QUARTERLY REPORT
3 2022

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agder energi

Q1-Q3 2022 HIGHLIGHTS

- In the first nine months of the year, Agder Energi's reported operating profit under IFRS was NOK -3,056 million (Q1-Q3 2021: 1,964 million). Net income under IFRS came to NOK -1,421 million (controlling interest's share), compared with NOK 1,244 million in 2021. The loss was due to the increase in forward electricity prices resulting in unrealised losses on the Groups cash-settled hedges. The Group had NOK 19,933 (11,489) million in operating revenues.

- In the first nine months of the year, Agder Energi made an underlying[1] operating profit of NOK 3,569 (2,504) million. Underlying net income was NOK 1,113 million (controlling interest's share), up from NOK 1,001 million in the same period of 2021. The underlying profit after taxation is NOK 2,534 million better than the reported profit under IFRS. That is mainly because unrealised losses on cash-settled contracts are included in the reported IFRS loss.

- The tax expense on the underlying profit for the first nine months was NOK 2,279 (1,337) million, an increase of NOK 942 million. This means that 67% of the Group's pre-tax profit is returned to society through income tax and resource rent tax.

- The average spot price (in the NO2 region) has risen sharply this year and was 226 øre/kWh (59 øre/kWh), up 282%. Agder Energi's hedging strategy is designed to make dividend payments more stable and predictable over the long term. In the first nine months of the year, our hedging activities resulted in achieved electricity prices that were significantly lower than spot prices. In addition, our obligation to supply compensation and concession power at regulated prices had a negative impact on achieved prices.

- 4,096 GWh (6,475 GWh) of hydroelectric power was generated in the first three quarters, a decline of 37%. The amount generated in the third quarter was 636 GWh (1,441 GWh), which is less than half of last year's amount, and the lowest electricity generation in any quarter since Agder Energi was founded. This was due to ongoing dry weather, as well as the highly uncertain energy situation in Europe, with fears of energy shortages and even higher prices as we enter winter. In spite of the low level of generation, reservoir reserves at the end of the period were still significantly below normal. In order to save water for the coming winter, since mid-May the segment has been releasing the lowest permitted flow in several rivers.

- At the extraordinary general meetings held by Glitre Energi and Agder Energi on 20 September 2022, the merger between the two companies was approved. The name of the new group will be Å Energi.

- The merger of the two companies will create Norway's biggest electric utility, with operations throughout the value chain, from generation through to end users. The cornerstone of the business will be hydroelectric power, with around 11.3 TWh generated each year at 72 wholly owned and part-owned power stations. The merger will create Norway's second biggest grid operator, with a 30,000-kilometre electricity network that supplies power to approximately 310,000 customers in Buskerud and Agder. The company will manage and trade over 30 TWh of electricity in the Nordic region, become Norway's leading supplier to the business market and have over 200,000 domestic electricity customers.

- In the fourth quarter, the merger has received the necessary approvals from the authorities. The merger is due for completion in December.

- Agder Energi is very concerned about the government's proposal to increase the resource rent tax on hydroelectric power from 37% to 45%, and to apply a new high-price tax when the hourly price is over 70 øre/kWh. The proposed tax increases would result in a tax rate of up to 90%, and they would have a number of unfortunate consequences. Most importantly, they would hold back investment in electricity generation, as well as greatly reduce the dividends payable to the shareholder municipalities.

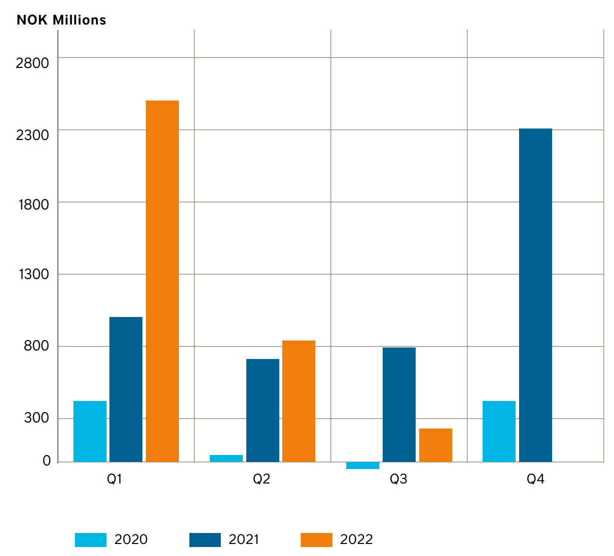
- In September, the government announced that some of the extraordinarily high congestion income received by Statnett would be passed on to the regional distribution system operators in Southern Norway. The aim is to compensate the distribution system operators for the rising cost of network losses, in order to reduce the need for higher network tariffs. The scheme will result in the distribution system operators receiving NOK 5.9 billion in 2022. The compensation for 2022 will be NOK 520 million for Agder Energi. The expected compensation has not been included in the financial statements.

- In September, Scope Ratings gave a merged Glitre Energi and Agder Energi a BBB+ rating, with a positive outlook.

