

Quarterly and half year report Q2/2021

Statkraft AS



Key figures

NOK million	Second quarter			Year to date			Year
	2021	2020	Change	2021	2020	Change	2020
Income statement							
Gross operating revenues and other income underlying	15 576	6 156	9 420	33 723	18 190	15 533	38 060
Net operating revenues and other income underlying	9 151	3 172	5 978	19 825	10 725	9 099	20 776
EBITDA underlying	6 592	925	5 667	14 793	6 070	8 723	10 736
Operating profit/loss (EBIT) underlying	5 632	- 100	5 733	12 848	3 990	8 859	6 670
Operating profit/loss (EBIT) IFRS	5 830	-1 636	7 466	12 148	2 749	9 399	5 749
Share of profit/loss in equity accounted investments	- 74	- 322	248	370	400	- 30	835
Net financial items	- 621	2 324	-2 946	890	-3 623	4 513	-1 631
Profit/loss before tax	5 134	366	4 769	13 407	- 474	13 881	4 953
Net profit/loss	2 423	491	1 932	7 243	-1 397	8 640	3 532
Key financial metrics							
Operating profit/loss (EBIT) margin underlying	36.2%	-1.6%	37.8%	38.1%	21.9%	16.2%	17.5%
ROACE				13.2%	9.9%	3.2%	5.7%
ROAE				6.0%	6.7%	-0.7%	6.3%
Balance sheet and investments							
Assets				206 129	181 765	24 364	181 257
Equity				100 639	96 317	4 322	98 028
Net interest-bearing debt				13 996	25 118	-11 122	22 710
Capital employed				118 073	116 924	1 150	118 653
Equity accounted investments				13 409	12 854	554	13 492
Total investments	2 404	2 373	31	3 923	3 662	261	9 901
Cash Flow							
From operating activities	5 964	303	5 661	9 914	-2 155	12 069	11 632
Cash and cash equivalents (incl. restricted cash)				17 719	9 940	7 779	11 155
Currency rates							
NOK/EUR average rate	10.09	11.02	-0.93	10.18	10.74	-0.56	10.72
NOK/EUR closing rate				10.17	10.91	-0.74	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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STRONG OPERATING RESULT

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Recovery of Nordic power prices and successful market activities led to an all-time high underlying EBIT in Q2 and year to date.

Statkraft continues to deliver on the strategy and has decided to construct several solar farms in Europe.

Statkraft recorded the highest EBIT in a second quarter to date. The strong results have strengthened Statkraft’s financial capacity and ability to deliver on the growth strategy.

The underlying EBIT was NOK 5.6 billion in the quarter. Net profit was NOK 2.4 billion, an increase of NOK 1.9 billion compared with the result in the second quarter last year.

The average Nordic system price was 41.9 EUR/MWh compared with 5.6 EUR/MWh in the same quarter in 2020. Total power generation was 15.5 TWh, slightly lower than the second quarter generation last year.

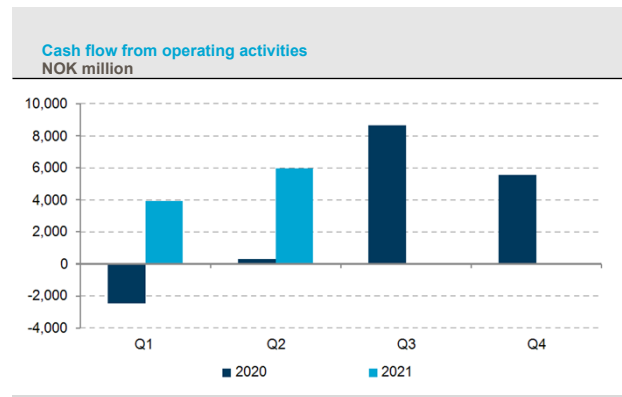
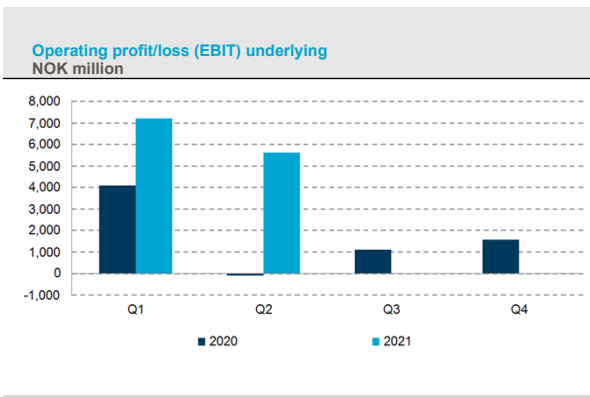
Cash flow from operating activities in the quarter was solid at NOK 6 billion. The net interest-bearing debt was NOK 14 billion, giving room for significant new investments within renewable energy.

For the first half year of 2021, Statkraft reported a record-high underlying EBIT of NOK 12.8 billion, an increase of NOK 8.9 billion compared with the same period in 2020. The main drivers for the increase was significantly higher Nordic power prices and solid contribution from market activities. The net profit year to date was NOK 7.2 billion.

Statkraft has decided to construct four new solar plants in Cadiz, Spain. The plants will have a total capacity of 234 MWp. Statkraft also started the construction of Ballymacarney which will be Ireland’s largest solar farm. The solar plants in Spain and Ireland are part of Statkraft’s portfolio of projects that are constructed with the intention to divest to external investors.

Increased power prices and higher expectations of future power prices have affected the investment capacity positively. Statkraft is planning net investments up to 13 billion annually in renewable energy in the coming years. The pace and total amount of investments will depend on market opportunities and market development and will be adapted to the financial capacity and rating target.

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



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	2
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	13.2%
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	6.5%
Growth		
Grow capacity in renewable energy (hydro-, wind- and solar power)	9 GW growth by 2025	2.6 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. In the first half of 2021 there were two serious injuries. Strengthening the safety culture and performance – across the organisation and among subcontractors – is top priority and has high attention throughout the organisation.

Statkraft has zero tolerance for corruption and unethical practices in all activities, and there were no serious compliance incidents in the first six months of 2021. Following an acquisition in 2020, an investigation was carried out. See note 13 for more information.

Assessing environmental risks is part of Statkraft's daily risk management procedures and practices, and there were no serious environmental incidents in the first half of 2021.

Statkraft aims to deliver a solid return on capital employed. Measured on 12 months rolling basis, the ROACE was 13.2% 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 spot price for this generation than the average Nordic spot price. As of June 2021, Statkraft's realised prices (measured over the last 60 months) were 6.5% higher than the average spot price in the Nordics.

The target of developing 9 GW by 2025 remains. At the end of the second quarter, the status for this target is 2.6 GW, up 0.4 GW from the end of 2020. The increase of 0.2 GW in the second quarter relates to the Cadiz solar project in Spain.

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 June 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

	Second quarter		Year to date		Year 2020
	2021	2020	2021	2020	
Corporate responsibility and HSE					
Fatal accidents ¹⁾	0	1	0	2	3
Serious environmental incidents	0	0	0	0	0
Absence due to illness, Group	2.2%	1.9%	2.2%	2.5%	2.4%
TRF rate ¹⁾²⁾			3.6	4.6	4.2
Full-time equivalents, Group			4 215	3 767	4 074

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

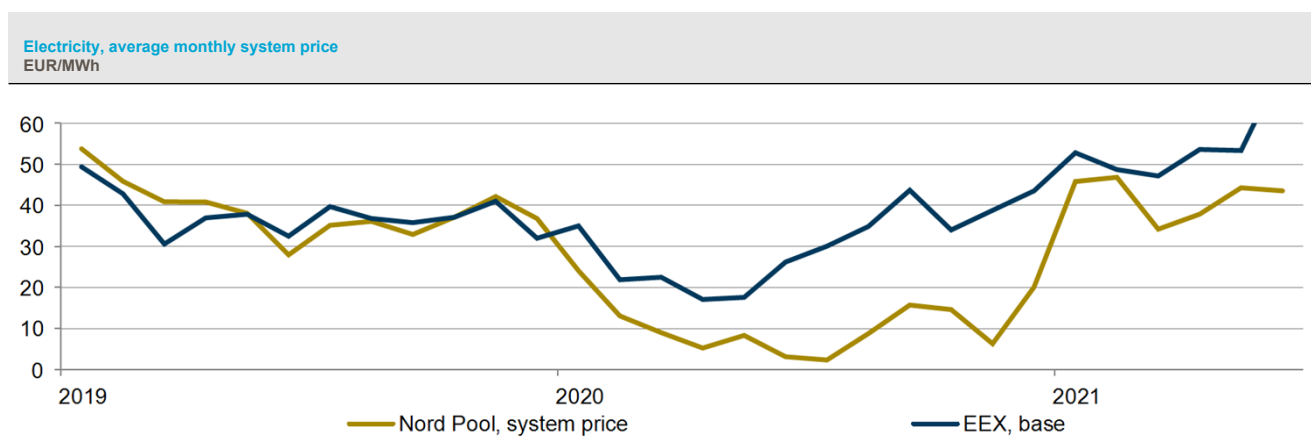
²⁾ TRF rate (rolling 12 months): Number of injuries per million hours worked.

Two serious injuries occurred in the quarter in Norway. Both incidents have been investigated according to Statkraft's procedures and all safety measures are followed up.

Market and production

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

POWER PRICES



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

	Second quarter			Year to date			Year 2020
	2021	2020	Change	2021	2020	Change	
Market prices (average)							
System price, Nord Pool (EUR/MWh)	41.9	5.6	36.3	42.1	10.5	31.6	10.9
Spot price (base), EEX (EUR/MWh)	60.3	20.3	40.1	55.0	23.4	31.6	30.4
Spot price (peak), EEX (EUR/MWh)	65.2	22.0	43.1	62.3	28.4	33.9	37.4
Spot price (base), N2EX UK (GBP/MWh)	73.0	24.3	48.7	68.5	28.5	40.0	35.2

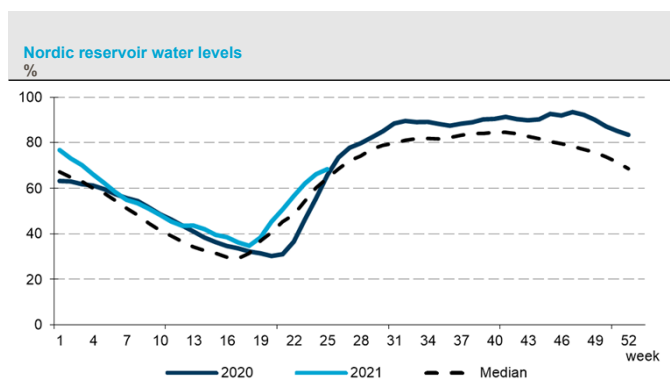
Sources: Nord Pool and European Energy Exchange (EEX).

