Hafslund

Annual report 2023

Financial statements and notes

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Financial Statements and notes Hafslund Group

Consolidated statement of comprehensive income

1 January - 31 December

NOK million	Note	2023	2022
Sales revenue	2.2	17,349	25,484
Other gain/loss	2.2	1,171	-3,581
Other operating revenue	2.2	177	125
Revenues and other income	2.2	**18,698**	**22,028**
Energy purchases and transmission	2.3	-1,486	-743
Salary and other personnel costs	2.4	-1,060	-751
Property tax and other imposed costs and compensations	2.5	-536	-527
Other operating costs	2.6	-1,081	-636
Profit/loss from equity-accounted investees	3.5, 3.6	595	716
EBITDA		**15,130**	**20,087**
Depreciation and amortisation	3.1 - 3.4	-1,269	-746
Operating profit (EBIT)		**13,862**	**19,340**
Interest income	5.13	448	115
Interest expense	5.13	-1,089	-817
Other finance income/costs	5.13	411	241
Net financial items	5.13	**-230**	**-462**
Profit before tax		**13,631**	**18,879**
Income taxes	6.1	-8,478	-14,535
Profit after tax		**5,153**	**4,344**

NOK million	Note	2023	2022
PROFIT ATTRIBUTABLE TO			
Owners of the parent company		4,273	3,525
Non-controlling interests	8.2	880	819
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Hedging reserve	5.6	2,791	-2,200
Income tax effects	5.6	-1,219	1,258
Translation reserve equity-accounted investees	3.5	50	3
Total items that may be reclassified to profit or loss in subsequent periods		**1,622**	**-939**
ITEMS THAT MAY NOT TO BE RECLASSIFIED TO PROFIT OR LOSS			
Actuarial gains (losses) on defined benefit plans		-118	-54
Income tax effects		85	59
Equity-accounted investees - share of OCI	3.5, 7.2	15	-59
Other items that may not be reclassified to profit or loss		-3	-
Total items that may not to be reclassified to profit or loss		**-20**	**-54**
Other comprehensive income		**1,601**	**-993**
Total comprehensive income		**6,754**	**3,351**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO			
Owners of the parent company		5,546	2,758
Non-controlling interests	8.2	1,208	593

Consolidated statement of financial position

31 December

NOK million	Note	2023	2022
ASSETS			
Deferred tax assets	6.1	187	212
Intangible assets	3.1	37,626	37,562
Property, plant and equipment	3.2	27,600	27,619
Right-of-use assets	3.4	311	339
Equity-accounted investees	3.5	10,557	10,669
Non-current financial derivatives	5.1, 5.6	541	1,098
Other non-current receivables	5.9, 7.2	1,536	1,579
Non-current assets		**78,359**	**79,077**
Inventory		64	77
Trade receivables	5.10	741	1,148
Other interest-bearing current receivables	5.1	565	-
Other non-interest-bearing current receivables	5.10	664	1,026
Current financial derivatives	5.1, 5.6	415	2,441
Cash and cash equivalents	5.11	10,239	13,497
Current assets		**12,689**	**18,188**
Assets		**91,048**	**97,265**

NOK million	Note	2023	2022
EQUITY AND LIABILITIES			
Paid-in capital	5.8	23,594	23,594
Other equity		13,169	9,696
Non-controlling interests	8.2	9,943	9,314
Equity		**46,706**	**42,604**
Non-current interest-bearing debt	5.2	18,259	20,203
Lease liabilities	3.4	272	306
Deferred tax liabilities	6.1	10,465	8,598
Pension liabilities	7.2	56	78
Non-current financial derivatives	5.1, 5.3, 5.6	32	337
Other liabilities	4.1	2,786	4,160
Non-current liabilities		**31,871**	**33,682**
Trade payables	5.12	478	736
Lease liabilities	3.4	49	40
Other current non-interest-bearing liabilities	5.12	2,151	3,196
Taxes payable	6.1	7,365	13,482
Current financial derivatives	5.1, 5.3, 5.6	224	707
Current interest-bearing debt	5.2	2,205	2,819
Current liabilities		**12,472**	**20,980**
Equity and liabilities		**91,048**	**97,265**

Consolidated statement of cash flows

1 January - 31 December

NOK million	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**13,631**	**18,879**
Adjustments from:			
Depreciations, amortisations and impairments	3.1 - 3.4	1,269	746
Gains/losses from divestments and disposals of assets		7	-
Profit/loss from equity-accounted investees	3.5	-595	-716
Unrealised changes in derivatives		-1,657	443
Changes in inventories		13	-57
Changes in trade receivables and other non-interest-bearing receivables		110	436
Changes in trade payables and other non-interest-bearing liabilities	5.1	-1,332	-472
Net settlement of futures contracts		4,729	-3,210
Net financial items	5.13	230	462
Other non-cash income and expenses		-30	-36
Cash flows from operating activities		**16,373**	**16,474**
Taxes paid		-13,838	-4,701
Net cash flows from operating activities		**2,536**	**11,773**

NOK million	Note	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment		-1,217	-870
Cash paid through share issue to equity-accounted investees		-68	-456
Cash paid for shares in new subsidiaries and equity-accounted investees		-65	-185
Cash effect from Celsio transaction		-	-1,607
Dividend received from equity-accounted investees		1,196	450
Interest received		448	115
Other investment activities		75	106
Cash flows from investing activities		**368**	**-2,447**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds	5.2	2,073	3,380
Loan repayments	5.2	-4,736	-2,553
Effects from currency swaps on loan repayments		310	-
Dividends paid		-3,072	-3,033
Interest paid		-1,148	-664
Other financing activities		488	141
Cash flows from financing activities		**-6,085**	**-2,729**
Changes in cash and cash equivalents		**-3,182**	**6,596**
Cash and cash equivalents at 1 January	5.11	13,497	6,988
Currency exchange rate effects on cash and cash equivalents		-75	-87
Cash and cash equivalents at end of period	5.11	**10,239**	**13,497**

Consolidated statement of changes in equity

NOK million	Note	Share Capital	Share premium	Other equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 31 December 2022		**110**	**23,484**	**9,696**	**33,290**	**9,314**	**42,604**
Profit for the year		-	-	4,273	4,273	880	5,153
Other comprehensive income		-	-	1,273	1,273	328	1,601
Total comprehensive income for the year		**-**	**-**	**5,546**	**5,546**	**1,208**	**6,754**
TRANSACTIONS WITH OWNERS							
Dividends		-	-	-2,460	-2,460	-615	-3,075
Effect of dividends from Hafslund Eco Vannkraft AS to Eidsiva Energi AS	3.5	-	-	360	360	-	360
Transactions with non-controlling interests		-	-	16	16	-16	-
Capital increase		-	-	-	-	53	53
Total transactions with owners		**-**	**-**	**-2,084**	**-2,084**	**-578**	**-2,662**
Other changes in equity		-	-	11	11	-1	9
Equity at 31 December 2023		**110**	**23,484**	**13,169**	**36,763**	**9,943**	**46,706**

Consolidated statement of changes in equity *(cont.)*

NOK million	Note	Share Capital	Share premium	Other equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 31 December 2021		**100**	**15,415**	**8,550**	**24,065**	**2,751**	**26,816**
Profit for the year		-	-	3,525	3,525	819	4,344
Other comprehensive income		-	-	-767	-767	-226	-993
Total comprehensive income for the year		**-**	**-**	**2,758**	**2,758**	**593**	**3,351**
TRANSACTIONS WITH OWNERS							
Dividends		-	-	-2,301	-2,301	-643	-2,943
Effect of dividends from Hafslund Eco Vannkraft AS to Eidsiva Energi AS	3.5	-	-	551	551	-	551
Business combinations		-	-	-	-	6,518	6,518
Transactions with non-controlling interests		-	-	-31	-31	31	-
Capital increase		10	8,069	216	8,295	63	8,358
Total transactions with owners		**10**	**8,069**	**-1,565**	**6,514**	**5,970**	**12,484**
Other changes in equity		-	-	-47	-47	-	-47
Equity at 31 December 2022		**110**	**23,484**	**9,696**	**33,290**	**9,314**	**42,604**

Oslo, 22 March 2024

The Board of Directors of Hafslund AS

Jarle Roth
(Chair of the board)

Halvor Kr. Halvorsen

Bjørn Erik Næss

Maria Tallaksen

Mari Thjømøe

Bård Vegar Solhjell

Håkon Rustad

Hilde Veum-Wahlberg

Finn Bjørn Ruyter
(CEO)

Note 1.1 General information

Hafslund is an energy and infrastructure group made up of three business areas: Hafslund Eco Vannkraft, with Norway's second largest hydropower business, Hafslund Oslo Celsio, which is Norway's largest supplier of district heating, and Hafslund Vekst, bringing together the Group's industrial ownership and growth initiatives, including ownership of Eidsiva Energi, which includes Elvia, Norway's largest grid company. In addition to operating an annual production of more than 21 TWh, the Group owns hydroelectric power plants which together produce approximately 18,5 TWh, enough power to supply more than 2.2 million people. The power plants are mainly in Vestland, Akershus, Buskerud, Østfold, Oslo and Innlandet.

The parent company Hafslund AS is owned 100 per cent by the City of Oslo.

Hafslund AS also has significant ownership in grid operations through its 50 per cent share in Eidsiva Energi AS. Eidsiva Energi AS owns 100 per cent of the shares in the grid company Elvia AS with more than 900,000 customers. Elvia builds, operates, maintains and renews the grid area in Oslo, Innlandet, Akershus and Østfold.

The Group's subsidiaries Hafslund Invest AS and Hafslund Vekst AS utilises the expertise of the Group's to create new growth opportunities, with the main emphasis on renewable power generation and electrification.

The head office is in Oslo. The consolidated financial statements were authorised for issue by the Board of Directors on 22 March 2024.

Note 1.2 General accounting policies

Basis for preparation of the annual financial statements

The consolidated financial statements for Hafslund for 2023 have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of some assets and liabilities that are measured at fair value. See note 5.5 Fair value for a more detailed description. Preparation of financial statements in accordance with IFRS requires the use of estimates and judgements. Items significantly impacted by judgements or assumptions and significant estimates are described in the relevant notes.

All amounts are stated in NOK million unless otherwise stated.

Currency

The consolidated financial statements are presented in Norwegian kroner (NOK). For the subsidiary Hafslund Vekst AB the functional currency is Swedish kroner (SEK), while for the parent company and the other subsidiaries, the functional currency is Norwegian kroner. For the associated companies Austri Raskiftet and Austri Kjølberget the functional currency is euro (EUR).

Note 1.3 Climate risk

Hafslund Group is directly exposed to risks associated with climate change. Hydropower production is significantly exposed to changes in precipitation and temperature which affects inflow. This can reduce predictability in power prices and makes production planning more challenging. Temperature changes can also affect the Group's snow reservoirs and consumption patterns for electricity and district heating. An increased incidence of extreme weather events and floods may pose a higher risk of physical damage to the Group's facilities. Furthermore, regulatory and policy changes aimed at reducing emissions can impact taxes, fees, and other framework conditions, with potentially significant financial implications for the Group.

The consolidated financial statements include estimates that may be affected by the effects of climate change, including:

- Estimates for the useful life of the Group's assets, see note 3.2 Property, Plant and Equipment.
- Inputs used to estimate fair value at level 3 for financial instruments, see note 5.5 Fair Value.
- Inputs involved in estimating recoverable amounts in impairment testing, see note 3.3 Impairment testing.
- Inputs used to justify the recognition of deferred tax assets, including negative base rent income incurred before 2007, see note 6.1 Taxes.

In the preparation of the consolidated financial statements for 2023, the Management has taken into account the effects of climate risk, including the risks outlined in the Sustainability Report for 2023 combined with the Group's transformation plan to become climate-positive by 2030. The effects of climate risk, including physical climate risk and transition risk, have not had a significant impact on the Management's discretionary judgments and estimates at the time of preparing the consolidated financial statements for 2023.

Physical Climate Risk

Physical risk refers to impacts resulting from climate change and altered weather patterns, such as increased frequency of extreme weather events, floods, and heatwaves. Parts of the Group's infrastructure are located at low geographical levels, making them susceptible to rising sea levels. Increased occurrences of extreme weather events and floods may pose a higher risk of damage and breakdowns in the Group's facilities – the dam break in Braskereidfoss in 2023 serves as an example, see note 1.6 Transactions and Events in 2023.

Scenario analyses have been conducted to model the effects of climate change on the areas where the Group has physical facilities, and a risk assessment has been made based on this. This work is considered in the assessment of the expected useful life of the Group's facilities and is taken into account in estimating recoverable amounts in impairment testing. The assumptions behind the analyses are further described in the Sustainability report.

Transition Risk

Transition risk refers to direct and indirect effects on the Group as a result of the transition to a low-emission society. The transition is expected to bring about changes in legal, technological, political, and market conditions that could potentially have a significant impact on Hafslund.

Hafslund is exposed to changes driven by political measures to reduce emissions from the power sector, district heating operations, waste incineration, and other industrial sectors. This may involve changes in taxes and fees or market changes that have the potential to affect the Group's results. The Group's largest greenhouse gas emissions are related to the waste incineration plants of the district heating operations.

Note 1.3 Climate risk

(cont.)

The planned carbon capture and storage (CCS) facility at the Klemetsrud plant is one of the Group's key strategic initiatives to reduce emissions and is a response to transition risks arising from political and market conditions. The CCS project at Klemetsrud has entered a cost-reducing phase in 2023, and a new investment decision is expected in the summer of 2024. In the estimated recoverable amount in connection with the impairment testing for district heating operations, the CCS project is not reflected as the investment decision has not been made, see note 3.3 Impairment testing.

The Group's long-term power price curves; Management's best estimate

The Group's long-term power price curves, Management's best estimate, are used in the preparation of the financial statements to estimate the fair value of industrial contracts and financial power agreements, as well as compensation to landowners. The Group's long-term power price curves are also a key assumption in the Group's impairment tests in calculating value in use.

The basis for the Group's long-term price curves is prepared by the analysis department in Hafslund Eco Vannkraft. The process is continuously evolving to capture developments in the Nordic and European power markets. The Group's long-term power price curves are benchmarked against prices from external analysis agencies and other players in the power market, and deviations are assessed.

Expected effects due to climate change are reflected in the long-term price curves. It is assumed that Europe will achieve its climate goals and achieve net-zero emissions by 2050, as well as a 55% reduction in greenhouse gas emissions from 1990 to 2030. Proposed price curves are presented to the Group management, who can provide input and challenge the assumptions. Group management approves the long-term power price curves.

Recent years have shown significant volatility in power prices, and changes due to climate risk can lead to further volatility. Long-term power price curves are subject to considerable estimation uncertainty in the short and long term, and the uncertainty increases the further into the future the projections extend. Management necessarily has to exercise judgment and provide the best estimate for the future based on the information available.

Note 1.4 Changes in accounting policies

There are no changes in accounting policies that have significant effect for the 2023 financial statements.

Note 1.5 Changes in standards and interpretations with future effect

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. The Group does not expect the changes in these standards and interpretations to have a significant impact on the consolidated financial statements but will assess the impact when transactions and events arise that are affected by these changes. The Group's intention is to implement the relevant changes at the effective date provided that the EU adopts the changes prior to the presentation of the consolidated financial statements.

Note 1.6 Transactions and events in 2023

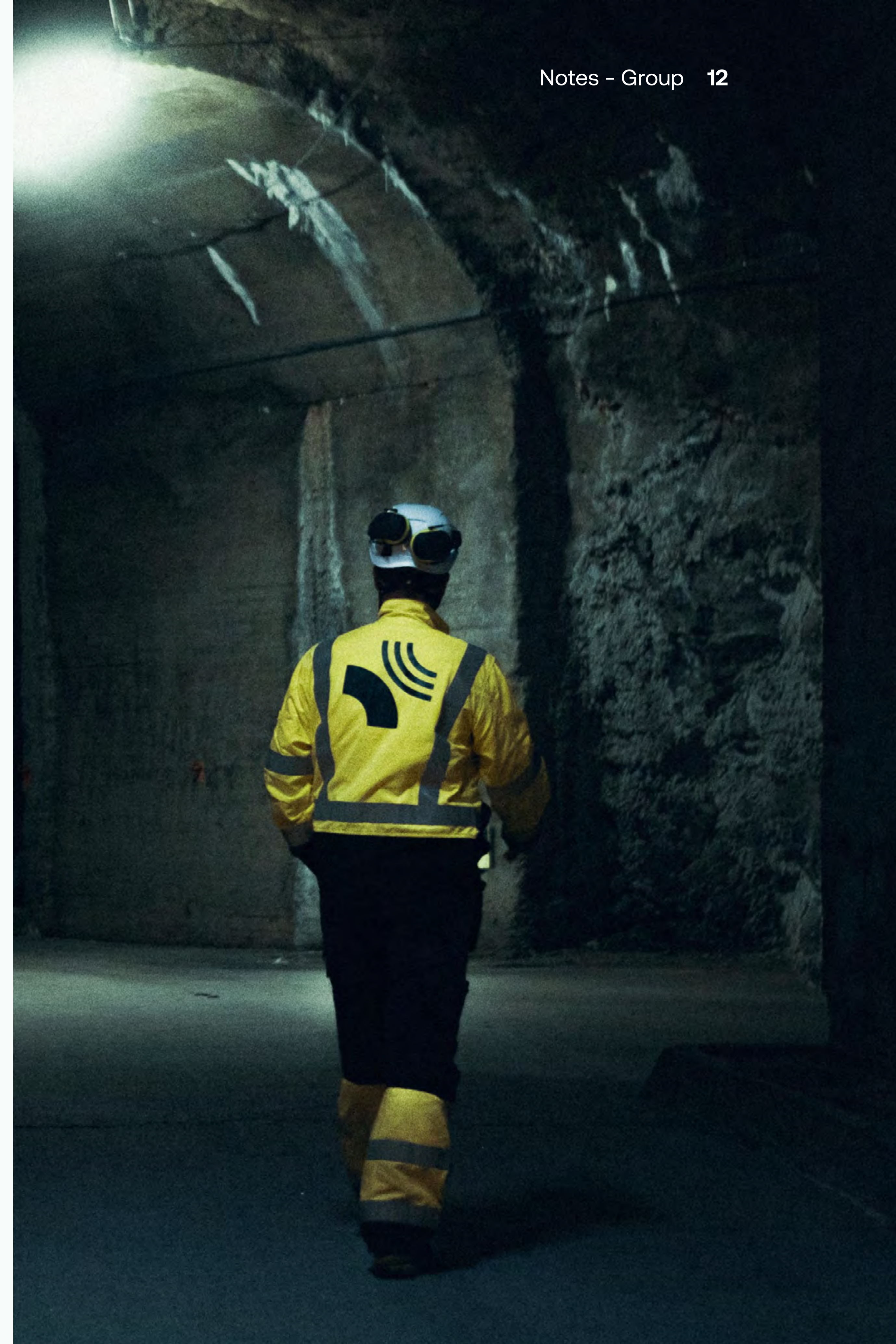
Braskereidfoss

The extreme weather event "Hans" in August was a rare weather phenomenon with large-scale impacts and enormous amounts of precipitation in almost all of Hafslund's watercourses. It created a flood that rapidly increased in strength and intensity. On August 9, the floodgates at the Braskereidfoss power plant did not open as the water level rose. This led to water ingress into the power plant and eventually to the dam breaking.

Preliminary assessments indicate that the power plant may not be operational until at least 2026. Braskereidfoss has an annual normal production of 170 GWh, which is slightly less than 1 percent of the annual normal production of the hydropower operations. In connection with the dam break and water ingress at the Braskereidfoss power plant, asset write-downs of NOK 131 million have been carried out, along with NOK 20 million in clean-up/sanitation costs.

Solar Projects in Sweden

In the summer of 2023, Hafslund signed an agreement with Helios Nordic Energy AB for the purchase of seven solar projects in southern Sweden. Southern Sweden is connected to Southern Norway via the power system, and both of these areas are deficit areas that will need more power in the future. Once completed, the solar parks will have an annual production of approximately 250 GWh. Hafslund will take over the solar projects as they become ready for construction. This is expected to occur between 2024 and 2025.



Note 2.1 Segment information

Operating segments are reported according to the same structure as the management reporting. The Group has three operating segments; Hydropower, District heating and cooling and Growth and investments.

The different segments are mainly linked to three different companies, Hafslund Eco Vannkraft with its hydropower business, Hafslund Oslo Celsio with its district heating and cooling business and Hafslund Vekst, which brings together the ownership of Eidsiva Energi and the other growth initiatives, including the development of offshore wind, onshore wind and solar.

Hydropower:

Hafslund Eco Vannkraft operates and wholly or partially owns 81 hydropower plants with a production of approximately 21 TWh. The power plants are mainly located in Vestland, Akershus, Buskerud, Oslo, Østfold and Innlandet and consist of both reservoir and run-of-river power plants. In 2023, the production was 18.5 TWh, 4 per cent higher than the production in a normal year.

District heating and cooling:

Hafslund Oslo Celsio owns and operates plants in the value chain from final treatment of waste to production, sale, and distribution of district heating. In 2023, the company sold 1.8 TWh of district heating. In addition, Hafslund Oslo Celsio establishes operations in district cooling and is 100 per cent owner of the fibre company Hafslund Fiber.

Growth and investments:

Hafslund Vekst was established as a separate company in 2022 and brings together the Hafslund Group's industrial ownership and growth initiative. This includes investment activities and follow-up of the Group's non-controlling ownership, including ownership interest in Eidsiva Energi. Additionally, through a clear partnership strategy, Hafslund Vekst engages in both new and established growth initiatives related to renewable energy, green urban development and flexibility solutions. Hafslund Vekst collaborates with companies with complementary expertise and financial strength to realise new opportunities.

In addition to the above-mentioned operating segments, the segment reporting includes Other businesses, consisting of Group eliminations and parts of the group that are not included in the other segments. Results from affiliated companies are presented in the respective operating segments Hydropower, District heating and cooling and Growth and investments, under operating profit. Transactions between the business areas are carried out in accordance with the arm's length principle

Group management assesses the business areas' performance and profitability based on EBITDA, operating profit and profit after tax.

Specification of different revenue types per segment is given in note 2.2 Revenues and other income.

Note 2.1 Segment information

(cont.)

1 January - 31 December

	Hydropower		District heating and cooling[1,2]		Growth and investments		Other		Group	
NOK million	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales revenue	14,611	23,776	2,738	1,707	-	-	-	-	17,349	25,484
Other gain/loss	865	-3,334	307	-247	-	-	-	-	1,171	-3,581
Other operating revenue	123	91	27	19	15	5	12	10	177	125
Revenues and other income	**15,599**	**20,534**	**3,072**	**1,479**	**15**	**5**	**12**	**10**	**18,698**	**22,028**
Energy purchases and transmission	-233	-96	-1,251	-647	-2	-	-	-	-1,486	-743
Salary and other personnel costs	-579	-526	-302	-151	-73	-23	-106	-52	-1,060	-751
Property tax and other imposed costs and compensations	-530	-532	-5	6	-	-	-1	-1	-536	-527
Other operating costs	-281	-239	-729	-293	-69	-18	-3	-86	-1,081	-636
Profit/loss from equity-accounted investees	10	112	-	-	599	588	-13	16	595	716
EBITDA	**13,986**	**19,253**	**785**	**394**	**470**	**552**	**-110**	**-113**	**15,130**	**20,087**
Depreciation and amortisation	-669	-510	-595	-232	-	-	-4	-4	-1,269	-746
Operating profit (EBIT)	**13,317**	**18,743**	**190**	**162**	**470**	**552**	**-115**	**-117**	**13,862**	**19,340**
Interest income	530	161	23	18	17	2	-123	-67	448	115
Interest expense	-766	-705	-312	-146	-335	-233	325	267	-1,089	-817
Other finance income/costs	398	401	-2	-20	-19	-8	34	-131	411	241
Net financial items	**163**	**-144**	**-291**	**-148**	**-338**	**-240**	**237**	**70**	**-230**	**-462**
Profit before tax	**13,479**	**18,599**	**-102**	**14**	**131**	**312**	**122**	**-47**	**13,631**	**18,879**
Income taxes	-8,546	-14,596	39	-1	87	60	-58	3	-8,478	-14,535
Profit after tax	**4,933**	**4,003**	**-62**	**13**	**218**	**372**	**64**	**-44**	**5,153**	**4,344**

[1] *For the period 19 May - 31 December 2022*

[2] *NOK 217 million in other gain/loss for the segment District heating and cooling applies to correction of hedge accounting from 2022. Other gain/loss for 2023 are NOK 90 million without the correction. Refer to note 5.6 Derivatives and hedging for further information.*

Note 2.1 Segment information
(cont.)

