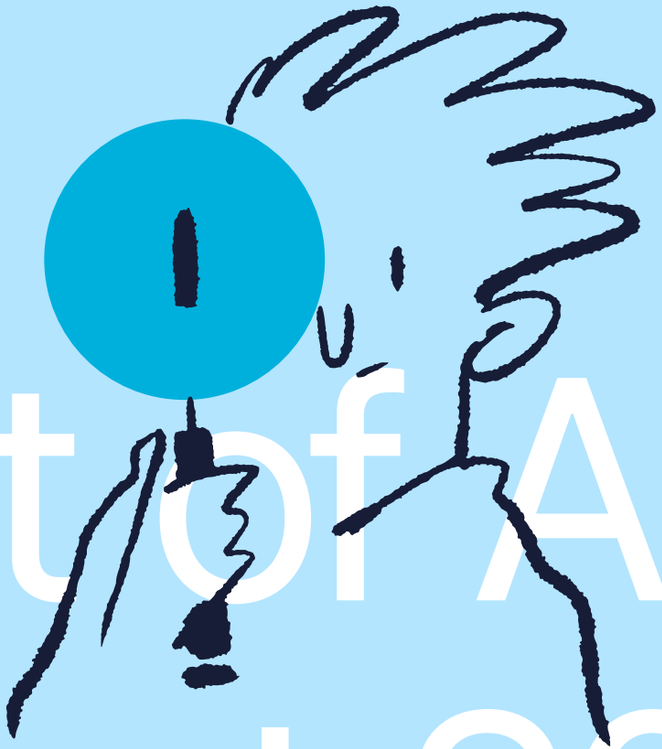

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Watchword

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

- **In support of 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.

Values

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 will 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.

Vision

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, which will leave a lasting impression.

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	Unit	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Financial performance											
Gross operating revenues	NOK mill.	6,144	7,598	9,561	6,620	2,110	3,376	3,450	2,773	2,489	2,389
EBITDA [1]	NOK mill.	3,817	5,136	6,802	4,882	898	2,175	1,987	1,642	1,078	1,405
EBITDA margin [2]	per cent	62.1	67.6	71.1	73.8	42.6	64.4	57.6	59.2	43.3	59.0
EBITDA, underlying [3]	NOK mill.	3,901	5,136	6,914	4,865	888	2,058	2,022	1,638	1,308	1,047
EBITDA margin, underlying [4]	per cent	63.5	67.6	72.3	73.5	42.1	61.0	58.6	59.1	52.6	44.0
Operating profit (EBIT)	NOK mill.	3,259	4,597	6,236	4,367	411	1,681	1,432	1,107	568	894
Net profit for the year	NOK mill.	1,162	1,665	2,195	1,886	534	2,152	1,070	531	378	692
Profit margin [5]	per cent	53.0	60.5	65.2	66.0	19.5	49.8	41.5	39.9	22.8	37.6
Return on equity [6]	per cent	10.2	14.8	20.3	20.3	6.4	29.9	18.7	10.4	8.0	16.5
Return on average capital employed (ROACE), underlying [7]	per cent	29.9	52.9	75.4	40.8	3.4	14.7	15.2	11.5	8.5	6.0
Balance sheet											
Total assets	NOK mill.	21,168	20,500	21,059	17,921	14,364	14,933	13,032	12,586	11,599	11,946
Total liabilities	NOK mill.	9,483	9,439	9,600	7,757	5,902	6,668	6,894	7,274	6,710	7,343
Equity	NOK mill.	11,685	11,061	11,458	10,164	8,462	8,265	6,138	5,312	4,889	4,603
Net interest-bearing debt [8]	NOK mill.	1,033	-635	-3,831	-421	3,488	3,585	3,739	4,714	4,783	5,030
Capital employed [9]	NOK mill.	12,338	10,059	7,306	9,538	11,778	11,692	9,573	9,712	9,442	9,404
Liquidity											
Cash & cash equivalents	NOK mill.	1,960	2,187	5,948	3,454	451	179	340	272	207	640
Cash flow from operating activities	NOK mill.	936	351	5,523	5,085	214	1,101	1,515	931	986	602
Total investments	NOK mill.	1,494	1,412	1,190	1,021	1,014	953	973	852	660	659
No. of employees											
Women		208	207	188	178	167	166	156	154	159	160
Men		577	545	521	506	496	470	477	457	451	457
Total		785	752	709	684	663	636	633	611	610	617
Production and distribution											
Power generation	GWh	6,037	5,943	3,986	6,504	6,358	4,947	5,820	5,949	5,993	6,071
Grid customers	No.	218,000	216,200	213,300	211,000	209,000	205,545	198,666	194,327	190,496	188,700
Power distribution grid	km	18,167	18,115	18,014	17,902	17,513	16,969	17,100	17,003	16,933	16,772
Electrical power supplied to end users	GWh	6,821	6,634	6,307	7,264	7,104	7,136	7,485	7,282	7,110	7,008
Heat supplied	GWh	144	151	138	155	135	151	141	120	114	88
Other matters											
Purchase of goods and services	NOK mill.	1,388	1,066	1,579	961	653	729	845	591	615	545
Tax and other public charges recognised in expenses	NOK mill.	2,260	3,587	4,739	2,576	255	878	997	690	564	447
Sickness absence rate	per cent	3.9	3.6	3.8	2.8	3.1	2.9	3.6	4.3	3.1	3.8
Total injuries per million hours worked by own workforce (H2)	No.	4.2	6.2	3.2	4.2	0.9	10.5	2.1	2.2	4.2	6.8

1) EBITDA = Operating profit before depreciation/amortisation & impairment.
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) Profit 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.

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6,821 GWh

Electrical energy supplied

6,037 GWh

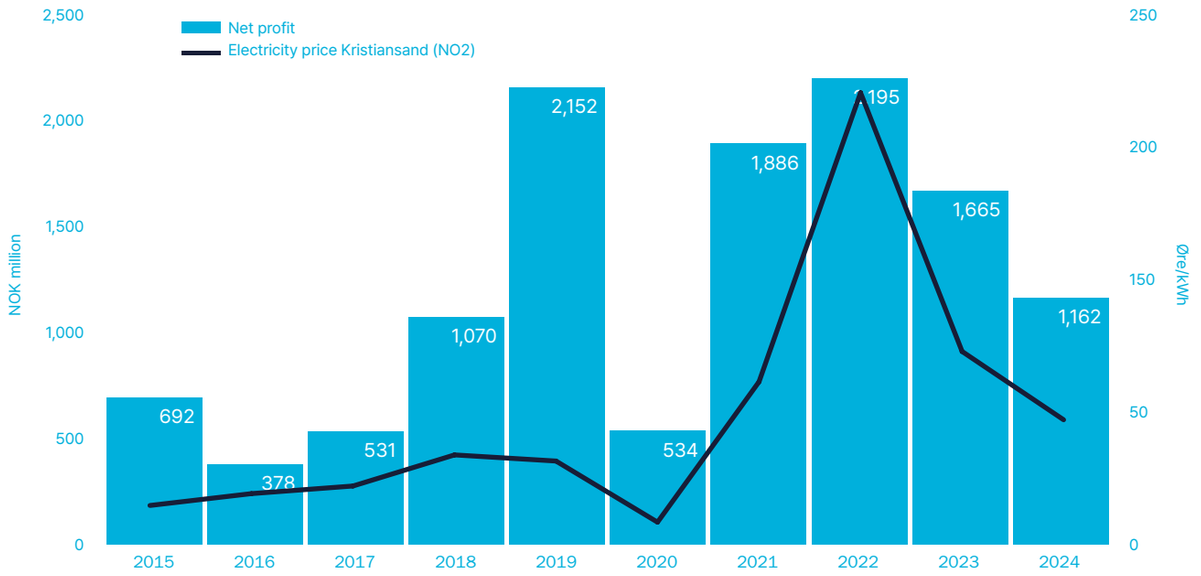
Power generated

NOK 1.2 billion

Net profit

144 GWh

Heat supplied



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We are ready – if society is ready

Despite dire predictions, no country in the world is better positioned to tackle both the energy crisis and the climate crisis. Skagerak Energi stands ready to contribute to the energy transition – if society is ready.

Jens Bjørn Staff
CEO

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These are turbulent times, with a lot of disconcerting news. Fortunately, we live in a tranquil corner of the world, but as a small country with an open economy, we are still vulnerable to global upheavals. The power crisis of recent years is a clear example of this. The combination of war in Ukraine, geopolitical tensions and Europe's energy transition has hit us hard, even though the impact on us has been modest compared with many other countries.

