

# Interim Report Q3/2020

Statkraft AS

Q3



## Key figures

NOK million	Third quarter			Year to date			Year
	2020	2019	Change	2020	2019	Change	2019
<b>Income statement</b>							
Gross operating revenues and other income underlying	8 571	9 153	-583	26 761	33 069	-6 309	47 836
Net operating revenues and other income underlying	4 500	5 013	-513	15 300	20 049	-4 749	29 318
EBITDA underlying	2 059	2 896	-838	8 129	14 109	-5 980	20 569
Operating profit (EBIT) underlying	1 100	1 970	-869	5 090	11 320	-6 230	16 744
Operating profit (EBIT) IFRS	2 837	2 678	160	5 587	11 740	-6 153	16 978
Share of profit/loss in equity accounted investments	261	-73	335	661	698	-37	1 249
Net financial items	-744	-902	158	-4 367	-20	-4 347	733
Profit before tax	2 355	1 703	653	1 881	12 418	-10 537	18 959
Net profit/loss	1 917	656	1 261	520	7 531	-7 010	11 327
<b>Key financial metrics</b>							
Operating profit (EBIT) margin underlying	12.8%	21.5%	-8.7%	19.0%	34.2%	-15.2%	35.0%
ROACE				9.1%	15.2%	-6.1%	15.5%
ROAE				9.2%	4.5%	4.7%	9.5%
<b>Balance sheet and investments</b>							
Assets				178 490	172 418	6 072	177 815
Equity				97 639	96 919	720	100 764
Net interest-bearing debt				28 371	14 195	14 176	16 232
Capital employed				120 637	106 347	14 290	110 396
Equity accounted investments				13 310	12 834	476	12 917
Total investments	2 323	2 741	-418	5 985	5 126	860	7 421
<b>Cash Flow</b>							
From operating activities	8 652	8 469	183	6 498	12 803	-6 306	11 861
Cash and cash equivalents (incl. restricted cash)				8 102	18 492	-10 390	15 203
<b>Currency rates</b>							
NOK/EUR average rate	10.67	9.85	0.82	10.71	9.77	0.94	9.85
NOK/EUR closing rate				11.10	9.90	1.21	9.86

### 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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## SATISFACTORY RESULT

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Nordic power prices are still at a very low level. Despite this, the financial results were satisfactory.

Statkraft continues to deliver on the growth strategy with the construction of a large wind project in Brazil.

**Successful price hedging has resulted in satisfactory third-quarter earnings, despite very low Nordic spot prices.**

Statkraft recorded an underlying EBIT of NOK 1.1 billion in the third quarter of 2020. This was a decrease of NOK 869 million from the corresponding quarter last year. The decrease was driven by substantially lower Nordic power prices, partly offset by hedging activities.

In the third quarter, the average Nordic system price was 9 EUR/MWh, a decrease of 74 per cent compared with the same quarter in 2019. Total power generation was 14.5 TWh in the quarter, a decrease of 0.4 TWh. The decrease in generation was related to Nordic hydropower, while gas and wind power generation increased.

Changes in the market outlook led to both impairments and reversal of previous year's impairments. The net result was positive with NOK 1.3 billion. A weakening of NOK against EUR led to net financial items of NOK -744 million.

Net profit ended at NOK 1.9 billion, an increase of NOK 1.3 billion compared with the third quarter in 2019.

Cash flow from operating activities in the quarter was solid at NOK 8.7 billion. Net interest-bearing debt to equity ratio was 22.5% at the end of the quarter.

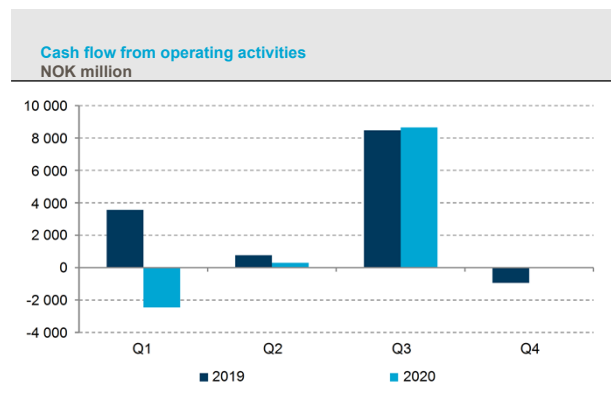
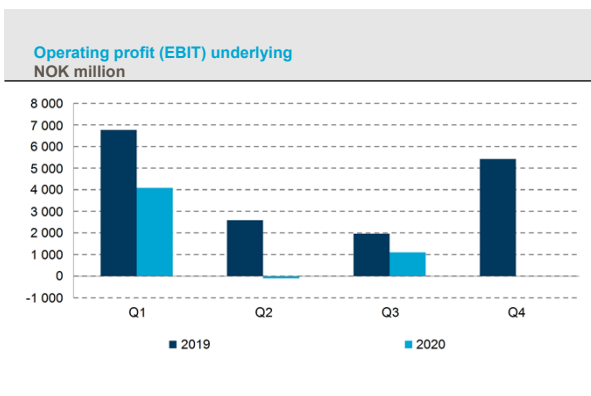
The underlying EBIT year-to-date was NOK 5.1 billion, NOK 6.2 billion lower than in the same period last year. Net profit for the first nine months of 2020 was NOK 520 million compared with NOK 7.5 billion in the corresponding period in 2019. The main drivers for the decrease were very low Nordic power prices and negative currency effects.

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

In the third quarter, Statkraft entered into a long-term power sales agreement with a duration of 15 years. Statkraft has received NOK 2.4 billion in prepayment, and the agreement will contribute to stabilising earnings.

Statkraft secured 15-year contracts for two wind and two solar farms in Ireland's first auction for renewable energy. The contracts have a combined capacity of 333 MW.

After closing the contract for turbine supply, Statkraft decided to move forward with the construction of the 519 MW Ventos de Santa Eugenia wind project in Brazil. This is Statkraft's largest wind project in South America and will more than double our renewable energy capacity in Brazil. The total investment cost is estimated to NOK 4.2 billion and the project is expected to be completed in June 2023.



## 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
<b>HSE and sustainability</b>		
Prevent incidents and be committed to a workplace without injury or harm	Zero serious injuries	5
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
<b>Financial performance</b>		
Deliver a solid return on capital	>7% ROACE	9.1%
<b>Value creation in ongoing business</b>		
Efficient management of energy resources in the Nordic hydropower fleet	>3.5% higher realised prices than the average spot price in the market	4.8%
<b>Growth</b>		
Grow capacity in renewable energy (hydro-, wind- and solar power)	9 GW growth by 2025	1.9 GW
<b>Organisational enablers</b>		
Improve diversity in background, competence and gender across the company	Long-term target of 40% women in top management positions	30%

There were three fatal accidents in India in the first nine months of 2020. The fatal accidents have been investigated according to Statkraft's procedures and all safety measures are followed up. There were also two other serious injuries involving contractors – one in Germany and one in Norway. Strengthening the safety culture and performance – across the organisation and among subcontractors – is top priority and has high attention throughout the organisation. Caring for people is at the core of Statkraft's activities and Statkraft works continuously towards the goal of zero injuries.

Statkraft has zero tolerance for corruption and unethical practices in all activities, and there were no serious compliance incidents in the first nine months of 2020.

Assessing environmental risks is part of Statkraft's daily risk management procedures and practices, and there were no serious environmental incidents in the first nine months of 2020.

Statkraft aims to deliver a solid return on capital employed. Measured on 12 months rolling basis, the ROACE was 9.1% which is down from the previous quarter but above the target. See section "Return on capital employed (ROACE)" for more information.

With Europe's largest portfolio of flexible hydropower plants and reservoir capacity, Statkraft can optimise Nordic hydropower generation over several years. Statkraft is therefore well positioned to achieve a higher average price for this generation than the average Nordic spot price. As of September 2020, Statkraft's realised prices (measured over the last 60 months) were 4.8% higher than the average spot price in the Nordics.

The target of developing 9 GW by 2025 remains. At the end of September, the status for this target is 1.9 GW, up from 1.5 GW at the end of June. The increase relates primarily to the Ventos de Santa Eugenia wind farm in Brazil.

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 September 2020, the total share of women in all top management positions was 30%, up from 27.5% at the end of 2019. The 40% target was reached for the corporate management in April.

## Corporate responsibility and HSE

	Third quarter		Year to date		Year 2019
	2020	2019	2020	2019	
<b>Corporate responsibility and HSE</b>					
Fatal accidents <sup>1)</sup>	1	0	3	0	0
Serious environmental incidents	0	0	0	0	0
Absence due to illness, Group	2.2%	2.4%	2.3%	2.7%	2.7%
TRF rate <sup>1)2)</sup>			4.4	4.6	4.8
Full-time equivalents, Group			3 851	3 496	3 601

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

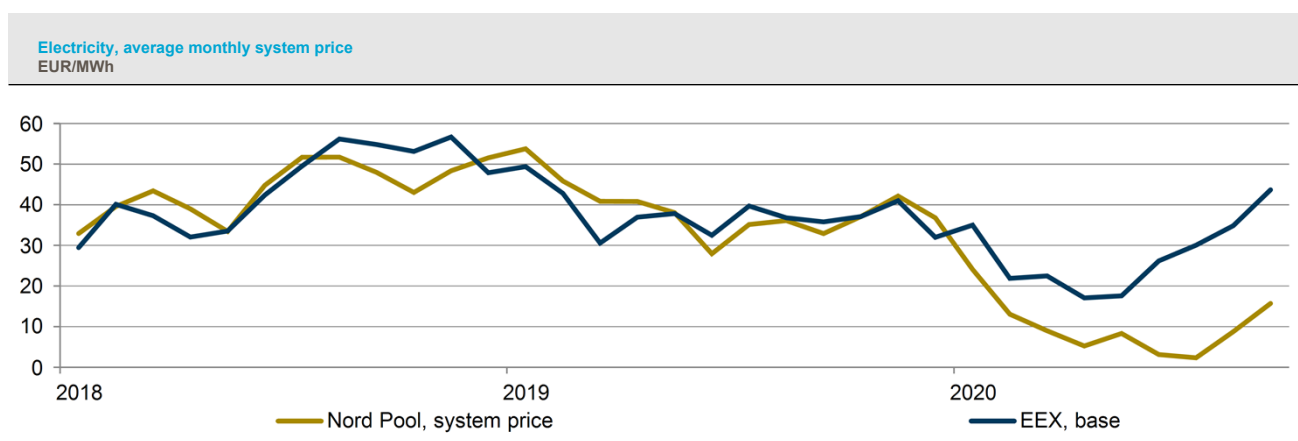
<sup>2)</sup> TRF rate (rolling 12 months): Number of injuries per million hours worked.

In the third quarter a contractor employee at the Tidong hydropower project in India died following a road accident on site. The investigating report has identified several improvements which are under implementation. Improving safety-performance and awareness across the organization and among subcontractors continues to be a top priority.

## Market and production

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

### POWER PRICES



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

	Third quarter			Year to date			Year 2019
	2020	2019	Change	2020	2019	Change	
<b>Market prices (average)</b>							
System price, Nord Pool (EUR/MWh)	9.0	34.7	-25.8	10.0	39.1	-29.1	39.0
Spot price (base), EEX (EUR/MWh)	36.2	37.4	-1.2	27.7	38.0	-10.4	37.7
Spot price (peak), EEX (EUR/MWh)	42.4	42.4	0.0	33.1	43.7	-10.7	44.4
Spot price (base), N2EX UK (GBP/MWh)	36.5	38.5	-2.0	31.2	43.9	-12.8	43.0

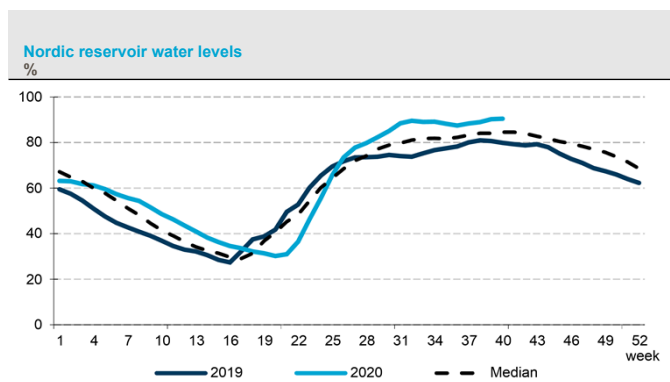
Sources: Nord Pool and European Energy Exchange (EEX).

The average system price in the Nordic region was 9.0 EUR/MWh in the quarter, a decrease of 74%. The decrease was mainly due to the strong hydrological balance. In addition, there was limited transfer capacity between some of the price areas causing increasing area price differences.

The average base price in the German market (EEX) was 36.2 EUR/MWh in the quarter, a decrease of 3%. The decrease was mainly due to lower gas and coal prices. Low consumption across Europe due to Covid-19 also contributed to the decrease.

The average base price in the UK was 36.5 GBP/MWh in the quarter, a decrease of 5%. The decrease was mainly driven by lower gas prices.

## CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



TWh	Third quarter		Year to date		Year
	2020	2019	2020	2019	2019
<b>Consumption and output</b>					
<b>Nordic</b>					
Nordic consumption	79.6	79.2	275.3	280.6	386.9
Nordic output	85.0	80.8	292.5	282.2	387.8
Net Nordic import(+)/export(-)	-5.4	-1.6	-17.2	-1.5	-0.9
<b>Norway</b>					
Norwegian consumption	27.3	26.1	96.3	95.5	133.5
Norwegian output	34.6	30.0	109.9	96.7	133.4
Net Norwegian import(+)/export(-)	-7.3	-3.9	-13.6	-1.2	0.1

The total reservoir level for all hydropower producers in the Nordic region was 107% of median level at the end of the quarter, corresponding to 91% 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 CO<sub>2</sub> prices (spark spread) and grid restrictions.