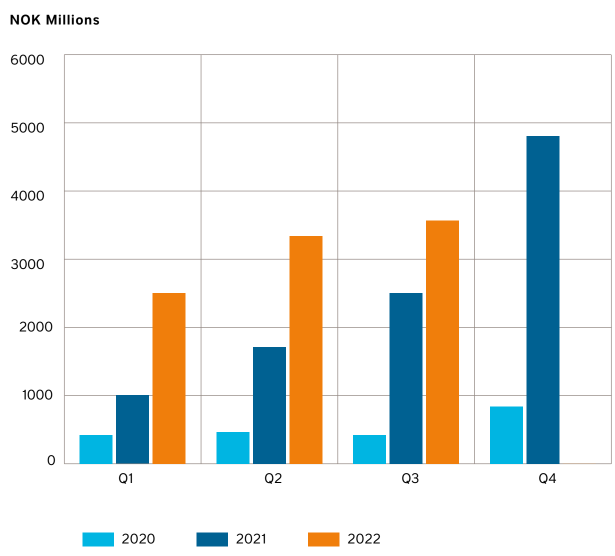
- In October, Agder Energi Nett opened a new substation at Evje, which will help ensure a reliable supply of electricity to the municipality. The substation is ready for higher power generation from Fennefoss power station, which will open in 2023, and has been built with high voltage switchgear that does not use the harmful greenhouse gas SF6.

[1] The underlying IFRS figures take the Group's IFRS profit and adjust it for unrealised gains and losses on financial instruments, material gains and losses on the disposal of businesses or ownership interests in businesses and changes in the way that negative resource rent carryforwards are calculated; see Note 6 for further details.

Underlying operating profits by quarter



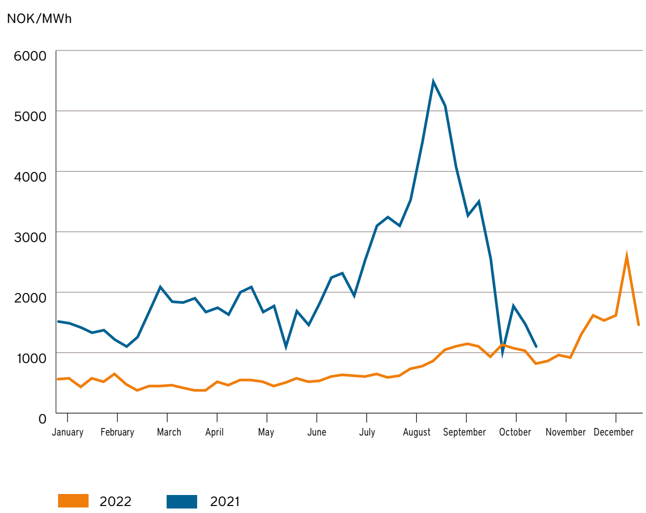
Underlying accumulated operating profit



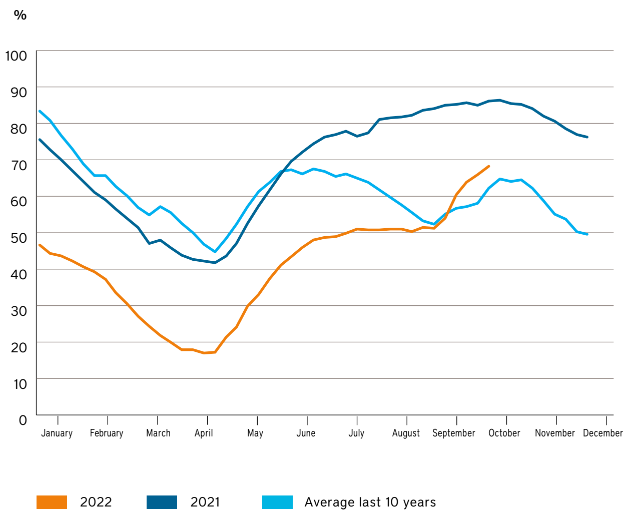
Key figures		Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Full year 2021
From income statement						
Operating revenues	NOK millions	7,914	3,934	19,933	11,489	20,474
EBITDA	NOK millions	-1,694	693	-2,513	2,491	4,622
Operating profit	NOK millions	-1,868	520	-3,056	1,964	3,858
Profit before tax	NOK millions	-1,874	590	-3,071	2,151	4,101
Net income (controlling interest's share)	NOK millions	-944	508	-1,421	1,244	2,062
Underlying performance 1)						
Underlying operating revenues	NOK millions	10,011	4,205	26,557	12,028	21,425
Underlying EBITDA	NOK millions	403	964	4,112	3,031	5,574
Underlying operating profit	NOK millions	229	791	3,569	2,504	4,810
Underlying profit before tax	NOK millions	171	728	3,379	2,336	4,582
Underlying net income (controlling interest's share)	NOK millions	-63	328	1,113	1,001	1,923
Cash flow						
Cash flow from operating activities	NOK millions	-1,806	1,560	6,103	3,758	5,540
Purchase of property, plant, equipment and intangible assets	NOK millions	298	273	793	956	1,365
Capital						
Capital employed 2)	NOK millions			13,184	15,880	16,399
Return on capital employed 3)	%			15.4	9.6	12.7
Equity ratio	%			9.1	24.6	22.4

1) Alternative performance measures are described in Note 6.
2) At the end of the reporting period.
3) Based on profit/loss and capital employed for the past four quarters. Profit/loss is defined as underlying net income plus the interest expense after tax.

Market prices in price zone NO2



Reservoir storage levels in price zone NO2



Segments

Agder Energi is organised as a corporate group, with Agder Energi AS as the parent company. The segments are presented in line with how the management team makes, reviews and evaluates its decisions. The segments reported are Hydroelectric Power, Network, LOS, Entelios Nordic and Other activities. The financial figures for the segments are reported on an underlying IFRS basis, since that is what is used in internal reporting to the management and Board. A more detailed description of the segments is given below.