31 December

NOK million	Hydropower 2023	Hydropower 2022	District heating and cooling 2023	District heating and cooling 2022	Growth and investments 2023	Growth and investments 2022	Other 2023	Other 2022	Group 2023	Group 2022
ASSETS										
Intangible assets	24,051	24,392	13,746	13,738	139	136	-122	-492	37,813	37,774
Property, plant and equipment	19,877	19,853	7,536	7,593	20	6	166	167	27,600	27,619
Equity-accounted investees	409	378	4	1	10,111	10,243	33	47	10,557	10,669
Other non-current assets	1,091	1,610	340	345	357	247	600	814	2,388	3,016
Non-current assets	**45,428**	**46,234**	**21,626**	**21,677**	**10,628**	**10,632**	**677**	**535**	**78,359**	**79,077**
Cash and cash pool agreement	10,214	17,302	200	295	145	-741	-320	-3,360	10,239	13,497
Other current assets	2,114	4,327	676	1,056	174	81	-513	-773	2,450	4,692
Current assets	**12,328**	**21,629**	**876**	**1,351**	**319**	**-659**	**-833**	**-4,133**	**12,689**	**18,188**
Assets	**57,756**	**67,863**	**22,502**	**23,028**	**10,947**	**9,973**	**-156**	**-3,598**	**91,048**	**97,265**

NOK million	Hydropower 2023	Hydropower 2022	District heating and cooling 2023	District heating and cooling 2022	Growth and investments 2023	Growth and investments 2022	Other 2023	Other 2022	Group 2023	Group 2022
EQUITY AND LIABILITIES										
Equity	20,904	18,229	16,160	16,274	4,705	3,670	4,936	4,430	46,706	42,604
Non-current liabilities	26,979	31,544	5,276	5,575	6,006	6,005	-6,390	-9,442	31,871	33,682
Current liabilities	9,872	18,089	1,066	1,178	236	298	1,298	1,414	12,472	20,980
Equity and liabilities	**57,756**	**67,863**	**22,502**	**23,028**	**10,947**	**9,973**	**-156**	**-3,598**	**91,048**	**97,265**

Note 2.2 Revenues and other income

Key accounting policies

The Group's revenues mainly comprise revenue from sale of power in the wholesale market, guarantees of origin, concessionary power, industrial contracts, and results from financial power hedging. From 19 May 2022, operating revenues also consist of district heating revenues and revenues from waste management.

The main principles for accounting for Hafslund's revenue streams are described below.

Sales revenue

Power revenue
Produced power is mainly sold through the Nord Pool spot exchange and by bilateral agreement to Fortum Hedging AS. The performance obligation is mainly power, and the transaction price is the consideration the Group expects to receive, at either spot price, regulated price or contractual price. The performance obligation is fulfilled over time, which means that the revenue is recognised for each unit delivered, at transaction price. Hafslund applies a practical approach where power revenue is recognised at the amount that the entity is entitled to invoice. The right to invoice arises when the power is produced and delivered, and the right to invoice will normally correspond directly to the value for the customer. The Group takes the view that Nord Pool should be regarded as a customer since the Group has an enforceable contract with Nord Pool AS. The same applies to Fortum Hedging AS. As a principal rule, power revenues from own production are generally presented gross in the income statement.

Guarantees of origin
Hafslund receives guarantees of origin from qualifying production of electrical power and sell these. Revenue from the sales of guarantees is recognised at the time of delivery.

Concessionary power
The Group is obliged to deliver concessionary power to municipalities and county authorities at either a regulated OED (Ministry of Petroleum and Energy) price or the full cost. Hafslund does not consider revenue from delivery of concessionary power to derive from a customer contract as defined in IFRS 15 but applies the principles in IFRS 15 analogically and therefore also presents revenue from the sale of concessionary power as sales revenue.

Industrial contracts
Hafslund has also entered into bilateral agreements for the physical delivery of power to industrial companies. These industrial contracts are recognised under the same principles as other power sales.

District heating revenue
Income from district heating is recognised in accordance with customers' measured consumption of district heating. For commercial buildings, condominiums and housing cooperatives, meter readings are made every hour and customers are invoiced monthly. For private customers, monthly meter readings are made, and customers are invoiced monthly. District heating revenues are calculated by multiplying the measured consumption to customers by the current district heating tariffs for the period. Hafslund is responsible for the delivery of the entire service and has concluded that the distribution and sale of district heating are not separate delivery obligations.

Note 2.2 Revenues and other income

(cont.)

Connection fee
Connection fee is considered a separate delivery obligation and is recognised as income when heating is applied. Until the customer becomes affiliated, the fee is recognised in the balance sheet as deferred income. Expenses related to the connection are capitalised.

Waste management revenue
Revenues from waste management mainly come from the fee the customer pays for Hafslund Oslo Celsio to receive waste. The fee is mainly calculated based on the quality and volume of waste received and there are variable elements in the pricing. Hafslund Oslo Celsio has an obligation to manage the waste, and this delivery obligation is fulfilled when the waste has been processed.

Other gains/losses

Hedging of financial power contracts and foreign currency derivatives
Hafslund uses financial contracts to hedge future revenues from sale of hydropower in euro, and foreign currency derivatives to exchange settlements from hedges in euro to NOK. The Group applies hedge accounting for the basis hedging portfolio, see note 5.6 Derivatives and hedging. Hedging inefficiencies and results from contracts that are not subject to hedge accounting are measured at fair value through profit or loss under Other gains/losses.

Financial power contracts
The group has a financial power contract as compensation for lost production. Revenue from the contract is presented under Other operating income. The contract is measured at fair value through profit and loss, and value adjustments are presented under Other gains/losses.

Revenue and other income

The company's operating revenues consist mainly of power sales at spot prices and sales of district heating. The Group does not have significant contract balances from sale of power, as spot contracts are settled daily. The district heating activities are mainly invoiced monthly.

Delivery obligations and revenue recognition principles:

Performance obligation	**Revenue recognition principle**
Power revenue	Based on the right to invoice the customer (at the time of delivery)
District heating revenue	Based on the right to invoice the customer (at the time of delivery)
Waste treatment revenue	The time when the waste has been processed
Grid rental/actual revenue	The time of heat application (at the time of delivery)

Note 2.2 Revenues and other income
(cont.)

1 January - 31 December

	Hydropower		Heating and cooling [1, 2]		Growth and investments		Profit other business		Group	
NOK million	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REVENUES AND OTHER INCOME										
Power revenue	12,905	22,631	155	181	-	-	-	-	13,060	22,813
Guarantees of origin	794	215	-	-	-	-	-	-	794	215
Concessionary power	245	347	-	-	-	-	-	-	245	347
Industrial contracts	554	572	-	-	-	-	-	-	554	572
Fixed-price contracts	112	-	-	-	-	-	-	-	112	-
Heat sales	-	-	2,310	1,368	-	-	-	-	2,310	1,368
Waste treatment sales	-	-	273	158	-	-	-	-	273	158
Grid rental/actual revenue	1	11	-	-	-	-	-	-	1	11
Sales revenue	**14,611**	**23,776**	**2,738**	**1,707**	**-**	**-**	**-**	**-**	**17,349**	**25,484**
Realised gains/losses power derivatives and foreign currency derivatives	-360	-2,939	-32	-243	-	-	-	-	-392	-3,182
Value adjustments power derivatives	1,162	-313	338	-5	-	-	-	-	1,500	-317
Value adjustments currency derivatives	62	-118	-	-	-	-	-	-	62	-118
Other gain/ loss	**865**	**-3,334**	**307**	**-247**	**-**	**-**	**-**	**-**	**1,171**	**-3,581**
Other operating income	123	91	27	19	15	5	12	10	177	125
Other operating income	**123**	**91**	**27**	**19**	**15**	**5**	**12**	**10**	**177**	**125**
Revenues and other income	**15,599**	**20,534**	**3,072**	**1,479**	**15**	**5**	**12**	**10**	**18,698**	**22,028**

[1] For the period 19 May - 31 December 2022
[2] NOK 217 million in other gain/loss for the segment District heating and cooling applies to correction of hedge accounting from 2022. Other gain/loss for 2023 are NOK 90 million without the correction. Refer to note 5.6 Derivatives and hedging for further information.

Note 2.3 Energy purchases and transmission costs

1 January - 31 December

NOK million	2023	2022
ENERGY PURCHASES AND TRANSMISSION COSTS		
Energy purchases	30	25
Purchases raw materials	1,244	647
Transmission costs	212	71
Energy purchases and transmission costs	**1,486**	**743**

Transmission costs primarily relate to feed-in costs to the transmission grid. Raw materials mainly consist of fuels consumed in the district heating and cooling segment.

The increase in purchase of raw materials compared to 2022 is mainly due to the acquisition of Hafslund Oslo Celsio in medio 2022, 2023 is the first whole year being part of the Hafslund Group.

Note 2.4 Salaries and other personnel costs

1 January - 31 December

NOK million	2023	2022
SALARIES AND OTHER PERSONNEL COSTS		
Wages and salaries	812	582
Employers national insurance contributions	125	83
Pension costs	93	61
Other personnel costs	31	26
Salaries and other personnel costs	**1,060**	**751**
Average number of full-time equivalents employed in the Group	740	549

Pension costs are discussed in more detail in note 7.2 Pensions.

The increase in salaries and other personnel costs compared to 2022 is mainly due to the acquisition of Hafslund Oslo Celsio in medio 2022, 2023 is the first whole year being part of the Hafslund Group.

Note 2.5 Property tax and other imposed costs and compensations

Key accounting policies

Property tax
Property tax is classified and recognised under operating expenses in the income statement in the year it is levied.

Concession fees
Concession fees are paid annually to the government and local authorities for the right to use waterfalls. Such fees are recognised as costs in the period to which they relate.

Regulation costs and other compensations
See note 4.1 Other liabilities for a more detailed description of power obligations.

1 January - 31 December

NOK million	2023	2022
PROPERTY TAX AND OTHER IMPOSED COSTS AND COMPENSATIONS		
Property tax	326	218
Concession fees	107	104
Fair value adjustment compensations	-95	8
Regulation costs and other compensations	198	198
Property tax and other imposed costs and compensations	**536**	**527**

Property tax is calculated based on valuations determined in accordance with Section 8 of the Norwegian Property Tax Act. The tax rate is a maximum of 0.7 per cent.

Note 2.6 Other operating costs

1 January - 31 December

NOK million	2023	2022
OTHER OPERATING COSTS		
Maintenance	511	362
Purchase of external services	521	322
Office expenses	97	79
Insurance	36	27
Sales and marketing expenses	20	15
Loss on receivables	1	-1
Reimbursement of operating expenses from part- owners	-228	-152
Self-investment work	-121	-94
Other items	245	78
Other operating expenses	**1,081**	**636**

The increase in other operating cost compared to 2022 are mainly due to the acquisition of Hafslund Oslo Celsio in medio 2022, 2023 is the first whole year being part of the Hafslund Group. Furthermore, there has been an increase in the need for consultancy services in the segments Hydropower and Growth and investments.

1 January - 31 December

NOK thousand	2023	2022
AUDITOR'S FEES		
Mandatory audit	5,192	4,361
Other assurance services	1,010	441
Tax consultancy services	-	84
Other non-audit fees	1,902	156
Total auditor's fees	**8,105**	**5,042**
Of which fees to group auditor	5,946	4,332

The specification includes audit fee for the whole Group. Value added tax is not included in the specified audit fee.

Note 3.1 Intangible assets and goodwill

Key accounting policies

Intangible assets are recognised at cost. Intangible assets with an indefinite useful life are not amortised but tested for impairment each year.

For detailed principles relating to impairment of intangible assets and goodwill, please see note 3.3 Impairment testing.

Key estimates and assumptions

The hydropower business mainly has perpetual licences (no right of reversion to state ownership) and purchased waterfall rights are deemed to be perpetual and are not amortised. Non-perpetual licences are amortised. The rights are classified as intangible assets since the Group takes the view that acquired waterfalls do not have physical substance but that the Group has paid for the right to utilise future precipitation and snow melt to generate power.

NOK million	Waterfall rights	Goodwill	Other intangible assets	Intangible assets
2023				
Balance at 1 January	**17,441**	**20,121**	**-**	**37,562**
Additions	79	-	6	84
Amortisation	-20	-	-	-20
Balance at 31 December	**17,500**	**20,121**	**6**	**37,626**
Cost	17,590	20,121	6	37,717
Accumulated amortisation	-84	-	-	-84
Accumulated impairment	-6	-	-	-6
Balance at 31 December	**17,500**	**20,121**	**6**	**37,626**
2022				
Balance at 1 January	**17,292**	**6,211**	**-**	**23,503**
Additions	26	-	-	26
Additions regarding transactions of Celsio and Stange Energi	143	13,910	-	14,053
Amortisation	-20	-	-	-20
Balance at 31 December	**17,441**	**20,121**	**-**	**37,562**
Cost	17,512	20,121	-	37,633
Accumulated amortisation	-65	-	-	-65
Accumulated impairment	-6	-	-	-7
Balance at 31 December	**17,441**	**20,121**	**-**	**37,562**

Note 3.2 Property, plant and equipment

Key accounting policies

Property, plant and equipment is measured at cost less accumulated depreciation and impairment. Depreciation starts when the asset is completed and available for use as management intended. Facilities under construction are reclassified to district heating plants, power stations and dam facilities when the asset is considered available for use, normally after successful test operation.

The cost of property, plant and equipment is the purchase price, including levies/taxes and costs directly related to making the asset available for use.

Borrowing costs directly attributable to procurement, design or production of a qualifying assets are added to the cost. A qualifying asset is an asset that requires a long time to be prepared for its intended use or sale, for example a hydropower plant.

Expenses incurred after an operating asset has been taken into use, such as ongoing maintenance, are recognised in profit or loss, while other expenses (periodic maintenance) that are expected to generate future economic benefits are capitalised. The carrying amount of replaced parts is deducted and recognised in profit or loss.

Government grants are recognised at fair value when there is a reasonable assurance that the grant will be received, and the Group will comply with all relevant conditions.

Government grants are deferred and recognised in the income statement to match with the related costs. Reimbursements and grants related to investments are accounted for as a reduction of investment cost and recognised as a in the income statement through reduced depreciation of the related asset.

The depreciation method and period are assessed annually, and any changes are recognised as change in estimate.

For details of impairment policies for property, plant and equipment, please see note 3.3 Impairment testing.

Key estimates and assumptions

Property, plant and equipment is depreciated over the asset's expected useful life. Expected useful lives are estimated based on experience, history and discretionary judgements relating to technical use and profitability and are adjusted to reflect any changes in expectations. Residual value is taken into account in determining depreciation, and assessment of residual value is also subject to estimates.

Provisions are not recognised for asset retirement obligations since there is no right of reversion to state ownership for the Group's hydropower plants.

Note 3.2 Property, plant and equipment
(cont.)

NOK million	Power facilities	District heating facilities	Technical equipment and chattels	Other property	Facilities under construction	Property, plant and equipment
2023						
Balance at 1 January	**17,196**	**4,138**	**4,435**	**618**	**1,232**	**27,619**
Operating investments	6	2	53	-	1,204	1,265
Disposals	-1	-7	-1	-	-42	-51
Transfer from facilities under construction	345	64	310	4	-728	-6
Depreciation	-428	-166	-277	-9	-	-880
Impairment (-) / Reversal of impairment (+)	-95	-	-36	-	-188	-319
Other items	-	37	-4	-50	-13	-29
Balance at 31 December	**17,023**	**4,068**	**4,481**	**563**	**1,465**	**27,600**
Cost	29,649	4,330	5,149	716	1,654	41,498
Accumulated depreciation	-12,467	-262	-631	-154	-	-13,514
Accumulated impairment	-160	-	-36	-	-188	-384
Balance at 31 December	**17,023**	**4,068**	**4,482**	**562**	**1,465**	**27,600**
Depreciation period (number of years)	40-100	10-40	3-30	100/No depreciation	No depreciation	

Discussion of key matters

The table above also includes shareholdings in facilities that are owned through joint operations. Details of joint operations are given in note 3.6 Joint operations.

Note 3.2 Property, plant and equipment

(cont.)

NOK million	Power facilities	District heating facilities	Technical equipment and chattels	Other property	Facilities under construction	Property, plant and equipment
2022						
Balance at 1 January	**16,910**	**-**	**1,714**	**347**	**916**	**19,887**
Operating investments	586	53	119	36	755	1,550
Additions regarding transactions Celsio and Stange-Energi	163	4,181	2,782	245	269	7,640
Disposals	-50	-	-3	-1	-	-54
Reclass from facilities under construction	-	-	-	-	-702	-702
Depreciation	-419	-96	-177	-9	-	-701
Impairment (-) / Reversal of impairment (+)	6	-	-	-	-	6
Other items	-	-	-	-	-6	-6
Balance at 31 December	**17,196**	**4,138**	**4,435**	**618**	**1,232**	**27,619**
Cost	29,304	4,234	4,792	763	1,232	40,324
Accumulated depreciation	-12,043	-96	-356	-145	-	-12,640
Accumulated impairment	-65	-	-	-	-	-65
Balance at 31 December	**17,196**	**4,138**	**4,435**	**618**	**1,232**	**27,619**
Depreciation period (number of years)	40-100	10-40	3-30	100/No depreciation	No depreciation	

Note 3.3 Impairment testing

Key accounting policies

Property, plant and equipment, intangible assets, goodwill and equity-accounted investees are monitored on an ongoing basis for indications of possible impairment. Cash-generating units (CGUs) with intangible assets with an indefinite useful economic life and goodwill are considered for indications of impairment semi-annually or if there is a significant change in core value drivers. In the case of indications of impairment, impairment tests are carried out immediately. If the impairment tests indicate that the balance sheet values are no longer justifiable, they are written down to the recoverable amounts. At each reporting date, assessments are made for the potential reversal of previous impairments on property, plant and equipment. Impairments of goodwill are not reversed.

Equity-accounted investees are tested for impairment when there are indications of impairment.

Key estimates and assumptions

Cash-generating units

Power production: Power plants located in the same watercourse and which are managed collectively to optimise power production are regarded as CGUs. In addition to this, each individual power plant constitutes a CGU.

District heating and cooling: Include booked values in the Hafslund Oslo Celsio, which also includes the Carbon capture and storage (CCS) project. The fiber operations is not included.

Fiber: Includes booked values from Hafslund Fiber's operations.

Equity-accounted investees: Each investment is a CGU, the main investments being Eidsiva Energi AS, Fredrikstad Energi AS, and the wind power companies Austri Raskiftet and Austri Kjølberget.

Uncertainty regarding estimates

The Group has significant property, plant and equipment and intangible assets which consist of power plants, dams, waterfall rights and goodwill. There is uncertainty regarding estimates related to property, plant and equipment and intangible assets, since both valuation and estimated useful life of assets are based on future information that is encumbered by a high degree of uncertainty. Intangible assets are considered to represent the greatest uncertainty. The value of the intangible assets is mainly derived from separate valuations and is generally capitalised in connection with business combinations.

Typical indicators of impairment can be negative shifts in future power prices, discount rates, technological or regulatory changes or other events. Whether or not these are indicators that may indicate a need for impairment is a discretionary assessment.

The calculation of value in use is based on several discretionary assessments and assumptions pertaining to future cash flows, where future power prices, production volumes, inflation expectations and the discount rate are critical factors.

Budget and forecast assumptions

Impairment tests are based on the Group's financial plan and long-term price expectations.

Note 3.3 Impairment testing

(cont.)

In the Management's opinion, the long-term price expectations are within a reasonable range compared with power price curves from external players and analysis agencies. See further description of price curves in note 1.3 Climate Risk. Production volume is based on the Group's long-term production plans and the estimated cash flows are calculated after tax.

Discount rate

The impairment assessments of hydropower production plant are based on a nominal after tax discount rate of 6.4 per cent. The discount rate used for district heating and cooling is 5.8 per cent.

Results Power production

Based on the assumptions used, the impairment tests show that the book values of property, plant and equipment, waterfall rights and goodwill for all CGUs in hydropower production can be justified. The sensitivity analyses further indicate no potential impairment for any of the CGUs from a reduction in future power price or an increase in the discount rate. Braskereidfoss is subject to a separate impairment assessment related to the flooding incident. Refer to note 1.6 Transactions and events in 2023.

Booked values for the Group's investments in wind power (Austri Raskiftet and Austri Kjølberget) can be justified – also taking into account the introduction of resource rent tax on wind power from 2024 onwards. Sensitivity analyses indicate limited robustness in the values for wind power.

Results District heating and cooling

The book values in District heating and cooling are supported by the value-in-use results of the impairment test, although with limited head-room. Central assumptions in the estimated value-in-use calculation are future power price and required rate of return in addition to the importance of changes in framework conditions.

As part of the Celsio-transaction in May 2022, book values were recognised in the Group at fair value. Since then, changes in framework conditions have had a significant effect on the results from district heating. The district heating tariff is regulated to follow the electricity price, and the price to consumers will always be below the electricity price. The introduction of the electricity support scheme for private individuals and housing cooperatives at 70 øre/kWh resulted in a limitation on the price that Celsio can charge its customers for district heating - without the company receiving compensation for this loss of income. Additionally, the incineration tax on fossil waste from 2024 has been increased to 882 NOK/tonne fossil CO_2, a 270 percent increase from the tax in 2023 of 238 NOK/tonne fossil CO_2. Only parts of the increased incineration tax can be passed on to the customer, and the remainder becomes a cost for the district heating operation.

In the impairment test per 2023, it is assumed that the electricity support scheme will be gradually phased out and be discontinued by 2027, and that the incineration tax on fossil waste will gradually increase to a real rate of 2000 NOK/tonne fossil CO_2 by 2030. Also, it is assumed that an export tax on fossil waste will be introduced from 2025, allowing the district heating operation to pass on a larger proportion of the increased incineration tax to customers. Fuel prices are based on observable forward prices, with a fixed inflation adjustment thereafter.

The carbon capture plant at Klemetsrud (CCS project) is in a cost-reducing phase, and a final investment decision is expected in the summer of 2024. Only investment amounts in the cost-reducing phase are included in the calculation, so the potential upside of a completed facility is not considered in the calculation of value in use.

Note 3.3 Impairment testing
(cont.)

There is limited robustness in the book values. A scenario where electricity prices are reduced by 10 percent, all else being equal, indicates a need for write-downs of 2.7 billion Norwegian kroner. Another scenario where the electricity support scheme is continued indefinitely, and no export tax on fossil waste is introduced, shows a decline in value of slightly over 5.5 billion Norwegian kroner. Management closely monitors indicators of impairments for the district heating operation, particularly factors related to key framework conditions.

Results Fiber

The impairment test for Fiber supports the book values and indicates good robustness.

Results Growth and investments

Investments in equity-accounted investees primarily consist of a 50 percent ownership stake in Eidsiva Energi and a 49 percent ownership stake in Fredrikstad Energi AS. As of the end of 2023, no indicators of impairment have been identified for these investments, and sensitivity analyses indicate good robustness in the values.

Other investments in jointly controlled entities include a 50 percent stake in Stenkalles Holding AS and Volte AS. Due to challenging project profitability, impairments have been made related to Stenkalles Holding AS.

The net accounting effect for the group is 97 million Norwegian kroner, consisting of a negative result from associated companies of 18 million and 84 million representing provisions for losses on outstanding loans, of which 5 million are interest income earned during the year. Additionally, goodwill related to Volte AS has been impaired due to adjusted growth expectations.

The overview below shows recognised values of tested assets:

31 December

NOK million	2023	2022
Property, plant and equipment	27,600	27,619
Goodwill	20,121	20,121
Waterfall rights	17,500	17,440
Right-of-use assets	311	339
Equity-accounted investees	10,557	10,669
Other intangible assets	6	-
Sum recognised value of tested assets	**76,095**	**76,188**

31 December

NOK million	2023	2022
GOODWILL ALLOCATION PER SEGMENT		
Hydropower	6,361	6,361
District heating and cooling	13,738	13,738
Other	22	22
Sum goodwill	**20,121**	**20,121**

Note 3.4 Leases

Hafslund leases office space, cars and other operating equipment.

Mill. kroner	Note	2023	2022
RIGHT-OF-USE ASSETS			
Right-of-use assets at 1 January		**339**	**158**
Adjustments		7	4
Additions		65	54
Additions by transactions		-	158
Disposals		-50	-7
Depreciation		-49	-29
Right-of-use assets at 31 December		**311**	**339**
LEASE LIABILITIES			
Lease liabilities at 1 January		**346**	**160**
Adjustments		7	4
Additions		65	48
Additions by transactions		-	162
Disposals		-51	-
Lease payments		-53	-34
Interest		8	7
Lease liabilities at 31 December		**321**	**346**
Hereof current liabilities		49	40
Hereof non-current liabilities		272	306

On 19 May 2022, Hafslund acquired 60 per cent of Hafslund Oslo Celsio AS (formerly Fortum Oslo Varme AS) with subsidiaries. The Group thereby increased its right-of-use assets by NOK 158 million and lease obligations by NOK 162 million on acquisition date. Hafslund Oslo Celsio mainly leases office premises and buildings where production equipment is located.

Note 3.5 Equity-accounted investees

Key accounting policies

The Group's equity accounted investees are entities over which Hafslund has significant influence, but not control. Significant influence will generally exist when the Group has a shareholding of between 20 and 50 per cent of the voting rights. Joint ventures are entities where Hafslund has joint control with one or more other owners. Associates and joint ventures are accounted for using the equity method in the consolidated financial statements.

The Group has 50 per cent ownership in the joint venture Eidsiva Energi and has two subsidiaries where a proportion of the subsidiaries is owned through the joint venture. The Group has chosen to apply the so-called ”look-through approach” when calculating non-controlling interests (please see note 8.2 Non-controlling interests) and the recognition of the share of profit from the subsidiaries coming from the joint venture is treated consistently with this approach. This means that the share of profit that applies to these subsidiaries is eliminated before the share of profit from the joint venture is included in the consolidated financial statements. Hafslund's opinion is that the ”look-through approach” gives a more accurate picture of the Group's results and financial position, since under this approach double counting of results of subsidiaries where the joint venture has ownership interests is avoided.

None of the Group's associates or joint ventures are listed or observable market values.