TWh	Third quarter		Year to date		Year
	2020	2019	2020	2019	2019
<b>Generation, technology</b>					
Hydropower	11.2	12.3	40.7	37.9	53.4
Wind power	0.9	0.6	3.1	2.2	3.0
Gas power	2.4	2.0	4.3	3.1	4.5
Biomass and solar power	0.1	0.1	0.2	0.2	0.3
<b>Total generation</b>	<b>14.5</b>	<b>14.9</b>	<b>48.2</b>	<b>43.3</b>	<b>61.1</b>

TWh	Third quarter		Year to date		Year
	2020	2019	2020	2019	2019
<b>Generation, geography</b>					
Norway	9.2	10.5	34.2	31.6	44.9
Sweden	1.6	1.2	5.5	4.5	6.2
Europe ex. Nordic	2.8	2.2	5.3	4.0	5.6
Rest of the world	1.0	1.0	3.3	3.3	4.4
<b>Total generation</b>	<b>14.5</b>	<b>14.9</b>	<b>48.2</b>	<b>43.3</b>	<b>61.1</b>

The Group generated a total of 14.5 TWh in the quarter, a decrease of 3%. Norwegian hydropower generation decreased, following optimisation of the factors above. Generation from wind power increased driven by new capacity and higher wind speeds. Gas-fired power generation increased, driven by more hours with positive spark spread.

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

## Financial performance

NOK million	Third quarter			Year to date			Year
	2020	2019	Change	2020	2019	Change	2019
Net operating revenues and other income underlying	4 500	5 013	-513	15 300	20 049	-4 749	29 318
Operating profit (EBIT) underlying	1 100	1 970	-869	5 090	11 320	-6 230	16 744
Operating profit (EBIT) IFRS	2 837	2 678	160	5 587	11 740	-6 153	16 978
Share of profit/loss in equity accounted investments	261	-73	335	661	698	-37	1 249
Net financial items	-744	-902	158	-4 367	-20	-4 347	733
Profit before tax	2 355	1 703	653	1 881	12 418	-10 537	18 959
Tax expense	-438	-1 046	609	-1 361	-4 887	3 527	-7 632
Net profit/loss	1 917	656	1 261	520	7 531	-7 010	11 327

### FINANCIAL PERFORMANCE THIRD QUARTER

The decrease in underlying EBIT was mainly driven by significantly lower Nordic power prices, leading to lower revenues from the Group's generating assets in the Nordics, as well as higher underlying operating expenses. Underlying operating expenses increased primarily due to more full-time equivalents, costs from newly acquired companies, business development costs and a weaker NOK compared with the third quarter last year. In the comparable period, pension scheme changes in Norway had a positive effect on the operating expenses.

Impairments and reversal of impairments had a positive net effect of NOK 1314 million in the quarter.

The increase in share of profit/loss in equity accounted investments was primarily related to BKK's sale of shares in Fjordkraft.

### FINANCIAL PERFORMANCE YEAR TO DATE

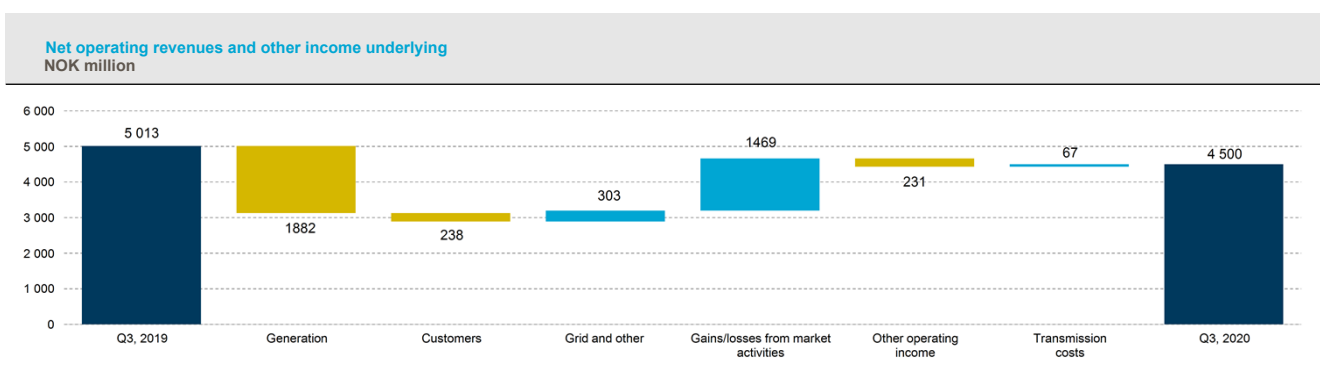
The decrease in underlying EBIT was mainly due to the same factors as for the third quarter.

Impairments and reversal of impairments have had a negative net effect of NOK 1108 million.

Net profit was in addition affected by negative currency effects of NOK 4.0 billion. This was primarily related to debt in foreign currencies, which was negatively affected by a weakening of NOK against EUR.

## NET OPERATING REVENUES AND OTHER INCOME UNDERLYING

NOK million	Third quarter			Year to date			Year 2019
	2020	2019	Change	2020	2019	Change	
<b>Net operating revenues and other income</b>							
Generation	4 044	5 994	-1 951	12 445	18 858	-6 413	26 138
Customers	2 836	2 972	-135	9 019	10 074	-1 055	14 668
Grid and other	861	595	266	2 219	1 967	252	2 644
<b>Sales revenues</b>	<b>7 741</b>	<b>9 561</b>	<b>-1 820</b>	<b>23 683</b>	<b>30 899</b>	<b>-7 216</b>	<b>43 450</b>
Gains/losses from market activities	743	-726	1 469	2 774	1 629	1 145	3 674
Other operating income	87	318	-231	303	541	-238	712
<b>Gross operating revenues and other income</b>	<b>8 571</b>	<b>9 153</b>	<b>-583</b>	<b>26 761</b>	<b>33 069</b>	<b>-6 309</b>	<b>47 836</b>
Generation	-763	-831	68	-1 474	-1 646	172	-2 139
Customers	-2 890	-2 787	-102	-8 701	-9 742	1 041	-14 197
Other	-195	-232	37	-564	-656	91	-829
<b>Energy purchase</b>	<b>-3 847</b>	<b>-3 850</b>	<b>3</b>	<b>-10 740</b>	<b>-12 044</b>	<b>1 304</b>	<b>-17 165</b>
Transmission costs	-223	-290	67	-721	-976	255	-1 353
<b>Net operating revenues and other income</b>	<b>4 500</b>	<b>5 013</b>	<b>-513</b>	<b>15 300</b>	<b>20 049</b>	<b>-4 749</b>	<b>29 318</b>



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

- Net operating revenues from Generation decreased, mainly driven by significantly lower Nordic power prices.
- Net operating revenues from Customers decreased, primarily due to a reclassification from Customers to Gains/losses from market activities in the period.
- Net operating revenues from Grid and other increased, mainly due to a termination fee received in the quarter related to a long-term power sales contract.
- Gains/losses from market activities increased, primarily driven by improved contribution from financial hedging and improved contribution from certain embedded derivatives linked to long-term industry contracts.

## OPERATING EXPENSES UNDERLYING

NOK million	Third quarter			Year to date			Year 2019
	2020	2019	Change	2020	2019	Change	
<b>Operating expenses</b>							
Salaries and payroll costs	-1 142	-912	-230	-3 329	-2 652	-676	-3 971
Depreciations and amortisations	-958	-927	-32	-3 038	-2 789	-250	-3 824
Property tax and licence fees	-313	-309	-4	-945	-884	-61	-1 139
Other operating expenses	-986	-896	-91	-2 898	-2 404	-494	-3 638
<b>Operating expenses</b>	<b>-3 400</b>	<b>-3 043</b>	<b>-357</b>	<b>-10 210</b>	<b>-8 729</b>	<b>-1 481</b>	<b>-12 573</b>

- The increase in salaries and payroll costs was mainly due to pension scheme changes in Norway with a positive effect in the comparable period and a higher number of full-time equivalents.
- Other operating expenses was higher primarily due to activities in newly acquired companies and higher business development costs related to the growth strategy.
- In general, a weaker NOK compared with the third quarter 2019 led to an increase in the operating expenses.



## ITEMS EXCLUDED FROM OPERATING PROFIT (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 (EBIT) underlying from 2020. See section Segments in the quarterly financial statements for further information.

NOK million	Third quarter			Year to date			Year 2019
	2020	2019	Change	2020	2019	Change	
<b>Items excluded from operating profit (EBIT) underlying</b>							
Unrealised value changes from embedded EUR derivatives	305	574	-270	1 485	301	1 184	42
Gains/losses from divestments of business activities	119	-	119	119	-	119	55
Impairments/reversal of impairments	1 314	133	1 181	-1 108	119	-1 226	136
<b>Items excluded from operating profit (EBIT) underlying</b>	<b>1 737</b>	<b>708</b>	<b>1 030</b>	<b>497</b>	<b>420</b>	<b>77</b>	<b>233</b>

- Embedded EUR derivatives linked to long-term industry contracts had a positive effect. This was mainly driven by a weakening of NOK against EUR.
- Gains from divestments of business activities was related to change of control over a power plant in Nepal, see note 12.
- Impairments/reversal of impairments in the quarter was mainly related to gas-fired power plants in the segment European flexible generation, wind farms in the segment European wind and solar as well as hydropower plants in the segment International power, see note 9.

## FINANCIAL ITEMS

NOK million	Third quarter			Year to date			Year 2019
	2020	2019	Change	2020	2019	Change	
<b>Financial items</b>							
Interest income	38	105	-67	155	348	-193	440
Interest expenses	-104	-145	42	-359	-523	165	-669
Net currency effects	-617	-912	296	-4 005	-23	-3 981	132
Other financial items	-62	51	-112	-158	179	-337	829
<b>Net financial items</b>	<b>-744</b>	<b>-902</b>	<b>158</b>	<b>-4 367</b>	<b>-20</b>	<b>-4 347</b>	<b>733</b>

- Interest income decreased, mainly due to a reduction in interest rates.
- Interest expenses decreased, mainly due to lower average interest rates.
- Net currency losses in the quarter were mainly unrealised, and were related to a weakening of NOK against EUR. The currency losses were related to external debt and internal loans.
- Other financial items decreased, mainly due to gains from changes in the fair value of the shares in Fjordkraft in the comparable period.

## TAX EXPENSE

NOK million	Third quarter			Year to date			Year 2019
	2020	2019	Change	2020	2019	Change	
<b>Tax expense</b>							
Profit before tax	2 355	1 703	653	1 881	12 418	-10 537	18 959
Nominal tax rate in Norway	22%	22%	0%	22%	22%	0%	22%
Tax calculated at nominal Norwegian tax rate	518	375	144	414	2 732	-2 318	4 171
Tax on share of profit/loss in equity accounted investments	-58	16	-74	-145	-154	8	-275
Resource rent tax payable	219	718	-500	968	2 406	-1 438	3 407
Resource rent tax deferred	52	-61	113	480	169	311	262
Other differences from the nominal Norwegian tax rate	-293	-2	-292	-356	-266	-90	67
<b>Tax expense</b>	<b>438</b>	<b>1 046</b>	<b>-609</b>	<b>1 361</b>	<b>4 887</b>	<b>-3 527</b>	<b>7 632</b>
<b>Effective tax rate</b>	<b>18.6%</b>	<b>61.5%</b>	<b>-42.9%</b>	<b>72.3%</b>	<b>39.4%</b>	<b>33.0%</b>	<b>40.3%</b>

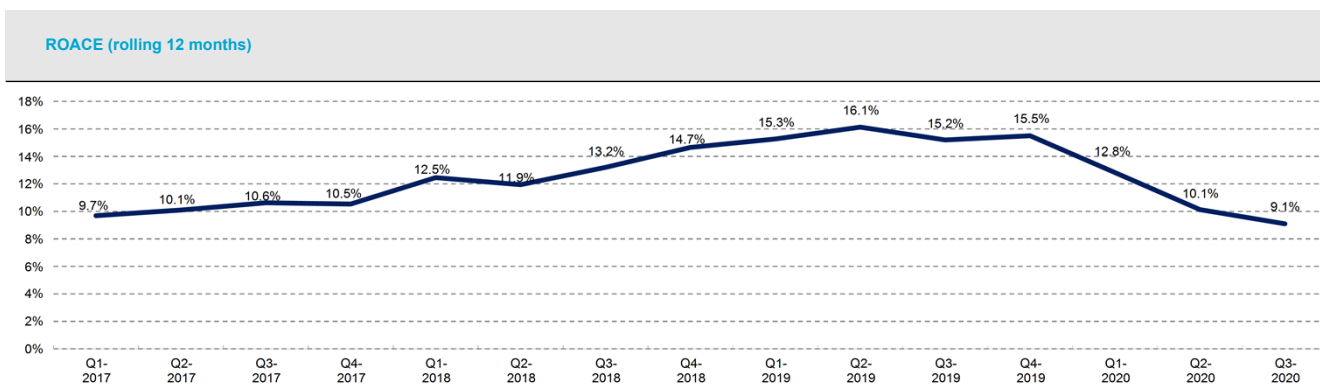
### Tax expense third quarter

- Resource rent tax payable decreased, mainly due to significantly lower Nordic power prices and lower generation.
- Resource rent tax deferred increased, mainly due to unrealised gains related to embedded derivatives.
- Negative other differences from the nominal Norwegian tax rate of NOK 293 million were mainly due to changes in unrecognised deferred tax assets in Germany.

### Tax expense year to date

- Resource rent tax payable decreased, mainly due to significantly lower Nordic power prices.
- Resource rent tax deferred increased, mainly due to unrealised gains related to embedded derivatives.
- Negative other differences from the nominal Norwegian tax rate of NOK 356 million were mainly due to changes in unrecognised deferred tax assets in Germany.

## RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)



The decrease in ROACE compared with year-end 2019 was mainly due to a lower underlying operating profit (rolling 12 months). Average capital employed was 7% higher compared with year-end 2019, mainly due to investments and positive currency effects driven by a weaker NOK. This was partly offset by net negative effects from impairments.

