Eidsiva.

Annual report.

2022

Translation for information purposes only

Contents

Key figures....3
Eidsiva Energi group....7
Management report....7
Statement of profit or loss....25
Statement of financial position....27
Statement of changes in equity....29
Statement of cash flows....30
Notes....32
Eidsiva Energi AS....88
Statement of profit or loss....89
Statement of financial position....90
Statement of cash flows....93
Notes....95
Declaration by the board and Group CEO....115

English translation: Språkverkstaden

Eidsiva.

Key figures

Profit or loss		2022	2021	2020	2019	2018
Operating revenue	NOKm	11 118	8 561	8 255	4 407	4 430
EBITDA	NOKm	4 344	2 503	3 202	1 722	1 380
Operating profit	NOKm	2 863	919	1 752	944	865
Underlying operating profit	NOKm	3 551	2 209	1 339		
Profit before tax	NOKm	2 470	633	1 887	651	412
Profit for the year	NOKm	2 140	632	1 598	4 982	234
Underlying profit for the year	NOKm	2 752	1 725	1 279		
Material non-recurring items [1]	NOKm	-	-	431	4 085	-247
Profit for the year excluding material non-recurring items	NOKm	2 140	632	1 167	896	481

Financial position		2022	2021	2020	2019	2018
Total assets	NOKm	50 832	46 832	46 430	44 627	19 718
Equity	NOKm	26 007	24 073	24 209	23 990	7 558
Capital employed	NOKm	42 316	38 830	38 607	37 765	15 798
Average capital employed	NOKm	40 573	38 718	38 186	26 782	15 366
Unrestricted liquidity	NOKm	6 673	3 500	4 874	3 200	1 778
Debt maturing within one year	NOKm	2 362	2 092	1 919	5 491	1 346
Interest-bearing debt	NOKm	16 309	14 757	14 399	13 775	8 240
Cash and bank deposits	NOKm	2 673	557	2 408	1 492	367
Net interest-bearing debt	NOKm	13 636	14 200	11 985	12 268	7 889

Cash flows		2022	2021	2020	2019	2018
Net cash flows from operating activities	NOKm	3 371	1 576	2 898	2 062	1 086
Dividends paid to shareholders	NOKm	-901	-1 026	-1 049	-243	-150
Provision for dividends for the financial year	NOKm	-1 500	-758	-1 020	-650	-243
Investments in property, plant and equipment	NOKm	-2 701	-2 491	-2 755	-1 916	-1 291

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Ratios		2022	2021	2020	2019	2018
EBITDA margin	%	39	29	39	39	31
Return on assets (before tax)	%	6.2	2.3	5.1	3.1	5.2
Return on equity (after tax) [2)]	%	8.5	2.6	6.6	31.6	6.6
Return on average capital employed [2)]	%	7.1	2.4	4.6	19.1	3.2
Equity/assets	%	51	51	52	54	38
Funds from operations	NOKm	3 723	2 073	2 561	1 220	877
Funds from operations/net interest-bearing debt	%	27	15	21	10	11
Net interest-bearing debt/EBITDA		3.1	5.7	3.7	7.1	5.7
EBITDA/interest expense		7.5	5.9	7.3	5.1	5.6
Funds from operations/interest expense		6.4	4.9	5.8	3.6	1.5

[1)] 2020: Gain on sale of Innlandskraft AS: NOK 423m. Gain on sale of Åsnes Fjernvarme AS: NOK 8m.
[1)] 2019: Gain on sale of Eidsiva Vannkraft AS: NOK 4 060m. Gain on sale of Laje Entreprenør AS: NOK 25m.
[2)] Including gains on disposals.

Definitions

The group's financial information is prepared in accordance with International Financial Reporting Standards (IFRS). Additional key figures and financial measures are presented to aid in understanding the group's performance. Key figures and financial measures not defined in IFRS are considered alternative performance measures and are defined and described below.

In the financial statements for 2018, the payment of a share premium of NOK 247m on the conversion of the subordinated loan back to equity has been classified as a non-recurring item.

EBITDA

Defined as operating profit plus depreciation, amortisation and impairment. This measure is useful for investors and other stakeholders in assessing operating performance.

Underlying operating profit

Defined as operating profit adjusted for the period's over/under-recovery of allowable revenue at Elvia and Eidsiva's share of fair value adjustments after tax for power price hedges at associated company Hafslund Eco Vannkraft. This measure is useful as it can provide a better picture of the period's financial performance.

Underlying profit for the year

Defined as profit for the year adjusted for the period's over/under-recovery of allowable revenue at Elvia and Eidsiva's share of fair value adjustments after tax for power price hedges at associated company Hafslund Eco Vannkraft. This measure is useful as it can provide a better picture of the period's financial performance.

Interest-bearing debt

Defined as debt that carries interest recognised as financial expense, with the exception of the net pension liability and lease liabilities (IFRS 16).

Net interest-bearing debt	Consists of interest-bearing debt less cash and cash equivalents. Net interest-bearing debt is a measure of the group's net indebtedness and an indicator of the strength of the balance sheet.
Return on assets	Calculated by dividing profit before tax from continuing operations plus interest expense for the past 12 months by average total assets for the past 12 months. This measure can be used to assess the group's ability to generate a return on its assets.
Return on equity	Calculated by dividing profit for the past 12 months by average equity for the past 12 months.
Capital employed	Defined as equity plus net interest-bearing debt.
Return on average capital employed	Defined as operating profit plus gains on disposals of companies for the past 12 months divided by average capital employed for the past 12 months. This measure can be used to assess the group's ability to generate a return on the capital it employs.
Net interest-bearing debt/EBITDA	Calculated by dividing net interest-bearing debt by EBITDA for the past 12 months. This measure provides useful information about the strength of the group's financial position and is reported internally on a regular basis.
Funds from operations	Calculated as EBITDA less net financial expense less tax payable.
Unrestricted liquidity	Bank deposits plus unused overdraft and credit facilities.

Eidsiva.

Eidsiva Energi group

Management report 7
Statement of profit or loss 25
Statement of financial position 27
Statement of changes in equity 29
Statement of cash flows 30
Notes 32

Eidsiva.

Eidsiva Energi group

Management report

Eidsiva is an energy and telecommunications group with three business areas: Power Distribution, Broadband and Bioenergy. The group also has a 43.5% holding in Hafslund Eco Vannkraft, Norway's second-largest power producer. As a key player in energy and telecommunications in large parts of south-eastern Norway, Eidsiva has a significant social responsibility and an ambition to lead the way in bringing about a renewable and sustainable future.

Eidsiva adopted an aggressive new growth strategy for the group in 2022 with a clear ambition to expand existing businesses and develop new ones while becoming one of Norway's most attractive employers by 2030.

2022 brought operating revenue of NOK 11.1bn (2021: 8.6bn), operating profit of NOK 2 863m (919m) and profit for the year of NOK 2 140m (632m). Underlying profit for the year, which allows for under-recovery of allowable revenue in the Power Distribution business area and negative fair value adjustments for power price hedges at Hafslund Eco Vannkraft, was NOK 2 752m (1 725m).

In addition to Eidsiva's hard-working employees ensuring healthy and stable operations in all business areas, the strong earnings for the year can be explained primarily by high power and energy prices.

Market and regulatory conditions

The financial results for 2022 were affected by unusually strong movements in market and regulatory conditions. The beginning of the year was still coloured by the Covid-19 pandemic and scarce water resources for power production in Norway and elsewhere in Europe. Then came the Russian invasion of Ukraine, bringing a shortage of gas in Europe and a general increase in risk. This situation affected Eidsiva in a number of ways, most importantly through high energy prices and regulatory changes.

In the Power Distribution business area, the long-planned changes to the network charge model were postponed for six months. Elvia was also given the formidable task of administering the government's power price subsidy via network charges for household customers. At the same time, high power prices led to increased costs for network losses and transmission charges paid to grid operator Statnett. To help its customers, Elvia decided not to raise its prices in line with cost increases, leading to negative earnings in the first half of the year and challenging liquidity at times. Later in the year, regulatory conditions improved for the Power Distribution business area, with Statnett reducing its transmission charges and transferring parts of its congestion revenue to power distributors in high-price areas in southern Norway.

For hydropower, the situation led to low volumes but, above all, high prices. Earnings at Hafslund Eco Vannkraft in 2022 were reined in considerably by price hedging and fair value adjustments for power sold on a forward basis. The power tax increases introduced in the fourth quarter with effect for 2022 also had a negative effect on earnings. The group's share of Hafslund Eco Vannkraft's profit nevertheless climbed to NOK 1 104m from NOK 654m in 2021.

In the Bioenergy business area, prices are linked to power prices, leading to high prices and strong earnings during the year, even though household customers were entitled to a substantial discount in 2022 through the government's power price subsidy scheme. Eidsiva Bioenergi also decided to introduce a discount scheme, and then a more sustainable and competitive pricing structure, for business customers.

The Broadband business area saw further customer growth and very strong demand. Market and regulatory conditions were more stable than in the energy business. Competition is increasing, however, both for new areas to develop and from fixed wireless broadband using the 5G mobile networks.

2022 also brought higher interest rates and credit margins in the capital market. Eidsiva raised substantial sums in a strong bond market early in the year and is now generally reaping the rewards of long-term and robust financing. The group also benefits from the natural interest rate hedge in the revenue cap system, in which interest is a key element.

Operations and business areas

At a time when energy crises, energy markets and regulatory changes hit the headlines, Eidsiva sought to maintain its focus on efficient, profitable, reliable and responsible operations. The board is therefore very pleased to confirm that all business areas delivered high levels of continuity and availability in 2022.

Continuous improvements in health and safety also meant that the lost-time injury rate at Eidsiva was lower than ever before.

Power Distribution

The Power Distribution business area operates around 66 000 km of power lines in its supply area in the counties of Innlandet, Viken and Oslo in south-eastern Norway. This business is a monopoly and operates financially within rules issued by the Norwegian Water Resources and Energy Directorate (NVE) and the Norwegian Directorate for Civil Protection (DSB).

In terms of supply, 2022 was a good year for the distribution business. Average downtime for network customers (SAIDI) was 63 minutes, and the cost of energy not supplied (CENS) fell. Costs were more of a challenge. For many years, Elvia boasted market-leading levels of efficiency. The revenue caps announced for 2023 give Elvia an efficiency score of 102, which is not market-leading but still above the average for the sector. As a result, Elvia has launched a project to return it to the position of being the most efficient power distributor in Norway. New IT systems and common working processes following the integration of Eidsiva and Hafslund are key tools here.

Eidsiva.

Elvia recognises as revenue the network charges billed to its customers. These charges divide evenly into a fixed component based on peak load and a variable energy component based on network losses. Revenue thus varies with customers' consumption.

The Norwegian Energy Regulatory Authority (RME) introduced a temporary regulation in autumn 2022 transferring parts of grid operator Statnett's congestion revenue to distribution companies in areas with high power prices. The transfers are based on the volume of distributors' network losses for the purposes of the revenue cap and calculated in such a way that Statnett's payment of congestion revenue fully or partly offsets the part of the power price above NOK 0.35/kWh. The scheme applies to 2022 and 2023. Elvia has received NOK 2 180m in congestion revenue for 2022, and this is presented on a separate line in the statement of profit or loss.

Operating profit for 2022 was NOK 1 521m (2021: 19m).

(NOKm)	2022	2021
Accumulated over-recovery (under-recovery) at 1 January	274	1 187
Prior-year adjustments	1	-23
Balance from merged business	52	0
Over-recovery (under-recovery) for the year	-348	-895
Interest on over-recovery	3	5
Accumulated over-recovery (under-recovery) at 31 December	**-18**	**274**

Elvia generated operating revenue of NOK 9 555m (7 120m). Revenue from network charges was on a par with 2021. Elvia increased network charges with effect from 1 May, but consumption was lower than for the equivalent period in 2021. Congestion revenue from Statnett of NOK 2 180m has been presented on a separate line of the statement of profit or loss.

Energy purchase and transmission costs came to NOK 5 141m (4 107m). Costs for network losses increased by NOK 1 173m from NOK 1 166m to NOK 2 339m. An increase in the average power price from NOK 0.796/kWh to NOK 1.863/kWh pushed costs for network losses up by NOK 1 327m, while a reduction in the volume of network losses pulled them down by NOK 154m. Transmission charges paid to grid operator Statnett fell by NOK 449m as a result of Statnett cutting the fixed component for consumption to zero with effect from 1 April and taking further steps to reduce the energy component in the second half of the year.

Personnel expenses climbed to NOK 862m (806m). Beyond general wage growth, the increase was the result of a slightly higher number of permanent employees, due partly to the development of the customer centre in Hamar and the integration of Stange Energi Nett into Elvia. Capitalised own investment work amounted to NOK 446m (402m).

Depreciation and amortisation charges totalled NOK 1 136m (1 230m). The decrease was due to useful lives being extended and to additional charges in 2021 after useful lives were reduced for a number of IT systems.

Other operating expenses totalled NOK 1 344m (1 362m). In terms of supply, 2022 was a good year, and costs for operational controls and preparedness were NOK 62m lower than in 2021. IT costs continued to rise slightly, and other operating expenses increased partly as a result of high energy prices and rents, as well as costs incurred in administering the power price subsidy on behalf of the government.

Elvia saw further strong demand for capacity from customers in 2022. The load required by large business customers is now close to 6 000 MW. This corresponds to 80% of installed capacity in Elvia's network area. Elvia saw strong growth in enquiries about both distributed generation and solar farms. The number of enquiries about solar farms increased from 14 in 2021 with a planned output of around 500 MW to more than 50 in 2022 with a planned output of more than 2 000 MW.

There was also extensive development activity in Elvia's transmission network. A variety of projects to increase the continuity of supply were launched or completed in Viken county. For example, 132 kV lines were taken into operation between Kråkerøy and Hvaler, Stangeberget and Strupe (Halden), and Tunby and Spydeberg. Spydeberg substation was also substantially upgraded. In Innlandet county, a major project is under way to increase and improve transmission between Kjølberget and Lutufallet. In Oslo, Lillo substation is being upgraded from 50 to 132 kV, Heggedal substation in Asker is being modernised (zero-emission construction site), and the upgrade of Kjellerholen substation in Lillestrøm municipality is nearing completion. Together with Statnett, Elvia is working on a new substation at

Hamang in Sandvika, and 22/11 kV facilities at a number of substations have been expanded.

Planning is under way for a replacement power line in Ås and Nordre Follo municipalities and cables to Fornebu in Bærum, and the replacement of old oil-filled cable systems in Fredrikstad municipality. New substations are also planned at Liåsen in Oslo and at Koksa in Fornebu.

Bioenergy

The Bioenergy business area produces district heating from ten wholly or partly owned district heating plants.

The business area generated record-high revenue of NOK 638m in 2022 (2021: 555m). Operational performance was good, with high levels of uptime and a high share of renewables, which also meant that carbon emissions from fossil fuels were below the target level.

Energy sales totalled 454 GWh (474). Temperatures were milder than in 2021, which reduced district heating volumes by 24 GWh, while reduced use of energy for district heating led to an increase in steam and electricity production of 4 GWh.

Revenue grew by NOK 83m. The price of power was around NOK 1.18/kWh higher than in 2021. Eidsiva Bioenergi implemented the government's power price subsidy for households and also introduced a discount scheme for business customers. Despite these schemes, higher energy prices had a positive effect on revenue of NOK 93m.

Lower volumes pulled revenue down by NOK 26m. Revenue from waste management has increased as a result of the carbon tax on waste incineration now being included in the gate fee charged to waste collectors.

The cost of sales was NOK 78m (82m). Viewed over the year as a whole, the price of fuel was unchanged. A mild first quarter resulted in lower sales volumes and less need for peak loads, while the use of electric boilers in the low-load period in late summer pushed fuel costs up. On balance, lower production volumes meant reduced costs.

Other operating and generation costs rose by NOK 44m. Power prices pushed up the cost of electricity for production and made up around half of the increase in costs. Other changes included higher taxes on waste incineration and expansion of the operating and project organisation due to high activity levels.

Operating profit for 2022 was NOK 247m (205m).

Broadband

The Broadband business area comprises Eidsiva Bredbånd AS and Eidsiva Fiberinvest AS. Eidsiva Bredbånd had a total of 88 000 broadband customers at the end of 2022, including 80,000 fibre customers. Most of these customers are in Innlandet county.

The business area generated operating revenue of NOK 900m in 2022 (2021: 857m). Revenue increased as a result of a larger number of fibre connections, but was slightly lower than expected due to greater competition. The absence of content from TV 2 due to a dispute with distributors also meant that some customers cancelled their TV contracts but retained their Internet contracts. This led to lower average revenue per customer.

The cost of goods sold was NOK 259m (227m). The increase was due to both higher volumes and to Altibox taking over a number of functions previously performed internally at Eidsiva Bredbånd.

Personnel expenses amounted to NOK 111m (108m) net.

Operating profit for 2022 was NOK 135m (139m).

Other activities, including hydropower

Besides the group's three main business areas, Eidsiva has a number of other interests closely related to the group's core purpose.

Eidsiva's most significant holding is a 43.5% stake in Hafslund Eco Vannkraft, equivalent to hydropower production of around 6.3 TWh in a normal year. 2002 brought a sharp rise and considerable volatility in power prices and hence Hafslund Eco Vannkraft's revenue. The company had good, stable operations, but production volumes were much lower than normal due to limited precipitation and low reservoir inflows at the beginning of the year. The share of the company's profit that is recognised in Eidsiva's operating profit is after interest, tax and amortisation of fair value adjustments arising from the transactions in 2019. The figure for 2022 also reflects large negative fair value adjustments relating to power sold on a forward basis under Hafslund Eco Vannkraft's hedging mandate.

Eidsiva Energi now holds 76% of Elsikkerhet Norge AS and 60% of Heggvin Utvikling AS.

It also has the following industrial holdings in energy companies:
35% of Hafslund Ny Energi
33% of Rakkestad Energi
33.33% of Svalun

Eidsiva also has a 49% stake in a number of special-purpose vehicles for developing solar power which currently have no significant activities. Energeia is the majority shareholder in these companies.

New business

The Eidsiva group formulated a new ambition for 2030 during the year. At the heart of this ambition is the development of new business both within and beyond today's business areas. Developments both upstream and downstream in energy and elsewhere offer real potential for a group like Eidsiva. Opportunities in electrification and the green transition are the group's priorities at a central level, but new businesses not directly linked to electrification and renewable energy are also being developed in both the broadband and bioenergy areas.

Most work on new business at Eidsiva involves business and concept development, while Eidsiva's venture investments are made through the partly owned company Hafslund Ny Energi.

Spring 2022 brought an agreement with solar power company Energeia on a partnership to develop ground-mounted solar farms on rough grazing land in non-development areas. The partners are working actively on securing access to relevant areas and obtaining licences. The first application, at Seval Skog in Gjøvik municipality, was submitted in December. Eidsiva also purchased a 16.6% stake in Energeia ahead of its flotation in December.

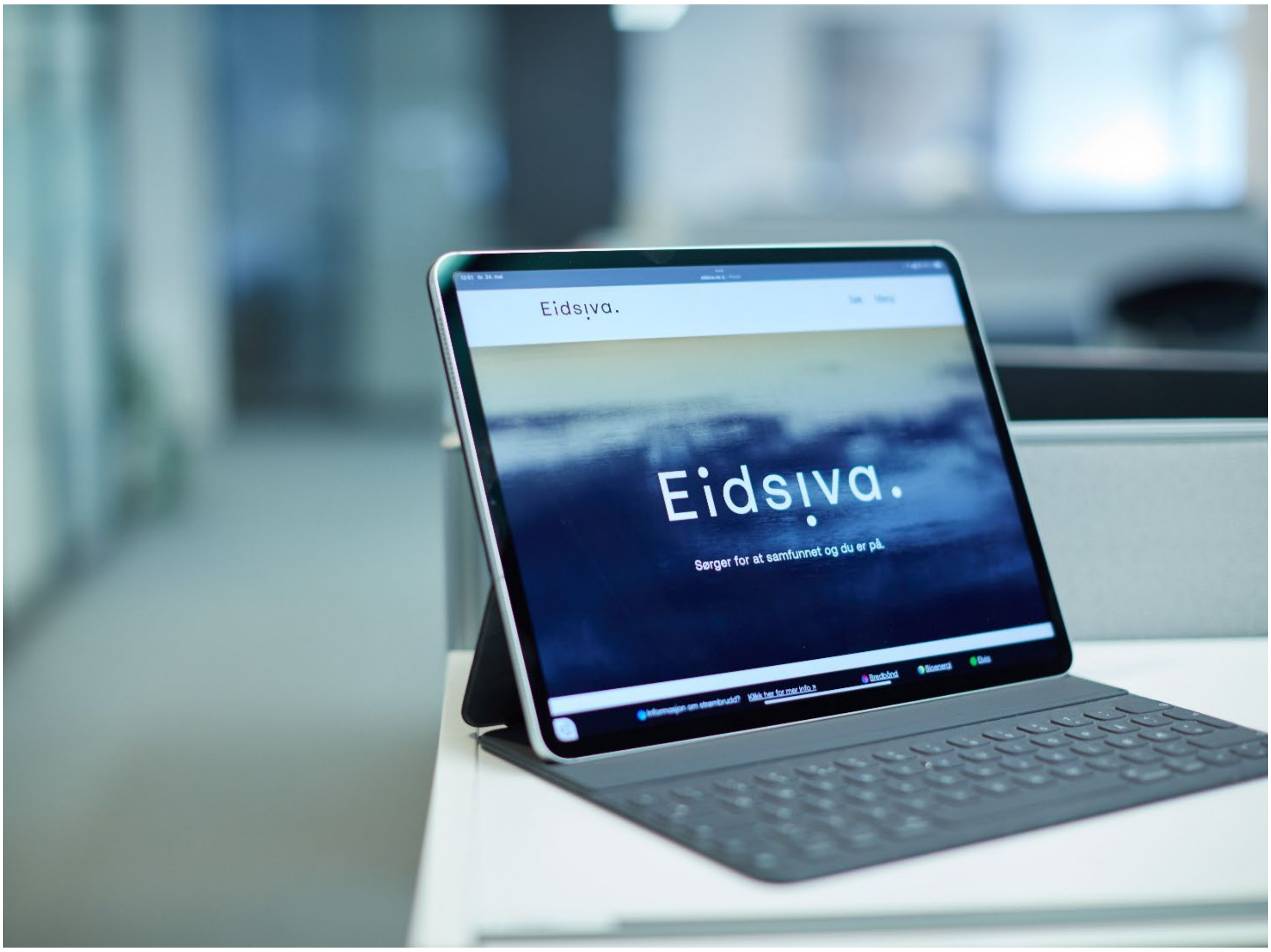
The year also saw Eidsiva start up a pilot project to explore new onshore wind projects. Eidsiva believes that onshore wind will be a necessary part of future energy production in Norway. At the same time, it is important for these developments to be carried out in consultation and open dialogue with stakeholders such as landowners, municipalities and the general public.

The Peak Shaper project began supplying batteries to power distributor Tensio during the year. The aim of this pilot is to investigate how the use of batteries in the power network can create value for the network operator, in this case by providing flexibility that can stabilise the supply of power to end-customers in Lierne in Trøndelag county and give Tensio more time to make the right decisions on investments in the network. The project is the result of thorough insight work and is an example of an internal concept.

Eidsiva has worked actively on paving the way for tomorrow's industry based on renewables, especially in Innlandet county. Together with Løten and Hamar municipalities, Eidsiva formed the company Heggvin Utvikling, which worked on acquiring rights to an industrial area near grid operator Statnett's substation in Vang. This preparatory work resulted in data centre operator Green Mountain agreeing in autumn 2022 to acquire the plot and begin the construction of Norway's largest data centre.

The idea behind the formation of Heggvin Utvikling was to prepare for large-scale battery cell production in conjunction with the Bellona Foundation's battery company BEBA. Now that network capacity at Heggvin is reserved for another purpose in the coming years, and Statnett has indicated that major new power consumers in the region may be a challenge, it is natural for the work on battery technology to shift focus.

Working actively on developing new business requires new approaches and new skills, and business risks in the individual project must be viewed differently to those in our established core businesses. Many good ideas will never end up as a new business, or will end up very different to how they started. On aggregate, however, and over time, it is right for Eidsiva to take this risk, just as it did in the past when starting up Eidsiva Bredbånd, Eidsiva Bioenergi and Austri Vind.



Capital expenditure

The Eidsiva group invested NOK 3 104m in 2022 (2021: 2 541m), more than 80% of this in the Power Distribution business area. The increase was due mainly to the inclusion of assets of NOK 380m taken over from Stange Energi Nett.

Structural development

In summer 2022, Eidsiva entered into an agreement to take over Stange Energi Nett and Stange Energi's holdings in Vinstra Kraftselskap DA (5%) and Elsikkerhet Norge AS (8%). The transaction was settled in shares in Eidsiva Energi AS, which were transferred to Innlandet Energi Holding. The holding in Vinstra Kraftselskap was transferred to Hafslund Eco Vannkraft with settlement in shares. To maintain its 50% holding in Eidsiva, Hafslund simultaneously transferred shares in Hafslund Eco Vannkraft and a cash payment to Eidsiva in return for shares. After this, Eidsiva has a 43.5% stake in Hafslund Eco Vannkraft. Eidsiva believes that the transaction provides a good basis for a reliable and cost-effective supply of power in Stange municipality.

In December, Eidsiva acquired 16.6% of the shares in solar power company Energeia with the intention of further strengthening its co-operation with Energeia and Eidsiva's position as a developer of solar energy. Eidsiva and Energeia have also set up a number of special-purpose vehicles to develop specific projects, in which Eidsiva initially has a holding of 49%.

Also in December, Eidsiva Bioenergi and the other shareholders in Oplandske Bioenergi reached agreement on the sale of the company's shares to Solør Bioenergi. At the same time, an agreement was entered into on Eidsiva Bioenergi taking over five of the plants, in Løten, Eidsvoll and Rudshøgda, plus the new biocoal production facility at Rudshøgda, which will be jointly owned with forestry company Glommen Mjøsen Skog. These agreements became effective on 5 January 2023 and will be accounted for in the first quarter of 2023.