Hydroelectric Power

This segment is responsible for developing, operating, maintaining and refurbishing the Group's hydroelectric power stations, and it is one Norway's largest producers of electricity. In a normal year it expects to generate 8,700 GWh, and it owns 50 hydroelectric power stations, directly or through joint arrangements. Most of its power stations are in Agder, but it also owns power stations in the counties of Rogaland and Vestfold og Telemark. All of its electricity is generated in the NO2 price area. The segment's operating revenues come from the sale of the power that it generates in the spot market, electricity contracts with industrial customers, the sale of concession power and financial trading.

The Hydroelectric Power segment had NOK 4,961 (3,601) million of operating revenues in the first nine months of the year, while its operating profit was NOK 3,452 (2,406) million. The main reason for this NOK 1,046 million increase in operating profit was significantly higher electricity prices, partly offset by significantly lower electricity generation. In the third quarter, its operating profit was NOK 192 (798) million, due to very low power generation.

The war in Ukraine has resulted in a significant decline in the supply of energy, particularly gas, from Russia to Europe. That is the main reason for the high electricity prices. Over the course of the summer, gas supplies from Russia to the rest of Europe became increasingly restricted. This culminated, at the end of August, with gas flows through the Nord Stream 1 pipeline coming to a halt. In combination with persistent low reservoir levels in Southern Norway, this led to record high electricity prices in the NO2 price area, with the average daily price reaching 645 øre/kWh on 29 August. Prices have fallen considerably since then, but they remain very high.

The year-to-date average spot price in the NO2 area has been a record high 226 øre/kWh (59 øre/kWh), an increase of 282%. In the third quarter the spot price averaged 352 øre/kWh (81 øre/kWh). The volume-weighted spot price for the electricity generated by the Hydroelectric Power segment in the first nine months of the year was 200 øre/kWh. Achieved electricity prices also rose significantly, but they were lower than spot prices. As well as our duty to supply compensation power and concession power at regulated prices, this reflected a significant negative contribution from our hedges.

In the first nine months of the year, the segment generated 4,096 GWh (6,475 GWh) of hydroelectric power, a reduction of 37%. The amount generated in the third quarter was 636 GWh (1,441 GWh), which was 56% less than in the same period last year, and the lowest electricity generation in any quarter since Agder Energi was founded. This was due to ongoing dry weather in the third quarter, as well as the highly uncertain energy situation in Europe, with fears of energy shortages and even higher prices as we enter winter.

In spite of low electricity generation, reservoir reserves at the end of the period were still significantly below normal. In order to save water for the coming winter, in the third quarter the lowest permitted flow was released in several rivers.

At the end of the quarter, the average reservoir level for all of the electric utilities in the NO2 price area was 53% (55%) of capacity, roughly in line with last year, but a massive 30 percentage points below the average for the past ten years.

Pre-tax profit for the first nine months of the year amounted to NOK 3,355 (2,325) million. As well as paying ordinary income tax, the Hydroelectric Power segment pays resource rent tax. Its total tax expense was NOK 2,260 (1,326) million. The effective tax rate was 67.4% (57.0%). The main reasons for the increase in the tax expense were higher net income and higher resource rent tax due to significantly higher spot prices.

Net income in the first nine months amounted to NOK 1,095 (999) million, an increase of NOK 96 million. In the third quarter, net income was NOK -81 (363) million. The decline was due to the low level of electricity generation. When electricity generation is low, a higher proportion of it is sold as concession power or through long-term contracts, and a lower proportion at the spot price. Consequently, the impact of lower volumes is not cancelled out by the increase in the spot price.

NOK 247 (292) million was invested in property, plant and equipment, with the biggest individual projects being the new Fennefoss power station near Evje and the new turbine at Høgefoss power station. In addition, several refurbishment and government-imposed projects are being implemented.

Network

The Network segment is responsible for developing, operating and maintaining the transmission and distribution grid in Agder. Its operating revenues were NOK 1,064 (1,076) million in the first nine months of the year. Operating revenues consist of the network tariffs charged to customers. It made an operating profit of NOK -119 million, down from NOK 127 million in 2021. High electricity prices meant that the cost of network losses was NOK 211 million higher than in the same period last year, without network tariffs rising by an equivalent amount. That is the main explanation for the low operating profit.

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

Investment in the first nine months of the year totalled NOK 337 (508) million, NOK 171 million less than in the year-earlier period. The decline was due to higher than normal investment in 2021. That in turn was a result of customer-initiated projects and several major projects being completed after they were delayed or postponed in 2020 due to the Covid-19 pandemic. Including NOK 142 (113) million of customer contributions, gross investment was NOK 479 (621) million.

When the Norwegian Energy Regulatory Authority (RME) sets the distribution system operators' allowed revenues, it includes compensation for network losses. The tariffs that Agder Energi has charged to its customers in the first nine months of the year do not fully reflect the rising cost of network losses. These will in principle be included in the tariffs and recognised in future financial periods. However, in September the government announced that some of the extraordinarily high congestion income received by Statnett would be passed on to the regional distribution system operators in Southern Norway. The regulation was passed on October 27th. The aim is to compensate the distribution system operators for the rising cost of network losses, in order to reduce the need for higher network tariffs. The scheme will result in the distribution system operators receiving NOK 5.9 billion in 2022. The compensation for 2022 will be NOK 520 million for Agder Energi.

Entelios Nordic

Entelios Nordic is one of the leading energy retailers in the Nordic region. In Norway, it is the leading supplier of electricity to the commercial market. Entelios also has significant turnover in the Swedish and Finnish markets, as well as customers in Denmark.

