, high electricity prices increased costs relating to energy consumption at our own facilities and indirectly affected provisions for bad debts.

From 2021 to 2022, amortisation and depreciation rose by NOK 28 million as a result of an increase in the level of investment. Depreciation of obsolete power lines and substations was recognised in the amount of NOK 10 million.

EBITDA for 2022 came to NOK 573 million (NOK 429 million), an increase of NOK 144 million or 34 per cent from 2021.

In 2022, investments totalled NOK 853

million, compared with NOK 635 million in 2021. Investments in grid infrastructure totalled NOK 755 million, compared with NOK 564 million the year before. The investment level in 2022 was the highest ever. The increase is attributable to multiple major projects being undertaken at the same time, as well as increased equipment prices.

One of the most important drivers for increased investment is the number of new requests for connection to the grid resulting from the electrification of society (industry and infrastructure). The high electricity prices have also prompted a substantial increase in the number of rooftop solar power systems seeking connection to the grid.

Major projects during the year include the readying of the Brevik grid infrastructure to accommodate carbon capture at the Norcem plant, the substation at Rød, near Skien, and the power lines and substation in Herøya. These projects will both replace old facilities and pave the way for increased capacity. The projects in Brevik and Rød will continue in 2023, while the project in Herøya has been completed.

In 2022, Lede supplied 6,307 GWh of electricity (7,264 GWh) to 193,000 private consumers (191,000) and 20,000 commercial customers (20,000).

The company has 213,000 invoiced metering points, of which 175,000 were co-billed through the electricity supplier. This gives Lede a high level of security for its receivables. The number of metering points to which the grid operator is also the electricity supplier (under the duty of supply) is decreasing steadily. The number changed only marginally in 2022 compared with 2021.

In 2022, Lede was named the grid operator in Norway with the most satisfied customers, following an industry-wide survey carried out by EPSI Norge. Lede's customers highlighted that they were kept well informed by the grid operator, while the company's focus on sustainability was valued.

On average, Lede's customers were without power for 63 minutes in 2022. This corresponds to 46 per cent of the national average for the period 2012–2021, and constitutes a 28-minute improvement on 2021. Power outages are due primarily to

trees falling on the high-voltage overhead cables and planned shutdowns for necessary work on the infrastructure.

In 2022, Lede's infrastructure suffered two major incidents: a fire put the Sørtveit substation completely out of action, and the transmission cables to an industrial company were severely damaged. On both occasions, the company implemented its red emergency response protocol. An emergency response was also triggered five times in connection with bad weather. The cost of undelivered electricity has been calculated at NOK 35 million in 2022 (NOK 43 million).

Lede's business is regulated by the Norwegian Water Resources and Energy Directorate (NVE), which issues wide-ranging directives relating to activities, technical requirements for equipment and infrastructure and requirements relating to the company's organisation and competence. The business's income is determined by the NVE in accordance with a model that rewards efficiency compared to other grid operators. Lede has a stated strategic objective of achieving a grid efficiency of more than 105 per cent, and the company is working continuously to reduce costs and increase the efficiency of its operations. Lede achieved a grid efficiency of 108.8 per cent in 2022.

As at 31 December 2022, the grid business's capital base (NVE capital) came to NOK 5,330 million (NOK 5,010 million). NVE capital forms the basis for the return which, according to the NVE's income regulation model ¹ is calculated using a reference rate.

¹ NVE's income regulation model rests on the grid operator's financial statements prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP)

Figures in %	2022	2021	2020	2019	2018
Return on grid operations	11.09	6.75	7.89	7.34	3.64
NVE's reference rate	7.33	5.23	5.15	5.75	6.05

The grid business's monopoly element has therefore generated a return of 2.76 percentage points above the company's target (the NVE's reference rate + 1 per cent).

