

Interim Report Q1/2021

Statkraft AS



Key figures

NOK million	First Quarter			Year
	2021	2020	Change	2020
Income statement				
Gross operating revenues and other income underlying	18 147	12 034	6 113	38 060
Net operating revenues and other income underlying	10 674	7 593	3 081	20 960
EBITDA underlying	8 201	5 145	3 056	10 736
Operating profit/loss (EBIT) underlying	7 216	4 090	3 126	6 670
Operating profit/loss (EBIT) IFRS	6 318	4 386	1 932	5 749
Share of profit/loss in equity accounted investments	444	722	-278	835
Net financial items	1 511	-5 947	7 458	-1 631
Profit/loss before tax	8 273	-840	9 113	4 953
Net profit/loss	4 819	-1 888	6 708	3 532
Key financial metrics				
Operating profit/loss (EBIT) margin underlying	39.8%	34.0%	5.8%	17.5%
ROACE	8.3%	12.5%	-4.2%	5.7%
ROAE	4.2%	11.2%	-7.0%	6.3%
Balance sheet and investments				
Assets	185 617	199 249	-13 633	181 257
Equity	100 466	105 409	-4 943	98 028
Net interest-bearing debt	22 963	26 451	-3 487	27 393
Capital employed	116 790	117 798	-1 008	118 653
Equity accounted investments	13 959	13 915	44	13 492
Total investments	1 519	1 289	229	9 901
Cash Flow				
From operating activities	3 950	-2 458	6 408	11 632
Cash and cash equivalents (incl. restricted cash)	12 203	10 105	2 097	11 155
Currency rates				
NOK/EUR average rate	10.26	10.46	-0.19	10.72
NOK/EUR closing rate	10.00	11.51	-1.51	10.47

Definitions

See section Alternative Performance Measures at the end of this report for definitions.

The quarterly report shows the development in the quarter compared with the same quarter last year, unless otherwise stated.

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RECORD-HIGH OPERATING RESULT

“ High Nordic power prices and successful energy management led to an all-time high underlying EBIT.

Statkraft continues to seek and capture new business opportunities in the green transition.

The first quarter was a promising start to the year. Higher power prices and increased hydropower generation resulted in a record-high underlying operating result. In addition, Statkraft continued to deliver on its strategy and initiated new projects in the quarter.

The underlying EBIT was NOK 7.2 billion in the quarter, an increase of NOK 3.1 billion from the first quarter last year.

The average Nordic system price was 42.3 EUR/MWh, a 175 per cent rise compared with the same quarter in 2020. Total power generation increased by 16 per cent to 20.6 TWh.

A strengthening of NOK against EUR had a positive effect on net financial items, which ended at NOK 1.5 billion. Net profit was NOK 4.8 billion, an increase of NOK 6.7 billion compared with the result in the first quarter last year.

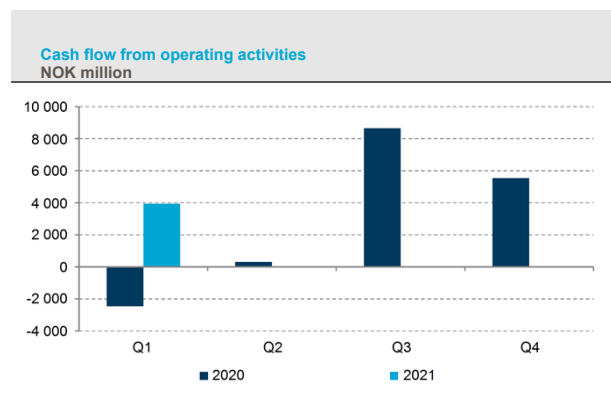
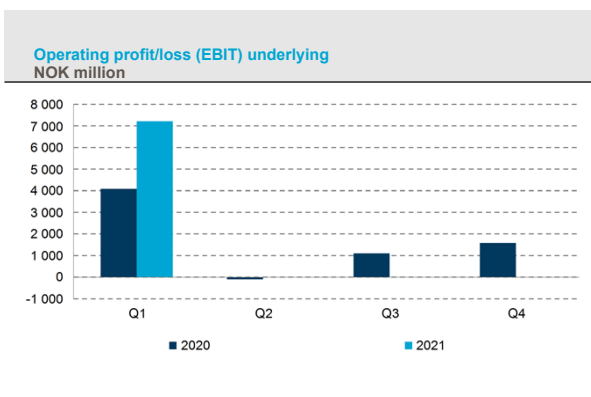
Cash flow from operating activities in the quarter was solid at NOK 4 billion. The net interest-bearing debt to equity ratio was 18.6 per cent, giving room for significant new investments within renewable energy.

Statkraft continues to focus on reliable and safe operations amidst the Covid-19 pandemic and is closely monitoring the development.

Statkraft has decided to build its first wind farms in Chile, broadening the company’s renewable energy portfolio in the region. The 102 MW project consists of three wind farms, which are expected to generate more than 300 GWh of renewable energy annually.

Statkraft has signed a collaboration agreement with Yara and Aker Horizons, aiming to establish Europe’s first large-scale green ammonia project in Norway. The partners will target green ammonia opportunities within shipping, agriculture and industrial applications, by electrifying Yara’s existing ammonia facility at Herøya in Porsgrunn, Norway. In addition, Statkraft has entered into a partnership with Aker Offshore Wind to explore offshore wind project opportunities in Norway. These are clear examples of Statkraft finding business opportunities in the green transition, which also support sustainable development goals, innovation and economic development.

Following the transfer of the operation of the Roan wind farm to TrønderEnergi in February, Statkraft has chosen to sell the ownership interest in the wind farm to TrønderEnergi and Stadtwerke München. Statkraft will continue its ownership interest and role as an operator of the five remaining wind farms in Fosen Vind.



Strategic targets

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

AMBITION	TARGET	STATUS
HSE and sustainability		
Prevent incidents and be committed to a workplace without injury or harm	Zero serious injuries	0
Prevent corruption and unethical practices in all activities	Zero serious compliance incidents	0
Deliver climate-friendly, renewable power and taking responsible environmental measures	Zero serious environmental incidents	0
Financial performance		
Deliver a solid return on capital	>7% ROACE	8.3%
Value creation in ongoing business		
Efficient management of energy resources in the Nordic hydropower fleet	>3.5% higher realised prices than the average spot price in the market	6.3%
Growth		
Grow capacity in renewable energy (hydro-, wind- and solar power)	9 GW growth by 2025	2.4 GW
Organisational enablers		
Improve diversity in background, competence and gender across the company	Long-term target of 40% women in top management positions	30%

Caring for people is at the core of Statkraft's activities and Statkraft works continuously towards the goal of zero injuries. Strengthening the safety culture and performance – across the organisation and among subcontractors – is top priority and has high attention throughout the organisation. In the first quarter of 2021 there were no serious injuries.

Statkraft has zero tolerance for corruption and unethical practices in all activities, and there were no serious compliance incidents in the first three months of 2021.

Assessing environmental risks is part of Statkraft's daily risk management procedures and practices, and there were no serious environmental incidents in the first quarter.

Statkraft aims to deliver a solid return on capital employed. Measured on 12 months rolling basis, the ROACE was 8.3% which is above the target. See section "Return on average capital employed (ROACE)" for more information.

With Europe's largest portfolio of flexible hydropower plants and reservoir capacity, Statkraft can optimise Nordic hydropower generation over several years. Statkraft is therefore well positioned to achieve a higher average price for this generation than the average Nordic spot price. As of March 2021, Statkraft's realised prices (measured over the last 60 months) were 6.3% higher than the average spot price in the Nordics.

The target of developing 9 GW by 2025 remains. At the end of the first quarter, the status for this target is 2.4 GW, up 145 MW from the end of 2020. The increase relates to the Torsa wind project in Chile and solar projects in the Netherlands.

Statkraft aims for a diverse workforce and has a long-term ambition of having at least 40% women in top management positions. At the end of March 2021, the total share of women in all top management positions was 30%, up from 29% at the end of 2020. The 40% target was reached for the corporate management in 2020.

Corporate responsibility and HSE

	First Quarter 2021	2020	Year 2020
Corporate responsibility and HSE			
Fatal accidents ¹⁾	0	1	0
Serious environmental incidents	0	0	0
Absence due to illness, Group	2.2%	3.5%	2.4%
TRR rate ¹⁾²⁾	3.8	4.9	4.2
Full-time equivalents, Group	4 171	3 700	4 074

¹⁾ Includes employees and suppliers in plants where Statkraft owns 20% or more.

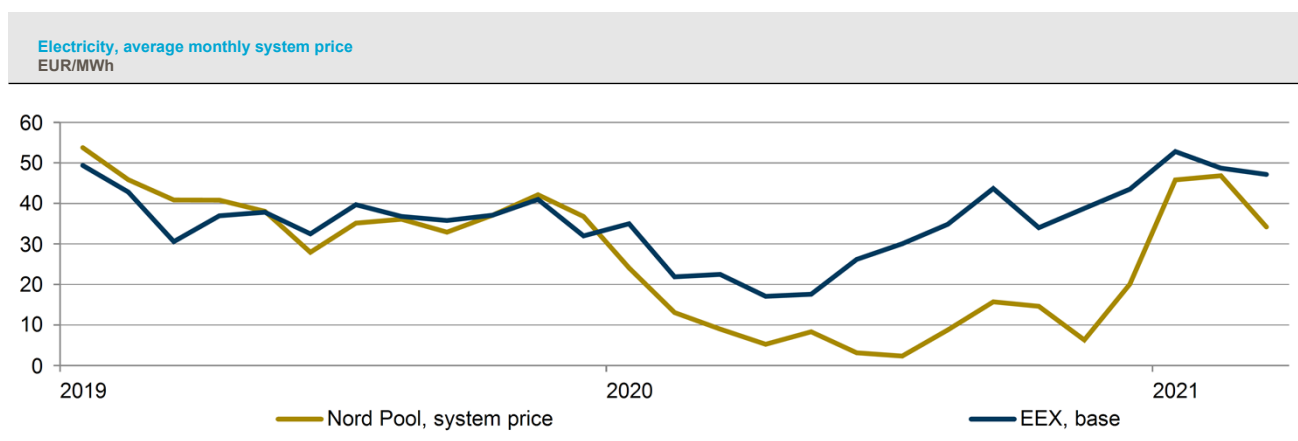
²⁾ TRR rate (rolling 12 months): Number of injuries per million hours worked.

There were no serious injuries reported in the quarter.

Market and production

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

POWER PRICES



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

	First Quarter 2021	2020	Change	Year 2020
Market prices (average)				
System price, Nord Pool (EUR/MWh)	42.3	15.4	26.9	10.9
Spot price (base), EEX (EUR/MWh)	49.6	26.5	23.1	30.4
Spot price (peak), EEX (EUR/MWh)	59.5	34.8	24.7	37.4
Spot price (base), N2EX UK (GBP/MWh)	63.9	32.7	31.2	35.2

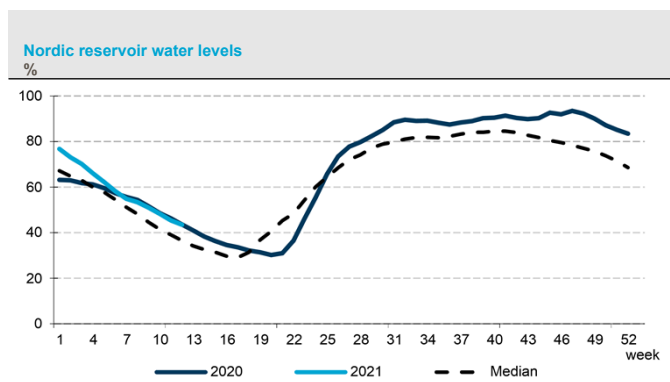
Sources: Nord Pool and European Energy Exchange (EEX).

