Interim report Q2 2023

Statkraft AS

Q2 AT A GLANCE

EBIT underlying

7.6

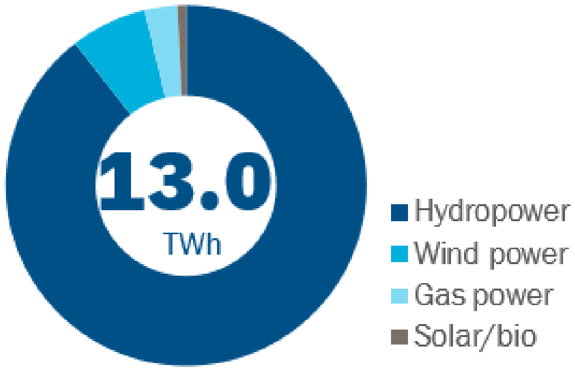
NOK BILLION

Net profit

5.6

NOK BILLION

Power generation



Cash flow from operations

-4.8

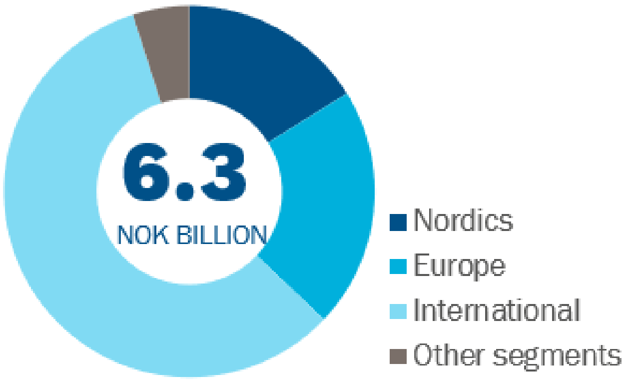
NOK BILLION

Net interest-bearing debt

8.3

NOK BILLION

Investments



Key financial information

NOK million	Second quarter 2023	Second quarter 2022	*Change*	Year to date 2023	Year to date 2022	*Change*	Year 2022
Income statement							
Gross operating revenues and other income underlying	24 097	25 360	*-1 263*	66 239	67 234	*- 994*	167 513
Net operating revenues and other income underlying	13 114	8 356	*4 758*	37 587	30 443	*7 144*	75 280
EBITDA underlying	8 883	4 945	*3 938*	28 611	24 018	*4 593*	59 082
Operating profit/loss (EBIT) underlying	7 619	3 817	*3 802*	26 161	21 770	*4 390*	54 424
- of which unrealised effects	- 111	-8 660	*8 549*	6 485	-1 365	*7 851*	3 206
Operating profit/loss (EBIT) IFRS	12 145	4 687	*7 458*	34 601	21 650	*12 951*	52 178
Share of profit/loss in equity accounted investments	750	- 513	*1 263*	2 023	157	*1 866*	531
Net financial items	- 419	-1 500	*1 081*	-2 904	148	*-3 052*	6 111
- of which net currency effects	-1 298	-1 672	*374*	-4 245	- 457	*-3 788*	233
Profit/loss before tax	12 476	2 674	*9 802*	33 719	21 956	*11 764*	58 819
Net profit/loss	5 636	-1 217	*6 853*	16 509	10 224	*6 286*	28 592
Key financial metrics							
Operating profit/loss (EBIT) margin underlying	31.6%	15.1%	*16.6%*	39.5%	32.4%	*7.1%*	32.5%
ROACE				43.5%	29.0%	*14.5%*	42.4%
ROAE				13.2%	10.0%	*3.2%*	3.4%
Balance sheet and investments							
Assets				314 846	401 073	*-86 227*	341 176
Equity				141 705	113 779	*27 926*	131 691
Net interest-bearing debt				8 267	-7 145	*15 412*	-16 063
Capital employed				146 338	129 372	*16 966*	131 622
Equity accounted investments				20 934	14 639	*6 296*	18 645
Total investments	6 276	2 390	*3 885*	9 305	4 889	*4 416*	11 451
Cash Flow							
From operating activities	-4 798	16 551	*-21 349*	-2 478	19 137	*-21 615*	40 242
Cash and cash equivalents (incl. restricted cash)				38 735	53 417	*-14 682*	58 902
Currency rates							
NOK/EUR average rate	11.66	10.02	*1.64*	11.32	9.98	*1.34*	10.10
NOK/EUR closing rate				11.70	10.35	*1.36*	10.51

Definitions

See section Alternative Performance Measures at the end of this report for definitions.
The quarterly report shows the development in the quarter compared with the same quarter last year, unless otherwise stated.

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Interim financial statements

CEO'S REVIEW

Statkraft reports its strongest second quarter and first half results ever despite lower power production and market prices. Market activities contributed considerably to the strong result.

Prices and volatility in the European energy markets fell further in the second quarter of 2023, from the very high levels seen earlier in the energy crisis. Compared to the second quarter last year, European power prices are down around 50 percent. The energy balance is greatly improved as Europe has succeeded in establishing alternatives to Russian natural gas, new renewable generation capacity has come online, and demand has been lower. In addition, the weather conditions have been more favourable in the quarter.

POWER GENERATION AND PRICES

Statkraft's quarterly power generation was 13.0 TWh, 1.2 TWh lower than the second quarter last year. The decrease was primarily related to Norwegian hydropower.

Lower coal and gas prices, as well as higher reservoir levels have lowered the prices of energy and energy-related commodities in the quarter. The average system price in the Nordic region was 56 EUR/MWh, down 65.2 EUR/MWh from the second quarter of 2022 and down 29.1 EUR/MWh since the first quarter of 2023. There were still significant price area differences, however the differences have decreased in the period.

The average base price in the German market (EEX) was 92.4 EUR/MWh in the quarter, down 94.7 EUR/MWh from the second quarter of 2022 and down 23.8 EUR/MWh since the first quarter of 2023.

FINANCIAL PERFORMANCE

Statkraft delivered a very strong underlying EBIT of NOK 7.6 billion, driven by solid results from the segments Nordics and Markets. These results reflect stable operations, successful energy management as well as highly profitable market activities. The improvement of NOK 3.8 billion compared with the second quarter of last year was primarily due to last year's negative effects from hedging and discontinued dynamic asset management activity.

Operating expenses were higher, mostly due to the Norwegian high-price contribution fee, a higher number of employees as the company continues to grow, higher IT expenses, as well as the effects of a weakening NOK.

Despite the strong EBIT, cash flow from operating activities was negative in the quarter. This was primarily due to tax payments of NOK 7.7 billion, negative working capital movements and margin calls.

Net profit for the quarter was NOK 5.6 billion.

Statkraft has a very solid financial position. Measured on 12 months rolling basis, the return on average capital employed (ROACE) was 43 per cent.

Statkraft continues to ramp up project activities to reach its ambition to build 2500-3000 MW renewable energy capacity per year from 2025, increasing to around 4000 MW by 2030. Expected development in 2023 is 1000 MW.

KEY EVENTS IN THE QUARTER

Statkraft continues to offer long-term power contracts to maintain the position as a competitive supplier to the energy intensive industry in Norway. In the quarter, Statkraft entered into two long-term power contracts with a total volume of 9 TWh with Celsa Armeringsstål and Hydro Energi.

To support the development of new green industries, Statkraft also signed conditional PPAs with Aker Horizons and Fortescue Future Industries in Northern Norway.

In Germany, Statkraft expanded an existing long-term PPA with a German company to include Guarantees of Origin from Spanish and Portuguese renewable parks.

Statkraft and its offshore partner, Copenhagen Infrastructure Partners (CIP) secured a 500 MW Contract for Difference for the North Irish Sea Array (NISA) offshore wind project off the east coast of Ireland.

During the quarter, Statkraft divested its Cloghan onshore wind farm in Ireland for NOK 835 million with a gain of NOK 129 million.

The formal planning process for Moifjellet wind project in Norway has been initiated through submitting a formal notification to the regulator (NVE).

Statkraft has reviewed its sustainability strategy. The focus areas are climate action, biodiversity, human rights and circular economy (new as a key area). Commitments, targets and actions have been developed for all key areas.

In July, Statkraft signed an agreement to acquire a portfolio of operating wind farms in Germany and France with a capacity of 337 MW that is expected to be closed in the third quarter. In addition, Statkraft signed an agreement in August to acquire a portfolio of operating wind farms in Brazil with a capacity of 260 MW that is expected to be closed within the next quarters.

Christian Rynning-Tønnesen

Christian Rynning-Tønnesen

President and CEO

Strategic targets

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

Ambition category	Strategic objective	Target	Status
Safety, security and sustainability	Prevent incidents and be committed to a workplace without injury or harm	Zero serious injuries	4
	Prevent corruption and unethical practices in all activities	Zero serious compliance incidents	0
	Deliver climate-friendly renewable energy and taking responsible environmental measures[1]	Reducing greenhouse gas (GHG) emissions (scope 1 & 2) by 7% g CO_2/kWh	- [2]
Financial performance	Deliver a solid return on capital	>12% ROACE	43%
People and organisation	Improve diversity in background, competence and gender across the company	Minimum 40% of each gender measured on all management positions across the organisation by 2030	26%[3]
Operations	Efficient management of energy resources in the Nordic hydropower fleet	>3.5% higher realised prices than the average spot price in the market	7.2%
	Deliver competitive operations & maintenance	Total cost of operations Nordic hydropower 12.7 øre/kWh for 2023	12.1 øre
Growth	Grow capacity in renewable energy (wind, solar and battery/grid services)	Run rate of 2.5-3 GW in 2025	1.0 GW

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

[2] The KPI is rolling 12 months and will be reported for the full year 2023.

[3] Q1-2023 figure has been corrected to 26% from 28% previously reported, no change between Q1 and Q2.

SAFETY, SECURITY AND SUSTAINABILITY

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

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

Statkraft continues to explore measures to reduce the direct emissions to reach climate neutrality by 2040.

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

FINANCIAL PERFORMANCE

Statkraft aims to deliver a solid return on capital employed. Measured on 12 months rolling basis, the ROACE was 43 per cent.

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

PEOPLE AND ORGANISATION

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

At the end of June 2023, the share of women in management positions was 26 per cent. Statkraft has an additional target of at least 35 per cent women in top management positions by 2025 and at least 40 per cent by 2030. At the end of June, Statkraft had 32 per cent women in top management positions.