War is unpredictable, but the same cannot be said of the ongoing energy transition. Warnings of an impending climate crisis are nothing new. Nevertheless, I have at least one piece of good news. No country in the world is better positioned to tackle both the climate crisis and the energy crisis than Norway. Even better news is that no other region holds a stronger hand than Grenland. If all positive forces work together in Grenland, this region can serve as a guiding light for the rest of Norway.

140 years of experience

In 2025, it will be 140 years since Gunnar Knudsen embarked on the industrial adventure from which Skagerak emerged. Through all these years, we have been innovators, delivering green power both to industry and into people's homes. The industrial endeavour launched by Gunnar Knudsen remains part of our DNA. Our task is to ensure that the next generation is equipped to meet the future. The world needs new energy solutions while creating jobs and increasing value for society. We stand ready to contribute to the energy transition – if society is ready.

It will be of no benefit that Skagerak and other energy companies are ready if society at large is not committed to change. In this respect 2024 was a difficult year. Almost no new power production came into operation. None of it was onshore wind power, which realistically is the only technology capable of delivering substantial new capacity in the short term. In hydropower, Skagerak, together with the other owners, had to shelve the Sauland power plant project due to high costs.

"No country in the world is better positioned to tackle both the climate crisis and the energy crisis than Norway"

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Energy paradoxes

It is paradoxical that high power prices in recent years have not spurred the development of new power production. At Skagerak, we felt the resistance to wind power when, together with Hafslund and Eidsiva, we proposed a project in Froland in Agder. The municipal council politely but firmly rejected the plans. Although one can argue that such development is essential given the needs of both industry and society at large, many Norwegian municipalities find the burden too great. That is why a fair distribution of income from power production is not only an important step we need to take but also the right thing to do.

Another paradox has emerged in district heating. Everyone agrees that we must use more district heating to exploit waste heat and relieve the electricity grid. Yet the framework conditions remained highly challenging for the sector in 2024. District heating still follows the power price, but district heating companies receive no compensation under the electricity support scheme. The energy labelling scheme has also favoured heat pumps over district heating in new buildings.

New signals in 2025 make us more optimistic. The energy labelling scheme will be amended from 1 January 2026 and the Norwegian market price mechanism appears set to improve conditions for district heating. This is essential if we are to increase production and use of district heating in Norway.

It's not Skagerak we're worried about

To avoid misunderstanding, I want to stress that I am not concerned about the Skagerak Group's ability to navigate the necessary transition. Higher power prices are no disadvantage for a major power producer. Our power distribution operations are at a record-high level of investment, and we have leading solutions in biogas and mobile energy.

My concern relates to the major challenges we face as a society. Unless we resolve the power crisis we will never meet our climate targets. Unless we resolve the climate crisis we will not be able to further develop our industry. The climate crisis must be solved within nature's limits and in harmony with the environment.

We must secure good conditions for industry, welfare, nature and the climate

Without Norwegian industry we will not be able to build – or perhaps even maintain – the welfare society we hope to leave to our children and grandchildren. We must keep several considerations in mind at once and ensure good conditions for industry, welfare, nature and the climate.

There must be no doubt that renewables companies also work with nature and have a long tradition of doing so. For Skagerak, the requirements set in the public licensing process for hydropower, solar and wind power form an important framework for further development. Numerous conditions relating to all our activities are embedded in these licensing processes. They have been in place for a long time, so we are adept at complying with them. We will responsibly meet all new and enhanced requirements.

At Skagerak, we are not interested in spending our time making dire predictions. We intend to devote all our energy to solving the problems because we know it can be done. It is precisely here in Norway and in Grenland that we are best positioned to succeed.

Industry is the key

We have a unique industrial sector working tirelessly every day to drive the transition to a renewables-based society. They are the ones doing the work. We at Skagerak stand behind them, helping every step of the way.

And honestly, what is the alternative to succeeding? We simply have no choice but to roll up our sleeves and get the job done. At Skagerak, we are – and will remain – a team player that, together with industry, municipalities and the wider public, strives to develop society so that future generations can enjoy welfare, employment and growth. What we do today, we do for the future.

"And honestly, what is the alternative to succeeding? We simply have no choice but to roll up our sleeves and get the job done."

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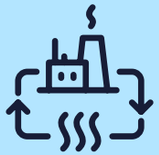
(Comparable figures for 2023 in parentheses)

Gross operating revenues totalled NOK 6,144 million in 2024 (NOK 7,598 million), down 19 per cent from 2023.

Lower electricity prices led to lower revenues in the power generation business. The power distribution business increased its net operating revenues as a result of both increased tariffs and higher energy volumes. Revenue in the district-heating company declined, mainly owing to a mild fourth quarter. This contributed to lower results in both the power and heating businesses, while the power grid operator improved its result compared with the previous year.

EBITDA totalled NOK 3,817 million, a decrease of 26 per cent from the year before.

Net profit for the year fell by 30 per cent to NOK 1,162 million (NOK 1,665 million).



Challenging framework conditions for district heating remain. Electricity support schemes and the energy-labelling scheme are two factors that favour direct electricity use over district heating.

High investments continue across both power production and grid operations.

To expand our focus on the use of batteries, Skagerak Mobil Energi AS was established in the second half of the year.

Work to realise the Sauland power plant has been put on hold due to high investment costs.

Our biogas initiative, via Redo Biosolutions AS, expanded during the year through the acquisition of a production plant in Sweden.

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The business

Skagerak Energi is a regional energy group headquartered in Porsgrunn. Skagerak Energi AS is owned by Statkraft Industrial Holding AS (66.62 per cent), Skien Municipality (15.21 per cent), Porsgrunn Municipality (14.83 per cent) and Bamble Municipality (3.34 per cent).

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 Energi AS provides staff and support functions to other companies in the Group.

Skagerak Kraft AS generates hydropower in South Norway. Its 52 wholly or partly owned production facilities have generated an average annual output of 5.8 TWh in the past ten years.

Lede AS manages and enhances the power distribution grid in Vestfold, Grenland and Hjartdal in Telemark and Svelvik in Buskerud. It also operates the regional transmission grid in Vestfold and large parts of Telemark. At the close of the year, the company had around 218,000 customers.

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

Skagerak Energitjenester AS offers corporate customers spot-price and fixed-price contracts with and without guarantees of origin, balancing services and access to flexibility markets.

Skagerak Utvikling AS houses business initiatives rooted in the Group's operations but also encompasses collaborations with external partners. Initiatives ready for pilot testing or in an early commercialisation phase are placed within this company.

Skagerak Mobil Energi AS is a newly established company in which initiatives for emission-free construction sites and mobile charging stations will be commercialised.

Skagerak Energipartner is intended to act as a catalyst for green growth and business development through active ownership and new ventures. The company's portfolio includes businesses in biogas, rooftop and façade solar, battery reuse, biocarbon, electrical contracting, real-time power-consumption software and digital products for controlling hydropower production.

01 Year in review

Licence for Fossum solar power plant

In December, Skagerak Kraft, together with Løvenskiold Fossum and Cloudberry, secured a licence to build the Fossum solar power plant in Skien. The plant will cover 83,000 square metres and is expected to generate nearly 8.5 GWh of electricity annually.

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, distributing and selling energy, and by developing and supplying energy-related products and services. Our operations are based on our core values – competent, responsible and innovative.

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.

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 6,144 million in 2024, down 19 per cent on the year before (NOK 7,598 million). The decrease is attributable primarily to lower electricity prices, although this was partly offset by a higher level of production and increased grid revenues.

After adjusting for the NOK 280 million windfall tax in 2023, total operating expenses rose by 10 per cent. Cost increases beyond planned increases relate to the expensing of feasibility studies, provisions for additional tax and losses on the sale of non-current assets, totalling NOK 44 million.

EBITDA, adjusted for unrealised changes in the value of energy contracts, came to NOK 3,817 million. This is a decrease of 26 per cent compared with the year before.

Income from associates totalled NOK 30 million (NOK 28 million). The Group's net financial items totalled NOK -140 million (NOK 99 million), while the tax expense for 2024 came to NOK 1,988 million (NOK 3,060 million). As a result of lower electricity prices, the resource rent tax payable for 2024 was reduced to NOK 1,177 million (NOK 1,937 million). Ordinary corporation tax was reduced by NOK 389 million.

Net profit came to NOK 1,162 million in 2024 (NOK 1,665 million). Corrected for unrealised changes in the value of energy contracts, securities, interest and currency contracts, as well as changes in pension plans, net profit totalled NOK 1,239 million (NOK 1,664 million).