In the first three quarters of the year, the segment's turnover was NOK 17,918 million, up from NOK 5,570 million in the same period last year. The increase was due to higher spot prices and growth in sales volumes. The volume of energy supplied to consumers and producers was 16.7 TWh (13.5 TWh). This growth was due to an increase in customer numbers, mainly in Sweden and Denmark. The segment's operating profit was NOK 345 (40) million. This increase was thanks to a strong contribution from energy management.

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

LOS

LOS is one of Norway's leading electricity retailers. It supplies electricity to domestic customers all over Norway, with the bulk of them being in Southern Norway. The company's turnover in the first three quarters was NOK 2,261 million, compared with NOK 933 million in the year-earlier period. The increase in turnover was due to higher spot prices. The supplied volume was 1.16 TWh, compared with 1.49 TWh in the same period last year. This reduction was due to lower consumption as a result of higher electricity prices and higher temperatures. The segment's operating profit was NOK 32 (30) million. LOS is continuing to develop energy optimisation services and digital customer solutions for the domestic market.

Other Activities

This segment comprises the parent company Agder Energi, which is responsible for management, various shared functions and financing. In addition, it includes Agder Energi Kraftforvaltning, which is responsible for managing and maximising the return on the electricity generated by Hydroelectric Power. Other Activities also includes the Innovation business area, which is responsible for the Group's venture capital activities, business development and new ventures, and Agder Energi Varme, as well as various smaller companies.

Agder Energi Varme develops, builds and supplies district heating and cooling services for homes and commercial buildings, mainly in Kristiansand, Arendal and Grimstad. In the first nine months of the year, the company made an operating profit of NOK 21 (8) million on turnover of NOK 104 (81) million. The volume of billable energy supplied was 90 GWh (102 GWh). Volumes fell as a result of a milder winter, and high energy prices also led to less heat being used in a number of buildings. The company's hedging of energy contracts made a negative contribution. Investment in the period amounted to NOK 8 (11) million.

Unrealised gains and losses

Agder Energi hedges the price it receives for some of its future electricity generation. Prices are fixed for a number of years in advance. The aim is to ensure stability in the company's revenues and its ability to pay dividends. The disadvantage of this approach is that the Group loses out on some of the upside when electricity prices are high. Prices are hedged either through fixed-price contracts with energy-intensive industrial customers or through exchange-traded cash-settled electricity contracts. Contracts with industrial companies that are used to guarantee future revenues from our own hydroelectric power generation are only included in the financial statements when the electricity is supplied to the customer.

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

In the IFRS financial statements, cash-settled contracts must be measured at fair value with gains and losses recognised through profit or loss. When forward prices rise as sharply as they have done in 2022, in isolation it leads to a loss on the cash-settled contracts. This is recognised in the financial statements as it arises. Higher forward prices also create an expectation that the value of electricity sold in the spot market will be higher, but this increase is only reflected in the financial statements when the electricity is actually generated. This asymmetric timing in the recognition of changes in the value of the financial contracts and the underlying production is the reason why the Group made a loss under IFRS of NOK 1,421 million in the first nine months of the year. Even after adjusting for the losses on the cash-settled contracts, the Group has a significant margin on the hedged electricity generation.

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

Cash flows and capital adequacy

Cash flow from operating activities came to NOK 6,103 million in the first nine months of the year, compared with NOK 3,758 million in the year-earlier period.

There are several factors that contributed to the very high cash flow. A strong underlying performance, particularly in the Hydroelectric Power segment, is one key reason. In addition, the amount of tax paid was just NOK 140 million. That is because tax is paid in arrears. Consequently, tax accrued in 2022 will only be payable in 2023, and tax on the profit for 2021 will mainly be payable in the fourth quarter. The amount of tax that will be payable in the fourth quarter arising from profit in 2021 is estimated at around NOK 2.7 billion.

In addition, the cash flow statement includes a NOK 10,823 million adjustment for non-cash gains and losses. A significant proportion of this relates to timing effects arising from customer management at Entelios Nordic. Entelios offers various services that aim to minimise the electricity price paid by the customers who use its management services. These services leave Entelios with an electricity price exposure with respect to its customers. In order to hedge its net exposure, the company uses exchange-traded contracts. These exchange-traded contracts are futures contracts, and changes in their value are settled daily.

Entelios' contracts with its customers are forward contracts, which are only settled on their delivery dates. The big increase in prices has resulted in significant gains on the exchange-traded contracts and the associated cash receipts, whereas cash payments for the roughly equivalent losses on contracts with customers have been limited. The positive cash flow will therefore be reversed in subsequent periods when the contracts with customers are settled.

Investment in property, plant and equipment and intangible assets amounted to NOK 793 (956) million. NOK 142 (113) million of this comprised investments in power distribution networks paid for by customers. On the statement of cash flows, investments are presented gross, with customer payments included under net cash provided by operating activities. The Hydroelectric Power and Network segments were responsible for 95% of the investments in property, plant and equipment. There was a NOK 825 million net change in loans, NOK 822 million of which related to the redemption of interest-bearing financial instruments (bonds and commercial paper), which is where excess liquidity is invested.

Net financial items came to NOK -16 (187) million. Of the NOK 224 (180) million financial expense, NOK 152 (161) million was interest payable on the debt portfolio.