## CASH FLOW

NOK million	Third quarter			Year to date			Year 2019
	2020	2019	Change	2020	2019	Change	
<b>Cash flow</b>							
Operating activities	8 652	8 469	183	6 498	12 803	-6 306	11 861
Investing activities	-3 001	-2 169	-832	-4 857	-3 826	-1 031	-4 821
Financing activities	-7 420	-896	-6 524	-8 699	-13 613	4 915	-14 938
<b>Net change in cash and cash equivalents</b>	<b>-1 769</b>	<b>5 404</b>	<b>-7 173</b>	<b>-7 058</b>	<b>-4 636</b>	<b>-2 422</b>	<b>-7 900</b>
<b>Cash and cash equivalents (incl. restricted cash) at period end</b>	<b>8 102</b>	<b>18 492</b>	<b>-10 390</b>	<b>8 102</b>	<b>18 492</b>	<b>-10 390</b>	<b>15 203</b>

### Cash flow third quarter

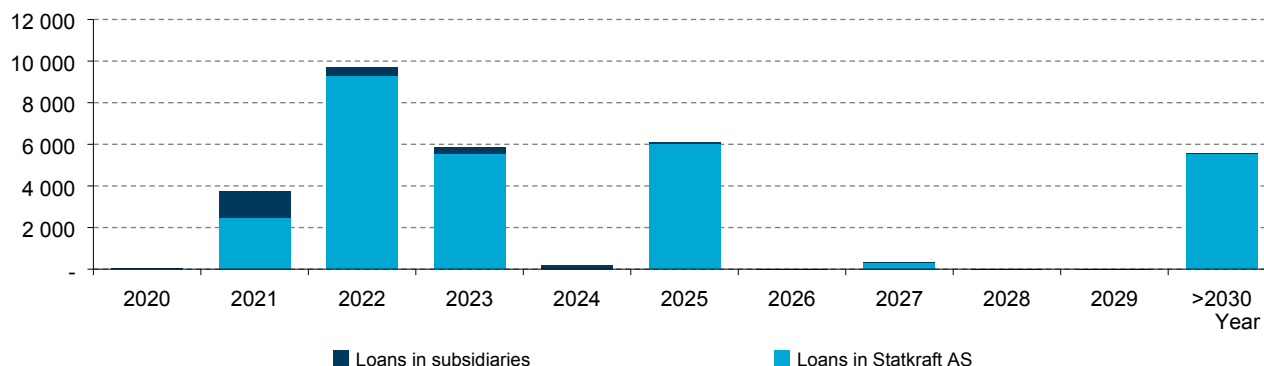
- In addition to the quarterly EBIT IFRS which ended at NOK 2837 million, working capital changes following sales of environmental certificates and effects from prepayments from customers were the main components leading to a positive cash flow from operating activities of NOK 8652 million.
- The negative cash flow from investing activities was mainly due to investments in property, plant and equipment.
- The negative cash flow from financing activities was mainly due to dividend paid to Statkraft SF and repayment of debt.

### Cash flow year to date

- A year to date EBIT IFRS which ended at NOK 5587 million, effects from prepayments from customers and working capital changes, partly offset by taxes paid, were the main contributors to a positive cash flow from operations of NOK 6498 million.
- The investing activities were mainly related to investments in property, plant and equipment, partly offset by cash inflow from sale of shares in Fjordkraft.
- Negative cash flow from financing activities was mainly due to dividend paid to Statkraft SF and repayment of debt, partly offset by new debt.

## INTEREST-BEARING DEBT REPAYMENT PLAN

Long-term debt redemption profile  
NOK million



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

- Net interest-bearing debt totalled NOK 28 371 million.
- Net interest-bearing debt-equity ratio was 22.5%.

## INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 2323 million. Maintenance investments and other investments were primarily related to Nordic hydropower. Investments in new capacity were mainly related to construction of onshore wind farms in Norway and the UK and hydropower plants in Albania, India and Chile.

NOK million	Third quarter 2020	Year to date 2020	The year 2019
<b>Maintenance investments and other investments</b>			
European flexible generation	417	1 143	1 532
Market operations	6	8	73
International power	36	81	214
European wind and solar	151	270	231
District heating	-	-	6
Industrial ownership	150	417	603
Other activities	42	120	54
<b>Total</b>	<b>802</b>	<b>2 039</b>	<b>2 712</b>
<b>Investments in new capacity</b>			
European flexible generation	45	135	194
Market operations	-2	-	2
International power	283	860	808
European wind and solar	913	1 927	2 215
District heating	52	133	168
Industrial ownership	72	278	351
Other activities	-4	-	-
<b>Total</b>	<b>1 359</b>	<b>3 333</b>	<b>3 738</b>
<b>Investments in shareholdings</b>			
International power	-	43	349
European wind and solar	143	459	188
Industrial ownership	-	-	53
Other activities	20	111	381
<b>Total</b>	<b>162</b>	<b>613</b>	<b>972</b>
<b>Total investments</b>	<b>2 323</b>	<b>5 985</b>	<b>7 421</b>

## Projects in consolidated operations

Third quarter	Project	Country	New capacity (MW) <sup>1)</sup>	Statkraft's ownership share	Planned completion
<b>Committed investments in the period</b>					
Solar power	Apeldoorn	Netherlands	16	100%	2021 Q3
Other technologies	Keith Greener Grid Park <sup>2)</sup>	UK	-	100%	2021 Q3
Wind power	Ventos de Santa Eugenia	Brazil	519	100%	2023 Q2
Hydropower	Strausmo	Norway	-	100%	2024 Q1
Hydropower	Tokke-Vinje	Norway	-	100%	2025 Q2
Hydropower	Trollheim Dam	Norway	-	100%	2026 Q3
<b>Completed projects in the period</b>					
Hydropower	Devoll - Moglice	Albania	184	100%	2020 Q3
Wind power	Fosen - Hitra II	Norway	94	52%	2020 Q3
<b>Main construction projects</b>					
Hydropower	Songa and Trolldalen Dams	Norway	-	100%	2021 Q3
	Tidong	India	150	100%	2022 Q2
	Los Lagos	Chile	52	100%	2023 Q4
Wind power	Fosen - Geitfjellet	Norway	155	52%	2020 Q4
	Fosen - Harbaksfjellet	Norway	108	52%	2020 Q4
	Fosen - Kvenndalsfjellet	Norway	101	52%	2020 Q4
	Windy Rig	UK	43	100%	2021 Q2
	Twentyshilling	UK	38	100%	2022 Q1

<sup>1)</sup> Total for project, incl. partners' share.

<sup>2)</sup> 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, asset ownership and operations of onshore wind power and solar power. The segment operates in Norway, Sweden, Ireland and the United Kingdom. In addition the segment has development activities in several countries in Europe.

**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
<b>Third quarter</b>									
<b>Income statement</b>									
Gross operating revenues and other income underlying	8 571	3 886	3 499	675	123	102	326	441	-481
Net operating revenues and other income underlying	4 500	2 890	513	577	107	74	315	434	-410
EBITDA underlying	2 059	1 765	118	315	-164	2	33	-46	36
Operating profit (EBIT) underlying	1 100	1 295	110	140	-247	-43	-94	-95	34
Operating profit (EBIT) IFRS	2 837	3 363	110	368	-806	-44	-94	-95	35
<b>Key financial metrics</b>									
Operating profit (EBIT) margin underlying	12.8%	33.3%	3.1%	20.7%	-201.0%	-41.9%	-29.0%	n/a	n/a
ROACE	9.1%	12.8%	83.9%	1.8%	-5.5%	2.8%	4.3%	n/a	n/a
ROAE <sup>1)</sup>	9.2%	n/a	n/a	-6.1%	0.9%	n/a	16.0%	n/a	n/a
<b>Investments</b>									
Total investments	2 323	462	3	320	1 207	52	222	57	-
<b>Generation and district heating</b>									
Generation, volume sold (TWh)	14.5	11.5	-	1.2	0.7	-	1.1	-	-
- hydropower (TWh)	11.2	9.0	-	1.0	-	-	1.1	-	-
- wind power (TWh)	0.9	-	-	0.1	0.7	-	-	-	-
- gas power (TWh)	2.4	2.4	-	-	-	-	-	-	-
- biomass and solar power (TWh)	0.1	0.1	-	0.0	-	-	-	-	-
Production, district heating (TWh)	0.1	-	-	-	-	0.1	0.0	-	-

<sup>1)</sup> Return on average equity accounted investments.

## EUROPEAN FLEXIBLE GENERATION

NOK million	Third quarter		Year to date		Year
	2020	2019	2020	2019	2019
Gross operating revenues and other income	3 886	4 122	10 941	14 700	20 525
Net operating revenues and other income	2 890	2 965	8 848	12 121	17 184
Operating expenses	-1 596	-1 385	-4 591	-4 050	-5 780
Operating profit (EBIT) underlying	1 295	1 580	4 257	8 071	11 404
Unrealised value changes from energy derivatives <sup>*)</sup>	305	574	1 485	301	42
Impairments/reversal of impairments	1 764	1 035	1 903	1 035	1 035
Operating profit (EBIT) IFRS	3 363	3 189	7 645	9 407	12 482
Share of profit/loss in equity accounted investments	-	1	3	1	-
Gains/losses from divestments of equity accounted investments <sup>*)</sup>	-	-	-	-	-
ROACE (rolling 12 months)			12.8%	20.5%	20.2%
Maintenance investments and other investments	417	458	1 143	1 077	1 532
Investments in new capacity	45	53	135	132	194
Investments in shareholdings	-	-	-	-	-
Generation (TWh)	11.5	12.4	37.3	34.4	48.7

<sup>\*)</sup> Included in Other financial items.

<sup>\*\*)</sup> Related to embedded EUR-derivatives, see page 7.

## Key events

- Statkraft has entered into a long-term power sales agreement with a duration of 15 years. See note 12.
- Reversal of impairments of NOK 1764 million, mainly related to German gas-fired power plants, see note 9.

## Quarterly financial performance

- The decrease in net operating revenues and other income was mainly driven by significantly lower Nordic power prices and lower hydropower generation. This was partly offset by improved contribution from embedded derivatives linked to long-term contracts, financial hedging, improved contribution from gas-fired power plants and compensation from a terminated long-term power sales contract.
- Operating expenses increased mainly due to a positive effect from pension scheme changes in Norway in the comparable period, higher depreciations driven by reversal of impairments in previous quarters and negative currency effects.

## Year to date financial performance

- The decrease in underlying EBIT was mainly driven by significantly lower Nordic power prices, partly offset by higher generation and improved contribution from financial hedging and gas-fired power plants.
- Operating expenses increased mainly due to the same factors as for the third quarter.

## Financial metrics

- ROACE was 12.8%, a decrease from last quarter, mainly due to a lower underlying EBIT and reversal of impairments.

## Quarterly investments

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

## MARKET OPERATIONS

NOK million	Third quarter		Year to date		Year
	2020	2019	2020	2019	2019
Gross operating revenues and other income	3 499	3 518	11 816	13 029	19 813
Net operating revenues and other income	513	456	2 735	2 382	4 556
Operating expenses	-402	-338	-1 288	-838	-1 428
Operating profit (EBIT) underlying	110	118	1 447	1 544	3 127
Unrealised value changes from energy derivatives	-	-	-	-	-
Impairments/reversal of impairments	-	-	-	-	-
Operating profit (EBIT) IFRS	110	118	1 447	1 544	3 128
Share of profit/loss in equity accounted investments	-	4	1	5	3
Gains/losses from divestments of equity accounted investments <sup>*)</sup>	-	-	-	-	-20
ROACE (rolling 12 months)			83.9%	41.1%	64.7%
Maintenance investments and other investments	6	13	8	62	73
Investments in new capacity	-2	1	-	3	2
Investments in shareholdings	-	1	-	4	-
Generation (TWh)	-	-	-	-	-

<sup>\*)</sup> Included in Other financial items.

## Key events

- Statkraft has signed two 10-year power purchase agreements in Spain, with a total expected volume of 75 GWh per year.
- Statkraft has signed a 10-year solar power purchase agreement with Anumar GmbH in Germany. The contract will start from January 2021 and the installed capacity of the solar park is 40 MWp. The estimated annual volume is 45 GWh.

## Quarterly financial performance

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

## Year to date financial performance

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

## Financial metrics

- ROACE was 83.9%, an increase compared with previous quarter. This was mainly due to lower average capital employed.

## INTERNATIONAL POWER

NOK million	Third quarter		Year to date		Year
	2020	2019	2020	2019	2019
Gross operating revenues and other income	675	929	2 282	2 462	3 215
Net operating revenues and other income	577	798	1 883	2 085	2 702
Operating expenses	-438	-483	-1 460	-1 364	-1 946
Operating profit (EBIT) underlying	140	315	423	721	756
Gains/losses from divestments of business activities	119	-	119	-	-
Impairments/reversal of impairments	110	-516	105	-529	-564
Operating profit (EBIT) IFRS	368	-201	647	192	192
Share of profit/loss in equity accounted investments	-182	-90	-160	-70	-86
ROACE (rolling 12 months)			1.8%	3.4%	3.1%
ROAE (rolling 12 months)**)			-6.1%	-2.6%	-3.2%
Maintenance investments and other investments	36	114	81	261	214
Investments in new capacity	283	177	860	445	808
Investments in shareholdings	-	22	43	22	349
Generation (TWh)	1.2	1.1	3.7	3.7	4.9

\*) Included in Other financial items.

\*\*\*) Return on average equity accounted investments.

## Key events

- In August, a contractor employee at the Tidong hydropower project in India died following a road accident on site.
- Final investment decision has been made for the Ventos de Santa Eugenia wind power project in Brazil. Estimated project cost is NOK 4.2 billion.
- Following the expiry of the Power Purchase Agreement with Nepal Electricity Authority (NEA), Himal Power Limited (HPL) has transferred the ownership in the Khimti hydropower plant to an arrangement jointly controlled by HPL and NEA, see note 12.
- A reversal of impairment of NOK 116 million was recognised in Peru, see note 9.

## Quarterly financial performance

- The underlying EBIT decreased mainly due to an insurance settlement in Turkey in the comparable period, as well as negative market effects in Chile and currency effects in Brazil.
- The decrease in share of profit/loss in equity accounted investments was mainly driven by impairments in Chile, see note 9.

## Year to date financial performance

- The underlying EBIT decreased mainly due to the same factors as for the third quarter and negative one-off effects in the first quarter in Brazil.
- The decrease in share of profit/loss in equity accounted investments was mainly driven by the same factors as for the third quarter.