District heating

Skagerak Varme reduced the volume of district heating it supplied in 2022 to 138 GWh (155 GWh) due to mild weather. Access to fuel and surplus heat remained stable throughout the year. However, prices increased as a result of the energy situation in Europe, combined with a dry year and extremely high electricity prices in our price area (NO2). This resulted in higher operating costs for the district heating business.

Despite the lower volume supplied, the higher energy prices resulted in the company generating NOK 139 million in sales revenues in 2022, compared with NOK 130 million the year before, an increase of approx. 7 per cent. The company made an operating loss of NOK 17.8 million in 2022, compared with a profit of NOK 5.6 million in 2021. EBITDA for the year came to NOK 15.6 million (NOK 37.7 million), a decrease of almost 60 per cent from 2021. This is explained in large measure by the increased impact of the electricity support scheme, which accounted for NOK 2.4 million in reduced revenues in 2021 but almost NOK 19 million in 2022. This differs from the sale of electrical power, where the government covers the electricity support provided.

The high electricity prices have boosted interest in connecting buildings to the district heating network. This applies to both new and existing buildings. A number of individual buildings have been connected in all licence areas. On the whole, this involves running spurs off the existing main pipelines, which requires limited investment costs. A total of NOK 21.6 million was invested in 2022 (NOK 12.7 million).

At the end of the year, Skagerak Varme signed a Letter of Intent with Yara and Herøya Industripark to increase exploitation of the surplus heat generated at Herøya. In the longer term, this could potentially also have a knock-on effect for several of Skagerak Energi's business areas.

Other investments

Skagerak Energi's investments in associates and other investments are largely centralised in the subsidiary Skagerak Energipartner AS. At the close

of 2022, this company held shares in Air Liquide Skagerak AS (49 per cent), Laugstol AS (33.4 per cent), Isola Solar AS (24 per cent), Jedlix B.V. (8.9 per cent), Where₂O AS (44 per cent) and Evyon (3.2 per cent).

Skagerak Energi's share of the combined profit/loss from these investments was recognised in the consolidated income statement for 2022 in the amount of NOK 39 million (NOK 9 million), while the book value recognised in the consolidated balance sheet totalled NOK 241 million (NOK 113 million).

Organisation and HSE

Personnel and organisation

Skagerak Energi is organised as a group with a parent company and five subsidiaries. In addition to performing the role of owner, the parent company also provides central support services to the subsidiaries. The Group had 673 permanent employees, equivalent to 654 full-time employees, at the start of 2023. This does not include temporary workers or apprentices. These are, however, specified in the table below.

Company	31.12.2022		31.12.2021	
	No. of employees	Full-time equivalents (FTEs)	No. of employees	Full-time equivalents (FTEs)
Lede AS	404	386	395	374
Skagerak Kraft	144	138	144	138
Parent company	139	134	129	122
Skagerak Varme	15	15	16	16
Skagerak Energipartner	1	1	0	0
Skagerak Energitjenester	6	6	0	0
Total	709	680	684	650

Skagerak Energi works systematically to attract, retain and develop employees with the competence to meet future needs, and implements a variety of employee and leadership development initiatives.

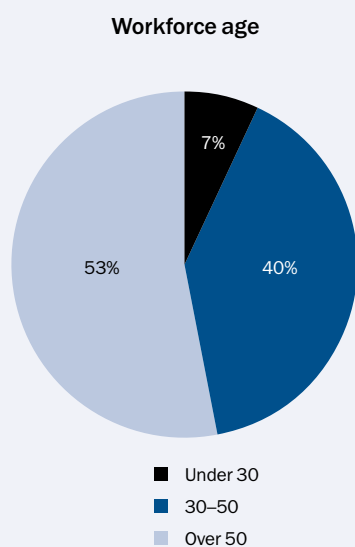
Skagerak Energi has employee and leadership policies that describe attitudes and behaviours which reflect our values: Competent – Responsible – Innovative.