31 December 2023

Company name	Acquisition date	Registered office	Share-holding	Voting rights	Type of investment
Austri Kjølberget DA	2019	Våler	20.0%	20.0%	Associate
Austri Raskiftet DA	2019	Trysil/Åmot	20.0%	20.0%	Associate
Eidsiva Energi AS	2019	Hamar	50.0%	50.0%	Joint venture
Eidsiva Hafslund Vind DA	2023	Hamar	50.0%	50.0%	Joint venture
Elaway AS	2021	Oslo	20.0%	20.0%	Associate
FastCharge AS	2023	Oslo	47.2%	47.2%	Associate
Fredrikstad Energi AS	2014	Fredrikstad	49.0%	49.0%	Associate
Hafslund Magnora Sol AS	2022	Oslo	40.0%	40.0%	Associate
NGK Utbygging AS	2014	Oslo	25.0%	25.0%	Associate
NorthConnect AS	2010	Kristiansand	22.3%	22.3%	Associate
NorthConnect KS	2011	Kristiansand	20.0%	20.0%	Associate
NorthConnect Ltd	2019	Edinburgh	22.3%	22.3%	Associate
Norsk Datalager AS	2023	Oslo	31.7%	31.7%	Associate
OF Energi AS	2022	Oslo	50.0%	50.0%	Joint venture
Enny AS	2022	Oslo	50.0%	50.0%	Joint venture
Smartwatt AS	2023	Oslo	20.4%	20.4%	Associate
Springboard Energy Systems AS	2022	Oslo	50.0%	50.0%	Joint venture
Stenkalles Holding AS	2022	Oslo	50.0%	50.0%	Joint venture
Volte AS	2022	Bergen	50.0%	50.0%	Joint venture

Note 3.5 Equity-accounted investees

(cont.)

NOK million	Eidsiva Energi AS	Other	Total
2023			
BALANCE AT 1 JANUARY	**9,683**	**986**	**10,669**
Share of profit after tax	720	-79	641
Depreciation excess values	-29	-17	-46
Profit/loss from equity-accounted investees	**692**	**-96**	**595**
Equity accounted investees' share of OCI	**10**	**52**	**62**
Additions/disposals	-	63	63
Dividends from Eidsiva Energi	-1,208	-	-1,208
Dividends from Hafslund Eco Vannkraft to Eidsiva Energi (treated as capital increase)	360	-	360
Other equity changes	-35	50	15
Balance at 31 December	**9,503**	**1,055**	**10,557**

NOK million	Eidsiva Energi AS	Other	Total
2022			
BALANCE AT 1 JANUARY	**8,782**	**816**	**9,597**
Share of profit after tax	549	196	745
Depreciation excess values	-29	-	-29
Profit/loss from equity-accounted investees	**520**	**196**	**716**
Equity accounted investees' share of OCI	**-54**	**-4**	**-59**
Additions/disposals	336	-24	312
Dividends from Eidsiva Energi	-470	-	-470
Dividends from Hafslund Eco Vannkraft to Eidsiva Energi (treated as capital increase)	551	-	551
Other equity changes	19	3	21
Balance at 31 December	**9,683**	**986**	**10,669**

Eidsiva Energi is one of Norway's largest energy and broadband groups, with operations in large parts of southern Norway. Following the integration with Hafslund, the company owns 43.5 per cent of Hafslund Eco Vannkraft and is the owner of Norway's largest grid business, Elvia. The head office is in Hamar. The company is owned by Hafslund Vekst AS (50 per cent), Innlandet Energi Holding AS (49.4 per cent) and Åmot municipality (0.6 per cent).

Note 3.5 Equity-accounted investees

(cont.)

The table on the right summarises the financial information of Eidsiva Energi, as presented in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. Hafslund applies the so-called "look-through approach" when recognising the ownership in Eidsiva Energi under the equity method. This means that the effect of the indirect ownership of subsidiaries are eliminated to avoid double counting in Hafslund's consolidated financial statements. The table also shows a reconciliation to the Group's carrying amount of its ownership interest in Eidsiva Energi.

NOK million	2023	2022
Non-current assets	39,781	39,785
Current assets	5,010	4,855
Non-current liabilities	-20,609	-19,447
Current liabilities	-5,177	-5,826
Net assets (100 %)	**19,006**	**19,366**
Carrying amount of interest (50 %) in Eidsiva Energi at 31 December	**9,503**	**9,683**
Revenues and other income	9,622	10,642
Depreciations and amortisation	-1,742	-1,538
Profit after tax	**1,383**	**1,042**
Other comprehensive income	20	-108
Total comprehensive income	**1,404**	**934**
The Group's share (50 %) of total comprehensive income 1 January - 31 December	**702**	**466**

Note 3.6 Joint operations

Key accounting policies

The Group co-operates with other parties in the development and operation of power plants which are arranged as either a company with divided liability or as a co-ownership. These joint arrangements are split between joint ventures, joint operations and joint operations without joint control. For the two latter arrangements the owner companies are entitled to dispose of their relative share of the power production after the deduction of commitments to deliver concessionary power and the like.

Joint arrangements

A joint arrangement is an arrangement where two or more parties have joint control. Joint control is achieved when decisions about relevant activities require unanimity between the parties that share control. Investments in joint arrangements are classified as either joint operations or joint ventures. Joint ventures are arrangements where the joint venturers are entitled to the net assets and dividends of the arrangement instead of rights to dispose of their proportionate share of the power production and the obligation to cover a share of the costs. Here, the owner companies do not dispose of their proportionate share of the power production. Joint ventures are accounted for using the equity method, please see note 3.5 Equity- accounted investees.

Joint operations are arrangements under which the joint operators have rights to the assets and a responsibility for the obligations, and the right to dispose of their share of the power production and the obligation to cover a share of the costs so that there is a gross settlement of revenues and costs from the arrangement.

For joint operations the Group accounts for its interest in the arrangement's assets, liabilities, revenues and costs. The Group's interest normally coincides with the ownership share.

Joint operations without joint control

Some power plants are organised as either a company with shared liability (DA) or as a co-ownership without joint control. Ownership in these power plants entails that the Group has the right to dispose its share of the power production and an obligation to cover its share of the costs and owns a share in the assets and a share of the liabilities. Joint operations without joint control are accounted for in the same manner as joint operations.

Significant estimates and assumptions

The Group considers the rights and obligations that arise from each arrangement and especially evaluates if there is either a net settlement or an entitlement to a share of the power production and an obligation to cover a share of the costs. The group also assesses whether there is joint control if unanimity is required. The considerations sometimes require judgement and the interpretation of underlying agreements, but the Group also considers how the arrangements are operated in practice.

Note 3.6 Joint operations
(cont.)

The Group has an interest in the following joint operations and joint operations without joint control:

31 December 2023

Company name	Classification	Registered office	Shareholding	Voting rights
Glommens og Laagens Brukseierforening[1]	Joint operations w/o joint control	Lillehammer	-	71.0%
Foreningen til Hallingdalsvassdragets regulering	Joint operations w/o joint control	Oslo	-	65.0%
Forening til Bægnavassdragets regulering[2]	Joint operations w/o joint control	Hønefoss	-	41.1%
Vinstra Kraftselskap DA	Joint operations w/o joint control	Lillehammer	100.0%	-
Aurlandsverkene[3]	Joint operations w/o joint control	Oslo	93.0%	-
Storbrofoss Kraftanlegg DA[4]	Joint operations w/o joint control	Lillehammer	80.0%	-
Opplandskraft DA	Joint operations w/o joint control	Lillehammer	75.0%	-
Rosten Kraftverk	Joint operations w/o joint control	Lillehammer	72.0%	-
Lya Kraftverk	Joint operations w/o joint control	Oslo	70.0%	-
Solbergfoss	Joint operations	Oslo	66.7%	-
Usta Kraftverk	Joint operations w/o joint control	Oslo	57.1%	-
Nes Kraftverk	Joint operations w/o joint control	Oslo	57.1%	-
Øvre Otta DA	Joint operations	Lillehammer	55.0%	-
Sarp Kraftverk	Joint operations	Sarpsborg	50.0%	-
Nedre Otta DA[5]	Joint operations	Lillehammer	50.0%	-
Embretsfosskraftverkene DA	Joint operations	Drammen	50.0%	-
Kraftverkene i Orkla	Joint operations w/o joint control	Rennebu	12.0%	-
Uvdalsverkene	Joint operations w/o joint control	Porsgrunn	10.0%	-

[1] The voting right includes the companies Hafslund Eco Vannkraft AS, Hafslund Eco Vannkraft Innlandet AS, Hafslund Produksjon AS and interests in the jointly owned companies Opplandskraft DA, Vinstra Kraftselskap DA and Øvre Otta DA.
[2] The voting right includes the company Hafslund Eco Vannkraft Innlandet AS and Storbrofoss Kraftanlegg DA.
[3] The Group has announced that it wishes to redeem the option for 7 % shareholding from Statkraft in 2029 at market price.
[4] The Group has an 80 per cent ownership in Storbrofoss Kraftanlegg DA but has rights to 100 per cent by agreement until 2050. Storbrofoss Kraftanlegg has a 20 per cent ownership in Bagn Kraftverk DA.
[5] Sel and Vågå municipality has a withdrawal right in Hafslunds which makes Hafslund's actual share 47 %. Sel and Vågå municipality do not have ownership in the joint operation.

Note 4.1 Other liabilities

Key accounting policies

Liabilities related to power production

Under various agreements, the Group is obliged to pay compensation and supply free power to compensate for the inconvenience from using the waterfall and the land for hydropower production. The liabilities for annual compensation and free power are classified as non-current liabilities under the line-item Other liabilities and obligations. The contra entry is waterfall rights, which are classified as intangible assets. The effect from changes in the liability is presented in profit or loss as “Property tax and other costs and compensations.”

Free power – net financial settlements
Free power contracts which depend on the power price and are settled financially, are recognised at fair value with subsequent measurement at fair value through profit or loss. The liability includes grid rentals for those contracts where the Group also is committed to cover those costs for the recipient, and value added tax where this becomes a cost for the Group.

Free power – settled in kind
The Group considers its contracts related to the physical delivery of free power to fall within the scope of the «own use» exception. The Group recognises a provision equal to the present value of the full cost.

Cash compensations
The Group treats perpetual cash compensations with regular CPI adjusted annual amounts as financial liabilities that are recognised at fair value with subsequent measurement at amortised cost.

Concessionary power
The Group has been awarded perpetual licenses relating to the development and operation of hydropower plants and, as a result of this, the Group has annual obligations to supply concessionary power to municipalities and counties. Parts of the commitment are covered by physical deliveries, while parts have established a practice involving a financial settlement, where the Group pays the difference between the spot price and the concessionary power price to the party entitled to concessionary power. At the end of 2023, concessionary power supplied in return for financial consideration added up to a total volume of 129 GWh (135 GWh). Concessionary power is not recognised as a liability on the balance sheet.

License fees
License fees are not recognised as a liability on the balance sheet. Paid license fees are expensed as they accrue.

Other liabilities

CCS Finansiering AS, a company wholly owned by the City of Oslo, has invested preference capital in Hafslund Oslo Celsio. Due to the terms related to the preference capital, the transaction is accounted for as "Other liabilities" in the Group and is recognised at fair value at the time of investment - with subsequent measurement at amortised cost. Day 1 effects are capitalised on the same accounting line. See also note 9.1 Related party transactions for discussion of the matter.

Other liabilities that do not depend on the power price are recognised at fair value with subsequent measurement at amortised cost.

Note 4.1 Other liabilities

(cont.)

31 December

NOK million	2023	2022
FINANCIAL LIABILITIES TO LANDOWNERS		
Free power - settled in cash	478	588
Cash compensation to landowners	1,403	1,319
Financial liabilities to landowners	**1,880**	**1,907**
OTHER FINANCIAL LIABILITIES		
Industrial contracts	685	2,030
Other liabilities	198	200
Other financial liabilities	**883**	**2,230**
PROVISIONS FOR LIABILITIES TO LANDOWNERS		
Free power - settled in kind	23	24
Provisions for liabilities to landowners	**23**	**24**
Other liabilities	**2,786**	**4,160**

Other liabilities are mainly industrial contracts measured at fair value, with a negative value at 31 December 2023. Please see note 5.5 Fair value for a more detailed description.

Note 4.2 Guarantees

In 2023, Hafslund Eco Vannkraft Innlandet AS repaid the subordinated loan of NOK 1,917 million from Eidsiva Energi AS. Consequently, Hafslund Eco Vannkraft AS no longer serves as guarantor for this loan.

To secure certain liabilities, the Group purchase bank guarantees to secure certain liabilities. As of 31 December 2023 these guarantees amounted to NOK 64 million in employee tax deduction guarantees (NOK 56 million) and NOK 30 million in guarantees for power trading (NOK 21 million).

Hafslund AS has issued parent company guarantees on behalf of Hafslund Oslo Celsio. As of 31 December 2023, issued parent company guarantees amounted to NOK 2,078 million.

Note 5.1 Financial instruments

Key accounting policies

Financial instruments are recognised when the Group becomes party to the contractual terms of the instrument.

Classification and measurement

Financial assets and liabilities are classified into three categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification depends on the method of initial recognition and the valuation is based on the Group's business model for management of its financial instruments and the characteristics of the cash flows for the individual financial instrument. Financial instruments are not reclassified after initial recognition unless the Group changes its model for management of its financial assets.

Amortised cost

Financial assets that the Group holds to collect contractual cash flows are recognised at fair value and subsequently measured at amortised cost. The main instruments in this category are trade receivables, other receivables and bank deposits.

Financial liabilities are recognised at fair value and as a main rule subsequently measured at amortised cost. Financial liabilities such as CPI-adjusted cash compensations to land owners, trade payables, bond loans, commercial papers and other loans are classified as amortised cost.

Fair value through other comprehensive income

The financial instruments that are measured at fair value with changes in value through other comprehensive income are part of the Group's hedge accounting. This includes the Group's hedging of sales from hydropower and district heating, industrial contracts that do not qualify for the own-use exemption, and contracts for swapping currency for loans denominated in foreign currency to Norwegian kroner. For all these instruments changes in value that are considered to be effective hedging are presented through other comprehensive income. Hedge accounting is further described in note 5.6 Derivates and hedging.

For financial liabilities, changes in fair value attributable to changes in inherent credit risk are recognised through other comprehensive income, while the remaining change in value is recognised through profit or loss.

Fair value through profit or loss

Financial assets that are neither measured at amortised cost nor at fair value through other comprehensive income are measured at fair value through profit or loss. This primarily applies to financial power contracts and currency futures that are not a part of the Group's hedge accounting.

Financial liabilities that are not classified at amortised cost or that are not designated as hedging instruments are initially recognised at fair value and subsequently at fair value through profit or loss. This mainly applies to land-owner compensation dependent on power price, financial power contracts and currency futures that are liabilities in the balance sheet.

Note 5.1 Financial instruments
(cont.)

Derecognition of financial instruments

A financial asset is derecognised if one or more of the following criteria applies:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to collect cash flows from the asset and the Group has transferred all substantive risks and rewards relating to the instrument.
- The Group has transferred its rights to collect cash flows from the asset and the Group has not transferred or retained all substantive risks and rewards relating to the instrument but has transferred control of the asset.

A financial liability is derecognised when it has been redeemed, cancelled or matures. When an existing financial liability is replaced by another liability to the same lender on materially different terms, or the provisions for an existing liability have changed significantly, this is treated as a cancellation of the original liability and a new liability is recognised. The difference between the carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset, and there is an intention to settle the asset and liability net.

31 December

NOK million	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total
2023				
FINANCIAL ASSETS				
Non-current receivables	889	-	476	1,365
Non-current derivatives	65	476	-	541
Current derivatives	415	-	-	415
Trade receivables	-	-	741	741
Other interest-bearing current receivables	-	-	565	565
Other current receivables	-	-	664	664
Cash and cash equivalents	-	-	10,239	10,239
Financial assets	**1,369**	**476**	**12,686**	**14,530**
FINANCIAL LIABILITIES				
Current interest-bearing debt	-	-	2,205	2,205
Non-current interest-bearing debt	-	-	18,259	18,259
Current derivatives	135	89	-	224
Non-current derivatives	15	17	-	32
Other liabilities	478	685	1,601	2,763
Trade payables	-	-	478	478
Short-term lease liabilities	-	-	49	49
Long-term lease liabilities	-	-	272	272
Other current non interest-bearing liabilities	-	-	2,151	2,151
Financial liabilities	**627**	**791**	**25,015**	**26,433**

Note 5.1 Financial instruments

(cont.)

31 December

NOK million	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total
2022				
FINANCIAL ASSETS				
Non-current receivables	952	-	444	1,395
Non-current derivatives	401	697	-	1,098
Current derivatives	2,433	7	-	2,441
Trade receivables	-	-	1,148	1,148
Other current receivables	-	-	1,026	1,026
Cash and cash equivalents	-	-	13,497	13,497
Financial assets	**3,786**	**704**	**16,114**	**20,604**
FINANCIAL LIABILITIES				
Current interest-bearing debt	-	-	2,819	2,819
Non-current interest-bearing debt	-	-	20,203	20,203
Current derivatives	420	287	-	707
Non-current derivatives	81	256	-	337
Other liabilities	588	2,030	1,519	4,137
Trade payables	-	-	736	736
Short-term lease liabilities	-	-	40	40
Long-term lease liabilities	-	-	306	306
Other current non interest-bearing liabilities	-	-	3,196	3,196
Financial liabilities	**1,088**	**2,573**	**28,818**	**32,480**

Offsetting futures derivatives

The table below shows gross values of futures derivatives and futures settlements offset in the balance sheet.

EUR million	2023	2022
FUTURES DERIVATIVES AND FUTURES SETTLEMENTS		
Fair value futures derivatives	-12	-456
Futures settlements	12	456
Recognised value futures derivatives and futures settlements	**-**	**-**

Note 5.2 Interest-bearing debt

31 December

NOK million	Loan amount in currency	Currency	Due date	2023	2022
Private placement in the American market	75	USD	2023	-	739
Commercial paper issue in the Norwegian market	900	NOK	2023	-	900
Commercial paper issue in the Norwegian market	880	NOK	2023	-	880
Bond issue in the Norwegian market	300	NOK	2023	-	300
Short-term bank loan	53	EUR	2024	592	-
Commercial paper issue in the Norwegian market	500	NOK	2024	500	-
The Nordic Investment Bank	2,665	NOK	2024-2030	2,615	2,615
Bond issue in the Norwegian market	450	NOK	2024	450	450
Bond issue in the Norwegian market	293	NOK	2024	293	293
Private placement in the American market	290	NOK	2024	290	290
Bond issue in the Norwegian market	1,000	NOK	2025	1,000	1,000
Bond issue in the Norwegian market	500	NOK	2026	500	500
Private placement in the American market	25	USD	2026	254	246
Private placement in the American market	910	NOK	2027	910	910
Private placement in the Japanese market	5,000	JPY	2028	360	373
Bond issue in the Norwegian market	500	NOK	2028	500	-
Bond issue in the Norwegian market	250	NOK	2029	250	250
Private placement in the Japanese market	5,000	JPY	2029	360	373
Private placement in the American market	723	NOK	2029	723	723
Bond issue in the Norwegian market	500	NOK	2029	500	-
Bond issue in the Norwegian market	200	NOK	2030	200	200
Bond issue in the Norwegian market	200	NOK	2031	200	200
Private placement in the American market	125	USD	2031	1,269	1,232
Private placement in the German market	30	EUR	2031	337	315
Private placement in the American market	848	NOK	2032	848	848

Note 5.2 Interest-bearing debt

(cont.)

NOK million	Loan amount in currency	Currency	Due date	2023	2022
Private placement in the American market	600	NOK	2033	600	600
Subordinated loan CCS Finansiering AS	2,347	NOK	2037	2,347	2,347
Subordinated loan Eidsiva Energi AS	1,917	NOK	2039	-	1,917
Subordinated loan CCS Finansiering AS	1,000	NOK	2041	1,000	1,000
Subordinated loan CCS Finansiering AS	2,075	NOK	2042	2,075	2,075
Loan HitecVision	800	NOK	2047	800	800
Loan Infranode	800	NOK	2047	800	800
Interest-bearing debt translated to NOK				**20,573**	**23,176**
Carrying amount of interest- bearing debt related to fair value hedges				-109	-153
Amortisation of fees				-	-1
Interest-bearing debt, balance at 31 December				**20,464**	**23,022**
Hereof current interest-bearing debt				2,205	2,819
Hereof non-current interest-bearing debt				18,259	20,203

Note 5.2 Interest-bearing debt
(cont.)

Loans denominated in foreign currency are hedged into Norwegian kroner by entering combined interest and currency swaps which exchange the principal payments in foreign currency to principal payments in Norwegian kroner. The table above shows the value of the loan translated at the exchange rates as of the balance sheet date, before the effect of combined interest and currency swaps. The Group has three subordinated loans from CCS Finansiering AS, a company 100 per cent owned by the City of Oslo. See also note 9.1 Related party transactions.

NOK million	2023	2022
CHANGES IN INTEREST-BEARING DEBT		
Interest-bearing debt at 1 January	**23,022**	**18,695**
Loan proceeds	2,073	3,380
Repayment of interest-bearing debt	-4,736	-2,553
Sum of changes cash flow from financing activities	**-2,663**	**827**
Increase in interest-bearing debt without cash effect	-	3,675
Effect of currency fluctuations (without cash effect)	60	229
Effect of fair value hedges (without cash effect)	44	-412
Other changes without cash effect	1	8
Sum changes without cash effect	**105**	**3,500**
Interest-bearing debt at 31 December	**20,464**	**23,022**

As of 31 December 2023, Hafslund had interest-bearing debt of NOK 20,464 million, of which NOK 2,205 million was current. In 2023, the Group increased external interest-bearing debt by NOK 2,073 million and repaid interest-bearing debt by NOK 4,736 million, of which of NOK 1,917 million was a subordinated loan from Eidsiva Energi AS to its subsidiary Hafslund Eco Vannkraft Innlandet AS.

Note 5.3 Maturity structure financial liabilities

The table shows undiscounted cash flows by interval. Combined interest rate and currency exchange contracts that swap payments of principal amounts in foreign currency with payments of principal amounts in Norwegian kroner are included in the table regardless of whether the agreements are classified as a liability or an asset in the balance sheet. Consequently, the table shows the net principal amount paid in Norwegian kroner.

The maturity structure for liabilities relating to landowner compensation and free power has not been included in the table below since these are mainly perpetual contracts. Industrial contracts with a negative fair value is excluded from the maturity structure below as the contracts entail physical delivery of power.

31 December

NOK million	Within 12 months	1 to 2 years	3 to 4 years	From 5 years	Total
2023					
FINANCIAL LIABILITIES RELATED TO DERIVATIVES					
Combined interest and currency derivatives	-	-111	-59	-398	-568
Interest swaps	-	14	-	-	14
Power derivatives	172	18	-	-	190
Currency futures	51	-	-	-	51
Derivative financial liabilities	**224**	**-79**	**-59**	**-398**	**-312**
OTHER FINANCIAL LIABILITIES					
Non-current interest-bearing debt	-	2,419	2,740	13,209	18,368
Current interest-bearing debt	2,205	-	-	-	2,205
Trade payables and other current liabilities	2,626	-	-	-	2,626
Lease liabilities	54	78	85	154	371
Other liabilities	-	-	-	200	200
Non-derivative financial liabilities	**4,831**	**2,419**	**2,740**	**13,563**	**23,769**

31 December

NOK million	Within 12 months	1 to 2 years	3 to 4 years	From 5 years	Total
2022					
FINANCIAL LIABILITIES RELATED TO DERIVATIVES					
Combined interest and currency derivatives	-310	-	-103	-424	-837
Interest swaps	13	-	-	-	13
Power derivatives	678	324	-	-	1,002
Currency futures	29	-	-	-	29
Derivative financial liabilities	**411**	**324**	**-103**	**-424**	**207**
OTHER FINANCIAL LIABILITIES					
Non-current interest-bearing debt	-	2,778	1,726	15,853	20,357
Current interest-bearing debt	2,819	-	-	-	2,819
Trade payables and other current liabilities	3,932	-	-	-	3,932
Lease liabilities	59	76	83	173	391
Trade payables and other current liabilities	-	-	-	200	200
Non-derivative financial liabilities	**6,751**	**2,854**	**1,809**	**16,226**	**27,699**

Note 5.4 Financial risk management

Hafslund's business is exposed to risk in several areas across the portfolio. Risk management is an integral part of the Group's business activities and is designed to secure achievement of strategic and operational goals. Guidelines and frameworks are established for the management of risk in the different business segments. The Group's overall risk is assessed by the Risk and Audit Committee and the Board of Directors. The purpose of risk management is to take the right risk based on the Group's risk capacity and ability, expertise, solvency and development plans.

Market risk

As a power producer and district heating provider, Hafslund is exposed to fluctuations in market prices as part of the business model. Managing this risk involves actively participating in the power market.

Power price fluctuations, together with factors that affect production volumes, will be of significant importance for financial results. The Group manages risk through utilisation of water resources in the reservoirs, optimisation of district heating production and from entering physical and financial contracts. Strategies, systems and reporting routines have been established to manage market risk on the Group level and in Group companies. Exposure shall be kept within defined limits and risk management is followed up through reporting to Management and the Board of Directors.

Prices for part of the future hydropower production and district heating sales are hedged within approved limits. Trading with the aim of making a profit is subject to its own limits. Hedge ratios may vary, based on an overall assessment of risk tolerance, market prices and developments in factors that may impact production.