The Group's share of losses of associates amounted to NOK -11 million (gain of NOK 264 million). The high result in the first nine months of last year was due to a NOK 178 million valuation gain on our investment in Otovo. Otovo was reclassified from an investment in an associate accounted for using the equity method to being a shareholding measured at fair value. In addition, a NOK 60 million gain was recognised after the estimated purchase price adjustment relating to the sale of our ownership interest in Fosen Vind was updated, and NOK 47 million as a result of a reduction in our ownership interest in Morrow Batteries.

There was an unrealised gain of NOK 173 (87) million on interest rate contracts and shareholdings. NOK 208 (113) million of this related to interest rate swaps, due to higher market interest rates. The remaining NOK -35 (-26) million was a revaluation loss on our investment in Otovo.

Average gross interest-bearing liabilities were NOK 8.3 (10.3) billion in the first nine months of the year, and the average interest rate on the debt portfolio was 2.6% (2.1%). The Group's liquidity buffer at the end of the quarter comprised NOK 2.5 (2.5) billion of unused credit facilities and NOK 5.7 (1.3) billion of bank deposits and short-term interest-bearing securities. Most of the surplus liquidity was the result of realising futures contracts traded on NASDAQ.

As explained above, this is related to management on behalf of Entelios Nordic's customers. The associated liabilities to customers are shown on the balance sheet as derivatives. They are the biggest reason why net derivatives liabilities and the size of the Group's balance sheet increased significantly from the third quarter of last year. This has also meant that the equity ratio fell from 24.6% to 9.1%.

Operations and working environment

At the close of the third quarter the Group had 1,023 (948) full-time and temporary employees, representing 991 (914) full-time equivalents. There has been an increase in the number of new hirings in the Network segment and in the Group's venture capital activities. Meanwhile, the sale of Nordgröön has reduced full-time equivalents by around 20.

The Group had higher sickness absence over the winter due to Covid-19 and other infectious diseases, but the situation has since improved, with lower sickness absence since spring. The sickness absence rate for the past 12 months has been 3.1% (2.5%). In the first nine months of the year, 11 (6) occupational accidents were recorded involving our own employees and contractors, leading to 66 (65) days off work. The accident figures are equivalent to a total injury frequency (number of injuries, whether or not they resulted in lost time, per million work hours over the past 12 months) of 5.6 (1.7).

Outlook

This year's very high electricity prices are mainly due to high gas prices as a result of lower gas supplies from Russia. Combined with low precipitation in Southern Norway over the course of the last year, electricity prices in Southern Norway have generally been closely linked to the high prices on the continent.

Forward prices on Nasdaq for the NO2 area indicate that electricity prices will remain high for the remainder of 2022 and for the next few years.

At the end of the quarter, Agder Energi's hydrological resources (water and snow) were significantly below normal, and since mid-May we have been releasing the lowest permitted flow in several river systems. A more typical October has led to an improvement in our hydrological resources, and at the start of November the situation was more or less normal. Assuming normal precipitation levels over the coming months, we still expect significantly lower power generation in 2022 than in 2021. However, the high forward prices suggest that receipts from energy sales will remain high in 2022.

The impacts of the government's proposals to raise the resource rent tax retroactively from 1 January 2022 and to introduce a special excise duty on electricity sold at high prices from 28 September 2022 onwards have not been included in the third quarter financial statements. If these tax rises are adopted in the fourth quarter, Agder Energi will incur a significant tax expense in the fourth quarter.

Kristiansand, 9 November 2022
The Board of Directors of Agder Energi AS

INCOME STATEMENT

(Amounts in millions of NOK)	Q3 2022	Q3 2021	01.01. - 30.09. 2022	01.01. - 30.09. 2021	Full-year 2021
Energy sales	9,918	3,754	25,486	10,602	19,643
Transmission revenues	333	342	1,103	1,033	1,381
Other operating revenues	155	125	419	392	649
Gains and losses on electricity and currency contracts	-2,493	-288	-7,075	-538	-1,200
Total operating revenues	**7,914**	**3,934**	**19,933**	**11,489**	**20,474**
Energy purchases	-9,064	-2,653	-20,730	-7,230	-13,408
Transmission expenses	8	-63	-7	-229	-264
Other raw materials and consumables used	3	-37	-56	-123	-134
Employee benefits	-208	-227	-703	-678	-958
Depreciation and impairment losses	-174	-173	-543	-527	-764
Property taxes and licence fees	-53	-58	-173	-170	-225
Other operating expenses	-292	-203	-777	-568	-862
Total operating expenses	**-9,782**	**-3,414**	**-22,989**	**-9,524**	**-16,615**
Operating profit	**-1,868**	**520**	**-3,056**	**1,964**	**3,858**
Share of profit of associates and joint ventures	-10	41	-11	264	259
Financial income	16	1	46	16	17
Unrealised gains and losses on interest rate contracts and equity investments	72	86	173	87	202
Financial expenses	-85	-58	-224	-180	-236
Net financial income/expenses	**-6**	**70**	**-16**	**187**	**243**
Profit before tax	**-1,874**	**590**	**-3,071**	**2,151**	**4,101**
Income tax	406	-100	652	-413	-831
Resource rent tax	523	17	985	-496	-1,258
Tax expense	**929**	**-83**	**1,637**	**-909**	**-2,089**
Net income from continuing operations	**-945**	**507**	**-1,434**	**1,242**	**2,012**
Net income from discontinued operations	0	1	0	1	45
Net income	-945	508	-1,434	1,243	2,058
Of which attributable to non-controlling interests	-2	0	-13	-1	-5
Of which attributable to controlling interest	**-944**	**508**	**-1,421**	**1,244**	**2,062**

