



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	976 894 677
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	HAFSLUND ECO VANNKRAFT AS
Forretningsadresse:	Harbitzalléen 5 0275 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Finn Bjørn Ruyter
Dato for fastsettelse av årsregnskapet:	12.04.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 13.06.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		5 877 226 601	5 467 114 654
Annen driftsinntekt		651 617 733	80 426 536
Sum inntekter	1,3	6 528 844 334	5 547 541 190
Kostnader			
Endring i beholdning av egentilvirkede anleggsmidler	4	-88 083 286	-74 669 720
Varekostnad	4	38 420 531	204 818 548
Lønnskostnad	5	524 094 748	479 109 716
Avskrivning	7,8	135 589 537	129 093 364
Nedskrivning av varige driftsmidler og immaterielle eiendeler	7,8	-5 162 100	7 872 221
Annen driftskostnad	9	353 093 858	346 090 612
Sum kostnader		957 953 288	1 092 314 741
Driftsresultat		5 570 891 046	4 455 226 449
Finansinntekter og finanskostnader			
Inntekt på andre investeringer	10	1 800 000 000	1 300 000 000
Renteinntekt fra foretak i samme konsern	10	53 854 971	11 599 683
Annen renteinntekt	10	2 895 326	1 392 448
Annen finansinntekt	10	902 943 755	258 489 774
Sum finansinntekter		2 759 694 052	1 571 481 905
Verdireduksjon finansielle instrumenter vurdert til virkelig verdi	10	-13 666 960	17 269 000
Nedskrivning av finansielle eiendeler	10		
Rentekostnad til foretak i samme konsern	10	598 062 232	452 849 355
Annen rentekostnad	10	651 272	18 325 996
Annen finanskostnad	10	664 556 207	283 901 595
Sum finanskostnader	10	1 249 602 751	772 345 946
Netto finans		1 510 091 301	799 135 959
Ordinært resultat før skattekostnad		7 080 982 347	5 254 362 408
Skattekostnad	11	5 942 021 925	2 750 853 881
Ordinært resultat etter skattekostnad		1 138 960 422	2 503 508 527



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Årsresultat		1 138 960 422	2 503 508 527
Overføringer og disponeringer			
Tilleggsutbytte		-1 645 000 000	-1 905 000 000
Overføring til/fra annen egenkapital		506 039 578	-598 508 527
Sum overføringer og disponeringer		-1 138 960 422	-2 503 508 527



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker o.l.	2,7	7 548 203 766	7 403 024 546
Utsatt skattefordel	11	545 534 340	190 494 576
Goodwill	2,7	173 638 608	
Sum immaterielle eiendeler		8 267 376 714	7 593 519 122
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	2,8	5 889 467 135	5 630 790 345
Driftsløsøre, inventar, verktøy, kontormaskiner	2,8	48 123 783	49 335 392
Sum varige driftsmidler		5 937 590 918	5 680 125 737
Finansielle anleggsmidler			
Investering i datterselskap	13	12 029 689 256	12 029 689 256
Lån til foretak i samme konsern	15,16, 21	207 720 073	
Investeringer i tilknyttet selskap	13	50 000	
Lån til tilknyttet selskap og felles kontrollert virksomhet	15,16, 21	43 959 933	48 098 113
Investeringer i aksjer og andeler			6 647
Andre fordringer	15,16, 21	310 772 352	359 858 558
Sum finansielle anleggsmidler		12 592 191 614	12 437 652 574
Sum anleggsmidler		26 797 159 246	25 711 297 433
Omløpsmidler			
Varer			
Varer		306 850	623 661
Sum varer		306 850	623 661
Fordringer			
Kundefordringer	17	589 693 043	458 130 350
Andre fordringer	15,18	2 132 016 283	349 069 899
Konsernfordringer	10,19	8 465 149 395	5 989 104 775



Balanse

Beløp i: NOK	Note	2022	2021
Sum fordringer		11 186 858 721	6 796 305 024
Investeringer			
Markedsbaserte aksjer		2 000	2 000
Andre finansielle instrumenter			1 390 212 952
Sum investeringer		2 000	1 390 214 952
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	19	560 103 491	126 543 930
Sum bankinnskudd, kontanter og lignende		560 103 491	126 543 930
Sum omløpsmidler		11 747 271 062	8 313 687 567
SUM EIENDELER		38 544 430 308	34 024 985 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Aksjekapital		3 056 833 000	3 037 210 000
Overkurs		2 258 698 577	2 002 790 000
Annen innskutt egenkapital		197 276 530	197 276 530
Sum innskutt egenkapital	12	5 512 808 107	5 237 276 530

Opptjent egenkapital

Fond			2 435 857 645
Annen egenkapital		3 810 402 352	1 915 483 412
Sum opptjent egenkapital	12	3 810 402 352	4 351 341 057

Sum egenkapital

9 323 210 459 **9 588 617 587**

Gjeld

Langsiktig gjeld

Pensjonsforpliktelser	21	36 412 876	86 516 579
Utsatt skatt	11	975 884 028	775 280 642
Andre avsetninger for forpliktelser		9 184 176	2 207 280
Sum avsetninger for forpliktelser		1 021 481 080	864 004 501



Balanse

Beløp i: NOK	Note	2022	2021
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	15,20, 22,	16 794 274 964	16 777 000 000
Sum annen langsiktig gjeld		16 794 274 964	16 777 000 000
Sum langsiktig gjeld		17 815 756 044	17 641 004 501
Kortsiktig gjeld			
Leverandørgjeld	17	2 376 265 146	1 635 193 691
Betalbar skatt	11	6 287 493 666	2 506 381 098
Skyldige offentlige avgifter	15,22	1 258 784 858	849 225 010
Annen kortsiktig gjeld	15,22	1 482 920 135	1 804 563 113
Sum kortsiktig gjeld		11 405 463 805	6 795 362 912
Sum gjeld		29 221 219 849	24 436 367 413
SUM EGENKAPITAL OG GJELD		38 544 430 308	34 024 985 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 611044

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Organisasjonsform: Aksjeselskap
Foretaksnavn: HAFSLUND ECO VANNKRAFT AS
Forretningsadresse: Harbitzalléen 5
0275 OSLO

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Brønnøysundregistrene, 26.07.2023



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HAFSLUND ECO VANNKRAFT AS

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Gjeld				
Langsiktig gjeld				
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Organisasjonsnr: 976 894 677
HAFSLUND ECO VANNKRAFT AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
1

Regnskapsprinsipper
Årsregnskapet er satt opp etter regnskapsloven.

Note
12

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære aksjer	3056833.00	1000.00	3056833.00
<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
Hafslund AS	1726986.00	56.50%	Ordinære aksjer
Eidsiva Energi AS	1329847.00	43.50%	Ordinære aksjer
<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
	3056833.00	100.00%	

Bokført verdi aksjekapital er til hele tusen. Bokført verdi på aksjene er 3.056.833.000

Note
5

Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	408758862.00	383673168.00
<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	59315007.00	48953689.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	42582992.00	40887323.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	13437887.00	5595536.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	524094748.00	479109716.00

Note



5

Ytelser til ledende personer

Ytelser til daglig leder

<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
	2814000.00	455000.00	315000.00

Note

9

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	1218000.00	824000.00
<u>Andre tjenester</u>	<u>Årets</u>	<u>Fjorårets</u>
	171000.00	499000.00
<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	1389000.00	1323000.00

Se note i årsregnskapet.

Note

5

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
395.00

Note

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Note

13

Konsern, tilknyttet selskap og datterselskap

Tilknyttet selskap/datterselskap

<u>Navn og adresse</u>	<u>Eierandel</u>	<u>Stemmeandel</u>	<u>Egenkapital</u>	<u>Resultat</u>
Hafslund E-CO	100.00%	100.00%		
Vannkraft Innlandet AS				
Hallingfisk	68.50%	68.50%		
Mork kraftverk AS	67.00%	67.00%		



Skatteetaten

Vår dato
24.11.2022

Din/Deres dato
10.10.2022

Saksbehandler
Nina Gulbrandsen

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon
99796636

Org.nr
974761076

Vår referanse
2022/5873320

Postadresse
Postboks 9200 Grønland
0134 OSLO

HAFSLUND ECO VANNKRAFT AS
Postboks 1098
2605 LILLEHAMMER

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Hafslund Eco Vannkraft AS (976 894 677) søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden siteres:

Hafslund Eco Vannkraft AS er en produsent av vannkraft som opererer i det internasjonale kraftmarkedet. Selskapet handler kraft både fysisk og finansielt i engelskspråklig miljø. For kunne inngå bilaterale avtaler med utenlandske motparter må selskapet vise til et regnskap på engelsk for å oppfylle dokumentasjonskrav til markedsplasser og motparter. Hafslund Eco Vannkraft AS har ikke virksomhet rettet mot privatmarkedet.