An in-depth survey of the workforce shows a high level of engagement among our employees. Systematic efforts over time, with initiatives developed on the basis of the staff surveys' results and use of the Group's employee follow-up and development tool, are presumed to have contributed to the establishment of a robust organisation characterised by a high degree of mutual trust.

Compulsory management training was undertaken throughout 2022 to strengthen individual and collective leadership skills and build a shared management culture that is capable of accommo-

dating more frequent changes, facilitating new competence and creating engagement among employees. This development will require a lot from the organisation, with regard to both acquiring new competence and exercising leadership in a time of frequent change. Good leadership is a material factor in motivating employees and creating a high level of engagement and job satisfaction.

Because a large proportion of the workforce is approaching retirement age, the Group is currently recruiting heavily. In 2022, 59 new employees joined the Group. This corresponds to around 9 per cent of the total workforce.



Throughout 2022, efforts were made to optimise the pre-boarding process (the period between an employment contract being signed and the individual starting work). A variety of activities and initiatives have been developed to ensure that new recruits receive a warm welcome and are not left to flounder in their first few weeks on board. In this way, we ensure new employees are quickly brought up to speed, which boosts value creation for both the individual concerned and the organisation as a whole.

Given the high rate of recruitment, building Skagerak Energi's reputation as a good place to work (employer branding) is a prioritised activity in order to attract the right competence. The summer project for postgraduate students, which was staged for the third time in 2022, is an example of such a strategic initiative.

As in previous years, we have provided work experience places for individuals outside the Group who need to acquire workplace skills or test their capacity for work. The Group focuses strongly on the intake of apprentices and trainees, and sees this as an important area of emphasis in our recruitment effort. At the close of 2022, the Group had a total of 20 apprentices: 16 with Lede AS (powerline technician), 2 with Skagerak Kraft (power supply operator) and 2 with the parent company (ICT technician). The Group had a total of 7 trainees in 2022.

Occupational health, safety and environment (HSE)

Skagerak Energi aims to take the lead in preventive HSE through a clear management focus, explicit HSE requirements and an organisation that constantly seeks to learn from experience. The Group has a zero-accident policy and safety is always the first priority. Nevertheless, the Group recorded 4 personal injuries to members of its own workforce in 2022.

Skagerak Energi believes that all unwanted incidents and accidents can be prevented. The focus is on establishing "green zone" thinking. To be in the "green zone", an employee engaged in a specific work situation must be able to identify, assess and communicate risk, and thereby make the correct choices. The Group is constantly striving to implement improvements to secure an injury-free working life for everyone working for or on behalf of Skagerak Energy, and wishes to be an active contributor to knowledge sharing and cooperation within the industry.

The Group shall have an open and proactive HSE culture and a working environment that promotes employee health. Efforts to safeguard occupational health and safety shall be so pronounced that they impact all activities within the Group. Each individual

employee has a responsibility to help create an inclusive, injury-free and safe working environment.

In 2022, the Group reported a sickness absence rate of 3.8 per cent, compared with 2.9 per cent the year before. Employees who are on sick leave are followed up systematically and frequently, and preventive activities are emphasised.

Diversity, equality and inclusion

At Skagerak Energi, diversity is about valuing all aspects of what it means to be a human being. The Group wishes to promote and extol the differences between us and ensure everyone is treated fairly. Diversity facilitates innovative thinking and creativity, and contributes to the development of good solutions. Increased diversity will give the organisation a broader perspective and is also part of the business's corporate social responsibility. Greater diversity and inclusive environments result in better decisions, promote innovation and increase organisational agility.

Skagerak Energi wishes to reflect the society in which it operates, and is keen to provide equal opportunities for employment, competence and career development, etc., irrespective of gender, disability or social and cultural background. Everyone has equal value and must have equal opportunities to participate, irrespective of their background or personal characteristics.