The average system price in the Nordic region was 42.3 EUR/MWh in the quarter, an increase of 175%. The increase was mainly due to the cold weather combined with lower generation from wind power driven by low wind speeds. In addition, there were significant price area differences in the quarter.

The average base price in the German market (EEX) was 49.6 EUR/MWh in the quarter, an increase of 87%. The increase was mainly due to higher gas, CO₂ and coal prices. Significantly lower wind power generation due to low wind speeds also contributed to the increase.

The average base price in the UK was 63.9 GBP/MWh in the quarter, an increase of 96%. The increase was mainly driven by higher gas prices.

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



Source: Nord Pool.

TWh	First Quarter		Year
	2021	2020	2020
Consumption and output			
Nordic			
Nordic consumption	118.6	110.1	386.9
Nordic output	121.5	116.6	387.8
Net Nordic import(+)/export(-)	-2.9	-6.5	-0.9
Norway			
Norwegian consumption	42.7	39.2	133.5
Norwegian output	45.6	40.4	133.4
Net Norwegian import(+)/export(-)	-2.9	-1.2	0.1

The total reservoir level for all hydropower producers in the Nordic region was 119% of median level at the end of the quarter, corresponding to 44% of total capacity.

STATKRAFT'S POWER GENERATION

Statkraft's generation optimisation is determined by price expectations, water reservoir capacity and reservoir water levels, access to resources (inflow and wind), the margin between power prices and gas in addition to CO₂ prices (spark spread) and grid restrictions.

TWh	First Quarter		Year
	2021	2020	2020
Generation, technology			
Hydropower	18.3	15.6	55.7
Wind power	1.2	1.4	4.3
Gas-fired power	1.1	0.7	5.1
Biomass and solar power	0.1	0.1	0.3
Total generation	20.6	17.7	65.4

TWh	First Quarter		Year
	2021	2020	2020
Generation, geography			
Norway	15.9	13.2	47.5
Sweden	2.0	2.3	7.4
Europe ex. Nordic	1.5	1.0	6.4
Rest of the world	1.1	1.2	4.1
Total generation	20.6	17.7	65.4

The Group generated a total of 20.6 TWh in the quarter, an increase of 16%. Norwegian hydropower generation increased, following optimisation of the factors above. Generation from wind power decreased driven by lower wind speeds, partly offset by new capacity in Norway. Gas-fired power generation increased, driven by more hours with positive spark spread.

The Group's district heating deliveries amounted to 0.5 TWh and were 0.1 TWh higher compared with the same quarter last year.

Financial performance

NOK million	First Quarter			Year
	2021	2020	Change	2020
Net operating revenues and other income underlying	10 674	7 593	3 081	20 960
Operating profit/loss (EBIT) underlying	7 216	4 090	3 126	6 670
Operating profit/loss (EBIT) IFRS	6 318	4 386	1 932	5 749
Share of profit/loss in equity accounted investments	444	722	-278	835
Net financial items	1 511	-5 947	7 458	-1 631
Profit/loss before tax	8 273	-840	9 113	4 953
Tax expense	-3 453	-1 048	-2 405	-1 421
Net profit/loss	4 819	-1 888	6 708	3 532

FINANCIAL PERFORMANCE FIRST QUARTER

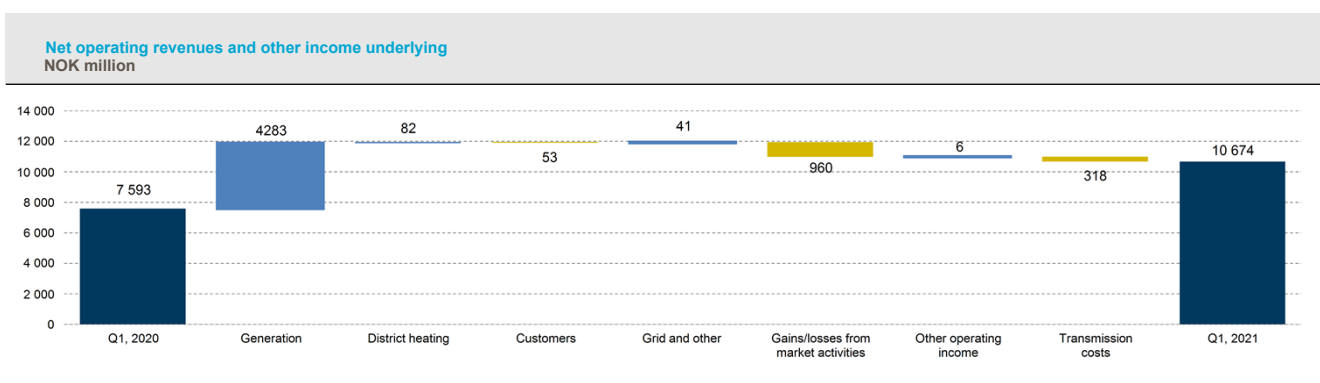
The increase in underlying EBIT was mainly driven by significantly higher Nordic power prices and higher Norwegian hydropower generation. Underlying operating expenses were slightly lower than in the same quarter last year.

The decrease in share of profit/loss in equity accounted investments was primarily related to Agder Energi and BKK.

Net financial items in the quarter included positive currency effects of NOK 1361 million, primarily related to a strengthening of NOK against EUR. In the comparable period there were negative currency effects of NOK 5715 million.

NET OPERATING REVENUES AND OTHER INCOME UNDERLYING

NOK million	First Quarter			Year 2020
	2021	2020	Change	
Net operating revenues and other income				
Generation	9 302	4 643	4 659	16 367
District heating	433	285	148	773
Customers	5 785	3 827	1 959	13 579
Grid and other	1 081	780	302	3 156
Sales revenues	16 602	9 535	7 067	33 875
Gains/losses from market activities	1 436	2 396	-960	3 619
Other operating income	110	103	6	566
Gross operating revenues and other income	18 147	12 034	6 113	38 060
Generation	-689	-314	-376	-1 759
District heating	-155	-89	-66	-237
Customers	-5 547	-3 536	-2 012	-13 175
Other	-494	-234	-261	-889
Energy purchase	-6 886	-4 172	-2 714	-16 060
Transmission costs	-588	-269	-318	-1 040
Net operating revenues and other income	10 674	7 593	3 081	20 960



In the graph above Generation, District heating, Customers and Grid and other are shown as sales revenues less energy purchase.

- Net operating revenues from Generation increased, mainly driven by significantly higher Nordic power prices and higher Norwegian hydropower generation.
- Net operating revenues from District heating increased, primarily driven by higher heating prices in Norway and higher delivered volume.
- Gains/losses from market activities decreased, primarily driven by reduced contributions from financial hedging, market access and trading. This was partly offset by improved unrealised value changes from certain embedded derivatives linked to long-term industry contracts.
- Transmission costs increased, mainly driven by higher Norwegian power prices and higher Norwegian hydropower generation.

OPERATING EXPENSES UNDERLYING

NOK million	First Quarter			Year 2020
	2021	2020	Change	
Operating expenses				
Salaries and payroll costs	-1 310	-1 172	-138	-4 627
Depreciations and amortisations	-985	-1 055	70	-4 066
Property tax and licence fees	-348	-309	-39	-1 264
Other operating expenses	-814	-967	153	-4 334
Operating expenses	-3 458	-3 503	45	-14 290

- The increase in salaries and payroll costs was mainly due to a higher number of full-time equivalents.
- The decrease in depreciations and amortisations was mainly driven by a deconsolidation of a company in Nepal in the third quarter of 2020.
- The increased property tax and licence fees was mainly driven by a higher valuation of the tax base in Norway.
- Other operating expenses was lower mainly due to reduced expected credit losses in the segment Market operations and a negative one-off effect in Brazil in the comparable period.

ITEMS EXCLUDED FROM OPERATING PROFIT/LOSS (EBIT) UNDERLYING

The segment reporting is based on underlying figures, which is in accordance with how the corporate management makes, follows up and evaluates its decisions. Unrealised value changes from embedded EUR derivatives, gains/losses from divestments of business activities and impairments/reversal of impairments are excluded from operating profit/loss (EBIT) underlying. See section Segments in the quarterly financial statements as well as the Alternative Performance Measures section for further information.

NOK million	First Quarter		Change	Year 2020
	2021	2020		
Items excluded from operating profit/loss (EBIT) underlying				
Unrealised value changes from embedded EUR derivatives	-949	2 853	-3 803	339
Gains/losses from divestments of business activities	-	0	-0	119
Impairments/reversal of impairments	51	-2 558	2 609	-1 379
Items excluded from operating profit/loss (EBIT) underlying	-898	295	-1 193	-922

- Embedded EUR derivatives linked to long-term industry contracts had a negative effect. This was mainly driven by a strengthening of forward NOK against EUR.
- The net reversal of impairments in the quarter was mainly related to wind farms in the segment European wind and solar.

FINANCIAL ITEMS

NOK million	First Quarter		Change	Year 2020
	2021	2020		
Financial items				
Net currency effects	1 361	-5 715	7 076	-1 520
Interest and other financial items	150	-232	382	-111
Net financial items	1 511	-5 947	7 458	-1 631

- Net currency gains in the quarter were related to a strengthening of NOK against EUR, and were primarily related to external debt.
- Interest and other financial items increased mainly due to positive value changes on interest rate derivatives, and reduced interest expenses as a result of lower average interest rates.

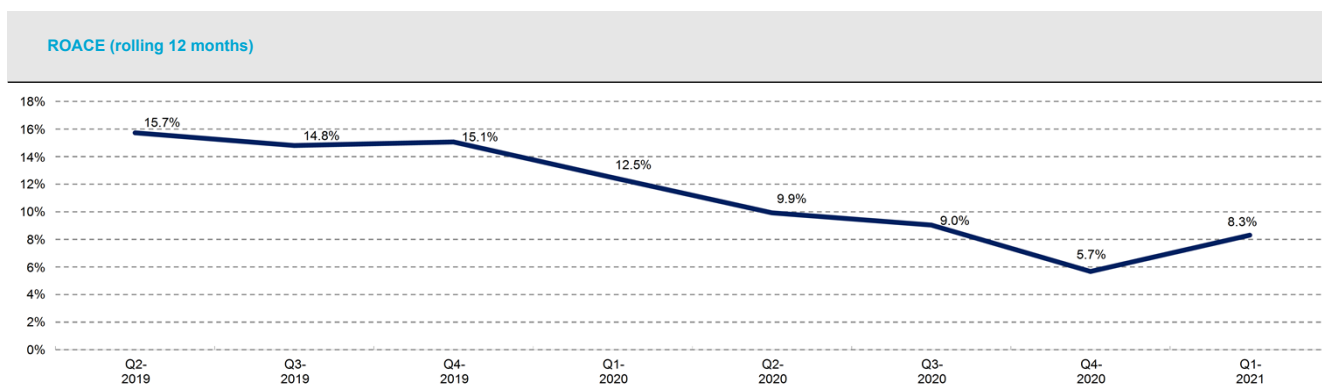
TAX EXPENSE

NOK million	First Quarter			Year 2020
	2021	2020	Change	
Tax expense				
Profit/loss before tax	8 273	-840	9 113	4 953
Nominal tax rate in Norway	22%	22%	0%	22%
Tax calculated at nominal Norwegian tax rate	1 820	-185	2 005	1 090
Tax on share of profit/loss in equity accounted investments	-98	-159	61	-184
Resource rent tax payable	1 499	502	997	1 282
Resource rent tax deferred	-12	1 123	-1 135	-94
Other differences from the nominal Norwegian tax rate	244	-233	477	-673
Tax expense	3 453	1 048	2 405	1 421
Effective tax rate	41.7%	-124.8%	166.6%	28.7%

Tax expense first quarter

- Resource rent tax payable increased, mainly due to significantly higher Nordic power prices and higher generation. This was partly offset by higher taxable deductions due to changes in resource rent tax regulations. From 2021 onwards all new investments related to hydropower generation can be deducted immediately for resource rent tax purposes.
- Resource rent tax deferred decreased, mainly due to unrealised gains related to embedded derivatives in the comparable period.
- Other differences from the nominal Norwegian tax rate of NOK 244 million were mainly due to changes relating to previous years and foreign tax rates differences.

RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)



The increase in ROACE compared with year-end 2020 was mainly due to a higher operating profit/loss (EBIT) underlying (rolling 12 months). Average capital employed was stable compared with year-end 2020.

CASH FLOW

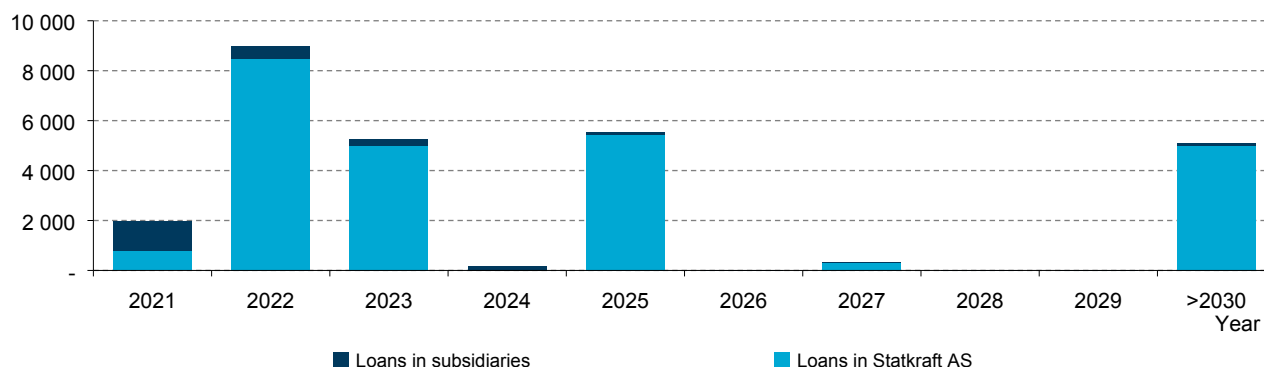
NOK million	First Quarter			Year 2020
	2021	2020	Change	
Cash flow				
Operating activities	3 950	-2 458	6 408	11 632
Investing activities	-1 074	-1 271	197	-7 226
Financing activities	-1 761	-1 625	-136	-8 280
Net change in cash and cash equivalents	1 115	-5 354	6 469	-3 874
Cash and cash equivalents (incl. restricted cash) at period end	12 203	10 105	2 097	11 155

Cash flow first quarter

- The quarterly EBIT (IFRS) of NOK 6318 million includes NOK 2877 million in negative unrealised effects. This is somewhat offset by cash outflow of NOK 3477 MNOK million related to cash collaterals, margin calls, and option premiums as well as taxes paid of NOK 1555 million.
- The negative cash flow from investing activities was mainly due to investments in property, plant and equipment.
- The negative cash flow from financing activities was mainly due to repayment of debt.

INTEREST-BEARING DEBT REPAYMENT PLAN

Long-term debt redemption profile
NOK million



At the end of the quarter, Statkraft had the following financial structure:

- Net interest-bearing debt totalled NOK 22 963 million.
- Net interest-bearing debt-equity ratio was 18.6%.

INVESTMENTS

New capacity: Construction of new power or heating plants, or investments that increase the capacity (MW) of existing plants. These projects are referred to as build-own-operate (BOO) further in the report.

Maintenance: Investments in existing power or heating plants that do not increase the capacity (MW).

Other: Other investments in property, plant and equipment (PPE) or intangible assets. This include assets such as grid, heating pipes, biofuel assets, vehicle charging infrastructure, data center assets and office equipment.

New capacity for subsequent divestment (DS/DBS): Development and construction investments related to projects that Statkraft intends to divest either before, at the time of, or shortly after completion. The projects are presented as inventories and are reported under the segment European wind and solar. These projects are referred to as develop-sell (DS) and develop-build-sell (DBS) further in the report.

Shareholdings, consolidated: Acquisition of shareholdings that are fully or proportionally consolidated.

Shareholdings, equity accounted: Investments in shareholdings that are accounted in accordance with the equity method.

Shareholdings, financial non-current: Investments in shareholdings that are recognised as financial assets in accordance with IFRS 9 Financial instruments.

Total investments in the quarter amounted to NOK 1519 million. Maintenance investments and other investments were primarily related to Nordic hydropower. Investments in new capacity were mainly related to construction of hydropower plants in Chile and India, as well as onshore wind farms in the UK.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities
First quarter 2021								
New capacity	178	16	-	147	-	-	16	-
Maintenance	406	325	-	30	-	4	47	-
Other	646	12	3	13	368	67	138	44
Investments in PPE and intangible assets	1 230	353	3	190	368	71	201	44
New capacity for subsequent divestment (DS/DBS)	271	-	-	-	271	-	-	-
Shareholdings, consolidated	-	-	-	-	-	-	-	-
Shareholdings, equity accounted	-	-	-	-	-	-	-	-
Shareholdings, financial non-current	17	-	-	-	-	-	-	17
Investments in shareholdings	17	-	-	-	-	-	-	17
Total investments	1 519	353	3	191	640	71	200	62

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities
First quarter 2020								
New capacity	638	55	-	299	144	38	102	-
Maintenance	454	328	-	11	-	-	111	4
Other	134	2	2	13	32	-	27	58
Investments in PPE and intangible assets	1 226	385	2	323	176	38	240	62
New capacity for subsequent divestment (DS/DBS)	-	-	-	-	-	-	-	-
Shareholdings, consolidated	21	-	-	-	21	-	-	-
Shareholdings, equity accounted	43	-	-	43	-	-	-	-
Shareholdings, financial non-current	-	-	-	-	-	-	-	-
Investments in shareholdings	64	-	-	43	21	-	-	-
Total investments	1 289	385	2	366	196	38	241	62

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities
The year 2020								
New capacity ¹⁾	4 103	185	-	1 064	2 263	203	388	-
Maintenance	2 275	1 646	-	118	3	13	494	1
Other	753	49	13	60	294	-	132	205
Investments in PPE and intangible assets	7 131	1 880	13	1 242	2 560	216	1 014	206
New capacity for subsequent divestment (DS/DBS) ¹⁾	413	-	-	-	413	-	-	-
Shareholdings, consolidated	1 923	-	-	-	1 850	-	-	73
Shareholdings, equity accounted	345	-	-	43	-	-	-	302
Shareholdings, financial non-current	89	-	-	-	-	-	-	89
Investments in shareholdings	2 357	-	-	43	1 850	-	-	464
Total investments	9 901	1 880	13	1 286	4 822	215	1 014	670

¹⁾ With the introduction of the new business model (DS/DBS) in the segment European wind and solar from the fourth quarter 2020, related investments are presented separately in this overview. The change was implemented prospectively. Thus, only investments for the fourth quarter 2020, previously reported as "investments in new capacity" are presented separately in the overview of investments for the full year 2020.

Projects in consolidated operations ¹⁾

First quarter	Project	Business model ²⁾	Country	New capacity (MW) ³⁾	Statkraft's ownership share	Planned completion	
Committed investments in the period							
Wind power	Torsa	BOO	Chile	108	100%	2022	Q4
Hydropower	Eringsdalen and Nordalen Dams	n/a	Norway	-	100%	2025	Q4
Completed projects in the period							
Wind power	Fosen - Harbaksfjellet	BOO	Norway	108	52%	2021	Q1
	Fosen - Kvenndalsfjellet	BOO	Norway	101	52%	2021	Q1
Main construction projects							
Hydropower	Songa and Trollaldalen Dams	n/a	Norway	-	100%	2021	Q3
	Tidong	BOO	India	150	100%	2022	Q4
	Los Lagos	BOO	Chile	52	100%	2023	Q4
	Straumsmo	n/a	Norway	-	100%	2024	Q1
	Tokke-Vinje	n/a	Norway	-	100%	2025	Q2
	Trollheim Dam	n/a	Norway	-	100%	2026	Q3
Wind power	Fosen - Geitfjellet	BOO	Norway	155	52%	2021	Q2
	Windy Rig	DBS	UK	43	100%	2021	Q2
	Twentyshilling	DBS	UK	38	100%	2022	Q1
	Cloghan	DBS	Ireland	34	100%	2022	Q4
	Taghart	DBS	Ireland	23	100%	2022	Q4
	Ventos de Santa Eugenia	BOO	Brazil	519	100%	2023	Q2
Solar power	Ballymacarny	DBS	Ireland	200	100%	2022	Q3
Other technologies	Lister Drive Greener Grid Park ⁴⁾	BOO	UK	-	100%	2021	Q3

¹⁾ Projects with an estimated CAPEX of at least NOK 300 million.

²⁾ In accordance with the strategy: BOO (Build, Own, Operate), DBS (Develop, Build, Sell). n/a refers to rehabilitation projects.

³⁾ Total for project, incl. partners' share.

⁴⁾ Grid network rotating stabilisers.

Segments

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

The reportable segments are defined as:

European flexible generation includes asset ownership and operations of most of the Group's hydropower business in Norway, Sweden, Germany and the United Kingdom, as well as the gas-fired and the biomass power plants in Germany and the subsea interconnector between Sweden and Germany.

Market operations includes trading, origination, market access for smaller generators of renewable energy, as well as revenue optimisation and risk mitigation activities related to Continental and Nordic power generation. The segment has activities in several countries in Europe, and is also active in Brazil, India and USA. Market operations generates profit from changes in the market value of energy and energy-related products, and from buying and selling both standard and structured products, typically environmental certificates and power contracts.

International power includes development, ownership and operations of renewable assets in emerging markets. The segment operates in Brazil, Peru, Chile, India, Nepal, Turkey and Albania.

European wind and solar includes development and construction of onshore wind and solar power plants with the intention to divest the power plants either before, at the time of, or shortly after completion (DS/DBS). The segment has development and construction activities in several countries in Europe. The segment also includes asset ownership and operation of wind farms in Norway, Sweden, Ireland and the United Kingdom.

District heating includes development, ownership and operations of district heating plants in Norway and Sweden.