OPERATIONS

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

As of June 2023, Statkraft's realised prices (measured over the last 60 months) were 7.2 per cent higher than the average spot price in the Nordics.

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

GROWTH

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

At the end of the quarter, Statkraft's expected development rate for 2023 was 1 GW.

Previously, Statkraft has communicated a growth target of 9 GW new renewable capacity (hydro, wind and solar) by 2025. At the end of June, 3.7 GW of new capacity was either built or made investment decisions for.

Sustainability

HEALTH AND SAFETY

There was a serious injury in Norway in June 2023 where an employee fell from a curtain ladder. The incident has been investigated and mitigating actions have been implemented to ensure learning and prevent future accidents.

SUSTAINABILITY STRATEGY

The annual strategy update (approved by the Board in June) has also led to revisions of the sustainability strategy. The key focus areas of the strategy include climate action, biodiversity, human rights and circular economy. The following key updates have been made:

- Statkraft's 2030 corporate aspiration and new vision and values are now more firmly linked to the overall sustainability approach.
- Statkraft has, in line with the Paris Agreement, introduced a net-zero ambition for scope 1, scope 2 and scope 3 by 2050.
- Circular economy has been introduced as a strategic area. In addition, Statkraft has introduced Sustainable Development Goal 12: Responsible consumption and production as one of its focus UN Sustainable Development Goals (SDGs).
- Aligning with international standards and guidelines, Statkraft will explore net gain principles for biodiversity for some new projects, learn from these projects and explore how this can be delivered going forward.

Statkraft's sustainability strategy can be found here.

ESG RATINGS

In May, Statkraft concluded an updated ESG Risk Rating Review by Sustainalytics, receiving a score of 12.5 (Low risk). This is significantly better than in 2021, when Statkraft scored 15.9 (Low risk). The 2023 rating places Statkraft in the top 10 within the industry sector renewable energy.

HUMAN RIGHTS

Fosen

This spring, the national mediator in his personal capacity has initiated a mediation process between the affected reindeer herders, Roan Vind and Fosen Vind, and the state with the aim of finding a solution. Fosen Vind cooperates in good faith and has participated in all the meetings organised throughout the spring. We hope that the mediation will result in an amicable solution that respects and safeguards the reindeer husbandry's right to practice their culture. Statkraft as an owner, is bound by confidentiality requirements during the mediation process, and we can therefore not provide additional information on this process as of now.

Solar supply chain

We have entered into framework agreements for photovoltaic (PV) panels and inverters. This means we can dig much deeper into the panel manufacturers supply chains, and drive improvements to our traceability procedures across multiple projects, at the same time as having a stronger commitment from suppliers to work with us on wider sustainability objectives.

	Second quarter		Year to date		Year
	2023	2022	2023	2022	2022
Health and safety					
Fatal accidents	0	2	1	2	2
Serious injuries	1	5	4	11	12
TRI rate			3.3	4.3	4.1
Absence due to illness, Group	2.3%	3.2%	2.6%	3.2%	3.1%
Labour Practices					
Full-time equivalents, Group			5 234	4 512	4 859
Share of women among all employees			29%	28%	28%[1)]
Share of women in management positions			26%	26%	26%[2)]
Share of women in top management positions			32%	31%	33%
Climate					
Capacity under construction (MW)			1 521	1 753	1 753[3)]
Environment					
Serious environmental incidents	0	0	0	0	0
Less serious environmental incidents	215[4)]	121	324	190	357
Business ethics					
Serious compliance incidents	0	0	0	0	0

For KPI definitions refer to sustainability statement in annual report 2022.

[1)] 2022 figure has been corrected from previously reported 31%.

[2)] 2022 figure has been corrected from previously reported 29%.

[3)] Figure has been corrected from previously reported 1593.

[4)] Q2 2023 and Q2 2022 figures are not comparable since the scope has increased.

Power market and generation

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

POWER PRICES

The price of energy and energy-related commodities decreased in the quarter. The average system price in the Nordic region was 56 EUR/MWh, down 65.2 EUR/MWh from Q2 2022 and down 29.1 EUR/MWh since Q1 2023. The main drivers were lower coal and gas prices and higher reservoir levels in southern areas. There were still significant price area differences, however the differences have decreased in the period. On average, Norwegian prices in the south were around 78 EUR/MWh and prices in the mid- and north around 36 EUR/MWh and 24 EUR/MWh, respectively.

	Second quarter		Year to date		Year
	2023	2022	2023	2022	2022
Market prices (average)					
System price, Nord Pool (EUR/MWh)*)	56.0	121.2	70.6	115.3	135.6
Spot price (base), EEX (EUR/MWh)	92.4	187.1	104.3	185.0	233.8
Spot price (peak), EEX (EUR/MWh)	91.9	197.7	113.8	206.1	264.3
Spot price (base), N2EX UK (GBP/MWh)	89.2	153.7	108.4	176.1	203.8
Generation by geography (TWh)					
Norway	9.8	10.9	23.2	25.2	46.0
Sweden	1.4	1.5	3.3	3.5	6.5
Europe ex. Nordic	0.8	0.7	1.7	1.7	3.4
Rest of the world	1.1	1.1	2.3	2.3	4.3
Total generation	**13.0**	**14.2**	**30.5**	**32.7**	**60.2**
Generation by technology (TWh)					
Hydropower	11.7	13.1	27.2	29.6	53.9
Wind power	0.9	0.8	2.4	2.4	4.3
Gas-fired power	0.4	0.3	0.7	0.6	1.7
Biomass and solar power	0.1	0.1	0.2	0.1	0.3
Total generation	**13.0**	**14.2**	**30.5**	**32.7**	**60.2**

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

The average base price in the German market (EEX) was 92.4 EUR/MWh in the quarter, down 94.7 EUR/MWh from Q2 2022 and down 23.8 EUR/MWh since Q1 2023. Power prices have decreased mainly due to lower gas and coal prices. The price drop came despite lower nuclear production in Germany.

RESOURCE ACCESS IN THE NORDIC REGION

The total reservoir level for all hydropower producers in the Nordic region was 94 per cent of median level at the end of the quarter, corresponding to 64.7 per cent of total capacity. The levels in the south are still lower than the north, but the differences have decreased compared to the same period last year.

STATKRAFT'S POWER GENERATION

Statkraft's generation optimisation is determined by price expectations, water reservoir capacity and reservoir water levels, access to resources (inflow and wind), the margin between power prices and gas in addition to CO_2 prices (spark spread) and grid restrictions. For the flexible hydropower assets, Statkraft's water values (value of future hydropower generation) are compared with the power prices, and power will be generated when the power prices are higher than the water values.

Total power generation was 13.0 TWh, which was 1.2 TWh lower than the same period last year. The decrease was primarily related to Norwegian hydropower generation, which was 10 per cent lower than in the second quarter of 2022. This was mainly due to high generation in southern part of Norway in the second quarter last year driven by high prices. This quarter, generation in the south was below normal, while generation in the north was above normal.

The district heating deliveries amounted to 0.2 TWh, which was 3 per cent lower compared with the same quarter last year.

Spot sales from net physical deliveries were reduced with 14 per cent compared with the second quarter of 2022, driven by lower Norwegian hydropower generation and higher generation to long-term contracts.

Financial performance

NOK million	Second quarter 2023	Second quarter 2022	Year to date 2023	Year to date 2022	Year 2022
Net operating revenues and other income underlying	13 114	8 356	37 587	30 443	75 280
Operating profit/loss (EBIT) underlying	7 619	3 817	26 161	21 770	54 424
- of which unrealised effects	- 111	-8 660	6 485	-1 365	3 206
Operating profit/loss (EBIT) IFRS	12 145	4 687	34 601	21 650	52 178
Share of profit/loss in equity accounted investments	750	- 513	2 023	157	531
Net financial items	- 419	-1 500	-2 904	148	6 111
- of which net currency effects	-1 298	-1 672	-4 245	- 457	233
Profit/loss before tax	12 476	2 674	33 719	21 956	58 819
Tax expense	-6 840	-3 891	-17 210	-11 731	-30 228
Net profit/loss	5 636	-1 217	16 509	10 224	28 592

SECOND QUARTER

Statkraft delivered a strong underlying EBIT in the second quarter. The segment Nordics was the main contributor to the results, driven by strong results from Norwegian hydropower business. Compared with the second quarter last year, the segment's underlying EBIT was slightly lower, mainly due to lower power prices and generation, partly offset by significant hedging losses in the comparable period.

The Europe segment improved significantly compared to the same quarter last year as there were significant hedging losses in the comparable period.

The Markets segment delivered strong results in the quarter, primarily related to trading and origination.

The EBIT IFRS was positively affected by unrealised value changes from embedded EUR derivatives driven by a weaker forward NOK against EUR and reversal of impairments related to Nordic onshore wind power assets.

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

YEAR TO DATE

As for the second quarter, the segment Nordics contributed significantly to the results, driven by positive hedging effects and higher power prices in the northern parts of Norway, while lower power generation, lower southern Norwegian power prices and high-price contribution on power generation in Norway had a negative effect.

The Markets segment delivered strong results, primarily related to trading and origination.

As for the second quarter, the Europe segment improved significantly as the segment has significant hedging gains this year while there were hedging in the first half of 2022.

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

Net financial items included significantly negative currency effects, primarily driven by a weaker NOK vs. EUR.

NET OPERATING REVENUES AND OTHER INCOME UNDERLYING

NOK million	Second quarter 2023	Second quarter 2022	Year to date 2023	Year to date 2022	Year 2022
Net operating revenues and other income					
Generation	10 157	13 236	25 325	28 711	65 101
District heating	197	205	681	571	1 203
Customers	9 134	15 452	25 349	32 241	80 296
Other	1 665	1 846	3 527	5 428	11 005
Sales revenues	21 154	30 739	54 882	66 952	157 605
Gains/losses from market activities	2 563	-5 509	10 728	- 73	8 498
Other operating income	381	131	629	355	1 409
Gross operating revenues and other income	24 097	25 360	66 239	67 234	167 513
Generation	- 973	- 958	-1 997	-2 232	-7 156
District heating	- 90	- 46	- 269	- 155	- 384
Customers	-8 727	-14 572	-23 801	-30 823	-77 400
Other	- 825	-1 392	-1 767	-3 187	-6 190
Energy purchase	-10 614	-16 968	-27 834	-36 397	-91 131
Transmission costs	- 370	- 36	- 819	- 394	-1 103
Net operating revenues and other income	13 114	8 356	37 587	30 443	75 280
Operating expenses underlying					
Salaries and payroll costs	-1 754	-1 773	-3 716	-3 393	-7 508
Depreciations and amortisations	-1 263	-1 128	-2 450	-2 247	-4 657
Regulatory fees	- 661	- 335	-1 863	- 703	-3 409
Other operating expenses	-1 817	-1 304	-3 397	-2 329	-5 281
Operating expenses	-5 494	-4 539	-11 426	-8 673	-20 855

Net operating revenues from Generation decreased mainly driven by lower power prices and lower hydropower generation in the segment Nordics.