Sustainability

Sustainability and Eidsiva's role in the transition to a low-carbon economy are at the heart of the group's strategy. The importance of this was clearer than ever in 2022 as the need for much larger volumes of renewable energy became obvious to most. Our approach to sustainability builds on the UN's definition of the term: meeting the needs of people and communities while protecting the climate and the environment and ensuring economic growth. Sustainable Development Goal No. 11 "Sustainable cities and communities" is particularly relevant to Eidsiva. The group's sustainability plan sets out four focus areas: clear green speech, responsible supply chain management, employees as agents of change, and driving partnerships. Actions, metrics and monitoring to help achieve the aims of the sustainability plan are being integrated gradually into the group's policies and operations.

Eidsiva's sustainability report for 2022 is its third such report. The first was for 2020. The reporting is based on a recognised standard, and the content is evolving to reflect the new Corporate Sustainability Reporting Directive which will apply with effect from the 2024 financial year.

The EU taxonomy is a classification system for what can be considered sustainable activities. To be defined as sustainable, an economic activity must contribute substantially to at least one of six specific environmental objectives without significantly harming any of the others. Certain minimum social standards must also be met throughout the value chain. Eidsiva's power distribution and district heating activities are covered by the taxonomy and support the first of these environmental objectives (climate change mitigation), with the exception of energy recovery from waste incineration at Trehørningen. The broadband business is not currently covered by the taxonomy.

Eidsiva has begun work on mapping climate risks in line with the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD). This is presented briefly in the section on risk and Note 5 "Climate risk".

Read more about sustainability at Eidsiva and the group's taxonomy status in our sustainability report for 2022, which can be found at www.eidsiva.no.

Health and safety (H&S)

A safe and healthy workplace every day

Eidsiva's number one priority is for everyone to go home at the end of the working day at least as fit and healthy as when they arrived. Systematic and active work on health, safety, the working environment and the external environment is therefore of fundamental importance. Good organisation of the working environment, where caring for others and safe performance of duties are the cornerstones of H&S work, will ensure that Eidsiva is a safe, secure and attractive place to work.

The sickness absence rate was 5.0% in 2022, up from 3.9% in 2021 and above the group's target of 4.0%.

The lost-time injury rate (LTIR) was 3.2 per million working hours, down from 4.2 in 2021, an important improvement. Our target is zero lost-time injuries. The parent company and the subsidiaries Eidsiva Bioenergi and Elsikkerhet Norge achieved this target in 2022.

The total recordable injury rate (TRIR) was 4.5 per million working hours, down from 5.6 in 2021 and below our target of 5.0. Both the LTIR and the TRIR include injuries at suppliers.

The total number of occupational injuries fell to 18 in 2022, including 13 at suppliers. Of these 18, 13 were lost-time injuries. The total number of injuries in 2021 was 23.

In our continued work on H&S, we must ensure that all those working at and for the group have the right attitudes and focus on healthy activities and actions with the aim of reducing the risk of occupational health problems, illness and injuries throughout the value chain. The group has introduced the following strategic focus areas for work on H&S:

1. Develop H&S management as a natural part of everyday management and leadership
2. Foster a proactive H&S culture where colleagues look after one another and correct undesirable behaviours
3. Ensure that H&S work is integrated into everyday activities at every level of the organisation
4. Strengthen screening of suppliers and develop partnerships for mutual improvements in H&S performance

To succeed in building a healthy H&S culture, it is essential to take a holistic approach to H&S. Another key requirement is a good balance between employees' personal responsibility for H&S and the companies' responsibility to provide good and safe working conditions.

2022 saw a number of activities across the group to improve H&S management and ensure engaged and visible managers, which is a success factor for the group's work on ensuring good H&S attitudes. We also stepped up our work on attitudes and started up a programme called "I care". We want to increase the sense of solidarity in the workforce, with employees looking after one another and third parties to prevent injuries and help everyone to thrive at work.

By raising awareness around each employee's potential to influence the working environment, we can encourage people to be more caring and have expectations of each other. It is crucial for managers to lead the way as good role models, and we can see that a more caring attitude is filtering down through the organisation thanks to the "I care" programme.

Eidsiva recognises that work on culture and changing behaviours takes time, and that the messages need to be repeated and clear – but with patience and focus, we are convinced that the results will come. Caring for one another and the environment around us also helps expand the scope of H&S to cover much more than just traditional health and safety. To clarify what it means to care, we are working actively on collecting stories which illustrate this and can be communicated back to employees throughout the group. Employees in the group now know more about what it means to care – and we are caring more and more. This work has also added a new dimension to what it means to contribute – and this is a key element in our systematic work to become a learning organisation.

Human resources (HR)

Securing the right skills

Eidsiva formulated an ambition for 2030 during the year which includes making Eidsiva one of Norway's most attractive places to work. Developing, retaining and recruiting the right resources for the future is crucial for achieving this aim.

During the autumn, an event was held for all employees in the group at Gardermoen. This helped create a sense of togetherness and gave employees an insight into the companies' strategic goals.

Eidsiva and the individual companies completed a process during the year to define both the group's overall organisational identity and the companies' individual identities. Our organisational identity is about who we are as an organisation and is described along two dimensions: people and purpose. The group's organisational identity is tied to Eidsiva's social role as a driver of green and sustainable innovation and development – we are one of Norway's most important workplaces for achieving the country's climate targets. We are proud of the people in our organisation and of our centres of excellence, and we are keen to create value and to be bold and open to change.

Eidsiva conducted a survey during the year to measure how employees view their working day and their workplace, with a focus on work engagement. There were good results throughout the group. The overall score for work engagement was 3.9 (on a scale of 1 to 5), which is above the benchmark of 3.7.

The group takes a modular approach to management development and training. Management training is to be close to managers' everyday work, through sparring with colleagues and training modules. All managers in the group were offered 20 hours of management training.

The first cohort in the group's talent development programme Spark completed the programme during the year with a presentation of strategy cases for the group management teams at Hafslund and Eidsiva, which are running the programme jointly. Participants worked on personal development, communication, strategy and business development, culminating in a strategy case based on real issues in the two groups of companies. The case presentations showed real potential, and it is clear that giving employees space for development fosters innovation, creativity and engagement.

Employees and their representatives were consulted on the design of the group's new head office due to be completed in 2023. The first phase of employee involvement to identify needs and design the new head office was completed in summer 2022, and the process resulted in extensive input which will be taken into account in work on the design and workplace concept.

Eidsiva's employees

Eidsiva aims to be an attractive and preferred employer known for a meaningful social role, sustainability and genuine centres of excellence. The group's HR policy builds on the principle that the corporate culture should be diverse, developing and stimulating for all employees. Everyone at Eidsiva is to contribute to an inclusive working environment which reflects our core values – Open, Honourable, Bold – and to us all respecting and valuing one another's opinions and perspectives. The group's ethical rules also state that employees must show respect and consideration for one another and work actively on a good working environment characterised by equality and diversity. There is zero tolerance of discrimination and harassment.

A number of steps were taken during the year to increase diversity in the group. Initiatives to increase diversity were a KPI for the whole group in 2022, and all companies launched new initiatives. These included recruitment and employer branding, celebrating special days and a Raise Your Hand initiative at Elvia, and have laid good foundations for further improvements in diversity in the group. A diversity plan has been drawn up to guide the group's work. This has four focus areas: Eidsiva as an employer that values diversity, raising awareness of diversity and unconscious bias, gender balance, and Eidsiva as an inclusive employer. A game-based training programme for the whole group was launched to increase awareness of diversity and how Eidsiva is working on it.

The group's work on diversity and equality is discussed briefly in our sustainability report and more extensively in a separate equality report.

The Eidsiva group had a total of 1 253 employees at the end of 2022, of whom 276, or 22.1%, were women. 32% of senior managers are women. Women's pay averages 96.0% of men's pay. For detailed pay information, see the group's equality report for 2022, which can be found on our website.

44.8% of employees are aged 30-50, 42.5% are over 50, and 12.7% are under 30. 43% of senior managers are aged 40-49, 29% are aged 50-59, and 14% are over 60.

We took on 125 new employees during the year, of whom 40 were women and 85 were men. Employee turnover in the group was 6.75%, down from 2021. This figure includes all those leaving an Eidsiva company regardless of reason.

Social and environmental issues

Integrated corporate social responsibility

Corporate social responsibility is integrated into Eidsiva's business activities in the form of work on human rights, labour rights, social issues, environmental protection and anticorruption.

Eidsiva's work on social responsibility is guided by applicable laws and regulations and by the group's code of ethics. As part of the group's governance documents, separate group policies have been prepared in important areas such as human resources, communication, health and safety, procurement and sustainability.

The group's code of ethics covers personal conduct, reporting and responding to any breaches of the code, and good business practices for employees and those acting on behalf of the group. The group revised its internal whistleblowing procedures in 2021 and established a new external channel through the firm BDO. The whistleblowing channel can be accessed both through the intranet and from the group's website, and guarantees anonymity for whistleblowers. Three reports were received through the external channel in 2022. All three cases were dealt with in accordance with procedures and have been closed. Game-based training in whistleblowing was introduced in 2022, covering both the topic and internal guidelines.

Eidsiva has extensive procurement activities and aims to be a skilled and professional buyer with good business practices. The group's contract terms include requirements for ethical business conduct and sustainability. Systematic work on supply chain management continued, and Eidsiva's general terms for suppliers on ethics, sustainability and H&S were updated in 2022.

Norway introduced a new Transparency Act on 1 July 2022 which requires large enterprises to carry out and report on due diligence with regard to fundamental human rights and decent working conditions. Eidsiva conducted an internal gap analysis ahead of the act's entry into force and worked on a number of initiatives and adjustments to comply with the new legislation. See the section "Responsible supply chain" in our sustainability report for 2022 and further information provided on our website www.eidsiva.no discharging our disclosure obligations under the new act.

Eidsiva's important role in the transition to a low-carbon economy which also looks after people and the environment, has been highlighted as a key element in its shareholders' overall intentions.

UN Sustainable Development Goal No. 11 "Sustainable cities and communities" is particularly relevant to Eidsiva. Sustainability is a fast-moving field, and we are working actively on building skills in the workforce while integrating relevant targets, actions and follow-up into the group's processes and value chains. See the group's sustainability report for a more detailed presentation of our goals and our progress towards them.

Emergency preparedness at Eidsiva

Every single day, Eidsiva ensures that around 2 million Norwegians have access to electricity, district heating and broadband through its own infrastructure for the household and business market.

These are critical services which demand high levels of uptime. The Eidsiva group therefore maintains continuous emergency preparedness for the transmission and distribution of electrical power, district heating and broadband services to ensure a reliable supply to customers and protect lives and property.

The Eidsiva group is defined as a critical player in Norway's power supply and must at the very least meet the requirements set out in laws and regulations. The power distribution and fibre businesses are both subject to security-of-supply requirements, while the bioenergy business must safeguard both production and supply. The war in Ukraine has led to heightened security and a sharper focus on protecting our facilities and ICT systems. This applies to all parts of the emergency preparedness organisation for Norway's power supply.

We must work systematically on emergency preparedness to make sure that Eidsiva Energi is well-prepared to deal with both minor incidents under normal operations and extraordinary situations.

Good contingency planning, high levels of expertise and reliable access to materials and equipment are important for ensuring adequate preparedness.

Eidsiva conducts regular exercises at various levels, both internally and together with other parties. Along with sound evaluation processes and risk analyses, this helps develop our emergency preparedness.

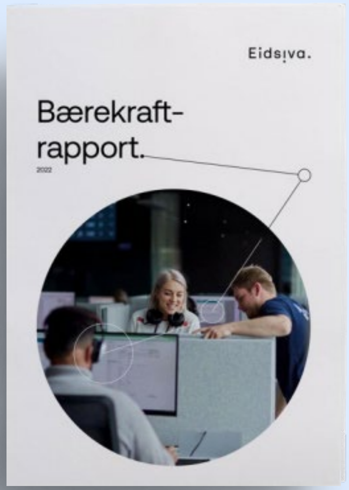
Human rights
Eidsiva's code of ethics, ethical policy and human resources policy help ensure that the group's business practices respect human rights. The code of ethics sets out our corporate social responsibility, with the emphasis on labour rights, human rights and sustainability. Eidsiva is working on increased diversity by prioritising gender balance and different ethnicities and cultural backgrounds in its recruitment processes.

Purchases of goods and services from outside Norway are mentioned specifically in Eidsiva's code of ethics. The group aims to further international human rights as set out in the UN's declaration, conventions and Global Compact principles. It is also to combat social dumping by supporting the ILO's conventions.

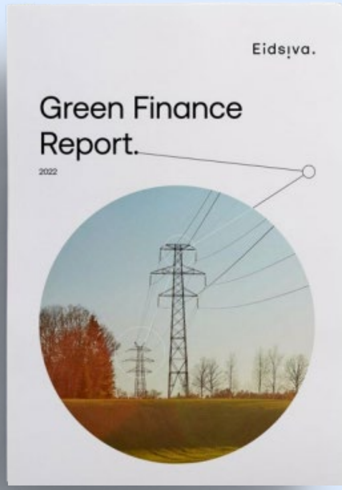
Employee rights and codetermination
Employee rights are governed by laws, regulations and both national and local collective agreements. Collaboration and negotiations between employers and employees take place at group level and within the businesses. Employees' right to codetermination, terms of employment, pay and working conditions are safeguarded through established collaboration processes.

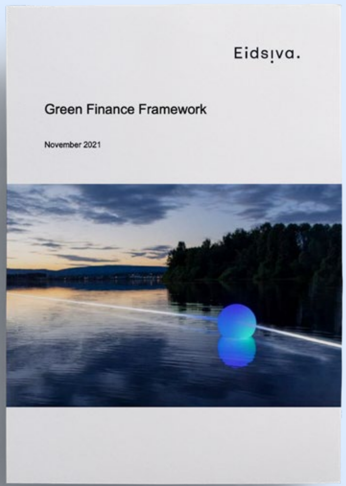
Much of Eidsiva's workforce is unionised. All business areas have their own liaison committees. The group's companies also have works councils. The emphasis is on healthy collaboration and involving the group's employees and their representatives. The board's remuneration and leadership development committee had three meetings in 2022.

[Sustainability report 2022]



[Green Finance Report 2022]





[Green Finance Framework]

[Equality report 2022]

Environment

Eidsiva impacts on the natural environment primarily through its work on the development, operation and maintenance of critical infrastructure. The group's activities contribute to UN Sustainable Development Goal No. 11 "Sustainable cities and communities". Systematic preventive work reduces the risk of environmental harm from Eidsiva's activities.

We strive actively to reduce consumption of materials, emissions and energy use in every part of our operations, for example by switching to electric company vehicles and using building techniques that are kind on the climate and the environment.

Eidsiva Bioenergi's development and distribution of renewable energy makes a significant contribution to achieving the authorities' climate goals. The company is certified to ISO 14001 and has a well-established environmental management system.

Eidsiva Bioenergi has emission permits for incinerating clean fuels at Børstad in Hamar municipality, waste at Trehørningen in Hamar municipality, and reclaimed timber in Gjøvik, Kongsvinger and Elverum. These permits require reporting of registered emissions.

The Trehørningen incinerator in Hamar municipality accepted 78 586 tons of residual waste from Innlandet county in 2022, which was on a par with 2021. The heat generated from incinerating this waste is used to produce electricity, steam for industrial use, and the base load for the district heating network in and around the town of Hamar. While burning waste results in emissions of exhaust gases, these are greatly reduced by using modern treatment technology and requiring waste to be sorted before delivery.

Eidsiva Bredbånd aims to give all households, firms and public bodies access to high-speed broadband to further the region's digital development.

For Elvia, delivering a reliable supply of power to all customers in the network is part of its corporate social responsibility. The company also aims to keep network losses at low levels. The ongoing upgrading of the transmission network to 132 kV will reduce relative losses of energy in the network from current levels.

Elvia is working hard to making the operation and development of the power network environmentally friendly. SF6 gas and cable oil are used as insulating materials in a number of components in the high-voltage network, but Elvia is monitoring technological advances and testing alternatives. Holdings and emissions of SF6 are reported annually to the Norwegian Environment Agency. Elvia did not purchase any SF6 for refilling in 2022, down from 80.3 kg in 2021.

The refill volume of cable oil was 168 litres in 2022, down from 2 198 litres in 2021. Ownership of the old 300kV cables in Oslo has been transferred to grid operator Statnett. We are working continuously on replacing oil-filled cables with PEX-insulated cables throughout the network on the basis of both lifetime considerations and capacity requirements.

Anticorruption

Eidsiva has zero tolerance of corruption. The group's code of ethics is intended to encourage good business practices and responsible conduct by all employees and those acting on behalf of Eidsiva. The code of ethics contains requirements not only for our employees but also for our suppliers and other partners. The group is particularly keen to reduce the risk of corruption in procurement and dealings with suppliers, but also to promote a culture that rejects corruption.

Research and development (R&D)

R&D and innovation are important to ensure the Eidsiva group's development and strategic value, and the group has a particular focus on using new digital technologies in its activities.

Eidsiva's business areas are participating actively in a number of R&D projects. Some are owned and run by Eidsiva's business areas, while others are collaborations with the likes of Energy Norway and SINTEF. Our R&D activities run the full spectrum from early-phase competence and research-based projects to innovation projects piloting concrete components and solutions.

Elvia's R&D work aims to strengthen its position as an efficient power distributor and help develop the power network of the future to the benefit of consumers and society. As Norway's largest power distributor, Elvia will play a key role in developing solutions for tomorrow's rational, climate-friendly energy systems.

R&D work at Elvia is co-ordinated by a dedicated R&D department but is largely carried out by the various technical departments.

Elvia aims to be Norway's most efficient power distributor, and R&D will be crucial in achieving this. Its wide-ranging portfolio of around 40 projects is divided into the following themes: consumer flexibility, implementation of distributed energy resources (DER), network operation, asset management, and DSO/TSO. Many of these activities look at how we can play our role in society robustly and sustainably, using new technology to monitor and manage the infrastructure better.

We paid considerable attention to our interface with customers in 2022. The Intelligent Distribution of Electricity (IDE) programme is home to several of our big demonstration projects. The OLTC project is testing the use of voltage control technology to prepare for more customers with solar panels on their roofs, while Elvia's Battflex project is focusing on developing smart immersion heaters and batteries to handle more complex voltage situations together with the supplier OSO. Battflex won Elvia the Norwegian Smartgrid Centre's innovation prize for 2022. Another major project in 2022 was ECoDiS, led by grid operator Statnett. Elvia is building two digital substations (Raa and Heggedal) where we are evaluating five different types of low-power instrument transformer (LPIT). Advanced condition monitoring is being installed for 132 kV gas-insulated switchgear and transformers with systems for trending and predicting component health. We have also started up a number of major new projects that we believe will be important for Elvia and the industry in future. Examples include the use of drones by line workers, using machine learning to predict faults in the network based on weather forecasts, automation of network operation, and solutions to allow more solar panels to be connected to low-voltage networks.

Governance and risk management

Governance principles and internal control

Eidsiva's corporate governance is guided by both official recommendations and internal rules. The group's corporate governance principles are based on the rules in the Norwegian Code of Practice for Corporate Governance, modified to reflect the terms of the shareholder agreement on a comply-or-explain basis. The principles are updated annually and were last approved at the general meeting on 11 May 2022. The next update will be put before the general meeting on 10 May 2023. The shareholder agreement contains provisions on shareholder meetings and shareholder committees. Åmot municipality is not party to the shareholder agreement and does not take part in these meetings, but all three shareholders attend general meetings.

The operational management of the businesses is based on the group's overall strategy, the group's code of ethics, and each company's rules of procedure for the board and management. The group has set out Eidsiva's most important principles in the group's governance documents, and drawn up policies in areas where a uniform approach across the group is considered most important.

Responsibility for risk management and internal control rests with the individual business area and is an integral part of its business activities. The group issues limits and guidelines for internal control of its businesses, which are to comply with these limits, potentially with approved company-specific modifications. The group monitors internal control at group level via the corporate control department and outsourced internal auditing where necessary. A framework agreement on internal auditing services has been entered into with KPMG. Activities in 2022 included an internal audit of governance and control at Eidsiva, and steps have been taken to implement the recommendations from this audit.

Eidsiva's performance management system is used to manage the execution of the group's strategies. The system is based on the premise that profitability and competitiveness are determined by both financial and non-financial factors, and focuses on the value that the businesses create both within the organisation and in the market.

The work of the board of directors

The board's supervisory responsibilities are addressed by reporting on developments in governance parameters. In addition, financial information is reported in more detail in connection with the publication of quarterly data. The board has established an audit committee, a remuneration and leadership development committee, and an employee safety and ethics committee. Their members are elected by and from the members of the board. The audit committee has operated since 2011, while the other two committees were created in 2015. All are preparatory and advisory working committees for the board of Eidsiva Energi AS.

The board held nine meetings in 2022, while the audit committee held seven, the employee safety and ethics committee four, and the remuneration and leadership development committee three. Attendance of both board and committee meetings was good.

The company has taken out directors' and officers' liability insurance for the board and CEO on standard market terms. The policy covers claims for financial losses arising from acts and omissions on the part of the board or management.

Risk management and internal control

Risk management and internal control are an integral part of general corporate governance at Eidsiva. The group management team and the boards of the group's companies participate in processes for managing and monitoring risks.

As one of Norway's largest regional energy and telecommunications concerns, the group is exposed to risks in a number of areas. The risks faced by the group have been greatly influenced by external events, given the backdrop of war in Ukraine, a stressed power situation, high power prices and strong inflation. Eidsiva has been affected by high power prices through its holding in Hafslund Eco Vannkraft, but also directly through higher costs for network losses, challenging liquidity and a difficult situation for suppliers. For all of the businesses in the Eidsiva group, the current situation spells greater regulatory uncertainty.

The risks to which the group is exposed can be categorised into market risk, financial risk, regulatory risk and operational risk.

Market risk

The Eidsiva group is exposed to market risk, and developments in the power market are one of the most important drivers of Eidsiva's results. Power prices particularly affect earnings at Eidsiva Bioenergy and dividends from the associated company Hafslund Eco Vannkraft. The 43.5% holding in Hafslund Eco Vannkraft gives Eidsiva indirect exposure to price, currency and volume risks related to power production. In terms of volume, Eidsiva Energi's exposure to power prices is around 6.4 TWh/year. Dependence on individual power stations is limited, however, as the group has stakes in 74 plants. Power price risk is the greatest source of uncertainty in terms of Eidsiva Energi's underlying performance. Eidsiva does not itself carry out any hedging transactions in relation to its holding in Hafslund Eco Vannkraft.

Financial risk

Simulations of the effects of different alternatives on the group's financial strength, key figures, investments, costs and financing are conducted regularly. The group has exposure to credit risk, as all sales are on credit. A subordinated loan of NOK 1.9bn has also been issued to Hafslund Eco Vannkraft Innlandet AS. Consideration is being given to calling this loan in 2023, which would improve Eidsiva's short-term cash position. The investment of surplus liquidity is governed by established limits. Taken together, this is considered to result in low credit risk.

Financial institutions and investors consider the group's creditworthiness to be good, which has ensured access to liquidity in both the short and the long term. The group has a financing strategy which reflects a relatively long investment horizon and liquidity reserves in the form of committed bilateral credit facilities. Liquidity was considered tight at times in 2022 as a result of large payments for network losses. The situation improved in the fourth quarter following the receipt of congestion revenue from grid operator Statnett to compensate for extraordinarily high costs for network losses. The group has a syndicated credit facility of NOK 2.5bn as well as two new bilateral credit facilities with a combined limit of NOK 1bn, and an overdraft facility of NOK 500m. This gives the group satisfactory financial flexibility.

The group's finance strategy sets limits for the loan portfolio's maturity, fixed-interest exposure and the balance between fixed and variable interest.

Regulatory risk

The group is exposed to risks relating to regulatory conditions for its businesses and the impact of political decisions. Numerous ongoing regulatory processes could affect the operations of the companies in the Eidsiva group and Hafslund Eco Vannkraft. The outcome of a number of these processes is uncertain, bringing unpredictability to planning and decision making. As the owner of Norway's largest power distributor Elvia, Eidsiva has particular exposure to changes in the design of the revenue cap regulation system. It is therefore particularly important for Eidsiva to work proactively on ensuring that revenue cap regulation is stable and predictable, and that it supports and contributes to efficient development and operation of the power network over time. Eidsiva lobbies actively on relevant regulatory developments. Trade bodies such as Renewables Norway and District Heating Norway are also used as observers and mouthpieces on matters concerning the industry, in addition to Eidsiva itself participating actively in regulatory processes.

Operational risk
The Eidsiva group manages and develops critical services for almost a million discrete customers in south-eastern Norway where the availability of infrastructure is crucial. This infrastructure is vulnerable and needs to be protected from threats such as natural disasters, sabotage, cyber-attacks and shortages of key components. One of the group's most important roles is to ensure efficiency and quality in all industrial areas. This is achieved through long-term investment plans, the highest possible standards of operation and maintenance, a strong customer focus, and a skilled and motivated workforce. Considerable work and expense go into the group's contingency management and exercises to prevent or minimise the consequences of major unwanted incidents affecting the group's employees, service and reputation. This has helped put the group in a position to continue to provide critical services satisfactorily.

Climate risk
Climate change and climate action have previously been seen only as a possible root cause of other risks. In 2022, Eidsiva began work on systematically mapping climate risks in line with the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD). This process is still in a relatively early phase.

One clear outcome, however, is that Eidsiva is well positioned commercially and strategically to play an active role in the transition to a renewable and electrified future backed by ambitious and effective climate policy. This means that Eidsiva's transition risk is linked mainly to the revenue potential in a positive scenario (1.5-2°C warming), particularly from renewable and electrical energy. On the other hand, it is important to be aware of the opposing forces that could emerge if climate policy has major unintended and antisocial consequences, and of the negative changes in operating conditions that could then result even for players that themselves identify as contributors to the transition.