## Financial metrics

- ROACE was 1.8%, a decrease from last quarter, mainly due to a lower underlying EBIT.
- ROAE was -6.1%, a decrease from last quarter, mainly driven by impairments in Chile.

## Quarterly investments

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

## EUROPEAN WIND AND SOLAR

NOK million	Third quarter		Year to date		Year
	2020	2019	2020	2019	2019
Gross operating revenues and other income	123	278	521	1 030	1 388
Net operating revenues and other income	107	264	470	989	1 330
Operating expenses	-354	-281	-944	-756	-1 103
Operating profit (EBIT) underlying	-247	-17	-473	233	227
Gains/losses from divestments of business activities	-	-	-	-	55
Impairments/reversal of impairments	-559	-385	-3 110	-385	-333
Operating profit (EBIT) IFRS	-806	-402	-3 583	-152	-50
Share of profit/loss in equity accounted investments	2	-10	-11	-7	12
ROACE (rolling 12 months)			-5.5%	5.3%	2.6%
ROAE (rolling 12 months)**)			0.9%	2.5%	1.4%
Maintenance investments and other investments	151	71	270	93	231
Investments in new capacity	913	1 322	1 927	1 842	2 215
Investments in shareholdings	143	85	459	85	188
Generation (TWh)	0.7	0.5	2.8	1.8	2.6

\*) Included in Other financial items.

\*\*\*) Return on average equity accounted investments.

## Key events

- The final turbines were erected at Fosen, completing the installation of all 277 turbines.
- Wind assets in Sweden were impaired by NOK 559 million. See note 9.
- In August, Statkraft secured 15-year contracts for two wind and two solar farms in Ireland's first auction for renewable energy. The contracts have a combined capacity of 333 MW.

## Quarterly financial performance

- The decrease in underlying EBIT was mainly driven by significantly lower power prices in the Nordics and increased operating expenses, following high business development activity and costs related to inverter faults in Swedish assets.

## Year to date financial performance

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

## Financial metrics

- ROACE was -5.5%, a decrease compared with previous quarter. This was mainly due to a lower underlying EBIT.
- ROAE was 0.9%, an increase from previous quarter, mainly due to increased contribution from the onshore wind assets in UK.

## Quarterly investments

- The investments in new capacity were mainly related to the Fosen wind project in Norway and new capacity within wind power in UK.

## DISTRICT HEATING

NOK million	Third quarter		Year to date		Year
	2020	2019	2020	2019	2019
Gross operating revenues and other income	102	106	471	606	919
Net operating revenues and other income	74	74	330	423	653
Operating expenses	-117	-107	-339	-313	-437
Operating profit (EBIT) underlying	-43	-33	-9	110	216
Impairments/reversal of impairments	-1	-1	-5	-3	-3
Operating profit (EBIT) IFRS	-44	-34	-14	107	213
Share of profit/loss in equity accounted investments	-	-	-	-	-
Gains/losses from divestments of equity accounted investments <sup>1)</sup>	-	-	-	-	-
ROACE (rolling 12 months)			2.8%	5.8%	6.2%
ROAE (rolling 12 months) <sup>2)</sup>			n/a	n/a	n/a
Maintenance investments and other investments	-	5	-	8	6
Investments in new capacity	52	36	133	112	168
Investments in shareholdings	-	-	-	-	-
Delivered volume (TWh)	0.1	0.1	0.6	0.6	1.0

<sup>1)</sup> Included in Other financial items.

<sup>2)</sup> Return on average equity accounted investments.

## Quarterly financial performance

- Underlying EBIT decreased due to a positive one-off effect related to pension scheme changes in Norway in the comparable period.

## Year to date financial performance

- Underlying EBIT decreased, primarily due to lower heating prices caused by significantly reduced Norwegian power prices. In addition operating expenses increased, mainly due to an increase in the number of full-time equivalents, improvement projects and depreciations.

## Financial metrics

- The decrease in ROACE was driven by a lower underlying EBIT.

## Quarterly investments

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

## INDUSTRIAL OWNERSHIP

NOK million	Third quarter		Year to date		Year
	2020	2019	2020	2019	2019
Gross operating revenues and other income	326	559	1 398	2 383	3 408
Net operating revenues and other income	315	520	1 309	2 224	3 159
Operating expenses	-409	-320	-1 166	-1 095	-1 506
Operating profit (EBIT) underlying	-94	200	143	1 129	1 653
Impairments/reversal of impairments	-	-	-	-	-
Operating profit (EBIT) IFRS	-94	200	143	1 129	1 653
Share of profit/loss in equity accounted investments	464	31	906	796	1 396
Gains/losses from divestments of equity accounted investments <sup>1)</sup>	-	-	-	186	624
ROACE (rolling 12 months)			4.3%	10.7%	10.8%
ROAE (rolling 12 months) <sup>2)</sup>			16.0%	6.8%	14.7%
Maintenance investments and other investments	150	145	417	417	603
Investments in new capacity	72	84	278	240	351
Investments in shareholdings	-	53	-	53	53
Generation (TWh)	1.1	1.0	4.4	3.4	4.9

<sup>1)</sup> Included in Other financial items.

<sup>2)</sup> Return on average equity accounted investments.

## Key events

- BKK sold 8 million shares in Fjordkraft Holding ASA, corresponding to 7.65% of the share capital in the company for NOK 74.5 per share. This resulted in Statkraft recognising a gain of NOK 450 million as share of profit/loss in equity accounted investments.

## Quarterly financial performance

- Underlying EBIT decreased, mainly due to significantly lower power prices.
- Share of profit/loss in equity accounted investments increased, mainly due to gains from BKK selling shares in Fjordkraft.

## Year to date financial performance

- Underlying EBIT decreased, mainly driven by the same factor as for the third quarter.
- Share of profit/loss in equity accounted investments increased, mainly due to gains from BKK selling shares in Fjordkraft, partly offset by significantly lower power prices.

## Financial metrics

- ROACE was 4.3%, a decrease from previous quarter, driven by a lower underlying EBIT.
- ROAE was 16%, an increase from previous quarter, mainly due to the contribution from BKK from the sale of shares in Fjordkraft.

## Quarterly investments

- The investments were primarily related to grid activities.



## OTHER ACTIVITIES

NOK million	Third quarter		Year to date		Year
	2020	2019	2020	2019	2019
<b>Gross operating revenues and other income</b>	<b>441</b>	<b>336</b>	<b>1 161</b>	<b>867</b>	<b>1 252</b>
<b>Net operating revenues and other income</b>	<b>434</b>	<b>336</b>	<b>1 146</b>	<b>867</b>	<b>1 252</b>
Operating expenses	-529	-435	-1 594	-1 265	-1 778
<b>Operating profit (EBIT) underlying</b>	<b>-95</b>	<b>-99</b>	<b>-448</b>	<b>-398</b>	<b>-526</b>
<b>Operating profit (EBIT) IFRS</b>	<b>-95</b>	<b>-99</b>	<b>-448</b>	<b>-398</b>	<b>-526</b>
Share of profit/loss in equity accounted investments	-22	-8	-78	-26	-50
Gains/losses from divestments of equity accounted investments <sup>7)</sup>	-	-	-	-	133
Maintenance investments and other investments	42	11	120	36	54
Investments in new capacity	-4	-	-	-	-
Investments in shareholdings	20	89	111	234	381

<sup>7)</sup> Included in Other financial items.

### Quarterly financial performance

→ The underlying EBIT was on par.

### Year to date financial performance

→ The decrease in underlying EBIT was primarily due to higher costs related to business development and newly consolidated companies within EV charging.

### Quarterly investments

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

## Outlook

The medium to long-term effects from Covid-19 on the energy markets remain uncertain. A large hydrological surplus has put pressure on the Nordic power prices in 2020. The hydrological situation in the Nordics is expected to normalise over time, leading to an increase in the power prices.

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

Statkraft's ambition is to maintain the position as the largest generator of renewable energy in Europe and contribute to the energy transition through investments in renewable energy. The investment programme has a large degree of flexibility and will be financed by retained earnings, external financing and divestments to other investors. The strategic growth target of developing 9 GW by 2025 remains.

Statkraft's commitment to act in a safe, ethical and socially responsible manner will continue to be a foundation for all activities. Strengthening the safety culture and performance – across the organisation and among subcontractors – is a top priority and has high attention throughout the organisation.

Oslo, 28 October 2020  
The Board of Directors of Statkraft AS

# Statkraft AS Group Interim Financial Statements

NOK million	Third quarter		Year to date		The year
	2020	2019	2020	2019	2019
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>PROFIT AND LOSS</b>					
Sales revenues	7 741	9 585	23 683	30 913	43 450
Gains/losses from market activities	1 047	-176	4 260	1 916	3 716
Other operating income	206	318	422	541	767
<b>Gross operating revenues and other income</b>	<b>8 994</b>	<b>9 728</b>	<b>28 365</b>	<b>33 370</b>	<b>47 933</b>
Energy purchase	-3 847	-3 850	-10 740	-12 044	-17 165
Transmission costs	-223	-290	-721	-976	-1 353
<b>Net operating revenues and other income</b>	<b>4 923</b>	<b>5 587</b>	<b>16 904</b>	<b>20 350</b>	<b>29 415</b>
Salaries and payroll costs	-1 142	-912	-3 329	-2 652	-3 971
Depreciations and amortisations	-958	-927	-3 038	-2 789	-3 824
Impairments/reversal of impairments	1 314	133	-1 108	119	136
Property tax and licence fees	-313	-309	-945	-884	-1 139
Other operating expenses	-986	-896	-2 898	-2 404	-3 638
<b>Operating expenses</b>	<b>-2 086</b>	<b>-2 910</b>	<b>-11 317</b>	<b>-8 610</b>	<b>-12 438</b>
<b>Operating profit/loss (EBIT)</b>	<b>2 837</b>	<b>2 678</b>	<b>5 587</b>	<b>11 740</b>	<b>16 978</b>
Share of profit/loss in equity accounted investments	261	-73	661	698	1 249
Interest income	38	105	155	348	440
Interest expenses	-104	-145	-359	-523	-669
Net currency effects	-617	-912	-4 005	-23	132
Other financial items	-62	51	-158	179	829
<b>Net financial items</b>	<b>-744</b>	<b>-902</b>	<b>-4 367</b>	<b>-20</b>	<b>733</b>
<b>Profit/loss before tax</b>	<b>2 355</b>	<b>1 703</b>	<b>1 881</b>	<b>12 418</b>	<b>18 959</b>
Tax expense	-438	-1 046	-1 361	-4 887	-7 632
<b>Net profit/loss</b>	<b>1 917</b>	<b>656</b>	<b>520</b>	<b>7 531</b>	<b>11 327</b>
Of which non-controlling interest	-19	-33	163	250	417
Of which owners of the parent	1 936	689	357	7 281	10 910
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>					
<b>Items in other comprehensive income that recycle over profit and loss:</b>					
Changes in fair value of financial instruments, net of tax	-	-29	-	-58	-16
Items recorded in other comprehensive income in equity accounted investments	27	-61	-198	-151	16
Recycling of financial instruments related to cash flow hedges, net of tax	-	-	-	-	-6
Recycling of currency translation effects related to foreign operations disposed	-132	-	-132	-	-
Currency translation effects	-180	1 699	4 443	-188	-475
<b>Items in other comprehensive income that will not recycle over profit and loss:</b>					
Changes in fair value of equity instruments, net of tax	-2	14	-3	17	17
Estimate deviation pensions, net of tax	-305	308	-1 032	-141	88
<b>Other comprehensive income</b>	<b>-592</b>	<b>1 931</b>	<b>3 078</b>	<b>-519</b>	<b>-375</b>
<b>Comprehensive income</b>	<b>1 325</b>	<b>2 587</b>	<b>3 598</b>	<b>7 012</b>	<b>10 952</b>
Of which non-controlling interest	-60	-32	33	242	474
Of which owners of the parent	1 384	2 619	3 565	6 770	10 478

NOK million	30.09.2020	30.09.2019	31.12.2019
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>ASSETS</b>			
Deferred tax assets	2 034	721	614
Intangible assets	4 708	3 964	4 633
Property, plant and equipment	114 326	109 078	109 852
Equity accounted investments	13 310	12 834	12 917
Other non-current assets	5 455	3 268	3 597
Derivatives	4 905	4 895	2 961
<b>Non-current assets</b>	<b>144 738</b>	<b>134 760</b>	<b>134 574</b>
Inventories	2 174	3 039	4 468
Receivables	14 236	9 650	13 348
Financial investments	584	1 381	1 470
Derivatives	8 657	5 095	8 752
Cash and cash equivalents (incl. restricted cash)	8 102	18 492	15 203
<b>Current assets</b>	<b>33 752</b>	<b>37 657</b>	<b>43 242</b>
<b>Assets</b>	<b>178 490</b>	<b>172 418</b>	<b>177 815</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital	59 219	59 219	59 219
Retained equity	34 228	33 564	37 164
Non-controlling interest	4 192	4 136	4 382
<b>Equity</b>	<b>97 639</b>	<b>96 919</b>	<b>100 764</b>
Deferred tax	11 648	10 288	10 792
Pension liability	3 808	2 721	2 685
Other provisions	3 039	2 781	3 033
Interest-bearing liabilities	33 478	28 969	28 427
Derivatives	2 632	3 346	983
<b>Non-current liabilities</b>	<b>54 606</b>	<b>48 106</b>	<b>45 920</b>
Interest-bearing liabilities	3 579	5 099	4 479
Taxes payable	3 067	7 862	7 109
Other interest-free liabilities	8 401	7 574	10 049
Derivatives	11 199	6 858	9 496
<b>Current liabilities</b>	<b>26 245</b>	<b>27 393</b>	<b>31 131</b>
<b>Equity and liabilities</b>	<b>178 490</b>	<b>172 418</b>	<b>177 815</b>