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

Net operating revenues from Other increased, mainly due to a high provision for reduced sales revenues from the subsea interconnector between Sweden and Germany (Baltic Cable) in the second quarter of 2022.

Gains/losses from market activities increased, mainly driven by positive effects from financial hedging of generation revenues in the segments Nordics and Europe. In addition, there were higher results from the segment Markets, driven by improved contribution from origination activities.

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

OPERATING EXPENSES UNDERLYING

In general, a significantly weaker NOK relative to other currencies compared with the second quarter last year contributed to an increase in the operating expenses.

The slight decrease in salaries and payroll costs was mainly due to a negative one-off effect from public pension scheme changes in Norway in the second quarter of 2022. This was mostly offset by effects from higher number of full-time equivalents following the increased activity level in line with the growth strategy.

The increase in depreciations and amortisations was mainly related to currency effects and recent reversals of impairments both for hydropower assets in Albania and wind power assets in the Nordics.

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

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

ITEMS EXCLUDED FROM OPERATING PROFIT/LOSS (EBIT) UNDERLYING

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

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

NET FINANCIAL ITEMS

Net currency losses of NOK 1298 million in the quarter were driven by a weakening of NOK against EUR and were primarily related to external debt.

Interest and other financial items increased due to higher interest income from increasing interest rates and positive value changes on venture investments, partly offset by increased interest expenses following increasing interest rates.

CASH FLOW

NOK million	Second quarter 2023	Second quarter 2022	Year to date 2023	Year to date 2022	Year 2022
Cash flow					
Operating activities	-4 798	16 551	-2 478	19 137	40 242
Investing activities	-2 329	-1 844	-3 233	-3 347	-7 015
Financing activities	-11 547	- 452	-16 647	- 867	-13 184
Net change in cash and cash equivalents	-18 674	14 256	-22 358	14 923	20 043
Cash and cash equivalents (incl. restricted cash) at period end	38 735	53 417	38 735	53 417	58 902

Statkraft delivered a strong operating result in the quarter with an EBIT of NOK 12 145 million. However, this included unrealised non-cash effects of NOK 2201 million, and cash flow from operations was heavily impacted by tax payments of NOK 7675 million as well as negative working capital movements and margin calls with NOK 4152 million and NOK 2135 million respectively. Also, considering cash outflow from operational investments in DS/DBS projects of NOK 840 million and cash inflow from dividends in equity accounted investments of NOK 1606 million, the cash flow from operating activities was negative with NOK 4798 million.

The negative cash flow from investing activities of NOK 2329 million consisted of maintenance investments of NOK 709 million, mainly related to Norwegian hydropower, investments in new capacity of NOK 1135 million, mainly related to wind power in Brazil and hydropower in Chile, and other investments of NOK 812 million. This was partly offset by sale of a wind farm in Ireland in the DS/DBS business model of NOK 803 million.

The cash flow from financing activities was negative with NOK 11 547 million and consisted mainly of payment of dividend to Statkraft SF of NOK 17 213 million offset by cash inflow from issuance of a EUR 500 million green bond.

INVESTMENTS

In the quarter, Statkraft invested NOK 6271 million. NOK 4197 million of the investments were related to new capacity, either through the DS/DBS business model or through the business model Build-Own-Operate (BOO). The largest BOO investments were related to wind farms in Brazil. The DS/DBS investments were mainly related to the development and construction of wind and solar projects, primarily in Ireland.

The quarterly maintenance investments of NOK 709 million were primarily related to Nordic hydropower.

Other investments of NOK 913 million were mainly related to grid activities in the segments Nordics and Europe.

Segments

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

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

NORDICS

Key events

Several new long-term power contracts have been signed providing hedges for 19 TWh for the years 2024-2038.

In the first offshore wind auction in Ireland, together with our partner CIP (Copenhagen Infrastructure Partners), we won a 20-year Contract for Difference of 500 MW to develop the North Irish Sea Array.

Quarterly financial performance

The Nordics segment continued to deliver a strong underlying EBIT. The slightly lower underlying EBIT was driven by lower Nordic power prices, lower hydropower generation and less positive effects from the segment's embedded derivatives linked to various commodities and inflation indexes. This was partly offset by improved effects from financial hedging of generation revenues. Higher operating expenses were mainly driven by the high-price contribution introduced from the fourth quarter in 2022. In addition, there is a higher activity level in line with the growth strategy, offset by a negative one-off effect from public pension scheme changes in Norway in the second quarter of 2022.

Reversals of previous impairments related to Nordic wind assets were recognised with a total of NOK 2318 million, driven by increased expected long-term power prices in the Nordics.

The increase in share of profit/loss from equity accounted investments was due to significantly higher hedging losses in the comparable period, partly offset by increased resource rent tax.

Year to date financial performance

The underlying EBIT year to date was very strong and in line with the corresponding period last year and was explained by the same factors as for the second quarter.

ROACE remained high at 52.8 per cent following the strong underlying EBIT in the quarter. ROAE was positive mainly driven by the effects from financial hedging. This was somewhat offset by the increased resource rent tax rate in Norway.

The investments were mainly related to maintenance within Nordic hydropower.

NOK million	Second quarter 2023	2022	Year to date 2023	2022	Year 2022
NORDICS					
Gross operating revenues and other income	9 744	9 873	26 483	25 801	59 223
Net operating revenues and other income	8 791	8 894	24 243	23 401	53 375
Operating expenses	-2 522	-2 199	-5 436	-4 225	-10 333
Operating profit/loss (EBIT) underlying	6 269	6 695	18 806	19 176	43 042
- of which unrealised effects	421	-2 481	2 579	-1 104	- 597
Unrealised value changes from embedded EUR derivatives	2 312	546	4 632	- 155	-1 338
Gains/losses from divestments of business actitivies	-	-	1 603	-	-
Impairments/reversal of impairments	2 318	4	2 318	4	- 692
Operating profit/loss (EBIT) IFRS	10 899	7 245	27 358	19 025	41 011
Share of profit/loss in equity accounted investments	414	-1 238	1 575	- 699	- 685
Gains/losses from divestments of equity accounted investments	-	-	-	-	4 242
ROACE (rolling 12 months)			52.8%	50.0%	53.9%
ROAE (rolling 12 months)			12.3%	0.5%	-6.3%
Total investments	1 013	817	2 131	1 418	3 855
Generation (TWh)	11.2	12.4	26.6	28.7	52.5

EUROPE

NOK million	Second quarter 2023	Second quarter 2022	Year to date 2023	Year to date 2022	Year 2022
EUROPE					
Gross operating revenues and other income	1 896	- 959	6 177	2 322	12 453
Net operating revenues and other income	1 230	-2 016	4 811	- 354	5 400
Operating expenses	-1 101	- 796	-2 169	-1 510	-3 568
Operating profit/loss (EBIT) underlying	129	-2 812	2 642	-1 863	1 832
- of which unrealised effects	266	-3 039	2 780	-3 067	- 628
Impairments/reversal of impairments	- 20	1 566	- 20	1 543	1 542
Operating profit/loss (EBIT) IFRS	109	-1 246	2 622	- 320	3 375
Share of profit/loss in equity accounted investments	- 5	34	35	130	281
ROACE (rolling 12 months)			26.6%	-11.0%	8.8%
ROAE (rolling 12 months)			21.3%	26.1%	32.2%
Total investments	1 314	707	2 281	1 165	3 708
Generation (TWh)	0.7	0.6	1.6	1.5	3.1

Key events

The Cloghan wind farm in Ireland was divested. See note 11.

Quarterly financial performance

The increase in underlying EBIT was mainly driven by positive effects from financial hedging primarily from gas-fired power generation in Germany. This was partly offset by lower generation revenues from hydropower in Albania and gas-fired power in Germany. The operating expenses have increased mainly due to higher business development activities and currency effects.

Year to date financial performance

The year to date increase in underlying EBIT was mainly driven by the same factors as for the quarter.

ROACE was 26.6 per cent, up from previous quarter primarily driven by higher underlying EBIT. ROAE was 21.3 per cent, a decrease from previous quarter, following grid curtailments and lower wind resources in the UK.

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

INTERNATIONAL

NOK million	Second quarter 2023	Second quarter 2022	Year to date 2023	Year to date 2022	Year 2022
INTERNATIONAL					
Gross operating revenues and other income	1 237	1 070	2 367	1 947	3 993
Net operating revenues and other income	762	679	1 394	1 211	2 475
Operating expenses	- 580	- 448	-1 073	- 836	-1 839
Operating profit/loss (EBIT) underlying	182	231	320	375	636
Impairments/reversal of impairments	- 83	-1 246	- 90	-1 510	-1 753
Operating profit/loss (EBIT) IFRS	98	-1 015	230	-1 135	-1 117
Share of profit/loss in equity accounted investments	365	704	457	757	988
ROACE (rolling 12 months)			2.4%	3.1%	2.9%
ROAE (rolling 12 months)			16.1%	43.9%	27.2%
Total investments	3 640	542	4 307	1 655	2 732
Generation (TWh)	1.1	1.2	2.4	2.5	4.6

Key events

Statkraft acquired a SPV in India for development of a 76 MW hydropower project. In addition, Statkraft acquired two SPVs in Chile with access to land for development of one wind power project up to 400 MW.

Quarterly financial performance

The change in underlying EBIT was affected by a stop of generation in Chile due to maintenance and increased energy purchase to cover commitments from long-term power sales agreements on delayed construction projects. These effects were offset by positive contributions from Brazil mainly due to lower energy purchase and inflation adjustments of power sales agreements.

The impairments in the quarter were mainly related to a solar power plant in India due to lower expected future long-term prices.

The reduction in share of profit from equity accounted investments was mainly driven by lower reversal of impairment in the second quarter of 2023 than in the comparable quarter.

Year to date financial performance

The year to date decrease in underlying EBIT was mainly driven by the same factors as for the quarter.