In a more negative scenario (3-4°C warming), climate change will be associated with physical risks to production facilities, affect security of supply in the power network, undermine cost efficiency, and reduce earnings from hydropower (prices for renewable energy without climate quotas) and demand for heat (shorter and milder winters).

The group's financial position and results

Financial statements for 2022
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The parent company Eidsiva Energi AS applies the Norwegian rules for simplified IFRS.

The group recorded operating revenue of NOK 11 118m in 2022 (2021: 8 561m).

Operating profit came to NOK 2 863m (919m). This includes the group's share of associated company Hafslund Eco Vannkraft's profit, which increased to 43.5% in 2022 following the Stange transaction, as power production is defined as part of the group's core business. Adjusted for the amortisation of fair value adjustments arising from the transactions in 2019, the group's share was NOK 1 054m (605m).

The tax expense for 2022 was NOK 330m (1m). The group is no longer directly affected by special taxes on hydropower.

The board confirms that the company is a going concern. The annual financial statements for 2022 have been prepared accordingly.

Profit for the year was NOK 2 140m (632m).

Cash flows and capital

The group had total assets of NOK 51bn at 31 December 2022. Equity amounted to NOK 26bn, or 51% of assets.

The profit for the year of NOK 2 140m and items defined as other comprehensive income have been taken to equity.

Under the terms of the shareholder agreement, Eidsiva is to pay dividends quarterly. Accordingly, the board has been authorised by the general meeting to decide and pay dividends after each quarter based on the group's previously submitted and audited financial statements. A total of NOK 901m was paid out in quarterly dividends in 2022. The dividends for the third and fourth quarters of 2022 will be paid in 2023.

The statement of cash flows shows cash generated from operations of NOK 3 337m. Investments in property, plant and equipment came to NOK 3 104m, including NOK 380m from Stange Energi Nett AS and NOK 23m from district heating activities acquired. Dividends from associated companies totalled NOK 1 194m. New borrowings amounted to NOK 4 012m, while repayments came to NOK 2 522m.

Cash and cash equivalents were NOK 2 673m at 31 December 2022, a substantial increase on a year earlier. Congestion revenue received from grid operator Statnett was a key contributor to the increase in cash, along with new borrowings. The group had an overdraft facility of NOK 500m at the end of the year, and Eidsiva had a further NOK 3.5bn in unused credit facilities.

Treatment of profit

Eidsiva's shareholders are to benefit from a satisfactory return in the form of annual dividends and capital appreciation. This return is to be at least as good as that on alternative financial investments. Dividends from Eidsiva Energi AS are regulated by the shareholder agreement.

Dividends are paid quarterly during the year to avoid an accumulation of capital in the holding structure.

For the 2022 financial year, the general meeting authorised the board to make quarterly dividend payments on the basis of the statement of financial position at 31 December 2021. Altogether, dividends of NOK 940m were approved for 2022, reducing the group's equity at 31 December 2022 under IFRS. When it comes to the annual financial statements for 2022, it is considered that there is a basis for dividends well in excess of the minimum dividend and provisional dividend schedule.

In the parent company financial statements for Eidsiva Energi, dividends are measured under different rules to the consolidated financial statements, giving total dividends for the 2022 financial year of NOK 500m (758m).

Treatment of Eidsiva Energi AS's profit for the year (NOKm)	
Dividends paid or provided for	1 500
Transferred to/from retained earnings	1 292
Total	**2 792**

Financial platform

The primary objective for the Eidsiva group's management of its capital structure is for it to have a solid financial position which enables rational operation and development of the group in line with its plans and shareholders' expectations.

Eidsiva Energi and its subsidiaries manage critical infrastructure. As a result, a substantial share of the group's revenue is regulated and so predictable. Regulated activities are considered financially safer than production activities, where there is more uncertainty about volumes and prices.

The Eidsiva group's business risk is limited and rated A by Scope Ratings. The group's overall issuer rating from Scope was affirmed in January 2023 as BBB+ with a stable outlook, unchanged from 2022. Eidsiva Energi aims always to have an investment-grade credit rating.

The average maturity of Eidsiva's loan portfolio was maintained in 2022 by replacing maturing loans. The group is considered to have acceptable access to capital in the bond and bank markets. Eidsiva is one of Norway's largest issuers of green bonds to finance sustainable projects.

The group had an unused long-term syndicated credit facility of NOK 2.5bn and two bilateral credit facilities with a combined limit of NOK 1.0bn in addition to bank deposits at the end of the year.

Financial flexibility in terms of achieving strategic and operational targets is considered to be good in both the short and the long term.

Bank agreements require Eidsiva to have a value-adjusted equity/assets ratio of 35% and at least two-thirds public ownership. These conditions are not considered to affect the group's financial flexibility.

Eidsiva will continue to make substantial investments in profitable infrastructure projects. These will increase the group's earnings and dividend capacity as the assets come into operation. The group's debt will rise somewhat in the coming years as a result of these investments.

A substantial part of the group's invested capital is in the Power Distribution business area, where returns are linked to revenue cap regulation. The revenue cap system includes a notional return on capital which makes the group less exposed to fluctuations in interest rates. The current cap expires in 2023.

Through its holding in Hafslund Eco Vannkraft, the group is indirectly exposed to risks linked to movements in power prices and the associated currencies. Persistently lower power prices would reduce the share of profit recognised in Eidsiva's financial statements and impact on Hafslund Eco Vannkraft's dividend capacity. Revenue from the group's district heating business is also affected by changes in power prices and volumes.

The Eidsiva group is robust and has solid finances. At 31 December 2022, the group had equity of NOK 26bn, or 51% of assets.

Outlook

Eidsiva owns Elvia, Norway's largest regional power distributor, with a clear ambition to be the country's most efficient and offer the lowest network charge. Elvia's size provides an industrial position for further consolidation and development of new businesses. Realising the ambition of regaining the status of Norway's most efficient power distributor will require extensive efficiency gains, digital improvements and appropriate prioritisation of investment budgets.

At the same time, Eidsiva wishes to play a proactive role in the electrification and digitalisation of society and paving the way for new industry in south-eastern Norway based predominantly on renewable energy, while ensuring a stable and reasonably priced supply of renewable power and broadband services for both households and businesses. This will require the development of new renewable power production and active development of the power and fibre networks.

Eidsiva still expects that demand for power and district heating will remain strong, and that earnings at both the associated company Hafslund Eco Vannkraft and Eidsiva Bioenergi will remain healthy despite regulatory conditions becoming much more challenging in the past year. Eidsiva has prioritised acting responsibly and sustainably in today's challenging energy situation and will continue to do so in the longer term, including when it comes to earnings and returns.

Besides further developing and optimising its businesses, Eidsiva will work on developing profitable new activities building on the advantages we have as a leading player in energy and telecommunications. New products and services will be developed and supplied by Eidsiva Bredbånd, Eidsiva Bioenergi and Eidsiva Vekst. Our most important competitive advantage is our skilled workforce, which we will further develop, motivate and expand through to 2030 by being one of Norway's most attractive places to work.

Hamar, 21. mars 2023
Styret i Eidsiva Energi AS

Pål Egil Rønn Styreleder	Finn Bjørn Ruyter Styrets nestleder	Øystein Løseth
Monica Haugan	Anita Høger	Toril Benum
John Renngård	Per Luneborg	Åge Andersen
Martin Lutnæs	Lise Merethe Holen Martinsen	Martin Sleire Lundby
		Øistein Andresen

Consolidated statement of profit or loss

(NOKm)	Notes	2022	2021
Sales revenue		8 938	8 561
Congestion revenue		2 180	0
Operating revenue	9	**11 118**	**8 561**
Purchases of goods and energy		-5 477	-4 415
Personnel expenses	11, 10	-1 218	-1 152
Capitalised own investment work	12	477	430
Depreciation, amortisation and impairment	12, 13, 14	-1 481	-1 584
Income from investments in associates	15	1 041	602
Other gains/losses, net	16	5	46
Other operating expenses	10, 17, 18	-1 603	-1 570
Operating profit		**2 863**	**919**
Finance income	16	196	134
Finance expense	16	-590	-429
Net finance expense		**-393**	**-295**
Income from investments in associates and joint ventures	15	1	9
Profit before tax		**2 470**	**633**
Tax expense	19	-330	-1
Profit for the year		**2 140**	**632**
Profit for the year attributable to			
Parent company shareholders		2 136	620
Non-controlling interests		4	12
Total		**2 140**	**632**
Earnings per share attributable to parent company shareholders (per share)			
Basic/diluted earnings per share		3.02	0.90

Consolidated statement of comprehensive income

(NOKm)	2022	2021
Profit for the year	**2 140**	**632**
Fair value changes for hedging instruments at associates (net after tax)	-216	-83
Translation differences at associates	1	-8
Total other income or expense that will be reclassified to profit or loss	**-214**	**-91**
Changes in pension estimates (net after tax)	-124	232
Total other income or expense that will not be reclassified to profit or loss	**-124**	**232**
Total comprehensive income for the year	**1 802**	**773**
Total comprehensive income for the year attributable to		
Parent company shareholders	1 797	760
Non-controlling interests	5	13
Total comprehensive income for the year	**1 802**	**773**

Consolidated statement of financial position

Assets (NOKm)	**Notes**	**31.12.2022**	**31.12.2021**
Non-current assets			
Property, plant and equipment	12	27 628	25 940
Right-of-use assets	13	2 875	2 699
Intangible assets	14	1 180	1 097
Investments in associates	15	12 014	11 884
Other financial assets	20, 21	2 827	2 810
Total non-current assets		**46 524**	**44 430**
Current assets			
Inventories	24	19	22
Trade and other receivables	20, 17	1 617	1 822
Cash and cash equivalents	20, 25	2 673	557
Total current assets		**4 308**	**2 402**
Total assets		**50 832**	**46 832**

Equity and liabilities (NOKm)	Notes	31.12.2022	31.12.2021
Equity			
Equity attributable to parent company shareholders			
Share capital	26	1 062	1 037
Share premium account	26	23 834	22 767
Earned equity		1 022	177
Total equity attributable to parent company shareholders		**25 918**	**23 981**
Non-controlling interests		89	93
Total equity		**26 007**	**24 073**
Liabilities			
Non-current liabilities			
Loans	20, 27	13 947	12 665
Deferred tax liabilities	28	2 362	2 109
Pensions	11	161	199
Other provisions and liabilities		78	78
Derivatives	20, 22	77	82
Lease liabilities	13, 20	2 922	2 735
Total non-current liabilities		**19 546**	**17 868**
Current liabilities			
Trade and other payables	20, 29	2 652	2 582
Lease liabilities	13, 20	216	196
Derivatives	20, 22	7	18
Tax payable	19	41	3
Loans	20, 27	2 362	2 092
Total current liabilities		**5 279**	**4 891**
Total liabilities		**24 825**	**22 759**
Total equity and liabilities		**50 832**	**46 832**

Hamar, 21. mars 2023

Styret i Eidsiva Energi AS

Pål Egil Rønn Styreleder	Finn Bjørn Ruyter Styrets nestleder	Øystein Løseth
Monica Haugan	Anita Høger	Toril Benum
John Renngård	Per Luneborg	Åge Andersen
Martin Lutnæs	Lise Merethe Holen Martinsen	Martin Sleire Lundby
		Øistein Andresen

Consolidated statement of changes in equity

(NOKm)	Notes	Share capital	Share premium account	Earned equity	Total	Non-controlling interests	Total equity
Equity at 1 January 2021		**1 037**	**22 767**	**325**	**24 128**	**80**	**24 209**
Profit for the year:							
Ordinary profit for the period				620	620	12	632
Other comprehensive income				140	140	1	141
Transactions with shareholders:							
Dividends	26			-878	-878	0	-878
Other changes:							
Other changes				-30	-30	0	-30
Equity at 31 December 2021		**1 037**	**22 767**	**177**	**23 981**	**93**	**24 073**
Profit for the year:							
Ordinary profit for the period				2 136	2 136	4	2 140
Other comprehensive income				-339	-339	1	-338
Transactions with shareholders:							
Dividends	26			-940	-940	-6	-946
Capital increase		25	1 067	0	1 092	0	1 092
Other changes:							
Other changes				-11	-11	-2	-13
Equity at 31 December 2022		**1 062**	**23 834**	**1 022**	**25 918**	**89**	**26 007**

Consolidated statement of cash flows

(NOKm)	Notes	2022	2021
Cash generated from operations	30	3 337	1 825
Taxes paid		35	-250
Net cash flows from operating activities		**3 371**	**1 576**
Investing activities			
Purchase of property, plant and equipment	12, 14	-2 701	-2 491
Sale of property, plant and equipment	30	66	14
Purchase of shares etc		-227	-201
Payments made on loans and collateral		-54	-15
Sale of shares in partly-owned companies		0	36
Dividends received from associates	15	1 194	384
Finance income received		177	136
Net cash flows from investing activities		**-1 544**	**-2 137**
Financing activities			
Change in overdraft		0	-3
New loans raised	27	4 012	2 200
Repayments on borrowings	27	-2 522	-1 913
Lease payments IFRS 16	13	-106	-120
Finance expense paid		-480	-350
Interest expense IFRS 16	13	-110	-80
Received in respect of capital increase		401	0
Dividends paid to shareholders		-901	-1 026
Dividends paid to minority shareholders		-6	0
Net cash flows from financing activities		**289**	**-1 291**
Net change in cash and cash equivalents		**2 116**	**-1 852**
Cash and cash equivalents at 1 January	25	557	2 408
Cash and cash equivalents at 31 December [1)]	25	2 673	557
Cash and cash equivalents at 31 December		**2 673**	**557**

[1)] Bank deposits at 31 December 2022 include NOK 0m in withholding taxes (2021: 57m).

Eidsiva.

Notes to the financial statements

Note 1 **General information**

Eidsiva Energi AS (the parent company) and its subsidiaries and associates (the group) produce, distribute and sell mainly energy and broadband services. Following the transaction with Hafslund Eco in 2019, the group's hydropower and wind power production was transferred from a wholly-owned subsidiary to Hafslund Eco Vannkraft, in which Eidsiva has a 43.5% holding.

At the same time, Hafslund Nett was transferred to Eidsiva and then merged with Eidsiva Nett to form Norway's largest power distributor, Elvia AS.

Eidsiva Energi AS has its headquarters at Vangsveien 73, Hamar.

The company has bonds listed on the Oslo stock exchange.

The consolidated financial statements were approved by the company's board on 21 March 2023.

Note 2 **Summary of accounting policies**

The following presents the most important accounting policies applied in the preparation of the consolidated financial statements. These policies have been applied in the same way in all accounting periods presented unless otherwise stated.

2.1. Basis of preparation

The consolidated financial statements for Eidsiva Energi have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRIC) as adopted by the EU.

The consolidated financial statements have been prepared on a modified historical cost basis. The main exceptions are:

- Financial assets which are equity instruments are measured at fair value through profit or loss.
- Financial assets held for trading and financial derivatives are measured at fair value through profit or loss.

Preparation of financial statements in accordance with IFRS requires the use of estimates. The application of the company's accounting policies also requires management to make judgements. Areas that rely heavily on such judgements or have a high degree of complexity, and areas where assumptions and estimates are material to the consolidated financial statements, are presented in Note 4.

The consolidated financial statements have been prepared on a going-concern basis.

a) Changes to accounting policies and disclosures

The group has not implemented any new standards or amended its accounting policies for the 2022 financial year.

b) Changes to standards and interpretations not yet effective

None of the standards or amended standards that have been issued but are not compulsory, including IFRS 17 "Insurance contracts", are expected to have a material impact on the consolidated financial statements. None of the recently issued interpretations from IFRIC are expected to result in material changes to the group's accounting policies.

2.2. Basis of consolidation and accounting treatment of associates and joint ventures

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. Control over an entity arises when the group is exposed to variable returns from the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date control is gained until the date control ceases.

The group also assesses whether it has control when it does not have more than 50% of the voting rights but is still in a position in practice to govern the entity's financial and operational policies (de facto control). De facto control can arise in situations where other voting rights are dispersed across a large number of shareholders who are not realistically in a position to act collectively. A deciding factor in the assessment of de facto control is whether the group can elect the board of its choosing. Acquisitions are accounted for using the acquisition method. The consideration transferred is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued. Also included in the consideration is the fair value of any assets and liabilities resulting from a conditional consideration arrangement. Identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date. Non-controlling interests in the acquired entity are measured either at fair value or at their share of the acquired entity's net assets.

Acquisition-related costs are expensed as they are incurred.

Where an acquisition takes place in stages, the previously held interest in the acquired entity is remeasured to fair value on the acquisition date, and the gain or loss is recognised.

Contingent consideration is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognised in accordance with IFRS 9 if the contingent consideration is classified as an asset or liability. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for in equity.

If the sum of the consideration, the fair value of any previously held interest and the fair value of any non-controlling interests exceeds the fair value of the identifiable net assets of the acquired entity, the difference is recognised as goodwill. If it is less than the entity's net assets, the gain is recognised in profit or loss.

Intragroup transactions, balances, revenue and expenses are eliminated. Gain and loss components of recognised assets arising as a result of an intragroup transaction are also eliminated. The financial statements of subsidiaries are restated where necessary to ensure consistency with the group's accounting policies.

b) Changes in interests in subsidiaries without loss of control

Transactions with non-controlling interests in subsidiaries that do not result in loss of control are accounted for as equity transactions. Where further purchases are made, the difference between the consideration paid and the shares' proportionate share of the carrying amount of the subsidiary's net assets is recognised in equity attributable to the parent company's shareholders. Gains or losses on sales to non-controlling interests are recognised in equity correspondingly.

c) Disposals of subsidiaries

Where there is a loss of control, any remaining interest is measured at fair value, and the change is recognised in profit or loss. This fair value is then treated as the cost of the interest in subsequent accounting as an investment in an associate, joint venture or financial asset. The gain realised on disposal from the group is recognised in profit or loss. Unrealised gains are deducted from the investment and recognised at the same rate that the fair value adjustments in the underlying entity are expensed. Amounts previously recognised in other comprehensive income in relation to the entity are accounted for as though the group had sold the underlying assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) Associates

Associates are entities where the group has significant influence but not control. Significant influence normally exists where the group has between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. The investment is recognised at cost at the acquisition date, and the group's share of its profit or loss in subsequent periods is recognised in profit or loss. The amount recognised includes any implicit goodwill identified at the acquisition date, reduced by any subsequent impairment losses.

Where the group reduces its interest in an associate but retains significant influence, only a proportionate share of amounts previously recognised in other comprehensive income is reclassified to profit or loss.

The group's share of the profit or loss of associates is recognised in profit or loss and added to the carrying amount of the investment. The group's share of other comprehensive income at the associate is recognised in the group's other comprehensive income and also added to the carrying amount of the investment. The group does not recognise a share of an associate's losses if this means that the carrying amount of the investment (including unsecured claims on the associate) turns negative, unless the group has incurred obligations or made payments on behalf of the associate.

At the end of each accounting period, the group determines whether there is a need to recognise an impairment loss with respect to its investment in each associate. If so, the loss is calculated as the difference between the recoverable amount and the carrying amount of the investment, and recognised in profit or loss under "Income from investments in associates".

Where a gain or loss arises on transactions between the group and its associates, only the proportion attributable to shareholders outside the group is recognised. Unrealised losses are eliminated unless there is a need to recognise an impairment loss for the asset that was the subject of the transaction. The financial statements of associates are restated where necessary to maintain consistency with the group's accounting policies.

Gains and losses on the dilution of interests in associates are recognised in profit or loss.

In the statement of financial position, the group presents its interests in associates under "Investments in associates".

In the statement of profit or loss, the group presents them in two parts. Because associates account for a significant share of the group's business, its share of the profits of associates with a strong connection to the group's core business is included in operating profit under "Income from investments in associates". Other interests in associates are part of the group's investing activities and are presented after net finance expense under "Income from investments in associates and joint ventures". The group's share of associates' other comprehensive income is accounted for in the statement of comprehensive income.

2.3. Segment reporting

Operating segments are reported in the annual financial statements in the same way as in internal reporting to the company's chief operating decision maker. The company's chief operating decision maker, who is responsible for allocating resources to operating segments and assessing their performance, is defined as the group management team.

2.4. Foreign currency translation

a) Functional currency and presentation currency
The financial statements of the individual entities in the group are measured in the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Norwegian kroner, which is both the functional currency of the parent company and the presentation currency for the group.

b) Transactions and balances
Transactions in foreign currency are translated to the functional currency at the exchange rate at the transaction date. Exchange differences arising on the settlement and translation of monetary items (assets and liabilities) in foreign currency at the exchange rate at the reporting date are recognised in profit or loss.

Exchange differences relating to loans, cash and cash equivalents are presented (net) as finance income or finance expense. All other exchange differences are presented under "Other gains and losses, net".

The currency effect on non-monetary items measured at fair value is included as part of the assessment of fair value. Exchange differences arising on non-monetary items, such as shares measured at fair value through profit or loss, are recognised as part of the overall gain and loss.

2.5. Property, plant and equipment

Infrastructure assets comprise heating plants, the district heating network and power distribution assets. Power distribution assets comprise lines, cables and substations for the transmission of power in the transmission and distribution networks.

Property, plant and equipment are carried at cost less depreciation. Cost includes costs directly related to the acquisition of the asset.

Construction in progress is carried at cost less any impairment losses but is not subject to depreciation. Once the asset is available for use, it is reclassified to property, plant and equipment or intangible assets. Available for use means that the asset is in the location and condition necessary for it to be able to operate in the manner intended by management.

Subsequent costs are added to the asset's carrying amount or capitalised separately where it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably. The carrying amount of replaced parts is recognised in profit or loss. Other repair and maintenance costs are expensed in the period in which they are incurred.

"Capitalised own investment work" consists of wage costs and direct costs for own work on investment projects.

Borrowing costs attributable to qualifying assets are included in the cost of the asset.

Land is not depreciated. Other property, plant and equipment is depreciated on a straight-line basis such that the cost of the assets is written off over their expected useful lives:

Category	Depreciation period
Power distribution assets	10-45 years
Buildings	20-50 years
Machinery	10-15 years
Vehicles	8 years
Fixtures and fittings	3-8 years

The useful life and residual value of assets are assessed at each reporting date and adjusted where necessary. Where the carrying amount of an asset is higher than the estimated recoverable amount, it is written down to the recoverable amount, see Note 2.7.

Gains on disposals are recognised in operating revenue, and losses on disposals in other operating expenses.

2.6. Intangible assets

a) Goodwill
Goodwill is the difference between the cost of an entity and the fair value of the group's share of the net identifiable assets of the entity at the acquisition date. Goodwill arising on the acquisition of subsidiaries is classified as an intangible asset. Goodwill is tested annually for impairment and is carried at cost less impairment losses. Impairment losses on goodwill are not

reversed. The gain or loss on the disposal of an entity includes the carrying amount of goodwill in respect of that entity.

In subsequent impairment tests, goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition.

b) Other intangible assets
Other intangible assets consist of fair value adjustments arising on the acquisition of power distribution and bioenergy activities.

Fair value adjustments on the acquisition of power distribution activities are carried at cost less amortisation. The group's power distribution business is a regional monopoly regulated by the Norwegian Energy Regulatory Authority (RME). Expected future regulatory conditions provide for increased value creation over a long time horizon, and so these fair value adjustments are being amortised over the same period of 35 years that is being applied to the depreciation of other investments in the power distribution network.

Fair value adjustments on the acquisition of bioenergy activities are linked to customer contracts and amortised over the expected average contract term of ten years.

Fair value adjustments in the Broadband business area consist of customer contracts acquired. These are carried at cost less amortisation. Customer contracts are expected to have a limited life and are therefore amortised over three years, and access to the area over five years. Impairment testing is carried out annually.

Fair value adjustments are amortised on a straight-line basis.

2.7. Impairment of non-financial assets
Intangible assets with an indefinite useful life and goodwill are not amortised but tested annually for impairment. Property, plant and equipment and amortisable intangible assets are tested for impairment when there is an indication that their future economic performance may not justify their carrying amount.

The difference between carrying amount and recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of fair value less costs of disposal, and value in use. When assessing impairment, assets are grouped at the lowest level at which it is possible to identify independent cash flows (cash-generating units). In the Bioenergy business area, each district heating plant is treated as a separate cash-generating unit. In the Power Distribution business area, the entire distribution network is treated as a cash-generating unit. In the Broadband business area, assets at Eidsiva Bredbånd and Eidsiva Fiberinvest are treated as separate cash-generating units. At each reporting date, the group considers whether there are grounds to reverse previous impairment losses on non-financial assets, with the exception of goodwill impairment, which cannot be reversed.

2.8. Financial assets
Classification and measurement:
Under IFRS 9, financial assets are to be classified into three measurement categories: fair value through profit or loss, fair value through other comprehensive income, and amortised cost. This classification is based on whether the instruments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and whether the contractual cash flows are solely payments of principal and interest on specified dates.

2.9. Impairment of financial assets
Assets carried at amortised cost
Where financial assets are measured at amortised cost, a loss allowance is recognised for expected credit losses. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at each subsequent reporting date at an amount equal to 12-month expected credit losses, in other words losses expected to occur over the lifetime of the asset but linked to events within the first 12 months. If the financial instrument's credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to expected credit losses over its lifetime. Trade receivables are measured on the basis of lifetime expected credit losses. Cumulative changes in lifetime expected credit losses are recognised in profit or loss at each reporting date as an impairment gain or loss.

2.10. Derivatives and hedging
Derivatives are measured at fair value at the time the contracts are entered into and subsequently at fair value. Eidsiva does not hold derivatives that are subject to hedge accounting, nor hedging contracts on its own account in relation to its holding in Hafslund Eco Vannkraft. Interest rate derivatives entered into are classified as held for trading. Changes in the fair value of these derivatives are recognised under "Other gains/losses, net".

2.11. Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price less variable costs for completion and sale.

2.12. Trade receivables
Trade receivables arise on the sale of goods or services that are part of the ordinary operating cycle, and are classified as current assets.

For the measurement of loss allowances, see section 2.9.