Total investments in property, plant and equipment came to NOK 1,490 million in 2024 (NOK 1,380 million). The bulk of the investments have been made in the power grid operator Lede AS (73 per cent) and the electricity generator Skagerak Kraft AS (23 per cent).

The Group generated a net cash flow from operating activities of NOK 936 million in 2024 (NOK 351 million). The difference

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02 Year in review

Air Liquide Skagerak becomes Redo Biosolutions

In October, Air Liquide Skagerak announced it would change its name to Redo Biosolutions. The new name reflects the company's role in the circular economy through its focus on biogas and bio-fertiliser. The company operates in Norway and Sweden and is owned by France's Air Liquide and Skagerak Energi.

between operating profit and cash flow from operating activities relates primarily to tax paid and net financial items, partly offset by depreciation and amortisation and other financial items with no effect on the cash flow. Net interest-bearing debt came in at NOK 1,033 million at year-end, compared with NOK 635 million last year. Apart from interest-bearing debt, the balance sheet comprises interest-free liabilities, including tax liabilities amounting to NOK 1,687 million.

Total capital at the close of 2024 stood at NOK 21.2 billion (NOK 20.5 billion). The Group had an equity ratio of 55 per cent (54 per cent). The market value of the Group's production facilities is materially higher than their book value.

The parent company Skagerak Energi AS generated gross operating revenues of NOK 280 million in 2024 and made an operating loss of NOK 168 million. The parent company's revenues derive primarily from the sale of services to group companies. Net financial items, including income from subsidiaries and associates, totalled NOK 1,172 million in 2024, almost all of which comprises interest on loans to group companies and group contributions received.

At the close of 2024, the parent company had total assets of NOK 11.6 billion, the majority of which comprised investments in, and loans to, subsidiaries. At the close of 2024, the parent company had equity amounting to NOK 7.3 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 PROFIT AND ALLOCATION OF FUNDS

The Group made a net profit for the year of NOK 1,162 million. The parent company, Skagerak Energi AS, made a net profit for the year of NOK 783 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 783 million Total allocated: NOK 783 million.

It is further proposed that a dividend of NOK 620 million be paid out for 2024, as well as a group contribution to Skagerak Energitjenester AS of NOK 41 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 which would materially impact an 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

PRODUCTION AND ENERGY MANAGEMENT

The business area consists of power production, energy management and district heating.

03 Year in review

Acquisition in Sweden

In October, Redo Biosolutions (previously Air Liquide Skagerak) announced the acqusition of a biogas production plant in Sävsjö in Sweden. Redo took over 90.5 per cent of the facility from the Swedish company Biond, with 9.5 per cent remaining with local stakeholders.

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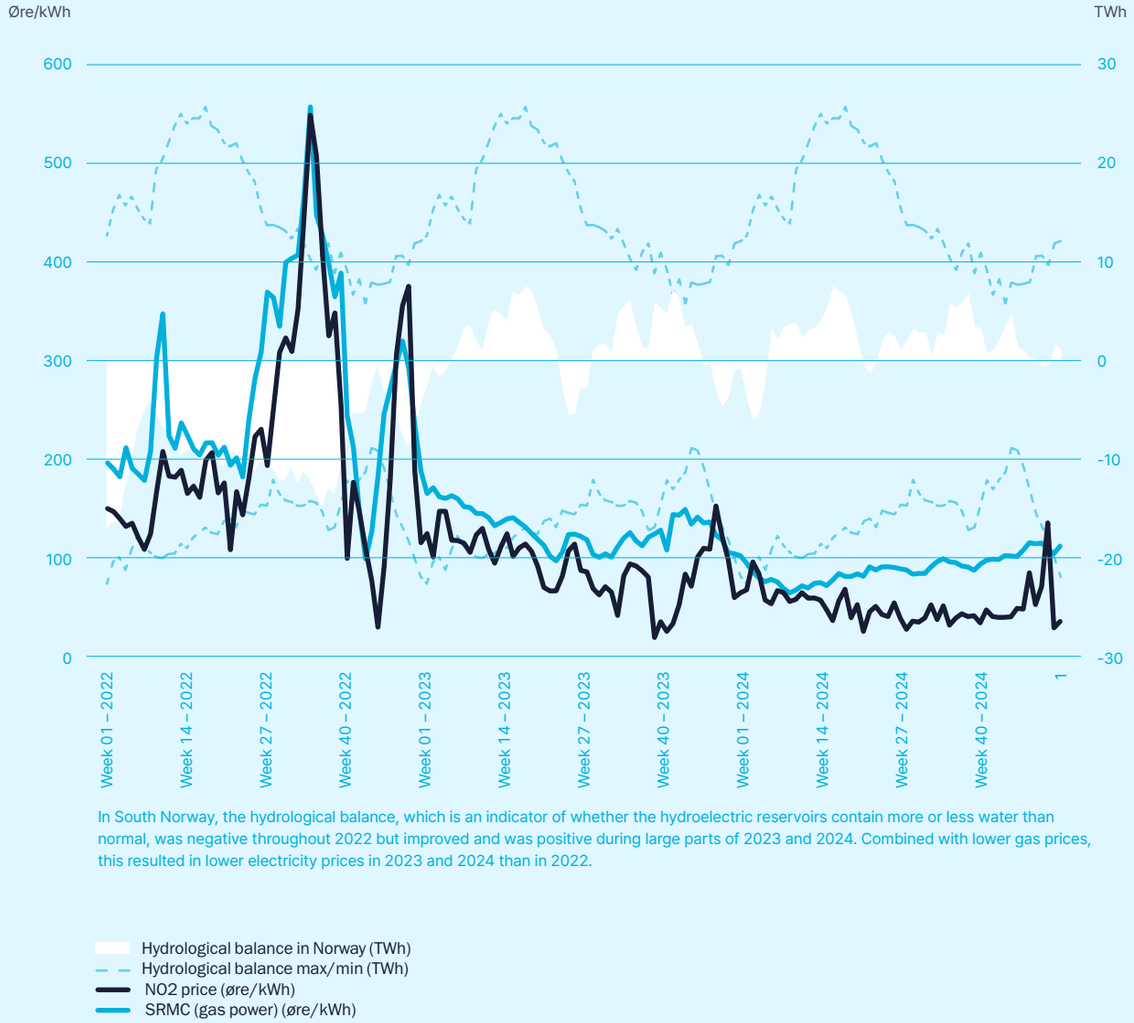
Market conditions

According to the Norwegian Water Resources and Energy Directorate (NVE), there was 160 TWh of precipitation in Norway in 2024, which is 22 TWh above the average for 2004–2023. All price areas in Norway received more precipitation than normal. For the year as a whole, the inflow of water into Norway's hydroelectric system corresponded to 152 TWh of electrical output, 15 TWh more than the average for 2004–2023. A total of 155 TWh of electricity was generated in Norway, an increase of 1.5 per cent compared with the year before. Power production increased by 7 per cent in the country's southern regions, while it fell by 10 per cent in Central and Northern Norway. Overall, electricity consumption in Norway rose by 1.4 per cent compared with the year before, ending at 136 TWh. Norway exported 19 TWh of electricity in 2024, 0.5 TWh more than in 2023. While the export volume increased by 5 TWh in South Norway, it fell by 4.5 TWh in the rest of the country. At the close of the year, the aggregate water level in Norway's hydroelectric reservoirs was 79 per cent of capacity, 11 percentage points higher than the median. The corresponding figure at the close of 2023 was 63 per cent. Reservoir levels in price area NO2 improved from 69 per cent to 78 per cent over the year and at year-end stood 6 percentage points above the median. Reservoir levels in NO1 and NO5 ended at 75 per cent and 77 per cent respectively, 9 and 8 percentage points above their medians.

In the first quarter of the year, periods of cool weather produced occasionally high power prices, but the quarterly price in South Norway ended lower than the previous year. Lower gas and power prices on the continent contributed to the decline. After a relatively cool start to the second quarter, May was very warm and dry, leading to rapid snowmelt in South Norway. Above-normal snow volumes helped maintain high reservoir levels for much of the quarter. In both the second and third quarters, prices in South Norway fell compared with the same periods the year before. An improved resource situation combined with lower prices in areas connected to NO2 via interconnectors largely explains the decrease. The final quarter of the year was characterised by relatively mild and wet weather, weakening the quarterly price in South Norway compared



In South Norway, the hydrological balance, which is an indicator of whether the hydroelectric reservoirs contain more or less water than normal, was negative throughout 2022 but improved and was positive during large parts of 2023 and 2024. Combined with lower gas prices, this resulted in lower electricity prices in 2023 and 2024 than in 2022.