ROACE was 2.4 per cent, slightly down from previous quarter, driven by higher capital employed. ROAE was 16.1 per cent, down from previous quarter, which is mainly explained by large reversal of impairments in Chile for the second quarter of 2022.

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

MARKETS

Key events

In the quarter, four long-term guarantees of origin (GoO) agreements with a German company have been signed. Statkraft will be selling as-produced GoO volumes from Spanish and Portuguese wind and solar farms. Contract duration is from 2023 to 2033, and the expected volume corresponds to the delivery of 355 GWh per year.

Statkraft signed a 12-year physical baseload power purchase agreement in Sweden with start in May 2023. The agreement has a contracted volume of 160 GWh per year.

A 10-year power supply agreement in Spain has been signed. The contract starts in 2025 and covers 95 GWh per year.

Quarterly financial performance

The Markets segment continued to deliver strong underlying EBIT and the increase in underlying EBIT was mainly driven by the fact that the dynamic asset management portfolios were closed at the end of 2022, which had a negative contribution in the second quarter of 2022.

Trading and origination activities had an underlying EBIT of NOK 1620 million compared with NOK 1426 million in the second quarter of 2022. The high result in the quarter was mainly driven by power positions gaining on lower price levels in the European power markets and market access activities in the UK.

Year to date financial performance

The underlying EBIT year to date was very strong and in line with the same period last year. Trading and origination activities had an EBIT of NOK 5314 million and was mainly driven by the same factors as for the quarter, as well as entering of successful positions on Nordics portfolios.

In line with the growth strategy, higher business activity led to an increase in operating expenses mainly due to higher number of full-time equivalents.

	Second quarter		Year to date		Year
NOK million	2023	2022	2023	2022	2022
MARKETS					
Gross operating revenues and other income	**11 390**	**15 712**	**31 703**	**37 863**	**93 312**
Net operating revenues and other income	**2 382**	**916**	**6 950**	**6 310**	**14 106**
Operating expenses	- 797	- 783	-1 735	-1 517	-3 732
Operating profit/loss (EBIT) underlying	**1 585**	**133**	**5 216**	**4 792**	**10 374**
- of which unrealised effects	- 855	-2 939	978	3 186	4 917
Operating profit/loss (EBIT) IFRS	**1 585**	**133**	**5 216**	**4 792**	**10 374**
Total investments	4	10	7	26	42
Specification of operating profit/loss (EBIT) underlying					
- Trading & origination [1)]	1 620	1 426	5 314	4 469	10 042
- DAMP	- 35	-1 293	- 98	323	332
Operating profit/loss (EBIT) underlying	**1 585**	**133**	**5 216**	**4 792**	**10 374**

[1)] Includes trading, origination and market access.

DISTRICT HEATING

NOK million	Second quarter 2023	Second quarter 2022	Year to date 2023	Year to date 2022	Year 2022
DISTRICT HEATING					
Gross operating revenues and other income	**172**	**185**	**595**	**510**	**1 088**
Net operating revenues and other income	**91**	**147**	**365**	**380**	**749**
Operating expenses	- 149	- 147	- 296	- 275	- 561
Operating profit/loss (EBIT) underlying	**- 59**	**-**	**69**	**105**	**188**
Impairments/reversal of impairments	- 1	- 1	- 2	- 2	- 3
Operating profit/loss (EBIT) IFRS	**- 59**	**- 1**	**67**	**103**	**184**
ROACE (rolling 12 months)			4.3%	5.1%	5.4%
ROAE (rolling 12 months)			n/a	n/a	n/a
Total investments	132	39	210	71	169
Delivered volume (GWh)	172	177	588	557	1 002

Quarterly financial performance

The decrease in underlying EBIT was primarily driven by higher fuel prices and more peak load utilisation in addition to lower waste handled volume.

Year to date financial performance

The decrease in underlying EBIT was primarily due to the same factors as for the second quarter, partly offset by higher volume delivered and higher sales prices in the first quarter.

ROACE (12 months rolling) was 4.3 per cent, down from previous quarter due to a decrease in underlying EBIT. The average capital employed was stable.

The investments were primarily related to acquisition of land, investments into extensions of the heat distribution system and other reinvestments in existing assets, mainly in Norway.

NEW TECHNOLOGIES

NOK million	Second quarter 2023	Second quarter 2022	Year to date 2023	Year to date 2022	Year 2022
NEW TECHNOLOGIES					
Gross operating revenues and other income	**248**	**157**	**488**	**323**	**685**
Net operating revenues and other income	**103**	**63**	**184**	**127**	**215**
Operating expenses	- 349	- 229	- 676	- 439	- 871
Operating profit/loss (EBIT) underlying	**- 245**	**- 165**	**- 492**	**- 313**	**- 656**
Impairments/reversal of impairments	-	-	-	-	- 1
Operating profit/loss (EBIT) IFRS	**- 245**	**- 165**	**- 492**	**- 313**	**- 657**
Share of profit/loss in equity accounted investments	- 24	- 13	- 44	- 31	- 54
ROACE (rolling 12 months)			n/a	n/a	n/a
ROAE (rolling 12 months)			n/a	n/a	n/a
Total investments	149	108	344	340	894

Quarterly financial performance

The decrease in underlying EBIT was primarily driven by higher activity and cost levels in line with the growth strategy for hydrogen projects and EV charging.

Year to date financial performance

The decrease in underlying EBIT was primarily due to the same factors as for the second quarter.

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

Outlook

Countries across the world strengthen their climate ambitions, while geopolitical concerns and surging energy prices have contributed to increased global economic uncertainty and turbulent energy markets. These developments have triggered a push for energy security and increased the pace of the energy transition significantly.

The energy transition will change the way energy is produced and consumed. The massive growth in intermittent solar and wind power, the phase-out of coal and an increase in demand for energy will require more flexible generation. With Europe's largest portfolio of flexible hydropower plants and reservoir capacity, Statkraft has a unique competitive advantage. To further strengthen this competitiveness, Statkraft wants to make significant reinvestments in the Nordic hydropower portfolio towards 2030.

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

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

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

The strategic direction stays firm, with increased ambition for offshore wind. Statkraft will continue to build on strong market understanding to find the best opportunities within renewable energy in each market. During the strategy period, Statkraft will increase growth in large parts of the portfolio. The energy transition is expected to provide many growth opportunities for Statkraft in all regions, and the company is well positioned to take part in these.

Uncertainty in the world is increasing, and the renewables industry is challenged by geopolitical tension, market uncertainty, regulatory risk and increasing conflict levels around the energy transition. However, the fundamental trends are supporting the strategy, which has four main pillars:

1. Provide clean flexibility – leveraging hydropower
2. Accelerate solar, wind and battery storage
3. Deliver green market solutions to customers
4. Scale new green energy technologies

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

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

Oslo, 30 August 2023

The Board of Directors of Statkraft AS

Declaration from the Board of Directors and President and CEO

We hereby declare to the best of our knowledge that the six-month interim financial statements for the period 1 January to 30 June 2023 have been prepared in accordance with IAS 34, Interim Reporting, and the accounting information provides a true and fair view of the Group's assets, liabilities, financial position and performance as a whole, and that the six-month interim report provides a true and fair view of important events in the accounting period and their influence on the six-month interim financial statements, associated material transactions and the key risk and uncertainty factors facing the business in the next accounting period.

Oslo, 30 August 2023

The Board of Directors of Statkraft AS

Thorhild Widvey *Chair of the Board*	*Peter Mellbye* *Deputy chair*	*Marit Salte* *Director*
Mikael Lundin *Director*	*Ingelise Arntsen* *Director*	*Pål Erik Sjåtil* *Director*
Lars Mathisen *Director*	*Thorbjørn Holøs* *Director*	*Marte Lind* *Director*

Christian Rynning-Tønnesen
President and CEO

Statkraft AS Group Interim Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

NOK million	Second quarter 2023	Second quarter 2022	Year to date 2023	Year to date 2022	Year 2022
PROFIT AND LOSS					
Sales revenues	21 154	30 739	54 882	66 952	157 605
Gains/losses from market activities	4 875	-4 963	15 360	- 228	7 159
Other operating income	381	131	2 232	355	1 409
Gross operating revenues and other income	**26 409**	**25 907**	**72 474**	**67 079**	**166 174**
Energy purchase	-10 614	-16 968	-27 834	-36 397	-91 131
Transmission costs	- 370	- 36	- 819	- 394	-1 103
Net operating revenues and other income	**15 425**	**8 902**	**43 821**	**30 288**	**73 940**
Salaries and payroll costs	-1 754	-1 773	-3 716	-3 393	-7 508
Depreciations and amortisations	-1 263	-1 128	-2 450	-2 247	-4 657
Impairments/reversal of impairments	2 214	324	2 205	35	- 907
Regulatory fees	- 661	- 335	-1 863	- 703	-3 409
Other operating expenses	-1 817	-1 304	-3 397	-2 329	-5 281
Operating expenses	**-3 281**	**-4 216**	**-9 221**	**-8 638**	**-21 763**
Operating profit/loss (EBIT)	**12 145**	**4 687**	**34 601**	**21 650**	**52 178**
Share of profit/loss in equity accounted investments	750	- 513	2 023	157	531
Net currency effects	-1 298	-1 672	-4 245	- 457	233
Interest and other financial items	879	172	1 340	604	5 878
Net financial items	**- 419**	**-1 500**	**-2 904**	**148**	**6 111**
Profit/loss before tax	**12 476**	**2 674**	**33 719**	**21 956**	**58 819**
Income tax expense	-6 840	-3 891	-17 210	-11 731	-30 228
Net profit/loss	**5 636**	**-1 217**	**16 509**	**10 224**	**28 592**
Of which non-controlling interest	140	142	379	475	624
Of which owners of the parent	5 496	-1 359	16 130	9 750	27 968
OTHER COMPREHENSIVE INCOME (OCI)					
Items in other comprehensive income that recycle over profit/loss:					
Items recorded in other comprehensive income in equity accounted investments	- 57	42	- 73	46	88
Recycling of currency translation effects related to foreign operations disposed	- 18	- 12	- 56	- 12	- 2
Currency translation effects	2 472	6 248	10 445	4 869	4 765
Total	**2 397**	**6 278**	**10 316**	**4 903**	**4 851**
Items in other comprehensive income that will not recycle over profit/loss:					
Changes in fair value of financial instruments, net of tax	-	- 62	-	- 91	- 90
Estimate deviation pension in equity accounted investments	178	- 171	218	131	- 23
Estimate deviation pension, net of tax	549	- 6	521	1 053	797
Total	**727**	**- 239**	**739**	**1 093**	**684**
Other comprehensive income	**3 124**	**6 039**	**11 055**	**5 996**	**5 535**
Total comprehensive income	**8 760**	**4 821**	**27 564**	**16 219**	**34 127**
Of which non-controlling interest	326	270	735	737	777
Of which owners of the parent	8 434	4 551	26 829	15 484	33 350