Industrial ownership includes management and development of Norwegian shareholdings within the Group's core business and includes the shareholdings in Skagerak Energi, BKK and Agder Energi. Skagerak Energi is included in the consolidated financial statements, while BKK and Agder Energi are reported as equity accounted investments.

In addition:

Other activities includes costs related to governance of the Group, new businesses within biomass and electric vehicle charging as well as venture capital investments. Unallocated assets are also reported as Other activities.

Group items includes eliminations.

First quarter	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
Income statement									
Gross operating revenues and other income underlying	18 147	8 016	7 288	745	527	385	1 512	421	-747
Net operating revenues and other income underlying	10 674	6 761	1 398	555	338	248	1 375	383	-384
EBITDA underlying	8 201	5 691	984	315	62	174	1 078	-140	37
Operating profit/loss (EBIT) underlying	7 216	5 202	976	154	-36	126	951	-193	36
Operating profit/loss (EBIT) IFRS	6 318	4 252	976	149	20	125	951	-193	38
Key financial metrics									
Operating profit/loss (EBIT) margin underlying	39.8%	64.9%	13.4%	20.6%	-6.9%	32.8%	62.9%	n/a	n/a
ROACE	8.3%	12.0%	n/a	1.7%	-8.1%	2.5%	6.7%	n/a	n/a
ROAE	4.2%	n/a	n/a	-21.0%	0.9%	n/a	12.3%	n/a	n/a
Investments									
Total investments	1 519	353	3	191	640	71	200	62	-
Generation and district heating									
Generation, volume sold (TWh)	20.6	15.9	-	1.5	1.1	-	2.2	-	-
- hydropower (TWh)	18.3	14.8	-	1.4	-	-	2.2	-	-
- wind power (TWh)	1.2	-	-	0.1	1.1	-	-	-	-
- gas-fired power (TWh)	1.1	1.1	-	-	-	-	-	-	-
- biomass and solar power (TWh)	0.1	0.1	-	0.0	0.0	-	-	-	-
Delivered volume, district heating (TWh)	0.5	-	-	-	-	0.4	0.1	-	-

EUROPEAN FLEXIBLE GENERATION

NOK million	First Quarter		Year
	2021	2020	2020
Gross operating revenues and other income	8 016	4 990	14 342
Net operating revenues and other income	6 761	4 369	11 401
Operating expenses	-1 559	-1 476	-6 407
Operating profit/loss (EBIT) underlying	5 202	2 893	4 995
Unrealised value changes from embedded EUR derivatives	-949	2 853	339
Impairments/reversal of impairments	-	-	1 708
Operating profit/loss (EBIT) IFRS	4 252	5 746	7 041
Share of profit/loss in equity accounted investments	1	4	16
ROACE (rolling 12 months)	12.0%	17.1%	8.3%
Total investments	353	385	1 880
Generation (TWh)	15.9	13.3	50.4

Key events

- In March, revision of terms for Trollheim water course was concluded. The flexibility of the Trollheim power plant has been retained. Additional minimum flow corresponding to 40 GWh (4% of annual generation) has to be released and further investment in water intake is required.
- Statkraft has signed a gas turbine refurbishment contract for Knapsack I with Siemens. The installed capacity will increase by 80 MW and the increased efficiency will reduce specific CO₂ emissions and reduce NO_x emissions.

Quarterly financial performance

- The increase in net operating revenues and other income was driven by significantly higher Nordic power prices, higher Norwegian hydropower generation and improved unrealised value changes from certain embedded derivatives linked to long-term industry contracts. This was partly offset by decreased contribution from financial hedging.
- Operating expenses increased due to higher depreciations driven by reversal of impairments in previous quarters and higher property tax in Norway due to an increased valuation of the tax base.

Financial metrics

- ROACE was 12.0%, an increase from last quarter, driven by a higher underlying EBIT.

Quarterly investments

- The investments were mainly related to maintenance within Nordic hydropower.

MARKET OPERATIONS

NOK million	First Quarter		Year
	2021	2020	2020
Gross operating revenues and other income	7 288	5 576	17 980
Net operating revenues and other income	1 398	1 780	4 304
Operating expenses	-422	-467	-1 777
Operating profit/loss (EBIT) underlying	976	1 313	2 527
Unrealised value changes from embedded EUR derivatives	-	-	-
Impairments/reversal of impairments	-	-	-
Operating profit/loss (EBIT) IFRS	976	1 313	2 527
Share of profit/loss in equity accounted investments	-	1	1
ROACE (rolling 12 months)	n/a	n/a	n/a
Total investments	3	2	13
Generation (TWh)	-	-	-

Key events

- Statkraft has signed two 10-year long-term contracts in Spain, one power purchase agreement and one power supply agreement with estimated volume of 313 GWh and 103 GWh per year, respectively.

Quarterly financial performance

- The decrease in underlying EBIT was mainly driven by lower contribution from market access and trading activities, partly offset by higher contribution from origination activities as well as lower losses from long-term contracts.

INTERNATIONAL POWER

NOK million	First Quarter		Year
	2021	2020	2020
Gross operating revenues and other income	745	841	2 902
Net operating revenues and other income	555	685	2 314
Operating expenses	-401	-552	-1 909
Operating profit/loss (EBIT) underlying	154	133	405
Gains/losses from divestments of business activities	-	-	119
Impairments/reversal of impairments	-5	-6	45
Operating profit/loss (EBIT) IFRS	149	127	569
Share of profit/loss in equity accounted investments	36	35	-539
Gains/losses from divestments of equity accounted investments ¹⁾	-	-	-
ROACE (rolling 12 months)	1.7%	2.7%	1.6%
ROAE (rolling 12 months)	-21.0%	-2.4%	-19.8%
Total investments	191	366	1 286
Generation (TWh)	1.5	1.3	4.7

¹⁾ Included in Interest and other financial items.

Key events

- Final investment decision has been made for the Torsa wind power project in Chile. Estimated project cost is NOK 1.3 billion.
- Statkraft has entered into a power sales agreement with a duration of nine years and a total yearly volume of up to 50 GWh.

Quarterly financial performance

- The underlying EBIT increased mainly due to operational start of the Moglice hydropower plant in Albania from May 2020.
- The share of profit/loss in equity accounted investments was on par with the comparable period.

Financial metrics

- ROACE was 1.7%, a slight increase from last quarter, mainly due to a higher underlying EBIT.
- ROAE was -21.0%, a decrease from last quarter. The negative ROAE is mainly driven by impairments in Chile in the third quarter of 2020.

Quarterly investments

- The investments were mainly related to the construction of the hydropower plants Los Lagos in Chile and Tidong in India.

EUROPEAN WIND AND SOLAR

NOK million	First Quarter		Year
	2021	2020	2020
Gross operating revenues and other income	527	304	767
Net operating revenues and other income	338	285	659
Operating expenses	-375	-292	-1 452
Operating profit/loss (EBIT) underlying	-36	-7	-793
Gains/losses from divestments of business activities	-	-	0
Impairments/reversal of impairments	57	-2 551	-3 126
Operating profit/loss (EBIT) IFRS	20	-2 558	-3 919
Share of profit/loss in equity accounted investments	6	7	8
Gains/losses from divestments of equity accounted investments ¹⁾	-	-	-
ROACE (rolling 12 months)	-8.1%	-0.8%	-8.3%
ROAE (rolling 12 months)	0.9%	0.9%	0.9%
Total investments	640	196	4 822
Generation (TWh)	1.1	1.4	3.9

¹⁾ Included in Interest and other financial items.

Key events

- A share purchase agreement where Statkraft divested the Roan wind farm was signed. See note 15.
- A cooperation agreement with Aker Offshore Wind and Aker Horizons to explore offshore wind project opportunities in Norway was signed.

Quarterly financial performance

- The decrease in underlying EBIT was mainly driven by increased operating expenses, primarily related to business development activities and costs from newly acquired business. This was partly offset by higher revenues driven by increased power prices in the Nordics.

Financial metrics

- ROACE was -8.1%, a minor improvement compared with previous quarter.
- ROAE was 0.9%, on par with previous quarter.

Quarterly investments

- The investments were mainly related to development and construction of wind- and solar projects to be divested (DS/DBS), as well as grid and battery projects in Ireland and UK and right-of use assets in UK.

DISTRICT HEATING

NOK million	First Quarter		Year
	2021	2020	2020
Gross operating revenues and other income	385	244	686
Net operating revenues and other income	248	169	488
Operating expenses	-121	-117	-471
Operating profit/loss (EBIT) underlying	126	53	17
Impairments/reversal of impairments	-1	-1	-6
Operating profit/loss (EBIT) IFRS	125	52	10
Share of profit/loss in equity accounted investments	-	-	-
Gains/losses from divestments of equity accounted investments ¹⁾	-	-	-
ROACE (rolling 12 months)	2.5%	3.8%	0.5%
ROAE (rolling 12 months)	n/a	n/a	n/a
Total investments	71	38	215
Delivered volume (TWh)	0.4	0.3	0.9

¹⁾ Included in Interest and other financial items.

Quarterly financial performance

- Underlying EBIT increased due to both higher heating prices and delivered volume. The prices increased due to significantly higher Norwegian power prices, while the volume increased due to lower temperatures.

Financial metrics

- The increase in ROACE compared with the year 2020 was driven by a higher underlying EBIT. The average capital employed was on par.

Quarterly investments

- The investments were primarily related to pipelines and modifications of existing assets in Norway.

INDUSTRIAL OWNERSHIP

NOK million	First Quarter		Year
	2021	2020	2020
Gross operating revenues and other income	1 512	672	2 120
Net operating revenues and other income	1 375	622	1 975
Operating expenses	-424	-403	-1 592
Operating profit/loss (EBIT) underlying	951	219	382
Impairments/reversal of impairments	-	-	-
Operating profit/loss (EBIT) IFRS	951	219	382
Share of profit/loss in equity accounted investments	424	690	1 472
Gains/losses from divestments of equity accounted investments ¹⁾	-	-	-
ROACE (rolling 12 months)	6.7%	7.8%	2.3%
ROAE (rolling 12 months)	12.3%	17.0%	15.4%
Total investments	200	241	1 014
Generation (TWh)	2.2	1.7	6.4

¹⁾ Included in Interest and other financial items.

Quarterly financial performance

- Underlying EBIT increased to a record-high level, mainly due to significantly higher power prices and higher generation.
- Share of profit/loss in equity accounted investments decreased, mainly due to lower contribution from energy contracts in Agder Energi and BKK, partly offset by significantly higher power prices.

Financial metrics

- ROACE was 6.7%, an increase from previous quarter, driven by the increased underlying EBIT.
- ROAE was 12.3%, a decrease from previous quarter, mainly due to lower share of profit from Agder Energi and BKK.

Quarterly investments

- The investments were primarily related to grid activities.

OTHER ACTIVITIES

NOK million	First Quarter		Year
	2021	2020	2020
Gross operating revenues and other income	421	353	1 594
Net operating revenues and other income	383	347	1 574
Operating expenses	-576	-549	-2 258
Operating profit/loss (EBIT) underlying	-193	-202	-685
Operating profit/loss (EBIT) IFRS	-193	-202	-685
Share of profit/loss in equity accounted investments	-23	-15	-123
Gains/losses from divestments of equity accounted investments ¹⁾	-	-	-
Total investments	62	62	670

¹⁾ Included in Interest and other financial items.