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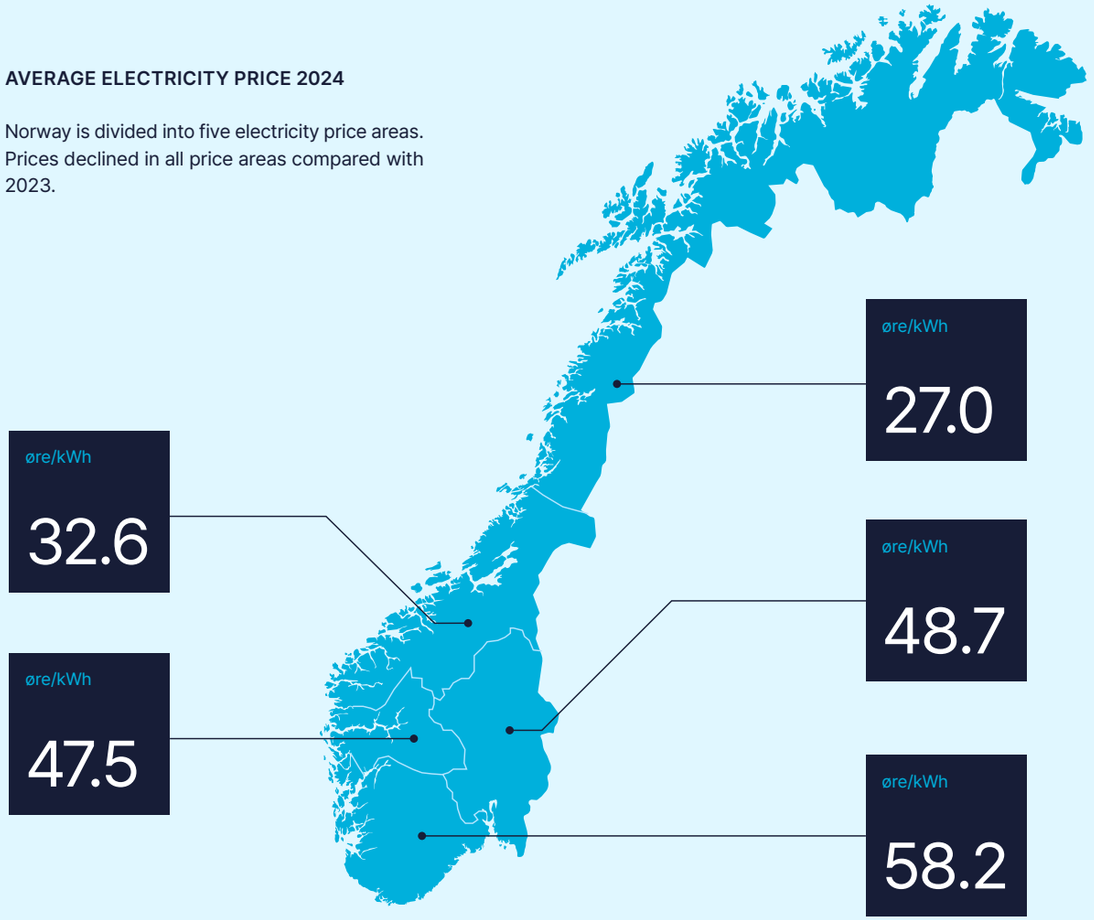
AVERAGE ELECTRICITY PRICE 2024

Norway is divided into five electricity price areas. Prices declined in all price areas compared with 2023.



with the previous year. Higher gas prices combined with periods of low wind power production meant that continental quarterly prices moved in the opposite direction.

In South Norway, electricity prices were lower in 2024 than they had been the year before. The decrease is mainly attributable to milder, wetter weather than usual and lower continental prices. In price area NO2, the yearly price ended at NOK 0.582 per kWh, down from NOK 0.904 per kWh in 2023. In price area NO1, the yearly price came to NOK 0.487 per kWh, down from NOK 0.761 per kWh. In price area NO5 it was NOK 0.475 per kWh, compared with NOK 0.762 per kWh.

POWER PRODUCTION

Net operating revenues closed the year at NOK 3,893 million, down 29 per cent on the year before (NOK 5,504 million). This reduction was primarily caused by lower power prices compared with the previous year. Compared with 2023, the company's power sales revenues were reduced by NOK 1,817 million as a result of the changes in price. At the same time, a slight increase in output boosted overall power sales revenues by NOK 87 million.

In 2024 as a whole, Skagerak Kraft produced a total of 6,037 GWh of electricity, compared with 5,943 GWh in 2023, an increase of 2 per cent. Skagerak Kraft's output equalled 4.3 per cent of Norway's total annual hydropower production (4.3 per cent). At the start of 2024, the water level in Skageraks Kraft AS's hydroelectric reservoirs was 76 per cent of capacity (62 per cent).

Operating expenses, including amortisation and depreciation, decreased by NOK 224 million compared with the year before. The decrease is due primarily to a NOK 280 million reduction in costs relating to the windfall tax. In 2023, all power plants with an installed capacity of at least 1 MW were subject to the windfall tax until 1 October 2023. The windfall tax was calculated at the rate of 23 per cent of that portion of the price which exceeds NOK 0.70 per kWh on average for the month concerned. Salary and other operating costs increased as a result of increased staffing and consultancy costs associated with expansion projects for hydropower, wind and solar power, and measures relating to automation and digitalisation. EBITDA came to NOK 3,096 million in 2024 (NOK 4,521 million), a reduction of 32 per cent.

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Net financial items decreased by NOK 168 million compared with the year before. The main reason is an inflation adjustment for land-owner obligations of NOK 125 million for 2006–2024. Annual inflation adjustments following the transition to IFRS in 2006 were not carried out but will now be incorporated on an ongoing basis. Interest income fell by NOK 37 million compared with 2023.

The tax expense decreased by a total of 39 per cent compared with the year before. The overall tax expense in 2024 came to NOK 1,641 million (NOK 2,693 million). Of this amount, ordinary corporation tax payable accounted for NOK 435 million (NOK 740 million), while resource rent tax payable accounted for NOK 1,084 million (NOK 1,833 million).

In addition to the items commented on above, a provision of NOK 128 million has been made in connection with a notified decision by the Norwegian Tax Administration concerning unpaid resource rent tax for the Uvdal power plants for 2019–2023. The cost is primarily charged to payable resource rent tax (NOK 91 million), with additional provisions for notified additional tax and interest on late payment. The case is under consideration and a decision has not yet been made.

Profit after tax was NOK 1,266 million (NOK 1,810 million), a decrease of NOK 544 million (30 per cent) from 2023.

The business has invested NOK 342 million (NOK 176 million) in property, plant and equipment. The largest projects at our own facilities in 2024 include a new tunnelled penstock and conversion to 132 kV at Uvdal 2, control and switchgear installation at Grønvollfoss, upgrades at Hjartdøla power station and a new control system and main valve refurbishment at Fjone power plant. There are also significant rehabilitation projects at jointly owned plants.

In autumn 2024, it was announced that the project work to realise Sauland power plant is on hold. The tender process revealed substantially higher cost growth than previously estimated, making sufficient project profitability unattainable.

Skagerak Kraft AS is involved in seven cases relating to a revision of its licensing terms. The greatest risk identified while reviewing revisions to licensing terms relates to potential loss of power production and revenues. This could occur if revised terms impose stricter regulations or requirements affecting power plant operations.

04 Year in review

Sauland power plant project discontinued

In September, the Board decided to discontinue work on the Sauland power plant. The reason was higher costs than anticipated in the tender submissions, particularly in relation to construction work and electro-mechanical deliveries.

05 Year in review

Investing in biocarbon

In May, Skagerak, via Skagerak Energipartner, acquired a minority stake in the biocarbon company Vow Green Metals. Vow is developing a biocarbon production line in Hønefoss and aims to become a key supplier of carbon-neutral energy to the metallurgical industry.

SKAGERAK ENERGITJENESTER AS

In 2024, in its second year of operations, Skagerak Energitjenester focused on establishing a resilient organisation, implementing a strong systems platform and building a customer portfolio to provide a solid basis for further growth.

Net sales revenues for the year amounted to NOK 21.6 million, slightly below the previous year.

The company experienced good customer growth throughout the year and, at the start of 2025, is achieving volumes close to plan.

Operating expenses came to NOK 27 million, an increase of NOK 3 million (12 per cent), primarily due to additional staff and investment in IT. There were no bad-debt losses in 2024.