The average system price in the Nordic region was 41.9 EUR/MWh in the quarter, an increase of 36.3 EUR/MWh. The increase was mainly due to low levels of precipitation 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 60.3 EUR/MWh in the quarter, an increase of 40.1 EUR/MWh. The increase was mainly due to higher gas, CO₂ and coal prices in addition to higher power demand across Europe.

The average base price in the UK was 73.0 GBP/MWh in the quarter, an increase of 48.7 GBP/MWh. The increase was mainly driven by higher gas prices.

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



The total reservoir level for all hydropower producers in the Nordic region was 106% of median level at the end of the quarter, corresponding to 68% 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	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Generation, technology					
Hydropower	14.0	13.9	32.3	29.5	55.7
Wind power	0.7	0.8	1.9	2.2	4.3
Gas-fired power	0.8	1.1	1.8	1.8	5.1
Biomass and solar power	0.0	0.1	0.1	0.1	0.3
Total generation	15.5	15.9	36.1	33.7	65.4

TWh	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Consumption and output					
Nordic					
Nordic consumption	87.8	85.5	206.4	195.6	378.2
Nordic output	95.1	90.9	216.6	207.5	402.1
Net Nordic import(+)/export(-)	-7.3	-5.4	-10.2	-11.9	-23.9
Norway					
Norwegian consumption	30.4	29.8	73.1	69.0	132.9
Norwegian output	35.5	34.8	81.2	75.3	153.3
Net Norwegian import(+)/export(-)	-5.1	-5.1	-8.1	-6.3	-20.5

The Group generated a total of 15.5 TWh in the quarter, a decrease of 3%. The main reason for the decrease was less generation from the Group's gas-fired power plants following less hours with positive spark spread.

The Group's district heating deliveries amounted to 0.2 TWh and were stable compared with the same quarter last year.

TWh	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Generation, geography					
Norway	11.9	11.8	27.8	24.9	47.5
Sweden	1.6	1.6	3.6	4.0	7.4
Europe ex. Nordic	1.2	1.5	2.7	2.5	6.4
Rest of the world	0.9	1.1	2.0	2.3	4.1
Total generation	15.5	15.9	36.1	33.7	65.4

Financial performance

NOK million	Second quarter			Year to date			Year
	2021	2020	Change	2021	2020	Change	2020
Net operating revenues and other income underlying	9 151	3 172	5 978	19 825	10 725	9 099	20 776
Operating profit/loss (EBIT) underlying	5 632	- 100	5 733	12 848	3 990	8 859	6 670
Operating profit/loss (EBIT) IFRS	5 830	-1 636	7 466	12 148	2 749	9 399	5 749
Share of profit/loss in equity accounted investments	- 74	- 322	248	370	400	- 30	835
Net financial items	- 621	2 324	-2 946	890	-3 623	4 513	-1 631
Profit/loss before tax	5 134	366	4 769	13 407	- 474	13 881	4 953
Tax expense	-2 711	126	-2 837	-6 164	- 923	-5 242	-1 421
Net profit/loss	2 423	491	1 932	7 243	-1 397	8 640	3 532

FINANCIAL PERFORMANCE SECOND QUARTER

The increase in underlying EBIT was mainly driven by significantly higher Nordic power prices, leading to improved results from the segments European flexible generation and Industrial ownership. Furthermore, higher contribution from the Market operations segment also contributed positively. Underlying operating expenses increased 8 per cent compared with the same quarter last year, primarily related to an increased activity level in line with the growth strategy.

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

Net financial items in the quarter included negative currency effects of NOK 545 million, primarily related to a weakening of NOK against EUR. In the comparable period there were positive currency effects of NOK 2327 million.

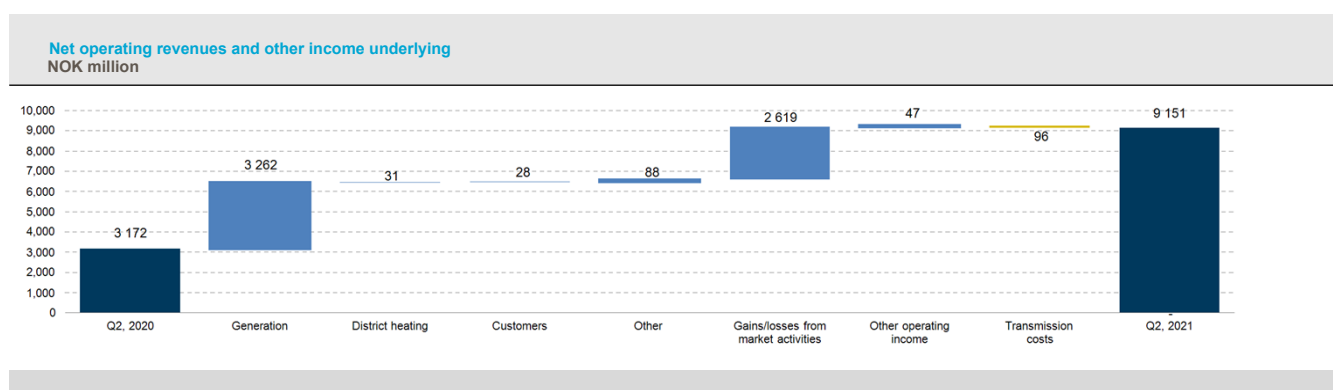
FINANCIAL PERFORMANCE YEAR TO DATE

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

Net financial items in the first half year included positive currency effects of NOK 816 million, primarily related to a strengthening of NOK against EUR. In the comparable period there were negative currency effects of NOK 3388 million.

NET OPERATING REVENUES AND OTHER INCOME UNDERLYING

NOK million	Second quarter			Year to date			Year 2020
	2021	2020	Change	2021	2020	Change	
Net operating revenues and other income							
Generation	7 030	3 333	3 698	16 333	7 976	8 356	16 367
District heating	177	140	37	610	425	185	773
Customers	5 054	2 356	2 698	10 839	6 183	4 656	13 579
Other	901	578	322	1 982	1 358	624	3 156
Sales revenues	13 162	6 407	6 754	29 764	15 942	13 821	33 875
Gains/losses from market activities	2 254	- 364	2 619	3 690	2 032	1 658	3 619
Other operating income	160	113	47	270	216	53	566
Gross operating revenues and other income	15 576	6 156	9 420	33 723	18 190	15 533	38 060
Generation	- 698	- 263	- 435	- 1 387	- 576	- 811	- 1 759
District heating	- 52	- 46	- 6	- 207	- 135	- 72	- 237
Customers	- 4 946	- 2 276	- 2 670	- 10 493	- 5 811	- 4 681	- 13 175
Other	- 405	- 170	- 235	- 899	- 444	- 455	- 1 073
Energy purchase	- 6 100	- 2 755	- 3 345	- 12 986	- 6 967	- 6 019	- 16 244
Transmission costs	- 325	- 229	- 96	- 913	- 498	- 415	- 1 040
Net operating revenues and other income	9 151	3 172	5 978	19 825	10 725	9 099	20 776



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

- Net operating revenues from Generation increased, mainly driven by significantly higher Nordic power prices.
- Gains/losses from market activities increased, primarily due to unrealised value changes from embedded derivatives linked to various commodities as well as improved contribution from risk reducing activities. In addition, long-term contracts in Brazil and trading also led to the increase.
- Transmission costs increased, mainly driven by higher Norwegian power prices.

OPERATING EXPENSES UNDERLYING

NOK million	Second quarter			Year to date			Year 2020
	2021	2020	Change	2021	2020	Change	
Operating expenses							
Salaries and payroll costs	- 1 189	- 1 015	- 174	- 2 499	- 2 187	- 313	- 4 627
Depreciations and amortisations	- 960	- 1 025	66	- 1 945	- 2 080	135	- 4 066
Property tax and licence fees	- 327	- 323	- 4	- 675	- 632	- 43	- 1 264
Other operating expenses	- 1 043	- 910	- 133	- 1 857	- 1 837	- 20	- 4 150
Operating expenses	- 3 518	- 3 273	- 246	- 6 976	- 6 736	- 241	- 14 106

- The increase in salaries and payroll costs was mainly due to a higher number of full-time equivalents and higher performance-related bonus costs following solid results in the segment Market operations.
- The decrease in depreciations and amortisations was mainly driven by the deconsolidation of Himal Power in Nepal in the third quarter of 2020.
- Other operating expenses was higher mainly due to costs from newly acquired companies, costs related to new wind farms in Norway and higher business development costs related to the growth strategy.
- In general, a stronger NOK compared with the second quarter 2020 had a decreasing effect on the operating expenses.

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	Second quarter			Year to date			Year 2020
	2021	2020	Change	2021	2020	Change	
Items excluded from operating profit/loss (EBIT) underlying							
Unrealised value changes from embedded EUR derivatives	118	-1 673	1 790	- 831	1 181	-2 012	339
Gains/losses from divestments of business activities	85	-	85	85	0	85	119
Impairments/reversal of impairments	- 6	137	- 142	46	-2 422	2 467	-1 379
Items excluded from operating profit/loss (EBIT) underlying	198	-1 536	1 734	- 700	-1 241	540	- 922

- Embedded EUR derivatives linked to long-term industry contracts had a positive effect. This was mainly driven by a weakening of forward NOK against EUR.
- Gains/losses from divestments of business activities was related to divestment of the Roan wind farm in Norway, see note 15.

FINANCIAL ITEMS

NOK million	Second quarter			Year to date			Year 2020
	2021	2020	Change	2021	2020	Change	
Financial items							
Net currency effects	- 545	2 327	-2 872	816	-3 388	4 204	-1 520
Interest and other financial items	- 77	- 3	- 74	74	- 235	308	- 111
Net financial items	- 621	2 324	-2 946	890	-3 623	4 513	-1 631

- Net currency losses in the quarter were related to a weakening of NOK against EUR, and were primarily related to external debt.
- Interest and other financial items decreased mainly due to a positive value change in the fair value of the shareholding in Fjordkraft in the comparable period, partly offset by positive value changes from ventures activities in the second quarter.