Key events

- Statkraft has signed an agreement to acquire 51% of the shares in Bee Charging Solutions in Sweden. See note 15.
- A Letter of Intent between Statkraft, Yara International and Aker Horizons related to large-scale ammonia development was signed.

Quarterly financial performance

- The underlying EBIT was stable compared to first quarter 2020.

Quarterly investments

- The investments were primarily related to EV charging businesses and investments made by Statkraft Ventures.

Outlook

The medium to long-term effects from Covid-19 on the energy markets remain uncertain. Nordic power prices in 2020 was strongly influenced by a large hydrological surplus. The hydrological situation has now normalised, leading to a strong recovery of Nordic power prices.

The power surplus in the Nordics is expected to increase in the coming years. Demand growth from the transport sector, industry and data centres will likely be more than offset by an even larger growth in wind power.

Statkraft has Europe's largest portfolio of flexible hydropower plants and reservoir capacity. The operations of the assets are continuously optimised according to the hydrological situation and expected power prices. Statkraft has a large volume of long-term power contracts within the segments European flexible generation and International power. The contracts have a stabilising effect on revenues and net profit. Statkraft will continue to offer new contracts to maintain its position as a competitive supplier to the industry in Norway.

Statkraft's ambition is to maintain the position as the largest generator of renewable energy in Europe and a significant player in South America and India by contributing to the energy transition through investments in renewable energy. The investment programme has a large degree of flexibility and will be financed by retained earnings, external financing and divestments to other investors. The strategic growth target of developing 9 GW by 2025 remains, and the acquisition of Solarcentury has provided the company with a strong platform for growth within solar energy. Statkraft has a solid financial foundation to deliver on the growth strategy.

Statkraft's commitment to sustainability and responsible business practices will continue to be a foundation for all activities. Strengthening the safety culture and performance – across the organisation and among subcontractors – remain a top priority.

Oslo, 5 May 2021
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

NOK million	First Quarter		The year
	2021	2020	2020
STATEMENT OF COMPREHENSIVE INCOME			
PROFIT AND LOSS			
Sales revenues	16 602	9 535	33 875
Gains/losses from market activities	487	5 250	3 958
Other operating income	110	103	685
Gross operating revenues and other income	17 198	14 888	38 518
Energy purchase	-6 886	-4 172	-16 060
Transmission costs	-588	-269	-1 040
Net operating revenues and other income	9 725	10 447	21 418
Salaries and payroll costs	-1 310	-1 172	-4 627
Depreciations and amortisations	-985	-1 055	-4 066
Impairments/reversal of impairments	51	-2 558	-1 379
Property tax and licence fees	-348	-309	-1 264
Other operating expenses	-814	-967	-4 334
Operating expenses	-3 407	-6 061	-15 669
Operating profit/loss (EBIT)	6 318	4 386	5 749
Share of profit/loss in equity accounted investments	444	722	835
Net currency effects	1 361	-5 715	-1 520
Interest and other financial items	150	-232	-111
Net financial items	1 511	-5 947	-1 631
Profit/loss before tax	8 273	-840	4 953
Tax expense	-3 453	-1 048	-1 421
Net profit/loss	4 819	-1 888	3 532
Of which non-controlling interest	154	109	213
Of which owners of the parent	4 665	-1 998	3 319
OTHER COMPREHENSIVE INCOME (OCI)			
Items in other comprehensive income that recycle over profit/loss:			
Changes in fair value of financial instruments, net of tax	-	-	-
Items recorded in other comprehensive income in equity accounted investments	-	11	-13
Recycling of currency translation effects related to foreign operations disposed	-	-	-132
Currency translation effects	-2 760	7 601	1 092
Total	-2 760	7 612	947
Items in other comprehensive income that will not recycle over profit/loss:			
Changes in fair value of financial instruments, net of tax	-12	-	-4
Estimate deviation pension in equity accounted investments	71	-312	-14
Estimate deviation pension, net of tax	330	-642	-475
Total	389	-954	-492
Other comprehensive income	-2 371	6 659	456
Total comprehensive income	2 448	4 771	3 988
Of which non-controlling interest	136	93	29
Of which owners of the parent	2 313	4 677	3 959

NOK million	31.03.2021	31.03.2020	31.12.2020
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Deferred tax assets	1 451	2 353	1 658
Intangible assets	4 100	4 668	4 113
Property, plant and equipment	110 202	113 130	112 057
Equity accounted investments	13 959	13 915	13 492
Derivatives	7 145	12 509	7 406
Other non-current assets	6 422	3 367	6 338
Non-current assets	143 278	149 942	145 064
Inventories	8 338	6 057	6 363
Receivables	14 877	17 516	13 659
Financial investments	605	1 626	606
Derivatives	6 315	14 004	4 410
Cash and cash equivalents (incl. restricted cash)	12 203	10 105	11 155
Current assets	42 338	49 308	36 193
Assets	185 617	199 249	181 257
EQUITY AND LIABILITIES			
Paid-in capital	59 219	59 219	59 219
Other reserves	2 011	11 255	4 733
Retained earnings	34 918	30 586	29 888
Total equity attributable to owners of the parent	96 148	101 060	93 840
Non-controlling interest	4 317	4 348	4 189
Equity	100 466	105 409	98 028
Deferred tax	10 504	13 031	10 596
Pension liability	3 008	3 213	3 357
Interest-bearing liabilities	29 974	32 163	32 664
Derivatives	8 384	7 857	7 778
Other non-current liabilities	3 062	3 146	3 207
Non-current liabilities	54 932	59 410	17 161
Interest-bearing liabilities	5 751	5 984	6 459
Taxes payable	5 162	5 175	3 412
Derivatives	8 316	12 724	5 639
Other interest-free liabilities	10 990	10 547	10 115
Current liabilities	30 219	34 431	25 625
Equity and liabilities	185 617	199 249	181 257

NOK million	Paid-in capital	Hedging reserves and profit and loss reserves shares	Accumulated translation differences	Other reserves	Retained earnings	Total equity attributable to owner of parent	Non-controlling interests	Total equity
STATEMENT OF CHANGES IN EQUITY								
Balance as of 31.12.2019	59 219	-187	3 814	3 627	33 537	96 383	4 382	100 764
Net profit/loss	-	-	-	-	-1 998	-1 998	109	-1 888
Total other comprehensive income	-	11	7 617	7 628	-954	6 674	-16	6 659
Total comprehensive income for the period	-	11	7 617	7 628	-2 951	4 677	93	4 771
Dividend	-	-	-	-	-	-	-121	-121
Business combinations/divestments	-	-	-	-	-	-	-6	-6
Balance as of 31.03.2020	59 219	-176	11 431	11 255	30 586	101 060	4 348	105 409
Balance as of 31.12.2019	59 219	-187	3 814	3 627	33 537	96 383	4 382	100 764
Net profit/loss	-	-	-	-	3 319	3 319	213	3 532
Total other comprehensive income	-	-16	1 122	1 107	-467	640	-184	456
Total comprehensive income for the period	-	-16	1 122	1 107	2 852	3 958	29	3 988
Dividend	-	-	-	-	-6 500	-6 500	-217	-6 718
Business combinations/divestments	-	-	-	-	-	-	-6	-6
Balance as of 31.12.2020	59 219	-203	4 936	4 733	29 888	93 840	4 188	98 028
Net profit/loss	-	-	-	-	4 665	4 665	154	4 819
Total other comprehensive income	-	-10	-2 711	-2 721	369	-2 352	-19	-2 371
Total comprehensive income for the period	-	-10	-2 711	-2 721	5 034	2 313	136	2 448
Dividend	-	-	-	-	-	-	-63	-63
Capital injection from non-controlling interests	-	-	-	-	-	-	55	55
Transactions with non-controlling interests	-	-	-	-	-4	-4	1	-3
Balance as of 31.03.2021	59 219	-213	2 224	2 011	34 918	96 148	4 317	100 466

NOK million	First Quarter		The year	
	2021	2020	2020	
STATEMENT OF CASH FLOW				
CASH FLOW FROM OPERATING ACTIVITIES				
Operating profit/loss (EBIT)	6 318	4 386	5 749	
Depreciations, amortisations and impairments	934	3 613	5 445	
Gains/losses from divestments and disposals of assets	2	5	-64	
Unrealised effects included in operating profit/loss (EBIT)	2 887	-4 086	1 431	
Dividends from equity accounted investments	33	16	597	
Changes in working capital ¹⁾	-734	-731	1 381	
Cash collateral, margin calls and option prepayments	-3 477	-2 604	659	
Cash effects from foreign exchange derivatives related to operations	-31	-160	-49	
Effects from prepayments from customers	-99	-	4 733	
Taxes paid	-1 555	-2 878	-8 421	
Other changes	-329	-19	170	
Cash flow from operating activities	A	3 950	-2 458	11 631
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in property, plant and equipment and intangible assets	-1 125	-1 220	-7 124	
Business divestments, net liquidity inflow	-	-	7	
Acquisitions of shares in subsidiaries, net liquidity outflow	-8	-24	-1 308	
Loans and interest related to equity accounted investments	21	11	136	
Sale of development and construction projects classified as inventories (DS/DBS)	13	-	-	
Other investments	25	-38	1 062	
Cash flow from investing activities	B	-1 074	-1 271	-7 226
CASH FLOW FROM FINANCING ACTIVITIES				
New debt	38	3 443	4 092	
Repayment of debt	-1 966	-3 324	-4 759	
Cash collateral related to financing	241	-1 618	-266	
Interests paid	-169	-225	-765	
Interests received from cash and other assets	39	100	136	
Dividend and group contribution paid to Statkraft SF	-	-	-6 500	
Transactions with non-controlling interests	56	-	-218	
Cash flow from financing activities	C	-1 761	-1 625	-8 279
Net change in cash and cash equivalents	A+B+C	1 115	-5 354	-3 874
Currency exchange rate effects on cash and cash equivalents	-68	256	-174	
Cash and cash equivalents 01.01	11 155	15 203	15 203	
Cash and cash equivalents 31.03 / 31.12	12 203	10 105	11 155	
<i>Of which are cash and cash equivalents in joint operations</i>	363	461	194	
Unused committed credit lines	9 167	9 187	9 194	
Unused overdraft facilities	2 017	1 034	2 023	
Restricted cash	46	35	31	

¹⁾ Includes NOK 271 million in cash outflow from investments in development and construction projects intended to divest (DS/DBS) for the first quarter of 2021. Comparable figures for 2020 are restated by reclassifying NOK 413 million in cash outflow from investments in property, plant and equipment and intangible assets under investing activities to changes in working capital for operating activities. See also note 5.

NOK million	First quarter		The year
	2021	2020	2020
Reconciliation of investments in property, plant and equipment and intangible assets			
Investments in property, plant and equipment and intangible assets in the cash flow	1 125	1 220	7 537
Capitalised borrowing costs	19	33	113
Capitalised decommissioning provisions	22	-	42
Non-cash additions from right-of-use assets	268	16	78
Timing differences between capitalisation and payment date	-205	-42	-225
Investments in property, plant and equipment and intangible assets in the Investments overview	1 230	1 227	7 544

Segments

The segment reporting is based on underlying figures, which is in accordance with how the corporate management makes, follows up and evaluates its decisions. The tables on the next page show the reconciliation of the IFRS figures versus the underlying figures.