Selskapet inngår i konsernregnskapene til eierne Hafslund AS (som datterselskap) og Eidsiva Energi AS (som tilknyttet selskap). Konsernregnskapet til majoritetseier Hafslund AS, avlegges både på norsk og engelsk. Eierne har ingen innsigelser til søknaden om dispensasjon.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk.* Departementet kan ved ... *enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.*”



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "*informative regnskaper for ulike grupper av regnskapsbrukere*". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte, kunder og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at kommunikasjon med de fleste av kunder og leverandører skjer på engelsk. En betydelig andel av selskapets interessenter er engelskspråklige og vil ikke ha mulighet til å forstå årsregnskap og årsberetning på norsk. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lene Bjørkevoll
underdirektør
Innsats, storbedrift
Skatteetaten

Nina Gulbrandsen



Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



List of Signatures Page 1/1

Årsregnskap 2022 HEV etter styrebehandling.pdf

Name	Method	Signed at
Lien, Martin Ludwig Praner	BANKID	2023-03-21 19:58 GMT+01
Myrvold, Petter	BANKID_MOBILE	2023-03-30 10:58 GMT+02
Andresen, Øistein	BANKID_MOBILE	2023-03-21 18:05 GMT+01
Lundby, Martin	BANKID_MOBILE	2023-03-21 12:10 GMT+01
AMUNDRUSTAD, ASTRID HENRIETTE	BANKID_MOBILE	2023-03-21 10:07 GMT+01
Benum, Toril	BANKID	2023-03-30 12:48 GMT+02
Ruyter, Finn Bjørn	BANKID_MOBILE	2023-03-21 07:35 GMT+01
Sande, Berit	BANKID	2023-03-26 21:54 GMT+02
Beitdokken, Ola	BANKID	2023-03-24 10:44 GMT+01
Lian, Kristin	BANKID_MOBILE	2023-03-22 19:16 GMT+01
Tangen, Jan Sverre	BANKID	2023-03-22 09:26 GMT+01



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Hafslund Eco Vannkraft AS

Annual report 2022



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Board of Directors report Hafslund Eco Vannkraft AS

The nature of the business.

Hafslund Eco Vannkraft AS is part of the Hafslund Group and is a partly owned subsidiary of Hafslund AS with a direct ownership interest of 56.5 per cent. The remaining 43.5 per cent is owned by Eicisiva Energi AS, of which Hafslund AS owns 50 per cent through its subsidiary Hafslund Vekst AS. Hafslund Eco Vannkraft's main business is production and sale of hydropower and other related activities. The company also provides services within power plant operation and business support. Hafslund Eco Vannkraft AS produces hydropower through wholly and partly owned companies. For an overview of companies owned by Hafslund Eco Vannkraft AS, see notes 13 and 14.

The organization of Hafslund Eco Vannkraft AS was changed during 2022 to scale the company for growth and improved operational efficiency. Hafslund AS's acquisition of Celisio (Fortum Oslo Varme) contributed to further organizational changes as Group functions were moved from Hafslund Eco Vannkraft AS to Hafslund AS, while dedicated support functions remained in the production company.

In 2022 emphasis has been on process optimization through the "Samstemt" program. Priority was put on capital management, project management and operational efficiency. The process optimization program continues in 2023 with emphasis on maintenance, support functions and power market operations.

New renewable power

The opening of Mork kraftverk in August was one of several planned steps to increase the supply of renewable energy in the company. The Mork plant contributes with around 40 GWh in annual production. The project has been referred to as a pioneering development for future power plants due to low greenhouse gas emissions and safeguarding of nature during construction.

Hafslund Eco Vannkraft AS is majority shareholder with 67% of the shares in Mork kraftverk AS, see note 13.

Personnel, absence, equality and discrimination

Hafslund Eco Vannkraft AS had 400 employees and 5 apprentices at the end of 2022, a reduction from 409 employees and 9 apprentices at the end of 2021. The reduction is due to the transfer of employees to other group companies following reorganization. 75 employees are women. This gives a female share of 19 per cent.

Hafslund Eco Vannkraft shall not discriminate on the basis of gender, ethnicity, national origin, descent, skin colour, language, religion or belief, in matters such as salary, advancement and recruitment. Efforts to achieve a more even distribution of women and men and increased diversity will be continued through targeted recruitment, internal development programmes and competence development. The number of part-time employees is limited. Temporary positions and consultants are utilized to address temporary challenges and to provide expert advice. The Chief Executive officer is female, and the company's Board of Directors consists of seven men and three women.

The company's goal is that total absence due to sickness shall not exceed 3.5 per cent. The absence rate was 3.6 per cent in 2022 (2.6 per cent).

HSE

Hafslund Eco Vannkraft aims to be an industry frontrunner with regards to HSE. HSE targets consists of both qualitative and quantitative measures. Hafslund Eco Vannkraft's goal is 0 injuries for own and supplier's employees. Reporting of undesirable incidents and close follow-up of serious incidents and near misses are important parts of the systematic HSE work. In 2022, there were in total 4 (8) injuries, of which 1 (1) with absence. The number of injuries per million hours worked (H2) for 2022 was 3.7 compared to 6.9 for 2021. In the past year, the company has worked further to increase attention to preventive HSE work. Hafslund Eco Vannkraft works systematically to plan and implement appropriate measures to prevent undesirable incidents and the company also sets clear HSE requirements for suppliers. This includes close follow-up of safety and risk management.



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Board of Directors report Hafslund Eco Vannkraft AS

The Transparency Act

Hafslund has started to carry out due diligence in accordance with The Transparency Act, and a statement will be published at www.hafslund.no by the 30 June 2023 deadline.

Insurances

As part of the insurance agreement, insurance has been taken out for the board members and the general manager for their possible liability to the enterprise and third parties, with a total insurance sum of NOK 200 million.

Corporate social responsibility, environment and sustainability

Hafslund Eco Vannkraft contributes to a sustainable society by producing clean, renewable energy, which in turn helps to reduce CO2 emissions. Hafslund Eco Vannkraft is responsible for the social consequences resulting from its own and its subsidiaries' operations with regard to environmental impact, working conditions, human rights and other social conditions. Hafslund Eco Vannkraft works continuously to promote the Hafslund Group's values vis-à-vis employees, suppliers and partners.

Hafslund Eco Vannkraft, as part of the Hafslund Group, supports the UN's 17 Sustainability goals and works to ensure that the entire business is sustainable, and that the company's impact on the environment and society is as positive as possible. Based on a materiality analysis, the following areas are considered to be linked to the UN Sustainability goals and crucial for the company's strategic goal achievement:

- Produce and invest in renewable energy (#7 and #13)
- Impact on nature (#15)
- Climate emissions and climate risk (#12 and #13)
- Responsible working life (#5 and #8)
- Environmental safety
- Economic contribution to society (#11)

More information about Hafslund's Group sustainability work is available in the Hafslund Annual report available on www.hafslund.no.

Risk management and internal control

The board is committed to having a high level of awareness of the risk areas applicable to the company. The company carries out an annual assessment and the board takes an active approach to the company's risk profile. The ambition for these activities is to ensure control and follow-up that is adapted to the needs of the enterprises. The company also complies with the guidelines and reporting requirements set by the parent company.

Risk factors

Hafslund Eco Vannkraft is exposed to risk in several areas. The most important are of financial, regulatory and political, operational and reputation character. The company is part of the risk management of the Hafslund Group and risk management is an integral part of the Group's business activities and designed to support the achievement of strategic, operational and financial goals. There are established guidelines and frameworks for managing risk. Risk in Hafslund Eco Vannkraft is followed up by management and the board. In 2022, risk associated with escalating power prices and responsible production planning, cybersecurity, as well as regulatory risk related to the unfavourable effects of the unforeseen changes to the taxation scheme for hydropower producers, have been given priority in risk and preparedness work.