NOK million	Paid-in capital	Other reserves	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
<b>STATEMENT OF CHANGES IN EQUITY</b>								
<b>Balance as of 31.12.2018</b>	<b>59 219</b>	<b>-1 020</b>	<b>31 561</b>	<b>4 275</b>	<b>34 815</b>	<b>94 035</b>	<b>3 970</b>	<b>98 004</b>
Implementation of IFRS 16	-	-	487	-	487	487	-	487
<b>Balance as of 01.01.2019</b>	<b>59 219</b>	<b>-1 020</b>	<b>32 048</b>	<b>4 275</b>	<b>35 303</b>	<b>94 522</b>	<b>3 970</b>	<b>98 491</b>
Net profit/loss	-	-	7 281	-	7 281	7 281	249	7 531
<b>Items in OCI that recycle over profit and loss:</b>								
Changes in fair value of financial instruments, net of tax	-	-58	-	-	-58	-58	-	-58
Items recorded in other comprehensive income in equity accounted investments	-	-151	-	-	-151	-151	-	-151
Currency translation effects	-	-	-	-178	-178	-178	-10	-188
<b>Items in OCI that will not recycle over profit and loss:</b>								
Changes in fair value of financial instruments, net of tax	-	15	-	-	15	15	2	17
Estimate deviation pension, net of tax	-	-	-141	-	-141	-141	-	-141
Total comprehensive income for the period	-	-193	7 141	-178	6 770	6 770	242	7 012
Dividend	-	-	-8 510	-	-8 510	-8 510	-83	-8 593
Business combinations/divestments	-	-	-	-	-	-	8	8
<b>Balance as of 30.09.2019</b>	<b>59 219</b>	<b>-1 213</b>	<b>30 680</b>	<b>4 097</b>	<b>33 564</b>	<b>92 783</b>	<b>4 136</b>	<b>96 919</b>
<b>Balance as of 01.01.2019</b>	<b>59 219</b>	<b>-1 020</b>	<b>32 048</b>	<b>4 275</b>	<b>35 302</b>	<b>94 522</b>	<b>3 970</b>	<b>98 491</b>
Implementation of IFRS 16, adjusted in fourth quarter 2019 <sup>1)</sup>	-	-	-107	-	-107	-107	-	-107
<b>Balance as of 01.01.2019</b>	<b>59 219</b>	<b>-1 020</b>	<b>31 941</b>	<b>4 275</b>	<b>35 196</b>	<b>94 415</b>	<b>3 970</b>	<b>98 384</b>
Net profit/loss	-	-	10 910	-	10 910	10 910	417	11 327
<b>Items in OCI that recycle over profit and loss:</b>								
Changes in fair value of financial instruments, net of tax	-	-16	-	-	-16	-16	-	-16
Items recorded in other comprehensive income in equity accounted investments	-	16	-	-	16	16	-	16
Recycling of financial instruments related to cash flow hedges, net of tax	-	-6	-	-	-6	-6	-	-6
Currency translation effects	-	-	-	-461	-461	-461	-14	-475
<b>Items in OCI that will not recycle over profit and loss:</b>								
Changes in fair value of equity instruments, net of tax	-	14	-	-	14	14	3	17
Estimate deviation pensions, net of tax	-	-	20	-	20	20	68	88
Total comprehensive income for the period	-	9	10 930	-461	10 478	10 478	474	10 952
Dividend	-	-	-8 510	-	-8 510	-8 510	-83	-8 593
Business combinations/divestments	-	-	-	-	-	-	20	20
<b>Balance as of 31.12.2019</b>	<b>59 219</b>	<b>-1 011</b>	<b>34 361</b>	<b>3 814</b>	<b>37 164</b>	<b>96 383</b>	<b>4 382</b>	<b>100 764</b>
Net profit/loss	-	-	357	-	357	357	164	520
<b>Items in OCI that recycle over profit and loss:</b>								
Items recorded in other comprehensive income in equity accounted investments	-	-198	-	-	-198	-198	-	-198
Recycling of currency translation effects related to foreign operations disposed	-	-	-	-132	-132	-132	-	-132
Currency translation effects	-	-	-	4 573	4 573	4 573	-130	4 443
<b>Items in OCI that will not recycle over profit and loss:</b>								
Changes in fair value of equity instruments, net of tax	-	-3	-	-	-3	-3	-1	-3
Estimate deviation pensions, net of tax	-	-	-1 032	-	-1 032	-1 032	-	-1 032
Total comprehensive income for the period	-	-201	-675	4 441	3 565	3 565	33	3 598
Dividend	-	-	-6 500	-	-6 500	-6 500	-217	-6 717
Business combinations/divestments	-	-	-	-	-	-	-6	-6
<b>Balance as of 30.09.2020</b>	<b>59 219</b>	<b>-1 212</b>	<b>27 185</b>	<b>8 255</b>	<b>34 228</b>	<b>93 447</b>	<b>4 192</b>	<b>97 639</b>

<sup>1)</sup> The adjustment is related to power purchase agreements accounted for in accordance with IFRS 9 from 1 January 2019.

NOK million	Third quarter		Year to date		The year 2019
	2020	2019	2020	2019	
<b>STATEMENT OF CASH FLOW</b>					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Operating profit (EBIT)	2 837	2 678	5 587	11 740	16 978
Depreciations, amortisations and impairments	-356	793	4 146	2 670	3 689
Gains/losses from divestments and disposals of assets <sup>1)</sup>	-114	-59	-110	-44	-50
Unrealised effects included in operating profit (EBIT)	140	192	-911	-318	-1 250
Dividends from equity accounted investments	-	22	554	732	736
Changes in working capital	3 054	5 431	1 370	2 778	528
Cash collateral, margin calls and option premiums <sup>2)</sup>	602	-407	1 437	-314	-1 339
Cash effects from foreign exchange derivatives related to operations	126	103	94	111	30
Effects from prepayments from customers <sup>1)</sup>	2 407	-	2 407	-	-
Taxes paid <sup>3)</sup>	-190	-5	-8 000	-3 969	-6 900
Other changes	145	-281	-77	-583	-562
<b>Cash flow from operating activities</b>	<b>A</b>	<b>8 652</b>	<b>8 469</b>	<b>6 498</b>	<b>11 861</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Investments in property, plant and equipment and intangible assets <sup>4)</sup>	-2 933	-2 020	-5 684	-4 224	-5 786
Business divestments, net liquidity inflow	-	-	7	550	1 578
Acquisitions of shares in subsidiaries, net liquidity outflow	-98	-184	-418	-373	-841
Loans to equity accounted investments	-	-21	-15	-25	-25
Repayment of loans from equity accounted investments	30	35	96	101	137
Interests received from loans to equity accounted investments	3	-	13	10	11
Other investments	-3	21	1 143	134	105
<b>Cash flow from investing activities</b>	<b>B</b>	<b>-3 001</b>	<b>-2 169</b>	<b>-4 857</b>	<b>-4 821</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
New debt	288	79	3 756	179	261
Repayment of debt <sup>5)</sup>	-939	-845	-4 593	-4 704	-5 963
Cash collateral related to financing <sup>2)</sup>	-212	-41	-641	127	101
Interests paid <sup>3)</sup>	-51	-105	-615	-750	-958
Interest rate derivatives realised before maturity	-	-88	-	-220	-220
Interests received from cash and other assets	-20	104	112	348	434
Dividend and group contribution paid to Statkraft SF <sup>5), 6)</sup>	-6 362	-	-6 500	-8 510	-8 510
Transactions with non-controlling interests	-124	-	-218	-83	-83
<b>Cash flow from financing activities</b>	<b>C</b>	<b>-7 420</b>	<b>-8 699</b>	<b>-13 613</b>	<b>-14 938</b>
<b>Net change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>-1 769</b>	<b>5 404</b>	<b>-7 058</b>	<b>-7 900</b>
Currency exchange rate effects on cash and cash equivalents	-69	41	-43	-48	-71
Cash and cash equivalents 01.07/01.01	9 940	13 046	15 203	23 175	23 175
Cash and cash equivalents 30.09/31.12 <sup>7)</sup>	8 102	18 492	8 102	18 492	15 203
Unused committed credit lines			11 167	9 167	9 189
Unused overdraft facilities			1 085	1 008	1 025
Restricted cash			29	34	36

<sup>1)</sup> See note 12 for further information.

<sup>2)</sup> Cash collateral related to financing activities has been reclassified from operating activities to financing activities. Comparable figures have been restated. See note 5.

<sup>3)</sup> See note 11, "Decision related to previous years' tax" for further information related to year to date 2020 taxes and interest paid.

<sup>4)</sup> Investments in property, plant and equipment and intangible assets in the cash flow in 2020 are NOK 316 million higher than investments (excluding investments in shareholdings) shown in the segment reporting. This is mainly due to capitalised borrowing costs of NOK -86 million, decommissioning additions of NOK -21 million, non-cash additions from right-of-use assets of NOK -45 million and timing differences between capitalisation and payment date of NOK 462 million.

<sup>5)</sup> Parts of dividend paid to Statkraft SF have been reclassified in 2020 compared to previous years, and comparable figures have been restated. See note 5.

<sup>6)</sup> NOK 138 million was paid as Group contribution to Statkraft SF in the second quarter of 2020. For the year to date and full year of 2019 NOK 10 million in Group contribution paid to Statkraft SF is included.

<sup>7)</sup> Included in cash and cash equivalents are NOK 411 million related to joint operations at the end of the third quarter of 2020. For 2019 the amounts were NOK 377 million and NOK 328 million at the end of the quarter and at the end of the year, respectively.

## 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.

From 2020, Statkraft has changed the definition of which items that are to be considered as underlying. The comparable figures have been restated with an effect on operating profit (EBIT) underlying of NOK -929 million for the third quarter 2019, NOK -628 million for year to date 2019 and NOK -843 million for the full year 2019. See note 5 and section Alternative Performance Measures for further details.

### THIRD QUARTER 2020

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 305 million)
2. **Other operating income:** Gains from divestments of business activities. (NOK 119 MNOK)
3. **Impairments/reversal of impairments:** Related to intangible assets, property, plant and equipment. (NOK 1314 million)
4. **Other operating expenses:** Losses from divestments of business activities.

### YEAR-TO-DATE 2020

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 1485 million)
2. **Other operating income:** Gains from divestments of business activities. (NOK 119 MNOK)
3. **Impairments/reversal of impairments:** Related to intangible assets, property, plant and equipment. (NOK -1108 million)
4. **Other operating expenses:** Losses from divestments of business activities.

### THE YEAR 2019

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 -42 million)
2. **Other operating income:** Gains from divestments of business activities. (NOK -55 million)
3. **Impairments/reversal of impairments:** Related to intangible assets, property, plant and equipment. (NOK -136 million)
4. **Other operating expenses:** Losses from divestments of business activities.

## RECONCILIATION OF IFRS FIGURES VERSUS UNDERLYING FIGURES

NOK million	Third quarter 2020			Third quarter 2019		
	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales revenues <sup>1)</sup>	7 741	-	7 741	9 585	-25	9 561
Gains/losses from market activities	1 047	-305	743	-176	-550	-726
Other operating income <sup>1)</sup>	206	-119	87	318	-	318
<b>Gross operating revenues and other income</b>	<b>8 994</b>	<b>-424</b>	<b>8 571</b>	<b>9 728</b>	<b>-574</b>	<b>9 153</b>
Energy purchase	-3 847	-	-3 847	-3 850	-	-3 850
Transmission costs	-223	-	-223	-290	-	-290
<b>Net operating revenues and other income</b>	<b>4 923</b>	<b>-424</b>	<b>4 500</b>	<b>5 587</b>	<b>-574</b>	<b>5 013</b>
Salaries and payroll costs	-1 142	-	-1 142	-912	-	-912
Depreciations and amortisations	-958	-	-958	-927	-	-927
Impairments/reversal of impairments	1 314	-1 314	-	133	-133	-
Property tax and licence fees	-313	-	-313	-309	-	-309
Other operating expenses	-986	-	-986	-896	-	-896
<b>Operating expenses</b>	<b>-2 086</b>	<b>-1 314</b>	<b>-3 400</b>	<b>-2 910</b>	<b>-133</b>	<b>-3 043</b>
<b>Operating profit (EBIT)</b>	<b>2 837</b>	<b>-1 737</b>	<b>1 100</b>	<b>2 678</b>	<b>-708</b>	<b>1 970</b>

<sup>1)</sup> Figures presented for the third quarter 2019 have been changed with a reclassification of NOK 102 million from Other operating income to Sales revenues, related to revenues from rental of power plants in Norway. See note 12 in the annual report 2019 for more information. In addition, NOK 126 million for the third quarter 2019 have been reclassified from Transmission costs to Energy purchase, see note 5.

NOK million	Year to date 2020			Year to date 2019		
	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales revenues	23 683	-	23 683	30 913	-14	30 899
Gains/losses from market activities	4 260	-1 485	2 774	1 916	-287	1 629
Other operating income	422	-119	303	541	-	541
<b>Gross operating revenues and other income</b>	<b>28 365</b>	<b>-1 604</b>	<b>26 761</b>	<b>33 370</b>	<b>-301</b>	<b>33 069</b>
Energy purchase	-10 740	-	-10 740	-12 044	-	-12 044
Transmission costs	-721	-	-721	-976	-	-976
<b>Net operating revenues and other income</b>	<b>16 904</b>	<b>-1 604</b>	<b>15 300</b>	<b>20 350</b>	<b>-301</b>	<b>20 049</b>
Salaries and payroll costs	-3 329	-	-3 329	-2 652	-	-2 652
Depreciations and amortisations	-3 038	-	-3 038	-2 789	-	-2 789
Impairments/reversal of impairments	-1 108	1 108	-	119	-119	-
Property tax and licence fees	-945	-	-945	-884	-	-884
Other operating expenses	-2 898	-	-2 898	-2 404	-	-2 404
<b>Operating expenses</b>	<b>-11 317</b>	<b>1 108</b>	<b>-10 210</b>	<b>-8 610</b>	<b>-119</b>	<b>-8 729</b>
<b>Operating profit (EBIT)</b>	<b>5 587</b>	<b>-496</b>	<b>5 090</b>	<b>11 740</b>	<b>-420</b>	<b>11 320</b>

<sup>1)</sup> Figures presented year to date 2019 have been changed with a reclassification of NOK 339 million from Other operating income to Sales revenues, related to revenues from rental of power plants in Norway. See note 12 in the annual report 2019 for more information. In addition, NOK 407 million for year to date 2019 have been reclassified from Transmission costs to Energy purchase, see note 5.