Both contracts for physical delivery as well as financial contracts are used in power price hedging. Physical contracts that meet certain criteria are included in the calculation of the resource rent tax for Group's hydropower companies. Financial contracts are not eligible for the same exemption. The Group's hedging strategy takes into account current tax laws for resource rent taxation. An increase in the spot price for power should have a neutral or positive effect on expected cash flows after taxes.

Financial instruments that may be used to hedge future power production include bilateral price hedging agreements, futures and forward contracts, EPADs (Electricity Price Area Differentials) and options. Hafslund achieves area prices for physical power sales. Use of hedging instruments with other price references could reduce the effectiveness of hedges due to deviations between price reference and the area price where the Group has power production.

The foreign exchange market is used to manage market risk derived from hedging where the value of hedged production can be fully or partly hedged from euro to Norwegian kroner using currency futures.

The Group has the following exposure and sensitivity from financial power contracts at +/- 30 per cent change in power prices:

31 December

Financial power contracts	**Fair value**		
NOK million	**2023**	**+30 %**	**-30 %**
Futures / Forward contracts	161	-1,114	1,114
Industrial contracts	-685	-475	475
Other financial power contracts	504	174	-174
Total effect on profit after tax		**237**	**-237**
Total effect on equity		**-890**	**890**

Note 5.4 Financial risk management
(cont.)

Regulatory risk

Hafslund is impacted by changes to framework conditions within a number of areas. Changes in Group companies' framework conditions could have significant impact on the Group's financial results. The structure of the tax system is particularly important for the Group's future investments. The hydropower business is highly vulnerable to changes in tax legislation and market regulation. The district heating business is tightly regulated, and the pricing of district heating is governed by the Energy act. Currently, this includes the requirement for district heating providers to offer discounts to private customers on the same terms as the support scheme private electricity customers receive from the government. Changes to district heating price regulation are planned, and the Norwegian Water Resources and Energy Directorate (NVE) has announced its intention to have its recommendation ready by 2024. Changes to this price regulation could potentially have significant consequences for the profitability of the affected companies. District heating businesses that utilise waste incineration are subject to an incineration tax. The government has passed legislation to increase this tax to 485 Norwegian kroner per tonne of waste in 2024, up from 131 Norwegian kroner per tonne of waste in 2023. This increase has a significant impact on the companies' profitability.

Interest rate risk

Hafslund is mainly exposed to interest rate risk through its financing activities in Norwegian kroner and in foreign currency (note 5.2 Interest bearing debt). The Group's operating revenues and cash flows from operations are also sensitive to interest rate fluctuations to some degree. The Group is exposed to fluctuations in interest rates because some of its interest-bearing debt has floating interest rates. This exposure is primarily managed using instruments that balance the weighting of financing at floating and fixed interest rates.

The Group's loan portfolio has the following distribution of floating and fixed interest rates:

31 December

Distribution of fixed and floating interest rate on the Group's loan portfolio[1]	Nominal amounts	Nominal amounts
NOK million	**2023**	**2022**
FIXED INTEREST RATE		
Debt with fixed interest rate	6,984	8,994
Effect of interest rate swaps	-2,263	-2,693
Loan amount with fixed interest rate after effect of interest rate swaps at 31 December	**4,721**	**6,301**
FLOATING INTEREST RATE		
Debt with floating interest rate	5,408	4,408
Effect of interest rate swaps	2,263	2,693
Loan amounts with floating interest rate after effect of interest swaps	**7,671**	**7,101**

[1] *The table above is exclusive of subordinated loans and shareholder loans*

Based on the Group's interest rate exposure at 31 December 2023, a change in interest rates of ± 0.5 percentage points over the entire curve would result in a change in the Group's profit after tax of approximately -/+ NOK 30 million (NOK 28 million).

At year end 2023, NOK 7,671 million of the Group's debt was quoted with NIBOR as reference rate including the effect of interest rate swaps. This means that a change from NIBOR to an alternative reference rate would impact the Group's interest rate exposure. A task force initiated by the Central Bank of Norway has suggested that NIBOR should be replaced by a reformed NOWA-rate («Norwegian Overnight Weighted Average»), but a decision on this matter has not yet been made. A central difference

Note 5.4 Financial risk management
(cont.)

between NIBOR and NOWA is that NIBOR is a forward-looking term rate (for instance for 3 or 6 months), while NOWA is a historical overnight rate determined by actual transactions in the market for overnight loans between selected Norwegian Banks. The Group monitors the ongoing discussion and will consider the consequences closely if a more detailed suggestion regarding NIBOR emerges.

Hafslund is exposed to a limited scope of indirect interest rate risk in relation to currency and power derivatives. No correlation has been observed between the interest rate level and prices in the power market.

Currency risk

The Nordic power markets use euro as a trading and clearing currency. This means that the Group receives most of its power revenues from physical and financial trading in euro. Revenues from district heating and most of the Group's incurred costs are in Norwegian kroner. Hafslund uses foreign exchange forwards to reduce/hedge the consequences of mismatches in euro revenues and costs in Norwegian kroner. Foreign exchange hedging is performed for the future sales of power that is hedged. Spot sales of power are recognised at the foreign exchange-rate at the time of the transaction. Other transactions denominated in foreign currency are recognised using the transaction rate. Power production is mainly sold via the Nord Pool Spot exchange or directly to Fortum Hedging AS. Power is sold in euro which is converted to Norwegian kroner on an ongoing basis. In the event of major investments in foreign currency, currency hedging is assessed on the basis of total currency exposure and other relevant factors.

Principal payments for non-current loans denominated in foreign currency are hedged into principal payments in Norwegian kroner by entering combined interest rate and currency swap agreements at the time of initial borrowing. Monetary items and borrowings in foreign currency are measured at the rate at the balance sheet date. Currency losses or gains are recognised in profit or loss as a currency gain or currency loss, unless the item is part of an accounting hedge, and the hedge is effective (see note 5.6 Derivatives and hedging). Any ineffectiveness is recognised in profit or loss. The Group has entered combined interest rate and currency swaps to reduce currency exposure on borrowings in foreign currency. Fluctuations in foreign currency against Norwegian kroner will therefore not materially impact the Group's borrowing costs.

Credit risk

The Group is exposed to credit risk mainly through trade and other current receivables within its core activities (note 5.10 Trade and other receivables) as well as counterparty risk on entering derivative contracts (note 5.6 Derivatives and hedging).

The Group's main counterparties for physical power sales are Nord Pool and Fortum Hedging AS. Hafslund also sells district heating and incineration services to a large portfolio of costumers, both public and private. Historically, losses on receivables for the business have been very low. The Group has also entered long term bilateral industrial contracts with physical delivery to Norwegian industrial players. Hafslund has also started to offer physical fixed-priced contracts with duration of 3, 5 or 7 years to commercial costumers – either directly or through third parties. Trading in power derivatives consists of both bilateral trading and cleared trading on organised marketplaces (Nasdaq OMX Commodities and the European Energy Exchange). For bilateral financial power derivatives, agreements have been entered into that allow for offsetting gains against losses with all counterparties. The Group also sell green certificates related to power production directly, or through third parties. In the district heating business, bilateral agreements are entered into with future delivery of various fuels, which implies risks related to defaults on deliveries.

Note 5.4 Financial risk management
(cont.)

Credit risk is limited through diversification and by determining a lower limit for approving the creditworthiness of counterparties. Strategies, systems and reporting routines have been established to manage counterparty risk on the Group level and in group companies. The Group assesses credit risk for its actual exposures on an ongoing basis. Counterparties in new exposures are subject to counterparty assessments. There are Interest rate and currency derivatives are only entered into with banks with a minimum "investment grade" rating.

Project risk

Hafslund undertake project risk in several parts of the business. In 2023, the Group had several dam rehabilitation projects in the construction phase and have several projects planned for the future. Hafslund has ownership interest in solar-parks projects in south of Sweden, as well as several hydropower projects under development. Through the ownership interest in Hafslund Oslo Celsio AS, the Group is planning a full-scale carbon capture plant in Oslo. In 2023, the project entered a cost-reducing phase due to forecasts indicating that costs would exceed the investments budget. The decision was made in an early stage of the project, where less than 10 percent of the allocated investment funds had been used. Hafslund has partnered with Aker Carbon Capture and Aker Solutions on a new FEED-study and is working towards an investment decision to realise the project.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to service its financial liabilities as they mature. The Group is exposed to liquidity risk to the extent that cash flows from operations do not correspond with financial liabilities. The cash flows fluctuate in line with factors such as market prices, seasonal variations, and investment levels.

The Hafslund Group has a 50 per cent ownership in Norway's largest grid company Elvia through its investment in Eidsiva Energi, which contributes to steady earnings. The Group's strategy for managing liquidity risk is always to maintain sufficient liquid funds and unused credit lines so that financial liabilities can be redeemed at maturity, including for extraordinary events, without risking unacceptable financial or reputational loss.

Liquidity risk arising from participation in trading financial derivatives on organised marketplaces is subject to separate frameworks and is considered in combination with the group's credit risk. Hafslund has certain drawing rights and purchases services from third parties to help mitigate ongoing needs for cash collateralisation.

The maturity structure for debt and other financial liabilities, including derivatives and other current liabilities are presented in note 5.3 Maturity structure financial liabilities. Liquidity risk is minimised through analysing expected inflows and outflows and assumption of current and non-current borrowings. In order to minimise refinancing risk, i.e. the risk of not being able to refinance a loan or cover a short-term liquidity requirement on normal commercial terms, the Group has established long-term, committed credit facilities in order to secure availability of liquidity, also in periods when it may be difficult to obtain financing in the markets. As of 31 December 2023, unused credit facilities amounted to NOK 2,500 million (NOK 2,500 million).

To reduce liquidity risk, the Group also holds a liquidity reserve in the form of bank deposits and short-term liquidity fund investments (note 5.11 Cash and cash equivalents). As additional security against turbulence in the finance markets and potential losses of financing sources, credit lines of NOK 1,000 million (NOK 1,000 million) which was unused as of year-end 2023. In addition, the group has line of credit of EUR 50 million (EUR 50 million) to cover daily settlements of futures on Nasdaq Clearing AB, of which EUR 47 million was unused at year-end 2023.

Note 5.5 Fair value

Key accounting policies

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy:

Fair value measurements are classified at the following levels:

- Level 1: Valuation is based on listed prices in active markets for identical assets or liabilities
- Level 2: Valuation is based on inputs other than listed prices covered by Level 1 that are observable for the asset, either directly or indirectly
- Level 3: Valuation is based on non-observable inputs for the asset or liability

The Group endeavours to maximise the use of observable data where possible.

Key estimates and assumptions

When there is no quoted market price in an active market, fair value is calculated by discounting future cash flows. Future cash flows are discounted based on the market interest curve. The market interest curve is in turn derived from available swap rates.

For the valuation of financial power contracts and compensation to landowners that depend on power price the Group has applied the Group's long-term power prices curves which represent the Management's best estimate. See further description in note 1.3 Climate Risk.

The reasonableness of the estimated present value of forward exchange contracts, interest rate and currency swaps, as well as interest rate swaps, are assessed against valuations from contract counterparties.

Financial instruments measured at fair value:

31 December

NOK million	Level 1	Level 2	Level 3	Fair value	Booked value
2023					
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
Shares	148	-	93	241	241
Other long-term receivables	-	-	648	648	648
Interest and currency derivatives	-	-	476	476	476
Currency futures	-	43	-	43	43
Power derivatives	-	437	-	437	437
Total financial assets measured at fair value	**148**	**480**	**1,217**	**1,845**	**1,845**
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE					
Power derivatives	-	190	-	190	190
Currency futures	-	51	-	51	51
Interest rate swaps	-	14	-	14	14
Industrial contracts	-	-	685	685	685
Compensation to landowners and free power	-	-	478	478	478
Total financial liabilities measured at fair value	**-**	**256**	**1,162**	**1,418**	**1,418**

Note 5.5 Fair Value
(cont.)

31 December

NOK million	Level 1	Level 2	Level 3	Fair value	Booked value
2022					
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
Shares	95	-	93	188	188
Other long-term receivables	-	-	763	763	763
Interest and currency derivatives	-	-	697	697	697
Currency futures	-	15	-	15	15
Power derivatives	-	2,827	-	2,827	2,827
Total financial assets measured at fair value	**95**	**2,842**	**1,553**	**4,490**	**4,490**
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE					
Power derivatives	-	1,002	-	1,002	1,002
Currency futures	-	29	-	29	29
Interest rate swaps	-	13	-	13	13
Industrial contracts	-	-	2,030	2,030	2,030
Compensation to landowners and free power	-	-	588	588	588
Total financial liabilities measured at fair value	**-**	**1,044**	**2,618**	**3,662**	**3,662**

See note 5.2 Interest-bearing debt for more information about the Group's interest-bearing debt.

For other financial liabilities measured at amortised cost the value is approximately equal to fair value. Financial assets measured at amortised cost primarily consist of accounts receivable and other receivables where amortised cost is approximately equal to fair value.

31 December

NOK million	Level 1	Level 2	Level 3	Fair value	Booked value
2023					
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST					
Other current non-interest bearing liabilities	-	-	2,151	2,151	2,151
Trade payables	-	-	478	478	478
Interest bearing debt	-	19,917	-	19,917	20,464
Other liabilities	-	-	198	198	198
Total financial liabilities measured at amortised cost	**-**	**19,917**	**2,827**	**22,744**	**23,291**

31 December

NOK million	Level 1	Level 2	Level 3	Fair value	Booked value
2022					
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST					
Other current non-interest bearing liabilities	-	-	3,196	3,196	3,196
Trade payables	-	-	736	736	736
Interest bearing debt	-	21,500	-	21,500	23,021
Other liabilities	-	-	200	200	200
Total financial liabilities measured at amortised cost	**-**	**21,500**	**4,132**	**25,632**	**27,153**

Note 5.6 Derivatives and hedging

Key accounting policies

Introduction

The Group hedges revenue from both future power production and district heating sales in addition to swapping of interest rate terms and hedging of currency exposure in connection with borrowings.

Revenue from future power production and district heating sales is hedged financially through system price contracts and electricity price area differentials (EPADs). For the hedging of power production, the Group's basis hedging portfolio for hedging of system price is subject to hedge accounting, in addition EPADs entered into from third quarter 2023 are subject to hedge accounting. Other financial power hedging instruments are measured at fair value through profit or loss. For the hedging of district heating sales, both system price contracts and EPADs in the primary hedging portfolio are subject to hedge accounting.

Additionally, the Group hedges revenue from hydropower production by entering industrial power contracts with physical delivery. Industrial contracts with delivery in price areas where the Group has sufficient power production hour-by-hour, are treated under the own-use exemption and are not recognised in the balance sheet. If such contracts are denominated in euro where the functional currency of the counterparty is not euro, an embedded currency derivative is separated from the host contract for accounting purposes. These currency derivatives are measured at fair value through profit or loss and presented as Other gain/loss under Revenues and other income.

Industrial power contracts with physical delivery in price areas where the Group does not have sufficient production hour-by-hour are recognised as financial instruments and measured at fair value in the balance sheet. These contracts are accounted for as all-in-one hedges measured at fair value through other comprehensive income. Day 1 gains/losses are amortised over the duration of the contract.

Derivatives are both initially and subsequently recognised at fair value. The accounting treatment of associated gains and losses depends on whether the derivatives are designated as hedging instruments and whether the hedging relationship is deemed to be a cash flow hedge or a fair value hedge.

The hedging of currency exposure in connection with borrowings, the hedging of revenue from power production, district heat sales and hedge accounted industrial power contracts are accounted for as cash flow hedges. Changes in fair value that constitute effective hedging are presented through other comprehensive income. Effective hedging is booked as cash flow hedging reserve until the contracts:

1. are delivered,
2. are bought back and the hedged transactions are no longer occur, or
3. if the hedge no longer meet the criteria for hedge accounting.

Hedge accounting

General

The criteria for entering a hedging relationship are determined in the Group's risk management strategy and involve a qualitative and prospective approach to assessing hedge effectiveness. Both the hedged item and the hedging instrument are designated and documented when hedging relationships are established and sources of ineffectiveness are identified. The Group only designates contracts with external parties as hedging instruments.

Note 5.6 Derivatives and hedging
(cont.)

Hedge accounting of financial power contracts for hedging hydropower production

For the hedging of revenue from hydropower production, the Group's basis portfolio for hedging of system price is designated as the hedging instrument. Hedging of the difference between system price and EPADs are subject to hedge accounting for contracts entered into from third quarter 2023.

The hedging instrument can be summarised as follows:

31 December

EUR million	Contract value EPAD	Contract value system price
2023		
2024	-10	-117
2025-2026	-3	-226
Total	**-13**	**-343**

31 December

EUR million	Contract value EPAD	Contract value system price
2022		
2023	-	-121
2024-2025	-	-117
Total	**-**	**-239**

31 December

NOK million	Fair value of hedging instruments	
2023	**Assets**	**Liabilities**
Financial hedging	189	-
Total	**189**	**-**
2022	**Assets**	**Liabilities**
Financial hedging	-	-1,434
Total	**-**	**-1,434**

Effects on profit and loss and the balance sheet on the hedge instrument can be summarised as follows:

NOK million	Hedging instrument	Efficient part/ hedging reserve before tax	Inefficient part
Fair value 31 December 2022	**-1,434**	**-1,326**	**-108**
Delivered in 2023	952	902	51
Change in fair value in 2023	670	634	36
Fair value 31 December 2023	**189**	**210**	**-21**
Fair value 31 December 2021	**-781**	**-785**	**4**
Delivered in 2022	663	663	-
Change in fair value in 2022	-1,316	-1,204	-112
Fair value 31 December 2022	**-1,434**	**-1,326**	**-108**

Note 5.6 Derivatives and hedging

(cont.)

The designated hedging item is the highly probable future sales of power in the spot market. The available hedging area is defined as the highly probable future production of hydropower less physical commitments such as industrial power contracts and concessionary power. To ensure reliable measurement of the hedging item, the hedging item is defined as an interval in the hedging area starting from the first hour of the month. A volume equivalent to the hedged volume is distributed over the available hedging area per hour starting from the first hour of the month.

When entering a financial power contract an interval in the hedging area is designated and allocated to the hedging instrument. In the subsequent period, the effectiveness of the hedge is measured by comparing changes in value of the hedging instrument with changes in value of expected future sales of the power for the designated interval. Both the hedging instrument and the hedging item are denominated in euro.

Changes in cash flows from financial power contracts where settlements quote the system price and EPADs are expected to closely match the changes in cash flows from the highly probable future sale of hydropower. This means that there is a strong economic relationship. Nasdaq is the counterparty for financial power hedging and credit risk is not considered to be significant.

A quantitative assessment of hedging effectiveness is carried out for each reporting period where changes in value of the hedging item is compared to changes in value of the hedging instrument. The effective part of the hedge is recognised through other comprehensive income whilst the ineffective part of the hedge is presented as Other gain/loss under Revenues and other income in the profit or loss.

Inefficiencies in the hedge are mainly caused by:

1. Differences between the system price attributed to the hedging instrument and the area price attributed to the hedging item when only the system-price is designated as the hedge instrument. Historically there has been a strong correlation in prices between the price areas NO1 and NO5 and the Nordic system price.

2. Differences in price profiles as the hedging instrument is delivered evenly for each hour of the month, whilst the hedging item is a per-hour allocation starting from the first hour of the month. Effects attributed to differences in price profiles can be the result of price differences between day and night, weekends, and weekdays and between holidays and weekdays.

Over-hedging occurs if the Group has entered financial power contracts for a higher volume than the available hedging area. Over-hedging is presented in profit or loss the same way as inefficiency.

The Group's hedging activities affect other comprehensive income and profit or loss from inception of hedge as follows (accumulated effects):

31 December

NOK million	Change in fair value hedge instrument	Change in fair value hedge item	Efficient hedging through other comprehensive income	Inefficiency through P&L
2023	189	-621	210	-21
2022	-1,434	1,808	-1,326	-108

The hedging item is not recognised in the balance sheet.

Note 5.6 Derivatives and hedging

(cont.)

Hedge accounting of industrial power contracts and related currency futures

The Group has an industrial power contract denominated in euro subject to the own-use exemption, but is designated as fair value measurement in the balance sheet. This contract entails the physical delivery of power for the period 2021-2030 with a total remaining contract value of euro 80 million as per 31. December 2023 (euro 90 million). Of this amount, euro 40 million (euro 45 million) has been swapped to NOK 432 million using (NOK 485 million) currency futures.

The Group has hedge accounted both for the industrial contract and for the currency futures as all-in-one-hedges.

The currency futures are designated as the hedging instrument in a cash flow hedge, while the euro exposure arising from the contract as the designated hedging item. There is not considered to be significant credit risk against the banks which are the counterparties. The hedge is considered to be a perfect hedge.

In addition, the Group has hedge accounted for industrial contracts denominated in euro for the delivery of power from 2024 until 2030, with a total remaining contract value of euro 14 million as per 31. December 2023 (euro 18 million).

These hedging instruments can be summarised as follows:

31 December

NOK million	Fair value of hedging instruments	
2023	**Assets**	**Liabilities**
Industrial contracts	-	-685
Currency futures	-	-37
Total	**-**	**-722**
2022	**Assets**	**Liabilities**
Industrial contracts	-	-2,030
Currency futures	7	-
Total	7	**-2,030**

Effects on profit and loss and the balance sheet on the hedge accounting can be summarised as follows:

NOK million	Hedging instrument	Efficient part of hedge instrument	Inefficient part of hedge instrument
Fair value 31.12.2022	**-2,022**	**-2,022**	**-**
Delivered in 2023	450	450	-
Change in fair value in 2023	850	850	-
Fair value 31.12.2023	**-722**	**-722**	**-**
Fair value 31.12.2021	**-394**	**-394**	**-**
Delivered in 2022	74	74	-
Change in fair value in 2022	-1,702	-1,702	-
Fair value 31.12.2022	**-2,022**	**-2,022**	**-**

Note 5.6 Derivatives and hedging

(cont.)

The certain cash flows in euro from the industrial power contracts are designated as the hedging instrument in a cash flow hedge. The hedging item is the future sales of hydropower in euro arising from the contracts. There is not considered to be significant credit risk related to the contracts. The industrial power contracts hedge themselves and are thus considered perfect hedges.

The effect on profit or loss and other comprehensive income from these hedging activities from inception of hedge are as follows (accumulated effects):

31 December

NOK million	Change in fair value hedge instrument	Change in fair value hedge item	Efficient hedging through other comprehensive income	Inefficiency through P&L
2023	-722	722	-722	-
2022	-2,022	2,022	-2,022	-

Hedge accounting of financial power contracts for hedging district heating revenues

For hedging revenue from district heating sales, the Group's hedging portfolio consisting of both system price contracts and EPADs are designated as hedging instruments. The hedging instruments are either financial contracts with Nasdaq as counterparty or bilateral positions. Credit risk is in any case not considered to be significant. The hedge accounting for the Group started when the Group acquired Hafslund Oslo Celsio in May 2022.

The hedging instruments consist of contracts denominated in euro or Norwegian kroner. The tables below shows the contract value of contracts for both EPADs and system price contracts:

31 December

NOK million	Contract value EPAD	Contract value system-price
2023		
2024	-20	-218
2025	-	-40
Total	**-20**	**-258**

NOK million	Contract value EPAD	Contract value system-price
2022		
2023	-24	-321
2024-2025	-	-175
Total	**-24**	**-496**

[1] *The contract value in NOK includes contracts values in euro recalculated to NOK. The amounts in EURO are not material.*
[2] *The numbers in 2022 are corrected in 2023. This is a result of the correction in 2023 belonging to 2022.*

31 December

NOK million	Fair value of hedging instruments	
	Assets	Liabilities
2023		
Financial hedging	-	-113
Total	**-**	**-113**
2022 [1,2]	**Assets**	**Liabilities**
Financial hedging	-	-273
Total	**-**	**-273**

[1] *District heating operations acquired from May 19th 2022*
[2] *2022-number are corrected in 2023, please refer to correction in table on the next page.*

Note 5.6 Derivatives and hedging

(cont.)

NOK million	Hedging instrument	Efficient part/ hedging reserve before tax	Inefficient part of hedge instrument
Fair value 31 December 2022	**-56**	**-48**	**-8**
Correction belonging to 2022, booked in 2023	-217	-219	1
Corrected opening balance 1 January 2023	**-273**	**-267**	**-7**
Delivered in 2023	97	90	7
Change in fair value in 2023	64	70	-6
Fair value 31 December 2023	**-113**	**-107**	**-6**
Fair value 31 December 2021	-	-	-
Delivered in 2022	-	-	-
Change in fair value in 2022	-56	-48	-8
Fair value 31 December 2022	**-56**	**-48**	**-8**

In 2023 there is booked a correction belonging to 2022 at NOK 217 million between other gain/losses in the operating result and the hedging reserve in other comprehensive income.

The designated hedging item is highly probable future district heating sales to commercial customers and is based on historical sales data and managements forecasts. To ensure reliable measurement of the hedging item, the hedging item is defined as an interval in the hedging area starting from the first hour of the month. When entering a financial contract an interval in the hedging area is designated and allocated to the hedging instrument. The hedging instrument is denominated in euro or Norwegian kroner, while the hedging item is denominated in Norwegian kroner.

In subsequent periods, the effectiveness of the hedge is measured by comparing changes in value of the hedging instrument with changes in value of expected future district heating sales for the designated interval. The effective part of the hedge is recognised through other comprehensive income whilst the ineffective part of the hedge is presented as other gain/loss under Revenues and other income in the profit or loss. Changes in cash flows from the hedging instruments are expected to closely match the changes in cash flows from the highly probable future district heating sales. This means that there is a strong economic relationship.