TAX EXPENSE

NOK million	Second quarter			Year to date			Year 2020
	2021	2020	Change	2021	2020	Change	
Tax expense							
Profit/loss before tax	5 134	366	4 769	13 407	- 474	13 881	4 953
Nominal tax rate in Norway	22%	22%	0%	22%	22%	0%	22%
Tax calculated at nominal Norwegian tax rate	1 130	80	1 049	2 950	- 104	3 054	1 090
Tax on share of profit/loss in equity accounted investments	16	71	- 54	- 81	- 88	7	- 184
Resource rent tax payable	928	248	680	2 427	750	1 677	1 282
Resource rent tax deferred	557	- 696	1 253	545	428	118	- 94
Other differences from the nominal Norwegian tax rate	80	171	- 91	324	- 62	386	- 673
Tax expense	2 711	- 126	2 837	6 164	923	5 242	1 421
Effective tax rate	52.8%	-34.3%	87.1%	46.0%	-194.7%	240.7%	28.7%

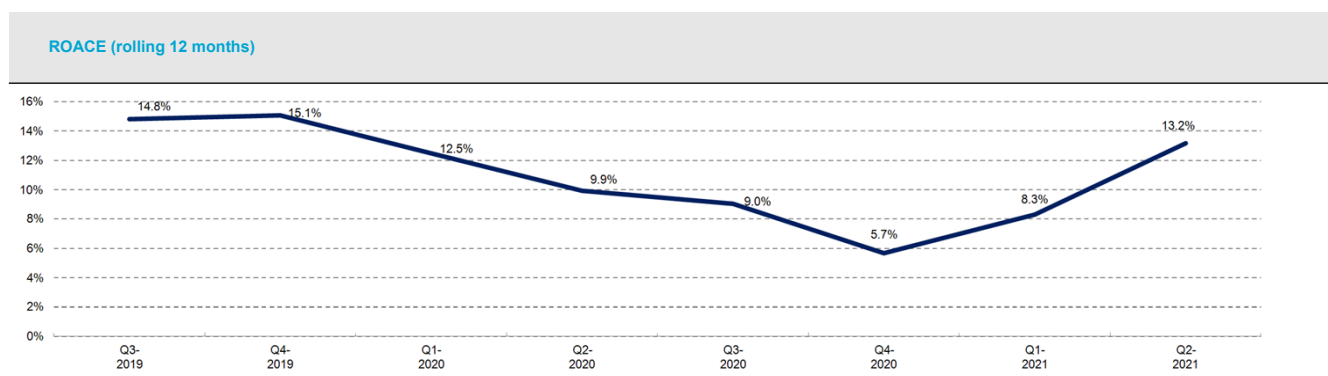
Tax expense second quarter

- Resource rent tax payable increased, mainly due to significantly higher Nordic power prices. This was partly offset by higher taxable deductions due to changes in resource rent tax regulations. From 2021 onwards, all new investments related to Norwegian hydropower generation can be deducted immediately for resource rent tax purposes.
- Resource rent tax deferred increased significantly, mainly due to unrealised value changes related to embedded derivatives.
- On 11 May, a new proposal regarding changes in resource rent tax with effect from the financial year 2021 was published. Statkraft is in the process of evaluating financial effects of an enforcement of this proposal.

Tax expense year to date

- Resource rent tax payable increased, mainly due to significantly higher Nordic power prices and higher generation.
- Resource rent tax deferred increased, mainly due to higher utilisation of resource rent tax carryforwards.
- Other differences from the nominal Norwegian tax rate of NOK 324 million were mainly due to foreign tax rate differences and changes in unrecognised deferred tax assets.

RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)



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

CASH FLOW

NOK million	Second quarter			Year to date			Year 2020
	2021	2020	Change	2021	2020	Change	
Cash flow							
Operating activities	5 964	304	5 660	9 914	-2 155	12 069	11 632
Investing activities	- 650	- 585	- 66	-1 724	-1 856	132	-7 226
Financing activities	66	346	- 281	-1 695	-1 279	- 417	-8 280
Net change in cash and cash equivalents	5 380	66	5 314	6 495	-5 289	11 784	-3 874
Cash and cash equivalents (incl. restricted cash) at period end	17 719	9 940	7 779	17 719	9 940	7 779	11 155

Cash flow second quarter

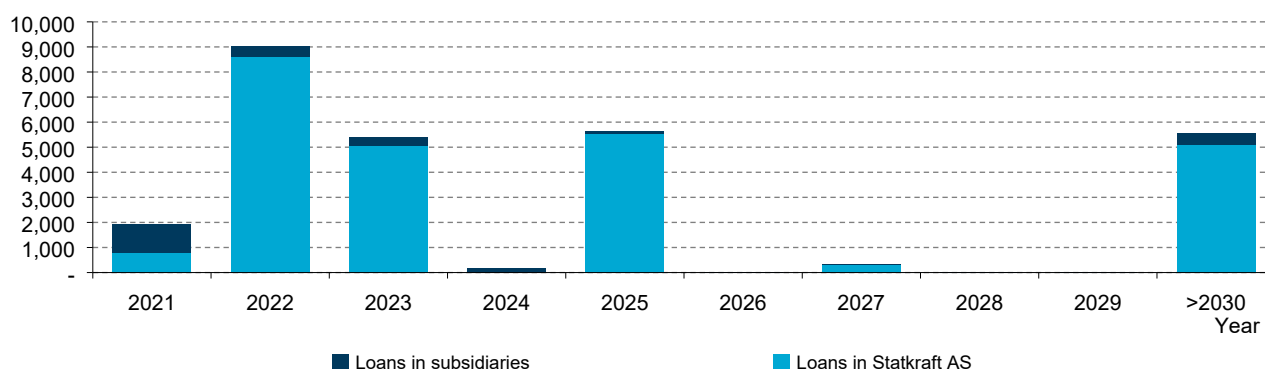
- The quarterly EBIT (IFRS) of NOK 5830 million includes NOK 2881 million in positive unrealised effects, which was offset by cash inflow of NOK 2903 million related to cash collaterals, margin calls and option premiums. Furthermore, cash outflow from taxes paid of NOK 1239 million and cash inflow following dividends from equity accounted investments of NOK 513 million led to a cash flow from operating activities of NOK 5964 million.
- The negative cash flow from investing activities was mainly due to investments in property, plant and equipment of NOK 1720 million, partly offset by the divestment of Roan Vind Holding of NOK 1133 million.
- The positive cash flow from financing activities was mainly due to new debt of NOK 342 million, partly offset by repayment of debt of NOK 198 million.

Cash flow year to date

- The year to date cash flow from operating activities were at a solid level and were driven by strong operations, somewhat reduced by taxes paid of NOK 2794 million.
- The negative cash flow from investing activities was mainly due to investments in property, plant and equipment, partly offset by the divestment of Roan Vind Holding.
- 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 liabilities were NOK 13 996 million.
- Net interest-bearing liabilities - equity ratio was 12.2%.

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. These 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 for in accordance with the equity method.

Shareholdings, financial non-current: Investments in shareholdings that are recognised as financial assets at fair value.

INVESTMENTS SECOND QUARTER

Investments in new capacity were mainly related to construction of hydropower plants in Chile and India and wind power in Brazil. The quarterly maintenance investments were primarily related to Nordic hydropower. Investments classified as “Other” were mainly related to grid in Norway and EV charging activities in the Nordics, whereas wind projects in Ireland and solar projects in both Ireland the Netherlands were the main quarterly investments in DS/DBS.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities
Second quarter 2021								
New capacity	392	8	-	322	34	-	29	-
Maintenance	742	664	-	8	8	2	60	-
Other	513	15	3	43	24	36	192	200
Investments in PPE and intangible assets	1 647	687	3	373	66	38	281	200
New capacity for subsequent divestment (DS/DBS)								
	439	-	-	-	439	-	-	-
Shareholdings, consolidated	293	-	-	-	23	-	75	195
Shareholdings, equity accounted	-	-	-	-	-	-	-	-
Shareholdings, financial non-current	25	-	-	-	-	-	10	15
Investments in shareholdings	318	-	-	-	23	-	85	210
Total investments	2 404	687	3	373	527	38	365	411
Year to date 2021								
New capacity	571	24	-	469	34	-	44	-
Maintenance	1 148	989	-	39	8	6	106	-
Other	1 159	27	6	56	392	103	330	245
Investments in PPE and intangible assets	2 878	1 040	6	564	434	109	480	245
New capacity for subsequent divestment (DS/DBS)								
	710	-	-	-	710	-	-	-
Shareholdings, consolidated	293	-	-	-	23	-	75	196
Shareholdings, equity accounted	-	-	-	-	-	-	-	-
Shareholdings, financial non-current	42	-	-	-	-	-	10	32
Investments in shareholdings	335	-	-	-	23	-	85	228
Total investments	3 923	1 040	6	563	1 167	109	565	472

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities
Second quarter 2020								
New capacity	1 336	35	2	278	870	43	104	4
Maintenance	489	370	-	10	-	-	105	4
Other	160	27	-	10	87	-	24	12
Investments in PPE and intangible assets	1 985	432	2	298	957	43	233	20
New capacity for subsequent divestment (DS/DBS)								
Shareholdings, consolidated	296	-	-	-	296	-	-	-
Shareholdings, equity accounted	56	-	-	-	-	-	-	56
Shareholdings, financial non-current	36	-	-	-	-	-	-	36
Investments in shareholdings	388	-	-	-	296	-	-	92
Total investments	2 373	432	3	298	1 253	43	233	112
Year to date 2020								
New capacity	1 974	90	2	577	1 014	81	207	4
Maintenance	942	698	-	21	-	-	216	8
Other	295	29	2	24	119	-	52	70
Investments in PPE and intangible assets	3 211	817	4	622	1 133	81	475	82
New capacity for subsequent divestment (DS/DBS)								
Shareholdings, consolidated	317	-	-	-	317	-	-	-
Shareholdings, equity accounted	98	-	-	43	-	-	-	56
Shareholdings, financial non-current	36	-	-	-	-	-	-	36
Investments in shareholdings	451	-	-	43	317	-	-	92
Total investments	3 662	817	5	663	1 449	81	474	174

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⁾								
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	216	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⁾

Second quarter	Project	Business model ²⁾	Country	New capacity (MW) ³⁾	Statkraft's ownership share	Planned completion	
Committed investments in the period							
Solar power	Cadiz	DBS	Spain	234	100%	2022	Q3
Main construction projects							
Hydropower	Songa and Trolldalen 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
	Eringsdalen and Nordalen Dams	n/a	Norway	-	100%	2025	Q4
	Trollheim Dam	n/a	Norway	-	100%	2026	Q3
Wind power	Windy Rig	DBS	UK	43	100%	2021	Q3
	Twentyshilling	DBS	UK	38	100%	2022	Q1
	Cloghan	DBS	Ireland	34	100%	2022	Q4
	Taghart	DBS	Ireland	23	100%	2022	Q4
	Torsa	BOO	Chile	108	100%	2022	Q4
	Ventos de Santa Eugenia	BOO	Brazil	519	100%	2023	Q2
Solar power	Ballymacarney	DBS	Ireland	200	100%	2022	Q3
Other technologies	Lister Drive Greener Grid Park ⁴⁾	BOO	UK	-	100%	2022	Q1
Completed projects in the period							
Wind power	Fosen - Geitfjellet	BOO	Norway	155	52%	2021	Q2

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.