## RECONCILIATION OF IFRS FIGURES VERSUS UNDERLYING FIGURES

NOK million	The year 2019		
	IFRS	Adjustments	Underlying
Sales revenues	43 450	-	43 450
Gains/losses from market activities	3 716	-42	3 674
Other operating income	767	-55	712
<b>Gross operating revenues and other income</b>	<b>47 933</b>	<b>-98</b>	<b>47 836</b>
Energy purchase	-17 165	-	-17 165
Transmission costs	-1 353	-	-1 353
<b>Net operating revenues and other income</b>	<b>29 415</b>	<b>-98</b>	<b>29 318</b>
Salaries and payroll costs	-3 971	-	-3 971
Depreciations and amortisations	-3 824	-	-3 824
Impairments/reversal of impairments	136	-136	-
Property tax and licence fees	-1 139	-	-1 139
Other operating expenses	-3 638	-	-3 638
<b>Operating expenses</b>	<b>-12 438</b>	<b>-136</b>	<b>-12 573</b>
<b>Operating profit (EBIT)</b>	<b>16 978</b>	<b>-233</b>	<b>16 744</b>

<sup>1)</sup> Figures presented for the year 2019 have been changed with a reclassification of NOK 682 million from Transmission costs to Energy purchase, 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
<b>SEGMENTS</b>									
<b>Third quarter 2020</b>									
Gross operating revenues and other income, external	8 571	3 851	3 467	709	42	102	320	84	-4
Gross operating revenues and other income, internal	-	35	32	-34	81	-	6	357	-477
<b>Gross operating revenues and other income underlying</b>	<b>8 571</b>	<b>3 886</b>	<b>3 499</b>	<b>675</b>	<b>123</b>	<b>102</b>	<b>326</b>	<b>441</b>	<b>-481</b>
<b>Net operating revenues and other income underlying</b>	<b>4 500</b>	<b>2 890</b>	<b>513</b>	<b>577</b>	<b>107</b>	<b>74</b>	<b>315</b>	<b>434</b>	<b>-411</b>
<b>Operating profit (EBIT) underlying</b>	<b>1 100</b>	<b>1 295</b>	<b>110</b>	<b>140</b>	<b>-247</b>	<b>-43</b>	<b>-94</b>	<b>-95</b>	<b>35</b>
Unrealised value changes from energy derivatives	305	305	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	119	-	-	119	-	-	-	-	-
Impairments/reversal of impairments	1 314	1 764	-	110	-559	-1	-	-	-
<b>Operating profit (EBIT) IFRS</b>	<b>2 837</b>	<b>3 363</b>	<b>110</b>	<b>368</b>	<b>-806</b>	<b>-44</b>	<b>-94</b>	<b>-95</b>	<b>35</b>
Share of profit/loss in equity accounted investments	261	-	-	-182	2	-	464	-22	-
<b>Year to date 2020</b>									
Gross operating revenues and other income, external	26 761	10 745	11 774	2 270	183	470	1 377	252	-310
Gross operating revenues and other income, internal	-	196	42	12	338	1	21	909	-1 519
<b>Gross operating revenues and other income underlying</b>	<b>26 761</b>	<b>10 941</b>	<b>11 816</b>	<b>2 282</b>	<b>521</b>	<b>471</b>	<b>1 398</b>	<b>1 161</b>	<b>-1 829</b>
<b>Net operating revenues and other income underlying</b>	<b>15 300</b>	<b>8 848</b>	<b>2 735</b>	<b>1 883</b>	<b>470</b>	<b>330</b>	<b>1 309</b>	<b>1 146</b>	<b>-1 421</b>
<b>Operating profit (EBIT) underlying</b>	<b>5 090</b>	<b>4 257</b>	<b>1 447</b>	<b>423</b>	<b>-473</b>	<b>-9</b>	<b>143</b>	<b>-448</b>	<b>-249</b>
Unrealised value changes from energy derivatives	1 485	1 485	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	119	-	-	119	0	-	-	-	-
Impairments/reversal of impairments	-1 108	1 903	-	105	-3 110	-5	-	-	-
<b>Operating profit (EBIT) IFRS</b>	<b>5 587</b>	<b>7 645</b>	<b>1 447</b>	<b>647</b>	<b>-3 583</b>	<b>-14</b>	<b>143</b>	<b>-448</b>	<b>-249</b>
Share of profit/loss in equity accounted investments	661	3	1	-160	-11	-	906	-78	-
<b>Assets and capital employed 30.09.2020</b>									
Property, plant and equipment and intangible assets	119 034	62 117	167	25 119	9 821	3 533	16 569	1 708	-
Equity accounted investments	13 310	4	-	2 813	886	-	9 594	38	-26
Loans to equity accounted investments	1 587	-	-	1 050	495	-	41	-	-
Other assets	44 560	3 008	15 061	1 736	338	138	1 311	24 839	-1 871
<b>Total assets</b>	<b>178 490</b>	<b>65 129</b>	<b>15 228</b>	<b>30 718</b>	<b>11 540</b>	<b>3 671</b>	<b>27 516</b>	<b>26 585</b>	<b>-1 897</b>
Assets not included in capital employed	-44 547	-213	-8 067	-4 051	-1 397	-	-10 546	-19 979	-294
Liabilities included in capital employed	-13 306	-2 467	-6 031	-1 170	-968	-147	-1 146	-3 612	2 235
<b>Capital employed</b>	<b>120 637</b>	<b>62 449</b>	<b>1 130</b>	<b>25 497</b>	<b>9 175</b>	<b>3 524</b>	<b>15 824</b>	<b>2 994</b>	<b>44</b>
Return on average capital employed (ROACE)	9.1%	12.8%	83.9%	1.8%	-5.5%	2.8%	4.3%	n/a	n/a
Return on average equity accounted investments (ROAE)	9.2%	n/a	n/a	-6.1%	0.9%	n/a	16.0%	n/a	n/a
Depreciations, amortisations and impairments	-4 146	492	-25	-569	-3 381	-141	-373	-149	-
Maintenance investments and other investments	2 039	1 143	8	81	270	-	417	120	-
Investments in new capacity	3 333	135	0	860	1 927	133	278	-	-
Investments in shareholdings	613	-	-	43	459	-	-	111	-

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
<b>SEGMENTS</b>									
<b>Third quarter 2019</b>									
Gross operating revenues and other income, external	9 153	3 975	3 474	920	128	106	554	96	-100
Gross operating revenues and other income, internal	-	147	44	9	150	-	5	240	-595
<b>Gross operating revenues and other income underlying</b>	<b>9 153</b>	<b>4 122</b>	<b>3 518</b>	<b>929</b>	<b>278</b>	<b>106</b>	<b>559</b>	<b>336</b>	<b>-695</b>
<b>Net operating revenues and other income underlying</b>	<b>5 013</b>	<b>2 965</b>	<b>456</b>	<b>798</b>	<b>264</b>	<b>74</b>	<b>520</b>	<b>336</b>	<b>-400</b>
<b>Operating profit (EBIT) underlying</b>	<b>1 970</b>	<b>1 580</b>	<b>118</b>	<b>315</b>	<b>-17</b>	<b>-33</b>	<b>200</b>	<b>-99</b>	<b>-94</b>
Unrealised value changes from energy derivatives	574	574	-	-	-	-	-	-	-
Gains/losses from divestments of business activities	-	-	-	-	-	-	-	-	-
Impairments/reversal of impairments	133	1 035	-	-516	-385	-1	-	-	-
<b>Operating profit (EBIT) IFRS</b>	<b>2 678</b>	<b>3 189</b>	<b>118</b>	<b>-201</b>	<b>-402</b>	<b>-34</b>	<b>200</b>	<b>-99</b>	<b>-94</b>
Share of profit/loss in equity accounted investments	-73	-	4	-90	-10	-	31	-8	1
<b>Year to date 2019</b>									
Gross operating revenues and other income, external	33 069	14 339	12 957	2 398	382	605	2 354	180	-146
Gross operating revenues and other income, internal	-	361	72	64	648	1	29	687	-1 862
<b>Gross operating revenues and other income underlying</b>	<b>33 069</b>	<b>14 700</b>	<b>13 029</b>	<b>2 462</b>	<b>1 030</b>	<b>606</b>	<b>2 383</b>	<b>867</b>	<b>-2 008</b>
<b>Net operating revenues and other income underlying</b>	<b>20 049</b>	<b>12 121</b>	<b>2 382</b>	<b>2 085</b>	<b>989</b>	<b>423</b>	<b>2 224</b>	<b>867</b>	<b>-1 042</b>
<b>Operating profit (EBIT) underlying</b>	<b>11 320</b>	<b>8 071</b>	<b>1 544</b>	<b>721</b>	<b>233</b>	<b>110</b>	<b>1 129</b>	<b>-398</b>	<b>-90</b>
Unrealised value changes from energy derivatives	301	301	0	-	-	-	-	-	-
Gains/losses from divestments of business activities	-	-	-	-	-	-	-	-	-
Impairments/reversal of impairments	119	1 035	-	-529	-385	-3	-	-	0
<b>Operating profit (EBIT) IFRS</b>	<b>11 740</b>	<b>9 407</b>	<b>1 544</b>	<b>192</b>	<b>-152</b>	<b>107</b>	<b>1 129</b>	<b>-398</b>	<b>-90</b>
Share of profit/loss in equity accounted investments	698	1	5	-70	-7	-	796	-26	-
<b>Assets and capital employed 30.09.2019</b>									
Property, plant and equipment and intangible assets	113 042	57 601	183	25 165	9 246	3 455	16 078	1 314	-
Equity accounted investments	12 834	1	8	2 788	823	-	9 104	109	-
Loans to equity accounted investments	1 544	-	-	985	530	-	29	-	-
Other assets	44 998	2 091	10 602	1 589	378	143	975	29 367	-147
<b>Total assets</b>	<b>172 418</b>	<b>59 693</b>	<b>10 793</b>	<b>30 528</b>	<b>10 977</b>	<b>3 598</b>	<b>26 186</b>	<b>30 790</b>	<b>-147</b>
Assets not included in capital employed	-49 104	-1 664	-6 396	-4 091	-1 364	-	-9 644	-25 751	-195
Liabilities included in capital employed	-16 967	-2 969	-2 839	-1 246	-650	-161	-1 151	-8 373	423
<b>Capital employed</b>	<b>106 347</b>	<b>55 061</b>	<b>1 558</b>	<b>25 191</b>	<b>8 963</b>	<b>3 437</b>	<b>15 391</b>	<b>-3 334</b>	<b>81</b>
Return on average capital employed (ROACE)	15.2%	20.5%	41.1%	3.4%	5.3%	5.8%	10.7%	n/a	n/a
Return on average equity accounted investments (ROAE)	4.5%	n/a	n/a	-2.6%	2.5%	n/a	6.8%	n/a	n/a
Depreciations, amortisations and impairments	-2 670	-219	-19	-1 171	-636	-131	-380	-115	-
Maintenance investments and other investments	1 953	1 077	62	261	93	8	417	36	-
Investments in new capacity	2 775	132	3	445	1 842	112	240	-	-
Investments in shareholdings	398	-	4	22	85	-	53	234	-

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
<b>SEGMENTS</b>									
<b>The year 2019</b>									
Gross operating revenues and other income, external	47 836	20 234	19 729	3 145	469	918	3 360	216	-235
Gross operating revenues and other income, internal	-	291	84	70	919	1	48	1 036	-2 449
<b>Gross operating revenues and other income underlying</b>	<b>47 836</b>	<b>20 525</b>	<b>19 813</b>	<b>3 215</b>	<b>1 388</b>	<b>919</b>	<b>3 408</b>	<b>1 252</b>	<b>-2 684</b>
<b>Net operating revenues and other income underlying</b>	<b>29 318</b>	<b>17 184</b>	<b>4 556</b>	<b>2 702</b>	<b>1 330</b>	<b>653</b>	<b>3 159</b>	<b>1 252</b>	<b>-1 519</b>
<b>Operating profit (EBIT) underlying</b>	<b>16 744</b>	<b>11 404</b>	<b>3 127</b>	<b>756</b>	<b>227</b>	<b>216</b>	<b>1 653</b>	<b>-526</b>	<b>-114</b>
Unrealised value changes from energy derivatives	42	42	0	-	-	-	-	-	-0
Gains/losses from divestments of business activities	55	-	-	-	55	-	-	-	-
Impairments/reversal of impairments	136	1 035	-	-564	-333	-3	-	-	-
<b>Operating profit (EBIT) IFRS</b>	<b>16 978</b>	<b>12 482</b>	<b>3 128</b>	<b>192</b>	<b>-50</b>	<b>213</b>	<b>1 653</b>	<b>-526</b>	<b>-114</b>
Share of profit/loss in equity accounted investments	1 249	-	3	-86	12	-	1 396	-50	-26
<b>Assets and capital employed 31.12.2019</b>									
Property, plant and equipment and intangible assets	114 485	58 011	180	24 889	10 004	3 478	16 247	1 677	-
Equity accounted investments	12 917	0	8	2 631	871	-	9 375	57	-26
Loans to equity accounted investments	1 518	-	-	969	522	-	27	-	-
Other assets	48 896	2 553	18 189	1 429	421	300	1 414	24 555	35
<b>Total assets</b>	<b>177 815</b>	<b>60 564</b>	<b>18 376</b>	<b>29 918</b>	<b>11 819</b>	<b>3 778</b>	<b>27 062</b>	<b>26 290</b>	<b>9</b>
Assets not included in capital employed	-48 282	-1 581	-8 402	-3 909	-1 398	-	-10 288	-22 545	-160
Liabilities included in capital employed	-19 137	-2 702	-5 598	-1 228	-652	-215	-1 277	-7 677	212
<b>Capital employed</b>	<b>110 396</b>	<b>56 281</b>	<b>4 376</b>	<b>24 781</b>	<b>9 768</b>	<b>3 563</b>	<b>15 497</b>	<b>-3 932</b>	<b>61</b>
Return on average capital employed (ROACE)	15.5%	20.2%	64.7%	3.1%	2.6%	6.2%	10.8%	n/a	n/a
Return on average equity accounted investments (ROAE)	9.5%	n/a	n/a	-3.2%	1.4%	n/a	14.7%	n/a	n/a
Depreciations, amortisations and impairments	-3 689	-679	-31	-1 449	-688	-178	-509	-156	-
Maintenance investments and other investments	2 712	1 532	73	214	231	6	603	54	-
Investments in new capacity	3 738	194	2	808	2 215	168	351	-	-
Investments in shareholdings	972	-	-	349	188	-	53	381	-

## Selected notes to the accounts

### 1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The consolidated financial statements for the third quarter of 2020, ended 30 September 2020, 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 2019.