2.13. Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits, overdraft balances and other short-term, readily convertible investments with a maximum original maturity of three months. Overdraft balances are included in the statement of financial position under "Loans" in current liabilities.
The statement of cash flows been prepared using the indirect method and shows cash flows from operating, investing and financing activities to explain the period's change in cash and cash equivalents.

2.14. Share capital and share premium account

Ordinary shares are classified as equity.

Costs directly related to the issuance of new shares, net of tax, are recognised in equity as a reduction in the consideration received.

2.15. Trade payables

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. They are classified as current liabilities.

Trade payables are measured at fair value on initial recognition and subsequently recognised at amortised cost using the effective interest method.

2.16. Loans

Loans are measured at fair value when paid out, net of transaction costs. In subsequent periods, they are carried at amortised cost using the effective interest method. The difference between the initial amount paid out (net of transaction costs) and the amount repayable on maturity is amortised over the life of the loan as part of the effective interest.

Loans are classified as current liabilities unless there is an unconditional right to defer payment of the debt for more than 12 months from the reporting date.

2.17. Income tax payable and deferred income tax

Tax expense consists of tax payable and changes in deferred tax. Tax is recognised in profit or loss unless it relates to items accounted for in other comprehensive income or directly in equity. Where this is the case, the tax is also accounted for in other comprehensive income or directly in equity.

The tax payable for the period is calculated on the basis of the tax laws and rules enacted or substantively enacted by the tax authorities at the reporting date.

Deferred tax is calculated on all temporary differences between the tax bases and carrying amounts of assets and liabilities.

Deferred tax is calculated using the tax rates enacted or substantively enacted at the reporting date which are assumed to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax liability is calculated for temporary differences associated with investments in subsidiaries and associates except where the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities.

2.18. Pensions, performance-based pay and other employee benefits

a) Pension obligations

The group's employees accumulate pension entitlements through defined-benefit or defined-contribution pension schemes. The group has closed its defined-benefit schemes and introduced defined-contribution schemes for all new employees.

The main features of the two schemes are presented below.

Defined-contribution pensions

The group has introduced defined-contribution pensions for all new employees and closed its defined-benefit pension schemes. With a defined-contribution pension, a fixed contribution is paid to a fund where the group has no legal or constructive obligation to pay further contributions. No further liability is therefore recognised in the financial statements. Contributions are recognised in profit or loss under personnel expenses as they are incurred.

Defined-benefit pensions

These pension schemes are funded through payments to a life insurer or separate pension fund, with the exception of a few unfunded plans.

In a defined-benefit pension plan, the employee receives a pre-determined pension benefit on retirement. The size of this benefit is normally dependent on one or more factors, such as age, years of service, life expectancy adjustments, and salary. With full accumulation, the company pays a pension of 66% of final salary.

The recognised liability/receivable for defined-benefit plans is the present value of defined-benefit obligations at the reporting date less the fair value of plan assets.

Defined-benefit obligations are calculated annually by an actuary on the basis of linear accumulation. The present value of defined benefits is determined by discounting estimated future payments. Where there is a deep market for high-quality corporate bonds with a term and currency consistent with the pension obligation, IAS 19 requires the discount rate to be based on the market yield on such bonds. Where there is not a deep market for such bonds, the discount rate is to be based on the market yield on long-term government bonds. The group considers that Norwegian covered bonds rated AA or higher satisfy the requirement for high-quality corporate bonds.

Changes to defined-benefit obligations as a result of changes and adjustments to actuarial assumptions (actuarial gains and losses) are recognised directly in other comprehensive income.

Improvements, curtailments and other changes to existing defined-benefit plans also result in changes to defined-benefit obligations. Where an improvement has been earned at the reporting date, it is expensed immediately. Where new schemes or changes to existing schemes are introduced with retroactive effect, such that employees immediately have a vested entitlement, this is recognised immediately in profit or loss. Gains and losses relating to curtailments and withdrawals of pension plans are recognised in profit or loss as they occur.

b) Termination benefits

Termination benefits are payable when the employment relationship is terminated by the group before normal retirement age or when employees agree voluntarily to downsizing in return for benefits. The group recognises termination benefits at the earlier of the following dates: a) when the offer of termination benefits can no longer be withdrawn; and b) when the group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In cases where the offer of termination benefits is made to encourage voluntary redundancy, the obligation is measured on the basis of the number of employees expected to accept the offer. Termination benefits falling due more than 12 months after the reporting date are discounted to present value.

2.19. Provisions

The group recognises provisions for environmental and other improvements, restructuring and legal claims when:

- there is a legal or constructive obligation arising from past events,
- it is probable that an outflow of economic resources will be required to settle the obligation, and
- a sufficiently reliable estimate can be made of the amount of the obligation.

Provisions for restructuring costs include termination benefits for employees. No provisions are made for future operating losses.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision may therefore be recognised even if the likelihood of an outflow for any one item may be small.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation.

2.20. Government grants

Government grants are recognised at fair value when there is reasonable assurance that the grant will be received and the group will comply with the conditions attaching to the grant.

Grants related to purchases of property, plant and equipment are recognised as deductions from the cost of the asset, and then recognised in profit or loss on a straight-line basis over the expected useful life of the asset.

The group receives government grants from ENOVA to invest in and expand the infrastructure for district heating.

2.21. Revenue recognition

Revenue from the sale of goods and services is measured at the fair value of the consideration net of value-added tax, returns, discounts and refunds. Intra-group sales are eliminated. Operating revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer, at the amount the group expects to receive for the goods or services. The group controls goods and services until they are transferred to the customer.

a) Network charges

The amount recognised as revenue each year corresponds to the volume of power delivered during the period plus a fixed sum, and is billed on the basis of the price tariff in force. The network charges recognised for the year may depart from the revenue cap set by the Norwegian Energy Regulatory Authority (RME). The difference between billed network charges and the revenue cap is referred to as over/under-recovered revenue but does not qualify for recognition as an asset under IFRS. The price tariffs applied by Elvia are designed to keep annual revenue in line with allowable revenue. A substantial share of billing to customers is indirect via electricity retailers. Agreements on combined billing have been entered into with these retailers, with payment terms of 20 days from the billing date. The retailers have provided bank guarantees to the distribution company to ensure payment.

b) Congestion revenue

RME introduced a temporary regulation in autumn 2022 transferring parts of grid operator Statnett's congestion revenue to the power distribution companies in areas with high power prices. The transfers are based on the volume of distributors' network losses for the purposes of the revenue cap and calculated in such a way that Statnett's payment of congestion revenue fully or partly offsets the part of the power price above NOK 0.35/kWh. The scheme applies to 2022 and 2023. Congestion revenue is presented on a separate line in the statement of profit or loss.

c) Connection charges

Norwegian regulations allow the power distribution company to collect connection charges for connecting new customers and making customer-requested network improvements. These connection charges are paid by the customers in question and cover the actual cost of establishing the new network connection or improving the connection to an existing customer.

The actual cost of establishing or improving the connection to the individual customer is to be met in full, without any mark-up, by the customer in question through the connection charge. The company has determined that the work covered by the connection charge is a separate performance obligation. This performance obligation is recognised as revenue as the network connection progresses.

Costs covered by the connection charge are not included in network capital and so do not provide a basis for a return in subsequent periods. These costs are not therefore considered to qualify as an asset. They are classified instead as cost of sales.

In the Bioenergy business area, connection charges reflect the cost of connecting to the district heating network.

d) Sales of energy

The group has sales of energy through its Bioenergy business area, which produces, supplies and sells energy in the form of district heating, steam and electricity generated from the incineration of biomass and waste. District heating and steam are sold to local end-customers, while electricity is sold on the Nordic power exchange, Nord Pool. The performance obligation is the supply of district heating and power, and the transaction price is the consideration that the group expects to receive. The performance obligation is satisfied over time, which means that revenue is recognised at the prices achieved when the district heating and electricity are delivered. The right to payment arises once the district heating or electricity has been supplied, and the right to payment will normally correspond to the value to the customer.

Sales are recognised on the basis of prices achieved, which are either contractually agreed or spot prices. There are not considered to be any financing components in these contracts. The payment terms are 14 and 30 days.

e) Sales of broadband services

Sales of broadband services consist primarily of revenue from contracts for the use of broadband infrastructure and TV services for the household and business market. Besides fibre infrastructure, other forms of access are also offered, such as coaxial (cable network) and xDSL.

Contracts in the business market are billed for one, three or 12 months in advance with payment terms of 30 days. This revenue is earned over time and is recognised in the period in which the service is supplied. Fibre contracts for household customers are billed monthly with payment terms of 14 days.

Non-recurring revenue in the form of connection charges is recognised when new customer connections are installed. Major new connections in the business market are recognised as revenue over the term of the contract.

f) Interest income

Interest income is recognised proportionally over time using the effective interest method. When receivables are impaired, the carrying amount of the receivable is reduced to fair value. Fair value is the present value of estimated future cash flows discounted using the original effective interest rate. After impairment, interest income is recognised on the basis of amortised cost and the original effective interest rate.

g) Dividend income

Dividend income is recognised when the right to receive payment arises, in other words when the dividend is approved by the company's general meeting.

2.22. Dividends

Dividend payments to the company's shareholders are classified as a liability from the time the dividend is decided by the general meeting or by the board under an authorisation from the general meeting. Dividends that have not been formally determined or decided are classified as part of equity.

2.23. Leases

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of low-value assets and short-term leases where the risks and rewards incidental to ownership are not substantially transferred to the lessee are classified as operating leases and are expensed on a straight-line basis over the lease term.

a) Separating the components of a contract

For a contract that is, or contains, a lease, the group separates out the lease components if it can benefit from the use of an underlying asset on its own or together with other resources that are readily available to the group, and the underlying asset is not highly dependent on, or highly interrelated with, other underlying assets in the contract. The group then accounts for each individual lease component within the contract as a lease separately from non-lease components of the contract.

b) Recognition of leases and recognition exemptions
At the commencement date, the group recognises a lease liability and a corresponding right-of-use asset for all leases with the following exceptions:

- Short-term leases (term of 12 months or less)
- Assets of low value

For these leases, the group recognises lease payments in the statement of profit or loss under "Other operating expenses" as they are incurred.

c) Lease liabilities
The group measures lease liabilities at the commencement date at the present value of lease payments that are not paid at that date. The lease term is the non-cancellable period of the agreement plus any periods covered by an option to extend the lease if the group is reasonably certain to exercise that option, or an option to terminate the lease if the group is reasonably certain not to exercise that option.

Lease payments included in the measurement of the lease liability comprise:
- Fixed payments (including in-substance fixed payments), less any amounts receivable in the form of lease incentives
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- The exercise price of a purchase option if the group is reasonably certain to exercise that option

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect changes to lease payments resulting from a change in the index or rate used.

The group does not include variable lease payments in the lease liability. Instead, the group recognises these payments in profit or loss.

The group presents its lease liabilities on separate lines in the statement of financial position.

d) Right-of-use assets
The group measures right-of-use assets at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The cost of right-of-use assets comprises:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs for obtaining the lease incurred by the group

The group applies the depreciation requirements in IAS 16 "Property, plant and equipment" in depreciating right-of-use assets, except that the asset is depreciated from the commencement date until the earlier of the end of the lease term and the end of the asset's useful life.

The group applies IAS 36 "Impairment of assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

2.24. Events after the reporting period

New information after the reporting date on the company's financial position at the reporting date is reflected in the financial statements. Events after the reporting date that do not affect the company's financial position at the reporting date, but will affect the company's position in the future, are disclosed where material

Note 3 **Comparative information**

A number of adjustments have been made to the comparative figures presented for previous years. Elvia's supply obligation is now presented as revenue rather than a purchase of energy. A number of adjustments have also been made to the statement of financial position for 2021 relating to a reclassification of non-current receivables and liabilities in the Broadband business area.

Profit or loss

(NOKm)	Published 2021	Restated 2021	Change
Sales revenue	8 343	8 561	219
Purchases of goods and energy	-4 196	-4 415	-219
Personnel expenses	-1 152	-1 152	0
Capitalised own investment work	430	430	0
Depreciation, amortisation and impairment	-1 584	-1 584	0
Income from investments in associates	602	602	0
Other gains/losses, net	46	46	0
Other operating expenses	-1 570	-1 570	0
Operating profit	**919**	**919**	**0**

Financial position

Assets (NOKm)	Published 31.12.2021	Restated 31.12.2021	Change
Non-current assets			
Property, plant and equipment	25 940	25 940	0
Right-of-use assets	2 699	2 699	0
Intangible assets	1 097	1 097	0
Investments in associates	11 882	11 884	2
Other financial assets	2 718	2 810	91
Total non-current assets	**44 337**	**44 430**	**93**
Current assets			
Inventories	86	22	-64
Trade and other receivables	1 852	1 822	-30
Cash and cash equivalents	557	557	0
Total current assets	**2 495**	**2 402**	**-93**
Total assets	**46 832**	**46 832**	**0**

Equity and liabilities (NOKm)	**Published 31.12.2021**	**Restated 31.12.2021**	**Change**
Equity			
Equity attributable to parent company shareholders			
Share capital	1 037	1 037	0
Share premium account	22 767	22 767	0
Earned equity	177	177	0
Total equity attributable to parent company shareholders	**23 981**	**23 981**	**0**
Non-controlling interests	93	93	**0**
Total equity	**24 073**	**24 073**	**0**
Liabilities			
Non-current liabilities			
Loans	12 665	12 665	0
Deferred tax liabilities	2 109	2 109	0
Pensions	199	199	0
Other provisions and liabilities	0	78	78
Derivatives	82	82	0
Lease liabilities	2 735	2 735	0
Total non-current liabilities	**17 789**	**17 868**	**78**
Current liabilities			
Trade and other payables	2 739	2 582	-157
Lease liabilities	196	196	0
Derivatives	18	18	0
Tax payable	3	3	0
Loans	2 013	2 092	79
Total current liabilities	**4 970**	**4 891**	**-78**
Total liabilities	**22 759**	**22 759**	**0**
Total equity and liabilities	**46 832**	**46 832**	**0**

Note 4 **Significant accounting estimates and judgements**

Estimates and judgements are evaluated regularly and are based on historical experience and other factors, including expectations for future events that are considered probable. The group prepares estimates and makes judgements relating to the future. By definition, the resulting accounting estimates will seldom correspond fully to the actual outcome.

Estimates and judgements that represent a significant risk of material changes to the carrying amounts of assets and liabilities during the next financial year are discussed below.

Estimated impairment of tangible and intangible assets

The group carries out annual impairment testing of the carrying amounts of goodwill and other intangible assets, see Note 2.6. Significant acquired intangible assets in the group consist of goodwill. Impairment losses are recognised where the carrying amount exceeds the recoverable amount. The recoverable amount of a cash-generating unit is the higher of its fair value less costs of disposal, and its value in use. Value in use is determined by discounting cash flows. The underlying calculations are based on forecasts approved by management. Cash flows beyond the forecast period are estimated using steady growth rates. These calculations require the use of assumptions that are assumed to be reasonable but are inherently uncertain, which may mean that actual results deviate from these calculations.

The group has carried out goodwill impairment testing for its business areas. See Note 14 for information on these tests. The group also assesses the carrying amounts of property, plant and equipment against the estimated recoverable amounts. Where the carrying amount is higher, it is written down to the recoverable amount. See Note 14 for information on impairment testing and Note 12 for the results of the year's tests.

Property, plant and equipment

The Power Distribution business area always has major projects under construction. Investments affect the revenue cap because compensation is made for capital costs.

Ongoing projects are recognised as construction in progress until the asset is ready for use, at which point it is reclassified to property, plant and equipment. Available for use means that the asset is in the location and condition necessary for it to be able to operate in the manner intended by management. With power distribution assets, available for use means that the asset is ready to be taken into use in the power network.

New investments are investments in new assets and the expansion of capacity to supply new customers. In cases where expenditures enhance an asset, the enhancement is also counted as a new investment. Reinvestments are the replacement of an entire asset or expenditures made to maintain
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the standard and capacity of an existing asset. Other expenses are recognised in profit or loss.

Property, plant and equipment are depreciated over their estimated useful life. Expected useful life is estimated on the basis of historical experience and judgements about the future technical usage and profitability of the assets. The depreciation schedules are amended if there any changes in these estimates. See Note 12 for the depreciation periods applied by the group.

Pensions

Gross pension liabilities are determined using estimates and are prepared by an actuary. These estimates are based on the company's specific circumstances and are based on the recommended assumptions in the guidelines from the Norwegian Accounting Standards Board on the use of calculation assumptions for defined-benefit pension schemes under IAS 19 "Employee benefits". Changes to the assumptions used could have a considerable impact on estimated pension liabilities and equity. Note 11 shows the assumptions applied by the group and sensitivity analyses.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded on an active market, such as unlisted derivatives, is determined using valuation techniques. The group evaluates and selects methods and assumptions which are based, as far as possible, on market conditions at the reporting date. For financial assets that are not traded on active markets, the group uses a model with discounted future cash flows as the valuation method. See Note 5 for further information on these valuations.

Deferred income

The transfer of Eidsiva Vannkraft to Hafslund Eco Vannkraft in 2019 resulted in a gain of more than NOK 7bn. 57.2% of this gain was recognised in profit or loss. This corresponded to the economic ownership interest transferred to Hafslund Eco, which owns 57.2% of Hafslund Eco Vannkraft.

The remainder of the gain was recognised as deferred income – see Note 15. Eidsiva's 42.8% holding in Hafslund Eco Vannkraft was measured at fair value, and an acquisition analysis was performed. Fair value adjustments identified in the acquisition analysis were allocated across property, plant and equipment. Fair value adjustments attributed to depreciable assets will result in additional amortisation in future. The deferred income was distributed proportionally in the same way as the fair value adjustments. The share of deferred income attributed to depreciable assets will be reversed over the same period as the depreciation of these assets. This will reduce the effect of the additional amortisation

Note 5 **Financial risk management in the group**

Risks

The 43.5% holding in Hafslund Eco Vannkraft gives Eidsiva exposure to both price and volume risks in respect of power production. In terms of volume, Eidsiva's exposure to power prices is around 6.3 TWh/year. The risk of shortfalls in inflows into hydropower plants is moderate, as they cover a wide geographical area. This reduces the consequences of temporary local annual variations in inflows. Dependence on individual power stations is moderate, as the group has stakes in 74 plants.

Power price risk is the greatest source of uncertainty in Eidsiva's underlying performance. Eidsiva does not itself carry out any hedging transactions in relation to its ownership of Hafslund Eco Vannkraft.

Liquidity was considered tight at times in 2022 as a result of large payments relating to the value of network losses. The group has an unused long-term syndicated credit facility with a limit of NOK 2.5bn and two bilateral credit facilities with a combined limit of NOK 1.0bn. Following Statnett's payment of congestion revenue to power distributors in southern Norway from November, the liquidity situation has improved. Regular stress testing of future liquidity was carried out in the second half of the year. The single most critical event was considered to be the bankruptcy of a major power supplier and subsequent need for working capital to meet Elvia's supply obligation to consumers.

Events in the Power Distribution business area are a significant risk, as this business area accounts for a large part of Eidsiva's activities and earnings. NVE capital, which is one of several elements in the revenue cap, is around NOK 22 328m. The distribution business serves a large geographical area with a large number of customers. This means that individual events in the form of extreme weather, changes to regulatory conditions in terms of geography and topography, and defaults at individual customers affect Eidsiva only moderately. The business area's revenue is regulated in a way that ensures stability over time, but also includes mechanisms that reward efficient power distributors such as Elvia with higher returns. The Eidsiva group has significant exposure to risks related to changes in the application of regulatory mechanisms covering power distribution.

When it comes to financing, Eidsiva is exposed to interest rate risk, currency risk and liquidity risk.

Overall risk is analysed at group level, based on reports from the companies together with strategic assessments by group management and technical assessments from the central risk management function. Risk assessments form part of quarterly reporting to the board, where financial risk is one of a number of risk factors.

Credit ratings

Eidsiva Energi aims to be an investment-grade company. In February 2023, Scope Ratings AG affirmed its long-term rating for Eidsiva Energi of BBB+ with a stable outlook. The short-term credit rating was also unchanged at S-2. Portfolio management, scenario analyses and long-term capital prioritisation are used to ensure optimal use of capital in the group over time and an investment-grade long-term credit rating. Analyses with projections of credit ratings are an integral part of all management reporting. To maintain its long-term credit rating, Eidsiva also needs to have a satisfactory short-term rating. This is achieved by maintaining sufficient liquidity and committed credit/overdraft facilities at banks.

Market risk from power prices

Eidsiva Bioenergi is exposed to changes in power prices through the determination of prices for district heating under the Norwegian Energy Act. A change in the price of electricity of NOK 0.01/kWh will increase/decrease Eidsiva Bioenergi's profit after tax in a given year by around NOK 3m before contributions from fixed-price contracts. The power price subsidy scheme introduced voluntarily in December 2021 and continued in 2022 also has implications for district heating prices and means that the company's earnings are much less sensitive to movements in power prices above NOK 0.70/kWh.

As part of their operation of the power network, power distributors incur costs for network losses, where electrical energy is lost between leaving the power producer and reaching the consumer as a result of resistance in the lines. Power distributors must purchase power to cover these losses, and the cost of this is included in the calculation of the revenue cap.

When setting revenue caps, the Norwegian Energy Regulatory Authority (RME) calculates the cost of network losses as the transmission loss in MWh multiplied by a benchmark power price. The benchmark price is linked to spot prices in the different price zones in Norway. Power prices thus impact on power distributors' revenue caps, and so also on the network charges that their customers pay. Payments for network losses were extremely high in 2022.

The revenue cap for a power distributor in any given year will never be exactly the same as the network charges that its customers pay that year. There is, however, a clear relationship between the revenue cap and network charges when viewed over several years. Tariffs are generally set before customers draw energy from the network. Elvia decided to increase its tariffs somewhat in 2022, but not to the same extent as the value of network losses.

Movements in energy prices can therefore have a major impact on profit in any given year, but much less of an effect viewed over several years.

Currency risk

Eidsiva has exposure to mismatch risks in relation to financing in foreign currency. The group has a loan denominated in EUR to finance the development of bioenergy assets. The loan helps reduce exposure to a weaker NOK when supplying district heating. The loan can be viewed as a financial hedge but does not meet the criteria for an accounting hedge.

The Bioenergy business area's revenue is also dependent on the pricing of alternative energy sources, and the benchmark price for electrical power is traded in EUR. A change in the NOK/EUR exchange rate of NOK 0.10 per EUR will increase/decrease the business area's profit and cash flow in any given year by around NOK 1m after tax

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Effect on earnings of fair value adjustment of liabilities due to movements in exchange rates

	Change in exchange rate	
(NOKm)	-10%	+10%
Effect on loans in foreign currency	6	-6
Total change in profit before tax	**6**	**-6**

The table above summarises how the group's profit before tax is affected by changes in the value of liabilities as a result of a parallel shift of 10% in the NOK/EUR exchange rate. A change of this size is not considered likely in a period of one year. The effect is shown before tax. This analysis covers only assets and liabilities measured at fair value under IFRS 9.

Outstanding borrowings in EUR totalled EUR 6m on 31 December 2022, down from EUR 10m a year earlier.

Limits have been set for maximum borrowings in currencies other than NOK.

Interest rate risk

Eidsiva's loan portfolio has considerable exposure to movements in interest rates, with associated consequences for net finance expense. Interest rate risk relates partly to general movements in interest rates and partly to how lenders view Eidsiva's capacity to meet its future obligations.

General movements in interest rates are linked to the level of Nibor and swap rates and are determined by general macroeconomic conditions. The credit margin is company-specific and relates to lenders' assessment of Eidsiva's ability to service its debt in future.

To reduce the impact of interest rate movements on the group's finance expense (interest rate risk), Eidsiva's financing comprises a mix of variable and fixed rates with different maturities.

The group has built up a portfolio of long-term interest swaps where Eidsiva pays/receives a pre-agreed fixed rate and receives/pays a pre-agreed variable rate for the term of the contract. Fixed-rate periods and contractual terms vary over the life of the portfolio and mean that Eidsiva's interest rate risk in the loan portfolio is reduced.

The allowable return on power distribution activities under the current revenue cap regime is based partly on the average five-year swap rate during the year. Interest rate risk at Eidsiva is managed by using the natural interest rate hedge in the revenue cap system that arises from interest exposure relating to power distribution being included in the management of interest rate risk for financing. In isolation, an increase in the five-year swap rate of half a percentage point will increase the revenue cap for power distribution by around NOK 52m after tax. Interest rate movements that impact on the revenue cap are accounted for in Eidsiva's operating profit, while other interest rate movements are accounted for in net finance expense.

Movements in short-term interest rates in the form of the three-month Nibor (loan portfolio) relative to long-term interest rates in the form of the five-year swap rate (power distribution activities) impact on the effectiveness of interest rate risk management in relation to the group's underlying profit and cash flow in any given year.

A substantial part of the group's loan portfolio is quoted with Nibor as the benchmark rate. The lease payments paid by Eidsiva Bredbånd to external fibre network owners also have Nibor as their benchmark rate. This means that the withdrawal of Nibor as a benchmark rate could impact on the group's interest rate exposure and lease costs.

Eidsiva aimed for fixed-rate periods in the loan portfolio of between one and four years in 2022.

Effect on earnings of movements in interest rates

(NOKm)	Change in interest rate -1pp	1pp
Effect on interest swaps	-9	9
Total change in profit before tax	**-9**	**9**

The table above summarises how the group's profit before tax is affected by a parallel shift in the interest rate curve of one percentage point. A change of this size is not considered likely in a period of one year. The effect is shown before tax. The analysis covers only assets and liabilities carried at fair value under IFRS 9.

The group is also exposed to changes in interest rates through its variable-rate borrowings. At the end of 2022, Eidsiva had variable-rate loans with a nominal value of NOK 8.8bn. A change in interest rates of half a percentage point would have increased/decreased the interest on these loans by NOK 34m after tax.

Fixed-rate periods in the loan portfolio

(NOKm)	0-1 years	1-3 years	4-5 years	>5 years	Total
Loans in NOK	11 696	200	1 250	3 100	16 246
Loans in EUR	0	63	0	0	63

The table above shows the time until fixed rates expire for bank loans, bonds, certificates and interest swaps. Both the nominal value of fixed-rate loans and the nominal value of floating-to-fixed interest swaps are included in the table.