In 2022, the Group employed a total of 709 people, 188 of whom were women. This corresponds to 27 per cent, 1 percentage point more than the year before. In 2022, the Group employed 83 people in management positions, 22 per cent of whom were women. This is a decrease of 1.5 percentage points compared with the year before. Skagerak Energi's Group Management Team comprised 7 men and 1 woman in 2022. The Group's Board of Directors comprises 9 members, of whom 4 are women. Three of the female board members are shareholder-elected, while 1 is employee-elected.

The gender balance is good in the occupations traditionally performed by women, such as internal services, finance and administration, but low in the other occupational disciplines. Similarly, it can be

seen from the analyses that young women are also underrepresented within the Group. Systematic efforts are therefore being made in these areas. However, such change requires systematic long-term endeavours and will only become apparent over time.

The high staff turnover currently being experienced offers a clear opportunity to reorient the Group's competence and diversity profile. In 2023, efforts will continue to focus on increased diversity and inclusion.

The Group's activity and reporting obligations are presented in a separate article on the company's website [skagerakerenergi.no](https://www.skagerakerenergi.no).

Environment and sustainability

Skagerak Energi's vision is to be a forward-looking supplier of clean energy that contributes to social welfare, economic growth and development. By producing and distributing clean energy from renewable sources, the Group helps to reduce society's impact on the climate.

Skagerak Energi wishes to take a clear position on the energy transition and has adopted the watchword "In support of a green future". This establishes a clear expectation that the Group places sustainability high on its agenda. In 2021, five of the UN Sustainable Development Goals (SDGs) were selected as areas in which Skagerak could help realise the 2030 Agenda for Sustainable Development. The five SDGs are: 7. Affordable and clean energy, 8. Decent work and economic growth, 9. Industry, innovation and infrastructure, 12. Responsible consumption and production, 15. Life on land.

The selected SDGs are in areas where Skagerak as an enterprise can make a significant contribution. Supporting a green future means being a strong and sustainable actor. Group Management therefore decided to establish a set of shared ambitions in order to clarify and make it easy to understand and communicate to all employees and external stakeholders what sustainability means to the Skagerak Energi Group. Skagerak's sustainability ambitions were adopted in 2022. The ambitions have been drawn up on the basis of the five selected SDGs, as well as who we are and what we do at Skagerak.

Skagerak's ambitions:

RELIABLE PARTNER – We develop people and society

GREEN VALUE – We create value on nature's terms

DRIVING FORCE – We harness nature's superpowers and deliver energy where it is needed

Under each overarching ambition, planned or ongoing activities that make a material contribution

to their realisation have been grouped into specific focus areas. In 2022, the organisation prioritised work in the following sustainability-related areas: sustainable procurement, attractive workplace, knowledge about sustainability, taxonomy for sustainable finance and fossil-free vehicle fleet.

The climate accounts for 2022 have been prepared in accordance with ISO 14064:2018, and include direct emissions of CO₂, plus indirect emissions from the consumption of electricity, business travel and inspections performed by helicopter. The climate accounts are restricted to entities in which the Group's shareholding is equal to or exceeds 50 per cent. The Group's direct and indirect CO₂ emissions in 2022 totalled 2,742 tonnes, compared with 2,266 tonnes in 2021.

Skagerak Energi has good procedures for sorting and dealing with waste, with 86 per cent of the waste sorted at source in 2022. The Group experienced three non-conformances with serious environmental consequences in 2022. Skagerak Kraft is certified in accordance with ISO 14001:2015 Environment Management Systems.

Corporate governance and risk management

Skagerak Energi has established good procedures for corporate governance.

Skagerak Energi has established an overarching governance system to help realise the Group's strategic objectives and ensure a sound control environment.

The Group makes use of the balanced scorecard method to measure progress with respect to its business strategies and the results achieved. Corporate governance also includes risk management, internal control and guidelines relating to business ethics and social responsibility, underpinned by the Group's core values.

Skagerak does not tolerate any form of corruption. It is prohibited to offer, give, accept or receive bribes or any illegitimate benefits for commercial or private profit.