STATEMENT OF FINANCIAL POSITION

NOK million	Note	Second quarter 2023	2022	Year 2022
ASSETS				
Deferred tax assets		807	1 843	1 213
Intangible assets	6	4 802	4 197	4 322
Property, plant and equipment	6	136 068	122 148	122 808
Equity accounted investments		20 934	14 639	18 645
Derivatives	9	31 643	56 674	39 180
Other non-current assets		9 170	7 082	7 367
Non-current assets		**203 423**	**206 583**	**193 533**
Inventories	7	19 415	9 835	12 550
Receivables		34 314	53 373	58 040
Financial investments		675	586	629
Derivatives	9	18 284	77 279	17 522
Cash and cash equivalents (incl. restricted cash)		38 735	53 417	58 902
Current assets		**111 424**	**194 491**	**147 643**
Assets		**314 846**	**401 073**	**341 176**
EQUITY AND LIABILITIES				
Paid-in capital		59 219	59 219	59 219
Other reserves		16 893	6 880	6 853
Retained earnings		59 504	42 050	59 928
Total equity attributable to owners of the parent		**135 616**	**108 149**	**126 000**
Non-controlling interest		6 089	5 630	5 691
Equity		**141 705**	**113 779**	**131 691**
Deferred tax		23 120	14 618	16 964
Pension liabilities		2 473	3 042	2 927
Bond and bank debt	8	35 331	25 761	25 083
Lease liabilities	8	1 863	1 729	1 687
Contract liabilities		3 576	3 892	3 736
Derivatives	9	25 651	55 897	43 629
Other non-current liabilities		4 436	3 313	3 974
Non-current liabilities		**96 450**	**108 251**	**98 000**
Commercial papers, bond and bank debt	8	6 645	13 602	12 310
Lease liabilities	8	390	370	345
Contract liabilities		316	316	316
Taxes payable		21 831	22 870	26 365
Derivatives	9	24 092	106 621	35 049
Other current liabilities	8	23 415	35 265	37 100
Current liabilities		**76 691**	**179 043**	**111 485**
Equity and liabilities		**314 846**	**401 073**	**341 176**

STATEMENT OF CHANGES IN EQUITY

NOK million	Paid-in capital	Hedging reserves and profit and loss reserves other shares	Accumulated translation differences	Total other reserves	Retained earnings	Total equity attributable to owner of parent	Non-controlling interests	Total equity
Balance as of 31 Dec 2021	59 219	- 179	2 413	2 234	41 426	102 880	4 896	107 775
Net profit/loss	-	-	-	-	9 750	9 750	475	10 225
Total other comprehensive income	-	- 28	4 674	4 646	1 088	5 734	262	5 996
Total comprehensive income for the period	-	- 28	4 674	4 646	10 838	15 484	737	16 221
Dividend	-	-	-	-	-10 214	-10 214	- 312	-10 526
Transactions with non-controlling interests	-	-	-	-	-	-	310	310
Balance as of 30 June 2022	59 219	- 207	7 087	6 880	42 050	108 149	5 630	113 779
Balance as of 31 Dec 2021	59 219	- 179	2 413	2 234	41 426	102 880	4 896	107 775
Net profit/loss	-	-	-	-	27 968	27 968	624	28 592
Total other comprehensive income	-	15	4 603	4 618	764	5 382	153	5 535
Total comprehensive income for the period	-	15	4 603	4 618	28 732	33 350	777	34 127
Dividend	-	-	-	-	-10 214	-10 214	- 312	-10 526
Transactions with non-controlling interests	-	-	-	-	- 15	- 15	330	315
Balance as of 31 Dec 2022	59 219	- 163	7 016	6 853	59 928	126 000	5 691	131 691
Net profit/loss	-	-	-	-	16 131	16 131	379	16 509
Total other comprehensive income [1)]	-	- 74	10 114	10 040	658	10 698	356	11 055
Total comprehensive income for the period	-	- 74	10 114	10 040	16 789	26 829	735	27 564
Dividend	-	-	-	-	-17 213	-17 213	- 386	-17 599
Transactions with non-controlling interests	-	-	-	-	-	-	49	49
Balance as of 30 June 2023	59 219	- 237	17 130	16 893	59 504	135 616	6 089	141 705

[1)] Includes NOK 254 million in inflation adjustment of Turkish entities due to hyperinflation as of 30 June 2023. Comparable figures have not been restated.

STATEMENT OF CASH FLOW

NOK million		Second quarter 2023	Second quarter 2022	Year to date 2023	Year to date 2022	Year 2022
CASH FLOW FROM OPERATING ACTIVITIES						
Operating profit/loss (EBIT)		12 145	4 687	34 601	21 650	52 178
Depreciations, amortisations and impairments		- 950	804	245	2 212	5 565
Gains/losses from divestments and disposals of assets		- 114	- 55	-1 717	- 147	- 226
Unrealised effects included in operating profit/loss (EBIT)		-2 201	8 114	-11 117	1 520	-1 867
Dividends from equity accounted investments		1 606	790	1 647	813	1 154
Changes in working capital		-4 152	5 248	-8 459	-3 295	-1 524
Investments in development and construction projects classified as inventories (DS/DBS)		- 840	- 515	-1 651	- 860	-2 792
Cash collateral, margin calls and option prepayments		-2 135	-1 005	1 454	97	2 815
Cash effects from foreign exchange derivatives related to operations		- 557	- 260	- 905	- 21	- 296
Effects from prepayments from customers		- 84	- 62	- 183	- 160	- 316
Taxes paid		-7 675	-1 187	-16 134	-2 500	-14 519
Other changes		160	- 8	- 256	- 174	70
Cash flow from operating activities	A	**-4 798**	**16 551**	**-2 478**	**19 137**	**40 242**
CASH FLOW FROM INVESTING ACTIVITIES						
Investments in property, plant and equipment and intangible assets		-2 657	-2 253	-4 154	-4 006	-8 041
Divestment of shares in subsidiaries, net liquidity inflow		-	-	783	-	-
Acquisitions of shares in subsidiaries, net liquidity outflow		- 433	- 65	- 579	- 222	- 269
Loans and interest related to equity accounted investments		26	33	61	54	130
Sale of development and construction projects classified as inventories (DS/DBS)		803	591	803	1 018	1 537
Other investments		- 70	- 150	- 147	- 191	- 372
Cash flow from investing activities	B	**-2 329**	**-1 844**	**-3 233**	**-3 347**	**-7 015**
CASH FLOW FROM FINANCING ACTIVITIES						
New debt		6 009	5 798	8 379	15 103	25 911
Repayment of debt		- 896	-5 700	-8 296	-15 679	-28 271
Cash collateral related to financing		625	- 508	336	- 196	- 593
Interests paid		- 276	- 94	- 604	- 329	-1 030
Interests received from cash and other assets		590	143	1 089	237	995
Dividend and group contribution paid to Statkraft SF		-17 213	-	-17 213	-	-10 214
Transactions with non-controlling interests		- 387	- 91	- 338	- 2	18
Cash flow from financing activities	C	**-11 547**	**- 452**	**-16 647**	**- 867**	**-13 184**
Net change in cash and cash equivalents	A+B+C	**-18 674**	**14 256**	**-22 358**	**14 923**	**20 043**
Currency exchange rate effects on cash and cash equivalents		471	1 456	2 192	1 332	1 696
Cash and cash equivalents 1 April / 1 Jan		56 939	37 705	58 902	37 162	37 162
Cash and cash equivalents 30 Jun / 31 Dec		38 735	53 417	38 735	53 417	58 902
Of which are cash and cash equivalents in joint operations		203	205	203	205	190
Unused committed credit lines				15 215	13 453	13 668
Unused overdraft facilities				2 052	2 044	2 045
Restricted cash				356	230	332

Segments

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

The items below are excluded from the underlying figures:

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

RECONCILIATION OF IFRS FIGURES VERSUS UNDERLYING FIGURES

	Second quarter 2023			Second quarter 2022			The year 2022		
NOK million	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales revenues	21 154		21 154	30 739		30 739	157 605		157 605
Gains/losses from market activities	4 875	-2 312	2 563	-4 963	- 546	-5 509	7 159	1 338	8 498
Other operating income	381	-	381	131	0	131	1 409	1	1 409
Gross operating revenues and other income	**26 409**	**-2 312**	**24 097**	**25 906**	**- 546**	**25 360**	**166 174**	**1 339**	**167 513**
Energy purchase	-10 614		-10 614	-16 968		-16 968	-91 131		-91 131
Transmission costs	- 370		- 370	- 36		- 36	-1 103		-1 103
Net operating revenues and other income	**15 425**	**-2 312**	**13 114**	**8 902**	**- 546**	**8 356**	**73 940**	**1 339**	**75 280**
Salaries and payroll costs	-1 754		-1 754	-1 773		-1 773	-7 508		-7 508
Depreciations and amortisations	-1 263		-1 263	-1 128		-1 128	-4 657		-4 657
Impairments/reversal of impairments	2 214	-2 214	-	324	- 324	-	- 907	907	-
Regulatory fees	- 661		- 661	- 335		- 335	-3 409		-3 409
Other operating expenses	-1 817	-	-1 817	-1 304	0	-1 304	-5 281	-	-5 281
Operating expenses	**-3 281**	**-2 214**	**-5 494**	**-4 216**	**- 324**	**-4 539**	**-21 763**	**907**	**-20 855**
Operating profit/loss (EBIT)	**12 145**	**-4 525**	**7 619**	**4 686**	**- 870**	**3 817**	**52 178**	**2 246**	**54 424**