COMPREHENSIVE INCOME

	Q3		01.01. - 30.09.		Full-year
(Amounts in millions of NOK)	2022	2021	2022	2021	2021
Net income	**-945**	**508**	**-1,434**	**1,243**	**2,058**
Other comprehensive income					
Cash flow hedges	0	17	74	41	54
Translation differences	4	-1	9	-3	-9
Tax impact	0	-4	-16	-9	-12
Total items that may be reclassified to income statement	**4**	**13**	**67**	**29**	**33**
Remeasurements of pensions	-228	-115	-304	55	2
Tax impact	67	34	89	-16	15
Total items that will not be reclassified to income statement	**-161**	**-81**	**-215**	**39**	**17**
Total other comprehensive income	**-157**	**-69**	**-148**	**68**	**50**
Comprehensive income	**-1,102**	**439**	**-1,582**	**1,311**	**2,108**
Of which attributable to non-controlling interests	-2	0	-13	-1	-5
Of which attributable to controlling interest	**-1,100**	**440**	**-1,569**	**1,312**	**2,113**

STATEMENT OF FINANCIAL POSITION

(Amounts in millions of NOK)	30.09.22	30.09.21	31.12.21
Deferred tax assets	5,085	233	211
Intangible assets	384	332	380
Property, plant and equipment	17,627	17,228	17,345
Investments in associates and joint ventures	473	199	177
Derivatives	7,197	2,016	1,617
Other non-current financial assets	1,011	2,066	1,334
Total non-current assets	**31,777**	**22,074**	**21,063**
Inventories	22	61	136
Receivables	7,458	2,343	7,618
Derivatives	11,051	893	2,842
Cash and cash equivalents	5,457	1,267	1,415
Total current assets	**23,988**	**4,563**	**12,011**
TOTAL ASSETS	**55,765**	**26,637**	**33,074**
Paid-in capital	1,907	1,907	1,907
Retained earnings	3,138	4,621	5,424
Non-controlling interests	54	37	37
Total equity	**5,099**	**6,565**	**7,369**
Deferred tax	1,968	1,434	1,112
Provisions	2,945	2,252	2,483
Derivatives	12,526	2,011	1,772
Interest-bearing non-current liabilities	6,358	7,986	7,746
Total non-current liabilities	**23,798**	**13,682**	**13,114**
Interest-bearing current liabilities	1,727	1,330	1,284
Tax payable	4,872	1,272	2,707
Derivatives	18,114	2,230	4,842
Other non-interest-bearing current liabilities	2,155	1,559	3,759
Total current liabilities	**26,868**	**6,391**	**12,592**
TOTAL EQUITY AND LIABILITIES	**55,765**	**26,637**	**33,074**

STATEMENT OF CASH FLOWS

	Q3		01.01. - 30.09.		Full-year
(Amounts in millions of NOK)	2022	2021	2022	2021	2021
Cash flow from operating activities					
Profit before tax from continuing operations	-1,874	591	-3,071	2,152	4,101
Profit before tax from discontinued operations	0	0	0	0	45
Depreciation and impairment losses	174	174	543	528	764
Non-cash gains/losses on energy, currency and interest rate contracts	2,585	1,187	10,823	2,017	2,681
Share of profit of associates and joint ventures	10	-101	11	-264	-259
Gain/loss on sale of businesses	0	0	0	0	-48
Tax paid	0	48	-140	-135	-139
Change in net working capital, etc.	-2,700	-338	-2,062	-539	-1,604
Net cash provided by operating activities	**-1,806**	**1,560**	**6,103**	**3,758**	**5,540**
Investing activities					
Purchase of property, plant, equipment and intangible assets	-243	-229	-651	-843	-1,214
Purchase of property, plant and equipment paid for by customers	-55	-44	-142	-113	-151
Purchase of businesses/financial assets	-106	-47	-330	-56	-61
Net change in loans	402	0	825	2	-1,018
Sale of property, plant, equipment and intangible assets	0	5	5	5	5
Sale of businesses/financial assets	0	0	0	0	46
Net cash used in investing activities	**-1**	**-315**	**-293**	**-1,005**	**-2,392**
Financing activities					
New long-term borrowings	0	0	0	177	177
Repayment of long-term borrowings	-305	-609	-1,070	-1,240	-1,505
Net change in current liabilities	0	-298	0	-500	-500
Transactions with non-controlling interests	70	0	56	0	19
Dividends paid	0	0	-755	-325	-325
Net cash used in financing activities	**-235**	**-907**	**-1,769**	**-1,889**	**-2,136**
Net change in cash and cash equivalents	**-2,043**	**338**	**4,042**	**865**	**1,013**
Cash and cash equivalents at start of period	7,499	929	1,415	402	402
Cash and cash equivalents at end of period	5,457	1,267	5,457	1,267	1,415

STATEMENT OF CHANGES IN EQUITY

(Amounts in millions of NOK)	Paid-in capital	Cash flow hedges	Translation differences	Retained earnings	Total for controlling interest	Non-controlling interests	Total equity
Equity at 01/01/2021	**1,907**	**-126**	**7**	**3,746**	**5,535**	**34**	**5,569**
Net income for the year	0	0	0	2,062	**2,062**	-5	**2,058**
Other comprehensive income	0	42	-9	17	**51**	0	**50**
Dividends paid	0	0	0	-325	**-325**	0	**-325**
Other changes in equity	0	0	0	9	**9**	9	**18**
Equity at 31/12/2021	**1,907**	**-83**	**-1**	**5,509**	**7,331**	**37**	**7,369**
Equity at 01/01/2022	**1,907**	**-83**	**-1**	**5 509**	**7,331**	**37**	**7,369**
Year-to-date profit	0	0	0	-1,421	**-1,421**	-13	**-1,434**
Other comprehensive income	0	58	8	-215	**-148**	0	**-148**
Dividends paid	0	0	0	-755	**-755**	0	**-755**
Other changes in equity	0	0	0	38	**38**	30	**68**
Equity at 30/09/2022	**1,907**	**-25**	**7**	**3,156**	**5,045**	**54**	**5,099**