Skagerak actively communicates its requirements and expectations with respect to behaviour in its governing documents.

Particular vigilance is exercised in relation to procurement and the execution of projects. All agreements must be documented and describe actual conditions, and agreed compensation must be proportional to the services rendered.

Skagerak Energi's business operations are exposed to risk in a number of areas and along the entire supply chain. Risk management forms an integral part of Skagerak Energi's business operations and is designed to keep risk at an acceptable level to ensure the Group's strategic and operational objectives are achieved. The Group performs annual audits and internal inspections in selected areas.

Market risk

Skagerak Energi is exposed to market risk primarily through its own electricity generation activities. In a hydropower-based system, price and production capacity will vary significantly, and this may have a major impact on Skagerak Energi's results. Normally, there will be a certain evening out of revenues, in that prices will be low in years with

a substantial water inflow and high power generation levels, and vice versa. Skagerak Varme is exposed to raw materials prices, electricity prices and competing energy solutions.

Regulatory and political risk

The Group's energy supply businesses are subject to licensing and are, to a substantial extent, the object of public regulation. This applies to Skagerak Kraft (power generation), Lede (power distribution) and Skagerak Varme (district heating). The power distribution grid is a natural monopoly whose income is publicly regulated. Skagerak Kraft and Skagerak Varme face significant political risk. Climate and energy policies are closely related. Measures are being implemented at the European and national levels to reduce emissions of the greenhouse gas CO₂. Because there is a strong link between the price of electricity and the price of district heating, this risk also applies to Skagerak Varme.

The most important climate-related initiative in the EEA is the Emissions Trading System (ETS). The ETS applies to all coal- and gas-fired power plants in the EEA. The price of carbon emissions directly impacts the cost of producing 1 kWh of additional power at a thermal power plant. For large parts of the year, the price of thermal power determines the price of electricity in continental Europe, which means it also determines the price of electricity produced by Skagerak Kraft. The price allotted to carbon emissions is determined by supply and demand, with the supply side decided politically. This means that changes adopted politically have a major impact on Skagerak Energi's annual results.

Financial risk

Interest and foreign exchange risk

Skagerak Energi is indirectly exposed to changes in exchange rates. Electricity is sold through the Nord Pool exchange, where prices are quoted in EUR. Settlements received in foreign currencies are changed back on a daily basis into NOK through participation in Statkraft's "in-house banking" solution. While individual purchases and investments are made in foreign currencies, the Group's finance policy requires major procurements and

investments to be hedged at the rate of exchange in effect when the investment decision was made. The Group's foreign exchange exposure is therefore moderate. The Group engages in a capital-intensive business. With a normal debt-to-asset ratio, it is therefore very exposed to changes in interest rates. Around 72 per cent of the Group's long-term interest-bearing debt is at fixed interest rates. At the close of the year, the Group's liquidity was greater than its borrowings and it therefore had no net debt. The Group is also exposed to interest rate risk through the interest rate's impact on the grid business's income framework, as well as the risk-free interest rate's significance for the calculation of resource rent tax by the electricity generating sector.

Credit risk

Credit risk in connection with the sale of electricity relates to counterparty risk on the Nord Pool exchange. This is considered to be limited. Credit risk related to grid operations is spread over a great many small counterparties, providing good opportunities to limit potential losses.

Liquidity risk

The Group has liquidity reserves through draw-down agreements with Statkraft. The liquidity risk is considered low.

Operational risk

Skagerak manages operational risk through its employees' professional competence, operating procedures, controls and contingency plans.

A material portion of the business relates to critical infrastructure that helps to meet the population's basic needs. Security of supply is therefore a key factor in Skagerak's operational planning and execution. Risk relating to security of supply is also included in the overall risk picture at group level, which is assessed by the Board of Directors.