FIRST QUARTER 2021

The items below are excluded from the underlying figures:

1. **Gains/losses from market activities:** Unrealised value changes from embedded EUR derivatives related to long-term industry contracts. (NOK -949 million)
2. **Other operating income:** Gains from divestments of business activities that are not classified as DS/DBS.
3. **Impairments/reversal of impairments:** Related to intangible assets, property, plant and equipment. (NOK 51 million)
4. **Other operating expenses:** Losses from divestments of business activities that are not classified as DS/DBS.

THE YEAR 2020

The items below were excluded from the underlying figures:

1. **Gains/losses from market activities:** Unrealised value changes from embedded EUR derivatives related to long-term industry contracts. (NOK 339 million)
2. **Other operating income:** Gains from divestments of business activities that are not classified as DS/DBS. (NOK 119 million)
3. **Impairments/reversal of impairments:** Related to intangible assets, property, plant and equipment. (NOK -1379 million)
4. **Other operating expenses:** Losses from divestments of business activities that are not classified as DS/DBS.

RECONCILIATION OF IFRS FIGURES VERSUS UNDERLYING FIGURES

NOK million	First quarter 2021			First quarter 2020		
	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales revenues ¹⁾	16 602		16 602	9 535	-	9 535
Gains/losses from market activities ¹⁾	487	949	1 436	5 250	-2 853	2 396
Other operating income	110	-	110	103	-0	103
Gross operating revenues and other income	17 198	949	18 147	14 888	-2 854	12 034
Energy purchase ¹⁾	-6 886		-6 886	-4 172		-4 172
Transmission costs ¹⁾	-588		-588	-269		-269
Net operating revenues and other income	9 725	949	10 674	10 447	-2 854	7 593
Salaries and payroll costs	-1 310		-1 310	-1 172		-1 172
Depreciations and amortisations	-985		-985	-1 055		-1 055
Impairments/reversal of impairments	51	-51	-	-2 558	2 558	-
Property tax and licence fees	-348		-348	-309		-309
Other operating expenses	-814	-	-814	-967	-	-967
Operating expenses	-3 407	-51	-3 458	-6 061	2 558	-3 503
Operating profit/loss (EBIT)	6 318	898	7 216	4 386	-295	4 090

¹⁾ Comparable figure have been restated, see note 5.

RECONCILIATION OF IFRS FIGURES VERSUS UNDERLYING FIGURES

NOK million	The year 2020		
	IFRS	Adjustments	Underlying
Sales revenues	33 875		33 875
Gains/losses from market activities	3 958	-339	3 619
Other operating income	685	-119	566
Gross operating revenues and other income	38 518	-458	38 060
Energy purchase	-16 060		-16 060
Transmission costs	-1 040		-1 040
Net operating revenues and other income	21 418	-458	20 960
Salaries and payroll costs	-4 627		-4 627
Depreciations and amortisations	-4 066		-4 066
Impairments/reversal of impairments	-1 379	1 379	-
Property tax and licence fees	-1 264		-1 264
Other operating expenses	-4 334	-	-4 334
Operating expenses	-15 669	1 379	-14 290
Operating profit/loss (EBIT)	5 749	922	6 670

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
First quarter 2021									
Gross operating revenues and other income, external	18 147	7 881	7 454	730	141	385	1 486	106	-36
Gross operating revenues and other income, internal	-	135	-166	15	386	-	26	315	-711
Gross operating revenues and other income underlying	18 147	8 016	7 288	745	527	385	1 512	421	-747
Net operating revenues and other income underlying	10 674	6 761	1 398	555	338	248	1 375	383	-384
Operating profit/loss (EBIT) underlying	7 216	5 202	976	154	-36	126	951	-193	36
Unrealised value changes from embedded EUR derivatives	-949	-949	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	-	-	-	-	-	-	-	-	-
Impairments/reversal of impairments	51	-	-	-5	57	-1	-	-	-
Operating profit/loss (EBIT) IFRS	6 318	4 252	976	149	20	125	951	-193	36
Share of profit/loss in equity accounted investments	444	1	-	36	6	-	424	-23	-
Assets and capital employed 31.03.2021									
Property, plant and equipment and intangible assets	114 301	59 917	140	22 878	9 303	3 543	16 820	1 700	-
Equity accounted investments	13 959	1	-	2 255	832	-	10 794	104	-28
Loans to equity accounted investments	1 443	-	-	957	445	-	41	-	-
Inventories - development and construction projects (DS/DBS)	2 489	-	-	-	2 489	-	-	-	-
Other assets	53 426	2 302	20 397	1 989	605	264	1 378	27 147	-657
Total assets	185 617	62 220	20 537	28 079	13 674	3 806	29 033	28 953	-685
Capital employed	116 790	59 917	140	22 878	11 792	3 543	16 820	1 700	-
Average capital employed (rolling 12 months)	117 926	60 883	165	24 876	10 161	3 536	16 597	1 708	n/a
Return on average capital employed (ROACE)	8.3%	12.0%	n/a	1.7%	-8.1%	2.5%	6.7%	n/a	n/a
Return on average equity accounted investments (ROAE)	4.2%	n/a	n/a	-21.0%	0.9%	n/a	12.3%	n/a	n/a
Depreciations, amortisations and impairments	-934	-489	-8	-166	-41	-49	-128	-53	-
Total investments	1 519	353	3	191	640	71	200	62	-

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
First quarter 2020									
Gross operating revenues and other income, external	12 034	4 864	5 584	820	90	244	664	91	-323
Gross operating revenues and other income, internal	-	126	-8	21	214	-	8	262	-623
Gross operating revenues and other income underlying	12 034	4 990	5 576	841	304	244	672	353	-946
Net operating revenues and other income underlying	7 593	4 369	1 780	685	285	169	622	347	-665
Operating profit/loss (EBIT) underlying	4 090	2 893	1 313	133	-7	53	219	-202	-312
Unrealised value changes from embedded EUR derivatives	2 853	2 853	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	-	-	-	-	-	-	-	-	-
Impairments/reversal of impairments	-2 558	-	-	-6	-2 551	-1	-	-	-
Operating profit/loss (EBIT) IFRS	4 386	5 746	1 313	127	-2 558	52	219	-202	-312
Share of profit/loss in equity accounted investments	722	4	1	35	7	-	690	-15	-
Assets and capital employed 31.03.2020									
Property, plant and equipment and intangible assets	117 798	60 251	191	27 561	8 188	3 527	16 364	1 718	-
Equity accounted investments	13 915	5	10	3 156	967	-	9 760	43	-26
Loans to equity accounted investments	1 781	-	-	1 154	585	-	42	-	-
Inventories - development and construction projects (DS/DBS)	-	-	-	-	-	-	-	-	-
Other assets	65 755	7 537	31 035	1 607	451	234	1 398	25 889	-2 395
Total assets	199 249	67 793	31 235	33 478	10 190	3 761	27 563	27 649	-2 421
Capital employed	117 798	60 251	191	27 561	8 188	3 527	16 364	1 718	-
Average capital employed (rolling 12 months)	112 765	57 562	n/a	25 165	8 871	3 471	16 071	n/a	n/a
Return on average capital employed (ROACE)	12.5%	17.1%	n/a	2.7%	-0.8%	3.8%	7.8%	n/a	n/a
Return on average equity accounted investments (ROAE)	11.2%	n/a	n/a	-2.4%	0.9%	n/a	17.0%	n/a	n/a
Depreciations, amortisations and impairments	-3 613	-465	-9	-264	-2 656	-46	-127	-47	-
Total investments	1 289	385	2	366	196	38	241	62	-
The year 2020									
Gross operating revenues and other income, external	38 060	13 983	18 491	2 878	278	684	2 087	363	-704
Gross operating revenues and other income, internal	-	359	-511	24	489	2	33	1 231	-1 627
Gross operating revenues and other income underlying	38 060	14 342	17 980	2 902	767	686	2 120	1 594	-2 331
Net operating revenues and other income underlying	20 960	11 401	4 304	2 314	659	488	1 975	1 574	-1 754
Operating profit/loss (EBIT) underlying	6 670	4 995	2 527	405	-793	17	382	-685	-178
Unrealised value changes embedded EUR derivatives	339	339	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	119	-	-	119	-	-	-	-	-
Impairments/reversal of impairments	-1 379	1 708	-	45	-3 126	-6	-	-	-
Operating profit/loss (EBIT) IFRS	5 749	7 041	2 527	569	-3 919	10	382	-685	-178
Share of profit/loss in equity accounted investments	835	16	1	-539	8	-	1 472	-123	-
Assets and capital employed 31.12.2020									
Property, plant and equipment and intangible assets	116 170	61 446	156	23 387	9 168	3 559	16 752	1 704	-
Equity accounted investments	13 492	-	-	2 247	839	-	10 297	135	-26
Loans to equity accounted investments	1 442	-	-	962	439	-	41	-	-
Inventories - development and construction projects (DS/DBS)	2 483	-	-	-	2 483	-	-	-	-
Other assets	47 669	2 520	16 193	2 039	711	223	1 279	24 606	97
Total assets	181 257	63 966	16 349	28 635	13 641	3 782	28 369	26 445	71
Capital employed	118 653	61 446	156	23 387	11 651	3 559	16 752	1 704	-
Average capital employed (last four quarters)	117 531	60 495	n/a	25 872	9 505	3 524	16 477	n/a	n/a
Return on average capital employed (ROACE)	5.7%	8.3%	n/a	1.6%	-8.3%	0.5%	2.3%	n/a	n/a
Return on average equity accounted investments (ROAE)	6.3%	n/a	n/a	-19.8%	0.9%	n/a	15.4%	n/a	n/a
Depreciations, amortisations and impairments	-5 445	-235	-34	-794	-3 477	-193	-503	-207	-
Total investments	9 901	1 880	13	1 286	4 822	215	1 014	670	-

Selected notes to the accounts

1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The consolidated financial statements for the first quarter of 2021, ended 31 March 2021, have been prepared in accordance with International Financial Reporting Standards (IFRS) and consist of Statkraft AS and its subsidiaries and equity accounted investments. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated annual report for 2020.

The interim accounts have not been audited.

2. PRESENTATION OF FINANCIAL STATEMENTS

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

3. ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting principles to the preparation of the interim financial statements, the management has exercised its judgment and employed estimates and assumptions that affect the figures included in the statement of profit and loss and the statement of financial position. The most important assumptions regarding future events and other significant sources of uncertainty in relation to the estimates, and which may involve a significant risk of material changes to the amounts recognised in future financial periods, are discussed in the annual report for 2020. In preparing the consolidated financial statements for the current quarter, the Group's management has exercised its judgment in relation to the same areas where such judgment has had material significance in relation to the figures included in the Group's statement of profit and loss and statement of financial position, as discussed in the annual report for 2020.

The Covid-19 has caused increased market risk and increased uncertainty to future power prices. Statkraft management continues to closely monitor the development of the pandemic and evaluates any long-term financial consequences for the Group. The effect from the pandemic on Statkraft's financial statements has so far been limited.

4. SEGMENT REPORTING

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

5. CHANGES IN THE FINANCIAL STATEMENTS AND COMPARABLE FIGURES

Presentation of district heating activities. From 2021, sales revenues and energy purchase related to activities within district heating is presented in a new separate category, District heating. Previously, these items have been presented as part of the category Generation. The changes will affect the segments District heating and Industrial ownership. Comparable figures have been restated. In the financial statements for the first quarter of 2020, sales revenues of NOK 285 million have been reclassified from Generation to District heating and energy purchase of NOK 89 million have been reclassified from Generation to District heating. In the financial statements for the full year 2020, sales revenues of NOK 773 million have been reclassified from Generation to District heating and energy purchase of NOK 237 million have been reclassified from Generation to District heating.