Financial risk - market risk

As a producer of hydropower Hafslund Eco Vannkraft is exposed to fluctuations in market prices for power as well as volume uncertainty, and manages risk through active participation in various markets. All power trading is subject to predefined thresholds and is followed up in regular reporting. Within this framework, parts of future hydropower production are price-hedged and active positions are taken in the power market. Parts of the power price-hedged volume are currency hedged. The company's costs are mainly in Norwegian kroner and interest-bearing loans are exposed to interest rate risk.



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Board of Directors report Hafslund Eco Vannkraft AS

Financial risk - credit and counterparty risk

Hafslund Eco Vannkraft incurs credit and counterparty risk in financial and physical power trading and in connection with financial activities. A significant proportion of hydropower production is sold in the spot market. When entering into longer physical and financial contracts, counterparty risk is addressed, for example through the use of clearing, guarantees and settlement mechanisms. Exposure related to contractual counterparties is assessed on an ongoing basis. Historically, the business has had low losses on receivables.

Financial risk - liquidity risk

Hafslund Eco Vannkraft's cash flows vary with fluctuations in power prices, capital requirements for power hedging, seasonal fluctuations and investment levels. Liquidity risk is managed by having sufficient liquid assets at all times so that all financial obligations can be met at maturity. Risk associated with developments in the long-term price picture and any consequences this has for the value of the company is difficult to mitigate. Entering into long-term industrial contracts addresses medium-term risk. Long-term drawing rights have been established for the Hafslund Group, of which Hafslund Eco Vannkraft is a part, ensuring access to liquidity.

Liquidity risk in 2022

The steep power price increases experienced during the summer of 2022, increased the margin requirements for power hedging on Nasdaq to levels never seen before. To mitigate risk and handle the margin requirements Hafslund Eco Vannkraft performed portfolio transfers from Nasdaq and entered into bilateral agreements with other energy companies, which significantly reduced the company's margin requirements and net exposure on Nasdaq.

Regulatory and political risk

Hafslund Eco Vannkraft operates activities subject to licensing and regulation by the Norwegian Water Resources and Energy Directorate (NVE) and other authorities, and are affected by changes in framework conditions in a number of areas. Regulatory changes could potentially have a major impact on future financial performance. The competitiveness of flexible hydropower is also dependent on market regulation in the physical and financial power markets.

Regulatory and political risk in 2022

The changes to taxation of Norwegian hydropower production companies implemented by the authorities in 2022 has significantly impacted profitability in the industry and also introduced uncertainty with regards to hedging activities and investment planning. The company works actively with the authorities to find alternative solutions that are neutral to daily business operations.

Operational risk

Hafslund Eco Vannkraft is exposed to operational risk throughout the value chain. The operational risk is greatest in ongoing operational activities and project execution. The company manages operational risk through systematic maintenance, detailed procedures, controls and contingency plans.

Systems for registration and reporting of censurable conditions, undesirable incidents, injuries and improvement measures have been established. Continuous analyses are carried out with a view to assess risk, prevent and implement measures as necessary.

Operational risk factors in 2022 - War in Ukraine

Russia's invasion of Ukraine has contributed to market instability and put energy prices and security of supply on the public agenda in 2022. At the same time ambitious climate targets/commitments have contributed to further growth in the demand for renewable energy in Europe. In sum, increased uncertainty, reduced access to gas, high CO2 prices, dry weather, low reservoir levels at the beginning of 2022 and increased demand have contributed to a price crisis in the energy market and increased costs for consumers and businesses. Shortages of raw materials have led to further price growth, increase in delivery times and more difficult access to some types of materials. Developments are followed continuously, and preventive actions taken where possible.



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Board of Directors report Hafslund Eco Vannkraft AS

The Norwegian hydropower system

The Norwegian hydropower system has a normal annual production of 138 TWh and a total output capacity of 33 GW. In a normal year, hydropower production accounts for approximately 90 per cent of total Norwegian power production. A distinctive feature of Norwegian hydropower is the ability to store energy and produce as needed. Norway has about half of Europe's total reservoir capacity, and there are currently over 1,000 reservoirs in Norway. Most of the reservoirs in Norway were built prior to 1990, but upgrades and expansions of the power plants have increased the ability to utilize them.

Total electricity production in 2022 was 146 TWh, a reduction from the record level of 157 TWh in 2021. The development of new wind farms continued to grow in 2022, while hydropower production was reduced due to hydrological conditions (see below). Norwegian consumption ended at 133.5 TWh in 2022. Norwegian net exports fell from 2021 to 2022 despite higher available exchange capacity. Net export of power from Norway was 12.5 TWh in 2022, compared to 18 TWh in 2021.

Hydropower production in Hafslund Eco Vannkraft

Hafslund Eco Vannkraft owns hydropower plants with normal production capacity of approximately 10 TWh, and operates a production of about 2.1 TWh. The power plants are located in Aurland, Hellingdal, Valdres, the lower part of Glomma and Innlundet. The company's biggest power plant is Aurland I with an annual production capacity of 2.1 TWh and an installed effect of 840 MW. Aurland I is the third largest power plant in Norway.

Due to high and volatile power prices, operational emphasis in 2022 has been on maintenance planning and flexibility to ensure that plants were available for production when needed. There were no incidents causing significant operational downtime in 2022.

The Norwegian power market in 2022

The hydrological deficit at the beginning of 2022 escalated during the spring and summer due to low precipitation. Russia's invasion of the Ukraine added further to the European energy crisis when gas deliveries from Russia to Europe were discontinued almost overnight. This contributed to a sharp price increase in Europe including the southern parts of Norway during the summer and early autumn in 2022. In the fourth quarter power prices declined due to increased precipitation and mild weather in Europe, although they remained significantly above historic averages both in Europe and southern Norway where Hafslund Eco Vannkraft has most of its production.

Price development

The trend from 2021, with persistent price differences between northern and southern Norway, and historically high power prices in the south, intensified in 2022. For the year, the average spot price in the southern price areas was 194 øre/kWh for NO1 (Southeast Norway), 193 øre/kWh for NO5 (Western Norway) and 213 øre/kWh for NO2 (Southwest Norway), while the average price for the northern price areas was 43 øre/kWh for NO3 (Central Norway) and 25 øre/kWh for NO4 (Northern Norway). In 2021, the corresponding spot prices were 75 øre/kWh for NO1, NO5 and NO2, 41 øre/kWh for NO3 and 35 øre/kWh for NO4. With abnormally and persistently high price differences between the price areas, the Nordic system price lost much of its value as a reference price and delivered an average price of 137 øre/kWh. For comparison, the system price was 63 øre/kWh in 2021.

Price drivers

Hydrology

In 2022, southern Norway was characterized by extreme hydrology, with a very dry summer and very wet autumn. At the start of 2022, the reservoir level in southern Norway was 48 per cent, a full 21 percentage points below the median for the past 20 years. Less snow than normal and little rainfall in southern Norway from March to September led to continued low reservoir levels throughout the year, despite reduced production. At the end of June, the reservoir filling rate in southern Norway was 51 per cent, which was a historically low level.



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Board of Directors report Hafslund Eco Vannkraft AS

A mild and rainy fourth quarter lifted the filling rate in the southern Norwegian reservoirs up to 65 per cent at the end of 2022, which is six percentage points below the median level. For the year overall, there was almost normal rainfall and inflow in southern Norway, with a total inflow of 88 TWh, which is only two per cent lower than the average of the last 20 years.

In the northern price areas (NO3 and NO4), the reservoir situation in 2022 was relatively normal, with a filling at the median level at the beginning of 2022 and one percentage point above the median at the end of the year. The total inflow in central and northern Norway ended at normal, at 47 TWh in 2022. A lot of snow, water and wind, combined with limited transmission capacity to the south, led to decoupling against the high prices in the south and stable, low prices in the north.

Continental prices and energy crisis in Europe

The European power and gas markets were under considerable pressure in 2022. Most importantly, the war in Ukraine and the subsequent sanctions against Russia led to reduced imports of gas from Russia to Europe. In 2022, gas imports from Russia fell by about 55 percent, compared to 2021, and it has declined further in 2023. At the same time, France experienced problems with its nuclear power generation, which in 2022 was 22 percent lower than the average for the previous three years. Furthermore, Germany shut down three nuclear power plants in January 2022, with a capacity of 4,000 MW. On top of it all, drought in Europe led to little hydropower production and low water levels in some European rivers. The latter caused logistical challenges for the transport of coal, which further resulted in reduced coal production. All in all, this contributed to an extensive energy crisis in Europe and record high prices for European power, gas and coal. The average spot price for German power was 235 EUR/MWh in 2022, an increase of 139 EUR/MWh from 2021.