	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
Second quarter									
Income statement									
Gross operating revenues and other income underlying	15 576	6 985	6 648	593	269	166	1 028	481	- 594
Net operating revenues and other income underlying	9 151	5 901	1 530	389	206	124	967	431	- 397
EBITDA underlying	6 592	4 825	1 034	161	- 171	56	735	- 94	46
Operating profit/loss (EBIT) underlying	5 632	4 357	1 026	1	- 263	8	607	- 150	46
Operating profit/loss (EBIT) IFRS	5 830	4 475	1 026	- 3	- 177	7	607	- 150	45
Key financial metrics									
Operating profit/loss (EBIT) margin underlying	36.2%	62.4%	15.4%	0.2%	-97.7%	5.0%	59.0%	n/a	n/a
ROACE	13.2%	19.0%	n/a	1.1%	-8.0%	3.3%	10.2%	n/a	n/a
ROAE	6.0%	n/a	n/a	-22.9%	-6.8%	n/a	14.9%	n/a	n/a
Investments									
Total investments	2 404	687	3	373	527	38	365	411	-
Generation and district heating									
Generation, volume sold (TWh)	15.5	12.3	-	1.1	0.6	-	1.5	-	-
- hydropower (TWh)	14.0	11.5	-	1.0	-	-	1.5	-	-
- wind power (TWh)	0.7	-	-	0.1	0.6	-	-	-	-
- gas-fired power (TWh)	0.8	0.8	-	-	-	-	-	-	-
- biomass and solar power (TWh)	0.0	0.0	-	0.0	-0.0	-	-	-	-
Delivered volume, district heating (TWh)	0.2	-	-	-	-	0.2	0.0	-	-

EUROPEAN FLEXIBLE GENERATION

NOK million	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Gross operating revenues and other income	6 985	2 065	15 001	7 055	14 342
Net operating revenues and other income	5 901	1 588	12 661	5 957	11 401
Operating expenses	-1 543	-1 518	-3 102	-2 995	-6 407
Operating profit/loss (EBIT) underlying	4 357	70	9 559	2 963	4 995
Unrealised value changes from embedded EUR derivatives	118	-1 673	-831	1 181	339
Impairments/reversal of impairments	-	138	-	138	1 708
Operating profit/loss (EBIT) IFRS	4 475	-1 464	8 728	4 282	7 041
Share of profit/loss in equity accounted investments	-1	-	-	4	16
ROACE (rolling 12 months)			19.0%	13.5%	8.3%
Total investments	687	432	1 040	817	1 880
Generation (TWh)	12.3	12.5	28.2	25.8	50.4

Quarterly financial performance

- The increase in underlying EBIT was driven by significantly higher Nordic power prices, which led to a strong result for the quarter. In addition, favourable movements of the segment's embedded derivatives linked to various commodities as well as improved contribution from financial hedging led to the increased underlying EBIT.

Year to date financial performance

- The increase in net operating revenues and other income was driven by significantly higher Nordic power prices, higher Norwegian hydropower generation and favourable movements of the segment's embedded derivatives linked to various commodities. 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 19.0%, an increase from last quarter, driven by a significantly higher underlying EBIT.

Quarterly investments

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

MARKET OPERATIONS

NOK million	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Gross operating revenues and other income	6 648	2 740	13 936	8 316	17 980
Net operating revenues and other income	1 530	442	2 928	2 222	4 304
Operating expenses	-504	-419	-926	-886	-1 777
Operating profit/loss (EBIT) underlying	1 026	23	2 002	1 336	2 527
Unrealised value changes from embedded EUR derivatives	-	-	-	-	-
Impairments/reversal of impairments	-	-	-	-	-
Operating profit/loss (EBIT) IFRS	1 026	23	2 002	1 336	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	3	6	5	13
Generation (TWh)	-	-	-	-	-

Key events

- Statkraft has signed three long-term wind power purchase agreements in Spain with a total expected volume of 1.2 TWh. Two of the contracts have a duration of five years and the third contract has a duration of ten years.
- Statkraft has signed a 10-year power supply agreement with the Finnish public pension provider Keva with an estimated volume of 53 GWh per year.

Quarterly financial performance

- The increase in underlying EBIT was mainly driven by higher contribution from long-term contracts in Brazil, dynamic asset management portfolios, trading and market access activities.

Year to date financial performance

- The increase in underlying EBIT was mainly driven by higher contribution from long-term contracts in Brazil and dynamic asset management portfolios, partly offset by lower contribution from trading activities.

INTERNATIONAL POWER

NOK million	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Gross operating revenues and other income	593	765	1 338	1 607	2 902
Net operating revenues and other income	389	621	944	1 306	2 314
Operating expenses	-388	-470	-789	-1 022	-1 909
Operating profit/loss (EBIT) underlying	1	151	155	284	405
Gains/losses from divestments of business activities	-	-	-	-	119
Impairments/reversal of impairments	-5	2	-9	-5	45
Operating profit/loss (EBIT) IFRS	-3	152	146	279	569
Share of profit/loss in equity accounted investments	-18	-12	17	23	-539
Gains/losses from divestments of equity accounted investments ^{*)}	-	-	-	-	-
ROACE (rolling 12 months)			1.1%	2.5%	1.6%
ROAE (rolling 12 months)			-22.9%	-2.9%	-19.8%
Total investments	373	298	563	663	1 286
Generation (TWh)	1.1	1.2	2.6	2.6	4.7

^{*)} Included in Interest and other financial items.

Key events

- Statkraft has entered into a power sales agreement for Tidong in India with a duration of 25 years and a yearly volume of 298 GWh. Regulatory approvals are pending.
- Statkraft has entered into a power sales agreement in Peru with a duration of six years. The total deliveries for the period 2021-2022 are 37 GWh followed by an annual volume of 300 GWh for the period 2023-2027.

Quarterly financial performance

- The underlying EBIT decreased. Higher generation and prices in Albania were more than offset by negative value changes of a risk reducing power sales agreement in Albania and the deconsolidation of Himal Power from the third quarter in 2020.
- The decrease in share of profit/loss in equity accounted investments was driven by negative contributions from India and Nepal.

Year to date financial performance

- The underlying EBIT decreased mainly due to the same factors as for the second quarter, in addition to lower contributions from Turkey and Peru. This was partly offset by higher contributions from Brazil and operational start of Moglice in Albania in 2020.

Financial metrics

- ROACE was 1.1%. The decrease from last quarter was mainly due to a lower underlying EBIT.
- ROAE was -22.9%, a decrease from last quarter. The negative ROAE was 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, as well as construction of the Ventos de Santa Eugenia wind farm in Brazil.

EUROPEAN WIND AND SOLAR

NOK million	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Gross operating revenues and other income	269	95	796	398	767
Net operating revenues and other income	206	78	544	363	659
Operating expenses	-469	-297	-844	-589	-1 452
Operating profit/loss (EBIT) underlying	-263	-220	-299	-226	-793
Gains/losses from divestments of business activities	85	-	85	-	0
Impairments/reversal of impairments	-	-	57	-2 551	-3 126
Operating profit/loss (EBIT) IFRS	-177	-220	-157	-2 777	-3 919
Share of profit/loss in equity accounted investments	-85	-20	-79	-13	8
Gains/losses from divestments of equity accounted investments ^{*)}	21	-	21	-	-
ROACE (rolling 12 months)			-8.0%	-2.8%	-8.3%
ROAE (rolling 12 months)			-6.8%	-0.5%	0.9%
Total investments	527	1 253	1 167	1 449	4 822
Generation (TWh)	0.6	0.7	1.7	2.1	3.9

^{*)} Included in Interest and other financial items.

Key events

- Roan wind farm at Fosen in Norway was divested. See note 15.
- Geitfjellet at Fosen reached commercial operation date. Thus, all Fosen wind farms are now handed over to operation.
- Construction of the solar projects Cadiz in Spain (234 MWp) and Ballymacarney (200 MWp) in Ireland has commenced.
- BP joined Statkraft and Aker Offshore Wind in a consortium bidding to develop offshore wind farms in Norway.

Quarterly financial performance

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

Year to date financial performance

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

Financial metrics

- ROACE was -8.0%, a minor improvement compared with previous quarter.
- ROAE was -6.8%, significantly down from previous quarters. This was mainly due to an enforced future change in tax rate.

Quarterly investments

- The investments were mainly related to development and construction of wind- and solar projects in Ireland and the Netherlands to be divested (DS/DBS).

DISTRICT HEATING

NOK million	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Gross operating revenues and other income	166	125	551	369	686
Net operating revenues and other income	124	86	372	256	488
Operating expenses	-116	-106	-237	-222	-471
Operating profit/loss (EBIT) underlying	8	-19	135	34	17
Impairments/reversal of impairments	-1	-3	-2	-4	-6
Operating profit/loss (EBIT) IFRS	7	-22	133	30	10
Share of profit/loss in equity accounted investments	-	-	-	-	-
Gains/losses from divestments of equity accounted investments ^{*)}	-	-	-	-	-
ROACE (rolling 12 months)			3.3%	3.1%	0.5%
ROAE (rolling 12 months)			n/a	n/a	n/a
Total investments	38	43	109	81	215
Delivered volume (TWh)	0.2	0.2	0.6	0.5	0.9

^{*)} Included in Interest and other financial items.