RECONCILIATION OF IFRS FIGURES VERSUS UNDERLYING FIGURES

	Year to date 2023			Year to date 2022		
NOK million	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales revenues	54 882		54 882	66 952		66 952
Gains/losses from market activities	15 360	-4 632	10 728	- 228	155	- 73
Other operating income	2 232	-1 603	629	355	0	355
Gross operating revenues and other income	**72 474**	**-6 235**	**66 239**	**67 079**	**155**	**67 234**
Energy purchase	-27 834		-27 834	-36 397		-36 397
Transmission costs	- 819		- 819	- 394		- 394
Net operating revenues and other income	**43 821**	**-6 235**	**37 587**	**30 288**	**155**	**30 443**
Salaries and payroll costs	-3 716		-3 716	-3 393		-3 393
Depreciations and amortisations	-2 450		-2 450	-2 247		-2 247
Impairments/reversal of impairments	2 205	-2 205	-	35	- 35	-
Regulatory fees	-1 863		-1 863	- 703		- 703
Other operating expenses	-3 397	-	-3 397	-2 329	0	-2 329
Operating expenses	**-9 221**	**-2 205**	**-11 426**	**-8 638**	**- 35**	**-8 673**
Operating profit/loss (EBIT)	**34 601**	**-8 440**	**26 161**	**21 650**	**120**	**21 770**

NOK million	Second quarter 2023	2022	Year to date 2023	2022	Year 2022
Gross operating revenues and other income, external					
Nordics	9 514	9 724	25 631	25 320	57 896
Europe	1 816	-1 232	5 876	1 665	11 088
International	1 159	935	2 264	1 735	3 605
Markets	11 325	15 673	31 578	37 843	93 410
District heating	171	184	593	502	1 079
New technologies	245	149	480	309	635
Other and group items	-134	-72	-182	-141	-201
Statkraft AS Group	24 097	25 360	66 239	67 234	167 512
Gross operating revenues and other income, internal					
Nordics	230	150	852	481	1 327
Europe	80	273	301	656	1 365
International	78	134	103	211	388
Markets	64	39	125	20	-98
District heating	1	1	1	8	9
New technologies	3	8	8	14	50
Other and group items	-456	-604	-1 390	-1 390	-3 040
Statkraft AS Group	-	-	-	-	-
Net operating revenues and other income					
Nordics	8 791	8 894	24 243	23 401	53 375
Europe	1 230	-2 016	4 811	-354	5 400
International	762	679	1 394	1 211	2 475
Markets	2 382	916	6 950	6 310	14 106
District heating	91	147	365	380	749
New technologies	103	63	184	127	215
Other and group items	-246	-327	-360	-632	-1 041
Statkraft AS Group	13 114	8 356	37 587	30 443	75 280
Operating profit/loss (EBIT) underlying					
Nordics	6 269	6 695	18 806	19 176	43 042
Europe	129	-2 812	2 642	-1 863	1 832
International	182	231	320	375	636
Markets	1 585	133	5 216	4 792	10 374
District heating	-59	-	69	105	188
New technologies	-245	-165	-492	-313	-656
Other and group items	-242	-264	-400	-502	-992
Statkraft AS Group	7 619	3 817	26 161	21 770	54 424
Operating profit/loss (EBIT) IFRS					
Nordics	10 899	7 245	27 358	19 025	41 011
Europe	109	-1 246	2 622	-320	3 375
International	98	-1 015	230	-1 135	-1 117
Markets	1 585	133	5 216	4 792	10 374
District heating	-59	-1	67	103	184
New technologies	-245	-165	-492	-313	-657
Other and group items	-242	-264	-400	-502	-992
Statkraft AS Group	12 145	4 687	34 601	21 651	52 178

NOK million	Second quarter 2023	2022	Year to date 2023	2022	Year 2022
Share of profit/loss in equity acc investments					
Nordics	414	-1 238	1 575	-699	-685
Europe	-5	34	35	130	281
International	365	704	457	757	988
Markets	-	-	-	-	-
District heating	-	-	-	-	-
New technologies	-24	-13	-44	-31	-54
Other and group items	-	-	-	-	-
Statkraft AS Group	750	-513	2 023	157	531
Property, plant and equipment and intangible assets					
Nordics	83 735	79 902	83 735	79 902	79 984
Europe	21 615	17 875	21 615	17 875	18 381
International	29 206	22 654	29 206	22 654	22 775
Markets	139	150	139	150	137
District heating	3 595	3 475	3 595	3 475	3 466
New technologies	1 675	1 297	1 675	1 297	1 461
Other and group items	905	991	905	991	925
Statkraft AS Group	140 870	126 345	140 870	126 345	127 129
Equity accounted investments					
Nordics	15 251	9 740	15 251	9 740	13 739
Europe	913	927	913	927	801
International	4 728	3 943	4 728	3 943	4 026
Markets	-	-	-	-	-
District heating	-	-	-	-	-
New technologies	48	44	48	44	92
Other and group items	-7	-14	-7	-14	-14
Statkraft AS Group	20 934	14 640	20 934	14 640	18 645
Depreciations, amortisations and impairments					
Nordics	1 669	-616	1 055	-1 225	-3 219
Europe	-298	1 360	-548	1 096	616
International	-273	-1 417	-464	-1 823	-2 424
Markets	-9	-8	-18	-15	-35
District heating	-54	-51	-106	-101	-203
New technologies	-36	-30	-73	-58	-128
Other and group items	-48	-43	-92	-86	-172
Statkraft AS Group	950	-804	-245	-2 212	-5 565
Total investments					
Nordics	1 013	817	2 131	1 418	3 855
Europe	1 314	707	2 281	1 165	3 708
International	3 640	542	4 307	1 655	2 732
Markets	4	10	7	26	42
District heating	132	39	210	71	169
New technologies	149	108	344	340	894
Other and group items	24	167	26	215	50
Statkraft AS Group	6 276	2 390	9 305	4 889	11 451

Selected notes to the accounts

NOTE 1 – BASIS FOR PREPARATION

ACCOUNTING POLICIES

The consolidated financial statements for the second quarter of 2023, ended 30 June 2023, have been prepared in accordance with International Financial Reporting Standards (IFRS) and consist of Statkraft AS and its subsidiaries and equity accounted investments. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated annual report for 2022. The accounting policies applied are the same as those applied in the annual consolidated financial statements for 2022.

The interim consolidated financial statements have not been audited.

PRESENTATION OF FINANCIAL STATEMENTS

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

ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

NOTE 2 - REVENUE SPECIFICATION PER SEGMENT

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

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

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

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

Other mainly consists of:

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

NOK million	Statkraft AS Group	Nordics	Europe	Inter-national	Markets	District heating	New techno-logies	Other	Group items
Second quarter 2023									
Generation - sales revenues	10 157	7 943	1 113	1 109	- 6	-	-	-	- 2
Generation - energy purchase	- 973	- 37	- 603	- 340	- 1	-	-	-	8
Generation - net	9 185	7 906	510	769	- 7	-	-	-	7
District heating - sales revenues	197	27	-	-	-	171	-	-	- 1
District heating - energy purchase	- 90	- 12	-	-	-	- 81	-	-	3
District heating - net	107	15	-	-	-	90	-	-	2
Customers - sales revenues	9 134	55	- 5	-	9 402	-	-	-	- 318
Customers - energy purchase	-8 727	- 40	-	-	-9 007	-	-	-	320
Customers - net	407	15	- 5	-	395	-	-	-	2
Other - sales revenues	1 665	1 222	210	67	17	-	229	-	- 80
Other - energy purchase	- 825	- 592	- 56	- 46	-	-	- 145	-	14
Other - net	840	630	154	21	17	-	84	-	- 66
Sales revenues - total	21 154	9 247	1 318	1 176	9 413	171	229	-	- 400
Energy purchase - total	-10 614	- 681	- 659	- 386	-9 008	- 81	- 145	-	346
Sales revenues adjusted for energy purchase	10 540	8 566	659	790	405	90	84	-	- 54
Year to date 2023									
Generation - sales revenues	25 325	20 659	2 578	2 192	- 6	-	-	-	- 98
Generation - energy purchase	-1 997	- 53	-1 281	- 760	- 1	-	-	-	98
Generation - net	23 328	20 606	1 297	1 432	- 7	-	-	-	-
District heating - sales revenues	681	92	-	-	-	592	-	-	- 3
District heating - energy purchase	- 269	- 45	-	-	-	- 230	-	-	6
District heating - net	412	47	-	-	-	362	-	-	3
Customers - sales revenues	25 349	158	- 5	-	26 287	-	-	-	-1 091
Customers - energy purchase	-23 801	- 141	-	-	-24 752	-	-	-	1 092
Customers - net	1 548	17	- 5	-	1 535	-	-	-	1
Other - sales revenues	3 527	2 806	368	109	- 95	-	447	-	- 108
Other - energy purchase	-1 767	-1 364	- 66	- 51	-	-	- 304	- 13	31
Other - net	1 760	1 442	302	58	- 95	-	143	- 13	- 77
Sales revenues - total	54 882	23 715	2 941	2 301	26 186	592	447	-	-1 300
Energy purchase - total	-27 834	-1 603	-1 347	- 811	-24 753	- 230	- 304	- 13	1 227
Sales revenues adjusted for energy purchase	27 048	22 112	1 594	1 490	1 433	362	143	- 13	- 73

NOK million	Statkraft AS Group	Nordics	Europe	Inter-national	Markets	District heating	New techno-logies	Other	Group items
Second quarter 2022									
Generation - sales revenues	13 236	10 873	1 478	935	- 7	-	-	-	- 43
Generation - energy purchase	- 958	- 66	- 664	- 283	4	-	-	-	51
Generation - net	12 278	10 807	814	652	- 3	-	-	-	8
District heating - sales revenues	205	23	-	-	-	184	-	-	- 2
District heating - energy purchase	- 46	- 10	-	-	-	- 37	-	-	1
District heating - net	159	13	-	-	-	147	-	-	- 1
Customers - sales revenues	15 452	46	- 2	27	15 658	-	-	-	- 277
Customers - energy purchase	-14 572	- 46	-	- 27	-14 800	-	-	-	301
Customers - net	879	-	- 2	-	858	-	-	-	23
Other - sales revenues	1 846	1 323	445	64	- 104	-	133	-	- 15
Other - energy purchase	-1 392	- 852	- 390	- 56	-	-	- 93	-	-1
Other - net	455	471	55	8	- 104	-	40	-	- 15
Sales revenues - total	30 739	12 265	1 921	1 026	15 547	184	133	-	- 337
Energy purchase - total	-16 968	- 974	-1 054	- 366	-14 796	- 37	- 93	-	352
Sales revenues adjusted for energy purchase	13 770	11 291	867	660	751	147	40	-	14
Year to date 2022									
Generation - sales revenues	28 711	23 325	3 715	1 727	- 1	-	-	-	- 54
Generation - energy purchase	-2 232	- 104	-1 645	- 542	2	-	-	-	57
Generation - net	26 479	23 221	2 070	1 185	1	-	-	-	2
District heating - sales revenues	571	73	-	-	-	501	-	-	- 3
District heating - energy purchase	- 155	- 28	-	-	-	- 131	-	-	4
District heating - net	416	45	-	-	-	370	-	-	1
Customers - sales revenues	32 241	87	- 2	27	32 922	-	-	-	- 793
Customers - energy purchase	-30 823	- 87	-	- 27	-31 555	-	-	-	846
Customers - net	1 418	-	- 1	-	1 367	-	-	-	52
Other - sales revenues	5 428	3 729	1 387	130	- 104	7	292	-	- 14
Other - energy purchase	-3 187	-1 854	-1 020	- 111	-	-	- 196	- 6	-
Other - net	2 242	1 875	367	19	- 104	7	96	- 6	- 14
Sales revenues - total	66 952	27 214	5 100	1 884	32 817	508	292	-	- 864
Energy purchase - total	-36 397	-2 073	-2 665	- 680	-31 553	- 131	- 196	- 6	906
Sales revenues adjusted for energy purchase	30 554	25 141	2 436	1 204	1 264	378	96	- 6	42