At 31 December 2022, 54% of the portfolio attracted interest at variable rates. The loan portfolio had a modified duration of 2.7 years at the end of 2022, unchanged from a year earlier.

Liquidity risk

Eidsiva is exposed to liquidity risk because the maturity of its financial liabilities does not match the cash flows generated by its assets.

Eidsiva aims to have an average remaining maturity in the loan portfolio of at least five years to ensure predictability for reinvestments and maturities.
Eidsiva has two syndicated revolving credit facilities, each with a limit of NOK 1 250m, maturing in September 2025 and 2026 respectively. The facility expiring in 2025 comes with extension options until 2026.

As a result of general uncertainty about movements in liquidity, two new bilateral credit facilities, each with a limit of NOK 500m, were agreed in 2022. These expire in 2024 with extension options until 2025.

These facilities can be used as a backstop when loans mature and as a general liquidity reserve. None of the facilities had been used at 31 December 2022. Eidsiva also has an agreement on a bank overdraft facility with a limit of NOK 500m. The group thus had total unused credit facilities of NOK 4 000m at the end of the year.

The average remaining maturity of the overall loan portfolio was 5.2 years at 31 December 2022 (5.5 years at 31 December 2021)

Maturity analysis of liabilities

(NOKm)	2023	2024	2025	2026	After 2026
Repayments on bank loans	1 470	149	128	128	3 375
Repayments on bonds/bills	750	500	1 200	1 500	6 950
Repayments on bank loans at subsidiaries	2	2	2	2	8
Interest payments	526	459	439	382	1 142
Interest rate derivatives	7	22	18	17	34
Other current liabilities	140				
Total	**2 895**	**1 132**	**1 788**	**2 029**	**11 508**

The table above shows undiscounted values broken down into the periods in which the liabilities mature, and includes loans at subsidiaries.

Credit risk

Credit risk is the risk of a counterparty causing a financial loss for Eidsiva by failing to discharge its obligations. Eidsiva is exposed to credit risk through lending, sales of bioenergy, distribution of power (network charges), sales of broadband services, and other transactions where settlement takes place later than the transfer of ownership.

Eidsiva has issued an unsecured subordinated loan to Hafslund Eco Vannkraft Innlandet (a subsidiary of Hafslund Eco Vannkraft) of NOK 1 917m. The debtor's repayment capacity is monitored through representation on its board. The parent company Hafslund Eco Vannkraft has also issued a guarantee to Eidsiva in respect of the loan to Hafslund Eco Vannkraft Innlandet.

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With both power distribution (network charges) and sales of broadband services, customers are in both the household and the business market. The number of customers and segmentation of the customer base mean that the group's credit risk is reduced and is not considered to be significant. Electricity retailers providing combined billing for end-customers have provided bank guarantees to the distribution company, further reducing the credit risk.

Limits have been set for the investment of surplus liquidity with a number of institutions and counterparties with high credit ratings.

To reduce the credit risk associated with investments, bank guarantees are used in some cases when entering into a contract

Note 6 **Climate risk**

The measurement of climate risk differentiates between physical risks from a warmer climate and transition risks relating to political measures to limit global warming. Physical risks are mainly related to increased precipitation and more extreme weather, which will lead to increased costs to maintain the services that Eidsiva supplies. Climate changes may also increase the risk of supply interruptions.

More stringent emissions limits will generally entail increased operating expenses and capital expenditure for the whole of trade and industry, including Eidsiva. On the other hand, it is important to be aware that many of these requirements entail increased demand, and so increased value creation, when it comes to products and services that support achievement of climate targets. Eidsiva is positioned commercially and strategically in the production and distribution of renewable energy, which means that for Eidsiva as a company, transition opportunities may outweigh the negative risk factors

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Type	Risk/opportunity	Financial implications	Probability	Time horizon
Physical risks	Cloudbursts, landslides, extreme snowfall	Interruption costs, higher maintenance costs and capital expenditure	Likely	0-5 years
	Increased precipitation	Interruption costs, higher maintenance costs and capital expenditure	Likely	5-10 years
	Higher temperatures	Reduced revenue from district heating, higher fuel costs	Possible	5-10 years
	More extreme weather	Interruption costs, higher maintenance costs and capital expenditure	Likely	5-10 years
Transition risks	Regulatory changes for district heating (incineration tax and use of forest fuels)	Higher costs or lower revenue from district heating	Possible	0-5 years
	Requirements relating to nature and location of power network infrastructure	Higher costs	Possible	0-5 years
	Congestion in national grid slowing establishment of power-hungry industry and new renewables production	Reduced revenue	Likely	0-10 years
	Loss of reputation due to higher costs for customers	Reduced revenue	Possible	0-10 years
Transition opportunities	More regulation to promote electrification	Significant and profitable investment opportunities in electrification	Likely	0-10 years
	More regulation to promote renewables	Increased revenue from power and district heating	Likely	0-10 years
	More regulation to promote new renewables	Substantial investment opportunities in production of new renewables	Likely	0-10 years

Note 7 **Related parties**

All subsidiaries, associates and joint ventures listed in Note 8 are considered related parties of Eidsiva Energi. The group's board and management are also defined as related parties. Further information on payments to these officers is presented in Note 10.

Shareholders

The group's shareholders have agreements on the supply of power distribution services and, in some cases, purchases of power and district heating. These agreements have been entered into on market terms.

Subsidiaries

Eidsiva Energi AS is the parent company and has direct or indirect control over 13 companies. Directly and indirectly owned subsidiaries are listed in Note 8. Activity in the group is reported in the segment information in Note 9. Transactions with subsidiaries are eliminated in the consolidated financial statements and do not constitute transactions with related parties.

Associates

Eidsiva has holdings in the associates listed in Note 8. Sales of services to these associates amounted to NOK 5m (2021: 6m).

The group generates revenue from the sale and distribution of power to associates. These transactions are on normal commercial terms, and details of the transactions are not included in the notes.

(NOKm)	2022	2021
Current receivable from Hafslund Ny Energi AS	50	0
Non-current loan to Hafslund Eco Vannkraft Innlandet AS	1 917	1 917
Interest accrued but not yet payable on loan to Hafslund Eco Vannkraft Innlandet AS	106	92

There have been no other material transactions with related parties
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Note 8 **Consolidated entities**

The consolidated financial statements cover the parent company Eidsiva Energi AS and the following subsidiaries, joint ventures and associates, which are presented by business area.

Company name	Registered office	Percentage of shares and votes
The following subsidiaries are part of the group:		
Power Distribution		
Elvia AS	Hamar	100%
Growth		
Eidsiva Vekst AS	Gjøvik	100%
Elsikkerhet Norge AS	Hamar	76.0%
Bioenergy		
Eidsiva Bioenergi AS	Gjøvik	100%
Trysil Fjernvarme AS	Trysil	65.0%
Lena Fjernvarme AS	Østre Toten	51.0%
Industrigata 54 Lillehammer AS	Lillehammer	100%
Elvesletta 12 Eiendom AS	Hamar	100%
OBIO AS	Hamar	100%
Broadband		
Eidsiva Bredbånd AS	Lillehammer	90.1%
Eidsiva Fiberinvest AS	Lillehammer	100%
Heggvin Utvikling AS	Hamar	60%
Vardal Utvikling AS	Hamar	100%
Associates included in operating profit		
Hafslund Eco Vannkraft AS	Oslo	43.5%
Hafslund Ny Energi AS	Oslo	35.0%
Rakkestad Energi AS	Rakkestad	33.0%
Kraftcert AS	Oslo	33.3%
Oplandske Bioenergi AS	Gjøvik	36.1%
Svalun AS	Hamar	33.3%
Other associates		
Prevent Systems AS	Lillehammer	20.0%
Celtic Norse AS	Steinkjer	33.3%

Note 9 **Segment information**

Segment information is presented on the basis of reporting to group management (the chief operating decision maker). The segment reporting is consistent with the financial information used by group management to allocate resources and assess performance. Eidsiva's operating segments are its three business areas. The segments are managed on the basis of operating results, as financing and tax optimisation are managed centrally in the group.

The bulk of the group's revenue comes from energy customers in Innlandet, Oslo and parts of Viken, which are also where most of the group's assets are located. No single external customer accounts for more than 10% of operating revenue.

Key figures for operating segments

Power Distribution

Elvia owns, operates, maintains and upgrades the transmission and distribution networks in large parts of Innlandet, Oslo and Viken counties. The company has 970 400 customers. Power distribution in Norway is a regulated monopoly. Regulation is based on the Energy Act and implemented via infrastructure licences and area licences. Financial regulation involves the Norwegian Energy Regulatory Authority (RME) setting revenue caps which give power distributors an incentive to operate efficiently. Revenue in the Power Distribution business area consists primarily of amounts billed for the transmission of electricity. Just over half of revenue comes from household customers, with the remainder split between businesses and the public sector.

Key figures – Power Distribution		2022	2021	2020	2019	2018
EBITDA	NOKm	2 657	1 248	2 700	1 152	430
Network customers at 31 December		970 000	949 000	933 000	921 000	165 000
Energy supplied [1)]	GWh	22 900	24 076	22 177	23 037	4 379
Network capital (NVE) at 31 December	NOKm	22 328	21 017	19 804	17 894	4 903
NVE efficiency (distribution network) [1)]	%	104	111	110	109	113
Cost of energy not supplied (CENS) [1)]	NOKm	131	212	266	90	114

[1)] Figures for 2018 refer to the former Eidsiva Nett.

Bioenergy

Eidsiva Bioenergi has built up a substantial portfolio of district heating plants in Innlandet county. In 2021, the company also acquired a district heating plant in Eidsvoll municipality in Viken county. Revenue breaks down into 72% from district heating, 11% from power production, 11% from waste management, 6% from steam and the remainder being other revenue. The company's role is to operate the district heating plants efficiently, further develop sustainable district heating infrastructure and supply, and provide environmentally friendly final disposal of residual waste. The company is working actively on developing new business around thermal and decentralised energy solutions and supplying new products and services linked to existing infrastructure. In partnership with forestry company Glommen Mjøsen Skog, a company called OBIO AS was formed during the year to produce biocoal. 2022 also saw the acquisition of two land-owning companies to position the company for further growth and development.

Key figures – Bioenergy		2022	2021	2020	2019	2018
EBITDA	NOKm	331	291	84	177	182
Volume supplied	GWh	454	474	397	425	419
Share of renewable fuels	%	99	97	99	99	98

Broadband

The Broadband business area mainly sells and operates broadband services for households and businesses in Innlandet county. Eidsiva Bredbånd became an Altibox partner from June 2019. 79% of the business area's revenue comes from the household market and 19% from the professional market. Expansion of the fibre network is a strategic focus area for Eidsiva. Up to and including 2017, it was the group's power distribution business that worked on developing the fibre infrastructure in Eidsiva's network area. From 1 January 2018, the fibre infrastructure and its development were transferred to Eidsiva Fiberinvest AS. Since then, the Broadband business area has consisted of Eidsiva Bredbånd AS and Eidsiva Fiberinvest AS. Eidsiva Bredbånd AS leases fibre infrastructure from Eidsiva Fiberinvest AS. Eidsiva Bredbånd AS also leases fibre infrastructure from other local power distributors in Innlandet county that still own fibre infrastructure.

Key figures – Broadband		2022	2021	2020	2019	2018
EBITDA	NOKm	388	398	343	280	168
EBITDA margin	%	43	46	46	44	31
Number of customers		88 100	86 600	81 100	75 400	64 500

Parent company and other activities

The parent company provides administrative services for the group, including accounting, asset management, information technology, human resources, health & safety and administrative procurement. The parent company bills subsidiaries based on their use of services. Ownership costs and other joint costs for the group are not passed on.

Elsikkerhet Norge, in which the group has a 76% interest, is included in the column for the parent company. The company generated revenue of NOK 64m and an operating loss of NOK 1m in 2022.

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The group has a 43.5% stake in Norway's second-largest power producer, Hafslund Eco Vannkraft. The group's share of the company's profit for 2022 was NOK 1 054m, which is shown under "Income from investments in associates" in the column "Parent". This share is based on profit after tax and is included in operating profit because the holding in Hafslund Eco Vannkraft is part of the group's core business. The same applies to the group's 35% holding in Hafslund Ny Energi AS, which contributed a loss of NOK 14m

Profit or loss 2022

(NOKm)	Power Distribution	Bioenergy	Broadband	Parent	Eliminations	Group
Gross operating revenue	**9 555**	**638**	**900**	**179**	**-154**	**11 118**
- of which intersegment sales	6	0	1	147	-154	0
Cost of sales	-5 141	-78	-259	0	1	-5 477
Personnel expenses	-415	-68	-111	-146	0	-741
Depreciation, amortisation and impairment	-1 136	-84	-253	-15	7	-1 481
Other operating expenses	-1 344	-159	-132	-120	153	-1 603
Other gains/losses, net	0	0	-10	15	0	5
Income from investments in associates	3	-1	0	1 040	0	1 041
Operating profit	**1 521**	**247**	**135**	**953**	**7**	**2 863**
Finance income						196
Finance expense						-590
Net finance expense						**-393**
Income from investments in associates and joint ventures						1
Profit before tax						**2 470**
Tax expense						-330
Profit for the year						**2 140**
EBITDA	**2 657**	**331**	**388**	**968**	**0**	**4 344**

Profit or loss 2021

(NOKm)	Power Distribution	Bioenergy	Broadband	Parent	Elimination	Group
Gross operating revenue	**7 120**	**555**	**857**	**203**	**-173**	**8 561**
- of which intersegment sales	5	0	-1	170	-173	0
Cost of sales	-4 107	-82	-227	0	1	-4 415
Personnel expenses	-404	-64	-108	-145	0	-721
Depreciation, amortisation and impairment	-1 230	-86	-259	-16	7	-1 584
Other operating expenses	-1 362	-118	-125	-138	173	-1 570
Other gains/losses, net	0	0	0	46	0	46
Income from investments in associates	2	0	0	599	0	602
Operating profit	**19**	**205**	**139**	**549**	**7**	**919**
Finance income						134
Finance expense						-429
Net finance expense						**-295**
Income from investments in associates and joint ventures						9
Profit before tax						**633**
Tax expense						-1
Profit for the year						**632**
EBITDA	**1 248**	**291**	**398**	**566**	**0**	**2 503**

Financial position 31.12.2022

(NOKm)	Power	Bioenergy	Broadband	Parent	Eliminations	Group
Intangible assets	1 026	149	4	41	-40	1 180
Property, plant and equipment	22 792	1 866	2 941	29	0	27 628
Right-of-use assets	1 922	11	931	10	0	2 875
Investments in associates and joint ventures	35	24	0	11 955	0	12 014
Financial fixed assets	425	10	89	39 991	-37 688	2 827
Current assets	4 549	292	822	2 294	-3 649	4 308
Total assets	**30 749**	**2 353**	**4 788**	**54 320**	**-41 378**	**50 832**
Equity	9 035	1 333	2 031	34 716	-21 108	26 007
Deferred tax liabilities	2 195	124	76	0	-32	2 362
Non-current liabilities	17 102	630	2 273	13 930	-16 752	17 184
Current liabilities	2 417	266	408	5 673	-3 486	5 279
Total equity and liabilities	**30 749**	**2 353**	**4 788**	**54 320**	**-41 378**	**50 832**
Investments in property, plant and equipment	2 193	108	381	14	0	2 696

Financial position 31.12.2021

(NOKm)	Power	Bioenergy	Broadband	Parent	Eliminations	Group
Intangible assets	941	153	2	42	-41	1 097
Property, plant and equipment	21 321	1 815	2 783	21	0	25 940
Right-of-use assets	1 935	2	743	19	0	2 699
Investments in associates and joint ventures	34	22	0	11 828	0	11 884
Financial fixed assets	528	10	100	35 152	-32 980	2 810
Current assets	1 428	272	472	615	-386	2 402
Total assets	**26 187**	**2 274**	**4 100**	**47 677**	**-33 407**	**46 832**
Equity	16 868	1 280	1 619	32 902	-28 596	24 073
Deferred tax liabilities	1 943	122	85	0	-41	2 109
Non-current liabilities	5 135	626	2 088	12 647	-4 737	15 759
Current liabilities	2 241	247	309	2 128	-33	4 891
Total equity and liabilities	**26 187**	**2 274**	**4 100**	**47 677**	**-33 407**	**46 832**
Investments in property, plant and equipment	2 022	91	373	6	0	2 491

Note 10 **Personnel expenses**

(NOKm)	2022	2021
Salary	947	898
Employer contributions	129	122
Pension expense, defined-contribution and defined-benefit plans (Note 11)	98	117
Other personnel expenses	44	14
Total payroll expenses	**1 218**	**1 152**
Full-time equivalents at 31 December	1 231	1 147
Average full-time equivalents	1 188	1 147

Remuneration of senior officers in 2022

Remuneration of the board and senior management

Board (NOK thousands)		**Fees 2022**
Pål Egil Rønn	Chair	434
Finn Bjørn Ruyter [1]	Deputy Chair	287
Monica Haugan	Director	265
Øystein Løseth	Director	224
Toril Benum [1]	Director	242
Martin Sleire Lundby [1]	Director (from May 2022)	154
Lise Merethe H. Martinsen [1]	Director (from May 2022)	159
Anita Hager	Director (from May 2022)	150
Martin Lutnæs	Employee representative	243
Alf Inge Thunheim	Employee representative	229
Per Luneborg	Employee representative	224
John Renngård	Employee representative	229
Heidi Ulmo	Director (until 11 May 2022)	70

1) Fees paid to Hafslund AS.

Martin Sleire Lundby, Lise Merethe Holen Martinsen and Anita Hager joined the board during the year, while Heidi Ulmo stepped down from the board in 2022. The amounts stated in the table are for the period in which each member sat on the board. The fees paid to the board include fees for participating in the audit committee, the employee safety and ethics committee, and the remuneration and leadership development committee. The members of the committees are elected by and from the members of the board.

Remuneration of the Group CEO and other group management
The Group CEO's remuneration is determined by the board. The remuneration of other members of the group management team is determined by the Group CEO.

Remuneration is based on the group's executive remuneration policy. The key principles are "market-based, not market-leading", "performance-motivating" and "understandable and acceptable". Performance pay was discontinued for all members of the group management team with effect from 2022. The performance pay shown in the table is that accrued in the second half of 2021 and paid in 2022.

With the exception of the Group CEO, all members of the group management team have defined-contribution pension plans. The amounts stated in the table for the Group CEO are for a defined-benefit plan based on 16.8% of salary up to 12 G ("G" being the multiplier used in the Norwegian social insurance system). Service costs over and above 12 G are shown in the text beneath the table. The other amounts shown are the employer's payments into defined-contribution plans.

Group management (NOK thousands)	**Salary**	**Performance pay**	**Pension**	**Car (taxable value)**	**Other**
Øistein Andresen CEO	3 136	-	224	163	8
Trond Skjellerud CEO of Elvia	2 593	108	161	203	8
Ola Børke CEO of Eidsiva Bredbånd	1 898	68	161	161	27
Marit Storvik CEO of Eidsiva Bioenergi	1 648	64	145	149	8
Petter Myrvold Chief Financial Officer	1 868	67	144	117	11
Nils Kristian Myhre Chief Communications and Regional Development Officer	1 632	65	159	164	8
Anne Mette Askvig Chief Organisational Development and Corporate Services Officer	1 581	60	144	164	8

[1)] The column "Other" includes disability cover, travel allowance, loan benefits, phone and insurance.

The Group CEO is due to retire at the age of 67 with a pension of 66% of ordinary salary. This pension is to be co-ordinated with other pension arrangements. In the event of termination at the age of 62, the pension will be 16 G. In the event of termination after the age of 62 but before the age of 67, pension benefits are to be calculated on a straight-line basis between 16 G and the full pension at 67. A supplementary pension from the age of 67 which is not covered by the group's pension scheme resulted in additional expense of NOK 3.2m in 2022 (2021: 3m). No bonus or profit-sharing agreements have been entered into with the Group CEO. The Group CEO has a notice period of six months.

The other members of the group management team have notice periods of three and six months. None has any agreement on severance benefits beyond the notice period. Those with defined-contribution pension plans are limited to 12 G.

No loans/security have been issued for the Group CEO, Chair or other members of the group management team or other non-corporate related parties.

Remuneration of senior officers in 2021

Remuneration of the board and senior management

BOARD OF DIRECTORS (NOK thousands)		**Fees 2021**
Pål Egil Rønn	Chair	421
Finn Bjørn Ruyter [1)]	Deputy Chair	278
Monica Haugan	Director	258
Øystein Løseth	Director (from May 2021)	145
Toril Benum [1)]	Director	237
Heidi Ulmo [1)]	Director	236
Martin Lutnæs	Employee representative	236
Alf Inge Thunheim	Employee representative	222
Per Luneborg	Employee representative	218
John Renngård	Employee representative	222
Tomas Holmestad	Director (until May 2021)	76

[1)] Fees paid to Hafslund Eco AS.

Øystein Løseth was elected to the board in the course of 2021, replacing Tomas Holmestad. The amounts stated in the table are for the period in which each member sat on the board. The fees paid to the board include fees for participating in the audit committee, the employee safety and ethics committee, and the remuneration and leadership development committee. The members of the committees are elected by and from the members of the board.

Remuneration of the Group CEO and other group management
The same pay rules, executive remuneration policy and terms applied in 2021 as presented for 2022. The only changes are that the pension expense for the Group CEO with his defined-benefit pension in the table below is calculated at a rate of 14.4% for 2021. Performance pay was discontinued for all members of the group management team with effect from 2022.

Group management (NOK thousands)	**Salary**	**Performance pay**	**Pension**	**Car (taxable value)**	**Other**
Øistein Andresen					
CEO	3 045	-	184	131	8
Kristin Lian [1]					
CEO of Elvia until 15 November 2021	2 547	555	184	69	151
Trond Skjellerud					
CEO of Eidsiva Bredbånd until 15 November 2021	1 682	125	151	170	6
CEO of Elvia from 15 November 2021	326		21	34	1
Ola Børke					
CEO of Bioenergi until 15 November 2021	1 386	133	119	109	7
CEO of Eidsiva Bredbånd from 15 November 2021	220		17	22	3
Marit Storvik					
CEO of Eidsiva Bioenergi from 15 November 2021	191		22	10	1
Petter Myrvold					
Chief Financial Officer	1 699	131	137	118	8
Nils Kristian Myhre					
Chief Communications and Regional Development Officer	1 453	119	133	176	8
Anne Mette Askvig					
Chief Organisational Development and Corporate Services Officer from	788		82	27	5
Leif Henning Asla					
Chief Organisational Development and Corporate Services Officer until	680	72	77	52	5

[1] The column "Car" shows the fixed-rate taxable benefit. The column "Other" includes disability cover, travel allowance, loan benefits, phone and insurance. In the case of the former CEO of Elvia, it also includes the waiver of the outstanding balance of a car loan.

Note 11 **Pensions and similar obligations**

The companies in the group have a number of different (public-sector) occupational pension schemes under the Norwegian Occupational Pensions Act and collective agreements. There has been a managed, gradual transition from defined-benefit plans to defined-contribution plans. From 1 July 2016, all new employees have been covered by one of the existing defined-contribution schemes. Some of the group's employees chose voluntarily to switch from a defined-benefit plan to a defined-contribution plan. In 2021, it was decided to transfer all employees born after 1 January 1963 from a defined-benefit pension to a defined-contribution pension with effect from 1 January 2021. (This decision did not cover Elsikkerhet Norge AS.) The group also has a number of unfunded plans.

The defined-contribution schemes have the following contribution schedule: 6% of salary up to 7.1 G and 18% of salary between 7.1 and 12 G ("G" being the multiplier used in the Norwegian social insurance system). There are also insurance covers, including waiver of contributions in the event of incapacity to work and a disability pension of 3% of salary up to 12 G. There are no employee contributions in the defined-contribution schemes. Employees in the defined-contribution schemes are entitled to a private-sector early retirement pension (AFP). At 1 January 2023, 1087 of the group's employees were included in one of the defined-contribution schemes.

In connection with the decision to transfer employees to defined-contribution pensions, a private-sector AFP was set up for those born in 1963, 1964 and 1965 who are at risk of losing their previous AFP rights under the defined-benefit scheme. This covered 61 employees at 1 January 2023. The service cost for this scheme was expensed in 2022.

The defined-benefit schemes are funded partly through a multi-employer occupational pension scheme at municipal pension fund KLP, and partly through a separate pension fund, both of which give employees rights to defined future benefits. Employee contributions vary from 0% to 3.8%. Employees in the defined-benefit schemes are entitled to a public-sector AFP. At 1 January 2023, 158 of the group's employees were included in one of the defined-benefit schemes. These schemes also covered 1 670 pensioners and a number of members with deferred rights.