Profit and financial position

Hafslund Eco Vannkraft achieved sales revenues of NOK 11.9 billion in 2022 (NOK 6.6 billion) driven by the record high power prices. High prices contributed also to realised losses on power derivatives in the amount of NOK 5.5 billion (NOK 1.1 billion). Net revenues and other income thus amounted to NOK 6.5 billion in 2022 (NOK 5.5 billion). Operating profit (EBIT) of NOK 5.6 billion represents an increase from NOK 4.5 billion in 2021 due to the high power prices, but dampened by low hydropower production and sales at fixed prices to industry and losses on financial power price hedging. Strong profit and increasing tax rates contributed to a significant increase in the tax expense from NOK 2.8 billion in 2021 to NOK 5.9 billion in 2022. Profit after tax was reduced from NOK 2.5 billion in 2021 to NOK 1.1 billion in 2022 due to increased tax rates and the introduction of a high price contribution tax.

The company has a satisfactory financial position with equity of NOK 9.3 billion and an equity ratio of 24 per cent at the end of 2022. Non-current interest-bearing debt amounted to NOK 16.8 billion at year end 2022, while taxes payable amounted to NOK 6.3 billion.

The company's net cash flow from operating activities amounted to NOK 4.8 billion (NOK 4.9 billion).



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Board of Directors report Hafslund Eco Vannkraft AS

Future prospects

The last few years have been characterized by major changes and partly unforeseen challenges. However, Europe's and Norway's need for significant increases in renewable energy and increased self-sufficiency is a long-term challenge that will affect the coming years.

The industry is dependent upon stable and predictable framework conditions to make sound decisions. The introduction of the high-price contribution and increase in the resource rent tax are examples of changes that introduces uncertainty with regards to operational decision making and future growth. The company will continue to participate in the public debate with knowledge and perspectives on what is necessary to enable rapid and large-scale development of renewable energy and a stable power price level.

In the longer perspective, power prices are expected to come down from the 2022 levels. However, there are fundamental conditions which suggest that prices will remain at a higher level than we have seen historically. Hafslund Eco Vannkraft supports the authorities' contribution to ease the cost burden of high power prices for both consumers and industry. The company has started with direct sales to the business customers on 1 January 2023 following changes to taxation of fixed price agreements to the business sector.

However, the most sustainable solution to the energy crisis and the associated price crisis is more renewable energy and energy efficiency. Growth in the renewables industry is central to enabling a green transition and necessary for Norway and Europe to face the future in a sustainable way. Hafslund Eco Vannkraft's goal is to be contribute to the green transition while at the same time ensuring strong profitability and the ability to pay a substantial dividend to the owners.

The assumption of going concern

In accordance with the requirements of the Norwegian Accounting Act, the Board of Directors confirms that the annual accounts have been prepared on the assumption of going concern, and that this assumption is present.

Net profit and allocations

The Board of Directors proposes the following allocation of Hafslund Eco Vannkraft AS's annual profit:

Additional dividend NOK 1 645 million

Transfers to/from other equity NOK -506 million

Total transfers and allocations NOK 1 139 million



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Oslo, 16 March 2023

Hafslund Eco Vannkraft AS

Board of Directors

Finn Bjørn Ruyter
Chair of the board

Martin Steire Lundby
Director

Ola Beitdøkken
Employee-elected
Director

Astrid Henriette Amundrustad
Employee-elected
Director

Øistein Magnar Andresen
Director

Petter Myrvold
Director

Jan Sverre Tangen
Employee-elected
Director

Berit Sande
Director

Toril Bennum
Director

Martin L. Praner Lien
Employee-elected
Director

Kristin Lian
Chief Executive officer



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Annual report 2022

Income statement 1 January – 31 December

NOK million	Note	2022	2021
Sales revenue	1, 3	11 829	6 577
Other gain/loss	3	-5 465	-1 110
Other operating revenue	3	65	79
Revenues and other income		6 529	5 546
Energy purchases and transmission costs	4	38	205
Salary and other personnel costs	5	524	479
Property tax and other imposed costs and compensations	6	284	259
Depreciation and amortisation	7, 8	130	137
Other operating costs	9	-19	11
Operating profit (EBIT)		5 871	4 455
Interest income	10	57	13
Interest expense	10	-599	-453
Other finance income/costs	10	2 052	1 240
Net financial items		1 510	799
Profit before tax		7 081	5 255
Income taxes	11	5 942	2 751
Profit after tax		1 139	2 504



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Annual report 2022

Income statement 1 January – 31 December

NOK million	Note	2022	2021
Allocation of net profit/(loss) and equity transfer			
Additional dividend	12	1 645	1 505
Transferred to/from other equity	12	- 506	599
Total allocations and equity transfer		1 139	2 504



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Annual report 2022

Balance sheet 31 December

NOK million	Note	31.12.2022	31.12.2021	NOK million	Note	31.12.2022	31.12.2021
ASSETS							
Deferred tax assets	11	546	190	Share capital	12	3 057	3 037
Intangible assets	2, 7	7 722	7 403	Share premium	12	2 259	2 003
Property, plant and equipment	2, 8	5 938	5 660	Other paid-in equity	12	197	197
Investments in subsidiary companies	13	12 030	12 030	Paid-in equity		5 513	5 237
Financial derivatives	15	25	-	Other equity	12	3 810	4 351
Other non-current receivables	15, 16, 21	538	408	Other equity		3 810	4 351
Non-current assets		26 797	25 711	Equity		9 323	9 589
Trade receivables	17	590	458	Non-current interest-bearing debt	20, 22, 26	16 777	16 777
Other non-interest-bearing current receivables	15, 18	2 132	1 798	Deferred tax liabilities	11	976	775
Accrued Dividend	10	1 800	1 300	Pension liabilities	21	36	87
Current group receivables	19	6 665	4 453	Financial derivatives	15	17	-
Cash and cash equivalents	19	560	303	Other liabilities and obligations		9	2
Current assets		11 747	8 312	Non-current liabilities		17 816	17 641
Assets		38 544	34 024	Trade payables	17	2 376	1 635
				Taxes payable	11	6 287	2 508
				Other current non-interest-bearing liabilities	15, 22	2 569	1 360
				Payable dividend		172	1 283
				Current liabilities		11 405	6 795
				Equity and liabilities		38 544	34 024

Cash has been reclassified from Current group receivables to Cash and cash equivalents for 2021.



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Annual report 2022

Cash flow statement 1 January – 31 December

NOK million	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7 081	5 254
Depreciations, amortisations and impairments	7, 8	130	137
Unrealised changes in derivatives		2 949	81
Net financial items	10	- 1 197	- 800
Other non-cash income and expenses		- 18	-
Settlement of futures contracts		- 3 200	- 1 335
Change in trade receivables and other receivables		- 39	- 551
Change in payables and other accruals		1 500	2 243
Taxes paid		- 2 418	- 143
Net cash flows from operating activities		4 787	4 889
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows due to purchases of fixed assets		- 306	- 351
Inflows due to sales of fixed assets		51	69
Dividend received		1 300	1 300
Other investment activities		52	13
Cash flows from investing activities		1 097	1 031
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		- 589	- 453
Changes in cash pool arrangement		- 2 212	- 4 314
Dividends paid		- 2 766	- 889
Other financing activities		1	- 176
Cash flows from financing activities		- 5 576	- 5 832
Net changes in cash and cash equivalents			
Cash and cash equivalents at 1 January		303	240
Foreign currency gains/losses on cash and cash equivalents		- 52	- 25
Cash and cash equivalents at end of period		560	303

Cash has been reclassified from cash pool to cash for 2021. In addition, some items have been reclassified between cash flows from operating activities, investing activities and cash flows from financing activities. 2021 cash flows has also been restated accordingly.



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Oslo, 16 March 2023

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Director



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Notes

Note 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway (NGAAP). In the submitted financial statement, Hafslund Eco Vannkraft AS has used the exemption not to prepare group accounts for sub-groups in accordance with the Norwegian Accounting Act section 3-7. The group account is prepared by the parent company Hafslund AS. The annual report is only published in English.