Quarterly financial performance

- Underlying EBIT increased primarily due to higher heating prices driven by significantly higher Norwegian power prices.

Year to date 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 during the winter season.

Financial metrics

- The increase in ROACE compared with the previous quarter 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	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Gross operating revenues and other income	1 028	401	2 540	1 072	2 120
Net operating revenues and other income	967	372	2 341	994	1 975
Operating expenses	-360	-354	-784	-757	-1 592
Operating profit/loss (EBIT) underlying	607	19	1 557	237	382
Impairments/reversal of impairments	-	-	-	-	-
Operating profit/loss (EBIT) IFRS	607	19	1 557	237	382
Share of profit/loss in equity accounted investments	50	-248	474	442	1 472
Gains/losses from divestments of equity accounted investments ^{*)}	-	-	-	-	-
ROACE (rolling 12 months)			10.2%	5.9%	2.3%
ROAE (rolling 12 months)			14.9%	11.5%	15.4%
Total investments	365	233	565	474	1 014
Generation (TWh)	1.5	1.5	3.6	3.2	6.4

^{*)} Included in Interest and other financial items.

Quarterly financial performance

- Underlying EBIT increased, mainly due to significantly higher Norwegian power prices.
- Share of profit/loss in equity accounted investments increased, mainly due to significantly higher Nordic power prices.

Year to date financial performance

- The underlying EBIT increased mainly due to the same factors as for the second quarter.
- The increase in share of profit/loss from equity accounted investments was mainly driven by the same factors as for the second quarter.

Financial metrics

- ROACE was 10.2%, an increase from previous quarter, driven by the increased underlying EBIT.
- ROAE was 14.9%, an increase from previous quarter, mainly due to higher share of profit from Agder Energi and BKK.

Quarterly investments

- The investments were primarily related to grid activities.

OTHER ACTIVITIES

NOK million	Second quarter		Year to date		Year
	2021	2020	2021	2020	2020
Gross operating revenues and other income	481	368	902	721	1 594
Net operating revenues and other income	431	330	814	637	1 390
Operating expenses	- 580	- 482	- 1 156	- 991	- 2 075
Operating profit/loss (EBIT) underlying	- 150	- 152	- 342	- 353	- 685
Operating profit/loss (EBIT) IFRS	- 150	- 152	- 342	- 353	- 685
Share of profit/loss in equity accounted investments	- 20	- 41	- 43	- 56	- 123
Gains/losses from divestments of equity accounted investments ¹⁾	-	-	-	-	-
Total investments	411	112	472	174	670

¹⁾ Included in Interest and other financial items.

Key events

- On 7 April, Statkraft closed 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 cash contribution was NOK 191 million. See note 15.

Quarterly financial performance

- The underlying EBIT was stable compared with the second quarter 2020.

Year to date financial performance

- The underlying EBIT slightly improved year to date.
- The new businesses within biomass and EV charging are under development, and according to plan the underlying EBIT is negative.

Quarterly investments

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

Outlook

The Nordic power prices have seen a strong recovery from the very low levels last year, despite the power surplus in the Nordics. The medium to long-term effects from Covid-19 on the energy markets remain uncertain.

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. These contracts have a stabilising effect on revenues. 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 strong recovery of the Nordic power prices and successful energy management has led to record-high results so far in 2021. This has had a positive effect on the investment capacity and Statkraft is planning net investments of around 13 billion annually in renewable energy in the coming years. The investment programme has a large degree of flexibility and will be financed by retained earnings, external financing, and divestments. The strategic growth target of developing 9 GW by 2025 is likely to be met. Statkraft has a solid financial foundation to deliver on the growth strategy and aims to be a major wind- and solar developer with a development rate of 2.5–3 GW per year by 2025.

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

Oslo, 21 July 2021
The Board of Directors of Statkraft AS

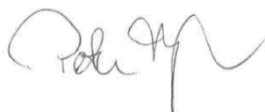
Declaration from the Board of Directors and President and CEO

We hereby declare to the best of our knowledge that the six-month interim financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with IAS 34, Interim Reporting, and the accounting information provides a true and fair view of the Group's assets, liabilities, financial position and performance as a whole, and that the six-month interim report provides a true and fair view of important events in the accounting period and their influence on the six-month interim financial statements, associated material transactions and the key risk and uncertainty factors facing the business in the next accounting period.

Oslo, 21 July 2021
The Board of Directors of Statkraft AS



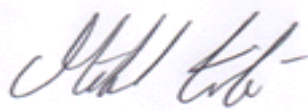
Thorhild Widvey
Chair of the Board



Peter Mellbye
Deputy chair



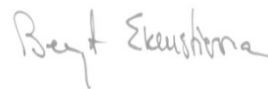
Marit Salte
Director



Mikael Lundin
Director



Ingelise Arntsen
Director



Bengt Ekenstierna
Director



Vilde Eriksen Bjerknæs
Director



Thorbjørn Holøs
Director



Asbjørn Sevlejordet
Director



Christian Rynning-Tønnesen
President and CEO

Statkraft AS Group Interim Financial Statements

NOK million	Second quarter		Year to date		The year 2020
	2021	2020	2021	2020	
STATEMENT OF COMPREHENSIVE INCOME					
PROFIT AND LOSS					
Sales revenues	13 162	6 407	29 764	15 942	33 875
Gains/losses from market activities	2 372	-2 037	2 859	3 212	3 958
Other operating income	246	113	355	217	685
Gross operating revenues and other income	15 780	4 483	32 977	19 371	38 518
Energy purchase	-6 100	-2 755	-12 986	-6 967	-16 244
Transmission costs	- 325	- 229	- 913	- 498	-1 040
Net operating revenues and other income	9 354	1 500	19 079	11 906	21 234
Salaries and payroll costs	-1 189	-1 015	-2 499	-2 187	-4 627
Depreciations and amortisations	- 960	-1 025	-1 945	-2 080	-4 066
Impairments/reversal of impairments	- 6	137	46	-2 422	-1 379
Property tax and licence fees	- 327	- 323	- 675	- 632	-1 264
Other operating expenses	-1 043	- 910	-1 857	-1 837	-4 150
Operating expenses	-3 524	-3 136	-6 931	-9 157	-15 485
Operating profit/loss (EBIT)	5 830	-1 636	12 148	2 749	5 749
Share of profit/loss in equity accounted investments	- 74	- 322	370	400	835
Net currency effects	- 545	2 327	816	-3 388	-1 520
Interest and other financial items	- 76	- 3	73	- 234	- 111
Net financial items	- 621	2 324	890	-3 622	-1 631
Profit/loss before tax	5 134	366	13 407	- 474	4 953
Tax expense	-2 711	126	-6 164	- 923	-1 421
Net profit/loss	2 423	491	7 243	-1 397	3 532
Of which non-controlling interest	97	72	252	181	213
Of which owners of the parent	2 326	419	6 991	-1 579	3 319
OTHER COMPREHENSIVE INCOME (OCI)					
Items in other comprehensive income that recycle over profit/loss:					
Items recorded in other comprehensive income in equity accounted investments	25	- 57	25	- 46	- 13
Recycling of currency translation effects related to foreign operations disposed	-	-	-	-	- 132
Currency translation effects	1 566	-2 978	-1 194	4 623	1 092
Total	1 591	-3 035	-1 169	4 577	947
Items in other comprehensive income that will not recycle over profit/loss:					
Changes in fair value of financial instruments, net of tax	8	1	- 4	-	- 4
Estimate deviation pension in equity accounted investments	- 19	134	52	- 179	- 14
Estimate deviation pension, net of tax	- 220	- 85	110	- 727	- 475
Total	- 231	50	158	- 905	- 492
Other comprehensive income	1 360	-2 986	-1 011	3 672	456
Total comprehensive income	3 784	-2 495	6 232	2 275	3 988
Of which non-controlling interest	163	-	299	93	29
Of which owners of the parent	3 622	-2 495	5 933	2 182	3 959

NOK million	30.06.2021	30.06.2020	31.12.2020
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Deferred tax assets	802	1 601	1 658
Intangible assets	4 236	4 602	4 113
Property, plant and equipment	110 931	112 321	112 057
Equity accounted investments	13 409	12 854	13 492
Derivatives	11 374	9 863	7 406
Other non-current assets	6 448	5 599	6 338
Non-current assets	147 199	146 840	145 064
Inventories	8 217	6 885	6 363
Receivables	16 403	12 429	13 659
Financial investments	631	561	606
Derivatives	15 960	5 111	4 410
Cash and cash equivalents (incl. restricted cash)	17 719	9 940	11 155
Current assets	58 930	34 925	36 193
Assets	206 129	181 765	181 257
EQUITY AND LIABILITIES			
Paid-in capital	59 219	59 219	59 219
Other reserves	3 523	8 294	4 733
Retained earnings	33 321	24 552	29 888
Total equity attributable to owners of the parent	96 063	92 065	93 840
Non-controlling interest	4 577	4 252	4 189
Equity	100 639	96 317	98 028
Deferred tax	10 583	11 397	10 596
Pension liability	3 253	3 444	3 357
Interest-bearing liabilities	26 391	30 602	28 297
Derivatives	11 965	7 053	7 778
Other non-current liabilities	7 281	3 028	7 575
Non-current liabilities	59 473	55 524	57 604
Interest-bearing liabilities	5 921	4 983	6 144
Taxes payable	5 738	2 781	3 412
Derivatives	20 854	7 481	5 639
Other current liabilities	13 504	14 679	10 431
Current liabilities	46 017	29 925	25 625
Equity and liabilities	206 129	181 765	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	-	-	-	-	-1 579	-1 579	182	-1 397
Total other comprehensive income	-	- 46	4 712	4 666	- 905	3 761	- 90	3 672
Total comprehensive income for the period	-	- 46	4 712	4 666	-2 484	2 182	93	2 275
Dividend	-	-	-	-	-6 500	-6 500	- 217	-6 716
Business combinations/divestments	-	-	-	-	-	-	- 6	- 6
Balance as of 30.06.2020	59 219	- 233	8 526	8 293	24 553	92 065	4 252	96 317
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	-	-	-	-	6 991	6 991	251	7 243
Total other comprehensive income	-	23	-1 232	-1 209	151	-1 058	47	-1 011
Total comprehensive income for the period	-	23	-1 232	-1 209	7 142	5 933	299	6 232
Dividend	-	-	-	-	-3 673	-3 673	- 91	-3 764
Transactions with non-controlling interests	-	-	-	-	- 38	- 38	83	45
Business combinations/divestments	-	-	-	-	-	-	97	97
Balance as of 30.06.2021	59 219	- 180	3 704	3 524	33 320	96 063	4 577	100 639