Net finance costs of NOK 7.6 million contributed to a loss after tax of NOK 10.2 million, compared with a loss of NOK 4.6 million in 2023.

Investments in 2024 amounted to NOK 3.6 million, related to the development of IT systems.

DISTRICT HEATING

The start of 2024 was very cold, and the company achieved its highest monthly volume to date at over 28 GWh. Unfortunately this also led to an increase in expensive peak-load use in Porsgrunn and Skien. Sales remained strong and slightly above 2023 volumes until October, but mild weather in the final three months of the year resulted in a 12 GWh shortfall compared with the previous year. Consequently, sold volume for the year ended at 144 GWh (151 GWh). Skagerak Varme recorded total revenues of NOK 151 million in 2024 against NOK 171 million the year before (however, 2023 included NOK 7.1 million of 2022 revenue).

The company is still feeling the slowdown in construction projects seen last year. However, some projects were completed and buildings connected. The challenge is that the growth in customer volume over recent years has been entirely offset by reduced consumption as customers respond to high energy prices.

Work continues to migrate the customer base to a new tariff

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06 Year in review

Grid opened up for increased consumption

In autumn 2023, Statnett informed us that it could not offer additional capacity in Lede's area. One year later, in September 2024, we received the good news that new analyses showed that Statnett could accommodate 1,500 MW of new consumption in the region.

07 Year in review

Hydrogen-charged battery in Sweden

In spring, Skagerak Mobil Energi participated in a prestige project at the Port of Gothenburg. One of the mobile battery units was charged by a hydrogen generator converting green hydrogen into electricity, which was then used to charge an electric excavator on the construction site at the port.

better aligned with changes in both the power market and the markets for the company's input-factors. This has meant that the company's effectively invoiced average kWh price has fallen by just over NOK 0.04 since 2023 despite a NOK 0.32 drop in the spot price.

The cost of goods per kWh has continued to rise. Chip-board-wood pellet costs are driven by international demand, notably from Danish district heating, which does not have the same price regulation as Norway. A weaker Norwegian krone further increases fuel costs for Skagerak Varme's two pellet-fired plants. In addition, new EU regulations introduced in Norway led to higher costs for the company. For several years, Skagerak Varme in Porsgrunn has benefited from a free allocation of waste heat from Yara. This ceased at the end of 2023, and, together with unstable deliveries and thus high peak-load use, has caused a significant price increase. The parties are negotiating to secure continued waste-heat purchases.

Other operating expenses have remained stable, while payroll costs have risen as a result of reduced capitalisation of projects, rehiring and two new positions linked to strategic focus areas. A plan change related to pensions of around NOK 2.7 million has also been expensed. Payroll costs will be adjusted down somewhat in 2025 in line with natural staff turnover.

The company recorded an operating loss of NOK 16.3 million in 2024, compared with a profit of NOK 15.9 million in 2023. The loss after tax amounted to NOK 24.4 million, compared with a loss after tax of NOK 0.3 million the year before. Investments for the year came to NOK 16 million (NOK 22 million), entirely related to new customer connections.

Framework conditions for district heating remain extremely challenging, and despite political promises, most aspects remain unresolved, including price regulation, the energy-labelling scheme and environmental requirements. So far, electricity support schemes appear to further undermine the profitability of district heating. Unless framework conditions improve, this sector faces an extremely difficult future.

POWER DISTRIBUTION

Lede AS's gross operating revenues for 2024 amounted to NOK 1,807 million (NOK 1,637 million).

A tariff support scheme was introduced in 2022, under which revenues from Statnett's congestion revenues were forwarded directly to the grid operators, so that they could avoid raising their charges. This arrangement also applied in 2024, but at a reduced scale compared with 2022 and 2023. In 2024, Lede AS received NOK 74 million in extraordinary tariff support, compared with NOK 231 million in 2023 and NOK 621 million in 2022. Statnett's congestion revenues were lower than forecast until the summer of 2024, so no tariff support was paid for the first half of the year. In the second half, higher price differences generated greater congestion revenues, triggering tariff support payments in Q4 2024.

After remaining unchanged since 2021, it was necessary to increase the grid tariffs in Lede AS's licence area. Grid tariffs were adjusted on 1 January 2024 and again on 1 August 2024. Increased construction activity driven by higher electricity demand and sharp price increases for the goods and services needed to expand the grid are the main reasons for the increases.

Depreciation increased by NOK 19 million from 2023, reflecting higher investment levels.

EBITDA for 2024 came to NOK 856 million (NOK 691 million), an increase of NOK 165 million (24 per cent) from 2023.

In 2024, investments totalled NOK 1,092 million (NOK 1,145 million). Investments in grid infrastructure accounted for NOK 970 million (NOK 1,033 million).

Grid investments are driven primarily by new connections or the need to reinvest in grid facilities that have reached their technical end-of-life. In 2024, there was a decline in household solar connections and correspondingly less need to reinforce the existing grid.

The largest ongoing substation projects in the regional grid include the new Gromstul substation in Skien, the new Hanekleiva substation in Holmestrand, the new Mårvang substation in Rjukan and the upgrade of Rød substation in Skien. Together, these four projects accounted for NOK 275 million of the investments made in 2024.

Of the NOK 970 million invested in grid facilities, NOK 385 million related to reinvestments. The single largest reinvestment project was the line between Vrangfoss and Bolvik, where NOK 100 million was invested in 2024.

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In 2024, Lede AS supplied 6,821 GWh of electricity (6,634 GWh) to 197,000 private consumers (196,000) and 20,600 commercial customers (20,300).

The company has 218,000 invoiced metering points, of which 179,000 were co-billed through the electricity supplier. This provides Lede AS with an extremely high level of security for its outstanding receivables. The proportion of metering points that have the grid company as the electricity supplier (under the statutory duty of supply) is rising slightly. The number of customers receiving electricity under the duty of supply rose by 8 per cent in 2024 to approximately 6,300.

The sharp rise in plus customers within Lede's licence area has started to taper off. A "plus customer" is one who both consumes electricity and feeds electricity back into the grid. These customers usually have rooftop solar panels. Lede had 3,759 plus customers at the end of 2024 (3,735). Since 2015, the number of plus customers has almost doubled.

On average, Lede AS's customers were without electricity for 77 minutes in 2024, an increase of 2 minutes from 2023. This represents 56 per cent of the national average, placing Lede fourth in uptime reliability among Norway's ten largest grid operators. The most common cause was adverse weather.

In 2024, there was one major incident in Lede AS's grid, caused by two simultaneous cable faults in Eidanger, Porsgrunn, during an extremely cold period in January. The failure left ten substations and just under 600 customers without power. Lede declared a red alert and several households had to be evacuated due to the cold.

Overall, Lede declared a yellow alert seven times and a red alert twice in 2024, mostly in response to extreme weather.

For 2024, the quality-adjusted revenue cap for energy not supplied (known as the CENS/KILE scheme) was calculated at NOK 42 million (NOK 46 million).

Lede AS'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. The NVE measures the grid operators' efficiency and return on investment under NGAAP, not under IFRS, which is the accounting standard used in this consolidated financial statement. Lede AS has a stated strategic objective of being among the best grid operators in terms of efficiency, and the company is working continuously to reduce costs and increase the efficiency of its operations. Lede AS achieved a grid efficiency of 104.9 per cent in 2024.

As at 31 December 2024, the grid business had a capital base (average net capital + 1 per cent) of NOK 6,210 million (NOK 5,762 million). The NVE capital forms the basis on which the yield is calculated, which in accordance with the NVE's income regulation model [1] is determined using a reference interest rate.

The grid business's monopoly element has therefore generated a return of 1.18 percentage points under the company's target and in line with generally accepted accounting practices in Norway (NGAAP) (NVE's reference rate + 1 per cent).

RETURN ON GRID OPERATIONS

Figures in %	2024	2023	2022	2021	2020
Return on grid operations	7.46	9.62	11.09	6.75	7.89
NVE's reference rate	7.64	8.48	7.33	5.23	5.15

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

INNOVATION AND BUSINESS DEVELOPMENT

This business area comprises Skagerak Utvikling AS and Skagerak Mobil Energi AS.

In line with Skagerak Energi's focus on innovation and business development, and its new strategic business areas, the Group established Skagerak Utvikling AS to test and pilot solutions for the production and distribution of renewable energy.

One initiative that has already been through this process is Skagerak Energi's work on battery applications to make renewable energy available in locations where the only real alternative so far has been fossil fuels. This business initiative is being commercialised and scaled through Skagerak Mobil Energi AS, established in the second half of 2024.