Joint operations

Hafslund Eco Vannkraft AS co-operates with other parties in the development and operation of power plants which are arranged as either a company with divided liability (DA) or as a co-ownership. The owners of a joint operations have the right to withdraw and sell their own share of the power produced. For joint operations the company accounts for its share in the operation's assets, liabilities, revenues and costs according to the proportionate consolidation method.

Investments in subsidiaries

Investments in subsidiaries are measured in accordance with the cost method. Dividends received and other profit distributions from the companies are recognised as financial income.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Fixed assets are carried at historical cost, but are written down to fair value if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Revenue

Revenue mainly comprise revenue from sales from power in the wholesale market, concessionary power, industrial contracts and results from hedging of financial power contracts.

Power sales

Produced power is mainly sold via the Nord Pool Spot exchange and by bilateral agreement to Fortum Hedging AS. Revenue recognition is made when the power has been delivered and the risk has passed to the buyer.

Concessionary power

Concessionary power is recognized when the power has been delivered and the risk has passed to the buyer.

Industrial contracts

In addition, Hafslund Eco Vannkraft has entered into bilateral agreements for the physical delivery of power to industrial companies. These contracts are recognised under the same principles as other power sales.

Other gain/loss

Hedging of financial power contracts and foreign currency derivatives

Hafslund Eco Vannkraft AS uses financial contracts to hedge future revenues from sale of hydropower production nominated in euro, and currency futures to exchange settlements from hedges in euro to Norwegian Kroner. The company applies off balance sheet hedge accounting for the primary hedging portfolio and related currency futures. Current financial power contracts in portfolios meant for trading that are traded on an exchange or authorized marketplace are measured at fair value through as Other gain/loss under revenues. Other financial contracts are accounted for using the principle of lowest value of either fair value or cost.



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Accounting policies

Note 1 Accounting policies

Hedge accounting

Hafslund Eco Vannkraft AS hedges future power revenues in euros by entering into financial power contracts on the Nasdaq Exchange. The hedges are done by contracts with settlement against the Nordic system price and Electricity Price Area Differentials (EPADs) – both nominated in euro. In addition, the company uses currency futures to exchange settlements in euros into Norwegian kroner. For the instruments in the primary hedging portfolio and related currency futures (euros to Norwegian kroner) associated with this portfolio, the company uses hedge accounting in accordance with the provisions of the Accounting Act and NRS 18 for hedging.

The future power production that is considered highly probable is designated as the hedging object in a cash flow hedge, while the power contracts in the Nordic market and the currency futures entered are designated as hedging instruments. Changes in the value of hedging objects and instruments are accounted for when delivery occurs. Gains or losses from hedging are presented as operating revenues on the accounting line "Other gain/loss".

Impairment testing

Property, plant and equipment, intangible assets, goodwill and equity-accounted investees are monitored on a continuous basis for indications of possible impairment. 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 fair value. 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.

Cash generating units

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.

Uncertainty regarding estimates

The company 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 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.



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Accounting policies

Note 1 Accounting policies

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 valuation 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

A price curve for power based on three years of observable market prices (Nasdaq) has been assumed, followed by a price curve based on the company's long-term price expectations. In the management's view, the long-term price expectations are within a reasonable range compared with power price curves from external players and analysis agencies. Production volume is based on the company's long-term production plans and the estimated cash flows are calculated after tax.

Discount rate

The impairment assessments of hydropower production plants are based on a nominal after tax discount rate of 6.1 per cent.

Compensations

Under various agreements, the company is obliged to pay compensation and supply free power to compensate for the inconvenience from using the waterfall and the land for hydropower production. Annual compensation to landowners in connection with watercourse development is expensed on an ongoing basis and the liability is not recognised in the balance sheet. The compensation amounts are fixed and independent of the operation of the power plants and follow from the company's license conditions. The company also has a proportion of free power compensations that have been converted into financial settlements.

Taxes

Apart from ordinary income tax, Hålsund Eco Vannkraft's hydropower production activities are subject to separate rules for taxation of hydropower production companies. The company is therefore also charged resource rent tax and natural resource tax.

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

The resource rent tax depends on the profit and amounts to 45 per cent (37 per cent) of the net resource rent income for each power plant. As of 2022, the nominal resource rent tax rate was technically adjusted up from 47.4 per cent to 57.7 per cent, while allowing for the deduction for a resource rent related income tax of 22 per cent. Marginal resource rent tax is thus 45 per cent.



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Accounting policies

Note 1 Accounting policies

Resource rent income is calculated based on each power plant's production hour-by-hour, multiplied by the spot price during the corresponding 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 in the power plant, multiplied by a prescribed interest rate. The prescribed interest rate was 1.7 per cent for 2022 (0.3 per cent). As of 2021 the resource rent tax regime was modified to be 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 capitalized and depreciated.

Negative resource rent income that has arisen in a power plant from an 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.

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 (47.4 per cent) reduced by resource rent related income tax of 22 per cent.

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 maximum 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 a set-off is not likely, it is expensed through profit or loss.

High-price contribution

With effect from 28 September 2022, a new tax, so-called "high-price contribution", has been introduced for revenues from the production of power in resource rent-taxable hydropower plants. From January 2023, the tax will also apply to onshore wind farms, as well as hydropower plants outside the resource rent tax regime and which have installed effect above 1 MW.

The fee has 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 on the achieved price exceeding 70 øre/kWh on average for the month. The tax basis can be adjusted for gains or losses from financial contracts entered into before 28 September 2022, provided that these constitute real hedging of spot revenues from power production. Pumping costs are divided into total production and are deducted.

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 70 øre/kWh.

Høislund Eco Ynnkraft presents the high-price contribution in the accounts as a tax expense, as the contribution is expected to correlate with taxable profit and is not deductible in taxable income.



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Accounting policies

Note 1 Accounting policies

Property tax

Power production operations are also subject to property tax, which is up to 0.7 per cent of the tax base value. Property tax is recognised as an operating expense.

Tax rates	2022	2021
Ordinary income tax	22%	22%
Resource rent tax	57,7 %	47,4 %
Property tax (opex)	0,70%	0,70%
Natural resource tax	1,3 øre per kWh	1,3 øre per kWh

Pensions

Hafslund Eco Vannkraft 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.

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. Corporate cash pooling system balance is classified as intercompany receivable and not cash in the cash flow statement.



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Notes

Note 2 Merger with HEV VKDA AS

On 1 June 2022 Hafslund Group acquired 5 per cent of Vinstra Kraftselskap DA from Eidsiva Energi in return for Eidsiva Energi receiving new shares in Hafslund Eco Vannkraft AS. The ownership in Vinstra kraftselskap DA was placed in the company HEV VKDA AS, which was decided to merge into Hafslund Eco Vannkraft AS with effect from 1 June 2022.

From 1 June 2022 Hafslund Eco Vannkraft AS own 72% of the shares in Vinstra Kraftselskap DA, and the merger has been completed based on continuity of the balance sheet values in Hafslund AS's consolidated financial statements ("Group Continuity"). The entire business consisting of all assets, rights, and liabilities in HEV VKDA AS was transferred to Hafslund Eco Vannkraft AS.

The HEV VKDA AS balance consist of the fair value of the ownership interest in Vinstra kraftselskap DA is NOK 283 million, the majority of which constitutes hydropower plants and waterfall rights. In addition there is a recognized liability for Viksdammen valued at NOK 7 million. Net assets merged into Hafslund Eco Vannkraft are NOK 276 Million.

For accounting purposes, the merger was completed with effect from 1 June 2022. Comparative figures have not been restated.



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Notes

Note 3 Revenues and other income

NOK million	2022	2021
REVENUES AND OTHER INCOME		
Power revenue	11 507	6 080
Concessionary power	89	88
Grid rental/actual revenue	11	15
Industrial contracts	322	393
Sales revenue	11 929	6 577
Realised gains/losses power derivatives and currency derivatives	-2 516	-1 029
Value adjustments power derivatives	-2 949	-81
Other gain/loss	-5 465	-1 110
Other operating income	34	35
Intra-group income	31	44
Other operating income	65	79
Revenues and other income	6 529	5 545



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Notes

Note 3 Revenues and other income

NOK million	2022	2021	NOK million	2022	2021
TRANSMISSION GRID					
Revenue transmission grid	14	5	Revenue regional grid	6	5
More/less income (-) as of 1 January	-	-	More/less income (-) as of 1 January	-	-
Calculated more/less income including interests	-3	-3	Calculated more/less income including interests	-1	-2
Adjustment of increased/decreased income	3	3	Adjustment of increased/decreased income	1	2
More/less income (-) as of 31 December	-	-	More/less income (-) as of 31 December	-	-
Income	0	-7	Income	4	4
Costs	-	-	Costs	2	3
Operating profit	0	-7	Operating profit	2	1
Basis of return ((IB+UB)/2 + 1% net working capital)	0	38	Basis of return ((IB+UB)/2 + 1% net working capital)	17	18
Rate of return	0%	-18%	Rate of return	11%	8%

In accordance with the Energy Act, transmission related income is presented separately.