Inefficiencies in the hedge is mainly caused by:

1. Differences between the system price attributed to the hedging instrument and the area price when only system price contracts are entered into.
2. Differences in price profiles as the hedging instrument is delivered evenly for each hour of the month, whilst the hedging item is a per-hour allocation starting from the first hour of the month. Effects attributed to differences in price profiles can be the result of price differences between day and night, weekends, and weekdays and between holidays and weekdays.
3. Progressive discounts on district heating sales to commercial customers, affecting only the hedging item. This is not relevant after 31. December 2023.

Over-hedging occurs if the Group has entered financial contracts for a higher volume than the available hedging area. Over-hedging is presented in profit or loss the same way as inefficiency.

The Group's hedging activities affect other comprehensive income and profit or loss as from inception of hedge from inception of hedge follows (accumulated effects):

Note 5.6 Derivatives and hedging
(cont.)

31 December

NOK million	Change in fair value hedge instrument	Efficient hedging through other comprehensive income	Inefficiency through P&L
2023	-113	-107	-6
2022	-273	-267	-7

Hedging related to borrowings

The Group has the following hedging relationships: (nominal value: "+" indicates the principal amounts paid by the Group, and "-" indicates the principal amounts received by the Group).
31 December

NOK million

Reference	Hedged item	Currency	Due date	Nominal amount	Interest rate	Line-item in balance sheet[1]
A	Fixed rate loan	USD	2023	75	4.77%	Non-current interest-bearing debt
B	Fixed rate loan	USD	2026	25	4.95%	Non-current interest-bearing debt
C	Fixed rate loan	JPY	2028	5000	1.51%	Non-current interest-bearing debt
D	Fixed rate loan	JPY	2029	5000	1.38%	Non-current interest-bearing debt
E	Fixed rate loan	NOK	2029	250	4.40%	Non-current interest-bearing debt
F	Fixed rate loan	USD	2031	125	3.14%	Non-current interest-bearing debt
G	Fixed rate loan	EUR	2031	30	2.29%	Non-current interest-bearing debt

[1]*The first year's instalment is classified as current interest-bearing debt*

Note 5.6 Derivatives and hedging
(cont.)

31 December

NOK million

Reference	Hedging instrument	Currency	Due date	Nominal amount	Interest rate	Line-item in balance sheet
A	Combined interest rate and currency swap	USD	2023	-75	4.77%	Non-current financial derivatives
A	Combined interest rate and currency swap	NOK	2023	429	3M NIBOR +0,86%	Non-current financial derivatives
B	Combined interest rate and currency swap	USD	2026	-25	4.95%	Non-current financial derivatives
B	Combined interest rate and currency swap	NOK	2026	143	3M NIBOR +0,86%	Non-current financial derivatives
C	Combined interest rate and currency swap	JPY	2028	-5000	1.51%	Non-current financial derivatives
C	Combined interest rate and currency swap	NOK	2028	301	6M NIBOR +0,92%	Non-current financial derivatives
D	Combined interest rate and currency swap	JPY	2029	-5000	1.38%	Non-current financial derivatives
D	Combined interest rate and currency swap	NOK	2029	296	6M NIBOR +0,87%	Non-current financial derivatives
E	Interest rate swap	NOK	2029	-250	4400.00%	Non-current financial derivatives
E	Interest rate swap	NOK	2029	250	3M NIBOR +2,4 %	Non-current financial derivatives
F	Combined interest rate and currency swap	USD	2031	-125	3.14%	Non-current financial derivatives
F	Combined interest rate and currency swap	NOK	2031	1036	3M NIBOR +1,524	Non-current financial derivatives
G	Combined interest rate and currency swap	EUR	2031	-30	2.29%	Non-current financial derivatives
G	Combined interest rate and currency swap	NOK	2031	237	6M NIBOR +1,1%	Non-current financial derivatives

Note 5.6 Derivatives and hedging
(cont.)

The Group's hedging instruments are presented under the line-item Non-current financial derivatives, and are recognised in the balance sheet at the following amounts:

31 December

NOK million	Fair value of hedging instruments	
2023	**Assets**	**Liabilities**
Combined interest rate and currency swaps	476	-
Interest rate swaps	-	-14
Total	**476**	**-14**
2022		
Combined interest rate and currency swaps	697	-
Interest rate swaps	-	-13
Totalt	**697**	**-13**

Currency risk

The Group's policy is to reduce currency risk by swapping the payments of principal amounts and fixed interest in foreign currency to Norwegian kroner in a 1:1 ratio using combined interest rate and currency swaps. Under the combined swaps, payments of fixed interest are also exchanged to payments of floating interest so that the Group receives fixed interest in foreign currency and pays floating interest in Norwegian kroner. The exchange from fixed to floating interest in foreign currency is treated as a fair value hedge, while the exchange from floating interest payments and principal payments in foreign currency to floating interest and principal payments in Norwegian kroner is treated as a cash flow hedge.

Cash flows from payments of principal amounts and floating interest rates in foreign currency are designated as hedging items, and cash flows from the combined swaps are accordingly designated as hedging instruments. The basis spread is excluded from the designated hedging instrument.

There is an economic relationship between the hedged item and the hedging instrument as the critical terms for exchanging from foreign currency to Norwegian kroner matches. Hedge effectiveness is assessed on a qualitative basis.

Changes in the fair value of the effective portion of the hedge are recognised in other comprehensive income until the period when changes in value of the hedged item affects profit or loss. The ineffective portion of the hedge is expensed under "Other finance income/costs."

Inefficiency in the hedge could arise from the fair value of credit risk affecting the hedging instrument, but not the hedged item.

The ineffective portion of the cash flow hedge recognised through profit or loss was immaterial for 2023 and 2022.

Note 5.6 Derivatives and hedging

(cont.)

Summary of cash flow hedging related to borrowings

The hedged item and hedged instrument affect the balance sheet and profit or loss from inception of hedge as follows:

31 December

NOK million	Change in fair value hedge instrument	Change in fair value hedge item	Efficient hedging through other comprehensive	Inefficiency through P&L
2023	461	-461	461	-
2022	684	-684	684	-

Movements in the cash flow hedging reserve:

NOK million	Financial hedging portfolio hydro-electric power	Industrial contracts and currency futures	Financial hedging portfolio district heating	Combined interest rate and currency swaps[1]	Total
31 December 2021	**-612**	**-167**	**-**	**-31**	**-810**
Reclassified to P&L as a result of delivered in 2022	663	74	-	-	737
Effective share of change in fair value	-1,204	-1,702	-48	18	-2,936
Deferred tax	119	1,132	11	-4	1,258
31 December 2022	**-1,034**	**-663**	**-38**	**-17**	**-1,754**
Correction in 2023 before taxes, belongs to 2022	-	-	-217	-	-217
Deferred tax	-	-	48	-	48
Corrected opening balance 1 January 2023	**-1,034**	**-663**	**-208**	**-17**	**-1,923**
Reclassified to P&L as a result of delivered in 2023	902	449	90	-	1,440
Effective share of change in fair value	634	850	70	13	1,567
Deferred tax	-338	-891	-35	-3	-1,267
31 December 2023	**163**	**-255**	**-83**	**-7**	**-183**

[1] 13 in 2023 and 18 in 2022 shows net change in and out of the hedging reserve connected to combined interest rate and currency swaps.

For the district heating segment, losses have been locked in on closed positions, therefore the hedging reserve is divided into "open positions" and closed/"locked-in loss repurchased positions" for this segment:

Note 5.6 Derivatives and hedging
(cont.)

NOK million	Open positions	Closed positions	Total
Corrected opening balance 1 January 2023	**-132**	**-76**	**-208**
Reclassified to P&L as a result of delivered in 2023	72	18	90
Effective share of change in fair value	85	-15	70
Deferred tax	-34	-1	-35
31 December 2022	**-10**	**-74**	**-83**

In 2022 the group repurchased positions for 2023 and 2024. In addition there are repurchased positions for 2023 in 2023. As a result there are locked-in loss after taxes at 74 NOK millions at the hedging reserve at 31. December 2023.

When repurchasing hedged contracts, the locked-in gain/loss remains on the hedge reserve until the contracts are delivered - provided that it is still likely that the hedged transaction will occur.

Fair value hedges

The Group's loan portfolio includes loans with both fixed and floating interest rate terms, and the Group has for a few loans used derivatives to exchange interest terms from fixed to floating rates.

Interest rate exposure

Bond loans in Norwegian kroner for which interest rate swaps from fixed to floating interest rates have been entered are recognised as fair value hedges. The same designation applies to interest rate hedges from fixed to floating interest rates in foreign currency from combined currency and interest rate swaps. The Group has adopted the changes regarding the interest rate reform which give temporary relief by allowing the assumption that specific considerations for hedge accounting is not affected by uncertainty arising from the interest rate reform.

The hedged risk arises from changes in value of fixed interest payments that mainly derive from changes in swap rates (OIS) and NIBOR interest rates.

There is an economic relationship between the hedged item and hedging instrument because the critical terms for exchanging from fixed to floating interest rates match. Hedge effectiveness is assessed on a qualitative basis.

Ineffectiveness in the hedge could arise from differing settlement times for interest payments/establishment of interest rates between the hedged item and the hedging instrument, as well as the fair value of credit risk affecting the hedging instrument, but not the hedged item.

The ineffective portion of the fair value hedge recognised through profit or loss under “Other finance income/costs” was immaterial in 2023 and 2022.

Note 5.7 Capital management

Hafslund's capital management is intended to ensure that the Group has financial flexibility in the short and long term and maintains a high credit rating. The Group aims to achieve cash flows that ensures competitive returns for the owners through dividends and increase in share value without disadvantaging the Group's creditors.

In addition to cash and cash equivalents, the Group's liquidity reserve consists of unused long-term, committed credit facilities. Hafslund has access to diversified loan sources and primarily uses the Norwegian bond market, the bank market and international private placement markets.

The Group has long-term financing and unused credit facilities that together ensures financial room to manoeuvre even when it is difficult to obtain financing in the markets.

The loan portfolio (excluding subordinated loans) comprises a balanced mix of loans with a maturity structure of up to 10 years, with a weighted average term of 5 years. The maturity structure of the Group's interest-bearing debt and other financial liabilities are shown in note 5.2 Interest-bearing debt and note 5.3 Maturity structure financial liabilities.

At the end of 2023 the Group had unused credit facilities considered sufficient to cover the Group's refinancing requirements over the next 12 months. External borrowing is centralised at parent company level in Hafslund AS, in addition to the loans from the minority owners in Hafslund Oslo Celsio AS. The capital needs of the respective subsidiaries are normally covered through internal loans and through corporate cash pooling systems, in combination with equity. The capital structure in the subsidiaries is adapted to commercial, legal and tax-related considerations. The Group attaches importance to ensuring a balanced and reasonable capital composition that maintains reasonable equity based on the risk and scope of the business.

The Group's loan agreements contain negative pledge clauses. Some loan agreements also stipulate that material assets cannot be disposed of without approval, and one ownership clause requiring more than 50 per cent of shares issued by Hafslund AS to be directly or indirectly owned by the City of Oslo. The Group's loan agreements do not impose any financial covenants.

In 2023, Scope Ratings updated Hafslund AS' corporate issuer rating from BBB+ with positive outlook to A- with positive outlook, and from an S-2 to S-1 short term rating. Hafslund aims to maintain an "investment grade" credit profile and monitors quantitative and qualitative factors that affect creditworthiness by following, among other things, the development of its equity ratio, net interest-bearing debt and cash flows from operations. The Group's capital consists of net interest-bearing debt and equity.

The Group is not subject to any external requirements with regards to the management of its capital structure other than with regards to market expectations and the owner's dividend requirement.

Note 5.7 Capital management
(cont.)

31 December

NOK million	2023	2022
NET INTEREST-BEARING DEBT		
Current interest-bearing debt	2,205	2,819
Non-current interest-bearing debt	18,259	20,203
Fair value adjustment loan portfolio/fair value hedges	109	153
Non-current interest-bearing assets	-160	-155
Cash and cash equivalents	-10,239	-13,497
Net interest-bearing debt	**10,173**	**9,523**
Unused drawing rights	**4,028**	**3,500**
EQUITY SHARE		
Equity	46,706	42,604
Assets	91,048	97,265
Equity share	**51%**	**44%**

Note 5.8 Share capital and shareholder information

NOK million	Number of shares	Share capital	Premium fund	Paid-in capital
PAID-IN CAPITAL				
2022	100,000	110	23,484	23,594
2023	100,000	110	23,484	23,594

All shares are owned by the City of Oslo. Dividends paid during 2023 were NOK 3,072 million, of which NOK 2,100 million were paid to the City of Oslo.

Note 5.9 Non-current receivables

Key accounting policies

All non-current receivables mature more than one year from the balance sheet date.

31 December

NOK million	2023	2022
OTHER NON-CURRENT RECEIVABLES		
Other non-current interest-bearing receivables	160	155
Other non-current non-interest-bearing receivables	964	1,052
Net pension funds	172	184
Non-current equity investments	241	188
Other non-current receivables	**1,536**	**1,579**

Note 5.10 Trade receivables and other current receivables

Key accounting policies

Accounts receivables contain both receivables that arising from contracts with customers and other types of receivables. Receivables arising from contracts with customers are recognised at the agreed amount, reduced by expected credit loss. Other receivables and accruals are recognised at fair value and measured in subsequent periods at amortised cost.

Key estimates and assumptions

Inaccurate assessment of the customers' ability to pay could result in losses on receivables that subsequently must be written down through profit or loss. The Group estimates and recognises a provision for expected losses based on historic figures. The Group deems the credit risk to be acceptable.

31 December

NOK million	2023	2022
TRADE RECEIVABLES		
Trade receivables	741	1,148
Trade receivables 31 December	**741**	**1,148**
RECEIVABLES		
Dividend	87	-
Other non-interest-bearing current receivables	141	438
Accrued other income/prepaid expenses	436	588
Other non-interest-bearing current receivables	**664**	**1,026**

Please see note 2.2 Revenues and other income for further discussion of revenues.

Note 5.11 Cash and cash equivalents

31 December

NOK million	2023	2022
CASH AND CASH EQUIVALENTS		
Bank deposits	8,104	12,939
Short-term liquidity fund investments	1,799	-
Restricted assets	337	558
Cash and cash equivalents	**10,239**	**13,497**

Key matters

The Group's available cash and cash equivalents consist of bank deposits and short-term liquidity fund investments. The Group also has an overdraft facility of NOK 1,000 million, which was unused per 31 December 2023. Furthermore, the Group has an overdraft facility of EUR 50 million (EUR 47 million unused per 31 December 2023) to cover the daily mark to market settlements for futures contracts at Nasdaq Clearing AB.

Hafslund AS has a syndicated credit facility of NOK 2,500 million maturing in November 2028. The credit facility is used as back-stop for loan maturities and as general liquidity reserve and was unused per 31 December 2023.

Note 5.11 Cash and cash equivalents

(cont.)

The Group has corporate cash pooling systems in Nordea, DNB and SEB. A corporate cash pooling system entails joint liability among the participating companies. Hafslund AS's accounts constitute single, direct accounts for transactions with the bank, while deposits into and withdrawals from the respective subsidiaries' accounts are treated as intercompany balances with Hafslund AS.

The Group's other restricted funds, NOK 337 million (NOK 558 million) includes provision of security for power trading activities. The Group purchases bank guarantees as security for withholding tax and other liabilities. Refer to note 4.2 Guarantees, for further information.

Note 5.12 Trade payables and other current non-interest-bearing liabilities

Key accounting policies

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. The main rule is that trade and other current payables are classified as current if they fall due within one year. Trade and other current payables are measured at fair value in the balance sheet on initial recognition and subsequently at amortised cost.

31 December

NOK million	2023	2022
TRADE PAYABLES		
Trade payables	478	736
Trade payables	**478**	**736**
OTHER CURRENT LIABILITIES		
Value added tax	719	1,275
Charges related to salaries	116	51
Accrued interest	523	558
Other accrued costs	90	660
Other short-term liabilities	626	577
Dividend not paid per 31 December	77	75
Other current liabilities	**2,151**	**3,196**

Note 5.13 Financial items

Key accounting policies

Currency gains and losses that derive from operational hedging of power sales are reported under revenues as other gains/losses. Value adjustments of receivables and liabilities in foreign currency are recognised as currency gains/losses under other financial income/financial costs, respectively.

1 January - 31 December

NOK million	2023	2022
INTEREST INCOME		
Interest income	448	115
Interest income	**448**	**115**
INTEREST EXPENSE		
Interest expense	-1,126	-819
Capitalised interest expense	45	8
Interest expense IFRS 16	-8	-7
Interest expense	**-1,089**	**-817**
OTHER FINANCIAL INCOME/COSTS		
Currency gains or losses	425	310
Change in financial instruments recognised at fair value	-5	56
Profit from investments in shares	-1	-
Other financial income or cost	-43	-120
Fair value adjustment investments	35	-5
Other financial income/costs	**411**	**241**
Net financial items	**-230**	**-462**

Note 6.1 Taxes

General information

Apart from ordinary income tax, Hafslund's power production activities are subject to separate rules for taxation of hydropower production companies. The Group is therefore also charged resource rent tax and natural resource tax. The Group also paid high-price contribution until it was discontinued as of September 30 2023.

Ordinary income tax
The tax expense primarily consists of taxes payable and changes in deferred tax. Payable income tax is calculated at 22 per cent (22 per cent). Deferred tax is calculated based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, as well as the tax loss carried forward, where a tax rate of 22 per cent (22 per cent) is applied.

Resource rent tax, Hydropower
The resource rent tax depends on the profit and amounts to nominal 57.7 per cent (57.7 per cent) of the net resource rent income for each power plant. The nominal resource rent tax rate is 57.7 per cent, while allowing for the deduction for a resource rent related income tax of 22 per cent. Net resource rent tax is thus 45 per cent (45 per cent).

Resource rent income is calculated based on each power plant's production hour-by-hour, multiplied by the spot price hour-by-hour. The achieved prices are used for deliveries of concessionary power and industry contracts with more than 7 years duration. The resource rent income is reduced by operating expenses, tax-related depreciation and non-taxable income to arrive at net resource rent income. Non-taxable income is stipulated based on the average tax-related value of production equipment for the year for each power plant, multiplied by a prescribed interest rate. The prescribed interest rate was 3 per cent for 2023 (1.7 per cent). As of 2021 the resource rent tax regime is a cash flow tax, where new investments – with some exceptions – are directly expensed and thereby not included in the basis for non-taxable income.

Income and expenses in the ordinary income related resource rent tax are the same as those included in the resource rent tax, except for new investments which are capitalised and depreciated.

Negative resource rent income that has arisen in a power plant from and including 2007 can be coordinated with positive resource rent income from other power plants. The negative resource rent income that arose prior to 2007, with interest, can be offset against positive resource rent income from the same power plant only. Negative resource rent income is included in the calculation of deferred tax/deferred tax assets in resource rent taxation along with deferred tax/tax assets related to temporary differences pertaining to production equipment in power production to the extent this can feasibly be offset within a 10-year period.

The resource rent tax in the profit or loss consists of this year's payable resource rent tax plus the change in deferred resource rent tax. Deferred resource rent tax is calculated using a nominal resource rent rate of 57.7 per cent (57.7 per cent) reduced by resource rent related income tax of 22 per cent.

Note 6.1 Taxes

(cont.)

Natural resource tax

Natural resource tax is calculated based on the individual power plant's average power production over the past seven years without regard to profitability. The tax rate is set at 0.013 NOK (0.013 NOK) per kWh. Natural resource tax can be offset against taxes payable from ordinary income tax. Natural resource tax carried forward is offset against deferred tax in the balance sheet. If it is likely that the natural resource tax represents a final payment where an offset is not likely, it is expensed through profit or loss.

High-price contribution

For the period 28 September 2022 until 30 September 2023, revenues from the production of power in resource rent-taxable hydropower plants were subject to a tax referred to as "high price contribution". As of January 2023, the tax also applied to onshore wind farms, as well as hydropower plants outside the resource rent tax regime with installed capacity above 1 MW. As of 1 October 2023 the tax was discontinued.

The tax has a monthly resolution and is calculated separately per price area and per category: spot revenues, concessionary power, own power, withdrawal rights and other revenues. The tax amounts to 23 per cent of the tax basis, which is the achieved average price exceeding 0.7 NOK/KWh. The tax basis can be adjusted for gains or losses from financial contracts entered into before 28 September 2022, provided that these constitute actual hedging of spot revenues from power production. Pumping costs are divided on total production and are deductible in the tax basis.

The sum of ordinary income tax of 22 per cent, resource rent tax of 45 per cent and high-price contribution of 23 per cent gives a marginal tax rate of 90 per cent for hydropower activities at achieved power prices above 0.7 NOK/KWh.

The Group has presented the high-price contribution as a tax expense according to IAS 12. This is a result of the Group considering the tax base to represent a net result and that the high-price contribution is imposed on the same tax subjects as for ordinary income tax and resource rent tax. Furthermore, the high-price contribution is not deductible in the income tax.

The Group has adjusted the tax base with gain/loss from financial power hedging from contracts considered to be "actual power-hedging" and which were entered before 28 September 2022.

If the Group had concluded that the tax base did not represent a net result, the tax would have been presented as an operating expense.

Property tax

Power production operations are also subject to property tax, which is up to 0.7 per cent of the taxated value. Property tax is recognised as an operating expense. See note 2.5 Property tax and other imposed costs and compensations.

Resource rent tax, land based wind

With effect from 2024, a resource rent tax is introduced on land-based wind power. Wind power installations consisting of more than five turbines or with a combined installed capacity of 1 MW or higher shall pay a nominal rate of 32 percent, equivalent to an effective tax rate of 25 percent. The tax is structured as a cash flow tax with direct deductions for new investments.

Note 6.1 Taxes

(cont.)

For investments made before January 1, 2024, deductions are granted for depreciations based on the calculated initial value. Deferred resource rent tax on wind power is recognised with effect from the accounting year 2023.

Global minimum tax

The regulations for global minimum taxation, OECD Pillar II, are being introduced with effect from 2024. Hafslund will be subject to the requirement of minimum taxation, which means that the group will be subject to additional tax for subsidiaries with an effective tax rate below 15 percent.

Hafslund applies the mandatory exemption in IAS 12 and does not recognise or disclose deferred tax related to minimum taxation in the financial statements for 2023. However, Hafslund operates only in Norway and Sweden where tax rates exceed the minimum taxation threshold, and the Group does not trigger additional tax as a result of the requirements for minimum taxation at the end of 2023.

Key accounting policies

Deferred tax and deferred tax assets are offset as far as the Group has a legally enforceable right to set off assets and liabilities, and these are levied by the same tax authority. The same applies for deferred tax and deferred tax assets related to resource rent tax. Deferred tax positions related to ordinary income tax cannot be offset against tax positions related to resource rent tax.

Key estimates and assumptions

Management continuously assesses the validity of material assumptions made in the tax assessments where applicable tax laws are the object of interpretation. Provisions are recognised based on the Management's assessment of expected tax payments where this is deemed necessary.

Deferred tax assets arising from negative resource rent income from before 2007 is recognised in the balance sheet as a deferred tax asset for the portion that is expected to be deductible during a 10-year period. The timing for when negative resource rent income can be offset is estimated based on the expectation of normal production volumes and forward curves. See also note 1.3 Climate Risk for description of the Group's long-term power price curves.