OTHER INVESTMENTS

Skagerak Energi AS's investments in associates and other investments are largely centralised in the subsidiary Skagerak Energipartner AS. At year-end 2024, this company held shareholdings in Where$_2$O AS (now Tilsig AS) (87.8 per cent), which provides IoT solutions for improved monitoring and control of water reservoirs; Redo Biosolutions AS (formerly Air Liquide Skagerak) (49 per cent), which produces, markets and distributes natural gas and biogas; Isola Solar AS (34 per cent), specialising in rooftop and building-integrated solar power systems; Hark Technologies AS (34 per cent), which develops real-time power-consumption software; Laugstol AS (33.4 per cent), an electrical contracting firm; Vow Green Metals AS (5.3 per cent), producing biocarbon and other carbon-neutral products; and Evyon AS (5.1 per cent), which focuses on the reuse of vehicle batteries. During 2024 the company sold its holding in Jedlix B.V. (8.9 per cent).

Skagerak Energi's share of the combined profit/loss from these investments was recognised in the consolidated income statement for 2024 in the amount of NOK 30 million (NOK 28 million), while the book value recognised in the consolidated balance sheet totalled NOK 327 million (NOK 295 million).

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Organisation and HSE

PEOPLE AND ORGANISATION

At the start of 2025, the Group had 745 permanent employees, equivalent to 730 full-time employees. This does not include temporary workers or apprentices. These are, however, specified in the table below.

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.

It is presumed that systematic efforts over time, combined with measures based on the results of employee surveys and the development and follow-up of employees will help to build a robust and trust-based organisation. This is demonstrated by a high rate of participation in the Group's employee surveys.

In 2024, 55 new permanent employees joined the Group. This corresponds to around 7 per cent of the total workforce. This increase was primarily driven by increased activity in grid operations and the need for greater capacity and expertise in the approved growth areas. During the same period, 14 employees retired, with an average age of 65.

Given the high rate of recruitment, building Skagerak Energi AS'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 fifth time in 2024, is an example of such a strategic initiative.

The ongoing transition taking place in the energy sector demands new ways of working and corporate culture. The competence strategy sets the direction and priorities for the Group's structured endeavours in this area, thereby avoiding parallel training programmes, as well as outdated and irrelevant training methods and topics.

The Group focuses strongly on the intake of apprentices and trainees, and sees this as an important area of emphasis in our recruitment efforts. At the close of 2024, the Group had a total of 27 apprentices: 19 with Lede AS (powerline technicians), six with Skagerak Kraft (power supply operators) and two with the parent company (ICT technicians). In 2024, the Group employed a total of five trainees, while 15 students had work placements alongside their studies.

HEALTH AND SAFETY

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. It must be safe to work at and for Skagerak Energi, and everyone should return home healthy and happy. The HSE culture at Skagerak Energi is characterised by openness, a commitment to compliance and a willingness to give and receive constructive feedback. HSE considerations are so integral that they shape all Group activities, and every employee is responsible for contributing to an inclusive and safe working environment.

The sickness absence rate in 2024 was 3.9 per cent (3.6 per cent). Employees who are on sick leave are followed up systematically and frequently, and preventive activities are emphasised. The working environment committees collaborate continuously with management to ensure the Group maintains a fully satisfactory working environment.

In 2024, Skagerak Energi recorded three high-potential incidents (HIPOs), which are events that, under slightly different circumstances, could have resulted in serious or fatal injuries. HIPOs are the incidents that the organisation views as most critical and to which it devotes the greatest attention. Learning points are shared with contractors and with the industry association Fornybar Norge so that the entire sector can learn from each other's HIPO events. In 2024, five of Skagerak Group's own employees suffered personal injuries. In addition, employees of contractors suffered ten personal injuries. None of the injuries led to long-term or permanent disability. In 2023, by comparison, there were six personal injuries among Skagerak's own workforce and three among those employed by contractors.

The high number of injuries in 2024 represents a negative development. Therefore, alongside the work already under way, additional measures have been put in place to enhance the Group's HSE work.

	31 Dec 2024		31 Dec 2023	
Company	**No. of employees**	**FTEs**	**No. of employees**	**FTEs**
Lede AS	421	402	396	379
Skagerak Kraft AS	162	154	168	156
Skagerak Energi AS	163	157	163	156
Skagerak Varme AS	20	20	15	15
Skagerak Energipartner AS	1	1	0	0
Skagerak Energitjenester AS	13	13	10	10
Skagerak Utvikling AS	3	3	0	0
Skagerak Mobil Energi AS	2	2		
Where$_2$O AS (now Tilsig AS)	3	3		
Total	**788**	**755**	**752**	**716**

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DIVERSITY, EQUALITY AND INCLUSION

At Skagerak Energi, diversity and inclusion reflect the value we place on all aspects of what it means to be human, and that we strive to ensure everyone is treated equally and fairly. We aim to have an inclusive working environment in which we value our differences and celebrate each individual's superpowers. Differences encompass age, ethnicity, gender, competence, cultural background, functional ability, experience, sexual orientation, religion/philosophy and political persuasion.

Skagerak seeks to be an attractive workplace by fostering an inclusive and diverse working environment where employees feel empowered to be themselves. Greater diversity will give us a broader perspective, make us better equipped to meet the challenges ahead and increase our capacity for innovation. Skagerak will also play an active role in helping to promote inclusion and prevent exclusion. Giving opportunities to people who find themselves outside the labour market is an important aspect of the business's social responsibility. The Group offers placements to third parties who need work experience or an opportunity to test their capacity for work.

The Group employs 788 people, of whom 208 are women. This corresponds to 26.5 per cent of the workforce. Of the Group's management positions, 21 per cent are held by women. Skagerak Energi's target is for women to make up 30 per cent of its overall workforce and fill 30 per cent of management positions in 2030. Skagerak Energi's Group Management Team comprised seven men and two women in 2024. The Group's Board of Directors comprises nine members, of whom four are women.

The Group's activity and reporting obligations for equality and inclusion are presented in a separate article (in Norwegian only) on the company's website skagerakenergi.no.

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. This is a long-term endeavour, with the results of these systematic efforts emerging over time.

CLIMATE AND THE CIRCULAR ECONOMY

Skagerak Energi reports on sustainability on a consolidated basis with Statkraft, using the same material sustainability matters.

In 2024, work focused on quantitative sustainability reporting for new indicators required by Statkraft. Quarterly reporting was also introduced for several indicators, including climate. In 2025, a Group-wide project will define strategic goals and KPIs and update guidelines and procedures. For more on Skagerak's sustainability efforts, see the dedicated chapter in the annual report.

08 Year in review

Norway's first solar plant on brownfield land

Also in spring, construction began on the Engene solar power plant in Hvarnes, in the municipality of Larvik. In total, 8,800 ground-mounted panels will yield 6.1 GWh annually, which is enough for the annual consumption of 305 households. It is the country's third solar plant and the first in the NO2 price area. The Engene plant is built on brownfield land, an area already significantly impacted by human activity.

CLIMATE

Climate adaptation

In 2024, climate-risk analyses were conducted for power distribution, grids and district heating, covering potential events referred to in the EU Taxonomy Regulation (EU 2021/2139). In 2025, the Group will continue working with the operationalisation of climate risk.

Greenhouse gas emissions

Skagerak Energi's most important contribution to combating climate change is its production of renewable energy. In 2024, Skagerak Energi updated its GHG inventory to harmonise reporting and methodology with Statkraft. For full details see the dedicated chapter on GHG inventory.

09 Year in review

New line corridor cleared between Vrangfoss and Bolvik

The old 132 kV power line between Vrangfoss and Bolvik will be replaced by a new 22 km line routed further from existing buildings. A total of 500 cubic metres of timber was cleared, some in such steep terrain that it had to be airlifted by helicopter.

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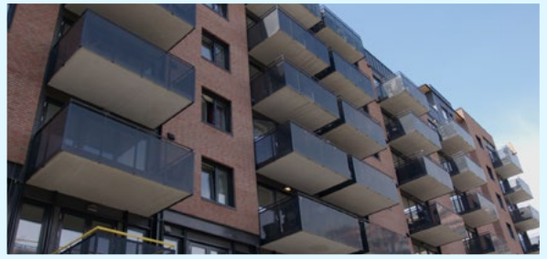
Scope 1 emissions cover all direct emissions from our operations. The largest sources of emissions are fuel consumption by company vehicles, the use of fossil fuel in district heating and SF_6 gas emissions. In 2024, Skagerak Energi's total Scope 1 emissions amounted to 2,832 tonnes of CO_2 equivalents, up from 1,966 tonnes in 2023. The increase is mainly due to changes in methodology and use of Statkraft's emission factors. These changes comprise 530 tonnes of CO_2 equivalents, with 336 tonnes of CO_2 equivalents resulting from higher fuel use by service vehicles and peak-load consumption at Skagerak Varme. SF_6 emissions fell by 96 tonnes of CO_2 equivalents compared with 2023.