NOK million	Statkraft AS Group	Nordics	Europe	Inter-national	Markets	District heating	New techno-logies	Other	Group items
The year 2022									
Generation - sales revenues	65 101	51 124	10 441	3 649	-	-	-	-	- 112
Generation - energy purchase	-7 156	- 278	-5 787	-1 206	2	-	-	-	113
Generation - net	57 945	50 846	4 654	2 443	2	-	-	-	1
District heating - sales revenues	1 203	137	-	-	-	1 076	-	-	- 10
District heating - energy purchase	- 384	- 55	-	-	-	- 339	-	-	10
District heating - net	819	82	-	-	-	737	-	-	-
Customers - sales revenues	80 296	256	- 2	-	82 113	-	-	-	-2 071
Customers - energy purchase	-77 400	- 251	- 13	-	-79 207	-	-	-	2 071
Customers - net	2 896	5	- 14	-	2 906	-	-	-	- 1
Other - sales revenues	11 005	8 530	1 759	265	- 125	7	655	-	- 87
Other - energy purchase	-6 190	-4 384	-1 169	- 173	-	-	- 470	- 36	42
Other - net	4 814	4 146	590	92	- 125	7	185	- 36	- 45
Sales revenues - total	157 605	60 047	12 198	3 914	81 988	1 084	655	-	-2 280
Energy purchase - total	-91 131	-4 968	-6 969	-1 379	-79 205	- 339	- 470	- 36	2 236
Sales revenues adjusted for energy purchase	66 475	55 079	5 230	2 535	2 783	745	185	- 36	- 45

NOTE 3 - UNREALISED EFFECTS REPORTED IN PROFIT AND LOSS

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

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

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

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

Markets The negative unrealised effects were mainly related to trading, partly offset by positive effects from origination.

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

	Second quarter 2023			Year to date 2023		
NOK million	Unrealised	Realised	Total	Unrealised	Realised	Total
Gains/losses from market activities:	2 201	2 674	4 875	11 117	4 243	15 360
-of which Nordics [1)]	2 733	- 94	2 639	7 211	- 186	7 026
-of which Europe	266	109	375	2 780	192	2 972
-of which Markets	- 855	2 762	1 907	978	4 406	5 384
-of which Group items and other	56	- 103	- 47	148	- 169	- 21
Total Gains/losses from market activities [1)]	**2 201**	**2 674**	**4 875**	**11 117**	**4 243**	**15 360**
Net currency effects [2)]	- 590	- 708	-1 298	-4 104	- 141	-4 245
Interest and other financial items	405	474	879	436	905	1 341
Total Net financial items	**- 185**	**- 234**	**- 419**	**-3 669**	**764**	**-2 904**
Total unrealised effects in Profit and Loss	**2 016**			**7 449**		

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

[2)] Currency losses year to date from internal loans were NOK 2051 million, of which a loss of NOK 17 million was realised.

	Second quarter 2022			Year to date 2022			Year 2022		
NOK million	Unrealised	Realised	Total	Unrealised	Realised	Total	Unrealised	Realised	Total
Gains/losses from market activities:									
-of which Nordics [1)]	-1 935	- 5	-1 941	-1 259	- 592	-1 851	-1 935	-1 375	-3 310
-of which Europe	-3 039	68	-2 971	-3 067	40	-3 026	- 628	403	- 225
-of which Markets	-2 939	3 089	150	3 186	1 826	5 012	4 917	6 321	11 238
-of which Group items and other	- 201	- 0	- 201	- 380	18	- 362	- 487	- 58	- 544
Total Gains/losses from market activities [1)]	**-8 114**	3 151	-4 963	**-1 520**	1 292	- 228	**1 867**	5 292	7 159
Net currency effects [2)]	-2 540	868	-1 672	-1 432	975	- 457	1 126	- 893	233
Interest and other financial items	294	- 122	172	639	- 34	605	1 421	4 457	5 878
Total Net financial items	**-2 246**	746	-1 500	**- 793**	941	148	**2 547**	3 564	6 111
Total unrealised effects in Profit and Loss	**-10 360**			**-2 312**			**4 414**		

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

NOTE 4 - TAX EXPENSE

Second quarter

Resource rent tax payable decreased, mainly due to lower Norwegian prices and lower generation. This was partly offset by effects from a higher tax rate (45 per cent vs. 37 per cent).

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

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

The high effective tax rate in the comparable quarter was mainly driven by significant contributions from Norwegian hydropower generation with a marginal tax rate of 59 per cent combined with negative contributions from financial hedging and currency effects subject only to ordinary income tax.

Year to date

The tax expense was driven by the same factors as for the quarter.

	Second quarter			Year to date	
NOK million	2023	2022	*Change*	2023	2022
Tax expense					
Profit/loss before tax	12 476	2 674	*9 802*	33 719	21 956
Nominal tax rate in Norway	22%	22%	*0%*	22%	22%
Tax calculated at nominal Norwegian tax rate	2 745	588	*2 156*	7 418	4 830
Tax on share of profit/loss in equity accounted investments	- 165	113	*- 278*	- 445	- 35
Resource rent tax payable	2 148	2 836	*- 688*	5 898	6 236
Resource rent tax deferred	1 481	408	*1 073*	3 230	987
Other differences from the nominal Norwegian tax rate	632	- 53	*686*	1 109	- 288
Tax expense	6 840	3 891	*2 949*	17 210	11 731
Effective tax rate	54.8%	145.5%	*-90.7%*	51.0%	53.4%

NOTE 5 - NORWEGIAN HYDROPOWER AND RELATED BUSINESS

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

NOK million	Statkraft AS Group	"Norwegian hydropower" from: Statkraft Energi AS	Skagerak Kraft Group	Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
Year to date 2023						
Gross operating revenues and other income	72 474	22 340	3 317	25 696		25 696
Net operating revenues and other income	43 821	21 868	3 183	25 090		25 090
Operating profit/loss (EBIT)	34 601	18 861	2 441	21 302		21 302
Share of profit/loss in equity accounted investments	2 023	-	1	1	1 563 [1)]	1 564
Net financial items	-2 904	263	123	386		386
Tax expense	-17 210	-12 610	-1 778	-14 388		-14 388
Net profit/loss	16 509	6 515	787	7 301	1 563	8 864
Net profit/loss (of which owners of the parent)	16 130	6 515	522	7 037	1 563	8 599
Paid dividend and group contribution to Statkraft		9 500 [2)]	759 [3)]	10 259	1 464 [3)]	11 723
Assets 30 June 2023						
Equity accounted investments	20 934	2	13	15	13 863 [1)]	13 878
Other assets	293 912	39 723	10 100	49 823		49 823
Total assets	314 846	39 725	10 113	49 838	13 863	63 700
EBITDA	34 846	19 428	2 540	21 968		21 968
Depreciations, amortisations and impairments	- 245	- 567	- 99	- 665		- 665
Maintenance and other investments	3 104	1 103	90	1 193		1 193
Investments in new capacity	3 923	-	-	-		-
New capacity for subsequent divestment (DS/DBS)	1 651	-	-	-		-
Investments in shareholdings	627	-	3	3		3
Total investments	9 305	1 103	92	1 196		1 196

[1)] *Statkraft's share.*
[2)] *Dividend and group contribution after tax paid from Statkraft Energi AS.*
[3)] *Dividend paid to Statkraft.*

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

[1] *Statkraft's share.*
[2] *Dividend and group contribution after tax paid from Statkraft Energi AS.*
[3] *Dividend paid to Statkraft.*
[4] *Comparable figures for Norwegian hydropower have been restated.*

NOTE 6 - INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

NOK million	Year to date 2023	2022	Year 2022
INTANGIBLE ASSETS			
Balance as of 01.01.	4 322	4 112	4 112
Additions	433	77	238
Additions from acquisition of companies	106	180	254
Reclassifications	-	- 29	- 36
Amortisations	- 127	- 113	- 224
Impairments	- 18	- 328	- 360
Reversal of impairments	-	4	-
Derecognition from divestments[1]	- 311	-	-
Disposals	- 32	-	- 3
Currency translation effects	430	295	341
Balance as of end of period	4 802	4 197	4 322

PROPERTY, PLANT AND EQUIPMENT	2023	2022	2022
Balance as of 01.01.	122 808	116 521	116 521
Additions	6 146	3 280	7 067
Additions due to IFRS 16 (new contracts)	208	145	300
Remeasurements and other changes (IFRS 16)	69	35	20
Additions from acquisition of companies	351	15	77
Capitalised borrowing costs	244	151	292
Reclassifications[2]	392	29	35
Depreciations	-2 323	-2 134	-4 432
Impairments	- 94	-1 234	-2 139
Reversal of impairments	2 318	1 592	1 593
Derecognition from divestments	- 33	- 197	- 223
Disposals	- 43	- 18	- 106
Currency translation effects[3]	6 026	3 963	3 803
Balance as of end of period	136 068	122 148	122 808

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

[2] Reclassified NOK 392 million from Inventory to Property, plant and equipment in the second quarter of 2023.

[3] Includes NOK 261 million in inflation adjustment of Turkish entities due to hyperinflation as of 30 June 2023.