The Group has established systems for registering and reporting censurable conditions, unwanted incidents and injuries. All projects undertaken by Skagerak perform risk assessments with a view to evaluating and planning necessary measures.

Skagerak Energi has taken out Directors and Officers (D&O) insurance that covers former, current and future board members, CEOs, members of the senior management team or other equivalent governing bodies in Skagerak Energi AS and subsidiaries over which the Group has a controlling influence. The insurance covers the insured party's personal liability for financial losses incurred by third parties as a result of the insured party's performance of their office with the companies covered by the insurance policy.

Outlook

Last year was dominated by high electricity prices. The loss of Russian gas resulting from the war in Ukraine contributed to an energy shortage in Europe. Lower output by Norwegian electricity generators, following calls from the government to save water in the hydropower reservoirs, also contributed to periods of high prices.

The precipitation situation and reservoir water levels normalised through the autumn and winter. Electricity prices in 2023 are expected to be slightly lower than in 2022. Nevertheless, there is a great deal of uncertainty, and the Skagerak Group's earnings are largely dependent on the price of electricity.

Throughout last year and into this, there has been a considerable focus on developing and constructing renewable energy generating facilities, particularly in the form of wind and solar farms. The entry of such non-flexible power into the power system will lead to greater volatility. However, non-flexible power generation is expected to create increased value over time.

Through the year, the Group's power grid operations have continued their high activity and investment level. Major investment plans will significantly increase the need for supplied power in our region in the years to come, and this will require the expansion and reinforcement of the existing power grid. The power grid operator will play an important role in the increasing electrification of society through its duty to accommodate requests for connection.

Efforts in new growth areas were further

strengthened through the year. Several pilot projects were launched, and this work will continue going forward. At the same time as we are creating new growth and competence centres, Skagerak Energi will help to develop new and innovative energy solutions, as a contribution to increased electrification and reduced greenhouse gas emissions. In addition, the Group will make further investments in other companies where we can contribute our expertise to the further development of new products and services.

In recent years, the business sector has undergone several structural changes. This trend is expected to continue in the years ahead. Skagerak Energi will seek to contribute to forward-looking solutions for the benefit of the Group's owners, employees and customers.

Porsgrunn, 15 March 2023

Birgitte Ringstad Vartdal
Chair

Hedda Foss Five
Deputy Chair

Christina Endresen
Director

Asbjørn Grundt
Director

Henning Villanger
Director

Øystein Kåre Beyer
Director

Gunnar Mjøane
Director

Trond Erling Johansen
Director

Kjersti Haugen
Director

Jens Bjørn Staff
CEO

Income Statement

GROUP		(all figures in NOK '000)	SKAGERAK ENERGI AS	
2022	2021		2022	2021
		Operating revenues		
7,623,720	5,176,840	Power sales revenues	0	0
1,034,202	1,196,497	Power grid revenues	0	0
902,735	246,786	Other operating revenues	227,176	211,174
9,560,657	6,620,123	Gross operating revenues	227,176	211,174
		Net operating revenues	227,176	211,174
-320,141	-163,016	Energy purchases	0	0
-503,903	-366,570	Transmission costs	0	0
-24,352	17,429	Unrealised changes in the value of energy contracts	0	0
8,712,261	6,107,966	Net operating revenues	227,176	211,174
-637,943	-505,265	Salary and other payroll costs	-195,016	-146,020
-517,987	-125,960	Regulatory fees	0	0
-754,562	-594,349	Other operating expenses	-154,044	-136,835
6,801,769	4,882,390	EBITDA	-121,884	-71,681
-565,884	-515,115	Amortisation, depreciation & impairment	-51,800	-49,518
6,235,885	4,367,276	Operating profit/loss (EBIT)	-173,684	-121,199
39,026	9,142	Share of profit/loss from subsidiaries and associates	1,298,787	59,300
		Financial items		
184,921	30,259	Financial income	156,550	88,002
-149,828	-143,102	Financial expenses	-73,390	-95,797
5,591	5,132	Unrealised changes in the value of securities, interest and currency contracts	0	0
40,684	-107,711	Net financial items	83,160	-7,795
6,315,596	4,268,706	Profit before tax	1,208,263	-69,694
-4,120,564	-2,382,351	Tax expense	-138,746	14,989
2,195,031	1,886,355	Net profit for the year	1,069,517	-54,705
		Net profit attributable to:		
11,698	7,639	Non-controlling interests		
2,183,333	1,878,716	Owners of the parent		
		Information about:		
		Dividend paid	934,000	80,000