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 2019. 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 2019.

The Covid-19 pandemic has throughout the third quarter continued to have an impact on the power and renewables industry. The magnitude of the effects on Statkraft's financial statements will depend largely on the economic downturn in relevant regions, and Statkraft's management is closely monitoring the development of the pandemic and is evaluating the longer-term consequences for the Group.

#### Market risk

The pandemic and the following economic downturn have impacted the market outlook and it is challenging to predict the effects on future power prices.

The use of forward-looking information is pervasive in Statkraft's assessment of impairment of non-financial assets, in particular for power plants, and valuation of long-term energy contracts classified as level 3 contracts.

Lower observed energy prices including in the forward market and events following the Covid-19 pandemic, which impact expected economic growth and energy demand, have indicated adverse changes in the value of some of the Group's assets. See note 9 for information on impairments.

#### Credit risk

Statkraft is facing credit risk when entering into contracts both with financial institutions, when providing loans to associates and joint ventures, and in connection with energy trading and power purchase and sales contracts. The Group's exposure to the individual counterparties is continuously monitored. Normally, Statkraft considers the credit risk inherent in its portfolios to be low. In response to the current market conditions, the portfolio of bilateral contracts has been reviewed, and the assignment of internal credit rating and limits has been reassessed. The impact from the pandemic continues to entail increased risk for breach and cancellation of contracts.

#### Liquidity risk

Statkraft is mitigating the liquidity situation through liquidity forecasts and access to different borrowing sources and markets. During 2020, cash and cash equivalents have decreased. However, no adverse changes have incurred neither for the short- nor the long-term liquidity situation for the Group.

#### Currency risk

The value of the reporting currency NOK has declined compared with most other currencies during 2020. Unrealised currency loss on debt denominated in other currencies is more than offset by positive currency effects from revenues in other currencies and currency translation adjustments. The latter is presented as part of other comprehensive income.

#### Uncertainties going forward

As at 30 September 2020, management based its estimates and judgements on historical experience and various other assumptions which are held to be reasonable under the circumstances. The impact from Covid-19 on underlying assumptions is reviewed on an ongoing basis. The judgments, estimates and assumptions made may differ from

later assessments and may lead to adjustments to carrying amounts of non-financial assets and long-term energy contracts in subsequent periods.

#### 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 fair value hedge in the statement of financial position.** In previous years, Statkraft presented both hedging instruments and hedging items net on the line item interest-bearing liabilities. From 2020, hedging instruments are presented on the line items for derivatives. The comparable figures have been restated with an increase of interest-bearing liabilities of NOK 371 million and NOK 267 million for the third quarter and full year of 2019, respectively. There is an opposite effect on the derivatives.

**The definition of operating profit (EBIT) underlying.** Statkraft has several power sales contracts with the power-intensive industry that include embedded derivatives. In previous years all changes in fair value from embedded derivatives were excluded from the underlying operating profit. From 2020 it is only embedded derivatives related to EUR that are excluded. Embedded derivatives related to various commodity indices are included in the underlying operating profit going forward. This will better reflect how the management follows up the results in the segments. It is only the segment European flexible generation that will be affected from this change. The comparable figures for the segment European flexible generation have been restated, affecting operating profit (EBIT) underlying with NOK -929 million for the third quarter, NOK -628 million for year to date 2019 and NOK -843 million for the full year. There is an opposite effect in the line item unrealised value changes from energy derivatives.

**Presentation of collaterals in the statement of cash flow.** Statkraft has several types of collaterals, both related to operations and financing. In previous years, all collaterals have been presented as a part of operating activities in the cash flow statement. From 2020, this has changed by presenting cash collaterals related to the debt portfolio as part of financing activities. This resulted in NOK -212 million and NOK -641 million for the third quarter and year to date 2020, respectively, being presented on a separate line as part of financing activities. Comparable figures have been restated by reclassifying NOK -41 million, NOK 127 million and NOK 101 million for the third quarter, year to date and full year of 2019, respectively, from operating activities to financing activities.

**Presentation of dividend paid to Statkraft SF under financing activities in the statement of cash flow.** In previous years, Statkraft has presented dividend paid to Statkraft SF as both cash outflow from the allocated dividend from previous year's net profit and changes in withheld dividend during the year. From 2020, dividend paid is changed to only consist of cash outflow from allocated dividend from previous year's net profit, whereas changes in withheld dividend is now presented as repayment of debt/new debt. Net cash flow from financing activities is unchanged. For the third quarter of 2020 NOK 179 million in withheld dividend was paid and is included in repayment of debt. Comparable figures have been restated with no effect for the third quarter of 2019 and NOK 39 million for both year to date 2019 and the full year of 2019.

**Presentation of customer activities in the UK.** Through the segment Market operations, Statkraft is providing green power to end customers in the UK. The contracts entered into with the customers comprise physical delivery of power. The sourcing of the power is handled by and included in Statkraft Germany's balancing circle. Up until the second quarter of 2020 the power sale has been presented under the revenue category Grid and other. In addition, the grid costs relating to transportation of the power has been presented under the line item transmission costs. From the second quarter both revenues and energy purchase, including the grid costs, are presented under the revenue category Customers. In the financial statements for year to date the changed presentation resulted in NOK 1182 million being reclassified from the revenue category Grid and other to Customers and NOK 640 million being reclassified from transmission costs to energy purchase under Customers. Comparable figures are restated from Grid and other to Customers with NOK 627 million and NOK 1080 million for year to date 2019 and the full year 2019, respectively, and from transmission costs to energy purchase with NOK 407 million and NOK 682 million for year to date 2019 and the full year 2019, respectively.

## 6. REVENUE SPECIFICATION PER SEGMENT

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

**Generation** includes sales revenues and energy purchase related to Statkraft's physical power generating assets and district heating. The category includes spot sales, bilateral industry contracts, concessionary sales contracts and green certificates.

**Customers** includes sales revenues and energy purchases related to market access activities, which are in scope of IFRS 15. This is mostly related to the German market.

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

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
<b>Third quarter 2020</b>									
Generation - sales revenues	4 044	3 155	2	589	103	92	81	-	22
Generation - energy purchase	-763	-684	-	-17	-	-28	-4	-	-30
Generation - net	3 281	2 471	2	572	103	64	77	-	-8
Customers - sales revenues	2 836	-	2 900	21	-	-	-	-1	-84
Customers - energy purchase	-2 890	1	-2 976	-	-	-	-	-	85
Customers - net	-54	1	-76	21	-	-	-	-1	1
Grid and other - sales revenues	861	526	10	63	3	9	222	42	-14
Grid and other - energy purchase	-195	-138	-10	-50	-	-	-	-6	9
Grid and other - net	666	388	-	13	3	9	222	36	-5
Sales revenues - total	7 741	3 681	2 912	673	106	101	303	41	-76
Energy purchase - total	-3 847	-821	-2 986	-67	-	-28	-4	-6	65
<b>Sales revenues adjusted for energy purchase</b>	<b>3 894</b>	<b>2 860</b>	<b>-74</b>	<b>606</b>	<b>106</b>	<b>73</b>	<b>299</b>	<b>35</b>	<b>-11</b>
<b>Year to date 2020</b>									
Generation - sales revenues	12 445	9 058	19	2 024	452	468	481	-	-57
Generation - energy purchase	-1 474	-1 171	1	-153	-	-141	-26	-	16
Generation - net	10 971	7 887	20	1 871	452	327	455	-	-41
Customers - sales revenues	9 019	-	9 324	43	-	-	2	-1	-349
Customers - energy purchase	-8 701	-	-9 053	-	-	-	-	-	352
Customers - net	318	-	271	43	-	-	2	-1	3
Grid and other - sales revenues	2 219	1 088	28	194	6	-	820	129	-46
Grid and other - energy purchase	-564	-385	-28	-164	-	-	-	-15	28
Grid and other - net	1 654	703	-	30	6	-	820	114	-19
Sales revenues - total	23 683	10 146	9 371	2 261	458	468	1 303	128	-452
Energy purchase - total	-10 740	-1 556	-9 080	-317	-	-141	-26	-15	395
<b>Sales revenues adjusted for energy purchase</b>	<b>12 943</b>	<b>8 590</b>	<b>291</b>	<b>1 944</b>	<b>458</b>	<b>327</b>	<b>1 277</b>	<b>113</b>	<b>-57</b>

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
<b>Third quarter 2019</b>									
Generation - sales revenues	5 994	4 677	98	731	205	105	320	-	-142
Generation - energy purchase	-831	-738	-98	-75	-	-32	-6	-	118
Generation - net	5 164	3 939	-	656	205	73	314	-	-23
Customers - sales revenues <sup>1)</sup>	2 996	-	3 135	-	-	-	-	-	-139
Customers - energy purchase <sup>1)</sup>	-2 787	-	-2 951	-	-	-	-	-	164
Customers - net	209	-	184	-	-	-	-	-	25
Grid and other - sales revenues <sup>1)</sup>	595	306	13	63	-	-	224	3	-14
Grid and other - energy purchase	-232	-187	-13	-45	-	-	-	-	13
Grid and other - net	363	119	-	18	-	-	224	3	-1
Sales revenues - total	9 585	4 983	3 246	794	205	105	544	3	-295
Energy purchase - total	-3 850	-925	-3 062	-120	-	-32	-6	-	295
<b>Sales revenues adjusted for energy purchase</b>	<b>5 735</b>	<b>4 058</b>	<b>184</b>	<b>674</b>	<b>205</b>	<b>73</b>	<b>538</b>	<b>3</b>	<b>0</b>
<b>Year to date 2019</b>									
Generation - sales revenues	18 858	13 923	196	2 117	921	603	1 458	-	-360
Generation - energy purchase	-1 646	-1 290	-196	-191	-	-183	-34	-	248
Generation - net	17 212	12 633	-	1 926	921	420	1 424	-	-112
Customers - sales revenues <sup>1)</sup>	10 088	-	10 749	-	-	-	-	-	-661
Customers - energy purchase <sup>1)</sup>	-9 742	-	-10 414	-	-	-	-	-	672
Customers - net	346	-	335	-	-	-	-	-	11
Grid and other - sales revenues <sup>1)</sup>	1 967	932	37	192	-	-	835	7	-36
Grid and other - energy purchase	-656	-525	-37	-131	-	-	-	-	37
Grid and other - net	1 311	407	-	61	-	-	835	7	1
Sales revenues - total	30 913	14 855	10 982	2 309	921	603	2 293	7	-1 057
Energy purchase - total	-12 044	-1 815	-10 647	-322	-	-183	-34	-	957
<b>Sales revenues adjusted for energy purchase</b>	<b>18 869</b>	<b>13 040</b>	<b>335</b>	<b>1 987</b>	<b>921</b>	<b>420</b>	<b>2 259</b>	<b>7</b>	<b>-100</b>

<sup>1)</sup> NOK 220 million and NOK 627 million have been reclassified from the revenue category Grid and other to Customers for the third quarter and year to date 2019 respectively. In addition NOK 126 million and NOK 407 million have been reclassified from the financial statements line item transmission costs to energy purchase for Customers for the third quarter and year to date 2019 respectively. See note 5. In addition NOK 102 million and NOK 339 million has been reclassified from the financial statements line item Other operating income to revenue category Grid and other for the third quarter and year to date respectively. See note 12 in the annual report 2019.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
<b>The year 2019</b>									
Generation - sales revenues	26 138	19 323	22	2 791	1 260	902	2 095	-	-254
Generation - energy purchase	-2 139	-1 662	-22	-250	-	-266	-51	-	113
Generation - net	24 000	17 660	-	2 542	1 260	636	2 044	-	-141
Customers - sales revenues <sup>1)</sup>	14 668	-	15 655	-	-	-	3	-	-990
Customers - energy purchase <sup>1)</sup>	-14 197	-	-15 188	-	-	-	1	-	990
Customers - net	471	-	467	-	-	-	4	-	-
Grid and other - sales revenues <sup>1)</sup>	2 644	1 168	47	256	-	13	1 192	18	-50
Grid and other - energy purchase	-829	-642	-47	-187	-	-	-	-	47
Grid and other - net	1 815	526	-	69	-	13	1 192	18	-3
Sales revenues - total	43 450	20 490	15 725	3 048	1 260	915	3 289	18	-1 295
Energy purchase - total	-17 165	-2 305	-15 257	-437	-	-266	-50	-	1 150
<b>Sales revenues adjusted for energy purchase</b>	<b>26 285</b>	<b>18 186</b>	<b>467</b>	<b>2 611</b>	<b>1 260</b>	<b>649</b>	<b>3 239</b>	<b>18</b>	<b>-144</b>

<sup>1)</sup> NOK 1080 million have been reclassified from Grid and other to Customers for the year 2019. In addition NOK 682 million have been reclassified from the financial statements line item transmission costs to energy purchase for Customers for the year 2019. See note 5.

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

This note discloses the effects in the statement of profit and loss from unrealised value changes from inventories and financial instruments measured at fair value and currency gains and losses on financial instruments measured at amortised cost.