The majority of remaining components have been sold in 2022, but some regional grid components are still owned by the company as of 31 December 2022



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Notes

Note 4 Energy purchase and transmission costs

NOK million	2022	2021
Transmission costs	38	205
Energy purchases and transmission costs	38	205

Transmission costs primarily relate to feed-in-costs to the transmission grid. Transmission costs consist of a fixed and a variable component. The variable component is priced based on supply and demand. In the case of energy shortage power producers may be compensated for feeding into the transmission grid (transmission income), as was the case for most of 2022 in the southern price areas.

Note 5 Salaries and other personnel costs

NOK million	2022	2021
SALARIES AND OTHER PERSONNEL COST	409	364
Wages and salaries	55	49
Employers' national insurance contributions	47	41
Pension costs	13	6
Salaries and other personnel costs	524	479
Average number of full-time equivalents employed in the Company	385	402

Note 5 Salaries and other personnel costs (cont.)

Remuneration to senior executives and board members of HEV in 2022:

NOK thousand	Name	Position	Salaries, holiday pay and fees	Bonus (1)	Benefits in kind	Pension costs
	Kristin Lian	CEO	2 814	8	307	455

(1) Includes remuneration for work in the Audit Committee.

Remuneration to board members amounted to TNOK 200 in 2022.

Information regarding the salary of the CEO and board is discussed in more detail in note 7.1 in the financial statement for Hafslund AS.



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Notes

Note 6 Property tax and other imposed costs and compensations

NOK million	2022	2021
PROPERTY TAX AND OTHER IMPOSED COSTS AND COMPENSATIONS		
Property tax	113	133
License fees	67	66
Regulation costs and other compensations	105	60
Property tax and other imposed costs and compensations	284	259

License 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 in which they arise.

The increase in regulation costs and other compensations is mainly due to compensation for environmental impact following a revision of terms of the Hoi regulation.

Note 7 Intangible assets

NOK million	Acquisition cost 01.01.2022	Merger HEV VKDA AS 5% *	Book value 31.12.2022
Waterfall rights	7 403	143	7 546
Goodwill	-	174	174
Total intangible assets	7 403	317	7 722

Purchased waterfall rights are deemed to be perpetual and are not amortized

* See note 2 for merger with HEV VKDA AS.



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Notes

Note 8 Property, plant and equipment

NOK million	Power facilities	Other property	Technical equipment and chattels	Facilities under construction	Property, plant and equipment
Cost at 1 January 2022	7 970	92	80	543	8 685
Merger HEV VKDA AS 5% *	163	-	-	-	163
Additions	20	7	4	275	306
Transferred from facilities under construction	224	-	4	-228	-0
Disposals	-131	-1	-1	-	-133
Reclassification acquisition cost	-69	69	0	-0	-0
Cost at 31 December 2022	8 178	167	88	591	9 023
Accumulated depreciation 01.01.	-2 963	-3	-31	-	-2 997
Accumulated depreciation from merger	-32	-	-	-	-32
Accumulated impairment 01.01.	-8	-	-	-	-8
Accumulated depreciation sold operating assets	81	-	-	-	81
Reclassification from earlier years	69	-69	-	-	-
Depreciation for the year	-123	-3	-9	-	-135
Impairment for the year	5	-	-	-	5
Accum. depreciations and impairments. at 31 December 2022	-2 971	-74	-40	-	-3 085
Balance at 31 December 2022	5 206	92	48	591	5 938
Depreciation period (number of years)	4-100	100/No depreciation	3-30	No depreciation	

The lease agreement regarding Leinafos power plant has been terminated with effect from 30 June 2022.

* See note 2 for merger with HEV VKDA AS.



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Notes

Note 9 Other operating costs (cont.)

NOK million	2022	2021
OTHER OPERATING COSTS		
Maintenance	122	111
Purchase of external services	165	130
Office expenses	70	62
Insurance	11	15
Sales and marketing expenses	5	4
Reimbursement of salaries and operating expenses	-258	-207
Net sales of hours	-195	-151
Management fee Hafslund AS	11	18
Other items	50	29
Other operating costs	- 19	11

Other operating costs are negative in 2022. Hafslund Eco Vannkraft is operating power plants owned by other group companies and third parties and income from sale of hours. Transfer of operating costs as well as capitalised salaries are the main drivers behind the negative costs

NOK thousand (excl. VAT)	2022	2021
AUDITOR'S FEES		
Mandatory audit	1 218	824
Other assurance services	171	167
Other non-audit fees	-	332
Total auditor's fees	1 389	1 323

Note 10 Financial items

NOK million	2022	2021
INTEREST INCOME		
Interest income	3	1
Interest income from group companies	54	12
Interest income	57	13
INTEREST EXPENSE		
Interest expense	-1	-
Interest expense to group companies	-588	-453
Interest expense	-589	-463
OTHER FINANCIAL INCOME/COSTS		
Currency gains or losses	252	-25
Dividend	1 800	1 300
Other financial income or cost	-1	-35
Other financial income/costs	2 052	1 240
Net financial income/costs	1 510	799



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Notes

Note 11 Taxes

NOK million	2022	2021	NOK million	2022	2021
TAX EXPENSE					
Income tax payable	1 746	860	Profit before tax	7 081	5 254
Changes in deferred tax	-568	32	22 % (22 %) of profit before tax adjusted	1 558	1 156
Resource rent tax payable	3 819	1 586	22 % (22 %) of permanent differences	-418	-276
Changes in deferred resource rent tax	310	324	Payable resource rent tax	3 819	1 586
Natural resource tax	110	115	Change in deferred tax negative resource rent tax carried forward (45 %)	20	48
Natural resource tax offset against income tax	-110	-115	Change in deferred resource rent tax (45%)	167	275
Too little/much tax set aside in previous years	27	-35	Change in deferred resource rent tax related to change in tax rate	124	-
High-price contribution	607	-	Too little/much tax set aside in previous years	27	-35
Other	-	-26	High-price contribution	607	-
Tax expense for the year	5 942	2 751	Other	39	-14
			Tax expense for the year	5 942	2 751
			Effective tax rate	84%	52%



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Notes

Note 12 Equity

NOK million	Number of shares	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity at 1 January 2021	3 037 210	3 037	2 003	197	3 736	8 972
Profit for the year	-	-	-	-	2 504	2 504
Actuarial gains and losses	-	-	-	-	18	18
Additional dividend	-	-	-	-	- 1 905	- 1 905
Equity at 31 December 2021	3 037 210	3 037	2 003	197	4 352	9 589
Profit for the year	-	-	-	-	1 139	1 139
Actuarial gains and losses	-	-	-	-	- 36	- 36
Capital increase *	19 623	20	256	-	-	276
Additional dividend	-	-	-	-	- 1 645	- 1 645
Equity at 31 December 2022	3 056 833	3 057	2 259	197	3 810	9 323

Hafslund Eco Vannkraft AS is owned 56.5 % by Hafslund AS and 43.5 % by Eidsiva Energi AS. Hafslund AS owns 50 % of Eidsiva Energi AS through its wholly owned subsidiary Hafslund Vekst AS.

*) As a consequence of the transaction between Slange Energi and Eidsiva Energi, Eidsiva Energi made a non-cash equity contribution for 19 623 shares in Hafslund Eco Vannkraft AS. The non-cash contribution consisted of 5% of Vinstra Kraftverk DA and Viksdammen, total NOK 276 million, where NOK 20 million as Share capital and NOK 256 million as Share premium.