The actuarial calculations of pension expense and pension liability for the defined-benefit schemes have been carried out partly by an actuary linked to the pension provider, and partly by an independent actuary, and present the group's proportionate share of defined-benefit pension liabilities, plan assets and expenses relating to the pension scheme. The economic assumptions applied for the likes of wage growth, discount rate and rate of return have been assessed against the recommended pension assumptions published by the Norwegian Accounting Standards Board

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The amounts presented for defined-benefit plans in the financial statements have been calculated as follows:

(NOKm)	31.12.2022	31.12.2021
Present value of funded obligations	3 704	3 784
Fair value of plan assets	-4 130	-4 256
Underfunding (overfunding) of funded plans	-426	-472
Present value of unfunded plans	162	155
Pension liability recognised	**-265**	**-317**

Changes in the net pension liability during the year have been calculated as follows:

(NOKm)	Present value of liability	Fair value of plan assets	Total
Pension liability at 1 January 2021	**3 873**	**-3 775**	**98**
Year's service cost including employer contributions	36		36
Interest expense (income)	57	-56	1
Plan amendments	18		18
Administration expenses		5	5
Total pension expense	**111**	**-51**	**60**
Impact of recalculation:			
– Actual return on assets in relation to interest income recognised		-438	-438
– Other experience adjustments	151		151
Total	**151**	**-438**	**-287**
Payments to/from plans:			
– From employer		-161	-161
– From employees		-3	-3
– Benefits paid	-173	173	0
– Employer contributions	-22		-22
Net payments to/from plans	**-196**	**9**	**-187**
Pension liability at 31 December 2021	**3 939**	**-4 256**	**-317**
Liabilities acquired	**40**	**-38**	**3**
Year's service cost including employer contributions	35		35
Interest expense (income)	62	-70	-7
Administration expenses		3	3
Total pension expense	**98**	**-67**	**31**
Impact of recalculation:			
- Actual return on assets in relation to interest income recognised		160	160
– Other experience adjustments	-20		-20
Total	**-20**	**160**	**140**
Payments to/from plans:			
- From employer		-105	-105
– From employees		-3	-3
– Benefits paid	-178	178	0
– Employer contributions	-13		-13
Net payments to/from plans	**-191**	**70**	**-121**
Net pension liability at 31 December 2022	**3 866**	**-4 130**	**-265**
Of which:			
Overfunded scheme reclassified to non-current receivables (Note 21)			**426**
Pension liability			**161**

Pension expense in the statement of profit or loss:

(NOKm)	2022	2021
Pension expense, defined-benefit schemes	31	60
Pension expense, defined-contribution schemes, including employer contributions	67	57
Total pension expense included in payroll costs (Note 10)	**98**	**117**

Accumulated actuarial gains/losses included in pension liability:

(NOKm)	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Accumulated actuarial gains/losses	20	-120	167	-102

Actuarial assumptions applied: 1)	01.01.2023	01.01.2022	01.01.2021
Discount rate	3.20%	1.70%	1.50%
Expected return on plan assets	3,20%	1.70%	1.50%
Annual wage growth	3.75%	2.50%	2.00%
Annual pension growth	2.75%	1.48%	0.99%
Annual increase in social insurance multiplier (G)	3.50%	2.25%	1.75%

1) The assumptions shown for the two most recent years have been used to calculate the fair value of the pension liability and plan assets in those years, whereas the assumptions shown for the two earliest years have been used to calculate pension expense for those same years.

Sensitivity of the calculations of gross pension liability to changes in weighted assumptions:	Change in assumption	Increase in liability	Decrease in liability
Discount rate	0.5%	-7.2%	9.2%
Wage growth	0.5%	0.2%	-0.2%

The table presents sensitivity based on historical data from our pension provider for the group pension scheme to which we belong. The sensitivity analysis above is based on changes to one of the assumptions, with other assumptions kept constant. In practice, this is unlikely to happen, as some assumptions will be correlated.

Breakdown of plan assets at 31 December:	2022	2021
Interest-bearing instruments	53%	54%
Real estate	13%	13%
Equity instruments	33%	34%
Total	**100%**	**100%**

The recognised (realised) return on assets was -3.9% in 2022, 8.7% in 2021, 5.9% in 2020, 4.5% in 2019 and 3.5% in 2018.

Note 12 **Property, plant and equipment**

(NOKm)	Telecommunications assets	Infrastructure assets	Buildings and land	Machinery, equipment, fixtures and fittings	Construction in progress	Total
At 1 January 2021						
Cost	3 463	31 660	2 128	4 037	1 741	43 029
Accumulated depreciation and impairment	-1 021	-14 728	-461	-1 884	0	-18 094
Carrying amount at 1 January 2021	**2 442**	**16 932**	**1 667**	**2 153**	**1 741**	**24 936**
2021 financial year						
Carrying amount at 31 December 2021	2 442	16 932	1 667	2 153	1 741	24 936
Prior-year adjustments, cost	0	-33	0	0	0	-33
Acquisitions	0	12	1	0	1	15
Additions	408	1 556	105	151	270	2 491
Retirements	-4	-244	-17	-143	0	-407
Depreciation for the year	-191	-833	-51	-338	0	-1 412
Retirements, accumulated depreciation	2	237	8	142	0	389
Impairment losses for the year	-32	-6	0	0	0	-38
Carrying amount at 31 December 2021	**2 626**	**17 622**	**1 714**	**1 966**	**2 013**	**25 940**
At 31 December 2021						
Cost	3 867	32 952	2 217	4 045	2 013	45 095
Accumulated depreciation and impairment	-1 242	-15 330	-504	-2 079	0	-19 154
Carrying amount at 31 December 2021	**2 626**	**17 622**	**1 714**	**1 966**	**2 013**	**25 940**
2022 financial year						
Carrying amount at 1 January 2022	2 626	17 622	1 714	1 966	2 013	25 940
Prior-year adjustments, cost	-30	0	0	-8	17	-22
Acquisitions	0	671	23	18	2	714
Additions	243	1 585	88	353	427	2 696
Retirements	0	-222	-11	-72	0	-306
Depreciation for the year	-193	-788	-38	-296	0	-1 315
Additions, accumulated depreciation	0	-298	0	-13	0	-310
Prior-year adjustments, accumulated depreciation	3	0	0	8	0	12
Retirements, accumulated depreciation	0	161	7	72	0	240
Impairment losses for the year	-17	-5	0	0	0	-22
Carrying amount at 31 December 2022	**2 632**	**18 725**	**1 782**	**2 029**	**2 460**	**27 628**
At 31 December 2022						
Cost	4 080	34 985	2 318	4 336	2 460	48 178
Accumulated depreciation and impairment	-1 448	-16 260	-535	-2 307	0	-20 550
Carrying amount at 31 December 2022	**2 632**	**18 725**	**1 782**	**2 029**	**2 460**	**27 628**
Depreciation period (years)	6-25	2.5-10	2-5	7-30		
Depreciation method	Straight-line	Straight-line	Straight-line	Straight-line		

The carrying amount of infrastructure assets breaks down into NOK 17 469m (2021: 16 363m) in the Power Distribution business area and NOK 1 256m (2021: 1 259m) in the Bioenergy business area.

The carrying amount of construction in progress breaks down into NOK 2 118m (2021: 1 849m) in the Power Distribution business area, NOK 43m (2021: 14m) in the Bioenergy business area and NOK 297m (2021: 150m) in the Broadband business area.

Capitalised own investment work amounted to NOK 477m (2021: 430m). Capitalised interest on construction loans came to NOK 18m (2021: 17m).

Government investment grants from ENOVA totalled NOK 11m (2021: 13m).

Impairment losses were recognised for property, plant and equipment in the Broadband business area. These losses, totalling NOK 17m, related to systems and equipment in connection with the migration to Altibox and the planned fibre overbuild of the HFC network. Impairment losses of NOK 5m were also recognised in the Power Distribution business area relating to dismantled lines and cables.

Note 13 **Leases**

The group has applied IFRS 16 from 1 January 2019. Leases with a significant impact on accounting for lease liabilities and right-of-use assets under the standard are those for office premises, power distribution assets and broadband infrastructure.

At the commencement date of a lease, the group as lessee measures the lease liability at the present value of future lease payments. The corresponding right-of-use asset reflects the right to use the underlying asset during the lease term. The lease liability is measured at the discounted present value of remaining lease payments.

Depreciation of right-of-use assets and interest expense on lease liabilities are recognised in profit or loss. Where leases contain non-lease components, the value of the non-lease components is separated out so that they are not included in the amounts recognised in the statement of financial position.

For practical reasons, the group also applies the recognition exemptions for leases ending within 12 months and leases for low-value assets. The group regularly assesses whether options to extend leases will be exercised.

Right-of-use assets are shown on a separate line in the statement of financial position, and lease liabilities are shown on separate lines under non-current and current liabilities.

The group’s right-of-use assets are broken down into fibre, power distribution, and property and other assets.

(NOKm)	Fibre assets	Power distribution assets	Property and other assets	Total
At 1 January 2021				
Cost	791	987	607	2 385
Accumulated depreciation and impairment	-43	-103	-70	-216
Carrying amount at 1 January 2021	**748**	**884**	**537**	**2 169**
2021 financial year				
Carrying amount at 1 January 2021	748	884	538	2 170
Additions	53	648	1	702
Retirements	-48	0	-4	-52
Depreciation for the year	-25	-52	-48	-125
Retirements, accumulated depreciation	0	0	4	4
Carrying amount at 31 December 2021	**727**	**1 480**	**491**	**2 699**
At 31 December 2021				
Cost	795	1 635	605	3 035
Accumulated depreciation and impairment	-68	-155	-113	-337
Carrying amount at 31 December 2021	**727**	**1 480**	**491**	**2 699**
2022 financial year				
Carrying amount at 1 January 2022	727	1 480	491	2 699
Additions	222	50	41	313
Retirements	0	0	-4	-4
Depreciation for the year	-33	-51	-50	-134
Retirements, accumulated depreciation	0	0	1	1
Carrying amount at 31 December 2022	**916**	**1 479**	**479**	**2 875**
At 31 December 2022				
Cost	1 017	1 686	642	3 344
Accumulated depreciation and impairment	-101	-206	-162	-470
Carrying amount at 31 December 2022	**916**	**1 479**	**479**	**2 875**

Recognised in profit or loss

(NOKm)	2022	2021
Expense relating to short-term leases and leases for low-value assets	-14	-12
Depreciation of right-of-use assets	-134	-125
Interest expense on lease liabilities	-110	-80
Total	**-258**	**-217**

The total cash outflow related to lease liabilities in 2022 was NOK 216m, breaking down into cash payments of NOK 106m for the principal portion of the lease liability and cash payments of NOK 110m for the interest portion of the lease liability. An agreement was entered into with real estate company Utstillingsplassen in 2021 on the construction of new office premises. In time, this will significantly increase the right-of-use asset and lease liability.

Lease liabilities

(NOKm)	2022	2021
Years 0-1	221	205
Years 2-5	1 261	1 111
After 5 years	3 347	2 873
Total	**4 828**	**4 189**
Effect of discounting	-1 690	-1 257
Present value of lease payments	**3 138**	**2 932**

Breakdown of present value

(NOKm)	2022	2021
Years 0-1	216	196
Years 2-5	1 091	1 017
After 5 years	1 831	1 718
Total	**3 138**	**2 932**

(NOKm)	Lease liabilities
2021 financial year	
Carrying amount at 1 January 2021	2 401
New leases	60
Repayments	-120
Price adjustments and extensions	641
Other changes/retirements	-50
Carrying amount at 31 December 2021	**2 932**
2022 financial year	
Carrying amount at 1 January 2022	2 932
New leases	200
Repayments	-106
Price adjustments and extensions	115
Other changes/retirements	-3
Carrying amount at 31 December 2022	**3 138**

Eidsiva.

Note 14 **Intangible assets**

(NOKm)	Difference between nominal and present value of deferred tax in business combinations	Goodwill	Definite intangible assets	Total
At 1 January 2021				
Cost	267	714	115	1 096
Accumulated amortisation and impairment			-47	-47
Carrying amount at 1 January 2021	**267**	**714**	**68**	**1 049**
2021 financial year				
Carrying amount at 1 January	267	714	68	1 049
Prior-year adjustments, cost		-11	23	12
Acquisitions		46	10	57
Amortisation for the year			-9	-9
Prior-year adjustments, accumulated amortisation			-12	-12
Carrying amount at 31 December 2021	**267**	**749**	**81**	**1 097**
At 31 December 2021				
Cost	267	749	149	1 165
Accumulated amortisation and impairment			-68	-68
Carrying amount at 31 December 2021	**267**	**749**	**81**	**1 097**
2022 financial year				
Carrying amount at 1 January	267	749	81	1 097
Acquisitions		88		88
Additions			5	5
Retirements			-4	-4
Amortisation for the year			-10	-10
Retirements, accumulated amortisation			4	4
Impairment losses for the year				0
Carrying amount at 31 December 2022	**267**	**836**	**77**	**1 180**
At 31 December 2022				
Cost	267	836	151	1 254
Accumulated amortisation and impairment			-74	-74
Carrying amount at 31 December 2022	**267**	**836**	**77**	**1 180**

Impairment testing of intangible and tangible assets
Goodwill and other intangible assets have almost exclusively been acquired in business combinations and have been allocated to the group's cash-generating units in each business. Goodwill breaks down by business area as follows

:

(NOKm)	2022	2021	2020	2019
Power Distribution	989	901	901	901
Bioenergy	114	114	73	68
Broadband	0	0	6	10
Parent	1	1	1	0
Group	**1 104**	**1 016**	**981**	**980**

Basis for impairment testing
Carrying amounts are tested for impairment. The recoverable amount of a cash-generating unit is calculated on the basis of the value the asset will have for the business (value in use). In the Bioenergy business area, each district heating plant is treated as a separate cash-generating unit. In the Power Distribution business area, the entire distribution network is treated as a single cash-generating unit. To test the reasonableness of these amounts, comparisons are made with external valuations and multiples for comparable companies in the energy sector.

Key assumptions
The calculations below are based on forecasts approved by management. Cash flows beyond the forecast period are estimated using steady growth rates. Future cash flows are based on a number of assumptions. The group bases its assessments on internal historical data and information, but maximises the use of external observable data where available. Key assumptions for the calculation of value in use in the various business areas are as follows:

Power Distribution
Profitability in this business area is dependent on the revenue cap model, including long-term developments in efficiency, investments, cost of capital and NVE rate of return. Profitability is calculated with a forecast period of 30 years and thereafter an estimated terminal value equal to the present value of recognised NVE capital in 2051 adjusted up by a multiple. It is assumed that the current revenue cap model is retained up until the terminal year, but that the weighting of standardised costs is increased to 70% from 2023. The calculations assume that efficiency gradually increases from 104% in 2022 to 109% in 2031, but gradually decreases from 109% in 2032 to 105% in 2051.

Bioenergy
The key assumptions for this business area are production volumes, new customer connections, power prices, network charges (including the energy and peak load components), reinvestments and waste prices. A forecast period of five years has been used, after which cash flows are projected for 47 years without adding a terminal value.

Associates
The factors presented in Note 5 on financial risks result in a wide range of potential outcomes for income from Eidsiva's holding in Hafslund Eco Vannkraft. In terms of value, the shareholding is considered as a whole, and its fair value is still believed to be much higher than its carrying amount.

Discount rate
Discount rates are based on a weighted average cost of capital (WACC) method. The discount rate used is post-tax and reflects the risks specific to the individual asset. The post-tax discount rate ranges from 4.4% to 7.1%.

Impairment losses
No impairment of intangible assets was recognised in 2022. Goodwill arising on mergers and acquisitions has been allocated to specific district heating plants and power distribution networks and is thus included in the impairment testing of each cash-generating unit.

Sensitivity analysis
Intangible assets related to recent acquisitions in the Bioenergy business area are sensitive to changes in key assumptions. For other intangible assets in the Bioenergy business area, an increase in the discount rate of half a percentage point after tax, or a reduction in the power price curve of 10%, will result in impairment losses of NOK 6m

Note 15 **Investments in associates**

(NOKm)	2022	2021
Breakdown of amounts recognised in statement of financial position		
Associates included in operating profit	12 007	11 877
Other associates	7	8
Carrying amount at 31 December	**12 014**	**11 884**
Breakdown of amounts recognised in income, associates included in operating profit		
Associates	1 041	602
Ordinary profit	**1 041**	**602**
Share of other comprehensive income	-230	-83
Total comprehensive income for the year	**812**	**518**
Breakdown of amounts recognised in income, other associates/joint ventures		
Share of ordinary profit/gains on disposal	1	9
Ordinary profit	**1**	**9**
Total comprehensive income for the year	**1**	**9**

See Note 8 for a list of associates. Investments in associates and investment companies are accounted for using the equity method.

Investments in associates

The table below presents condensed financial information for significant associates included in operating profit.

The figures are taken from the companies' financial statements. Where they have been adjusted to be consistent with the group's accounting policies, this is stated.

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There are no contingent liabilities related to the group's investments in associates.

The group has holdings in Hafslund Eco Vannkraft AS, Hafslund Ny Energi AS, Rakkestad Energi AS, Kraftcert AS, Svalun AS and Oplandske Bioenergi AS. In the consolidated financial statements, these are accounted for as associates using the equity method and included in operating profit

Breakdown of associates included in operating profit

2022 (NOKm)	Hafslund Eco Vannkraft AS	Hafslund Ny Energi AS	Rakkestad Energi AS	Oplandske Bioenergi AS	Other	Total
At 1 January	**11 775**	**45**	**32**	**20**	**5**	**11 877**
Additions	418				3	421
Share of profit	1 104	-14	2	0	-1	1 091
Dividends	-1 101		-1			-1 103
Deferred income	18					18
Amortisation of fair value adjustments	-68					-68
Other comprehensive income	-230					-230
Prior-year adjustments		0	0		-1	-1
At 31 December	**11 916**	**32**	**33**	**19**	**7**	**12 007**

2021 (NOKm)	Hafslund Eco Vannkraft AS	Hafslund Ny Energi AS	Rakkestad Energi AS	Oplandske Bioenergi AS	Total
At 1 January	**11 801**	**17**	**33**	**19**	**11 869**
Additions		34			34
Share of profit	654	-6	2	1	651
Dividends	-548		-3		-551
Deferred income	18				18
Amortisation of fair value adjustments	-67				-67
Other comprehensive income	-83				-83
Prior-year adjustments	1	0	1	0	1
At 31 December	**11 775**	**45**	**32**	**20**	**11 872**

2022 (NOKm)	Hafslund Eco Vannkraft AS	Hafslund Ny Energi AS	Rakkestad Energi AS	Oplandske Bioenergi AS	Other
Operating revenue	16 053	3	63	66	31
Profit after tax	2 553	-39	7	-1	-3
Current assets	16 058	54	16	22	25
Non-current assets	34 903	186	105	124	16
Current liabilities	14 458	149	16	15	13
Non-current liabilities	27 894	0	8	78	9

2021 (NOKm)	Hafslund Eco Vannkraft AS	Hafslund Ny Energi AS	Rakkestad Energi AS	Oplandske Bioenergi AS
Operating revenue	9 270	8	50	58
Profit after tax	1 527	-16	6	3
Current assets	8 023	12	27	18
Non-current assets	34 045	129	92	130
Current liabilities	6 794	8	17	10
Non-current liabilities	26 418	3	7	84

Breakdown of other associates

2022 (NOKm)	Other associates	Total
At 1 January	**7**	**7**
Share of profit	1	1
At 31 December	**7**	**7**

2021 (NOKm)	Laje Nettservice AS	Other associates	Total
At 1 January	**28**	**6**	**34**
Disposals	-28	0	-28
Share of profit	0	1	1
Dividends	0	-1	-1
Prior-year adjustments	0	1	1
At 31 December	**0**	**7**	**7**

The sale of Laje Nettservice AS generated a gain of NOK 9m.

2022 (NOKm)	Other associates
Operating revenue	38
Profit after tax	4
Current assets	24
Non-current assets	5
Current liabilities	6
Non-current liabilities	1

2021 (NOKm)	Other associates
Operating revenue	28
Profit after tax	2
Current assets	27
Non-current assets	10
Current liabilities	4
Non-current liabilities	3

Note 16 **Other gains/losses, net finance expense**

2022 (NOKm)	**Financial instruments at fair value through profit or loss**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Other**	**Total**
Change in value of equities	-11				-11
Interest swaps – loans	17				17
Total other gains/losses	**5**				**5**
Interest expense, loans			-580		-580
Currency effect			-3		-3
Other finance expense				-7	-7
Total finance expense			**-583**	**-7**	**-590**
Interest income		196			196
Total finance income		**196**			**196**
Net finance expense		**196**	**-583**	**-7**	**-393**

2021 (NOKm)	**Financial instruments at fair value through profit or loss**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Other**	**Total**
Interest swaps – loans	46				46
Total other gains/losses	**46**				**46**
Interest expense, loans			-427		-427
Other finance expense				-3	-3
Total finance expense			**-427**	**-3**	**-429**
Interest income		129			129
Currency effect			5		5
Total finance income		**129**	**5**		**134**
Net finance expense		**129**	**-422**	**-3**	**-295**

Note 17 **Trade and other receivables**

(NOKm)	2022	2021
Trade receivables	350	468
Loss allowances	-22	-24
Trade receivables, net	**328**	**444**
Other receivables	1 288	1 379
Total trade and other receivables	**1 617**	**1 822**

All trade and other receivables are denominated in NOK. The carrying amounts are equal, or virtually equal, to fair value.

At 31 December 2022, trade receivables of NOK 156m (2021: 221m) were overdue but not considered impaired. These relate to a number of independent customers with no history of default. The age profile of these receivables is as follows:

(NOKm)	2022	2021
Up to three months	120	178
Three to six months	7	43
More than six months	29	0
Total	**156**	**221**

Loss allowances for trade receivables have moved as follows:

(NOKm)	2022	2021
At 1 January	**24**	**21**
Receivables written off during the year	-16	-25
Recovered against receivables previously written off	1	6
New loss allowances recognised during the year	13	23
At 31 December	**22**	**24**

Receivables written off during the year, amounts recovered against receivables previously written off, and changes to loss allowances are recognised in "Other operating expenses" in the statement of profit or loss. Other classes within trade receivables and other receivables did not contain impaired assets. Loss allowances are not recognised for expected credit losses on other receivables as they are not considered material

.

Note 18 **Auditors' fees**

(NOK thousands)	2022	2021
Statutory audit	2 845	2 533
Other assurance services	373	152
Tax advice	91	258
Other advisory services	291	366
Total	**3 600**	**3 309**

Note 19 **Tax expense**

(NOKm)	2022	2021
Tax payable	42	-23
Deferred tax (Note 28)	288	24
Total tax expense	**330**	**1**

The tax on the group's profit before tax differs from the amount that would have resulted from applying the group's weighted average tax rate. This difference can be explained as follows:

(NOKm)	2022	2021
Profit before tax	**2 470**	**633**
Tax at expected average tax rate (22% in both years)	543	139
Profit/loss at partly owned entities	-229	-134
Other factors	16	-4
Tax expense	**330**	**1**
Average tax rate	13%	0%

Note 20 **Financial instruments by category**

The following policies have been applied in the measurement of financial instruments in the statement of financial position subsequent to initial recognition. The policies are presented in more detail in Note 2.

(NOKm)	Note	Assets at amortised cost	Total
At 31 December 2022			
Other financial assets	21	2 827	2 827
Trade and other receivables	17	1 617	1 617
Cash and cash equivalents	25	2 673	2 673
Total assets		**7 116**	**7 116**

(NOKm)	Note	Financial liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
At 31 December 2022				
Loans	27		16 309	16 309
Other provisions for liabilities			78	78
Trade and other payables	29		2 652	2 652
Lease liabilities	13		3 138	3 138
Derivatives	22	84		84
Total liabilities		**84**	**22 177**	**22 260**

(NOKm)	Note	Assets at amortised cost	Total
At 31 December 2021			
Other financial assets	21	2 810	2 810
Trade and other receivables	17	1 822	1 822
Cash and cash equivalents	25	557	557
Total assets		**5 189**	**5 189**

(NOKm)	Note	Financial liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
At 31 December 2021				
Loans	27		14 757	14 757
Other provisions for liabilities			78	78
Trade and other payables	29		2 582	2 582
Lease liabilities	13		2 932	2 932
Derivatives	22	100		100
Total liabilities		**100**	**20 348**	**20 448**

Eidsiva.

Note 21 **Other financial assets**

(NOKm)	2022	2021
Non-current receivables from associates	2 077	2 009
Pension assets	426	516
Other receivables	220	231
Investments in shares etc.	104	54
Total other financial assets	**2 827**	**2 810**

Loans to associates, non-current receivables from service purchasers and non-current lending
For more detailed information on financial assets related to associates and joint ventures, see Note 7 "Related parties".

Investments in shares etc

(NOKm)	2022	2021
Unlisted securities:		
- Capital contributions to municipal pension fund KLP	48	47
- Other shareholdings	56	7
Total	**104**	**54**

Investments in shares etc. are denominated in the following currencies:

(NOKm)	2022	2021
NOK	104	54

(NOKm)	2022	2021
Carrying amount at 1 January	54	56
Additions	50	
Sales of shares		
Impairment losses		
Adjustments		-2
Disposals of companies		
Carrying amount at 31 December	**104**	**54**

Note 22 **Derivatives**

(NOKm)	2022	2021
Liabilities		
Interest swaps	77	82
Total non-current liabilities	**77**	**82**
Interest swaps	7	18
Total current liabilities	**7**	**18**

Note 23 **Fair value of financial assets and liabilities**

Fair value measurement and disclosures by level

The tables below use the following classification:

Level 1: Fair value measurement based on quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value measurement based on (1) quoted prices in active markets for identical assets with deferred settlement that need to be discounted, (2) directly or indirectly observable prices for identical assets or liabilities in markets that are not active, (3) models that use prices and variables derived entirely from observable markets or transactions, and (4) pricing in active markets of similar but not identical assets or liabilities.

Assets and liabilities measured at fair value at 31 December 2022

(NOKm)	Note	Level 1	Level 2	Total
Financial liabilities at fair value through profit or loss				
Derivatives held for trading	22		84	84
Total			**84**	**84**

Assets and liabilities measured at fair value at 31 December 2021

(NOKm)	Note	Level 1	Level 2	Total
Financial liabilities at fair value through profit or loss				
Derivatives held for trading	22		100	100
Total			**100**	**100**

Instruments with disclosure of fair value only in the notes at 31 December 2022

(NOKm)	Note	Level 1	Level 2	Total
Financial liabilities				
Loans	27		13 243	13 243
Total			**13 243**	**13 243**

Instruments with disclosure of fair value only in the notes at 31 December 2021

(NOKm)	Note	Level 1	Level 2	Total
Financial liabilities				
Loans	27		12 686	12 686
Total			**12 686**	**12 686**

Valuation techniques for Level 2 instruments

Derivatives

The fair value of interest swaps is obtained from trading counterparties and reconciled against expected discounted cash flows.

Loans

The company's loans are measured at amortised cost in the statement of financial position. The fair value of the company's loans is presented in Note 27. The fair value is calculated on the basis of prices for tax purposes from the Norwegian Securities Dealers Association and reconciled against expected discounted cash flows.