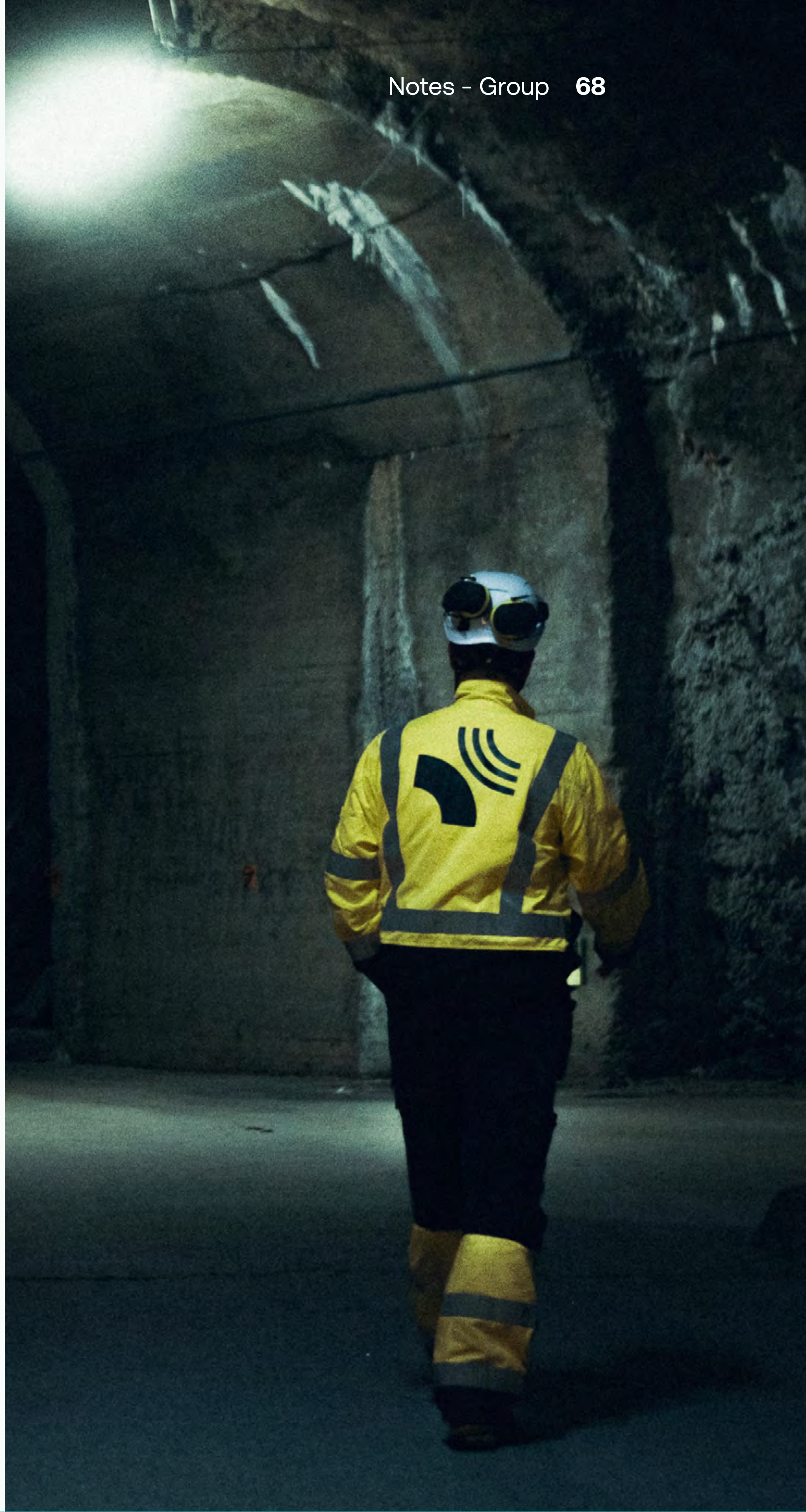
1 January - 31 December

NOK million	2023	2022
TAX EXPENSE		
Income tax payable	2,694	4,200
Changes in deferred tax	360	-121
Resource rent tax payable	4,550	7,996
Changes in deferred resource rent tax, hydropower	300	1,416
Natural resource tax	212	209
Natural resource tax offset against income tax	-212	-209
Too little/much tax set aside in previous years	-58	7
High-price contribution	617	1,030
Changes in deferred resource rent tax, land based wind	17	-
Other	-2	7
Tax expense for the year	**8,478**	**14,535**

Note 6.1 Taxes

(cont.)

NOK million	2023	2022
DEFERRED TAX THROUGH OTHER COMPREHENSIVE INCOME		
Hedging reserve 22 %	614	-484
Hedging reserve 45 % (37 %)	605	-774
Actuarial gains and losses 22 %	-26	-12
Actuarial gains and losses 45 % (37 %)	-59	-47
Deferred tax through other comprehensive income	**1,134**	**-1,317**
RECONCILIATION OF NOMINAL TAX RATE AGAINST EFFECTIVE TAX RATE		
Profit before tax	**13,631**	**18,879**
Profit/loss from equity-accounted investees	595	716
Profit before tax adjusted - basis for calculation of effective tax rate	**13,036**	**18,163**
22 % (22 %) of profit before tax adjusted	2,868	3,996
22 % (22 %) of permanent differences	142	71
22 % (22 %) of actuarial gains and losses	26	12
Payable resource rent tax	4,550	7,996
Change in deferred tax negative resource rent tax carried forward (45 %)	20	69
Change in deferred resource rent tax (45%)	280	282
Change in deferred resource rent tax related to change in tax rate	-	1,064
Too little/much tax set aside in previous years	-58	7
High-price contribution	617	1,030
Changes in deferred resource rent tax, land based wind	17	-
Other	16	7
Tax expense for the year	**8,478**	**14,535**
Effective tax rate	65%	80%



Note 6.1 Taxes

(cont.)

31 December

NOK million	2023	2022
DEFERRED TAX		
General income tax		
Derivatives	69	-2,337
Receivables	279	210
Power contracts	-683	-1,633
Property, plant and equipment	19,842	19,332
Provisions for liabilities	-1,037	-2,112
Pensions	115	106
Other	-332	-22
Tax losses carried forward	-948	-643
Total	**17,304**	**12,901**
Tax rate	22 %	22 %
Deferred tax liability/-asset	3,807	2,838
Natural resource rent tax carried forward	-	-
Net deferred tax liability/-asset	3,807	2,838
Of which deferred tax asset	-	-
Of which deferred tax liability	3,807	2,838

NOK million	2023	2022
DEFERRED TAX		
Resource rent tax on hydropower		
Property, plant and equipment	16,274	15,661
Pensions	146	145
Industrial contracts	-638	-1,985
Provisions for liabilities	-1,324	-1,349
Total	**14,457**	**12,472**
Deferred resource rent related income	-2,948	-2,489
Basis for deferred resource rent tax	**11,509**	**9,982**
Tax rate	57.7%	57.7%
Deferred resource rent tax	6,641	5,760
Resource rent tax carried forward, including interest	-325	-360
Unrecognised resource rent tax carried forward	-	-
Sum resource rent tax carried forward, expected utilisation within 10 years	**-325**	**-360**
Deferred tax asset	-187	-212
Resource rent tax on land based wind		
Tax rate	32%	-
Deferred resource rent tax	17	-
Carrying amount of deferred tax liability/-asset		
Deferred tax asset	-187	-212
Deferred tax liability	10,465	8,598
Total	**10,278**	**8,386**

Note 7.1 Remuneration to senior executives and Board members

The overview below shows the remuneration to senior executives in the Hafslund Group for 2023 and 2022, and are stated in NOK.

Remuneration to senior executives in 2023

From date	Up to and including date	Name	Position	Salaries, holiday pay and fees	Bonus	Benefits in kind	Pension costs	Borrowings 31 December
01.01.2023	31.12.2023	Finn Bjørn Ruyter	CEO	5,364,283	-	479,554	808,117	-
01.01.2023	31.12.2023	Berit Sande	Group CFO (Chief Financial Officer)	2,326,497	-	127,341	341,804	-
01.01.2023	31.12.2023	Martin S. Lundby	EVP Corporate Development and Growth	3,129,684	-	158,962	429,905	-
01.01.2023	31.12.2023	Knut Inderhaug [1]	Managing Director Hafslund Oslo Celsio	2,968,009	542,937	116,317	158,234	113 750
01.01.2023	31.12.2023	Toril Benum	EVP Projects	2,670,730	-	255,031	400,269	-
01.01.2023	31.12.2023	Kristin Lian [2]	Managing Director Hafslund Eco Vannkraft	4,056,001	-	342,239	607,921	-
01.01.2023	16.08.2023	Eirik Folkvord Tandberg	EVP Energy Markets and Public Relations	1,510,152	-	106,172	223,452	-
01.01.2023	31.12.2023	Elise Horn	EVP Corporate Development	2,195,870	-	26,939	293,900	-

[1] *The bonus payment to Inderhaug is for bonuses earned in Hafslund Oslo Celsio in 2022. Hafslund Oslo Celsio terminated all bonus schemes in 2022.*
[2] *Lian, Managing Director Hafslund Eco Vannkraft, received a significant increase in area of responsibility during 2022, including responsibility for Hafslund's power trading environment, as well as the staff areas (IT and development, communication and framework and finance) in the hydropower company. Today, Lian is in charge of what can be considered a complete power production company. At the start of 2023, Lian therefore received a boost in basic salary that reflects the significant increase in responsibilities..*

Remuneration to senior executives in 2022

From date	Up to and including date	Name	Position	Salaries, holiday pay and fees	Bonus[1]	Benefits in kind	Pension costs	Borrowings 31 December
01.01.2022	31.12.2022	Finn Bjørn Ruyter	CEO	5,157,663	-	433,561	779,607	-
01.09.2022	31.12.2022	Berit Sande	Group CFO (Chief Financial Officer)	766,666	-	40,317	104,210	-
01.01.2022	31.12.2022	Martin S. Lundby	EVP Corporate Development and Growth	2,690,369	61,419	158,980	384,818	-
19.05.2022	31.12.2022	Knut Inderhaug	Managing Director Hafslund Oslo Celsio	1,501,859	-	55,776	101,162	148,750
01.01.2022	31.05.2022	Anders Østby	EVP Power Market	904,730	61,419	73,147	121,091	-
01.01.2022	31.12.2022	Toril Benum	EVP Projects	2,403,074	61,419	231,331	356,903	-
01.01.2022	31.12.2022	Kristin Lian	EVP Hydropower	2,814,050	7,910	306,592	454,562	-
01.06.2022	31.12.2022	Eirik Folkvord Tandberg	EVP Energy Markets and Public Relations	1,246,023	-	90,244	201,536	-
01.10.2022	31.12.2022	Elise Horn	EVP Corporate Development	437,500	-	2,322	53,112	-

[1] *Applies to collective bonus for 2021. Collective bonus was terminated in 2022.*

Note 7.1 Remuneration to senior executives and Board members

(cont.)

Board remuneration and remuneration for work in the audit and compensation committee apply to Hafslund AS, and are stated in NOK.

Remuneration to Board members of Hafslund AS

From date	Up to and including date	Name	Position	2023	2022
01.01.2022	30.11.2023	Alexandra Bech Gjørv [1,2]	Chair	533,900	512,200
01.01.2022	31.12.2023	Bård Vegar Solhjell [1,2]	Acting chair / Board Member	275,700	263,900
01.01.2022	17.04.2023	Bente Sollid Storehaug [1]	Board Member	144,850	263,900
01.01.2022	31.12.2023	Bjørn Erik Næss [1]	Board Member	304,200	291,650
01.01.2022	31.12.2023	Mari Thjømøe [1]	Board Member	304,200	291,650
17.04.2023	31.12.2023	Jarle Roth [1]	Board Member	172,600	-
17.04.2023	31.12.2023	Maria Tallaksen [1]	Board Member	196,667	-
01.01.2022	31.12.2023	Håkon Rustad [1]	Board Member (employee representative)	275,700	218,450
01.01.2022	31.12.2023	Vegar Kjos Andersen	Board Member (employee representative)	258,300	202,250
01.01.2022	31.12.2023	Ingvild Marie Rikoll Solberg	Board Member (employee representative)	258,300	202,250

[1] *Includes remuneration for work in the Audit Committee and Compensation Committee.*
[2] *On 30 November 2023, Alexandra Bech Gjørv resigned as chair, and Bård Vegar Solhjell took over as acting chair.*

Note 7.1 Remuneration to senior executives and Board members

(cont.)

Senior executives in 2023:

Name	Position
Finn Bjørn Ruyter	CEO
Martin S. Lundby	EVP Corporate Development and Growth
Berit Sande	Group CFO
Knut Inderhaug	Managing Director Hafslund Oslo Celsio
Eirik Folkvord Tandberg[1]	EVP Energy markets and public relations
Toril Benum	EVP Projects
Kristin Lian	Managing Director Hafslund Eco Vannkraft
Elise Horn	EVP Corporate development

[1] *Up to and including 16.08.2023*

The Board's Compensation Committee

The Board of Hafslund AS has a dedicated Compensation Committee. The Compensation Committee advises the Board on all matters pertaining to the company's remuneration paid to the CEO. The Committee keeps up to date on and proposes guidelines for determination of remuneration paid to senior executives in the business. In addition, the Committee functions as the advisory body for the CEO regarding compensation schemes that essentially cover all employees. The Committee also advises the Board on matters concerning organisational development and employees in Hafslund AS.

Declaration on the determination of salaries and other remuneration

Remuneration paid to senior executives at Hafslund complies with guidelines and the declaration on determination of salaries and other remuneration paid to senior executives. The Board issues a declaration on the determination of salaries and other remuneration paid to the CEO and Group management. This is included below.

Guidelines for remuneration paid to senior and other executives in the Hafslund Group

The guidelines shall form the basis for determining remuneration to the CEO and the Group management in the Hafslund Group. The guidelines must be consistent with the City of Oslo's guidelines for compensation schemes for senior executives in limited companies that are majority owned by the City of Oslo.

The Board of Directors

The Board adopts the CEO's terms and conditions of employment and oversees the general terms and conditions of other senior Group executives. These terms are evaluated and adopted by the Board each year. If the CEO wishes to offer members of Group management or other senior executives' remuneration not covered by these guidelines, this must be presented to the Board for approval. In such cases, the Board must justify and minute why the guidelines have been deviated from in each case. The Board also determines the terms for the company's incentive scheme for managers and key individuals based on a recommendation from administration and the Compensation Committee.

Note 7.1 Remuneration to senior executives and Board members

(cont.)

Terms and conditions, CEO

Remuneration paid to the CEO must be competitive in relation to responsibilities and the industry in general and reflect the employee's experience and level of expertise. The remuneration in 2023 comprised a fixed salary and a pension plan in accordance with the Group's prevailing schemes for Group management, in addition to an operating subsidy for the use of a car. The CEO receives benefits in kind on a par with other senior Group executives. The retirement age is 70, and the CEO is a member of the Group's mandatory occupational pension plan (OTP) which provides 6 per cent of salary between 1 and 7.1 times the National Insurance Scheme's basic amount (G) and 18 per cent of salary between 7.1 and 12 G.

Pension compensation providing a gross additional income of 16 per cent will be paid for basic salary over 12 G on the condition that the CEO is a member of the defined contribution scheme. The CEO has the right to terminate his employment with an early retirement plan (AFP), in accordance with the prevailing regulations at any point in time. The CEO has a disability pension plan providing compensation of 66 per cent of salary over 12 G and is also covered by a collective accident insurance plan.

The CEO has a six-month notice period. On leaving the company, he is entitled, on certain conditions, to continue receiving salary payments for 12 months (after the end of the notice period). Severance pay is reduced by any salary received from a new employer during the severance pay period. In such cases, severance payments are reduced by 66 per cent of the lower of the monthly severance pay and the new salary.

Terms and conditions, other Group management

Remuneration for other Group management in 2023 comprised a fixed salary, an operating subsidy for the use of a car and pension under the Group's prevailing schemes for Group management. Group management receives benefits in kind on a par with other senior Group executives. Group management covered by the defined contribution plan receive pension compensation providing a gross additional income of 16 per cent for salary over 12 G. The plan is similar to the plan for other employees in the Group with salaries over 12 G and a defined contribution plan. Group management receives a disability pension providing compensation of 66 per cent of salary between 12 G and 30 G. Group management has a six-month notice period. On leaving the company, Group management is entitled, on certain conditions, to continue receiving salary payments for up to 12 months (after the end of the notice period). Severance pay is reduced by any salary received from a new employer during the severance pay period. In such cases, severance payments are reduced by 66 per cent of the lower of the monthly severance pay and the new salary.

Fixed salary

Group management's fixed salary is based on the duties performed and level of responsibility, as well as the employee's expertise and length of service in the position. Salaries should be competitive in relation to responsibilities and industry levels.

Bonus

Senior executives and Board members of Hafslund have no form of bonus scheme. In the Group, there are bonus schemes for individual employees where it is expedient, for example in power trading and sales. The bonus schemes are limited to a maximum of 25 per cent of the annual salary.

Note 7.1 Remuneration to senior executives and Board members

(cont.)

Pensions
Senior and other executives should have a pension plan in accordance with the prevailing pension plan for the Group. Group employees who are members of the mandatory occupational pension are covered by an additional pension plan for salaries over 12 G. Pension compensation providing a gross additional income of 16 per cent will be paid for salary over 12 G. The retirement age for managers is 70. Managers are entitled to take early retirement in accordance with the prevailing AFP-agreement at any one time. Group management has a disability pension providing compensation of 66 per cent of salary between 12 G and 30 G.

Period of notice and severance pay
Senior and other executives have a notice period of six months. In specific cases and depending on the position, salary payments may continue for 6 to 12 months beyond the ordinary notice period. Severance pay is not included in the basis for calculation of holiday pay or pension benefits. If the employee should begin a new job while receiving such pay, severance payments will be reduced by 66 per cent of the lower of the monthly severance payments and the new monthly salary. If a manager takes up a new position before the end of the notice period, the reduction mechanism applies to the entire severance pay period. In accordance with section 15 of the Norwegian Working Environment Act, severance pay entitles the employer to terminate the employment relationship at any time without further justification on full payment of severance pay.

Car allowance
An operating subsidy for the use of a car can be awarded.

Benefits in kind
Benefits in kind mainly relate to expenses for broadband (home office), mobile phones and newspapers.

Holidays
Senior executives are entitled to holidays in line with the provisions of the Norwegian Annual Holidays Act and the Group's prevailing internal guidelines. Holiday pay is calculated based on basic salary. Additional benefits are not included in the calculation basis.

Note 7.2 Pensions

Hafslund is obligated to have pension schemes for its employees according to the Occupational Pensions Act. The Group's pension schemes, which include both defined benefit and defined contribution plans, satisfy the requirements of the law. As of 31 December 2023, 809 employees were covered by the Group's pension schemes, of which 96 in public defined benefit plans, 14 in private defined benefit plans and 699 employees in defined contribution plans. The defined benefit plans entitle employees to defined future benefits. These are essentially depending on the number of years of service and the salary level at retirement age. The pension schemes are organised in Hafslund Pension fund and insurance companies. In addition, some pensions are provided directly from the companies.

31 December

NOK million	2023	2022
CARRYING AMOUNT PENSION LIABILITIES		
Present value of accrued pension liabilities for funded defined benefit plans	2,101	2,051
Fair value of pension assets	-2,238	-2,188
Actual net pension liabilities for funded defined benefit plans	**-137**	**-137**
Present value of pension liabilities for unfunded plans	22	32
Net pension liabilities recognised (incl. Employer's National Insurance contributions)	**-115**	**-106**
Carrying amount net pension liabilities	-56	-78
Carrying amount net pension assets	172	184

NOK million	2023	2022
CHANGES IN DEFINED PENSION LIABILITIES DURING THE YEAR		
Pension liabilities at 1 January	**2,083**	**1,866**
Employer's National Insurance contribution	3	2
Present value of accrued pension entitlements for the year	20	17
Interest cost	59	31
Changes in estimates	78	-45
Pension liabilities on settlements and acquisitions	-7	305
Benefits paid	-113	-94
Pension liabilities at 31 December	**2,122**	**2,083**

NOK million	2023	2022
CHANGE IN FAIR VALUE OF PENSION ASSETS DURING THE YEAR		
Fair value of pension assets at 1 January	**2,188**	**2,025**
Interest income	63	33
Changes in estimates	-41	-93
Total contributions	136	84
Pension assets on settlements and acquisitions	-	231
Total payments from fund	-109	-91
Fair value of pension assets at 31 December	**2,238**	**2,188**

Note 7.2 Pensions
(cont.)

The following financial assumptions have been applied:	2023	2022
Discount rate	3.10%	2.90%
Yield	3.10%	2.90%
Annual salary increase	3.50%	3.75%
Adjustment of National Insurance Scheme's basic amount (G)	3.25%	3.50%
Adjustment of current pensions, public plan	2.80%	2.75%

Applied assumptions follow recommendations provided by the Norwegian Accounting Standards Board as of 31 December 2023.

Demographic assumptions used in the calculations are based on the IR73 disability rate converted to intensity method and K2013BE mortality table.

1 January - 31 December

NOK million	2023	2022
Accrued pension liabilities for the year	20	17
Net interest cost	-4	-2
Employer's National Insurance contribution	3	2
Pension costs	**19**	**17**
Pension costs defined contribution plans	**74**	**44**
Total pension costs	**93**	**61**

Sensitivities of pension liabilities to changes in the weighted financial assumptions are:

31 December

	Impact on gross pension liabilities		
Financial assumptions	**Change**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.5%	-6.6%	7.4%
Salary increase	0.5%	0.4%	-0.4%
Adjustment of National Insurance Scheme's basic amount (G)	0.5%	6.5%	-5.9%
Life expectancy	1 year	5.1%	-4.4%

Note 7.2 Pensions

(cont.)

Pension funds are invested in bonds, money market placements, shares and real estate. The bonds and money market instruments are issued by Norwegian and foreign states, municipalities, finance institutions and enterprises. Bonds in foreign currency are currency hedged to NOK. Equity investments include both Norwegian and foreign shares.

The real estate investments are in Norwegian commercial property. Any estimate deviation is distributed proportionally between the individual asset classes.

Pension assets comprise:

31 December

NOK million	2023		2022	
Equity instruments	904	40%	885	40%
Interest-bearing instruments	1,173	52%	1,113	51%
Property	161	7%	190	9%
Fair value of pension assets	**2,238**	**100%**	**2,188**	**100%**

In 2023, plan contributions were invested as follows:

NOK million	Level 1 Listed prices	Level 2 Observable prices	Level 3 Non-observable prices	Total
Equity instruments	-	904	-	904
Interest-bearing instruments	-	1,173	-	1,173
Property	-	-	161	161
Total	**-**	**2,077**	**161**	**2,238**

In 2022, plan contributions were invested as follows:

NOK million	Level 1 Listed prices	Level 2 Observable prices	Level 3 Non-observable prices	Total
Equity instruments	-	885	-	885
Interest-bearing instruments	-	1,113	-	1,113
Property	-	-	190	190
Total	-	1,998	190	2,188

Note 8.1 Consolidated companies

Key accounting policies

The consolidated financial statements include Hafslund AS and its subsidiaries. Subsidiaries are all companies over which the group exercises control.

Hafslund normally deems that it has control when the Group holds at least 50 per cent of the voting rights in a company.

On 19 May 2022, Hafslund AS took over 60 percent of the shares in Hafslund Oslo Celsio AS (formerly Fortum Oslo Varme AS) with the subsidiaries Hafslund Fiber AS and Hovinbyen Energy Hub AS.

31 December 2023

Subsidiaries directly owned by Hafslund AS	Registered office	Ownership interest	Voting rights
Hafslund Vekst AS	Oslo	100.0%	100.0%
Hafslund Eco Vannkraft AS	Oslo	56.5%	56.5%
Hafslund Produksjon Holding AS	Oslo	90.0%	90.0%
Oslo Lysverker AS	Oslo	100.0%	100.0%
Hafslund Oslo Celsio AS	Oslo	60.0%	60.0%

31 December 2023

Companies controlled by subsidiaries	Registered office	Ownership interest	Voting rights
Hafslund Invest AS	Oslo	65.0%	65.0%
Hafslund Handel AS	Oslo	100.0%	100.0%
Hafslund Eco Vannkraft Innlandet AS	Lillehammer	100.0%	100.0%
Hafslund Produksjon AS	Askim	100.0%	100.0%
Sarp Kraftstasjon AS	Askim	100.0%	100.0%
Mork Kraftverk AS	Oslo	67.0%	67.0%
Hallingfisk AS	Hol	68.5%	68.5%
Hafslund Fiber AS	Oslo	100.0%	100.0%
Hovinbyen Energy Hub AS	Oslo	51.0%	51.0%
Hafslund Vekst AB	Stockholm	100.0 %	100.0 %
Hafslund Hav Utsira AS	Oslo	100.0 %	100.0 %

Hafslund AS owns 56.5 per cent of the shares in Hafslund Eco Vannkraft AS. Eidsiva Energi AS owns the remaining 43.5 per cent. Through its 50 per cent ownership in Eidsiva Energi AS, the effective ownership share is 78.2 per cent. See also note 3.5 Equity-accounted investees for how ownership is reflected in the consolidated financial statements.

Note 8.2 Non-controlling interests

Key accounting policies

IFRS does not regulate how to treat instances where a parent company owns a subsidiary where a share of the subsidiary is owned through a company that is recognised using the equity method.

The Group has chosen to use the “look-through approach” – meaning that the share that is owned indirectly is included in the share of the parent company when calculating the non-controlling interests.

There is a non-controlling interest in Hafslund Eco Vannkraft AS amounting to 21.8 per cent (21.8 per cent) as of 31 December 2023, which is calculated as follows using the “look-through approach”:

Non-controlling interests (NCI) using the "look-through approach"	**Shareholding**
The Group's direct shareholding	56.5 %
The Group's shareholding through 50 % shareholding in Eidsiva Energi	21.8 %
The Group's shareholding, "look-through approach"	78.2 %
Total shareholdings	100.0 %
Non-controlling interests, "look-through approach"	**21.8 %**

The table below presents an overview of information related to the Groups’ subsidiaries where there are substantial non-controlling interests, before Group eliminations. Hafslund Eco Vannkraft, Hafslund Produksjon and Hafslund Oslo Celsio are subgroups of Hafslund Group and the disclosed amounts are for each subgroup.

31 December

NOK million	**Hafslund Eco Vannkraft**	**Hafslund Produksjon Holding**	**Hafslund Oslo Celsio**	**Other**	**Group**
2023					
NCI percentage	**21.8 %**	**10.0 %**	**40.0 %**		
Non-current assets	34,568	10,738	21,626		
Current assets	9,910	2,199	876		
Non-current liabilities	-23,719	-3,241	-5,276		
Current liabilities	-8,403	-1,456	-1,115		
Net assets	**12,356**	**8,239**	**16,111**		
Net assets attributable to NCI	**2,696**	**882**	**6,491**	**-126**	**9,943**
Revenue	12,116	2,380	2,738		
Profit	3,920	681	-99		
OCI	1,480	-	16		
Total comprehensive income	**5,400**	**681**	**-82**		
Profit allocated to NCI	**853**	**71**	**-37**	**-6**	**880**
OCI allocated to NCI	**322**	**-**	**6**	**-1**	**328**

Note 8.2 Non-controlling interests
(cont.)