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Notes

Note 13 Investments in subsidiaries

NOK million	Registered office	Shareholding	Voting rights	Equity 31 December 2022	Profit 2022	Book value 31 December 2022
Hafslund Eco Vannkraft innlancet AS	Lillehammer	100,0 %	100,0 %	5 051	2 082	12 027
Hallingfisk AS	Hovet, Hallingdal	66,5 %	66,5 %	9	1	2
Mork kraftverk AS	Oslo	67,0 %	67,0 %	20	19	0
Total investments in subsidiaries						12 030

Note 14 Joint operations

Company name	Registered office	Shareholding
Aurlandsanleggene *		93,0 %
Vinstra kraftselskap DA	Lillehammer	71,7 %
Lya kraftverk		70,0 %
Solbergfoss anlegget		66,7 %
Usta kraftverk		57,1 %
Nes kraftverk		57,1 %
Embretsfoss DA	Drammen	50,0 %
Nedre Otta DA **	Vågå	50,0 %
Opplandskraft DA	Lillehammer	25,0 %
Uvdal I and II	Geithus	10,0 %

*The company has an option to redeem the 7 % stake from Statkraft in 2029 at market price.

** Sel and Vågå municipality has a withdrawal right of 3%, which makes Hafslunds share net 47 %.

Sel and Vågå municipality do not have ownership in the joint operation



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Notes

Note 15 Financial Risk

As a hydropower producer, Hafslund Eco Vannkraft is exposed to fluctuations in market prices and volume uncertainty, and the company manages risk through market participation. Systems and reporting routines are in place to manage risks relating to power production. Exposure shall be kept within defined limits and risk management is followed up through reporting to the Management and the Board. Prices for part of the future hydropower production are hedged within adopted frameworks. The scope of hedging may vary, based on an overall assessment of market prices and future developments that could impact power production. The company also takes up active positions in the energy market.

The Nordic power market has euro as trading and clearing currency. The company therefore gets most of its income from physical and financial trading in euro. Euro cash holdings are limited by regularly exchanging euro to Norwegian kroner. The company has most of its costs in Norwegian kroner. The foreign exchange market is used to manage currency risk deriving from hedging where the value of hedged production can be fully or partly hedged from euro to Norwegian kroner using currency futures.

Historically high power prices and volatility in the financial power market in 2022 entailed that several of the participants on the Nasdaq stock exchange informed about challenging margin requirements. Hafslund Eco Vannkraft mitigated risk by performing portfolio transfers from Nasdaq to bilateral agreements with other power companies, which significantly reduced the company's margin requirements and net exposure on Nasdaq.

As of 31 December 2022 the company has financial power contracts (System futures / forwards and EPAD futures / forwards) of respectively 2 077 GWh and 637 GWh. Hedging volumes are mainly related to hedging of power production in 2023 and 2024. The company also actively takes positions in the financial power market. The market value of financial power contracts as of 31 December 2022 was -2 128 million kroner. The company has corresponding currency hedges of 285 million euro. As of 31 December 2022 the market value of these contracts was 14.8 million kroner.

Portfolios for primary power price hedges and corresponding currency hedges are hedge accounted, and these derivatives are off-balance sheet. Profit and loss statement effects of hedges correspond with delivery periods, matching the company's income from physical power sales.

As part of primary power price hedging the company also has contracts (power purchase agreements) with physical delivery to large industrial power consumers. These contracts are for the delivery of fixed power volumes to fixed prices, securing a stable income for the company. These contracts are off-balance sheet.

Interest bearing debt is exposed to interest risk. The counterparty for the company's debt is the parent company Hafslund AS. The exposure is managed mainly through balancing the mix of fixed and floating interest rate loans in the company's debt portfolio



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Notes

Note 16 Other non-current receivables

NOK million	31.12.2022	31.12.2021
OTHER NON-CURRENT RECEIVABLES		
Overfunded pension plan	181	255
Other long-term interest-bearing receivables	142	83
Other non-current non-interest-bearing receivables	7	28
Non-current receivables from Group Companies *)	208	42
Other long-term receivables	538	408

*) Mork kraftverk AS

Hafslund Eco Vannkraft AS has a loan to Mork Kraftverk AS with a nominal value of NOK 190.1 million per 31 December 2022 plus interest. The loan is classified as a long-term intercompany receivable.

Interest rate is equivalent to 3 Month NIBOR +100 basis points.

The loan was established on 1 September 2022 with due date on 1 December 2041. The borrower has an option for a 10-year extension. Annual repayments are made.

The next installment is due on 1 December 2023 and amounts to NOK 9.3 million. The next installment is not reclassified as a short-term receivable. In addition the borrower is free to make extraordinary repayments on the principal amount. In the event of such repayments, the maturity will be maintained and annual repayments adjusted accordingly.

Interest rate as of 31 December 2022 was 4.55%

Note 17 Trade receivables and trade payables

NOK million	31.12.2022	31.12.2021
TRADE RECEIVABLES		
Trade receivables	494	371
Intercompany trade receivables	96	87
Total trade receivables	590	458

NOK million

31.12.2022

31.12.2021

TRADE PAYABLES

Trade payables	430	400
Intercompany trade payables	1 946	1 235
Total trade payables	2 376	1 635

Note 18 Other current receivables

NOK million	31.12.2022	31.12.2021
OTHER CURRENT RECEIVABLES		
Other current receivables	2 129	1 607
Intercompany current receivables	3	191
Other current receivables	2 132	1 798



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Notes

Note 19 Cash and cash equivalents/ short-term placement with group companies

Hafslund Eco Vannkraft AS participates in Hafslund AS' corporate cash pooling systems with DNB and Nordea. Deposits in the cash pool represent claims on the parent company and are treated as intercompany balances with Hafslund AS.

Bank deposits amount to NOK 560 million. Restricted funds amount to NOK 588 million.

The company has an employee tax deduction guarantee of NOK 30 million and a guarantee for power trading of EUR 2 million.

NOK million	31.12.2022	31.12.2021
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	560	303
Corporate cash pooling system	6 665	4 453
Total cash and cash equivalents	7 225	4 756



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Notes

Note 20 Non-Current interest-bearing debt

Hafslund Eco Vannkraft AS has two loans from Hafslund AS:

1) A loan of a total of NOK 14.215 million which is divided into three tranches, where one tranche has a floating interest rate with 3 month NIBOR as reference rate (tranche A), one tranche has a floating interest rate with 6 month NIBOR as reference rate (tranche B) and one tranche with fixed interest rate (tranche C). The size of the tranches is based on the share of the Lender's external debt. The loan was established on 30 September 2019 and matures on 30 September 2029, when it is repaid in full.

The tranches with floating interest have interest corresponding to 3 and 6 months NIBOR based on the lender's actual portfolio, with an addition for the average credit spread on the lender's loans with floating interest rate plus an addition for the estimated credit spread difference between the credit quality of the lender and the borrower. The fixed loan has an interest rate corresponding to the average interest rate on the lender's fixed-rate loans, with an addition for the estimated credit spread difference between the credit quality of the lender and the borrower.

Tranche A (3-month NIBOR) was NOK 6.112 million, interest rate 4.2%

Tranche B (6-month NIBOR) was NOK 1.422 million, interest rate 5.0%

Tranche C (fixed interest rate) was NOK 6.681 million, interest rate 3.3%

2) A subordinated loan of NOK 2.562 million with interest rate equal to the average of the last 2 years' daily 10-year swap quotes + 340 basis points. The loan was established on 30 September 2019 and matures 31 December 2039, when it is repaid in full. The interest rate for 2022 was 5.7%. As long as the company's annual profit after extraordinary income and costs as well as tax costs is not sufficient for interest to be paid in full for the accounting year, interest must be paid as far as this can be covered by the annual profit. Interest that does not become payable as a result of this provision is considered waived. The loan will be repaid in full on 14 April 2023. Please see note 22 for accrued interest and note 26 Events after reporting period.



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Notes

Note 21 Pension costs and pension liabilities

Hafslund Eco Vannkraft 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. For accounting treatment of pension costs and obligations, see accounting principles for further discussion.

A total of 81 (93) employees and 703 (718) retirees are per 31 December 2022 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 7 percent for salaries up to 7,1 G and 15 percent for salaries between 7,1 G og 12 G.

Pension costs and pension obligations are calculated by actuary. The pension obligations are estimated on the basis of the assumptions on the balance sheet date. The pension funds are assessed at fair value on the balance sheet date. The effect of estimate changes is recognised against equity after adjustment to deferred tax and deferred resource rent tax.

An additional contribution is given for salaries above 12 G.