Presentation of cash flow related to the investments in projects intended to divest (DS/DBS). In the fourth quarter of 2020 Statkraft introduced the new business model related to development and construction of wind- and solar projects classified as inventories with the intention to divest (DS/DBS). Following this, cash outflow related to investments in these projects are from 2021 presented as changes in working capital under operating activities in the cash flow statement. Figures for 2020 are restated by reclassifying cash outflow of NOK 413 million from investments in property, plant and equipment and intangible assets under investing activities to changes in working capital under operating activities.

Presentation of customer activities in the UK. Comparable figures for the first quarter are restated from Grid and other revenues to Customers with NOK 629 million and from transmission costs to energy purchase with NOK 312 million. For more information, see note 1 in the annual report 2020.

Presentation of biomass activities at Tofte in Norway. Comparable figures for the first quarter have been reclassified from a net presentation in Gains/losses from market activities with NOK 7 million to gross presentation in the category Customers with NOK 13 million as sales revenues and NOK 6 million as energy purchase.

Presentation of energy derivatives in the statement of financial position. Comparable figures for the first quarter have been restated as follows: NOK 6259 million have been reclassified from current assets to non-current assets, whereas NOK 4868 million have been reclassified from current liabilities to non-current liabilities. For more information, see note 1 in the annual report 2020.

6. REVENUE SPECIFICATION PER SEGMENT

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

Generation includes sales revenues and energy purchase related to Statkraft's physical power generating assets. The category includes spot sales, bilateral long-term industry contracts, prepaid long-term power sales agreements, concessionary sales contracts and green certificates.

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

Customers includes sales revenues and energy purchase related to market access activities which are in scope of IFRS 15, and is mainly related to activities in Germany, UK and Norway.

Grid and other mainly consists of grid activities in Norway and Peru, a subsea interconnector between Sweden and Germany and rental of power plants in Norway.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
First quarter 2021									
Generation - sales revenues	9 302	7 221	1	670	386	-	1 036	-	-12
Generation - energy purchase	-689	-592	-	-100	-	-	-	-	3
Generation - net	8 613	6 629	1	570	386	-	1 036	-	-9
District heating - sales revenues	433	-	-	-	-	384	49	-	-0
District heating - energy purchase	-155	-	-	-	-	-137	-19	-	1
District heating - net	278	-	-	-	-	247	30	-	1
Customers - sales revenues	5 785	-	6 116	-	-	-	2	-	-333
Customers - energy purchase	-5 547	-	-5 879	-	-	-	-	-	332
Customers - net	238	-	237	-	-	-	2	-	-1
Grid and other - sales revenues	1 081	424	11	64	143	-	404	55	-20
Grid and other - energy purchase	-494	-251	-11	-53	-161	-	-	-38	20
Grid and other - net	587	173	-	11	-18	-	404	17	0
Sales revenues - total	16 602	7 645	6 128	734	529	384	1 491	55	-364
Energy purchase - total	-6 886	-843	-5 890	-153	-161	-137	-19	-38	355
Sales revenues adjusted for energy purchase	9 716	6 802	238	581	368	247	1 472	17	-9

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
First quarter 2020									
Generation - sales revenues ¹⁾	4 643	3 433	14	742	260	-	253	-	-59
Generation - energy purchase ¹⁾	-314	-259	-30	-72	-	-	-	-	47
Generation - net	4 330	3 174	-16	670	260	-	253	-	-11
District heating - sales revenues ¹⁾	285	-	-	-	-	253	33	-	-1
District heating - energy purchase ¹⁾	-89	-	-	-	-	-75	-14	-	-0
District heating - net	196	-	-	-	-	178	19	-	-1
Customers - sales revenues ¹⁾	3 827	-	4 017	25	-	-	2	-	-217
Customers - energy purchase ¹⁾	-3 536	-	-3 751	-	-	-	-	-	215
Customers - net	291	-	266	25	-	-	2	-	-2
Grid and other - sales revenues ¹⁾	780	341	15	70	-	-9	345	49	-31
Grid and other - energy purchase ¹⁾	-234	-169	-15	-59	-	-	-	-6	15
Grid and other - net	546	172	-	11	-	-9	345	43	-16
Sales revenues - total	9 535	3 774	4 046	837	260	244	633	49	-308
Energy purchase - total	-4 172	-428	-3 796	-131	-	-75	-14	-6	278
Sales revenues adjusted for energy purchase	5 363	3 346	250	706	260	169	619	43	-30

¹⁾ Comparable figures have been restated. See note 5.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
The year 2020									
Generation - sales revenues ¹⁾	16 367	12 508	27	2 582	607	-	735	-	-92
Generation - energy purchase ¹⁾	-1 759	-1 554	-6	-251	-	-	-	-	52
Generation - net	14 607	10 954	21	2 331	607	-	735	-	-41
District heating - sales revenues ¹⁾	773	-	-	-	-	681	92	-	-
District heating - energy purchase ¹⁾	-237	-	-	-	-	-199	-38	-	-
District heating - net	536	-	-	-	-	482	54	-	-
Customers - sales revenues	13 579	-	13 985	46	-	-	4	-1	-455
Customers - energy purchase	-13 175	-	-13 632	-	-	-	0	-	457
Customers - net	404	-	353	46	-	-	4	-1	2
Grid and other - sales revenues	3 156	1 543	117	258	39	-0	1 164	194	-159
Grid and other - energy purchase	-889	-636	-37	-216	-31	-	-	-20	51
Grid and other - net	2 267	907	-	42	8	-0	1 164	175	-108
Sales revenues - total	33 875	14 051	14 130	2 886	646	681	1 995	193	-707
Energy purchase - total	-16 060	-2 190	-13 675	-468	-31	-199	-38	-20	560
Sales revenues adjusted for energy purchase	17 815	11 862	454	2 418	615	482	1 957	174	-147

¹⁾ Comparable figures have been restated. See note 5.

7. UNREALISED EFFECTS REPORTED IN THE STATEMENT OF PROFIT AND LOSS

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

- Inventories and financial instruments measured at fair value.
- Currency gains and losses on financial instruments measured at amortised cost.

NOK million	First quarter 2021		Total
	Unrealised	Realised	
UNREALISED EFFECTS REPORTED IN PROFIT AND LOSS			
Gains/losses from market activities ¹⁾	-2 887	3 373	487
Unrealised effects included in Operating profit/loss (EBIT)	-2 887		
Net currency effects ²⁾	813	547	1 361
Interest and other financial items	187	-37	150
Unrealised effects included in Net financial items	1 000		
Total unrealised effects	-1 886		

¹⁾ All other financial statement line items included in Operating profit/loss (EBIT) have no unrealised effects.

²⁾ Gains year to date from internal loans were NOK 315 million, of which NOK 342 million was realised.

NOK million	First quarter 2020			The year 2020		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN PROFIT AND LOSS						
Gains/losses from market activities ¹⁾	4 086	1 163	5 250	-1 431	5 389	3 958
Unrealised effects included in Operating profit/loss (EBIT)	4 086			-1 431		
Net currency effects ²⁾	-5 031	-684	-5 715	-1 018	-502	-1 520
Interest and other financial items	-172	-60	-232	-658	547	-111
Unrealised effects included in Net financial items	-5 203			-1 676		
Total unrealised effects	-1 117			-3 108		

¹⁾ All other financial statement line items included in Operating profit/loss (EBIT) have no unrealised effects.

²⁾ Losses for the year 2020 from internal loans were NOK -353 million, of which NOK -332 million was realised.

8. NORWEGIAN HYDROPOWER AND RELATED BUSINESS

This note discloses selected financial figures from Norwegian hydropower and related business. See note 4 in the annual report 2020.

NOK million	"Norwegian hydropower" from:			Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
	Statkraft AS Group	Statkraft Energi AS	Skagerak Kraft Group			
Year to date 2021						
Gross operating revenues and other income	17 198	4 929	1 045	5 973		5 973
Net operating revenues and other income	9 725	4 496	993	5 491		5 491
Operating profit/loss (EBIT)	6 318	3 490	816	4 306		4 306
Share of profit/loss in equity accounted investments	444	-	-	-	422 ¹⁾	422
Net financial items	1 511	-178	-16	-193		-193
Tax expense	-3 453	-1 961	-448	-2 410		-2 410
Net profit/loss	4 819	1 351	353	1 703	422	2 126
Net profit/loss (of which owners of the parent)	4 665	1 351	235	1 585	422	2 008
Paid dividend and group contribution to Statkraft		- ²⁾	- ³⁾	-	- ³⁾	-
Assets 31.03.21						
Equity accounted investments	13 959	2	2	5	10 673 ¹⁾	10 677
Other assets	171 658	38 021	10 043	48 064		48 064
Total assets	185 617	38 024	10 045	48 069	10 673	58 741
EBITDA	7 252	3 746	862	4 609		4 609
Depreciations, amortisations and impairments	-934	-257	-46	-303		-303
Maintenance and other investments	1 052	279	50	329		329
Investments in new capacity	178	16	16	31		31
New capacity for subsequent divestment (DS/DBS)	271	-	-	-		-
Investments in shareholdings	17	-	-	-		-
Total investments	1 519	295	66	361		361
¹⁾ Statkraft's share. ²⁾ Dividend and group contribution after tax paid from Statkraft Energi AS. ³⁾ Dividend paid to Statkraft.						

NOK million	"Norwegian hydropower" from:			Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
	Statkraft AS Group	Statkraft Energi AS	Skagerak Kraft Group			
The year 2020						
Gross operating revenues and other income	38 518	10 089	803	10 887		10 887
Net operating revenues and other income	21 418	9 271	709	9 979		9 979
Operating profit/loss (EBIT)	5 749	5 288	22	5 311		5 311
Share of profit/loss in equity accounted investments	835	16	-	16	1 469 ¹⁾	1 485
Net financial items	-1 631	-44	-59	-103		-103
Tax expense	-1 421	-2 424	29	-2 395		-2 395
Net profit/loss	3 532	2 837	-9	2 828	1 469	4 297
Net profit/loss (of which owners of the parent)	3 319	2 837	-5	2 832	1 469	4 301
Paid dividend and group contribution to Statkraft		5 000 ²⁾	185 ³⁾	5 185	539 ³⁾	5 724
Assets 31.12.20						
Equity accounted investments	13 492	2	2	4	10 177 ¹⁾	10 181
Other assets	167 765	38 024	10 016 ⁴⁾	48 039		48 039
Total assets	181 257	38 026	10 018	48 044	10 177	58 220
EBITDA	11 194	6 321	207	6 528		6 528
Depreciations, amortisations and impairments	-5 445	-1 033	-185	-1 217		-1 217
Maintenance investments and other investments	3 028	1 298	209	1 507		1 507
Investments in new capacity	4 103	179	63	241		241
New capacity for subsequent divestment DS/DBS	413	-	-	-		-
Investments in shareholdings	2 357	-	-	-		-
Total investments	9 901	1 477	271	1 748		1 748
¹⁾ Statkraft's share. ²⁾ Dividend and group contribution after tax paid from Statkraft Energi AS. ³⁾ Dividend paid to Statkraft.						

9. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

NOK million	31.03.2021	31.03.2020	31.12.2020
INTANGIBLE ASSETS			
Balance as of 01.01.	4 113	4 633	4 633
Additions	34	57	1 308
Reclassifications ¹⁾	108	-150	-1 290
Disposals	-10	-1	-
Amortisations	-39	-42	-168
Impairments/reversal of impairments	-5	-7	14
Currency translation effects	-103	178	-384
Balance as of end of period	4 100	4 668	4 113
PROPERTY, PLANT AND EQUIPMENT			
	31.03.2021	31.03.2020	31.12.2020
Balance as of 01.01.	112 057	109 852	109 852
Additions	909	1 148	7 347
Additions due to IFRS 16 (new contracts)	268	16	78
Remeasurements and other changes (IFRS 16)	-8	9	44
Capitalised borrowing costs	19	31	113
Reclassifications	-5	150	-666
Depreciations	-946	-1 013	-3 899
Impairments/reversal of impairments	56	-2 551	-1 393
Derecognition from divestments	-	-	-235
Disposals	-16	-6	-173
Currency translation effects	-2 133	5 494	990
Balance as of end of period	110 202	113 130	112 057

¹⁾ A reclassification of NOK 103 million was made in the first quarter, mainly from inventories, following an update of the Purchase Price Allocation of Solar Century.

Accounting policies, judgment and assumptions for impairments are described in note 15 in the annual report 2020.

10. INVENTORIES

Statkraft's inventories consist of environmental certificates and wind- and solar projects that Statkraft intends to develop and/or construct and divest to third parties. In addition, Statkraft also has some inventories which are directly related to the tangible assets, whereof spare parts are the most significant part.

Environmental certificates:

Statkraft's environmental certificates consist of green certificates in the Nordics, Renewable Obligation Certificates (ROCs) in the UK, European Union Allowances (EUAs) and carbon allowances in the US. A significant part of the environmental certificates are ROCs which are purchased from origination and market access activities and in addition from own generating assets that are eligible for receiving these government grants.

Wind- and solar projects:

Wind and solar projects consist of development projects and construction projects that Statkraft intends to develop, construct and divest either before, at the time of, or shortly after completion (DS/DBS). Development projects include early-stage solar- and wind projects which have not yet reached the construction phase, and construction projects consist of projects under construction. If it is decided to start construction of a wind farm or a solar park based on the developed project, the development project will be transferred to construction projects.

NOK million	31.03.2021	31.03.2020	31.12.2020
Inventories measured at fair value less costs to sell			
Environmental certificates	5 148	5 483	3 138
Inventories measured at the lower of cost price and net realisable value			
Environmental certificates	453	294	480
Spare parts	150	183	155
Other	99	97	107
Total	702	574	742
Wind and solar projects (DS/DBS) measured at the lower of cost price and net realisable value			
Development projects	1 140	-	1 344
Construction projects	1 348	-	1 139
Total	2 489	-	2 483
Total inventories	8 338	6 057	6 363

11. INTEREST-BEARING LIABILITIES

The table below discloses the specification of interest-bearing liabilities.

NOK million	31.03.2021	31.03.2020	31.12.2020
INTEREST-BEARING LIABILITIES, CURRENT			
First year's instalment on non-current debt	3 578	910	2 002
Cash collateral	1 388	2 751	1 761
Debt to Statkraft SF	200	179	200
Lease liabilities	238	226	269
Prepayments related to long-term power sales agreements	316	-	316
Other short-term debt	31	1 918	1 912
Total	5 751	5 984	6 459
INTEREST-BEARING LIABILITIES, NON-CURRENT			
Bonds issued by Statkraft AS	22 664	28 263	25 211
Lease liabilities	1 744	1 481	1 541
Prepayments related to long-term power sales agreements	4 269	-	4 367
External debt in subsidiaries and other debt	1 297	2 419	1 545
Total	29 974	32 163	32 664
Total interest-bearing liabilities	35 725	38 147	39 124

12. BRAZIL

On 13 July 2015, Statkraft acquired a controlling interest in the Brazilian company Desenvix Energias Renováveis S.A., which subsequently changed name to Statkraft Energias Renováveis (SKER). Over the past years, Brazil has experienced several severe corruption cases. On this background, Statkraft initiated an internal investigation related to the subsidiary acquired in 2015. Based on the investigation, the company has contacted Brazilian authorities. It is at this stage not possible to predict the final outcome.

SKER is still part of a civil lawsuit related to historical investments made by the four main pension funds in Brazil including FUNCEF, see note 34 in the annual report 2020.

13. UNCERTAIN TAX POSITIONS

Uncertain tax positions in Norway

On 3 and 12 March 2020, Statkraft AS received decisions of tax reassessment from the Norwegian tax authorities.

The decisions regard the income tax returns for the fiscal years 2010-2016 related to the investment in the Statkraft Treasury Centre SA (STC) in Belgium.

The main issue relates to STC's capital structure and its compliance with the arm's length principle. Statkraft strongly disagrees that there is a legal basis for any reassessment and has made no provisions related to this case in the Consolidated financial statements. In the parent company financial statements, prepared under N-GAAP, the impact from the decisions were expensed in 2020. Statkraft has filed complaints against the tax reassessment decisions.

If all arguments from the Norwegian tax authorities would prevail, the financial exposure for the period 2010-2017 is estimated to NOK 2400 million as additional payable tax and interest expenses.

Although no provision has been made according to IFRS, Statkraft paid NOK 2335 million to the Norwegian tax authorities in the second quarter of 2020 related to this case and the period of 2010-2016. Of this NOK 2079 million is presented as an uncertain income tax deposit and NOK 256 million is presented as uncertain interests deposit. Both items are part of the line item "Other non-current assets" in the statement of the financial position.

On 24 April 2017, the major business activities in STC were transferred to Statkraft AS. All business activities in STC have been closed down.

Uncertain tax positions in Nepal

On 4 January 2021, The Department of Revenue Investigation (DRI) of Nepal opened an investigation against a Statkraft subsidiary in Nepal, Himal Power Ltd (HPL). DRI is investigating if HPL has a capital gains tax liability related to share transfers in the period of 2006-2017 which it may then pursue by criminal proceedings.

Statkraft is of the opinion that the relevant transactions are not subject to capital gains tax, and hence that no criminal offences have been committed. Statkraft has made no provisions related to these cases and it is at this stage not possible to quantify any potential exposure for the financial statements.

14. MERGERS, ACQUISITIONS AND OTHER SIGNIFICANT AGREEMENTS

On 8 February, Statkraft entered into an agreement to participate in a share issue in the Swedish electrical vehicle charging company Bee Charging Solutions - resulting in 51% ownership in the company. The purchase price for the shares was NOK 191 million, partly paid by cash and partly by transferring the Swedish operations of Grön Kontakt AB into Bee. The remaining 49% of the shares in Bee are owned by EVereg AB, which is equally owned by Öresundkraft, Jämtkraft and Tekniska Verken. The agreement was closed in April and the financial effects will be recognised in the second quarter.

On 5 March, Statkraft entered into an agreement to divest 100% of the shares in Roan Vind Holding AS which owns 52.1% of Roan wind farm. Roan wind farm has an installed capacity of 256 MW and is part of the Fosen portfolio in Norway. The shares were acquired by TrønderEnergi AS and Stadtwerke München GmbH for an amount of NOK 1123 million, subject to customary adjustments. The agreement was closed in April and the financial effects will be recognised in the second quarter.

15. SUBSEQUENT EVENTS

There are no significant subsequent events.

Alternative Performance Measures

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

Changes to operating profit/loss (EBIT) underlying

From first quarter 2021, gains/losses from divestments related to assets in the DS/DBS portfolio, reported under the segment European wind and solar, are included as part of operating profit/loss (EBIT) underlying. The business model with the intention to develop, construct and divest projects within wind and solar are part of Statkraft's ordinary activities going forward. By including gains/losses from divestments of DS/DBS projects in the operating profit/loss (EBIT) underlying, the APM would better reflect how the management makes, follows up and evaluates the ordinary activities in segment European wind and solar.

Statkraft uses the following APMs:

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

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

Items excluded from operating profit/loss (EBIT) underlying:

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

1. **Unrealised value changes from embedded EUR derivatives**, since they do not reflect how the segment is following up on the results. The EUR exposure in the power sales agreements with the power intensive industry are hedged by entering into currency derivatives or EUR bonds. Hence, the unrealised value changes from the energy (EUR) derivatives are partly offset in Net financial items in the Profit and loss statement.
2. **Gains/losses from divestments of business activities that are not classified as DS/DBS**, since the gains or losses do not give an indication of future performance or periodic performance from operating activities. Such gains or losses are related to the cumulative value creation from the time the asset is acquired until it is sold.
3. **Impairments/reversal of impairments**, since they affect the economics of an asset for the useful life of that asset; not only the period in which it is impaired or the impairment is reversed.

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

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

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

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

Net interest-bearing liabilities is used to measure indebtedness.

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

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

NOK million	First Quarter		The year 2020
	2021	2020	
ALTERNATIVE PERFORMANCE MEASURES			
OPERATING PROFIT/LOSS (EBIT) MARGIN UNDERLYING			
Operating profit/loss (EBIT) underlying	7 216	4 090	6 670
Gross operating revenues and other income underlying	18 147	12 034	38 060
Operating profit/loss (EBIT) margin underlying	39.8%	34.0%	17.5%
RECONCILIATION OF OPERATING PROFIT/LOSS (EBIT) UNDERLYING TO EBITDA UNDERLYING			
Operating profit/loss (EBIT) underlying	7 216	4 090	6 670
Depreciations and amortisations	985	1 055	4 066
EBITDA underlying	8 201	5 145	10 736
FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED			
Intangible assets	4 100	4 668	4 113
Property, plant and equipment	110 202	113 130	112 057
Inventories - development and construction projects (DS/DBS)	2 489	-	2 483
Capital employed	116 790	117 798	118 653
Average capital employed ¹⁾	117 926	112 765	117 531
RECONCILIATION OF CAPITAL EMPLOYED TO TOTAL ASSETS			
Operating profit/loss (EBIT) underlying, rolling 12 months	9 796	14 073	6 670
Average capital employed	117 926	112 765	117 531
ROACE	8.3%	12.5%	5.7%
RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)			
Share of profit/loss in equity accounted investments, rolling 12 months	558	1 462	835
Average equity accounted investments ¹⁾	13 280	13 101	13 202
ROAE	4.2%	11.2%	6.3%
NET INTEREST-BEARING LIABILITIES			
Non-current interest-bearing liabilities	29 974	32 163	32 664
Current interest-bearing liabilities	5 751	5 984	6 459
Cash and cash equivalents incl. restricted cash (A)	-12 203	-10 105	-11 155
Restricted cash (B)	46	35	31
Cash and cash equivalents included in net interest-bearing liabilities (A+B)	-12 157	-10 071	-11 125
Current financial investments	-605	-1 626	-606
Net interest-bearing liabilities	22 963	26 450	27 393
NET INTEREST-BEARING LIABILITIES-EQUITY RATIO			
Net interest-bearing liabilities	22 963	26 450	27 393
Equity	100 466	105 409	98 028
Sum of net interest-bearing liabilities and equity	123 428	131 859	125 421
Net interest-bearing liabilities - equity ratio	18.6%	20.1%	21.8%

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

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