SEGMENTS

OPERATING REVENUES

	Q3		01.01. - 30.09.		Full-year
(Amounts in millions of NOK)	**2022**	**2021**	**2022**	**2021**	**2021**
Hydroelectric Power	779	1,134	4,961	3,601	6,357
Network	300	347	1,064	1,076	1,462
LOS	797	261	2,261	933	1,660
Entelios Nordic	8,018	1,973	17,918	5,570	9,995
Other	563	763	1,181	1,650	3,169
Eliminations	-445	-273	-827	-801	-1,218
Total	**10,011**	**4,205**	**26,557**	**12,028**	**21,425**
Adjustments to IFRS, see Note 1	-2,097	-271	-6,624	-540	-951
IFRS revenues	**7,914**	**3,934**	**19,933**	**11,489**	**20,474**

OPERATING PROFIT

	Q3		01.01. - 30.09.		Full-year
(Amounts in millions of NOK)	**2022**	**2021**	**2022**	**2021**	**2021**
Hydroelectric Power	192	798	3,452	2,406	4,751
Network	-94	33	-119	127	74
LOS	-5	0	32	30	38
Entelios Nordic	177	12	345	40	70
Other	-41	-52	-141	-99	-124
Eliminations	0	0	0	0	0
Total	**229**	**791**	**3,569**	**2,504**	**4,810**
Adjustments to IFRS, see Note 1	-2,097	-271	-6,624	-540	-951
IFRS operating profit	**-1,868**	**520**	**-3,056**	**1,964**	**3,858**

NET INCOME

	Q3		01.01. - 30.09.		Full-year
(Amounts in millions of NOK)	**2022**	**2021**	**2022**	**2021**	**2021**
Hydroelectric Power	-81	363	1,095	999	1,977
Network	-93	12	-148	57	2
LOS	-4	1	24	25	31
Entelios Nordic	125	4	233	19	34
Other	-12	-52	-103	-100	-126
Eliminations	0	0	0	0	0
Total	**-65**	**328**	**1,100**	**1,000**	**1,919**
Adjustments to IFRS, see Note 1	-881	180	-2,534	243	139
IFRS net income	**-945**	**508**	**-1,434**	**1,243**	**2,058**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

The figures in this interim report have not been audited.

NOTE 1 ACCOUNTING PRINCIPLES

Agder Energi's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The same accounting principles and calculation methods have been applied as for the annual financial statements for 2021.

Accounting principles of the segments

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

	Q3		01.01. - 30.09.		Full-year
(Amounts in millions of NOK)	**2022**	**2021**	**2022**	**2021**	**2021**
Electricity and currency contracts	-2,097	-271	-6,624	-540	-951
Adjustment to revenues/operating profit	**-2,097**	**-271**	**-6,624**	**-540**	**-951**
Unrealised gains and losses on interest rate swaps	55	40	208	113	133
Unrealised gains and losses on equity investments	17	46	-35	-26	69
Material gains on disposals/reclassifications	-20	47	0	268	316
Tax impact of negative resource rent carryforwards	-14	-1	-51	-48	-69
Tax impact of other corrections	1,178	319	3,967	475	642
Adjustment to net income	**-881**	**180**	**-2,534**	**243**	**139**

NOTE 2 SEGMENTS

The operating segments presented are the same as the ones used in reporting to the Group management team. Segment reporting is used by Agder Energi's management to assess the performance of the various business areas, and to allocate resources to them. See page 13 for tables showing their financial performance.

NOTE 3 BREAKDOWN OF UNREALISED GAINS AND LOSSES

The table below gives details of how unrealised gains and losses affect the financial results reported by the Group:

	01.01. - 30.09. 2022			01.01. - 30.09. 2021			2021		
(Amounts in millions of NOK)	Unrealised	Realised	Total	Unrealised	Realised	Total	Unrealised	Realised	Total
Gains and losses on electricity and currency contracts	-6,624	-451	-7,075	-540	2	-538	-951	-248	-1,200
Unrealised gains and losses on interest rate contracts and equity investments	173			87			202		
Impact of unrealised gains and losses on pre-tax profit	**-6,451**			**-453**			**-749**		
Tax effect of unrealised gains and losses									
Income tax	1,412			94			180		
Resource rent tax	2,556			381			462		
Total tax	**3,967**			**475**			**642**		
Impact of unrealised gains and losses on net income	**-2,483**			**22**			**-107**		

Agder Energi uses cash-settled contracts to secure a guaranteed price of some of its future electricity generation. Prices are fixed for a number of years in advance. The aim is to ensure stability in the company's revenues and its ability to pay dividends. Forward (system) prices for electricity rose significantly in the first nine months of the year. The price increase for 2023 is 400% and for 2024–2027 it is 60-140%.