31 December

NOK million	Hafslund Eco Vannkraft	Hafslund Produksjon Holding	Hafslund Oslo Celsio	Other	Group
2022					
NCI percentage	**21.8 %**	**10.0 %**	**40.0 %**		
Non-current assets	35,278	10,833	21,677		
Current assets	16,058	5,083	1,280		
Non-current liabilities	-28,273	-3,251	-5,575		
Current liabilities	-14,458	-3,562	-1,203		
Net assets	**8,605**	**9,103**	**16,179**		
Net assets attributable to NCI	**1,882**	**965**	**6,603**	**-136**	**9,314**
Revenue	18,439	5,011	1,707		
Profit	2,442	1,108	13		
OCI	-528	-	-		
Total comprehensive income	**1,915**	**1,108**	**13**		
Profit allocated to NCI	**561**	**155**	**5**	**-14**	**708**
OCI allocated to NCI	**-115**	**-**	**-**	**-**	**-115**

Note 9.1 Related party transactions

All subsidiaries, associates and joint arrangements as specified in the notes 8.1 Consolidated companies, 3.5 Equity-accounted investees and 3.6 Joint operations are deemed to be related parties of the Group. The Group's management and Board are also defined as related parties, as specified in note 7.1 Remuneration to senior executives and Board members. Transactions with subsidiaries are eliminated in the consolidated financial statements and are not disclosed in this note.

The City of Oslo owns 100 per cent of Hafslund AS.

Subordinated loan from CCS Finansiering AS

Hafslund AS has three subordinated loans from CCS Finansiering AS, a company 100% owned by the City of Oslo. The loans were transferred from the City of Oslo to CCS Finansiering AS on 15 December 2022. All the loans are interest-only loans and have a clause stating that if the annual result for the group shows a deficit after charged interest, the interest must be reduced by either the deficit or to zero. The reduction is final and the interest amount shall not be paid at a later date.

The first loan had an outstanding balance as of 31 December 2023 of NOK 2,347 million (NOK 2,347 million). Accrued interest on the loan was NOK 157 million (NOK 135 million) as of 31 December 2023. The loan had an interest rate of 6.7 per cent and matures on 31 December 2037.

The second loan had an outstanding balance as of 31 December 2023 of NOK 1,000 million (NOK 1,000 million). Accrued interest on the loan was NOK 55 million (NOK 45 million) as of 31 December 2023. The loan had an interest rate of 5.5 per cent and matures on 31 December 2041.

The third loan had an outstanding balance as of 31 December 2023 of NOK 2,075 million (NOK 2,075 million) and was established in 2022 in connection with the transaction in Hafslund Oslo Celsio. Accrued interest on the loan was NOK 123 million (NOK 64 million) as of 31 December 2023. The loan had an interest rate of 5,9 per cent and matures on 19 May 2042. In this loan, the debtor can make a claim for the payment of an extraordinary instalment that corresponds to any payment obligation the City of Oslo or CCS Finansiering AS receives in connection with the external financing of the CCS project.

CCS Finansiering AS' preferred shares

As of 31 December 2023, CCS Finansiering AS has invested NOK 189,7 million (NOK 189,7 million) as preference capital in Hafslund Oslo Celsio AS. The preference shares are entitled to a share of any excess return in the CCS project up to 2051, but do not confer voting rights, the right to ordinary dividends or other financial benefits.

CCS Finansiering AS will inject preference capital in line with the capital requirement in the CCS project, up to a maximum of NOK 2.1 billion. No capital were injected during 2023.

The Group has classified the preference shares as debt for accounting purposes and will classify future deposits of preference capital accordingly (see further discussion in Note 4.1 Other liabilities).

Subordinated loan from Eidsiva Energi AS

Hafslund Eco Vannkraft Innlandet AS had a subordinated loan that was paid back to the 50 per cent owned joint venture Eidsiva Energi AS in full on 14 April 2023, in an extraordinary instalment of NOK 1,917 million. The loan had an interest rate of 5.7 per cent, no instalments and matures on 31 December 2039.

Note 9.1 Related party transactions

(cont.)

Receivable on Fredrikstad Energi AS

The Group has a long-term receivable from the associate Fredrikstad Energi AS, with a principal amount of NOK 49 million (NOK 49 million), in the form of a bond listed on the Nordic ABM. The loan matures on 19 December 2114. Fredrikstad Energi AS can redeem the loan for the first time on 29 December 2025 (call date), and then every 5 years until maturity.

The interest rate is 7 per cent until the call date in 2025 and thereafter 1-year NOK swap rate plus a margin of 3.5 per cent. As of 10 years after the call date in 2025, the margin is increased to 4.5 per cent. The loan has a condition of so-called bypassed coupon payment if the interest coverage ratio falls below 2.5 per cent. For 2022 no interest was paid.

Receivable on Stenkalles Holding AS

At the same time that Hafslund Vekst AS entered into an agreement to purchased 50 per cent of the shares in Stenkalles Holding AS in September 2022, Hafslund Vekst AS also acquired 50 per cent of a credit facility loan to Stenkalles Holding AS. The outstanding loan amount as of 31 December 2023 is NOK 101 million (NOK 55 million). Accrued interest on the loan is NOK 5 million (NOK 1 million) per 31 December 2023. The loan has an interest rate of 8.0 per cent, and matures on 19 September 2027. Hafslund has made provisions of NOK 84 million in losses on outstanding loan amounts at the end of 2023. See note 3.3 Impairment testing for more information.

Receivable on Elaway AS

A short-term loan of NOK 60 million was granted by Hafslund Invest AS to Elaway AS in 2023 in expectation of a share issue. The loan had an interest rate of 3 months Nibor + 3.0 per cent, and the latest maturity was 31 December 2023. The loan, including interest of a total of NOK 2 million, was paid back in full on 24 August 2023.

Note 9.2 Contingencies

Hafslund Energy Trading

Hafslund Energy Trading LLC (“HET”), which is owned by Hafslund Produksjon Holding, performed power trading activities in California (USA) between 1999 and 2001. During this period, a power crisis occurred, and since 2001 HET and the public authorities in California (“California Parties”) have been in dispute, with the latter claiming that HET must repay capital. The Group's assessment is that there is a low probability that the Norwegian parent company will be held liable, and has consequently not recognised a provision in the financial statements.

Note 9.3 Events after the reporting period

The financial statements are considered authorised for issue once they have been approved by the Board of Directors. After this point, the General Meeting and regulatory authorities may refuse to approve the financial statements but may not change them. Events that take place before the financial statements are authorised for issue and related to matters that were known at the end of the reporting period, will be included in the information basis for determining accounting estimates and therefore be fully reflected in the financial statements. Events relating to matters that were not known at the end of the reporting period are disclosed if they are material.

Skygard is a partnership between Hafslund (31.7 per cent), Telenor (31.7 per cent), HitecVision (31.7 per cent), and Analysys Mason Nordic (5 per cent). During the first quarter of 2024, the parties made a positive investment decision for the construction of a data centre in Hovinbyen, Oslo. The total investment is estimated at NOK 2.4 billion, and the first data centre is expected to be completed in 2025.

In February 2024, CCS Finansiering AS contributed NOK 114 million as preference capital to Hafslund Oslo Celsio. In terms of accounting, the capital contribution is presented as a liability in the consolidated financial statements, see note 4.1 Other liabilities.

At the time of the authorisation of the financial statements, there were no known material events after the reporting period that were expected to have an impact on the Group's income statement for 2023 or its statement of financial position as of 31 December 2023.

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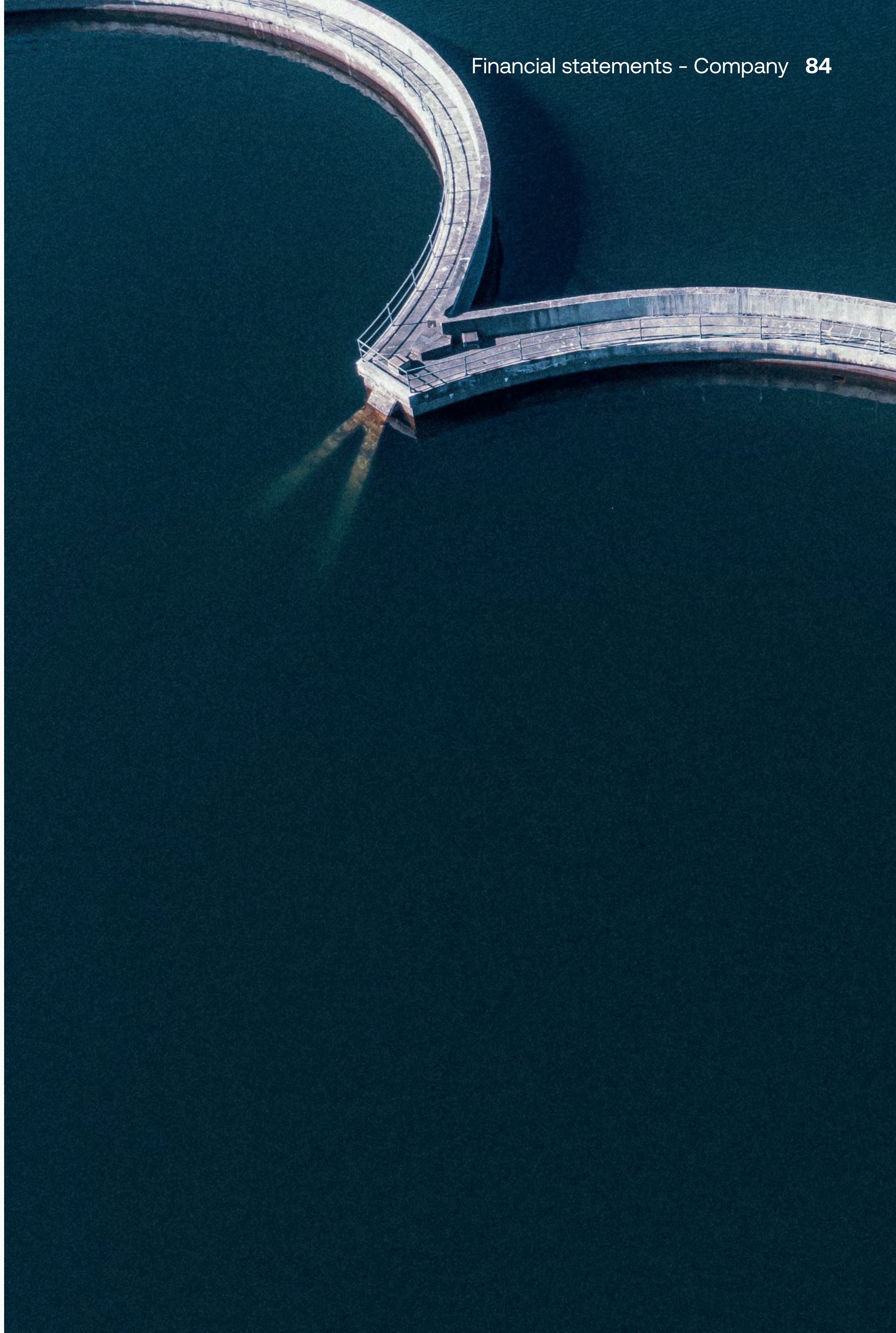


Income Statement 1 January - 31 December

NOK million	Note	2023	2022
Other operating revenue		96	34
Revenues and other income		**96**	**34**
Salary and other personnel expenses	4	-106	-52
Other operating costs	5	-86	-83
Profit/loss from equity-accounted investees	6	-13	16
Depreciation and amortisation		-4	-4
Operating profit		**-115**	**-89**
Interest income	7	1,742	1,072
Interest expenses	7	-1,540	-872
Dividend from subsidiaries	7	2,085	2,320
Other financial income	7	573	120
Other financial costs	7	-116	-551
Net financial items	7	**2,743**	**2,089**
Profit before tax		**2,628**	**1,999**
Income taxes	8	134	-73
Profit after tax		**2,495**	**2,072**

Balance sheet 31 December

NOK million	Note	2023	2022
ASSETS			
Deferred tax assets	8	3	123
Intangible assets and goodwill		22	22
Property, plant and equipment		166	167
Equity-accounted investees	6	33	47
Other non-current assets	9, 10, 11, 12	23,247	25,801
Shares in subsidiaries	13	30,274	30,121
Non-current assets		**53,746**	**56,280**
Trade receivables		6	2
Other non-interest bearing current receivables	14	1	1
Current receivables from group companies	10	1,656	2,487
Cash and cash equivalents	15	8,435	12,912
Current assets		**10,098**	**15,402**
Assets		**63,844**	**71,682**

NOK million	Note	2023	2022
EQUITY AND LIABILITIES			
Paid in capital	16	23,594	23,594
Other equity	16	10,328	11,034
Equity	**16**	**33,922**	**34,628**
Non-current interest-bearing debt	17	16,201	16,312
Pension liabilities	11	17	15
Non-current liabilities		**16,217**	**16,327**
Current interest-bearing debt	17	1,643	2,509
Trade payables		7	8
Other current non-interest-bearing debt	18	3,099	1,905
Current liabilities to group companies	10	8,918	16,273
Futures settlement	12	12	-
Current financial derivatives	10, 12	26	33
Current liabilities		**13,706**	**20,727**
Equity and liabilities		**63,844**	**71,682**

Cash flow statement 1 January - 31 December

NOK million	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2,628**	**1,999**
Adjustments from:			
Depreciations, amortisations and impairments		4	4
Profit/loss from equity-accounted investees	6	13	-16
Changes in trade receivables and other non-interest-bearing receivables	10, 14	-58	1
Changes in trade payables and other non-interest-bearing liabilities	10, 18	45	-127
Net financial items	7	-2,743	-2,089
Other non-cash income and expenses		-44	1
Cash flows from operating activities		**-154**	**-226**
Taxes paid	8	-	-
Net cash flows from operating activities		**-154**	**-226**

NOK million	Note	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment		-3	-1
Cash paid for shares in new subsidiaries	13	-	-1,643
Other investments		-	-401
Dividend received from subsidiaries		2,473	2,370
Payment of loan to subsidiaries	9	-	-900
Loan repayments received from subsidiaries	9	2,562	-
Interest received from subsidiaries		1,412	862
Interest received		424	93
Settlement of power hedging from subsidiaries		829	-853
Other investment activities		9	-
Cash flows from investing activities		**7,706**	**-473**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds	17	1,530	3,380
Loan repayments	17	-2,820	-2,550
Effects from currency swaps on loan repayments		310	-
Changes in cash pool arrangement	10	-7,516	8,659
Dividends paid	18, 20	-2,100	-1,750
Interest paid		-1,461	-714
Other financing activities		-1	-14
Cash flows from financing activities		**-12,058**	**7,011**
Changes in cash and cash equivalents		**-4,505**	**6,312**
Cash and cash equivalents at 1 January	15	12,912	6,635
Currency exchange rate effects on cash and cash equivalents		29	-35
Cash and cash equivalents at end of period	15	**8,435**	**12,912**

Oslo, 22 March 2024

The Board of Directors of Hafslund AS

Jarle Roth
(Chair of the board)

Bjørn Erik Næss

Maria Tallaksen

Mari Thjømøe

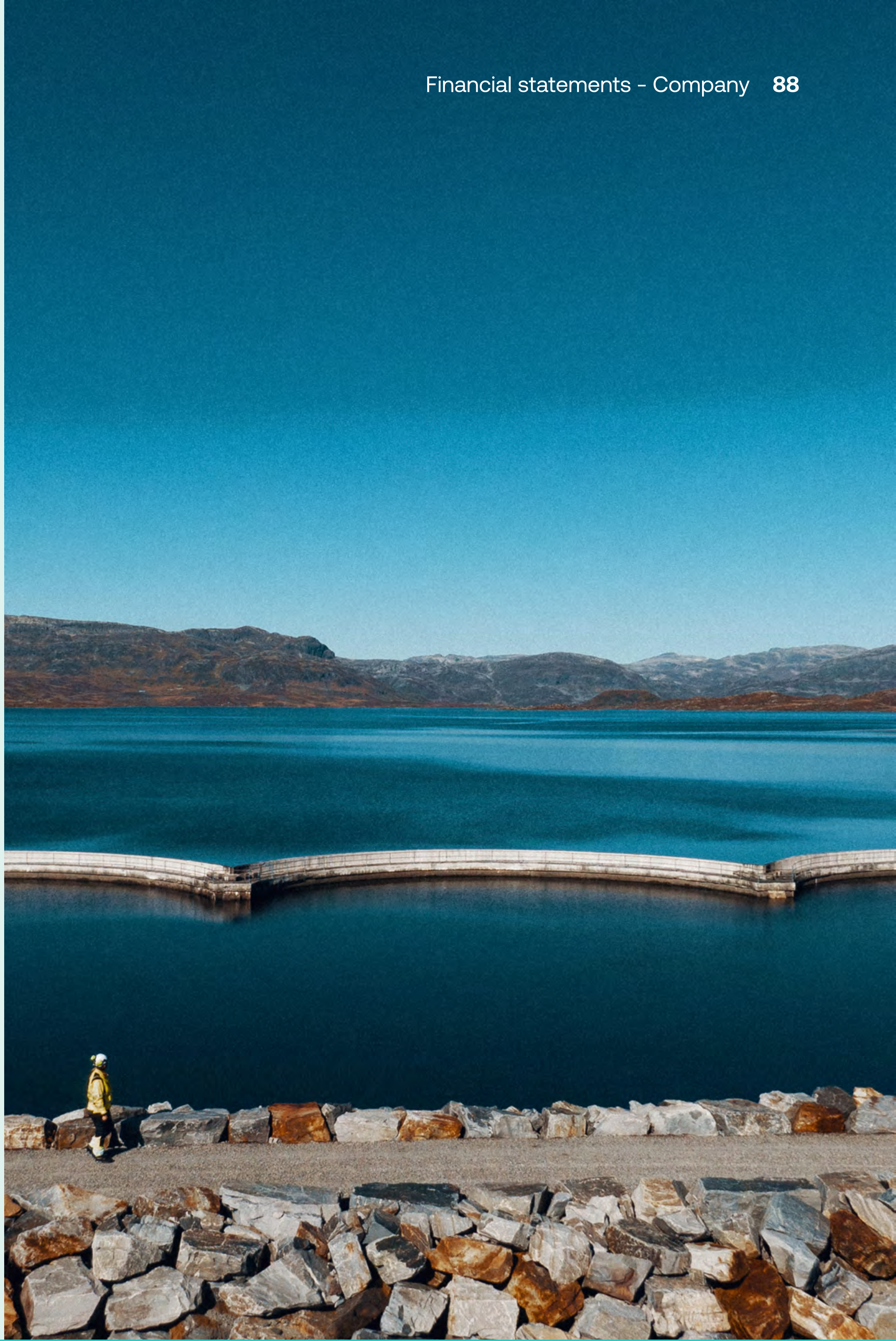
Bård Vegar Solhjell

Håkon Rustad

Hilde Veum-Wahlberg

Halvor Kr. Halvorsen

Finn Bjørn Ruyter
(CEO)



Note 1 Accounting policies

The financial statements of Hafslund AS have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway (NGAAP) for large enterprises. The company's head office is in Oslo.

Revenue recognition

Hafslund's operating revenues consist mainly of services provided to Group companies and are recognised as revenue when the service is delivered. Interest income consists of interest revenues from group companies and interest from cash on bank accounts and is recognised as income when it is earned. Dividends that are declared in the subsidiaries are recognised as revenue in the same year as the dividend is declared given that it is earned in the ownership period.

Classification

Assets intended for permanent ownership or use are classified as non-current assets. Receivables that are repaid within one year, as well as assets that are not intended for permanent ownership or use for the business, are classified as current assets. Debt maturing later than one year after the end of the financial year is classified as long-term debt. Other debt is classified as current liabilities.

Measurement principles

Trade and other receivables
Trade and other receivables are measured at nominal value less provisions for expected losses. Provisions for losses are made based on an individual assessment of the individual receivables. The majority of the company's trade receivable are receivables from companies in the same group.

Investments in subsidiaries

Investments in subsidiaries are measured in accordance with the cost method. Investments in subsidiaries are written down to fair value when impairment is due to reasons that cannot be assumed to be temporary, and it must be considered necessary in accordance with generally accepted accounting practice. Impairment losses are reversed when the basis for impairment is no longer present. Dividends received and other profit distributions from subsidiaries are recognised as financial income.

Investments in equity-accounted investees

Investments in equity-accounted investees are measured in accordance with the equity method. Dividends received are recognised in the balance sheet against the equity-accounted investees' balance.

Pensions

See consolidated financial statements note 7.2 Pensions. Hafslund AS has applied NRS 6A, which refers to IAS 19, regarding the accounting treatment of pension costs.

Income taxes

The tax expense is based on the profit or loss before tax. The tax expense comprises taxes payable and changes in deferred tax liabilities/ deferred tax assets. Taxes payable is calculated based on the taxable profit for the year. Deferred tax recognised in the balance sheet is calculated in accordance with the offset method, with full provision for net tax-increasing temporary differences based on tax rates and nominal amounts at the balance sheet date. Deferred tax assets relating to net tax-reducing temporary differences and tax losses carried forward are recognised based on an assessment of the probability of there being sufficient future earnings or ability to utilise tax positions that can be offset through Group contributions.

Note 1 Accounting Polices
(cont.)

Interest-bearing liabilities

Interest-bearing liabilities are measured at amortised cost using the effective interest method.

For all loans denominated in foreign currency, the principal payments and fixed interest in foreign currency have been swapped in a 1:1 ratio into principal payments in Norwegian kroner (NOK) and floating interest payments in Norwegian kroner by entering into combined interest rate and currency swap agreements. The hedging instruments have the same duration and maturity as the loans and there is an economic relationship between the hedging instruments and the hedged items. The hedges are accounted for as fair value hedges under NRS 18.20 (alternative 2B), and the book value of loans in the balance sheet show the principal in Norwegian kroner. Similarly, both interest costs and accrued interest reflect the floating interest rate the company pays in Norwegian kroner.

Furthermore, terms on bond loans in Norwegian kroner have been swapped from fixed to floating interest rates using interest rate swaps. These hedges are also treated as fair value hedges in accordance with NRS 18.20 (alternative 2B). The hedging instruments have the same duration and maturity as the loans and there is an economic relationship between the hedged items and the hedging instruments. Both interest costs and accrued interest reflect the floating interest rate the company pays in Norwegian kroner.

The derivatives are not recognised in the balance sheet. Unrealised loss/gain on the derivatives offset the gain/loss from the hedged risk.

The consideration of hedge accounting could potentially be affected by the uncertainty of a possible change from NIBOR to a reformed NOWA rate. The company has for the time being continued hedge accounting despite this uncertainty, cf. the statement from the Norwegian Accounting Foundation of 31 January 2020 “Accounting effect of the IBOR reform”.

Impairment testing

Property, plant and equipment, equity-accounted investees and investments in subsidiaries are monitored on an ongoing basis for indications of impairment. Reference is made to note 3.3 Impairment testing in the consolidated financial statements.

Basis of preparation of statement of cash flows

The cash flow statement has been prepared in accordance with the indirect method. This means that the starting point of the statement is the Company’s profit before tax in order to be able to present cash flows from ordinary operating activities, investing activities and financing activities, respectively.

Note 2 Climate Risk

Reference is made to note 1.3 Climate risk in 2023 in the consolidated financial statements.

Note 3 Transactions and events in 2023

Reference is made to note 1.6 Transactions and events in 2023 in the consolidated financial statements.

Note 4 Salaries and other personnel costs

1 January - 31 December

NOK million	2023	2022
SALARIES AND OTHER PERSONNEL COSTS		
Wages and salaries	74	39
Employers' national insurance contributions	12	6
Pension costs	9	3
Other personnel costs	11	4
Salaries and other personnel costs	**106**	**52**
Average number of FTEs (Full-time equivalents)	50	29

For remuneration to senior executives, please see note 7.1 Remuneration to senior executives and Board members in Hafslund's consolidated financial statements for 2023.

Note 5 Other operating costs

1 January - 31 December

NOK million	Note	2023	2022
OTHER OPERATING COSTS			
Maintenance		12	13
Purchase of external services		33	21
Office expenses		4	4
Sales and marketing expenses		6	2
Insurance		2	2
Other items		11	4
Other items - Group Companies	10	19	38
Other operating costs		**86**	**83**

NOK thousand	2023	2022
AUDITOR'S FEES SPECIFICATION		
Mandatory audit	1,036	990
Other assurance services	89	123
Tax consultancy services	-	84
Other non-audit fees	70	-
Total auditor's fees	**1,195**	**1,197**

Value-added tax is not included in the specified audit fee.