Note 24 **Inventories**

(NOKm)	2022	2021
Goods	19	22

Note 25 **Cash and cash equivalents**

(NOKm)	2022	2021
Cash and bank deposits with positive balances within/outside cash pool	2 673	557
Total cash and cash equivalents in the statement of financial position	**2 673**	**557**

Guarantees given totalled NOK 88m and related mainly to payment of withholding taxes. Other restricted funds, including security pledged for payment of withholding taxes, totalled NOK 0m (2021: 57m). Wholly owned subsidiaries in the group are part of a cash pool. Companies participating in the pool have joint and several liability for overdraft balances on the account up to NOK 500m, which is also the overdraft limit. The credit risk is considered to be low.

Note 26 **Share capital and share premium account**

Eidsiva Energi AS's share capital comprises:

(NOKm)	Share capital	Share premium account	Total
At 31 December 2020	1 037	22 767	23 804
At 31 December 2021	1 037	22 767	23 804
At 31 December 2022	1 062	23 834	24 896

Eidsiva Energi AS had three shareholders at 31 December 2022. The company has only one class of share. Following the transaction with Stange Energi on 11 May 2022, 29 of the 30 municipalities and counties with ownership interests have pooled their interests in the company Innlandet Energi Holding AS. Hafslund Vekst AS and Åmot municipality are direct shareholders.

Hafslund Vekst AS is wholly owned by the Hafslund group.

Lock-up period

Under the terms of the shareholder agreement, no shareholder may, directly or indirectly, through the sale of shares, through new issues or in any other way, dispose of any of its shares before the end of 2023. This does not, however, prevent transfers of shares (i) between the shareholders, (ii) in Innlandet Energi Holding between the Innlandet municipalities, including consolidation of shareholdings as a result of the merger of municipalities, or (iii) from Hafslund AS to another company in the Hafslund group, a company owned by the City of Oslo, or the City of Oslo directly, provided (a) the acquirer accedes to the shareholder agreement and (b) certain other conditions in the shareholder agreement are met.

Ownership restrictions

Under the terms of the shareholder agreement entered into as part of the transaction with Hafslund Eco in 2019, no shareholder may, directly or indirectly, alone or together with other shareholders with which it has an understanding (for example shareholders which have entered into such an agreement, such as the Innlandet municipalities), hold more than 50% of the shares in Eidsiva Energi unless this is accepted by Innlandet Energi Holding and the City of Oslo

	2022	2021
Dividends paid (NOKm)	901	1 026
Dividends paid per share (NOK)	1.27	1.48

Under the terms of the shareholder agreement for Eidsiva Energi entered into in connection with the transaction with Hafslund in 2019, quarterly dividends are to be paid from 2020 onwards. The dividends paid in 2022 comprise dividends paid for the 2021 financial year of NOK 353m and dividends for the first and second quarters of 2022 totalling NOK 548m.

List of shareholders in Eidsiva Energi AS at 31 December 2022:

	No. of shares	Percentage holding
Hafslund Vekst AS	353 903 211	50.0%
Innlandet Energi Holding AS	349 793 832	49.4%
Åmot municipality	4 109 379	0.6%
Total number of NOK 1.50 shares	**707 806 422**	**100.0%**

Note 27 **Loans**

(NOKm)	2022	2021
Non-current loans		
Bank loans, variable rate	3 780	3 747
Bonds, fixed rate	7 150	5 650
Bonds, variable rate	3 000	3 250
Loans at subsidiaries	16	17
Total non-current loans	**13 947**	**12 665**
Current loans		
Bank loans, variable rate	1 470	1 510
Bonds, fixed rate	750	500
Bonds, variable rate	0	0
Loans at subsidiaries	2	2
Other current liabilities	140	80
Total current loans	**2 362**	**2 092**
Total loans	**16 309**	**14 757**

Maturity profile of interest-bearing loans:

(NOKm)	2023	2024	2025	2026	2027	2027 on	Total
Amount	2 362	666	1 328	1 628	1 928	8 397	**16 309**

The first year's repayments on non-current liabilities are classified as current liabilities.

Eidsiva entered into an agreement during the year which links sustainability targets to an existing syndicated credit facility with a limit of NOK 2 500m. A new bilateral facility with a limit of NOK 500m linked to the same sustainability targets was also agreed during the year. The sustainability targets relate to Eidsiva's sustainability plan and confirm the company's ambitions in this area. They take the form of KPIs which will be reconciled annually with the agreed target and progression in the facility agreements through to 2026. Depending on performance each year, the credit margin may be stepped up or down or remain at the agreed level. The KPIs relate to the achievement of targets for the company's initiatives in three areas: relative reductions of Scope 1 and 2 emissions (no increase), the addition of new district heating capacity, and a reduced lost-time injury rate for employees and suppliers.

All three KPIs were within the agreed levels in 2022, resulting in a reduction in the margin on Eidsiva Energi's credit facilities.

Certificates and bonds at 31 December 2022

ISIN (NOKm)	Ticker	Type	Interest	Maturity	Amount
NO0010806862	EIEN24 ESG	Bond	Variable	05.10.2023	750
NO0010792849	EIEN23	Bond	Fixed	23.05.2024	500
NO0010737109	EIEN15	Bond	Fixed	27.05.2025	150
NO0010894637	EIEN33 ESG	Bond	Variable	02.10.2025	900
NO0010751274	EIEN19	Bond	Fixed	06.11.2025	150
NO0011204273	EIEN37 ESG	Bond	Fixed	20.04.2026	500
NO0011204281	EIEN38 ESG	Bond	Variable	20.04.2026	500
NO0010866619	EIEN28 ESG	Bond	Fixed	22.10.2026	500
NO0010874472	EIEN30	Bond	Variable	12.02.2027	1 000
NO0010874480	EIEN31	Bond	Fixed	12.08.2027	800
NO0011002610	EIEN35 ESG	Bond	Variable	26.05.2028	600
NO0010704414	EIEN11	Bond	Fixed	26.02.2029	500
NO0010866627	EIEN29 ESG	Bond	Fixed	22.10.2029	1 000
NO0010874498	EIEN32	Bond	Fixed	12.02.2030	300
NO0010736580	EIEN16	Bond	Fixed	11.06.2030	150
NO0010894645	EIEN34 ESG	Bond	Fixed	02.10.2030	1 000
NO0011002628	EIEN36 ESG	Bond	Fixed	26.05.2031	600
NO0011204299	EIEN39 ESG	Bond	Fixed	20.01.2032	1 000
Total					**10 900**

Fixed-rate certificates and bonds had an average coupon of 3.06% at the end of the year (2021: 2.59%), breaking down into 2.74% for fixed-rate loans and 3.89% for variable-rate loans.

Eidsiva Energi is subject to a negative pledge clause in all of its loan agreements. Eidsiva Energi is to ensure that none of its subsidiaries guarantees or provides security or collateral for financial liabilities in excess of NOK 300m. Some loan agreements also require value-adjusted equity of at least 35%.

Loans include secured bank loans of NOK 19m (2021: 20m). Bank loans are secured against parts of the group's leasehold interests (NOK 30m) and trade receivables (NOK 1m). Bank guarantees with a nominal value of NOK 88m have been issued in relation to construction and power distribution activities.

(NOKm)	2022	2021
Carve-out	300	300
Loans at subsidiaries, collateral, security, guarantees	-36	-264
Unused carve-out	**264**	**36**

The calculations in this table include total interest-bearing liabilities, collateral, security and guarantees.

Carrying amount and fair value of non-current loans:

(NOKm)	Carrying amount 2022	2021	Fair value 2022	2021
Bank loans	3 797	3 765	3 797	3 765
Bonds	10 150	8 900	9 446	8 922
Total	**13 947**	**12 665**	**13 243**	**12 686**

The fair value of current loans is the same as the carrying amount because the effect of discounting is not material. The fair value of non-current loans is calculated on the basis of prices for tax purposes obtained from the Norwegian Securities Dealers Association. The group has one loan of EUR 6m in foreign currency, while all other loans are denominated in NOK.
At 31 December 2022, the group had unused credit facilities of NOK 4 000m (2021: 3 000m).

(NOKm)	2022	2021
Variable rate		
– Maturing in more than one year	6 797	7 015
Fixed rate		
– Maturing in more than one year	7 150	5 650
Total	**13 947**	**12 665**

Changes in liabilities arising from financing activities:

(NOKm)	2020	Additions	Disposals	Currency effects	Other	2021
Non-current loans	12 480	2 200	-1 914	-5	-97	12 665
Current loans [1]	1 919		-3		97	2 013
Accrued interest	69	10				79
Non-current lease liabilities	2 215	690	-123		-46	2 735
Current lease liabilities	186	1	0		9	196
Liabilities arising from financing activities	**16 868**					**17 688**

(NOKm)	2021	Additions	Disposals	Currency effects	Other	2022
Non-current loans	12 665	4 012	-2 522	3	-211	13 947
Current loans [1]	2 013		0		211	2 223
Accrued interest	79	60				139
Non-current lease liabilities	2 735	315	-106		-22	2 922
Current lease liabilities	196				20	216
Liabilities arising from financing activities	**17 688**					**19 447**

[1] The amount stated in the statement of financial position also includes other current liabilities. The currency effects are included in cash generated from operations under “Net finance expense” in Note 30.

Note 28 **Deferred tax**

Deferred tax assets and deferred tax liabilities are offset if the group has a legally enforceable right to set off current tax assets : against current tax liabilities, and they relate to the same taxation authority. The following amounts have been offset

(NOKm)	2022	2021
Deferred tax assets:		
– Deferred tax assets reversing in more than 12 months	75	104
– Deferred tax assets reversing within 12 months	98	174
Total deferred tax assets	**173**	**279**
Deferred tax liabilities:		
– Deferred tax liabilities reversing in more than 12 months	2 535	2 386
– Deferred tax liabilities payable within 12 months	1	1
Total deferred tax liabilities:	**2 536**	**2 387**
Deferred tax liabilities, net	**2 362**	**2 109**
Change in recognised deferred tax liabilities:		
Carrying amount at 1 January	2 109	2 020
Recognised in other comprehensive income for the period	-32	65
Other prior-year adjustments	0	0
Effect of smart meter decision	-35	0
Deferred tax from acquired entities	32	0
Recognised in profit or loss for the period	288	24
Carrying amount at 31 December	**2 362**	**2 109**

Change in deferred tax assets and liabilities (without offsetting within the same tax regime):

Deferred tax liabilities (NOKm)	Property, plant and equipment	Intangible assets	Receivables	Other differences	Total
31 December 2020	**2 123**	**16**	**60**	**0**	**2 199**
Recognised in profit or loss for the period	141	-1	48	0	188
Recognised in other comprehensive income for the	0	0	0	0	0
Recognised in equity	0	0	0	0	0
Deferred tax from acquired entities	0	0	0	0	0
31 December 2021	**2 264**	**15**	**108**	**0**	**2 388**
Recognised in profit or loss for the period	154	-1	-42	0	111
Recognised in equity	0	0	0	0	0
Deferred tax from sold entities	0	0	0	0	0
Deferred tax from acquired entities	38	0	0	0	38
31 December 2022	**2 455**	**14**	**67**	**0**	**2 536**

Deferred tax assets (NOKm)	**Provisions for liabilities**	**Pension liabilities**	**Other differences**	**Total**
31 December 2020	**5**	**85**	**89**	**179**
Recognised in profit or loss for the period	0	24	141	164
Recognised in other comprehensive income for the	0	-65	0	-65
Recognised in equity under IFRS 16	0	0	0	0
Deferred tax from sold entities	0	0	0	0
Deferred tax assets from acquired entities	0	0	0	0
31 December 2021	**5**	**44**	**230**	**278**
Recognised in profit or loss for the period	-4	-62	-111	-177
Recognised in other comprehensive income for the	0	32	0	32
Recognised in equity under IFRS 16	0	0	35	35
Deferred tax from sold entities	0	0	0	0
Deferred tax assets from acquired entities	0	1	4	6
31 December 2022	**1**	**15**	**158**	**173**

Deferred tax has been calculated using an ordinary tax rate of 22%.

Elvia AS has received decisions from the Norwegian Tax Administration on changes to its assessments for 2016-2020. The decisions concern the tax treatment of costs for replacing electricity meters with new smart meters and have also been applied to the financial statements for 2020 and 2021.

The Tax Appeal Board ruled in May 2021 that the costs must be capitalised. Elvia AS has appealed against the ruling and opened proceedings at the Borgarting Court of Appeal. A judgement is expected in the course of 2023. Revised tax assessments for 2017 and 2018 were received and paid in 2021, the total payment being NOK 186m. Revised tax assessments for 2019 and 2020 have also been received showing a reduction in the tax payable of NOK 38m. As a result, a provision has been recognised for estimated deferred tax assets totalling NOK 138m, and deferred tax income of NOK 21m has been recognised in profit or loss. They have been offset against deferred tax liabilities in the statement of financial position and the change in deferred tax in the statement of profit or loss.

Note 29 **Trade payables and other current liabilities**

(NOKm)	2022	2021
Trade payables	916	819
Taxes and withholding taxes	833	848
Holiday pay and provisions for salaries	144	138
Other accrued expenses and other non-current liabilities	760	777
Total	**2 652**	**2 582**

Note 30 **Cash flows from operating activities**

(NOKm)	Note	2022	2021
Profit before tax		2 470	633
Adjustments for:			
Change in pension liability		-90	-134
Depreciation and amortisation	12, 14	1 481	1 584
Gains/losses on disposal of property, plant and equipment		-1	4
Impairment of shares and receivables	16	10	0
Change in unrealised gains/losses on derivatives	22	-16	-46
Net finance expense	16	393	295
Income from investments in associates	15	-1 042	-611
Change in working capital and other changes		131	100
Cash generated from operations		**3 337**	**1 825**
Income from sales of property, plant and equipment in the statement of cash flows comprises:			
Carrying amount		66	18
Gains/losses on disposal of property, plant and equipment		1	-4
Consideration from disposal of property, plant and equipment		**66**	**14**

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Eidsiva Energi AS

Statement of profit or loss 89
Statement of financial position 90
Statement of cash flows 93
Notes 95

Parent company statement of profit or loss

(NOKm)	Note	2022	2021
Operating revenue	2	**133**	**124**
Payroll expenses	3, 4	-96	-93
Depreciation, amortisation and impairment	5, 6	-14	-16
Other gains/losses, net	7	17	46
Other operating expenses	2, 3	-117	-116
Total operating expenses		**-211**	**-179**
Operating loss		**-78**	**-55**
Finance income and expense			
Income from investments in subsidiaries	8	1 729	315
Income from investments in associates and joint ventures	8	1 101	570
Interest income from companies in the same group		524	44
Other interest income		46	26
Other finance income	9	3	100
Other interest expense		-475	-348
Other finance expense	9	-6	-4
Net finance income		**2 922**	**705**
Profit before tax		**2 844**	**650**
Tax on ordinary profit	10	-52	-22
Profit after tax		**2 792**	**628**
Profit for the year		**2 792**	**628**
Treatment of the profit for the year:			
Dividends paid or provided for		1 500	758
Transferred to/from retained earnings		1 292	-130
Total		**2 792**	**628**
Other comprehensive income			
Profit for the year		2 792	628
Actuarial gains/losses after tax	4	8	20
Total other income or expense that will not be reclassified to profit or loss		**8**	**20**
Total comprehensive income for the year		**2 800**	**648**

Statement of financial position

Assets (NOKm)	Note	31.12.2022	31.12.2021
Non-current assets			
Intangible assets			
Deferred tax assets	10	32	41
Total intangible assets		**32**	**41**
Property, plant and equipment	5	**20**	**20**
Right-of-use assets	6	**10**	**19**
Financial fixed assets			
Investments in subsidiaries	8	20 851	28 081
Investments in shares etc	8, 11, 12	15 446	15 026
Non-current receivables from group companies	11, 2	16 900	4 900
Other non-current receivables	11	2 212	2 131
Total financial fixed assets		**55 409**	**50 137**
Total non-current assets		**55 471**	**50 217**
Current assets			
Receivables			
Trade receivables	11, 2	2	0
Other receivables	11, 2	475	505
Total receivables		**476**	**505**
Bank deposits	11, 13	**1 555**	**36**
Total current assets		**2 031**	**541**
Total assets		**57 502**	**50 758**

Equity and liabilities (NOKm)	Note	31.12.2022	31.12.2021
Equity			
Contributed equity			
Share capital		1 062	1 037
Share premium account		23 834	22 767
Total contributed equity		**24 896**	**23 804**
Earned equity			
Retained earnings		11 909	10 609
Total earned equity		**11 909**	**10 609**
Total equity	14	**36 804**	**34 412**
Liabilities			
Provisions for liabilities			
Pensions	4	71	66
Derivatives	11, 12	77	82
Total provisions for liabilities		**148**	**148**
Non-current lease liabilities	6	**0**	**11**
Other non-current liabilities			
Bonds	11, 15, 16	10 900	9 400
Payable to credit institutions	11, 15, 16	3 030	3 247
Total other non-current liabilities		**13 930**	**12 647**
Current liabilities			
Current loans	11, 2, 15, 16	2 359	2 089
Current lease liabilities	6	11	11
Trade payables	11	13	2
Tax payable	10	4	0
Group contributions payable		190	186
Dividends payable		952	353
Taxes and duties payable		4	4
Derivatives	11, 12	7	18
Other current liabilities	11, 2	3 079	878
Total current liabilities		**6 619**	**3 539**
Total liabilities		**20 698**	**16 345**
Total equity and liabilities		**57 502**	**50 758**

Hamar, 21. mars 2023

Styret i Eidsiva Energi AS

Pål Egil Rønn Styreleder	Finn Bjørn Ruyter Styrets nestleder	Øystein Løseth
Monica Haugan	Anita Høger	Toril Benum
John Renngård	Per Luneborg	Åge Andersen
Martin Lutnæs	Lise Merethe Holen Martinsen	Martin Sleire Lundby
		Øistein Andresen

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Statement of cash flows

(NOKm)	Note	2022	2021
Cash generated from operations			
Profit before tax		2 844	650
Adjustments for:			
- Ordinary depreciation, amortisation and impairment	5, 6	14	16
- Gains/losses on disposal of shares	8	0	-22
- Income from investments in subsidiaries and associates	8	-2 830	-863
- Change in value of financial assets and liabilities		-17	-46
- Change in pension liability recognised in ordinary profit or loss		3	-4
- Change in unrealised foreign exchange gains/losses		3	-5
Change in trade receivables and payables		10	102
Change in other accruals		-202	-57
Taxes paid		0	-4
Net cash flows from operating activities		**-175**	**-233**
Investing activities			
Purchase of property, plant and equipment	5	-5	-5
Purchase of shares etc		-74	-155
Sale of shares etc		0	36
Dividends received from subsidiaries and associates		1 882	380
Payments received on non-current receivables		0	94
Payments made on non-current receivables		-50	0
Payments made on intragroup loans		-3 400	-1 032
Net cash flows from investing activities		**-1 646**	**-682**
Financing activities			
New non-current liabilities and overdrafts	15	4 010	2 200
Change in financing of group companies through cash pool		2 230	90
Repayments on lease liabilities		-10	0
Repayments on non-current loans and other liabilities	15	-2 519	-1 919
Group contributions received, net		129	0
Equity paid in		401	0
Dividends paid		-901	-1 026
Net cash flows from financing activities		**3 340**	**-655**
Net change in cash and cash equivalents		**1 519**	**-1 569**
Bank deposits on 1 January		36	1 605
Bank deposits on 31 December		**1 555**	**36**
Cash on 31 December		1 555	36
Unused revolving credit facilities		3 500	2 500
Unused overdraft facilities		500	500

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Notes to the financial statements

Note 1 **Accounting policies**

Eidsiva Energi AS is a limited company registered in Norway and has its headquarters at Vangsveien 73, 2307 Hamar.

The parent company financial statements have been prepared in accordance with Section 3-9 of the Norwegian Accounting Act and the regulations on simplified IFRS issued by the Norwegian Ministry of Finance on 7 February 2022. This means that, in essence, recognition and measurement comply with International Financial Reporting Standards (IFRS) and that the presentation and notes comply with Norwegian accounting law and generally accepted accounting practice.

The annual financial statements were approved by the company's board on 21 March 2023.

Eidsiva Energi AS is the parent company in the Eidsiva Energi group. The consolidated financial statements for the Eidsiva Energi group have been prepared fully in accordance with IFRS as adopted by the EU.

1.1 Simplified IFRS

The company has applied the following simplifications of the recognition and measurement rules in IFRS:

- Contrary to IFRS 1 paragraph 7, investments in subsidiaries and associates continue to be carried at cost.
- Contrary to IAS 10 paragraphs 12 and 13, dividends and group contributions are accounted for as set out in the Norwegian Accounting Act. Dividends proposed by the board are classified as a liability at the reporting date.
- Contrary to IAS 16 paragraph 43, the same decomposition of assets has been used in the parent company financial statements as in the consolidated financial statements.

None of the standards or amended standards that have been issued but are not compulsory, including IFRS 17 "Insurance contracts", are expected to have a material impact on the consolidated financial statements. None of the recently issued interpretations from the IFRS Interpretations Committee (IFRIC) are expected to result in material changes to the group's accounting policies.

1.2 Basis of preparation of the annual financial statements

The parent company financial statements have been prepared on a historical cost basis with the following exceptions:

- Financial assets held for trading and financial derivatives are measured at fair value through profit or loss.
- Financial assets which are equity instruments and are not classified as a subsidiary or associate are measured at fair value through profit or loss.

1.3 Use of estimates in the preparation of the annual financial statements

Management has used estimates and assumptions that have affected the carrying amounts of assets, liabilities, revenue and expenses and disclosures on contingent liabilities. This applies particularly to the depreciation of property, plant and equipment, pension liabilities and derivatives. Future events may mean that these estimates change. Estimates and the underlying assumptions are evaluated regularly. The effects of changes in accounting estimates are recognised in the period in which the changes are made. Where the changes also affect future periods, the effects are spread across the current period and future periods.

1.4 Foreign exchange

The parent company financial statements are presented in NOK, which is both the functional currency and the presentation currency of the company. Transactions in foreign currency are translated into NOK at the exchange rate at the transaction date. Monetary items in foreign currency are translated into NOK using the exchange rate at the reporting date. Exchange differences are recognised in the period in which they arise.

1.5 Revenue recognition

Revenue from the sale of goods and services is measured at the fair value of the consideration net of value-added tax, discounts and refunds.

Operating revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer, at the amount expected to be received for the goods or services.

(a) Sales of services

Operating revenue reflects the earned value of services, which are primarily provided to other companies in the group.

(b) Interest income

Interest income is recognised proportionally over time using the effective interest method. Income from investments is included in finance income.

(c) Dividends and group contributions

Dividends and group tax-equalisation contributions from subsidiaries are recognised in profit or loss in the year in which the subsidiary makes a provision for the dividend/contribution. Such a payout may result in a need for impairment testing.

Dividends from other companies are recognised in profit or loss when the shareholder's right to receive the dividend is approved by the general meeting. Dividends and group contributions are presented under finance income.

Group contributions paid to subsidiaries increase the carrying amount of the investment. Group contributions paid are reported net (after tax). Non-controlling interests' share of group contributions paid to subsidiaries is classified as a distribution of profit.

1.6 Property, plant and equipment

Property, plant and equipment are carried at cost less depreciation. Cost includes costs directly related to the acquisition of the asset. Subsequent costs are added to the asset's carrying amount or capitalised separately where it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably. The carrying amount of replaced parts is recognised in profit or loss. Other repair and maintenance costs are expensed in the period in which they are incurred.

Property, plant and equipment are depreciated on a straight-line basis such that the cost of the assets is written off over their expected useful lives:

Vehicles	8 years
Fixtures and fittings	3-12 years
Building improvements	5-10 years
Holiday homes and art	Not depreciated

The useful life and residual value of assets are assessed at each reporting date and adjusted where necessary. Where the carrying amount of an asset is higher than the estimated recoverable amount, it is written down to the recoverable amount.

Gains and losses on disposals are recognised in profit or loss and consist of the difference between the selling price and the carrying amount.

1.7 Investments in subsidiaries and associates

Subsidiaries are all entities over which the company has control. Control over an entity arises when the company is exposed to variable returns from the entity and has the ability to affect those returns through its power over the entity.

Shares in subsidiaries are carried at cost less any impairment.

Associates are entities where the company has significant influence but not control. Significant influence exists where the company has between 20% and 50% of the voting capital. These investments are carried at cost less any impairment losses.

1.8 Financial assets

Under IFRS 9, financial assets are to be classified into three measurement categories: fair value through profit or loss, fair value through other comprehensive income, and amortised cost. This classification is based on whether the instruments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and whether the contractual cash flows are solely payments of principal and interest on specified dates.

1.9 Financial liabilities

The company measures financial liabilities at amortised cost. Financial liabilities measured at amortised cost are liabilities that are not classified as financial instruments at fair value through profit or loss.

Financial liabilities are measured at fair value when paid out, net of transaction costs. In subsequent periods, they are carried at amortised cost using the effective interest method. The difference between the initial amount paid out and the amount repayable on maturity is amortised over the life of the loan as part of the effective interest. The interest element is disregarded if it is insignificant. Financial liabilities are classified as current liabilities unless there is an unconditional right to defer payment of the debt for more than 12 months from the reporting date.

1.10 Impairment of financial assets measured at amortised cost

Where financial assets are measured at amortised cost, a loss allowance is recognised for expected credit losses. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at each subsequent reporting date at an amount equal to 12-month expected credit losses, in other words losses expected to occur over the lifetime of the asset but linked to events within the first 12 months. If the financial instrument's credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to expected credit losses over its lifetime. Trade receivables are measured on the basis of lifetime expected credit losses. Cumulative changes in lifetime expected credit losses are recognised in profit or loss at each reporting date as an impairment gain or loss.

1.11 Trade receivables

Trade receivables arise on the sale of goods or services that are part of the ordinary operating cycle. They are measured at fair value on initial recognition and subsequently at amortised cost using the effective interest method less loss allowances. The interest element is disregarded if it is insignificant. The main rule is that if settlement is expected within a year, receivables are classified as current assets. If this is not the case, they are classified as non-current assets.