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

Impairments/reversal of impairments

NOK million			Second quarter 2023	Year to date 2023
Impairments/reversal of impairments				
Technology	**Segment**	**Country**		
Wind power	Nordics	Sweden	1 754	1 754
Wind power	Nordics	Norway	563	563
Solar power	International	India	- 75	- 75
Other			- 28	- 37
Total impairments (-)/reversal of impairments (+)			2 214	2 205
		Intangibles	*- 10*	*- 18*
		Property, plant and equipment	*2 224*	*2 223*

Wind power in Sweden and Norway In the second quarter a reversal of NOK 2318 million related to wind farms in Sweden (NOK 1754 million) and Norway (NOK 563 million) were recognised in the profit and loss under the segment Nordics. The reversal is explained by higher future power prices.

Reversal of impairments in equity accounted investments

Hydropower in Chile In the second quarter an impairment reversal of NOK 331 million related to a hydropower plant was recognised in the profit and loss. The reversal is explained by expected higher future power prices. The reversal is presented as share of profit/loss in equity accounted investments under the segment International.

NOTE 7- INVENTORIES

NOK million	Second quarter 2023	2022	Year to date 2022
Inventories measured at fair value less costs to sell			
Environmental certificates	13 197	6 432	7 022
Inventories measured at the lower of cost price and net realisable value			
Environmental certificates	85	33	549
Spare parts	254	200	216
Other	411	143	270
Total	750	376	1 035
Wind and solar projects (DS/DBS) measured at the lower of cost price and net realisable value			
Development projects	1 501	1 142	1 298
Construction projects	3 806	1 836	3 144
In operation	161	49	51
Total	5 468	3 027	4 493
Total inventories	19 415	9 835	12 550

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

Statkraft currently has 10 ongoing construction projects within the business model, as well as two projects where construction is completed. Put/call option agreements (PCOA) for future sale have been signed for three construction projects. The carrying value of these projects are NOK 2.7 billion at quarter end. These agreements will be closed when the projects reach the agreed conditions.

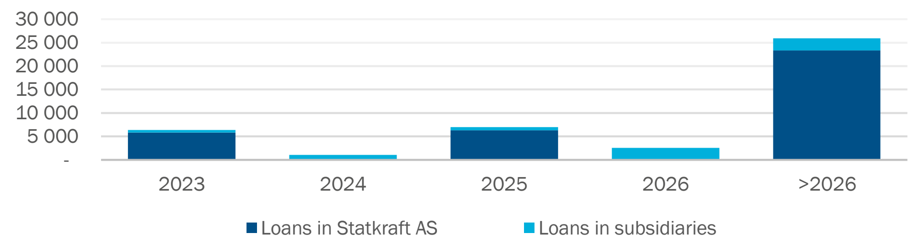
The increase in fair value less costs to sell for environmental certificates from December 2022 was mainly explained by increased volume of certificates and positive currency effects, somewhat offset by decreased prices.

NOTE 8 - INTEREST-BEARING LIABILITIES

NOK million	Second quarter 2023	2022	Year 2022
INTEREST-BEARING LIABILITIES, CURRENT			
Commercial papers, bond and bank debt	6 645	13 602	12 310
Lease liabilities	390	370	345
Cash collateral	2 872	4 945	3 495
Debt to Statkraft SF	200	200	200
Other current liabilities	20	23	15
Total	10 128	19 140	16 365
INTEREST-BEARING LIABILITIES, NON-CURRENT			
Bond and bank debt	35 331	25 761	25 083
Lease liabilities	1 863	1 729	1 687
Total	37 194	27 489	26 770
Total interest-bearing liabilities	47 322	46 629	43 135

INTEREST-BEARING DEBT REPAYMENT PLAN[1)]

Long-term debt redemption profile
NOK million



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

NOTE 9 – DERIVATIVES

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

NOK million

Fair value hierarchy

	Fair value measurement at period-end using:			
Year to date 2023	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit and loss				
Energy derivatives, non-current assets	930	13 416	16 383	30 729
Energy derivatives, current assets	530	15 864	1 810	18 205
Energy derivatives, non-current liabilities	-1 902	-11 016	-12 389	-25 306
Energy derivatives, current liabilities	-2 306	-20 526	-674	-23 506
Energy derivatives, net	-2 747	-2 261	5 131	122
Currency and interest rate derivatives, non-current	-	914	-	914
Currency and interest rate derivatives, current assets	-	79	-	79
Currency and interest rate derivatives, non-current liabil.	-	-345	-	-345
Currency and interest rate derivatives, current liabilities	-	-586	-	-586
Currency and interest rate derivatives, net	-	62	-	62

	Fair value measurement at period-end using:			
The year 2022	Level 1	Level 2	Level 3	Total
Derivatives at fair value through profit and loss				
Energy derivatives, non-current assets	132	15 269	23 008	38 409
Energy derivatives, current assets	88	13 426	3 839	17 353
Energy derivatives, non-current liabilities	-3 336	-21 378	-18 595	-43 309
Energy derivatives, current liabilities	-3 066	-28 045	-3 520	-34 631
Energy derivatives, net	-6 182	-20 728	4 732	-22 178
Currency and interest rate derivatives, non-current	-	771	-	771
Currency and interest rate derivatives, current assets	-	169	-	169
Currency and interest rate derivatives, non-current liabil.	-	-321	-	-321
Currency and interest rate derivatives, current liabilities	-	-418	-	-418
Currency and interest rate derivatives, net	-	202	-	202

NOK million

Derivatives measured at fair value based on Level 3

Year to date 2023	Assets	Liabilities	Total
Opening balance 01.01.2023	26 847	-22 115	4 732
Unrealised changes in value recognised in profit and loss	-9 567	10 062	495
Transfers to or from Level 3	-472	397	-75
Currency translation effects	1 386	-1 407	-21
Closing balance 30.06.2023	**18 194**	**-13 063**	**5 131**

Net realised gain (+)/loss (-) recognised in profit and loss year to date 2023. -72

The year 2022	Assets	Liabilities	Total
Opening balance 01.01.2022	12 298	-11 128	1 170
Unrealised changes in value recognised in profit and loss	14 941	-9 433	5 508
Transfers to or from Level 3	-1 016	-925	-1 941
Currency translation effects	624	-629	-5
Closing balance 31.12.2022	**26 847**	**-22 115**	**4 732**

Net realised gain (+)/loss (-) recognised in profit and loss 2022. -609

NOTE 10 - DISPUTES, CONTINGENCIES AND UNCERTAIN TAX POSITIONS

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

NOTE 11 - MERGERS, ACQUISITIONS AND DIVESTMENTS

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

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

From the Develop-Sell / Develop-Build-Sell (DS/DBS) business model

On 16 May, Statkraft divested a wind farm in Ireland to Greencoat Renewables Plc with a capacity of 34 MW for a total consideration of NOK 835 million including payment of a shareholder loan. This led to a gain of NOK 129 million, recognised as Other operating income.

Statkraft also entered into an agreement to provide asset management services subsequent to the divestment.

NOTE 12 - SUBSEQUENT EVENTS

On 31 July, Statkraft signed an agreement to acquire a portfolio of operating wind farms in Germany and France with a capacity of 337 MW for a total consideration of approximately NOK 4730 million. The acquisition is expected to be closed in the third quarter of 2023 and the financial effects will be reported after closing.

On 29 August, Statkraft signed an agreement with EDP Renováveis S.A. to acquire a portfolio of operating wind farms with a capacity of 260 MW in Brazil for approximately NOK 3500 million. The acquisition is expected to be closed within the next quarters, and the financial effects will be reported after closing.

Alternative Performance Measures

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

Statkraft uses the following APMs:

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

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

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

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

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

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

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

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

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

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

Net interest-bearing liabilities is used to measure indebtedness.

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

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

ALTERNATIVE PERFORMANCE MEASURES

	Second quarter		Year to date		Year
NOK million	2023	2022	2023	2022	2022
OPERATING PROFIT/LOSS (EBIT) MARGIN UNDERLYING					
Operating profit/loss (EBIT) underlying	7 619	3 817	26 161	21 770	54 424
Gross operating revenues and other income underlying	24 097	25 360	66 239	67 234	167 513
Operating profit/loss (EBIT) margin underlying	**31.6%**	**15.1%**	**39.5%**	**32.4%**	**32.5%**
RECONCILIATION OF OPERATING PROFIT/LOSS (EBIT) UNDERLYING TO EBITDA UNDERLYING					
Operating profit/loss (EBIT) underlying	7 619	3 817	26 161	21 770	54 424
Depreciations and amortisations	1 263	1 128	2 450	2 247	4 657
EBITDA underlying	**8 883**	**4 945**	**28 611**	**24 018**	**59 082**
FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED					
Intangible assets			4 802	4 197	4 322
Property, plant and equipment			136 068	122 148	122 808
Inventories (DS/DBS)			5 468	3 027	4 493
Capital employed			**146 338**	**129 372**	**131 622**
Average capital employed [1)]			**135 297**	**123 114**	**128 453**
RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)					
Operating profit/loss (EBIT) underlying, rolling 12 months			58 815	35 714	54 424
Average capital employed [1)]			135 297	123 114	128 453
ROACE			**43.5%**	**29.0%**	**42.4%**
RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)					
Share of profit/loss in equity accounted investments, rolling 12 months			2 397	1 473	531
Average equity accounted investments [1)]			18 126	14 673	15 428
ROAE			**13.2%**	**10.0%**	**3.4%**
NET INTEREST-BEARING LIABILITIES					
Non-current interest-bearing liabilities			37 194	27 489	26 770
Current interest-bearing liabilities			10 128	19 140	16 365
Cash and cash equivalents incl. restricted cash **(A)**			-38 735	-53 417	-58 902
Restricted cash **(B)**			356	230	332
Cash and cash equivalents included in net interest-bearing liabilities **(A+B)**			-38 379	-53 187	-58 569
Current financial investments			- 675	- 586	- 629
Net interest-bearing liabilities			**8 267**	**-7 145**	**-16 063**
NET INTEREST-BEARING LIABILITIES-EQUITY RATIO					
Net interest-bearing liabilities			8 267	-7 145	-16 063
Equity			141 705	113 779	131 691
Sum of net interest-bearing liabilities and equity			**149 973**	**106 634**	**115 628**
Net interest-bearing liabilities - equity ratio			**5.5%**	**-6.7%**	**-13.9%**

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

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