Scope 2 emissions cover indirect emissions from our energy purchases for electricity, district heating, steam and cooling. Scope 2 emissions are calculated using two methods: location-based and market-based.

10 Year in review

New transformer substation in Sande

Construction of the new Hanekleiva transformer substation is nearing completion. This is the final major upgrade to Sande's power grid in recent years, following significant enhancements at Sande and Leinås transformer substations.



11 Year in review

District heating for new neighbourhood

In Skien, Skagerak Varme is involved in developing the new Tømmerkaia district. About 350 flats will be connected to the district heating network and will use district heating during the construction phase. The flats will be rental units on open-ended contracts with indexed rent. Steinar Moe Eiendom is the developer.

The Scope 2 location-based method calculates emissions based on a physical perspective, using the country or region of consumption. In 2024, Skagerak Energi's Scope 2 emissions under the location-based method amounted to 2,670.42 tonnes of CO_2 equivalents, including grid losses at Lede.

The Scope 2 market-based method calculates emissions based on the scheme for purchasing and selling guarantees of origin. In 2024, Skagerak Energi's total Scope 2 emissions under the market-based method were zero, as guarantees were purchased for all electricity consumption excluding pumped-storage hydropower and self-generated power.

For Scope 3, Statkraft worked throughout 2024 on data collection and methodology. Skagerak Energi's Scope 3 data for the 2024 financial year is included in Statkraft's reporting. In 2025, Skagerak Energi will further develop its own Scope 3 accounting.

Waste
Skagerak Energi has good procedures for sorting and dealing with waste, with 86.89 per cent of the waste sorted at source in 2024. The Group experienced no nonconformities with serious environmental consequences in 2024.

Corporate governance and risk management

Skagerak Energi AS has established good procedures for corporate governance. Please see the separate article on page 32 of this annual report.

Skagerak Energi has established an overarching management system to help meet the Group's strategy and targets and secure an effective 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 Energi 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 Energi actively communicates its requirements and expectations with respect to behaviour in its governing documents.

We exercise particular vigilance in connection with procurement and the implementation of projects. All agreements must be documented and describe actual conditions, and agreed compensation must be proportional to the services rendered.

The Group'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. Line management is responsible for day-to-day risk management. The Group's most important risks are reviewed and followed up by Group Management and are reported to the Board of Directors. The Group conducts annual audits and internal supervision of selected areas.

The most important risks relate to developments in market prices, financial variables, HSE performance, operating activities and business development, as well as changes in regulations and public policies.

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ENERGY MARKET RISK

Energy market risk is the risk of loss or reduced revenues due to changes in market variables such as electricity prices, other raw materials prices or production volumes. Skagerak Energi is exposed to significant market risk through its power generation and trading activities. In a hydropower-based system, price and production capacity will vary significantly, and this may have a major impact on the Group'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. Hydrological conditions and economic prospects in the energy markets are analysed continuously to ensure optimal energy management. The Group's financial situation is monitored on an ongoing basis and no measures to reduce market risk, such as price hedging in the production portfolio, have been deemed necessary in 2024. Skagerak Kraft AS's power trading business largely comprises sales on the power trading exchange, as well as participation in reserve markets. In addition, Skagerak Energitjenester AS trades and sells power for third-party customers, both consumers and producers, via power trading agreements, fixed-price contracts and trades in green certificates. Risk is managed by means of trading mandates that cover the various power trading areas. An independent risk management function provides an independent assessment and measurement of risk. Skagerak Varme is exposed to commodity prices, power 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), Skagerak Nett (power distribution) and Skagerak Varme (district heating). The power distribution grid is a natural monopoly whose income is publicly regulated. Skagerak Kraft AS and Skagerak Varme AS 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 CO_2. This risk also affects Skagerak Varme AS due to the strong correlation between the price of electricity and the price of district heating.

The most important climate-related initiative in the EEA is the Emissions Trading System (ETS). The ETS also 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 AS. The price allotted to carbon emissions is determined by supply and demand, with the supply side decided politically. This means that changes adopted politically may have an impact on the Skagerak Group's annual earnings.

12 Year in review

Managing power production for Clemens Kraft

In October, Skagerak Energitjenester signed an agreement with Clemens Kraft to manage the output from 40 power plants, totalling 520 GWh annually. In practice, this means that Energitjenester will handle core tasks such as forecasting, reporting and optimising production, as well as settlement of revenues from power sales for the producer.

FINANCIAL RISK

Interest and foreign exchange risk

Skagerak Energi is indirectly exposed to changes in exchange rates. Power production is primarily 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 some purchases and investments are made in foreign currency, under the Group's finance strategy, major purchases and investments must be currency-hedged using the exchange rate at the time of the investment decision. Exposure to foreign currencies 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 42 per cent of the Group's long-term interest-bearing debt is held at fixed interest rates. 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 shielding interest rate's significance for the calculation of resource rent tax payable by the electricity generating sector.

Counterparty and credit risk

Counterparty risk is the risk of revenue being lost because a trading counterparty collapses into administration or in some other way fails to meet its payment obligations. Skagerak Energi is, for example, exposed to counterparty risk through the sale of power to consumer customers, trading in guarantees of origin and investment of cash holdings. Counterparty risk in connection with the sale of power from the Group's own generating facilities is deemed to be limited because Nord Pool is the key counterparty and the trades are settled on a daily basis. Skagerak Energitjenester AS is exposed to a significant degree of counterparty risk in connection with the sale of electricity to customers. In addition, counterparty risk arises in connection with trades in forward contracts for guarantees of origin in a bilateral market. The creditworthiness of all counterparties must be assessed before any contract is entered into, and exposure to individual counterparties is limited by means of trading mandates. Credit risk and counterparty risk are followed up by an independent middle-office function and reported regularly to the business areas'

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management teams. Counterparty 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 Energi 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 the Group'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 a system for recording and reporting issues of concern, undesired incidents, injuries and damage. All projects undertaken within Skagerak Energi 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 and 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.

Skagerak Energi's Code of Conduct clarifies the Skagerak Group's expectations that employees and partners act sustainably, ethically and with social responsibility. The Code of Conduct is designed to provide guidance for difficult decisions and to raise awareness of ethical issues among everyone representing Skagerak.

Skagerak Energi will publish an annual statement (in Norwegian only) in accordance with the Norwegian Transparency Act on its website (skagerakenergi.no) under the "Transparency" tab by the 30 June deadline (norwegian only). Group subsidiaries subject to the legislation will publish corresponding statements on their own websites under the "Transparency" tab.

Outlook

Power prices in South Norway fell during 2024, returning to levels closer to historical norms. The price decline is primarily explained by a strong resource situation and lower continental prices. Future price movements will remain weather dependent. With an increased share of intermittent production from solar and wind, the link between weather and power prices will be further reinforced. In addition, power prices will be influenced by market and price developments in neighbouring countries.

The Group's power distribution business continues its high level of activity and investment. The construction of new grid infrastructure and expansion of the existing grid will be required in the years ahead if the substantially increased need for capacity in our area is to be met. Considerable investment is also being made in digitalisation to enhance the utilisation of the existing grid in the future. Through its obligation to provide connections to the grid, the grid operator plays a key role in the accelerating electrification of society.

Efforts in new growth areas were further strengthened through the year. This will contribute to the development of new and innovative energy solutions, which will boost electrification and reduce greenhouse gas emissions. During 2024, it became clear that mobile energy solutions using batteries, and further development of biogas, will be central to the Group's future evolution. In addition, Skagerak Energi will make further investments in other companies where we can contribute our expertise to the further development of new products and services.