NOK million	Second quarter		Year to date		The year
	2021	2020	2021	2020	2020
STATEMENT OF CASH FLOW					
CASH FLOW FROM OPERATING ACTIVITIES					
Operating profit/loss (EBIT)	5 830	-1 636	12 148	2 749	5 749
Depreciations, amortisations and impairments	965	888	1 899	4 501	5 445
Gains/losses from divestments and disposals of assets	- 81	-	- 79	5	- 64
Unrealised effects included in operating profit/loss (EBIT)	-2 881	3 036	6	-1 051	1 431
Dividends from equity accounted investments	513	538	546	554	597
Changes in working capital ¹⁾	- 252	- 953	- 986	-1 684	1 381
Cash collateral, margin calls and option prepayments	2 903	3 439	- 574	835	659
Cash effects from foreign exchange derivatives related to operations	14	128	- 17	- 32	- 49
Effects from prepayments from customers	- 62	-	- 160	-	4 733
Taxes paid	-1 239	-4 932	-2 794	-7 810	-8 421
Other changes	254	- 204	- 75	- 223	170
Cash flow from operating activities	A	5 964	303	9 914	-2 155
CASH FLOW FROM INVESTING ACTIVITIES					
Investments in property, plant and equipment and intangible assets	-1 720	-1 531	-2 845	-2 751	-7 124
Divestment of shares in subsidiaries, net liquidity inflow	1 137	7	1 137	7	7
Acquisitions of shares in subsidiaries, net liquidity outflow ²⁾	- 88	- 296	- 96	- 319	-1 308
Loans and interest related to equity accounted investments	34	50	56	61	136
Sale of development and construction projects classified as inventories (DS/DBS)	14	-	27	-	-
Other investments	- 27	1 185	- 2	1 147	1 062
Cash flow from investing activities	B	- 650	- 585	-1 724	-7 226
CASH FLOW FROM FINANCING ACTIVITIES					
New debt	342	25	380	3 468	4 092
Repayment of debt	- 198	- 330	-2 164	-3 654	-4 759
Cash collateral related to financing	- 59	1 189	182	- 429	- 266
Interests paid	- 64	- 339	- 233	- 564	- 765
Interests received from cash and other assets	14	33	53	133	136
Dividend and group contribution paid to Statkraft SF	-	- 138	-	- 138	-6 500
Transactions with non-controlling interests	31	- 94	87	- 94	- 218
Cash flow from financing activities	C	66	346	-1 695	-8 279
Net change in cash and cash equivalents	A+B+C	5 380	65	6 495	-3 874
Currency exchange rate effects on cash and cash equivalents	137	- 230	68	26	- 174
Cash and cash equivalents 01.04 / 01.01	12 203	10 105	11 155	15 203	15 203
Cash and cash equivalents 30.06 / 31.12	17 719	9 940	17 719	9 940	11 155
<i>Of which are cash and cash equivalents in joint operations</i>	239	585	239	585	194
Unused committed credit lines			9 335	9 167	9 194
Unused overdraft facilities			2 017	3 061	2 023
Restricted cash			34	30	31

¹⁾ Includes NOK -439 million and NOK -710 million in cash outflow from investments in development and construction projects intended to divest (DS/DBS) for the second quarter and year to date 2021, respectively. Comparable figures for the year 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 under operating activities. See also note 5.

²⁾ Includes NOK 14 million in net cash inflow following the share issue and subsequent control over Bee Charging Solutions. See note 15.

NOK million	Second quarter		Year to date		The year
	2021	2020	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	1 720	1 531	2 845	2 751	7 124
Capitalised borrowing costs	22	27	41	60	113
Capitalised decommissioning provisions	-	7	23	7	42
Non-cash additions from right-of-use assets	54	12	322	28	78
Timing differences between capitalisation and payment date	- 149	407	- 361	365	- 225
Investments in property, plant and equipment and intangible assets in the Investments	1 647	1 985	2 870	3 211	7 131

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.

SECOND 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 -118 million)
2. **Other operating income:** Gains from divestments of business activities that are not classified as DS/DBS. (NOK -85 million)
3. **Impairments/reversal of impairments:** Related to intangible assets, property, plant and equipment. (NOK 6 million)
4. **Other operating expenses:** Losses from divestments of business activities that are not classified as DS/DBS.

YEAR TO DATE 2021

The items below are excluded from the underlying figures:

5. **Gains/losses from market activities:** Unrealised value changes from embedded EUR derivatives related to long-term industry contracts. (NOK 831 million)
6. **Other operating income:** Gains from divestments of business activities that are not classified as DS/DBS. (NOK -85 million)
7. **Impairments/reversal of impairments:** Related to intangible assets, property, plant and equipment. (NOK -46 million)
8. **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	Second quarter 2021			Second quarter 2020		
	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales revenues	13 162		13 162	6 407		6 407
Gains/losses from market activities	2 372	- 118	2 254	-2 037	1 673	- 364
Other operating income	246	- 85	160	113	-	113
Gross operating revenues and other income	15 779	- 203	15 576	4 483	1 673	6 156
Energy purchase ¹⁾	-6 100		-6 100	-2 755		-2 755
Transmission costs	- 325		- 325	- 229		- 229
Net operating revenues and other income	9 354	- 203	9 151	1 500	1 673	3 172
Salaries and payroll costs	-1 189		-1 189	-1 015		-1 015
Depreciations and amortisations	- 960		- 960	-1 025		-1 025
Impairments/reversal of impairments	- 6	6	-	137	- 137	-
Property tax and licence fees	- 327		- 327	- 323		- 323
Other operating expenses ¹⁾	-1 043	-	-1 043	- 910	-	- 910
Operating expenses	-3 524	6	-3 518	-3 136	- 137	-3 273
Operating profit/loss (EBIT)	5 830	- 197	5 632	-1 636	1 536	- 100

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

RECONCILIATION OF IFRS FIGURES VERSUS UNDERLYING FIGURES

NOK million	Year to date 2021			Year to date 2020		
	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales revenues	29 764		29 764	15 942		15 942
Gains/losses from market activities	2 859	831	3 690	3 212	-1 181	2 032
Other operating income	355	- 85	270	217	- 0	216
Gross operating revenues and other income	32 977	746	33 723	19 371	-1 181	18 190
Energy purchase ¹⁾	-12 986		-12 986	-6 967		-6 967
Transmission costs	- 913		- 913	- 498		- 498
Net operating revenues and other income	19 079	746	19 825	11 906	-1 181	10 725
Salaries and payroll costs	-2 499		-2 499	-2 187		-2 187
Depreciations and amortisations	-1 945		-1 945	-2 080		-2 080
Impairments/reversal of impairments	46	- 46	-	-2 422	2 422	-
Property tax and licence fees	- 675		- 675	- 632		- 632
Other operating expenses ¹⁾	-1 857	-	-1 857	-1 837	-	-1 837
Operating expenses	-6 931	- 46	-6 976	-9 157	2 422	-6 736
Operating profit/loss (EBIT)	12 148	700	12 848	2 749	1 241	3 990

¹⁾ Comparable figures 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 ¹⁾	-16 244		-16 244
Transmission costs	-1 040		-1 040
Net operating revenues and other income	21 234	- 458	20 776
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 ¹⁾	-4 150	-	-4 150
Operating expenses	-15 485	1 379	-14 106
Operating profit/loss (EBIT)	5 749	922	6 670

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
SEGMENTS									
Second quarter 2021									
Gross operating revenues and other income, external	15 576	6 902	6 779	566	81	163	1 012	119	- 45
Gross operating revenues and other income, internal	-	83	- 131	27	188	3	16	362	- 548
Gross operating revenues and other income underlying	15 576	6 985	6 648	593	269	166	1 028	481	- 593
Net operating revenues and other income underlying	9 151	5 901	1 530	389	206	124	967	431	- 397
Operating profit/loss (EBIT) underlying	5 632	4 357	1 026	1	- 263	8	607	- 150	46
Unrealised value changes from embedded EUR derivatives	118	118	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	85	-	-	-	85	-	-	-	-
Impairments/reversal of impairments	- 6	-	-	- 5	-	- 1	-	-	-
Operating profit/loss (EBIT) IFRS	5 830	4 475	1 026	- 3	- 177	7	607	- 150	46
Share of profit/loss in equity accounted investments	- 74	- 1	-	- 18	- 85	-	50	- 20	-
Year to date 2021									
Gross operating revenues and other income, external	33 723	14 781	14 234	1 297	220	548	2 498	225	- 80
Gross operating revenues and other income, internal	-	220	- 298	41	576	3	42	677	- 1 261
Gross operating revenues and other income underlying	33 723	15 001	13 936	1 338	796	551	2 540	902	- 1 341
Net operating revenues and other income underlying	19 825	12 661	2 928	944	544	372	2 341	814	- 781
Operating profit/loss (EBIT) underlying	12 848	9 559	2 002	155	- 299	135	1 557	- 342	82
Unrealised value changes from embedded EUR derivatives	- 831	- 831	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	85	-	-	-	85	-	-	-	-
Impairments/reversal of impairments	46	-	-	- 9	57	- 2	-	-	-
Operating profit/loss (EBIT) IFRS	12 148	8 728	2 002	146	- 157	133	1 557	- 342	82
Share of profit/loss in equity accounted investments	370	-	-	17	- 79	-	474	- 43	-
Assets and capital employed 30.06.2021									
Property, plant and equipment and intangible assets	115 167	60 709	137	23 747	8 205	3 548	16 972	1 850	-
Equity accounted investments	13 409	1	-	2 258	753	-	10 332	91	- 26
Loans to equity accounted investments	1 436	-	-	977	418	-	41	-	-
Inventories - development and construction projects (DS/DBS)	2 906	-	-	-	2 906	-	-	-	-
Other assets	73 212	2 022	33 652	2 416	1 827	138	1 260	32 742	- 844
Total assets	206 129	62 732	33 788	29 398	14 109	3 686	28 604	34 682	- 870
Capital employed	118 073	60 709	137	23 747	11 111	3 548	16 972	1 850	-
Average capital employed (rolling 12 months)	117 944	60 919	155	24 036	10 853	3 542	16 716	1 723	n/a
Return on average capital employed (ROACE)	13.2%	19.0%	n/a	1.1%	-8.0%	3.3%	10.2%	n/a	n/a
Return on average equity accounted investments (ROAE)	6.0%	n/a	n/a	-22.9%	-6.8%	n/a	14.9%	n/a	n/a
Depreciations, amortisations and impairments	- 1 899	- 956	- 16	- 331	- 133	- 98	- 256	- 109	-
Total investments	3 923	1 040	6	563	1 167	109	565	472	-