Total Comprehensive Income

GROUP		(all figures in NOK '000)	SKAGERAK ENERGI AS	
2022	2021		2022	2021
2,195,031	1,886,355	Net profit for the year	1,069,517	-54,705
		OTHER COMPREHENSIVE INCOME		
		Items that will not be reclassified to profit & loss in later periods:		
40,092	-35,653	Actuarial gains and losses on defined-benefit pension plans	85,091	-87,683
624	2,062	Recognised other comprehensive income relating to associates	0	0
-11,600	4,980	Tax related to other comprehensive income	-18,720	19,290
29,116	-28,612	Other comprehensive income after tax	66,371	-68,393
2,224,147	1,857,743	Year's total comprehensive income	1,135,888	-123,097
		Year's total comprehensive income attributable to:		
11,698	7,639	Non-controlling interests		
2,212,449	1,850,104	Owners of the parent		

Balance Sheet

GROUP		(all figures in NOK '000)	SKAGERAK ENERGI AS	
31.12.2022	31.12.2021		31.12.2022	31.12.2021
ASSETS				
Non-current assets				
17,435	18,184	Deferred tax assets	211,153	204,652
209,262	209,262	Intangible assets	0	0
12,997,961	12,480,758	Property, plant & equipment	307,720	313,142
240,550	113,255	Investments in subsidiaries and associates	5,021,639	5,021,639
8,993	16,997	Derivatives	0	0
809,447	914,269	Pension assets	555,709	508,787
139,848	100,667	Other non-current financial assets	4,415,537	5,524,357
14,423,496	13,853,393	Total non-current assets	10,511,758	11,572,577
Current assets				
20,562	1,081	Inventory	13	0
638,150	449,079	Receivables	43,316	41,863
12,759	19,642	Derivatives	0	0
5,629,442	3,252,500	Receivables re group account scheme	188,131	0
334,404	345,576	Bank deposits and cash	472	1,122
6,635,318	4,067,877	Total current assets	231,931	42,985
21,058,814	17,921,270	TOTAL ASSETS	10,743,690	11,615,562

GROUP

(all figures in NOK '000)

SKAGERAK ENERGI AS

31.12.2022	31.12.2021		31.12.2022	31.12.2021
EQUITY AND LIABILITIES				
Equity				
1,695,539	1,695,539	Share capital	1,695,539	1,695,539
399,211	399,211	Share premium fund	399,211	399,211
2,094,750	2,094,750	Paid-in equity	2,094,750	2,094,750
9,324,610	8,046,166	Other equity	6,187,839	5,985,951
9,324,610	8,046,166	Retained earnings	6,187,839	5,985,951
39,027	23,423	Non-controlling interests	0	0
11,458,387	10,164,339	Total equity	8,282,589	8,080,701
Liabilities				
581,941	387,702	Deferred tax liabilities	0	0
42,387	194,690	Pension liabilities	41,798	81,581
712,230	645,086	Other provisions	469	1,120
1,841,436	2,508,400	Long-term interest-bearing liabilities	1,791,160	2,460,134
10,414	4,432	Derivatives	0	0
3,188,407	3,740,310	Non-current liabilities	1,833,427	2,542,835
275,740	524,448	Short-term interest-bearing liabilities	275,365	523,933
15,725	143,786	Current liabilities re group account scheme	0	143,786
4,052,737	2,130,220	Tax payable	287,727	251,930
15,581	17,689	Derivatives	0	0
2,052,236	1,200,479	Other current interest-free liabilities	64,581	72,378
6,412,019	4,016,621	Current liabilities	627,673	992,026
9,600,427	7,756,932	Total liabilities	2,461,101	3,534,861
21,058,814	17,921,270	TOTAL EQUITY AND LIABILITIES	10,743,690	11,615,562