Porsgrunn, 13 March 2025

Asbjørn Grundt Board Chair	Hedda Foss Five Deputy Chair	Ida Johanne Haga Board member
Trond Ingebretsen Board member	Henning Villanger Board member	Christina Endresen Board member
Gunnar Møane Board member	Kjersti Haugen Board member	Trond Erling Johansen Board member
	Jens Bjørn Staff CEO	

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Income Statement

GROUP		(all figures in NOK '000)	SKAGERAK ENERGI AS	
2024	2023		2024	2023
		Operating revenues		
4,106,417	5,713,843	Power sales revenues	0	0
1,668,413	1,341,127	Power grid revenues	0	0
369,000	543,330	Other operating revenues	280,406	261,302
6,143,830	**7,598,300**	**Gross operating revenues**	**280,406**	**261,302**
-237,640	-253,392	Energy purchases	0	0
-272,031	-367,276	Transmission costs	0	0
8,871	8	Unrealised changes in the value of energy contracts	0	0
5,643,031	**6,977,640**	**Net operating revenues**	**280,406**	**261,302**
-793,427	-601,510	Salary and other payroll costs	-219,544	-192,332
-154,987	-432,447	Regulatory costs	0	0
-877,862	-807,517	Other operating expenses	-177,910	-174,486
3,816,755	**5,136,167**	**Operating profit before depreciation/amortisation & impairment (EBITDA)**	**-117,048**	**-105,517**
-557,856	-539,028	Amortisation/depreciation & impairment	-50,466	-54,848
3,258,899	**4,597,139**	**Operating profit/loss (EBIT)**	**-167,514**	**-160,365**
30,227	**28,334**	**Income from subsidiaries and associates**	**1,026,900**	**1,412,500**
		Financial items		
140,174	265,458	Financial income	304,435	243,013
-280,710	-166,689	Financial expenses	-158,953	-73,038
738	290	Unrealised changes in value of securities, interest rate swaps and currency contracts	0	0
-139,798	**99,059**	**Net financial items**	**145,481**	**169,975**
3,149,328	**4,724,532**	**Profit before tax**	**1,004,868**	**1,422,110**
-1,987,811	-3,059,996	Tax expense	-221,475	-314,064
1,161,517	**1,664,535**	**Net profit for the year**	**783,392**	**1,108,047**
		Net profit attributable to:		
2,863	5,755	Non-controlling interests		
1,158,654	1,658,780	Controlling interests		
		Information about:		
		Dividend paid	840,000	1,139,000
		Supplementary dividend paid	0	1,000,000

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Total Comprehensive Income

GROUP		(all figures in NOK '000)	SKAGERAK ENERGI AS	
2024	**2023**		**2024**	**2023**
1,161,517	**1,664,535**	**Net profit for the year**	**783,392**	**1,108,047**
		Other comprehensive income		
		Items that will not be reclassified to profit & loss in later periods:		
411,641	106,001	Actuarial gains and losses on defined-benefit pension plans	129,558	62,518
638	-4,818	Recognised other comprehensive income relating to associates	0	0
-107,315	-24,478	Tax related to other comprehensive income	-28,503	-13,754
304,964	**76,706**	**Other comprehensive income after tax**	**101,055**	**48,764**
1,466,481	**1,741,241**	**Year's total comprehensive income**	**884,447**	**1,156,811**
		Year's total comprehensive income attributable to:		
2,863	5,755	Non-controlling interests		
1,463,618	1,735,485	Controlling interests		

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Balance Sheet

GROUP		(all figures in NOK '000)	SKAGERAK ENERGI AS	
31.12.2024	31.12.2023		31.12.2024	31.12.2023
		ASSETS		
		Non-current assets		
17,143	20,323	Deferred tax assets	0	95,355
215,644	209,262	Intangible assets	0	0
15,035,897	13,841,674	Property, plant and equipment	499,042	255,261
326,535	294,789	Investments in subsidiaries and associates	5,106,599	5,031,639
3,502	2,254	Derivatives	0	0
1,540,713	1,084,492	Pension fund assets	834,582	670,595
68,117	127,424	Other non-current financial assets	5,060,897	4,805,717
17,207,550	**15,580,218**	**Total non-current assets**	**11,501,120**	**10,858,567**
		Current assets		
26,258	25,560	Inventory	0	13
822,780	829,887	Receivables	55,990	47,643
3,151	7,586	Derivatives	0	0
2,864,348	3,801,728	Receivables re group account scheme	1,820	1,183
244,199	255,152	Bank deposits and cash	0	49
3,960,735	**4,919,913**	**Total current assets**	**57,810**	**48,888**
21,168,285	**20,500,131**	**TOTAL ASSETS**	**11,558,930**	**10,907,455**

GROUP		(all figures in NOK '000)	SKAGERAK ENERGI AS	
31.12.2024	31.12.2023		31.12.2024	31.12.2023
		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**
9,543,149	8,921,087	Other equity	5,248,927	5,204,480
9,543,149	**8,921,087**	**Retained earnings**	**5,248,927**	**5,204,480**
47,298	**44,782**	**Non-controlling interests**	**0**	**0**
11,685,197	**11,060,620**	**Total equity**	**7,343,677**	**7,299,230**
		Liabilities		
1,231,478	815,219	Deferred tax liabilities	98,115	0
36,228	33,631	Pension liabilities	35,906	33,291
1,152,872	842,233	Other provisions	0	8
2,957,060	1,223,346	Long-term interest-bearing debt	2,904,379	1,170,000
829	346	Derivatives	0	0
5,378,466	**2,914,774**	**Non-current liabilities**	**3,038,400**	**1,203,298**
36,581	328,902	Short-term interest-bearing debt	33,284	328,404
1,148,336	1,870,005	Current liabilities re group account scheme	1,011,827	1,784,009
1,686,553	2,849,065	Tax payable	51,668	211,689
0	13,318	Derivatives	0	0
1,233,153	1,463,447	Other current interest-free liabilities	80,074	80,823
4,104,622	**6,524,737**	**Current liabilities**	**1,176,852**	**2,404,926**
9,483,088	**9,439,511**	**Total liabilities**	**4,215,252**	**3,608,225**
21,168,285	**20,500,131**	**TOTAL EQUITY AND LIABILITIES**	**11,558,930**	**10,907,455**

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Porsgrunn, 13 March 2025

Asbjørn Grundt
Board Chair

Hedda Foss Five
Deputy Chair

Christina Endresen
Board member

Ida Johanne Molvik Haga
Board member

Henning Villanger
Board member

Trond Ingebretsen
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Kjersti Haugen
Board member

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CEO

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Statement of Cash Flows

GROUP		(all figures in NOK '000)		SKAGERAK ENERGI AS	
2024	2023		Note	2024	2023
		Cash flow from operating activities			
3,149,328	4,724,532	Profit before tax		1,004,868	1,422,110
3,307	1,526	Gain (-)/loss on sale of non-current assets		80	-1
557,856	539,028	Amortisation/depreciation & impairment		50,466	54,848
90,161	3,789	Other items of profit & loss with no cash impact		9,550	-22
-2,836,677	-4,057,757	Tax paid		-209,489	-287,727
963,974	**1,211,117**	**Net added from the year's operations**		**855,474**	**1,189,208**
-221,390	-785,644	Change in inventory and other current items	32	-9,084	11,916
1,722	1,875	Dividends from associates		0	0
-30,227	-28,334	Income from associates		0	0
222,283	-48,153	Change in other non-current items	32	-310,372	-460,336
936,363	**350,861**	**Net cash flow from operating activities**		**536,019**	**740,788**
		Cash flow from investing activities			
		Investments in property, plant & equipment			
-584,451	-709,530	– related to capacity increases		0	0
-905,784	-670,136	– related to reinvestments		-26,565	-21,573
5,607	9,421	Sale of property, plant & equipment (sales sum)		38	29,529
10,290	12,495	Receipts of loans from other entities		8,820	8,820
-567	-3,582	Payment of loans to other entities		0	0
-15,125	-32,828	Net receipts/payments re investments in other entities		-45,000	-10,000
-1,490,031	**-1,394,160**	**Net cash flow from investing activities**		**-62,707**	**6,776**
		Cash flow from financing activities			
215,711	3,681,994	Change in group account		-772,819	1,970,956
1,500,000	0	New long-term borrowings		1,500,000	0
-329,253	-578,948	Change in current/non-current liabilities		-328,542	-578,442
-844,500	-2,139,000	Dividend paid		-872,000	-2,140,500
541,958	**964,046**	**Net cash flow from financing activities**		**-473,361**	**-747,986**
-11,710	-79,252	Net change in cash & cash equivalents		-49	-422
255,152	334,404	Cash & cash equivalents 1 Jan	21	49	472
757	0	Cash added through mergers/acquisitions		0	0
244,199	**255,152**	**Cash & cash equivalents 31 Dec**		**0**	**49**

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Skagerak Energi AS's annual report aims to provide as correct and complete a picture of the Group's business in 2024 as possible. The Report from the Board of Directors and annual financial statements form the core of the report, which reviews both financial and non-financial matters. For non-financial matters, the report is limited to companies that are wholly owned by Skagerak Energi AS. Reports from previous years can be viewed at www.skagerakenergi.no

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