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									
Second quarter 2020									
Gross operating revenues and other income, external	6 156	2 030	2 723	740	52	125	394	78	15
Gross operating revenues and other income, internal	-	35	17	25	43	-	7	290	- 417
Gross operating revenues and other income underlying	6 156	2 065	2 740	765	95	125	401	368	- 402
Net operating revenues and other income underlying	3 172	1 588	442	621	78	86	372	330	- 345
Operating profit/loss (EBIT) underlying	- 100	70	23	151	- 220	- 19	19	- 152	28
Unrealised value changes from embedded EUR derivatives	-1 673	-1 673	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	-	-	-	-	-	-	-	-	-
Impairments/reversal of impairments	137	138	-	2	- 0	- 3	-	-	-
Operating profit/loss (EBIT) IFRS	-1 636	-1 464	23	152	- 220	- 22	19	- 152	28
Share of profit/loss in equity accounted investments	- 322	- 0	-	- 12	- 20	-	- 248	- 41	-
Year to date 2020									
Gross operating revenues and other income, external	18 190	6 893	8 307	1 561	141	368	1 058	170	- 308
Gross operating revenues and other income, internal	-	162	9	46	257	1	14	551	-1 040
Gross operating revenues and other income underlying	18 190	7 055	8 316	1 607	398	369	1 072	721	-1 348
Net operating revenues and other income underlying	10 725	5 957	2 222	1 306	363	256	994	637	-1 010
Operating profit/loss (EBIT) underlying	3 990	2 963	1 336	284	- 226	34	237	- 353	- 284
Unrealised value changes from embedded EUR derivatives	1 181	1 181	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	0	-	-	-	0	-	-	-	-
Impairments/reversal of impairments	-2 422	138	-	- 5	-2 551	- 4	-	-	-
Operating profit/loss (EBIT) IFRS	2 749	4 282	1 336	279	- 2 777	30	237	- 353	- 284
Share of profit/loss in equity accounted investments	400	4	1	23	- 13	-	442	- 56	- 1
Assets and capital employed 30.06.2020									
Property, plant and equipment and intangible assets	116 924	60 085	173	25 778	9 184	3 518	16 476	1 710	-
Equity accounted investments	12 854	4	-	2 843	871	-	9 103	59	- 26
Loans to equity accounted investments	1 618	-	-	1 090	487	-	42	-	-
Inventories - development and construction projects (DS/DBS)	-	-	-	-	-	-	-	-	-
Other assets	50 369	2 332	20 421	1 266	363	137	1 345	26 618	- 2 112
Total assets	181 765	62 421	20 594	30 977	10 905	3 655	26 965	28 387	- 2 138
Capital employed	116 924	60 085	173	25 778	9 184	3 518	16 476	1 710	-
Average capital employed (rolling 12 months)	114 675	58 511	n/a	25 697	9 029	3 487	16 218	n/a	n/a
Return on average capital employed (ROACE)	9.9%	13.5%	n/a	2.5%	- 2.8%	3.1%	5.9%	n/a	n/a
Return on average equity accounted investments (ROAE)	6.7%	n/a	n/a	- 2.9%	- 0.5%	n/a	11.5%	n/a	n/a
Depreciations, amortisations and impairments	- 4 501	- 802	- 17	- 503	- 2 739	- 94	- 246	- 99	-
Total investments	3 662	817	5	663	1 449	81	474	174	-

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									
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	20 776	11 401	4 304	2 314	659	488	1 975	1 390	-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 second quarter of 2021, ended 30 June 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's 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 are 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 second quarter of 2020, sales revenues of NOK 140 million have been reclassified from Generation to District heating and energy purchase of NOK 46 million has been reclassified from Generation to District heating. In the financial statements for year to date 2020, sales revenues of NOK 425 million have been reclassified from Generation to District heating and energy purchase of NOK 135 million has 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 has 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 the year 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 energy derivatives in the statement of financial position. Comparable figures for the second quarter have been restated as follows: NOK 5407 million have been reclassified from current assets to non-current assets, whereas NOK 4542 million have been reclassified from current liabilities to non-current liabilities. For more information, see note 1 in the annual report 2020.

Presentation of prepayments related to long-term power sales agreements. Up until the second quarter of 2021 the prepayments related to long-term power sales agreements have been presented as interest-bearing liability. From the second quarter the prepayments are presented as other liabilities. Comparable figures for the year 2020 are restated from Interest-bearing liabilities (current) to Other current liabilities with NOK 316 million and from Interest-bearing liabilities (non-current) to Other non-current liabilities with NOK 4367 million.

Presentation of energy purchase within the EV charging business. From the second quarter of 2021, costs related to the EV charging business are presented as energy purchase. Previously these costs have been presented as other operating expenses. Comparable figures have been restated from other operating expenses to energy purchase with NOK 34 million for the second quarter, NOK 74 million year to date and with NOK 184 million for the year 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.

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
Second quarter 2021									
Generation - sales revenues	7 030	5 507	4	655	178	-	712	-	- 26
Generation - energy purchase	- 698	- 613	-	- 106	-	-	-	-	21
Generation - net	6 332	4 894	4	549	178	-	712	-	- 5
District heating - sales revenues	177	-	-	-	-	156	21	-	0
District heating - energy purchase	- 52	-	-	-	-	- 42	- 10	-	0
District heating - net	125	-	-	-	-	114	11	-	0
Customers - sales revenues	5 054	-	5 217	-	-	-	-	-	- 163
Customers - energy purchase	- 4 946	- 1	- 5 108	-	-	-	-	-	163
Customers - net	108	- 1	109	-	-	-	-	-	0
Other - sales revenues	901	461	12	62	42	2	258	77	- 13
Other - energy purchase	- 405	- 260	- 12	- 47	- 43	-	-	- 50	7
Other - net	496	201	-	15	- 1	2	258	27	- 6
Sales revenues - total	13 162	5 968	5 233	717	220	158	991	77	- 202
Energy purchase - total	- 6 100	- 874	- 5 120	- 153	- 43	- 42	- 10	- 50	192
Sales revenues adjusted for energy purchase	7 062	5 094	113	564	177	116	981	27	- 10
Year to date 2021									
Generation - sales revenues	16 333	12 728	5	1 325	564	-	1 748	-	- 37
Generation - energy purchase	- 1 387	- 1 205	-	- 206	-	-	-	-	24
Generation - net	14 945	11 523	5	1 119	564	-	1 748	-	- 14
District heating - sales revenues	610	-	-	-	-	540	70	-	- 0
District heating - energy purchase	- 207	-	-	-	-	- 179	- 29	-	1
District heating - net	403	-	-	-	-	361	41	-	1
Customers - sales revenues	10 839	-	11 333	-	-	-	2	-	- 496
Customers - energy purchase	- 10 493	- 1	- 10 986	-	-	-	-	-	494
Customers - net	347	- 1	347	-	-	-	2	-	- 1
Other - sales revenues	1 982	885	23	126	185	2	662	132	- 33
Other - energy purchase	- 899	- 511	- 23	- 100	- 204	-	-	- 87	26
Other - net	1 083	374	-	26	- 19	2	662	45	- 7
Sales revenues - total	29 764	13 613	11 361	1 451	749	542	2 482	132	- 566
Energy purchase - total	- 12 986	- 1 717	- 11 009	- 306	- 204	- 179	- 29	- 87	545
Sales revenues adjusted for energy purchase	16 778	11 896	352	1 145	545	363	2 453	45	- 21

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
Second quarter 2020									
Generation - sales revenues ¹⁾	3 333	2 470	3	693	89	-	98	-	-20
Generation - energy purchase ¹⁾	-263	-229	31	-64	-	-	-	-	-1
Generation - net	3 070	2 241	34	629	89	-	98	-	-21
District heating - sales revenues ¹⁾	140	-	-	-	-	124	16	-	0
District heating - energy purchase ¹⁾	-46	-	-	-	-	-39	-8	-	1
District heating - net	94	-	-	-	-	85	8	-	1
Customers - sales revenues	2 356	-	2 406	-3	-	-	-	-	-47
Customers - energy purchase	-2 276	-1	-2 326	-	-	-	-	-	51
Customers - net	80	-1	80	-3	-	-	-	-	4
Other - sales revenues	578	221	3	61	3	-	253	38	-1
Other - energy purchase ¹⁾	-170	-78	-3	-55	-	-	-	-38	4
Other - net	408	143	-	6	3	-	253	-	3
Sales revenues - total	6 407	2 691	2 412	751	92	124	367	38	-68
Energy purchase - total	-2 755	-308	-2 298	-119	-	-39	-8	-38	55
Sales revenues adjusted for energy purchase	3 652	2 383	114	632	92	85	359	-	-13
Year to date 2020									
Generation - sales revenues ¹⁾	7 976	5 903	17	1 435	349	-	351	-	-79
Generation - energy purchase ¹⁾	-576	-488	1	-135	-	-	-	-	46
Generation - net	7 400	5 415	18	1 300	349	-	351	-	-33
District heating - sales revenues ¹⁾	425	-	-	-	-	376	49	-	0
District heating - energy purchase ¹⁾	-135	-	-	-	-	-113	-22	-	-0
District heating - net	290	-	-	-	-	263	27	-	0
Customers - sales revenues	6 183	-	6 423	22	-	-	2	-	-264
Customers - energy purchase	-5 811	-1	-6 077	-	-	-	-	-	267
Customers - net	372	-1	346	22	-	-	2	-	3
Other - sales revenues	1 358	562	18	131	3	-9	598	87	-32
Other - energy purchase ¹⁾	-444	-247	-18	-114	-	-	-	-83	18
Other - net	914	315	-	17	3	-9	598	4	-14
Sales revenues - total	15 942	6 465	6 458	1 588	352	367	1 000	87	-375
Energy purchase - total	-6 967	-736	-6 094	-249	-	-113	-22	-83	330
Sales revenues adjusted for energy purchase	8 975	5 729	364	1 339	352	254	978	4	-45