The actuarial assumptions are based on ordinary assumptions applied for insurance with regards to demographic factors and retirement. The applied discount factor is equal to the indicative discount factor estimated by Norwegian Accounting Standards Board per 30 September 2022 based on corporate bonds with preferential rights (OMF). Annual salary growth corresponds with estimates by Norwegian Accounting Standards Board.

Applied assumptions follow recommendations provided by the Norwegian Accounting Standards Board as of 30 September 2022. The discount rate is updated with the OMF interest rate (covered bonds) as of 30 November 2022

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

With effect from 1 May 2020, employees from Hafslund Eco Vannkraft Innlandet were transferred to Hafslund Eco Vannkraft. Claims have been established against service purchasers and against Hafslund Eco Vannkraft Innlandet of NOK 7 million (NOK 53 million) as of 31 December 2022.

Assumptions	31.12.2022	31.12.2021
Discount rate	2,90%	1,50%
Expected yield/c	2,90%	1,50%
Salary increase	3,75%	2,50%
Adjustment of National Insurance Scheme's basic amount (G)	3,50%	2,25%
Expected annual adjustment of pensions paid	2,75%	1,50%



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Notes

Note 21 Pension costs and pension liabilities (cont.)

NOK million	2022	2021
Defined benefit plans:		
Present value of accrued pension entitlements for the year	12	10
Interest cost	26	25
Return on pension assets	-29	-26
Employer's National Insurance contribution	2	1
Pension costs defined benefit plans	10	10
Defined contribution plans:		
Employer's contribution	82	31
Pension costs defined contribution plans	82	31
Total pension costs	92	41

NOK million	31.12.2022	31.12.2021
Pension assets and liabilities:		
Present value of accrued pension liabilities for funded defined benefit plans	1 731	1 805
Fair value of pension assets	-1 876	-1 073
Actual net pension liabilities for funded defined benefit plans	-145	-168
Carrying amount net pension assets	181	255
Carrying amount net pension liabilities	36	87

NOK million	31.12.2022	31.12.2021
Net pension liabilities/assets 1 January	-168	-104
Transfer of business	-8	8
Pension cost	11	10
Benefits paid	-84	-39
Actuarial loss (gain) adjusted through equity	105	-44
Book value 31.12.	-145	-168



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Notes

Note 22 Other current non-interest-bearing liabilities

NOK million	31.12.2022	31.12.2021
OTHER CURRENT NON-INTEREST-BEARING LIABILITIES		
Value added tax	1 220	814
Charges related to salaries intercompany *)	39	35
Other current liabilities	568	134
Derivatives	724	377
	19	-
Other current non-interest-bearing liabilities	2 569	1 360

*) Accrued interest expense related to the subordinated loan from Hafslund AS amounts to MNOK 147.

Note 23 Guarantees

Hafslund Eco Vannkraft AS has issued a guarantee for Hafslund Eco Vannkraft Innlandet AS's timely fulfillment of all obligations under the agreement on subordinated loan from Eidsiva Energi AS of NOK 1.917 million. If interest rates are reduced (in the event that profit after tax is not sufficient to pay the interest in full) to a greater extent than interest rates are reduced in accordance with the corresponding provision in the subordinated loan agreement between Hafslund AS and Hafslund Eco Vannkraft AS, Hafslund Eco Vannkraft AS shall compensate Eidsiva Energi AS so that interest rates are reduced proportionately in both loan conditions. Similarly, Eidsiva Energi AS undertakes to compensate Hafslund AS in the same way if interest payments in accordance with the loan agreement between Hafslund AS and Hafslund Eco Vannkraft AS are reduced to a greater extent than in the loan agreement between Eidsiva Energi AS and Hafslund Eco Vannkraft Innlandet AS. The purpose is to ensure that the lenders are treated equally under the two subordinated loan agreements.

Hafslund Eco Vannkraft AS is a sub-account holder in group account systems with Hafslund AS as the group account holder. A corporate group account system entails joint liability among the participating companies for any obligations the group account holder may have towards the bank.



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Notes

Note 24 Info about power production

The company's licences are perpetual subject to 2/3 public ownership. Licence conditions may be taken up for revision 50 (30) years after the date of the licence. New conditions have been laid down for the next 30 years for the Høi regulation, with a total power loss of approximately 14 GWh/year. As a result of the condition review, the company was also required to pay compensation for environmental impact in the amount of NOK 18 million. As of today, some of the company's watercourse regulation licences are pending with the NVE or MPE. This applies to the regulation of the Uste- and Hallingdalsvassdraget and the regulation of Savalen, Unndalen (Fundinmagasinet), as well as the transfer from Einunna to Savalen and from Glomma at Høyegga to Rena and the regulation of Roppa and Raua. In addition, the NVE has informed about initiation of revision of the Auriland regulation.

In condition revisions, new requirements may be introduced for reservoir restrictions, minimum water flows and environmental requirements. The company expects that new minimum water flow requirements will be introduced in some watercourses, while the authorities are expected to be very cautious about introducing restrictions on hydropower reservoirs of significance for security of supply and flood mitigation.

The company has plans for seeking several new hydro power licenses in the coming years. Most projects include refurbishment and expansion of existing plants.

All control and supervision of dams and regulating facilities is carried out in accordance with the requirements of the authorities. All dams undergo a predefined supervision program. The main audit is carried out by internal personnel and consists of a detailed visual inspection of the dam and review of the documentation and supervision routines. In accordance with the authorities' requirements, reassessment is carried out by external personnel with approval from the NVE, where the entire structure is re-checked and assessed against the current regulations. There are requirements for documentation and a written report to the NVE.

New regulations on dam safety from 2010 and completed reassessments mean that many dams and regulating facilities must be reinforced. The company therefore has a long-term plan for the reconstruction and new construction of such facilities. Priority will be given to hazards in impact classes 3 and 4.

The licence conditions mean that the company is required to pay annual compensation to landowners as well as licence fees. The licence fee amounted to approximately NOK 67 million in 2022, see Note 6. The company is also obliged to supply concessionary power at full cost or prices set by the Ministry of Petroleum and Energy. No provisions have been made for these licence obligations as they have been taken into account when determining the value of operating assets when establishing the company. Concessionary power is recognised as income at the actual price achieved. Replaced free power deliveries are expensed on an ongoing basis.



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Notes

Note 25 Related party transactions

The purchase of administrative services and goods from other companies in the group has been entered into for cost recovery and market conditions. Sales of goods and services to related parties are concluded based on full product cost on market terms.

NOK million	2022	2021
Purchase of goods and services		
From Hafslund Group	30	29
Withdrawal of power from part-owned company for full product costs	140	94
Sum purchase of goods and services from related parties	170	123
Sales of goods and services from related parties:		
To Hafslund Group (services and management fees)	203	195
Sum sales of goods and services from related parties	203	185
Net transactions with goods and services from related parties	33	63



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Notes

Note 26 Events after reporting period

Approval of annual report

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 are included in the basis for information determining accounting estimates and will 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.

Repayment of subordinated debt to Hafslund AS

Hafslund Eco Vannkraft AS had at 31 December 2022 a subordinated loan of NOK .562 million from Hafslund AS. The loan is discussed in detail in Note 20, Non-Current interest-bearing debt. On 16 March 2023 the parties agreed to make an extraordinary repayment of the loan. The loan will be repaid in full on 14 April 2023. At the same time interest for 2022 in the amount of NOK 147.1 million as well as interest for the period 1 January to 14 April 2023 will be paid. Interest for 2023 will be calculated based on daily quotes for a 10-year swap + 340 basis points for the period 9 to 11 April 2023. Interest for 2022 was recognized in the 2022 financial statements, while interest for 2023 will be recognized in 2023. After the repayment of the subordinated loan the remaining interest bearing debt in the company will be a loan to Hafslund AS in the total of NOK 14.215 million divided into three tranches.

For more detail about accrued interest and the remaining debt, please see Note 20 and Note 22.



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To the General Meeting of Hafslund Eco Vannkraft AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Hafslund Eco Vannkraft AS (the Company), which comprise the balance sheet as at 31 December 2022, 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.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, 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.

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 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.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. 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.

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

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.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements 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 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 16 March 2023

PricewaterhouseCoopers AS

Marius Thorsrud
State Authorised Public Accountant
(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Thorsrud, Marius	BANKID	2023-03-31 12:43

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