Porsgrunn, 15 March 2023

Birgitte Ringstad Vartdal
ChairHedda Foss Five
Deputy ChairChristina Endresen
DirectorAsbjørn Grundt
DirectorHenning Villanger
DirectorØystein Kåre Beyer
DirectorGunnar Møane
DirectorTrond Erling Johansen
DirectorKjersti Haugen
DirectorJens Bjørn Staff
CEO

Statement of Cash Flows

GROUP		(all figures in NOK '000)	SKAGERAK ENERGI AS	
2022	2021		2022	2021
		Cash flow from operating activities		
6,315,596	4,268,706	Profit before tax	1,208,263	-69,694
14,716	-4,433	Gain(-)/loss on sale of non-current assets	-275	336
565,884	515,115	Amortisation, depreciation & impairment	51,800	49,518
106,891	-22,559	Other items of profit & loss with no cash impact	23,404	0
-2,014,659	-73,149	Tax paid	-128,170	6,600
4,988,428	4,683,680	Net added from the year's operations	1,155,022	-13,240
643,201	443,914	Change in inventory and other current items	-9,263	13,054
2,038	2,059	Dividend from associates	0	2,059
-39,026	-9,142	Share of profit/loss from associates	0	-2,059
-72,066	-35,983	Change in other non-current items	1,074,331	862,721
5,522,575	5,084,528	Net cash flow from operating activities	2,220,091	862,535
		Cash flow from investing activities		
		Investments in property, plant & equipment		
-463,234	-331,873	– related to capacity increases	0	0
-629,406	-670,919	– related to reinvestments	-38,671	-23,191
4,959	16,813	Sale of property, plant & equipment (sales sum)	286	1,152
11,760	490	Repayment of loans to other companies	8,820	0
0	-14,700	Payment of loans to other companies	0	-14,700
-93,028	-93,761	Net receipts/payments re investments in other companies	0	-95,000
-1,168,948	-1,093,950	Net cash flow from investing activities	-29,565	-131,739
		Cash flow from financing activities		
-2,505,003	-2,690,431	Change in group account	-331,916	71,557
-925,795	-907,208	Change in current/non-current liabilities	-925,260	-723,088
-934,000	-80,000	Dividend paid	-934,000	-80,000
-4,364,798	-3,677,639	Net cash flow from financing activities	-2,191,176	-731,532
-11,171	312,938	Net change in cash & cash equivalents	-651	-735
345,576	32,638	Cash & cash equivalents 1 Jan	1,122	1,858
334,404	345,576	Cash & cash equivalents 31 Dec	472	1,122

Office address:

Skagerak Energi AS
Floodeløkkka 1
3915 Porsgrunn, Norway

Postal address:

Skagerak Energi AS
PO Box 80
3901 Porsgrunn, Norway

Email:

firmapost@skagerakerergi.no

Website:

www.skagerakerergi.no

Phone:

+47 35 93 50 00

Editor-in-Chief:

Kristian Norheim, EVP Communications and
Public Affairs

Text:

Skagerak Energi

Design and illustrations:

Mission AS

Photos:

Willem Meijer: Cover (illustration: Mission AS)
Christian Houge: pp. 5
Tom Riis: pp. 8

English translation:

Samtext AS





Office address:
Floodeløkka 1
3915 Porsgrunn, Norway

Postal address:
PO Box 80
3901 Porsgrunn, Norway

Website:
www.skagerakerenergi.no