When prices rise, the value of our financial hedges falls. When prices rise as much as they did in the first nine months of the year, their value falls considerably. Under IFRS, changes in the value of these contracts are recognised through profit or loss. For the first nine months of the year, the Group reported a loss under IFRS due to a NOK -2,483 loss on cash-settled contracts, mainly related to financial hedges.

The value of the Norwegian kroner fell against the euro in the first three quarters of the year. This has caused the value of our currency hedges to fall, and it is responsible for around 10% of the valuation loss during that period.

In the first nine months of the year, the value of our interest rate swaps rose by NOK 208 million due to higher interest rates, while the value of our investment in Otovo fell by NOK 35 million.

The revaluation losses resulted in a negative tax expense (income) of NOK 3,967 million. Income tax is calculated on all of the revaluation gain and losses, except those relating to shares. Resource rent tax is only calculated on revaluations of contracts that are covered by the rules on resource rent tax.

NOTE 4 TAX EXPENSE

	01.01. - 30.09. 2022		01.01. - 30.09. 2021		2021	
	Amounts in NOK millions	% of pre-tax profit	Amounts in NOK millions	% of pre-tax profit	Amounts in NOK millions	% of pre-tax profit
Expected income tax rate 22%	-676	22 %	473	22 %	902	22 %
Impact of non-capitalised deferred tax assets	10	0 %	6	0 %	6	0 %
Permanent differences and changes in tax rates	13	0 %	-67	-3 %	-77	-2 %
Income tax expense	**-652**	**21 %**	**413**	**19 %**	**831**	**20 %**
Resource rent tax expense	**-985**	**32 %**	**496**	**23 %**	**1,258**	**31 %**
Total tax expense	**-1,637**	**53 %**	**909**	**42 %**	**2,089**	**51 %**

The resource rent tax expense was NOK -985 (496) million, in other words the Group had net tax income. This comprises NOK 1,419 (761) million of resource rent tax payable, and a NOK 2,405 (265) million increase in deferred resource rent tax assets. The big increase in resource rent tax payable is due to hydroelectric power generated having a higher spot value. The NOK 2,405 million increase in deferred tax assets reflects a NOK 2,556 million gain due to revaluation losses on contracts liable for resource rent tax that are measured at fair value (see Note 3). This was partly offset by a NOK 151 million loss arising from negative resource rent carryforwards and temporary differences relating to property, plant and equipment.

NOTE 5 CHANGE IN INTEREST-BEARING LIABILITIES

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

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

(Amounts in millions of NOK)	2022	2021
Interest-bearing liabilities at 1 Jan.	9,030	10,937
New long-term borrowings (cash item)	0	177
Repayment of long-term borrowings (cash item)	-1,070	-1,240
Net change in overdraft and other current liabilities (cash item)	0	-500
Exchange rate fluctuations (non-cash item)	125	-60
New lease liabilities (non-cash item)	0	2
Interest-bearing liabilities at 30.09.	**8,085**	**9,315**

Interest-bearing liabilities includes NOK 146 (188) million of lease liabilities.

NOTE 6 ALTERNATIVE PERFORMANCE MEASURES (APM)

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

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

Agder Energi uses the following alternative performance measures:
- *Underlying operating revenues:* Operating revenues +/- the adjustments described below
- *EBITDA:* Operating profit before depreciation and impairment losses
- *Underlying* EBITDA: EBITDA +/- the adjustments described below
- *Underlying operating profit:* Operating profit +/- the adjustments described below
- *Underlying net income:* Net income +/- the adjustments described below

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

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

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

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

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

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

An adjustment is made for material gains and losses on the disposal of businesses or ownership interests in businesses, since these are not considered to be part of the underlying performance in the reporting period. Material gains and losses refers to disposals of businesses or ownership interests in businesses with an impact on net income of at least NOK 25 million in a single financial year. Even if several items individually have a smaller impact than NOK 25 million, they are considered material if their total impact is greater than NOK 50 million in a financial year. In conjunction with disposals, gains and losses are presented as other operating revenues and other operating expenses respectively. Gains and losses on the disposal of ownership interests in businesses that are not controlled by Agder Energi are presented under financial items.

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

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

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

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

This adjustment is reflected in the underlying net income.

	01.01.-30.09.		Full-year
(Amounts in millions of NOK)	**2022**	**2021**	**2021**
IFRS operating revenues	19,933	11,489	20,474
Unrealised gains and losses, electricity and currency	6,624	540	951
Material gains on the disposal of businesses or ownership interests in businesses	0	0	0
Underlying operating revenues	**26,557**	**12,028**	**21,425**
IFRS operating profit	-3,056	1,964	3,858
Depreciation and impairment losses	543	527	764
IFRS EBITDA	**-2,513**	**2,491**	**4,622**
Unrealised gains and losses, electricity and currency	6,624	540	951
Vesentlige gevinster ved salg av virksomhet eller andeler i virksomhet	0	0	0
EBITDA underlying	**4,112**	**3,031**	**5,574**
IFRS operating profit	-3,056	1,964	3,858
Unrealised gains and losses, electricity and currency	6,624	540	951
Material gains on the disposal of businesses or ownership interests in businesses	0	0	0
Underlying operating profit	**3,569**	**2,504**	**4,810**
IFRS net income (controlling interest's share)	-1,421	1,244	2,062
Changes in unrealised gains and losses after tax (see Note 3)	2,483	-22	107
Changes in deferred tax assets from neg. resource rent carryforwards	51	48	69
Material gains on the disposal or reclassifications of businesses or ownership interests in businesses	0	-268	-316
Underlying net income (controlling interest's share)	**1,113**	**1,001**	**1,923**

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