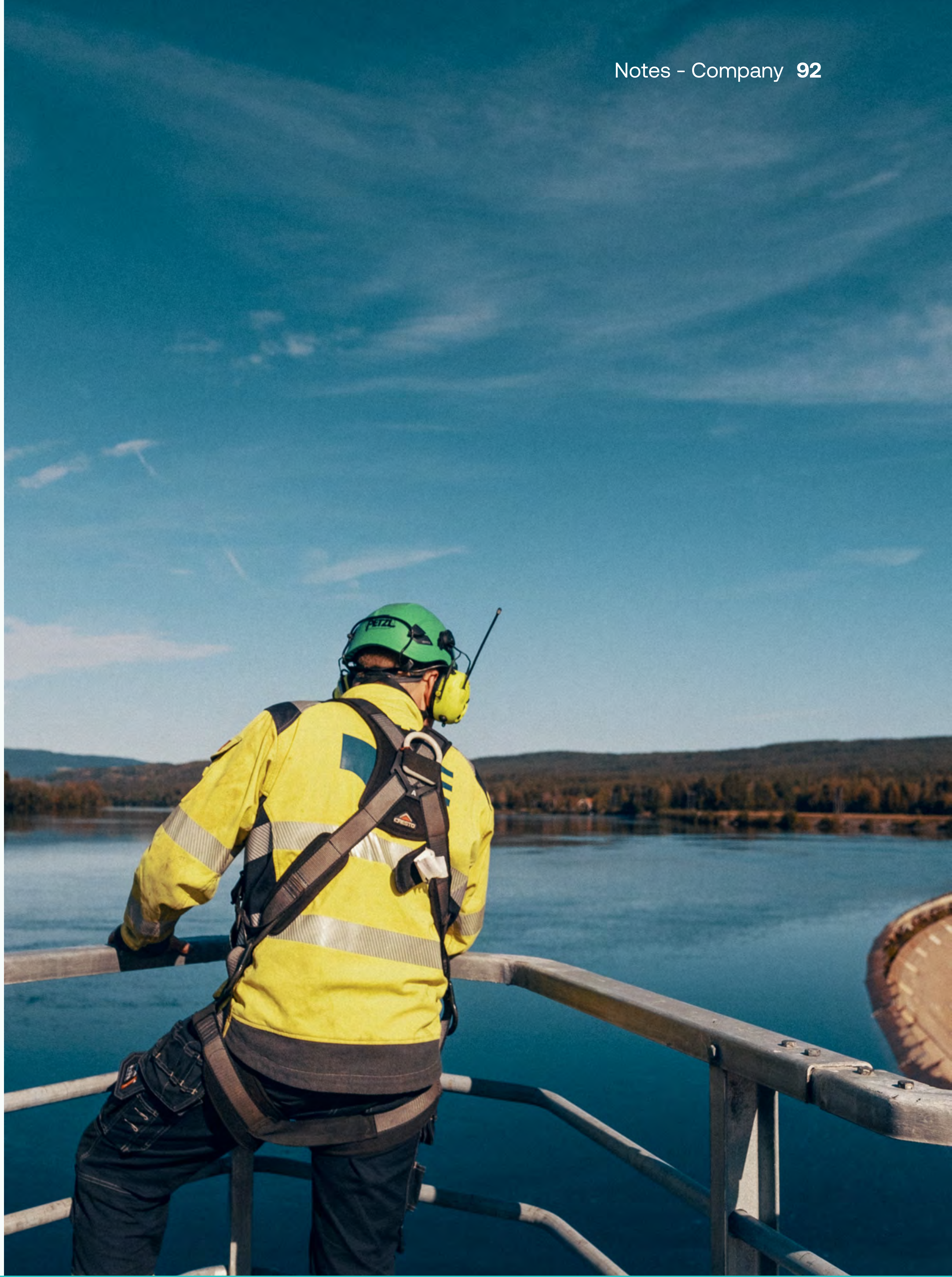
Note 6 Equity-accounted investees

31 December 2023

Company name	Acquisition date	Registered office	Share-holding	Voting rights
NGK Utbygging	2014	Oslo	25.0%	25.0%
NorthConnect AS	2010	Kristiansand	22.3%	22.3%
NorthConnect KS	2011	Kristiansand	20.0%	20.0%
NorthConnect Ltd	2019	Edinburgh	22.3%	22.3%

NOK million	NGK Utbygging AS	Total
2023		
BALANCE AT 1 JANUARY	**47**	**47**
Share of profit after tax	-13	-13
Balance at 31 December	**33**	**33**

NOK million	NGK Utbygging AS	Total
2022		
BALANCE AT 1 JANUARY	**30**	**30**
Share of profit after tax	17	17
Adjusted previous year's profit/loss	-1	-1
Balance at 31 December	**47**	**47**



Note 7 Financial items

1 January - 31 December

NOK million	2023	2022
INTEREST INCOME		
Interest income	424	93
Interest income from Group companies	1,317	978
Interest income	**1,742**	**1,072**
Interest expense		
Interest expense	-870	-664
Interest expense to Group Companies	-670	-208
Interest expense	**-1,540**	**-872**
OTHER FINANCIAL INCOME/ EXPENSES		
Dividends from subsidiaries	2,085	2,320
Other financial income	537	10
Other financial cost	-93	-513
Exchange differences	36	-37
Gain on sale of shares	-	110
Loss on sale of shares	-23	-
Other financial income/expenses	**2,541**	**1,889**
Net financial items	**2,743**	**2,089**

Of the company's interest expenses, NOK 335 million (NOK 244 million) represents interests on subordinated loans from the City of Oslo and CCS Finansiering. Reference is also made to Note 17 Interest-bearing debt.

Dividend recognised as income from subsidiaries in 2023 consists of a dividend of NOK 1 294 million from Hafslund Eco Vannkraft AS, 641 million from Hafslund Produksjon Holding AS and 150 million from Hafslund Vekst AS.

In 2022, the company recognised a gain of NOK 110 million from the sale of shares in Hafslund Eco Vannkraft AS in connection with the Stange transaction. Reference is made to Note 1.6 Transactions and events in 2022 in the consolidated financial statements for 2022 for further information relating to the transaction.

Other financial income/expenses are mainly unrealised changes in value and realised losses from a power and currency hedging agreement entered by the company with subsidiary Hafslund Eco Vannkraft AS. See also Note 12 Derivatives for more information.

Note 8 Income taxes

1 January - 31 December

NOK million	2023	2022
TAX EXPENSE		
Income tax payable	14	-
Deferred tax on actuarial gain/loss against equity	-	-1
Change in deferred tax liability/(asset)	120	-72
Tax expense for the year	**134**	**-73**

NOK million	2023	2022
RECONCILIATION OF TAX RATE		
Profit before tax	**2,628**	**1,999**
22 % (22 %) of profit before tax	578	440
22 % (22 %) of permanent differences	-435	-514
22 % (22 %) actuarial gains and losses	-	-1
Effect of recognised dividend accrued	-	2
Other	-9	-
Tax expense for the year	**134**	**-73**

NOK million	2023	2022
DEFERRED TAX		
GENERAL INCOME TAX		
Financial Instruments	-24	-305
Property, plant and equipment	124	103
Other	-13	42
Receivables	-90	-90
Pensions	-9	-5
Tax loss carrying forward	-	-303
Total	**-13**	**-560**
Tax rate	22%	22%
Deferred tax liability (asset)	**-3**	**-123**

Note 9 Other non-current receivables

31 December

NOK million	2023	2022
OTHER NON-CURRENT RECEIVABLES		
Non-current interest bearing loans to Group Companies	23,121	25,683
Other non-current non-interest- bearing receivables	119	116
Pension assets	7	3
Other non-current receivables	**23,247**	**25,801**

At the end of 2023, long-term interest-bearing loans to group companies consist of loans to Hafslund Vekst AS, Hafslund Eco Vannkraft AS and Hafslund Oslo Celsio AS.

The loans to Hafslund Vekst AS are a total of NOK 6,006 million, of which NOK 3,135 million is a subordinated loan. The loans to Hafslund Vekst mature in 2041.

As of 31 December 2022, Hafslund AS had a subordinated loan of NOK 2,562 million to the subsidiary Hafslund Eco Vannkraft AS. On 16 March 2023, the parties agreed to make an extraordinary repayment of the subordinated loan in full on 14 April 2023. The loans to Hafslund Eco Vannkraft AS are a total of NOK 14,215 million and mature in 2029.

The loans to Hafslund Oslo Celsio AS are a total of NOK 2,900 million, of which NOK 2,400 is an ordinary loan which matures in 2047. NOK 500 million represents a drawdown on a loan facility which was established in connection with the Hafslund Oslo Celsio transaction in May 2022. The loan facility has a limit of NOK 10,000 million, will be used to partially finance designated investments in Hafslund Oslo Celsio AS and has a term to maturity until 2052 with the possibility of extension. Interest on the loan facility can, under certain conditions, be added to the principal instead of being paid in cash.

Note 10 Intercompany

31. desember

NOK million	2023	2022
SHORT-TERM RECEIVABLES FROM GROUP COMPANIES		
Receivables from group companies	98	10
Other current receivables from group companies	-	492
Dividend from group companies	1,250	1,638
Receivables in cashpool-agreement for group	56	-
Accrued interest	252	346
Total current receivables from group companies	**1,656**	**2,487**

NOK million	2023	2022
LONG-TERM RECEIVABLES TO GROUP COMPANIES		
Loan to group companies	23,121	25,683
Long-term derivatives	1	-
Total long-term receivables to group companies	**23,122**	**25,683**

NOK million	2023	2022
SHORT-TERM DEBT WITH GROUP COMPANIES		
Trade payables to group companies	38	1
Other liabilities to group companies	33	-
Group contribution	61	-
Debt in cashpool-agreement for group	8,812	16,272
Total current liabilities to group companies	**8,944**	**16,273**

Other short-term non-interest-bearing receivables consist mainly of dividends from subsidiaries. In 2023 Hafslund AS has receivables related to dividends of NOK 460 million from Hafslund Eco Vannkraft AS, NOK 641 from Hafslund Produksjon Holding AS and NOK 150 million from Hafslund Vekst AS.

1. januar - 31. desember

NOK million	2023	2022
INTERCOMPANY-TRANSACTIONS		
Operating income from group companies	84	24
Operating costs to group companies	-19	-38
Total operating income from group companies	**65**	**-13**
Other financial cost	-53	-
Interest income from group companies	1,317	978
Interest income to group companies	-670	-208
Net financial income from group companies	**647**	**770**

In 2023 Hafslund invoiced NOK 84 million to its subsidiaries (NOK 24 million). Subsidiary has also invoiced Hafslund AS where the largest amount is related to Hafslund Eco Vannkraft AS, which has invoiced an amount of 16 million Norwegian kroner to the parent company (35 million Norwegian kroner).

Note 11 Pensions

Hafslund AS is obligated to have pension schemes for its employees according to the Occupational Pensions Act. The Company's pension schemes, which include both defined benefit and defined contribution plans, satisfy the requirements of the law.

A total of 10 employees and 73 retirees are per 31 December 2023 covered by the defined benefit pension scheme. The defined benefit plan entitles employees to defined future benefits. These are essentially depending on the number of years of service and the salary level at retirement age.

For employees employed after 1 January 2009 a defined contribution plan has been established. The arrangement gives similar rights as the defined benefit plan regarding disablement- and survivor pension. The contribution rates are 6 percent for salaries up to 7.1 G and 18 percent for salaries between 7.1 G and 12 G. An additional contribution is given for salaries above 12 G.

With effect from 1 October 2022, a business transfer was carried out from Hafslund Eco Vannkraft AS to Hafslund AS. In connection with this, a pension obligation of NOK 8.5 million was transferred to Hafslund AS in return for cash consideration.

The Company's net pension liabilities as of 31 December 2023 were NOK 9 million (NOK 12 million).

The Company's pension cost in 2023 was NOK 9 million (NOK 3 million).

The assumptions follow recommendations provided by Norwegian Accounting Standards Board per 31 December 2023. Reference is made to note 7.2 Pensions in the consolidated financial statements.

1 January - 31 December

NOK million	2023	2022
DEFINED BENEFIT PLANS:		
Present value of accrued pension entitlements for the year	1	-
Interest cost	3	1
Return on pension assets	-2	-1
Employer's National Insurance contribution	-	-
Pension costs	**2**	**1**
DEFINED CONTRIBUTION PLANS:		
Employer's contribution	7	3
Pension costs defined contribution plans	**9**	**3**

Note 11 Pensions *(cont.)*

31 December

NOK million	2023	2022
PENSION ASSETS AND LIABILITIES:		
Present value of accrued pension liabilities for funded defined benefit plans	93	90
Fair value of pension assets	-84	-78
Net pension liabilities for funded defined benefit plans	**9**	**12**
Carrying amount net pension assets	7	3
Carrying amount net pension liabilities	17	15

NOK million	2023	2022
PENSION LIABILITIES AT 1 JANUARY:	**12**	**9**
Transfer of assets from Hafslund Eco Vannkraft AS	-	8
Pension cost	2	1
Benefits paid	-6	-2
Actuarial loss (gain) adjusted through equity	2	-4
Net pension liabilities/assets	**9**	**12**

	2023	2022
ASSUMPTIONS		
Discount rate	3.10%	2.90%
Expected yield	3.10%	2.90%
Salary increase	3.50%	3.75%
Adjustment of National Isurance Scheme's basic amount (G)	3.25%	3.50%
Expected annual adjustment of pensions paid	2.80%	2.75%

Note 12 Power derivatives

31 December

NOK million	2023	2022
Fair value of power derivatives	-13	-307
Booked value of power derivatives in the balance sheet [1]	-24	-33
Booked futures settlements that are not offset in the balance sheet	-12	-
Realised gain/loss on power derivatives	138	-398
Unrealised value changes power derivatives	280	-22

[1] The booked value of power derivatives in the balance sheet in 2023 of NOK -24 million consists of short-term derivatives (liabilities) and long-term derivatives (asset), where the split is NOK -25.6 million and NOK 1.2 million.

Hafslund AS has, through its subsidiary Hafslund Eco Vannkraft AS, entered into financial derivatives contracts consisting of hedging the power price in euro against the Nordic system price and EPADs and in 2023 there is also an internal derivative towards Hafslund Eco Vannkraft AS. The internal derivatives are nominated in NOK, while other derivatives are nominated in euro. Additionally, forward exchange contracts have been sold to exchange settlements from hedging in euros to Norwegian kroner through Q3 2023. Realised value of the forward exchange contracts are NOK 3.6 million in 2023. The derivatives are recognised at the lowest value principle as of 2023, and effects in the income statement are presented as Other financial income/expenses.

Note 13 Shares in subsidiaries

31 December

NOK million	Registered office	Shareholding/ voting rights	Carrying amount
2023			
Shares in Hafslund Vekst AS	Oslo	100.0%	7,520
Shares in Hafslund Eco Vannkraft AS	Oslo	56.5%	5,784
Shares in Hafslund Produksjon Holding AS	Oslo	90.0%	7,148
Shares in Oslo Lysverker AS	Oslo	100.0%	245
Shares in Hafslund Oslo Celsio AS	Oslo	60.0%	9,578
Shares in subsidiaries			**30,274**

31 December

NOK million	Registered office	Shareholding/ voting rights	Carrying amount
2022			
Shares in Hafslund Vekst AS	Oslo	100.0%	7,265
Shares in Hafslund Eco Vannkraft AS	Oslo	57.2%	5,784
Shares in Hafslund Produksjon Holding AS	Oslo	90.0%	7,148
Shares in Oslo Lysverker AS	Oslo	100.0%	245
Shares in Hafslund Ny Energi AS	Oslo	65.0%	107
Shares in Hafslund Oslo Celsio AS	Oslo	60.0%	9,572
Shares in subsidiaries			**30,121**

Hafslund AS became the majority owner with 60 per cent of the shares in Hafslund Oslo Celsio AS (formerly Fortum Oslo Varme AS) from 19 May 2022. For further information related to the transactions, please refer to note 1.5 Transactions and events in 2022 in the consolidated financial statements.

In 2022 dividend of NOK 150 million has been allocated from the subsidiary Hafslund Oslo Celsio, which has been recorded directly against the cost price of the investment.

Note 14 Other non-interest-bearing current receivables

31 December

NOK million	2023	2022
OTHER NON-INTEREST-BEARING CURRENT RECEIVABLES		
Value added tax	1	1
Other non-interest-bearing current receivables	**1**	**1**

Note 15 Cash and cash equivalents

The Company is part of a corporate cash pooling system with Nordea, DNB and SEB, respectively. A corporate cash pooling system entails joint and several liability among the participating companies. Hafslund AS is the only direct balance with the bank, while the respective subsidiaries' accounts are classified as intercompany balances with Hafslund AS. Deposits in the group account scheme that Hafslund AS has directly to the bank are presented in the line Bank deposits in the balance sheet. Deposits into and withdrawals from the respective subsidiaries' accounts are treated as intercompany balances with Hafslund AS. Please refer to Note 10 Intercompany for more information on balances related to the cash pool arrangement.

Reference is also made to note 5.11 Cash and cash equivalents in the consolidated financial statements.

Note 16 Equity

NOK million	Share Capital	Share premium	Other equity	Total equity
Equity at 31 December 2021	**100**	**15,415**	**10,459**	**25,974**
Actuarial gains and losses	-	-	3	3
Profit for the year	-	-	2,072	2,072
Capital decrease Oslo Energi Holding	10	8,069	-	8,079
Dividend 2022	-	-	-1,500	-1,500
Equity at 31 December 2022	**110**	**23,484**	**11,034**	**34,628**
Actuarial gains and losses	-	-	-2	-2
Profit for the year	-	-	2,495	2,495
Dividend 2023	-	-	-2,600	-2,600
Extra dividend	-	-	-600	-600
Equity at 31 December 2023	**110**	**23,484**	**10,327**	**33,922**

The total number of shares is 100,000 and the nominal value of the shares is NOK 1,100 per share. City of Oslo owns all the shares.

Note 17 Interest-bearing debt

As shown in the table Hafslund AS has three subordinated loans from CCS Finansiering AS, a company 100 per cent owned by the City of Oslo. The subordinated loan of NOK 2,075 million was established in connection with the Hafslund Oslo Celsio transaction in 2022. The loan has an interest rate of 5.9 per cent, an interest-only loan with maturity date on 19 May 2042. According to the loan agreement, the debtor may make a claim for payment of extraordinary instalments corresponding to any payment obligation the City of Oslo or CCS Finansiering AS receives in connection with the external financing of the CCS project.

The other two subordinated loans of NOK 2,347 million (NOK 2,347 million) and NOK 1,000 million (NOK 1,000 million) has an interest rate of 6.7 and 5.5 per cent respectively.

If the Group's profit for the year shows deficit after charged interest on these subordinated loans, the interest rate shall be reduced by either the deficit or to NOK 0. Any reduction is final, and the interest amount shall not be paid later.

Hafslund AS has an overdraft facility of NOK 1,000 million and a syndicated credit facility of NOK 2,500 million maturing in November 2028. Both were unused as of 31 December 2023. Hafslund AS also has an overdraft facility of EUR 50 million to cover daily market settlement for futures contracts on Nasdaq Clearing AB. EUR 47 million was unused as of 31 December 2023.

Note 17 Interest-bearing debt *(cont.)*

31 December

NOK million	Loan amount in currency	Currency	Due date	2023	2022
Commercial paper issue in the Norwegian market	900	NOK	2023	-	900
Commercial paper issue in the Norwegian market	880	NOK	2023	-	880
Private placement in the American market	75	USD	2023	-	429
Bond issue in the Norwegian market	300	NOK	2023	-	300
Commercial paper issue in the Norwegian market	500	NOK	2024	500	-
Short-term bank loan	30	NOK	2024	30	-
The Nordic Investment Bank	2,615	NOK	2024-2030	2,615	2,615
Bond issue in the Norwegian market	450	NOK	2024	450	450
Bond issue in the Norwegian market	293	NOK	2024	293	293
Private placement in the American market	290	NOK	2024	290	290
Bond issue in the Norwegian market	1,000	NOK	2025	1,000	1,000
Bond issue in the Norwegian market	500	NOK	2026	500	500
Private placement in the American market	25	USD	2026	143	143
Private placement in the American market	910	NOK	2027	910	910
Private placement in the Japanese market	5,000	JPY	2028	301	301
Bond issue in the Norwegian market	500	NOK	2028	500	-
Bond issue in the Norwegian market	250	NOK	2029	250	250
Private placement in the Japanese market	5,000	JPY	2029	296	296
Private placement in the American market	723	NOK	2029	723	723
Bond issue in the Norwegian market	500	NOK	2029	500	-
Bond issue in the Norwegian market	200	NOK	2030	200	200
Bond issue in the Norwegian market	200	NOK	2031	200	200
Private placement in the American market	125	USD	2031	1,036	1,036
Private placement in the German market	30	EUR	2031	237	237
Private placement in the American market	848	NOK	2032	848	848
Private placement in the American market	600	NOK	2033	600	600
Subordinated loan from CCS Finansiering AS	2,347	NOK	2037	2,347	2,347
Subordinated loan from CCS Finansiering AS	1,000	NOK	2041	1,000	1,000
Subordinated loan from CCS Finansiering AS	2,075	NOK	2042	2,075	2,075
Book value interest-bearing debt				**17,844**	**18,823**
Amortisation of fees				**-**	-2
Book value interest-bearing debt				**17,844**	**18,821**
Hereof book value current interest-bearing debt				1,643	2,509
Hereof book value non-current interest-bearing debt				16,201	16,312

Note 18 Other current non-interest-bearing liabilities

31 December

NOK million	Note	2023	2022
OTHER CURRENT NON-INTEREST-BEARING LIABILITIES			
Accrued interest		470	393
Accrued dividend	16, 20	2,600	1,500
Other tax liabilities		21	6
Other current liabilities		8	5
Other current non-interest-bearing liabilities		**3,099**	**1,905**

Note 19 Guarantees

As security for certain obligations, the Company purchases bank guarantees. As of 31 December 2023, these guarantees amounted to NOK 6 million in guarantees for employee withholding tax (NOK 6 million).

Hafslund AS has issued parent company guarantees on behalf of Hafslund Oslo Celsio AS. As of 31 December 2023, issued parent company guarantees amounted to NOK 2 178 million.

Note 20 Related party transactions

Transactions with subsidiaries

Please refer to note 10 Intercompany for an overview of intercompany balances between Hafslund AS and other companies in the Group.

Subordinated loan from CCS Finansiering AS, a company owned 100 per cent by the City of Oslo

Hafslund AS has three subordinated loans from CCS Finansiering AS, which is a 100 percent owned company by the City of Oslo. The loans were transported from the City of Oslo to CCS Finansiering AS on 15 December 2022. The total outstanding loan amount as of 31 December 2023 is NOK 5 422 million.

For more information regarding the loans and terms, please refer to Note 5.2 Interest-bearing debt and Note 9.1 Related party transactions in the consolidated financial statement.

Dividend to The City of Oslo

At the end of 2023, NOK 2 600 million was allocated for ordinary dividends to the City of Oslo. At the end of 2022, a corresponding amount of NOK 1 500 million was allocated for ordinary dividends to the City of Oslo. Additionally, extra dividends of NOK 600 million were paid out in 2023.

Note 21 Events after the reporting period

Reference is made to Note 9.3 Events after the date of the balance sheet in the consolidated financial statement.

Statement pursuant to Norwegian Securities Trading Act Section 5-5

We declare to the best of our knowledge that:

- The consolidated financial statements for 2023 have been prepared in accordance with IFRSs as adopted by the EU, including additional disclosures pursuant to the Norwegian Accounting Act.
- The parent Company's 2023 annual financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway.
- The accounting information provides a true and fair view of the company's and the Group's assets, liabilities and financial position and performance as a whole.
- The Report from the Board of Directors provides a true and fair picture of the development, performance and position of the company and the Group, as well as a description of the most important risk factors and uncertainties facing the business.

Oslo, 22. March 2024

The Board of Directors of Hafslund AS

Jarle Roth
(Chair of the board)

Bjørn Erik Næss

Maria Tallaksen

Mari Thjømøe

Bård Vegar Solhjell

Håkon Rustad

Hilde Veum-Wahlberg

Halvor Kr. Halvorsen

Finn Bjørn Ruyter
(CEO)

Auditor's report

To the General Meeting of Hafslund AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Hafslund AS, which comprise:

- the financial statements of the parent company Hafslund AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Hafslund AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 24 July 2018 for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting of financial instruments used to hedge power revenues has the same characteristics and risks this year as last year and has consequently been an important focus area in our audit also in 2023.

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Key Audit Matters	How our audit addressed the Key Audit Matter
Accounting of financial instruments used to hedge power revenues As a power producer, the group is exposed to volatility in market prices and uncertainty related to future sales and production volume. These factors have a significant impact on the group's results. Hafslund AS hedged parts of their future hydropower production within agreed limits and the group's finance strategy to manage the risk. Instruments that can be used to hedge prices of future power production include bilateral price hedging agreements, futures, forward contracts and EPADs (Electricity Price Area Differentials). Currency futures changing EUR to NOK are used to manage the currency risk of power trading and hedging. Accounting of financial instruments used to hedge power revenues is a key audit matter in our audit due to the number of transactions, the variation in instruments used, the potentially significant effect on consolidated statements in case of changes in fair value, and the inherent risk of error due to the complexity of the accounting rules. Management explains the accounting of hedge accounting in note 5.1 Financial instruments, note 5.5 Fair value and Note 5.6 Derivatives and hedging.	Through our audit, we have mapped and assessed the design of the group's controls related to trading, follow-up, and accounting of power hedging. We have also assessed the group's accounting principles for financial instruments and hedge accounting against the accounting rules in IFRS Accounting Standards and the group's strategy for risk management. Our work has, among other things, included interviews with management and other relevant functions in the company, obtaining and assessing documents related to the use of IT systems, risk management policy and authorizations. We have familiarized ourselves with and understood follow-up routines related to authorization frameworks, transactions, and margin requirements. We have tested the completeness, existence and valuation of closed and open positions related to financial instruments by obtaining documentation from external counterparties, mainly Nasdaq, and tested these against a sample of recognized transactions and open positions recognized in the balance sheet. For positions that are hedged, we have assessed the hedging documentation against the requirements in IFRS 9 and we have tested a sample of hedging relationships where we recalculate the group's calculation of hedging efficiency which is recognized in other comprehensive income. We have also tested that the inefficient part of the hedging, together with positions that are not hedged, are recognised through profit or loss. We have also assessed the adequacy of the related disclosures in the financial statements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

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Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 22 March 2024
PricewaterhouseCoopers AS

Thomas Fraurud
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

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Read the full annual report:
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