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
Other - sales revenues	3 156	1 543	117	258	39	- 0	1 164	194	- 159
Other - energy purchase ¹⁾	-1 073	- 636	- 37	- 216	- 31	-	-	- 204	51
Other - net	2 083	907	80	42	8	- 0	1 164	- 9	- 108
Sales revenues - total	33 875	14 051	14 130	2 886	646	681	1 995	193	- 707
Energy purchase - total	-16 244	-2 190	-13 675	- 468	- 31	- 199	- 38	- 204	560
Sales revenues adjusted for energy purchase	17 631	11 862	454	2 418	615	482	1 957	- 10	- 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	Second quarter 2021			Year to date 2021		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN PROFIT AND LOSS						
Gains/losses from market activities ¹⁾	2 881	- 509	2 372	- 6	2 865	2 859
Unrealised effects included in Operating profit/loss (EBIT)	2 881			- 6		
Net currency effects ²⁾	- 730	185	- 545	83	733	816
Interest and other financial items	48	- 124	- 77	235	- 161	74
Unrealised effects included in Net financial items	- 682			318		
Total unrealised effects	2 199			312		

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 182 million, of which NOK 492 million was realised.

NOK million	Second quarter 2020			Year to date 2020			The year 2020		
	Unrealised	Realised	Total	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L									
Gains/losses from market activities ¹⁾	-3 036	999	-2 037	1 051	2 162	3 212	-1 431	5 389	3 958
Unrealised effects included in operating profit/loss (EBIT)	-3 036			1 051			-1 431		
Net currency effects ²⁾	2 348	- 21	2 327	-2 682	- 706	-3 388	-1 018	- 502	-1 520
Interest and other financial items	- 528	525	- 3	- 700	465	- 235	- 658	547	- 111
Unrealised effects included in Net financial items	1 821			-3 382			-1 676		
Total unrealised effects	-1 215			-2 332			-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	32 977	9 631	1 775	11 408		11 408
Net operating revenues and other income	19 079	8 975	1 708	10 688		10 688
Operating profit/loss (EBIT)	12 148	6 963	1 363	8 327		8 327
Share of profit/loss in equity accounted investments	370	-	1	1	470 ¹⁾	470
Net financial items	890	- 188	- 24	- 211		- 211
Tax expense	-6 164	-3 975	- 724	-4 698		-4 698
Net profit/loss	7 243	2 801	616	3 417	470	3 887
Net profit/loss (of which owners of the parent)	6 991	2 801	409	3 210	470	3 680
Paid dividend and group contribution to Statkraft		2 300 ²⁾	53 ³⁾	2 353	495 ³⁾	2 849
Assets 30.06.21						
Equity accounted investments	13 409	2	3	5	10 207 ¹⁾	10 212
Other assets	192 721	38 161	10 089	48 250		48 250
Total assets	206 129	38 163	10 091	48 255	10 207	58 462
EBITDA	14 047	7 514	1 456	8 970		8 970
Depreciations, amortisations and impairments	-1 899	- 550	- 93	- 643		- 643
Maintenance and other investments	2 307	715	117	832		832
Investments in new capacity	571	24	44	68		68
New capacity for subsequent divestment (DS/DBS)	710	-	-	-		-
Investments in shareholdings	335	-	-	-		-
Total investments	3 924	739	161	900		900

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	30.06.2021	30.06.2020	31.12.2020
INTANGIBLE ASSETS			
Balance as of 01.01.	4 113	4 633	4 633
Additions	223	427	1 308
Reclassifications	5	- 239	-1 290
Disposals	- 10	-	-
Amortisations	- 84	- 81	- 168
Impairments/reversal of impairments	- 10	- 12	14
Currency translation effects	- 2	- 124	- 384
Balance as of end of period	4 236	4 602	4 113
PROPERTY, PLANT AND EQUIPMENT			
Balance as of 01.01.	112 057	109 852	109 852
Additions	2 390	3 025	7 347
Additions due to IFRS 16 (new contracts)	315	28	78
Remeasurements and other changes (IFRS 16)	1	51	44
Capitalised borrowing costs	41	60	113
Reclassifications	- 5	239	- 666
Depreciations	-1 861	-1 999	-3 899
Impairments/reversal of impairments	56	-2 409	-1 393
Derecognition from divestments	-1 141	-	- 235
Disposals	- 190	- 16	- 173
Currency translation effects	- 734	3 492	990
Balance as of end of period	110 931	112 321	112 057

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 (DS/DBS). 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. 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	30.06.2021	30.06.2020	31.12.2020
Inventories measured at fair value less costs to sell			
Environmental certificates	5 019	6 599	3 138
Inventories measured at the lower of cost price and net realisable value			
Environmental certificates	20	8	480
Spare parts	166	168	155
Other	105	109	107
Total	292	286	742
Wind and solar projects (DS/DBS) measured at the lower of cost price and net realisable value ¹⁾			
Development projects	1 160	-	1 344
Construction projects	1 746	-	1 139
Total	2 906	-	2 483
Total inventories	8 217	6 885	6 363

¹⁾ As the DS/DBS business model was not introduced until the fourth quarter 2020, and was only done prospectively, there are no comparable figures for the second quarter.

11. INTEREST-BEARING LIABILITIES

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

NOK million	30.06.2021	30.06.2020	31.12.2020 ¹⁾
INTEREST-BEARING LIABILITIES, CURRENT			
First year's instalment on non-current debt	3 546	937	2 002
Cash collateral	1 907	1 940	1 761
Debt to Statkraft SF	201	179	200
Lease liabilities	237	224	269
Other short-term debt	30	1 702	1 912
Total	5 921	4 983	6 144
INTEREST-BEARING LIABILITIES, NON-CURRENT			
Bonds issued by Statkraft AS	23 055	26 958	25 211
Lease liabilities	1 687	1 430	1 541
External debt in subsidiaries and other debt	1 649	2 214	1 545
Total	26 391	30 602	28 297
Total interest-bearing liabilities	32 312	35 585	34 441

¹⁾ Comparable figures for year 2020 have been restated. See note 5.

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. REPORTING TO AUTHORITIES

An investigation has been carried out following reported concerns that corruption may have taken place related to two development projects in Greece prior to Statkraft's acquisition in 2020. Direct evidence of corruption has not been found, but Statkraft has reported facts and circumstances to relevant authorities and exited the relevant projects. Any financial exposure for Statkraft is not expected to be material.

14. 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 was 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.

15. MERGERS, ACQUISITIONS AND OTHER SIGNIFICANT AGREEMENTS

On 7 April, Statkraft closed 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 cash contribution was NOK 191 million. As part of the agreement, a subsequent transfer of Statkraft's EV Charging operations in Sweden into Bee was completed. The transaction is considered a business combination and led to Statkraft obtaining control over Bee. The remaining 49% of the shares in Bee are owned by EVerreg AB, which is equally owned by Öresundskraft, Jämtkraft and Tekniska Verken. Bee has later been re-named Mer Sweden AB and is part of the Mer group.

On 30 April, Statkraft closed the 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 a cash consideration of NOK 1133 million. A gain of NOK 85 million was recognised following the divestment, presented as Other operating income.

16. 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	Second quarter		Year to date		The year 2020
	2021	2020	2021	2020	
ALTERNATIVE PERFORMANCE MEASURES					
OPERATING PROFIT/LOSS (EBIT) MARGIN UNDERLYING					
Operating profit/loss (EBIT) underlying	5 632	- 100	12 848	3 990	6 670
Gross operating revenues and other income underlying	15 576	6 156	33 723	18 190	38 060
Operating profit/loss (EBIT) margin underlying	36.2%	-1.6%	38.1%	21.9%	17.5%
RECONCILIATION OF OPERATING PROFIT/LOSS (EBIT) UNDERLYING TO EBITDA UNDERLYING					
Operating profit/loss (EBIT) underlying	5 632	- 100	12 848	3 990	6 670
Depreciations and amortisations	960	1 025	1 945	2 080	4 066
EBITDA underlying	6 592	925	14 793	6 070	10 736
FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED					
Intangible assets			4 236	4 602	4 113
Property, plant and equipment			110 931	112 321	112 057
Inventories - development and construction projects (DS/DBS)			2 906	-	2 483
Capital employed			118 073	116 924	118 653
Average capital employed ¹⁾			117 944	114 675	117 531
RECONCILIATION OF CAPITAL EMPLOYED TO TOTAL ASSETS					
Operating profit/loss (EBIT) underlying, rolling 12 months			15 529	11 384	6 670
Average capital employed			117 944	114 675	117 531
ROACE			13.2%	9.9%	5.7%
RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)					
Share of profit/loss in equity accounted investments, rolling 12 months			805	878	835
Average equity accounted investments ¹⁾			13 354	13 124	13 202
ROAE			6.0%	6.7%	6.3%
NET INTEREST-BEARING LIABILITIES					
Non-current interest-bearing liabilities			26 391	30 602	28 297
Current interest-bearing liabilities			5 921	4 983	6 144
Cash and cash equivalents incl. restricted cash (A)			-17 719	-9 940	-11 155
Restricted cash (B)			34	35	31
Cash and cash equivalents included in net interest-bearing liabilities (A+B)			-17 685	-9 905	-11 125
Current financial investments			- 631	- 561	- 606
Net interest-bearing liabilities			13 996	25 118	22 710
NET INTEREST-BEARING LIABILITIES-EQUITY RATIO					
Net interest-bearing liabilities			13 996	25 118	22 710
Equity			100 639	96 317	98 028
Sum of net interest-bearing liabilities and equity			114 635	121 435	120 739
Net interest-bearing liabilities - equity ratio			12.2%	20.7%	18.8%

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

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