1.12 Bank deposits, cash etc

Cash and cash equivalents comprise cash, bank deposits and other short-term, readily convertible investments with a maximum original maturity of three months.

The statement of cash flows been prepared using the indirect method and shows cash flows from operating, investing and financing activities to explain the period's change in bank deposits.

1.13 Equity

Costs directly related to the issuance of new shares, net of tax, are recognised in equity as a reduction in the consideration received.

1.14 Pensions and other employee benefits

(a) Pension obligations

The company has a group pension scheme providing defined benefits. The recognised liability for defined-benefit plans is the present value of defined-benefit obligations considered to have been accumulated at the reporting date less the fair value of plan assets.

These plans are funded through payments to a life insurer, with the exception of a few unfunded plans.

In a defined-benefit pension plan, the employee receives a pre-determined pension benefit on retirement. The size of this benefit is normally dependent on one or more factors, such as age, years of service, life expectancy adjustments, and salary. With full accumulation, the company pays a pension of 66% of final salary, subject to life expectancy adjustments.

Improvements, curtailments and other changes to existing defined-benefit plans also result in changes to defined-benefit obligations. Where an improvement has been earned at the reporting date, it is expensed immediately. Where new schemes or changes to existing schemes are introduced with retroactive effect, such that employees immediately have a vested entitlement, this is recognised immediately in profit or loss. Gains and losses relating to curtailments and withdrawals of pension plans are recognised in profit or loss as they occur. Plan assets are measured at fair value and deducted from the pension liability in the statement of financial position. Changes to defined-benefit obligations as a result of changes and adjustments to actuarial assumptions (actuarial gains and losses) are recognised directly in other comprehensive income.

The company introduced defined-contribution pensions for all new employees from 1 July 2016 and closed its defined-benefit pension scheme. With a defined-contribution pension, a fixed contribution is paid to a fund where the company has no legal or constructive obligation to pay further contributions. No further liability is therefore recognised in the financial statements. Contributions are recognised in profit or loss under personnel expenses as they are incurred.

(b) Termination benefits

Termination benefits are payable when the employment relationship is terminated by the company before normal retirement age or when employees agree voluntarily to downsizing in return for benefits. The company recognises termination benefits at the earlier of the following dates: a) when the offer of termination benefits can no longer be withdrawn; and b) when the company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In cases where the offer of termination benefits is made to encourage voluntary redundancy, the obligation is measured on the basis of the number of employees expected to accept the offer. Termination benefits falling due more than 12 months after the reporting date are discounted to present value.

1.15 Trade payables

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Trade payables are measured at fair value on initial recognition and subsequently at amortised cost using the effective interest method. If the interest element is insignificant, it is disregarded. The main rule is that trade payables are classified as current liabilities if they fall due within a year. If this is not the case, they are classified as non-current liabilities.

1.16 Income tax payable and deferred income tax

Tax expense consists of tax payable and changes in deferred tax. Tax is recognised in profit or loss unless it relates to items accounted for in other comprehensive income or directly in equity. Where this is the case, the tax is also accounted for in other comprehensive income or directly in equity. Deferred tax is calculated on all temporary differences between the tax bases and carrying amounts of assets and liabilities.

Deferred tax assets are recognised where it is probable that the company will generate sufficient taxable profits in future periods for the asset to be utilised. The company will recognise previously unrecognised deferred tax assets if it becomes probable that the company will be able to utilise them. Similarly, the company will reduce deferred tax assets if the company no longer considers it probable that it will be able to utilise them.

Deferred tax assets and liabilities on temporary differences are calculated in accordance with Norwegian tax laws and rules enacted or substantively enacted by the end of the reporting period in which the temporary differences arise.

Deferred tax assets and liabilities are carried at nominal value and classified as intangible assets or non-current liabilities. Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities.

Tax payable and deferred tax are accounted for directly in equity to the extent that the tax items relate to equity transactions.

1.17 Other provisions

A provision is recognised where the company has a legal or constructive obligation arising from past events, it is probable that an outflow of economic resources will be required to settle the obligation, and a sufficiently reliable estimate can be made of the amount of the obligation. If the effect is considerable, the provision is calculated by discounting expected future cash flows using a discount rate before tax that reflects market pricing of the time value of money and, where relevant, the risks specific to the liability.

1.18 Leases

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company's leases relates primarily to office premises and vehicles.

At the commencement date, the company recognises a lease liability and a corresponding right-of-use asset for all leases with the following exceptions:

- Short-term leases (term of 12 months or less)
- Assets of low value

For these leases, the company recognises lease payments in the statement of profit or loss under "Other operating expenses" as they are incurred.

The company measures lease liabilities at the commencement date at the present value of lease payments that are not paid at that date. The lease term is the non-cancellable period of the agreement plus any periods covered by an option to extend the lease if the company is reasonably certain to exercise that option, or an option to terminate the lease if the company is reasonably certain not to exercise that option.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any amounts receivable in the form of lease incentives
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- The exercise price of a purchase option if the company is reasonably certain to exercise that option

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect changes to lease payments resulting from a change in the index or rate used.

The company presents its lease liabilities on separate lines in the statement of financial position.

The company measures right-of-use assets at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The cost of right-of-use assets comprises:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs for obtaining the lease incurred by the company

The company applies the depreciation requirements in IAS 16 "Property, plant and equipment" in depreciating right-of-use assets, except that the asset is depreciated from the commencement date until the earlier of the end of the lease term and the end of the asset's useful life.

The company applies IAS 36 "Impairment of assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Note 2 **Related parties**

Eidsiva Energi AS is the parent company in the Eidsiva Energi group. Its shareholders are Innlandet Energi Holding AS, Hafslund AS and Åmot municipality.

See Note 8 to the consolidated financial statements for a breakdown of companies included in the group as subsidiaries, associates and joint ventures.

a) Transactions with related parties

(NOKm)	2022	2021
Sales of goods and services		
To other group companies (administrative services)	117	104
To other group companies (rental income)	9	8
To associated companies (administrative services)	5	6
Total	**131**	**119**

Agreements on the sale of goods and services are entered into on market terms. Sales of administrative services are made at cost plus a profit margin.

(NOKm)	2022	2021
Purchases of goods and services		
From other group companies (administrative services)	3	3
From other group companies (rental expenses)	0	1
From associates (purchases of goods)	0	0
Total	**3**	**4**

Agreements on the purchase of goods and services are entered into on market terms. Purchases of administrative services are made at cost plus a profit margin.

b) Remuneration of senior officers

See the notes to the consolidated financial statements for information on the remuneration of senior officers.

c) Balances with related parties

(NOKm)	2022	2021
Non-current receivables		
Non-current receivables from group companies at 1 January	4 900	3 868
Loans repaid during the year	0	0
New loans raised during the year	12 000	1 032
Interest calculated	413	44
Interest received	-413	-44
Change in accrued and unpaid interest	0	0
At 31 December	**16 900**	**4 900**

These receivables relate to transactions on market terms. No repayment plans have been agreed for these receivables. The new receivables during the year consist mainly of unpaid additional dividends from Elvia.

(NOKm)	2022	2021
Current receivables from group companies		
Current receivables (trade receivables)	221	16
Current receivables (group contributions and dividends)	163	315
Current receivables (cash pool)	0	0
Current receivables (other balances)	0	0
Total	**384**	**331**
Current payables to group companies		
Current payables (cash pool)	3 066	836
Other current payables (other balances)	2	0
Other current payables (group contributions)	190	186
Total	**3 258**	**1 022**

These current receivables and payables result from ordinary commercial transactions between the companies and are based on market terms.

Note 3 **Payroll expenses, FTEs, fees etc**

(NOKm)	2022	2021
Wages and salaries	67	64
Employer contributions	12	12
Pension expense (Note 4)	13	17
Other benefits	5	0
Total payroll expenses	**96**	**93**
Number of employees (full-time equivalents)	74	71

Auditors – breakdown of fees

(NOK thousands)	2022	2021
Statutory audit	1 199	691
Other assurance services	223	0
Tax advice	25	22
Other advisory services	233	141
Total	**1 680**	**854**

See the notes to the consolidated financial statements for information on the remuneration of senior officers.

Note 4 **Pension expense and liability**

Employees of the company are entitled to membership of a public-sector occupational pension scheme under collective agreements. From 1 July 2016, all new employees have been included in a defined-contribution scheme. Some of the company's existing employees also chose to switch voluntarily to the defined-contribution scheme from the same date. In 2021, it was decided to transfer all employees born after 1 January 1963 from a defined-benefit pension to a defined-contribution pension with effect from 1 January 2021. There were 64 active members of this scheme at 1 January 2023.

In connection with the decision to transfer employees to defined-contribution pensions, a private-sector early retirement pension (AFP) was set up for those born in 1963, 1964 and 1965 who are at risk of losing their previous AFP rights under the defined-benefit scheme. This covered three employees at 1 January 2023. The service cost for this scheme was expensed in 2022.

There is also a defined-benefit scheme with nine remaining active members aged 60-70 which pays 66% of final salary with 30 years' accumulation, subject to life expectancy adjustments. The retirement age is 67. The scheme includes disability and survivor pensions. The defined-benefit scheme had 276 members with deferred rights and 201 pensioners at 1 January 2023. Obligations at 31 December 2022 have been calculated using projections in the K2013BE mortality table, which is based on analyses of mortality for life insurance purposes in Norway.

The company took over accrued pension liabilities and assets at the subsidiary Eidsiva Vekst from 1 January 2022

Breakdown of pension expense for the year

(NOKm)	2022	2021
Service cost	5	5
Interest expense on pension liability	6	5
Expected return on plan assets	-5	-4
Net pension expense	**6**	**6**
Costs	0	1
Plan amendments/curtailments	0	4
Employer contributions	1	2
Pension expense, defined-benefit scheme	**7**	**13**
Defined-contribution pensions including mployer contributions	5	5
Pension expense for the year	**13**	**17**
Actuarial gains/losses before tax accounted for in other comprehensive income	-11	-26
Pension expense for the year in total comprehensive income for DB and DC schemes	**2**	**-8**

Breakdown of net pension liability in the statement of financial position

(NOKm)	31.12.22	31.12.21
Accumulated pension obligations at 31 December	353	340
Plan assets at 31 December	-301	-282
Net pension liability	**51**	**58**
employer contributions	7	8
Net pension liability in statement of financial position	**58**	**66**

(NOKm)	2022	2021	Accumulated 2022
Actuarial gains/losses for the year before tax accounted for in equity	-11	-26	-14

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Financial assumptions

	01.01.2023	01.01.2022	01.01.2021
Discount rate	3.2%	1.7%	1.5%
Expected return on plan assets	3.2%	1.7%	1.5%
Expected wage growth	3.8%	2.5%	2.0%
Expected increase in social insurance multiplier (G)	3.5%	2.3%	1.8%
Expected annual pension growth	2.8%	1.5%	1.0%

The actuarial assumptions are based on commonly used assumptions in insurance when it comes to demographic factors.

The percentage of employees drawing an AFP early retirement pension is assumed to be 20% at 62 rising to 70% at 66.

Note 5 **Property, plant and equipment**

(NOKm)	Holiday homes, improvements, art etc	Fixtures and fittings	Construction in progress	Total property, plant and equipment
Property, plant and equipment				
Cost at 1 January	8	69	0	78
Additions	0	3	2	5
Disposals/retirements	-1	-32	0	-32
Cost at 31 December	**7**	**41**	**2**	**50**
Accumulated depreciation at 31 December	0	-30	0	-30
Carrying amount at 31 December	**7**	**11**	**2**	**20**
Depreciation for the year	0	-5	0	-5
Depreciation rate	0-8.3%	8.3-33%		
Depreciation method	Straight-line	Straight-line		

Note 6 **Leases**

The company has applied IFRS 16 from 1 January 2019. Leases with a significant impact on accounting for lease liabilities and right-of-use assets under the standard are for office premises and vehicles.

At the commencement date of a lease, the company as lessee measures the lease liability at the present value of future lease payments. The corresponding right-of-use asset reflects the right to use the underlying asset during the lease term. The lease liability is measured at the discounted present value of remaining lease payments.

Depreciation of right-of-use assets and interest expense on lease liabilities are recognised in profit or loss. Where leases contain non-lease components, the value of the non-lease components is separated out so that they are not included in the amounts recognised in the statement of financial position.

For practical reasons, the company also applies the recognition exemptions for leases ending within 12 months and leases for low-value assets. The company regularly assesses whether options to extend leases will be exercised.

Right-of-use assets are shown on a separate line in the statement of financial position, and lease liabilities are shown on separate lines under non-current and current liabilities.

The company's right-of-use assets relate to leases of real estate and vehicles.
An agreement was entered into with real estate company Utstillingsplassen during the year on the construction of new office premises which will significantly increase the right-of-use asset and lease liability in time.

(NOKm)	Right-of-use assets
At 1 January 2021	
Cost	62
Accumulated depreciation and impairment	-25
Carrying amount at 1 January 2021	**38**
2021 financial year	
Carrying amount at 1 January 2021	38
Depreciation for the year	-8
Carrying amount at 31 December	**19**
At 31 December 2021	
Cost	52
Accumulated depreciation and impairment	-33
Carrying amount at 31 December 2021	**19**
2022 financial year	
Carrying amount at 1 January 2022	19
Additions	1
Additions, accumulated depreciation	
Depreciation for the year	-9
Carrying amount at 31 December 2022	**10**
At 31 December 2022	
Cost	52
Accumulated depreciation and impairment	-42
Carrying amount at 31 December 2022	**10**

Right-of-use assets comprise premises and a few vehicles.

Lease liabilities

(NOKm)	2022	2021
Years 0-1	12	11
Years 2-5	0	12
Total	**12**	**23**
Effect of discounting	0	-1
Present value of lease payments	**12**	**22**

Breakdown of present value

(NOKm)	2022	2021
Years 0-1	11	11
Years 2-5	0	11
Total	**12**	**22**

Note 7 **Financial derivatives and other contracts in the statement of profit or loss**

(NOKm)	2022	2021
Fair value adjustments of interest rate hedges	17	46
Total fair value adjustments of financial derivatives and contracts	**17**	**46**

Note 8 **Shares etc**

	Registered office	Share capital (NOKm)	No. of shares	Par value (NOK)	Percentage of shares and votes	Carrying amount (NOKm)
Investments in subsidiaries						
Elvia AS	Hamar	150	1	150 150 000	100.0%	16 298
Eidsiva Vekst AS	Gjøvik	201	201 000	1 000	100.0%	274
Eidsiva Bioenergi AS	Gjøvik	225	225 060	1 001	100.0%	2 049
Eidsiva Bredbånd AS	Lillehammer	177	176 503 000	1	90.1%	766
Eidsiva Fiberinvest AS	Lillehammer	101	4 800 000	21	100.0%	1 385
Elsikkerhet Norge AS	Hamar	1	500	1 000	76.0%	79
Heggvin Utvikling AS	Hamar	1	300	100	60.0%	0
Vardal Utvikling AS	Hamar	0	300	100	100.0%	0
Total						**20 851**

(NOKm)	Registered office	Equity at 31 December 2020	2022 profit/loss	Percentage of shares and votes	Carrying amount
Investments in associates					
Hafslund Eco Vannkraft AS	Oslo	8 599	2 553	43.5%	15 347
Hafslund Ny Energi AS	Oslo	91	-39	35.0%	57
Celtic Norse AS	Steinkjer	0	-1	33.3%	1
Total					**15 405**
Investments in shares etc					
Equity contributions to municipal					41
Total					**41**
Total investments in associates and other shares etc					**15 446**

Income from investments in subsidiaries (NOKm)	Recognised In profit or loss
Dividend from Eidsiva Bredbånd AS	27
Dividend from Eidsiva Vekst AS	291
Dividend from Elvia AS	1 248
Group contribution from Eidsiva Bioenergi AS	163
Total	**1 729**

Eidsiva carried out a recapitalisation of Elvia in 2022 to achieve a debt structure that is better aligned with governance documents and comparable independent power distributors in the Nordic region. As part of this, an additional dividend of NOK 9bn was received. In accordance with IFRS 9, NOK 1.2bn of the dividend has been recognised in profit or loss and the remaining NOK 7.8bn has been recognised in the cost of the shares.

Income from investments in associates and joint ventures (NOKm)	Recognised In profit or loss
Dividend from Hafslund Eco Vannkraft AS	1 101
Total	**1 101**

Note 9 **Foreign exchange gains and losses**

The company has long-term loans and bank deposits in foreign currency. At 31 December 2022, both items were translated at the exchange rate at the reporting date. 2022 brought a net foreign exchange loss of NOK 3m (2021: net gain of NOK 5m)

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Note 10 **Tax**

(NOKm)	2022	2021
Tax expense for the year		
Tax payable	4	0
Tax on group contributions paid	42	17
Change in deferred tax	6	5
Total tax expense	**52**	**22**
Calculation of the tax base for the year		
Profit before tax	2 844	650
Permanent differences	-2 606	-550
Change in temporary differences	-40	-48
Effect of recognised pensions on changes in temporary differences	11	26
Group contributions paid	-190	-77
Taxable income in profit or loss	**19**	**0**
Taxable income	**19**	**0**
Tax rate payable	22%	22%
Income tax payable on profit for the year	**4**	**0**

Overview of temporary differences

(NOKm)	2022	2021	Change
Property, plant and equipment	-4	-4	-1
Receivables	-42	-42	0
Capital gains and losses	2	2	0
Derivatives and foreign exchange gains and losses	-85	-97	-13
Pension obligations	-58	-66	-8
Other provisions	-2	-21	-19
Total temporary differences in statement of financial position	**-188**	**-228**	**-40**
Receivable on merger	42	42	0
Total basis for deferred tax assets in statement of financial position	**-146**	**-186**	**-40**
Tax rate	22%	22%	
Deferred tax assets at standard rate in statement of financial position	-32	-41	
Deferred tax assets in the statement of financial position	**-32**	**-41**	**-9**

Reconciliation of tax expense and calculated tax on the profit for the year

(NOKm)	2022	2021
Profit before tax multiplied by tax rate	626	143
Tax expense recognised	52	22
Difference	**573**	**121**

Explanation of difference

(NOKm)	2022	2021
Permanent differences multiplied by tax rate	-573	-121
Total	**-573**	**-121**

Note 11 **Financial instruments in the statement of financial position by category**

The following policies have been applied in the measurement of financial instruments in the statement of financial position subsequent to initial recognition.

At 31 December 2022

Assets (NOKm)	**Assets at amortised cost**	**Total**
Non-current receivables from group companies	16 900	16 900
Other non-current receivables	2 212	2 212
Investments in shares etc	15 446	15 446
Trade and other receivables	476	476
Bank deposits	1 555	1 555
Total	**36 589**	**36 589**

Liabilities (NOKm)	**Financial liabilities at fair value through profit or loss**	**Liabilities at amortised cost**	**Total**
Bonds		10 900	10 900
Payable to credit institutions		3 030	3 030
Current loans		2 220	2 220
Dividends		952	952
Taxes and duties payable		4	4
Derivatives	84		84
Trade payables		13	13
Other current liabilities		3 408	3 408
Total	**84**	**20 527**	**20 610**

At 31 December 2021

Assets (NOKm)	**Assets at amortised cost**	**Total**
Non-current receivables from group companies	4 900	4 900
Other non-current receivables	2 131	2 131
Investments in shares etc	15 026	15 026
Trade and other receivables	505	505
Bank deposits	36	36
Total	**22 597**	**22 597**

Liabilities (NOKm)	**Financial liabilities at fair value through profit or loss**	**Liabilities at amortised cost**	**Total**
Bonds		9 400	9 400
Payable to credit institutions		3 247	3 247
Current loans		2 010	2 010
Dividends		353	353
Taxes and duties payable		4	4
Derivatives	100		100
Trade payables		2	2
Other current liabilities		878	878
Total	**100**	**15 893**	**15 993**

Derivatives are divided into current and non-current liabilities in the statement of financial position.

Note 12 **Fair value of financial instruments**

The tables below show the company's assets and liabilities measured at fair value classified by level as follows:

Level 1: Fair value measurement based on quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value measurement based on (1) directly or indirectly observable prices for identical assets or liabilities in markets that are not active, (2) models that use prices and variables derived entirely from observable markets or transactions, and (3) pricing in active markets of similar but not identical assets or liabilities.

Methods used to value financial instruments include:

Derivatives

The fair value of interest swaps is calculated as the present value of estimated future cash flows.

Assets and liabilities measured at fair value at 31 December 2022

(NOKm)	Level 1	Level 2	Total
Liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives		84	84
Total liabilities		**84**	**84**

Assets and liabilities measured at fair value at 31 December 2021:

(NOKm)	Level 1	Level 2	Total
Liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives		100	100
Total liabilities		**100**	**100**

Note 13 **Bank deposits – restricted funds**

(NOKm)	2022	2021
Restricted funds in relation to withholding taxes	0	4

A group guarantee was issued in 2022 for the payment of withholding taxes. The amount of the guarantee is NOK 65m.

Note 14 **Equity**

(NOKm)	Share capital	Share premium account	Other equity	Total
Equity at 31 December 2021	**1 037**	**22 767**	**10 609**	**34 412**
Merger of Stange Energi AS	12	534		546
Capital increase at Hafslund AS	12	534		546
Profit for the year			2 792	2 792
Other comprehensive income			8	8
Provisions for dividends			-1 500	-1 500
Equity at 31 December 2022	**1 062**	**23 834**	**11 909**	**36 804**

See the notes to the consolidated financial statements for a breakdown of shareholders etc.

Note 15 **Loans**

(NOKm)	2022	2021
Non-current loans		
Bonds	10 150	9 400
Payable to credit institutions	3 780	3 247
Total non-current loans	**13 930**	**12 647**
Current loans		
Current portion of non-current liabilities	2 220	2 010
Accrued interest	139	79
Total current loans	**2 359**	**2 089**
Total loans	**16 289**	**14 736**

The average rate of interest on bonds and non-current bank debt at 31 December 2022 was 3.03% and 3.35% respectively.

Eidsiva Energi is subject to a negative pledge clause in all of its loan agreements. Eidsiva Energi is to ensure that none of its subsidiaries provides guarantees, security or collateral for financial liabilities in excess of NOK 300m. Some agreements also require value-adjusted equity of at least 35%.

(NOKm)	2022	2021
Total carve-out	300	300
Subsidiary loans, collateral, security and guarantees	-36	-264
Unused carve-out	**264**	**36**

The calculations in this table include total interest-bearing debt, collateral and guarantees.

Maturity profile of interest-bearing loans

(NOKm)	2023	2024	2025	2026	2027	2027 on	Total
Amount	**2 359**	**649**	**1 328**	**1 628**	**1 928**	**8 397**	**16 289**

A substantial part of the company's loan portfolio is quoted with Nibor as the benchmark rate. This means that the withdrawal of Nibor as a benchmark rate could impact on the company's interest rate exposure and lease costs.

Note 16 **Pledges and guarantees**

(NOKm)	2022	2021
Liabilities with negative pledge clause	16 289	14 736

Besides its recognised liabilities, Eidsiva Energi AS is part of a cash pool with an overdraft limit of NOK 500m. The company's wholly owned subsidiaries are the other members of the pool. Companies participating in the pool have joint and several liability for overdraft balances up to NOK 500m, which is also the overdraft limit. In addition, the company has unused credit facilities of NOK 3.5bn. The company has signed a negative pledge clause for these facilities.

Declaration by the board and Group CEO

We confirm that, to the best of our knowledge, the annual financial statements for 1 January to 31 December 2022 have been prepared in accordance with applicable accounting standards, and that the disclosures in the financial statements provide a true and fair picture of the assets, liabilities, financial position and results of the company and the group.

We also confirm that the management report provides a true and fair view of the development, results and position of the company and the group, and presents the most important risks and uncertainties faced by the company and the group.

Hamar, 21. mars 2023

Styret i Eidsiva Energi AS

Pål Egil Rønn Styreleder	Finn Bjørn Ruyter Styrets nestleder	Øystein Løseth
Monica Haugan	Anita Hager	Toril Benum
John Renngård	Per Luneborg	Åge Andersen
Martin Lutnæs	Lise Merethe Holen Martinsen	Martin Sleire Lundby
		Øistein Andresen

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Alternative performance measures

Earnings		2022	2021
Operating profit	NOKm	2 863	919
Over/under-recovery of allowable revenue at Elvia	NOKm	-349	-895
Fair value adjustments at Hafslund Eco Vannkraft	NOKm	-340	-395
Operating profit adjusted for over/under-recovery and fair value adjustments	**NOKm**	**3 551**	**2 209**
Profit for the year	NOKm	2 140	632
Over/under-recovery of allowable revenue at Elvia after tax	NOKm	-272	-698
Fair value adjustments at Hafslund Eco Vannkraft after tax	NOKm	-340	-395
Profit for the year adjusted for over/under-recovery and fair value adjustments	**NOKm**	**2 752**	**1 725**

Financial position		2022	2021
Profit before tax	NOKm	2 470	633
Interest expense	NOKm	-580	-427
Average total assets	NOKm	48 832	46 631
Return on assets	**%**	**6.2**	**2.3**
Profit after tax	NOKm	2 140	632
Average equity	NOKm	25 040	24 141
Return on equity	**%**	**8.5**	**2.6**
Non-current interest-bearing debt	NOKm	13 947	12 665
Current interest-bearing debt	NOKm	2 362	2 092
Equity	NOKm	26 007	24 073
Capital employed	NOKm	42 316	38 830
Average capital employed	**NOKm**	**40 573**	**38 753**
Operating profit	NOKm	2 863	919
Return on average capital employed	**%**	**7.1**	**2.4**

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Non-current interest-bearing debt	NOKm	13 947	12 665
Current interest-bearing debt	NOKm	2 362	2 092
Cash and cash equivalents	NOKm	2 673	557
Net interest-bearing debt	**NOKm**	**13 636**	**14 200**
EBITDA	NOKm	4 344	2 503
Net interest-bearing debt/EBITDA		**3.1**	**5.7**
Interest expense	NOKm	-580	-427
EBITDA/interest expense		**7.5**	**5.9**

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