NOK million	Third quarter 2020			Year to date 2020		
	Unrealised	Realised	Total	Unrealised	Realised	Total
<b>UNREALISED EFFECTS REPORTED IN PROFIT AND LOSS</b>						
Generation	-	4 044	4 044	-	12 445	12 445
Customers	-	2 836	2 836	-	9 019	9 019
Grid and other	-	861	861	-	2 219	2 219
Total sales revenues	-	7 741	7 741	-	23 683	23 683
Gains/losses from market activities	-140	1 187	1 047	911	3 349	4 260
Generation	-	-763	-763	-	-1 474	-1 474
Customers	-	-2 890	-2 890	-	-8 701	-8 701
Other purchase	-	-195	-195	-	-564	-564
Total energy purchase	-	-3 847	-3 847	-	-10 740	-10 740
<b>Unrealised effects included in Operating profit (EBIT) <sup>1)</sup></b>	<b>-140</b>			<b>911</b>		
Net currency effects <sup>2)</sup>	-520	-97	-617	-3 202	-803	-4 005
Other financial items	-372	310	-62	-1 072	913	-158
<b>Unrealised effects included in Net financial items</b>	<b>-892</b>			<b>-4 274</b>		
<b>Total unrealised effects</b>	<b>-1 031</b>			<b>-3 363</b>		

<sup>1)</sup> Total sales revenues + Gains/losses from market activities + Total energy purchase.

<sup>2)</sup> Losses year to date from internal loans were NOK -781 million, of which NOK -842 million were realised.

NOK million	Third quarter 2019			Year to date 2019			The year 2019		
	Unrealised	Realised	Total	Unrealised	Realised	Total	Unrealised	Realised	Total
<b>UNREALISED EFFECTS REPORTED IN P&amp;L</b>									
Generation	-	5 994	5 994	-	18 858	18 858	-	26 138	26 138
Customers	-	2 996	2 996	-	10 088	10 088	-	14 668	14 668
Grid and other	-	595	595	-	1 967	1 967	-	2 644	2 644
Total sales revenues	-	9 585	9 585	-	30 913	30 913	-	43 450	43 450
Gains/losses from market activities	-194	18	-176	318	1 598	1 916	1 250	2 466	3 716
Generation	-	-831	-831	0	-1 646	-1 646	-	-2 139	-2 139
Customers	-	-2 787	-2 787	0	-9 742	-9 742	-	-14 197	-14 197
Other purchase	-	-232	-232	0	-656	-656	-	-829	-829
Total energy purchase	-	-3 850	-3 850	0	-12 044	-12 044	-	-17 165	-17 165
<b>Unrealised effects included in operating profit/loss (EBIT) <sup>1)</sup></b>	<b>-194</b>			<b>318</b>			<b>1 250</b>		
Net currency effects <sup>2)</sup>	-742	-170	-912	162	-185	-23	562	-430	132
Other financial items	147	-96	51	257	-78	179	415	414	829
<b>Unrealised effects included in Net financial items</b>	<b>-596</b>			<b>419</b>			<b>977</b>		
<b>Total unrealised effects</b>	<b>-790</b>			<b>736</b>			<b>2 227</b>		

<sup>1)</sup> Total sales revenues + Gains/losses from market activities + Total energy purchase.

<sup>2)</sup> Losses for the year 2019 from internal loans were NOK -42 million, of which NOK -33 million were 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 2019.

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			
<b>Year to date 2020</b>						
Gross operating revenues and other income	28 365	9 196	471	9 659		9 659
Net operating revenues and other income	16 904	8 607	415	9 027		9 027
Operating profit/loss (EBIT)	5 587	5 775	-96	5 679		5 679
Share of profit/loss in equity accounted investments	661	-	-	-	904 <sup>1)</sup>	904
Net financial items	-4 367	123	-45	78		78
Tax expense	-1 361	-2 813	76	-2 736		-2 736
Net profit/loss	520	3 085	-65	3 020	904	3 924
Net profit/loss (of which owners of the parent)	357	3 085	-42	3 042	904	3 946
Paid dividend and group contribution to Statkraft		973 <sup>2)</sup>	185 <sup>3)</sup>	1 159	539 <sup>3)</sup>	1 698
<b>Assets 30.09.20</b>						
Equity accounted investments	13 310	2	2	4	9 473 <sup>1)</sup>	9 477
Other assets	165 181	37 929	9 987	47 916		47 916
Total assets	178 490	37 931	9 989	47 920	9 473	57 393
EBITDA	9 733	6 573	42	6 615		6 615
Depreciations, amortisations and impairments	-4 146	-798	-138	-936		-936
Maintenance investments and other investments	2 039	831	137	968		968
Investments in new capacity	3 333	135	34	169		169
Investments in shareholdings	613	-	-	-		-

<sup>1)</sup> Statkraft's share.

<sup>2)</sup> Dividend and group contribution after tax paid from Statkraft Energi AS.

<sup>3)</sup> 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			
<b>The year 2019</b>						
Gross operating revenues and other income	47 933	15 491	2 045	17 516		17 516
Net operating revenues and other income	29 415	14 350	1 953	16 298		16 298
Operating profit (EBIT)	16 978	10 553	1 319	11 871		11 871
Share of profit/loss in equity accounted investments	1 249	-	-	-	1 360 <sup>1)</sup>	1 360
Net financial items	733	-323	-65	-388		-388
Tax expense	-7 632	-5 707	-613	-6 320		-6 320
Net profit/loss	11 327	4 523	642	5 164	1 360	6 524
Net profit/loss (of which owners of the parent)	10 910	4 523	426	4 949	1 360	6 309
Paid dividend and group contribution to Statkraft		6 000 <sup>2)</sup>	151 <sup>3)</sup>	6 151	638 <sup>3)</sup>	6 789
<b>Assets 31.12.19</b>						
Equity accounted investments	12 917	2	2	5	9 259 <sup>1)</sup>	9 264
Other assets	164 899	37 804	9 955 <sup>4)</sup>	47 759		47 759
Total assets	177 815	37 806	9 957	47 764	9 259	57 023
EBITDA	20 666	11 628	1 495	13 123		13 123
Depreciations, amortisations and impairments	-3 688	-1 075	-177	-1 252		-1 252
Maintenance investments and other investments	2 712	991	185	1 175		1 175
Investments in new capacity	3 738	194	27	221		221
Investments in shareholdings	972	-	-	-		-

<sup>1)</sup> Statkraft's share.

<sup>2)</sup> Dividend and group contribution after tax paid from Statkraft Energi AS.

<sup>3)</sup> Dividend paid to Statkraft.

<sup>4)</sup> The figure has changed compared to the annual report 2019. From the third quarter 2020 the figure will include excess values related to property, plant and equipment.

## 9. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

NOK million	30.09.2020	30.09.2019	31.12.2019
<b>INTANGIBLE ASSETS</b>			
<b>Balance as of 01.01.</b>	<b>4 633</b>	3 909	3 909
Additions	599	313	940
Reclassifications	-230	-97	72
Disposals	-	-13	-22
Currency translation effects	-194	-13	-64
Amortisations	-126	-100	-159
Impairments/reversal of impairments	25	-35	-43
<b>Balance as of end of period</b>	<b>4 708</b>	3 964	4 633
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Balance as of 01.01.</b>	<b>109 852</b>	105 744	105 744
Additions	5 096	4 473	6 399
Additions due to IFRS 16 (implementation)	-	1 585	1 584
Additions due to IFRS 16 (new contracts)	45	116	146
Reclassifications	230	97	-72
Disposals	-273	-49	-72
Capitalised borrowing costs	87	97	123
Currency translation effects	3 284	-447	-515
Depreciations <sup>1)</sup>	-2 912	-2 689	-3 665
Impairments/reversal of impairments	-1 132	153	179
Remeasurements and other changes (IFRS 16)	51	-2	2
<b>Balance as of end of period</b>	<b>114 326</b>	109 078	109 852

<sup>1)</sup> With effect from the second quarter, useful life of grid assets in Skagerak was extended from 25-35 years to 40-50 years. Annual depreciations are decreased with NOK 100 million.

Accounting policies, judgment and assumptions for impairments are described in note 15 in the annual report 2019.

**Wind power in the Nordics** Expected lower power prices in the coming years in the Nordic area are considered to lead to reduced revenues for wind assets in Norway and Sweden. As a result, impairments amounting to NOK 1263 million and NOK 1288 million, respectively, have been recognised in the statement of profit and loss in the first quarter.

Due to a further expected reduction in the power prices in the price area SE2 at the end of the third quarter as compared with the end of the first quarter, an impairment amounting to NOK 559 million was recognised in the third quarter for the Swedish wind farms. In total, the Swedish wind assets have been impaired with NOK 1847 million in 2020.

Calculated values in use for the assets are based on a nominal discount rate after tax of 5.9% (representing 7.6% before tax). The estimated values in use are particularly sensitive to changes in the future power prices and cost of capital.

Sensitivity analyses show the following:

Impairments in Norway first quarter:

- An increase in the future power price of 10% will result in a change of approximately NOK 525 million.
- A decrease in the future power price of 10% will result in a change of approximately NOK -525 million.
- A decrease in the discount rate of 1 percentage point (after tax) will result in a change of approximately NOK 143 million.
- An increase in the discount rate of 1 percentage point (after tax) will result in a change of approximately NOK -121 million.

Impairments in Sweden third quarter:

- An increase in the future power price of 10% will result in a change of approximately NOK 299 million.
- A decrease in the future power price of 10% will result in a change of approximately NOK -300 million.
- A decrease in the discount rate of 1 percentage point (after tax) will result in a change of approximately NOK 177 million.
- An increase in the discount rate of 1 percentage point (after tax) will result in a change of approximately NOK -154 million.

**Gas-fired power plants in Germany** In the second quarter an adjustment of the calculated value in use of a gas-fired power plant in Germany was made and a reversal of NOK 138 million of previous impairment loss was recognised in the statement of profit and loss.

Improved outlook for future gas to power margin (spark spread) has led to a reversal of previous years impairment of gas-fired power plants in Germany of NOK 1658 million in third quarter. The expectation of more hours with positive gas to power margin is the main explanation for the reversal. In total, a reversal of impairment of NOK 1796 million has been recognised in 2020.

Calculated values in use for the assets are based on a nominal discount rate after tax of 5.9% (representing 8.4% before tax). The estimated values in use are particularly sensitive to changes in future gas to power margins and cost of capital:

- An increase in the future gas to power margins of 10% will result in a change of approximately NOK 592 million.
- A decrease in the future gas to power margins of 10% will result in a change of approximately NOK -603 million.
- A decrease in the discount rate of 1 percentage point (after tax) will result in a change of approximately NOK 335 million.

→ An increase in the discount rate of 1 percentage point (after tax) will result in a change of approximately NOK -300 million

### Other impairments and reversals of impairments

**Hydropower in Peru** A reversal of previous impairment loss of NOK 116 million was recognised in the third quarter related to a hydropower asset in Peru, mainly as a result of increased long-term price expectations.

**Biomass power in Germany** A reversal of previous impairment loss of NOK 66 million was recognised in the third quarter related to biomass assets in Germany, mainly as a result of expected improved market conditions.

**Hydropower in Germany** A reversal of previous impairment loss of NOK 39 million was recognised in the third quarter related to a pumped-storage asset in Germany, mainly as a result of expected improved market conditions.

### Equity accounted investments

**Hydropower in Chile** An impairment of NOK 170 million presented as share of profit/loss in equity accounted investments was recognised in two joint ventures in Chile in the third quarter, mainly as a result of an expected reduction in future generation.

## 10. 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 2019.

## 11. DECISION RELATED TO PREVIOUS YEARS' TAX

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 decision has been expensed. Statkraft will challenge the decision of tax reassessment.

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 has 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.

## 12. MERGERS, ACQUISITIONS AND OTHER SIGNIFICANT AGREEMENTS

On May 19, Statkraft's subsidiary Skagerak Energi AS sold its remaining 15.5 million shares in Fjordkraft Holding ASA, representing 14.86% of the share capital in the company. The selling price was NOK 77 per share. The net cash inflow from the sale was NOK 1190 million, and a gain of NOK 134 million was recognised in the second quarter. The total gain in 2020 related to Skagerak's shareholding in Fjordkraft is NOK 289 million, recognised as Other financial items.

In the second quarter, Statkraft acquired 100% of several onshore wind projects located in Europe. Individually, the transactions are small, and the information is therefore provided at an aggregate level. The purchase price for the shares was NOK 226 million of which NOK 22 million was contingent. In addition, loans to former shareholders of a total of NOK 70 million were repaid in connection with the transactions.

On 11 July 2020 the Power Purchase Agreement between Himal Power Ltd (HPL) and Nepal Electricity Authority (NEA) expired and the hydropower plant Khimti was transferred to a contractual arrangement jointly controlled by HPL and NEA. The parties have rights to the net assets of the arrangement based on 50% each. Subsequent to the transfer Statkraft ceased to control the

Khimti hydro power plant on its own. The deconsolidation recognised in the third quarter led to a gain, mainly related to recycling of accumulated currency translation effects, of NOK 119 million, which is presented as Other operating income.

*New long-term power sales agreement*

Statkraft has in the third quarter 2020 entered into a long-term power sales agreement with a duration of 15 years. The commencement date for the contract was 21 September 2020. Statkraft has received a prepayment of NOK 2407 million. The intention with the contract is to stabilise sales revenues from Norwegian hydropower plants.

In the financial statements for the third quarter this prepayment is presented as short-term interest-bearing liabilities for deliveries in the next 12 months and long-term interest-bearing liabilities for the remaining delivery obligation. In the statement of cash flow the cash received is classified as operating activities under the line item effects from prepayments from customers. The deliveries under the contract are recognised as revenues on a straight line basis over the contract period and reflect the expected production profile within the respective years.

### **13. 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.

Statkraft has made changes in the operating profit (EBIT) underlying from 2020. Previous years all embedded derivatives were excluded. Going forward only embedded derivatives related to EUR vs NOK exposure will be excluded. The change better reflects how the management is following up on the financial results in the segments.

Statkraft uses the following APMs:

**EBITDA underlying** is defined as operating profit (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 (EBIT) underlying** is an APM used to measure performance from operational activities.

### Items excluded from operating profit (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**, 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 section Segments.

**ROACE** is defined as operating profit (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.

**Net interest-bearing debt** is used to measure indebtedness.

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

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

NOK million	Third quarter		Year to date		The year 2019
	2020	2019	2020	2019	
<b>ALTERNATIVE PERFORMANCE MEASURES</b>					
<b>OPERATING PROFIT (EBIT) MARGIN UNDERLYING</b>					
Operating profit (EBIT) underlying	1 100	1 970	5 090	11 320	16 744
Gross operating revenues and other income underlying	8 571	9 153	26 761	33 069	47 836
<b>Operating profit (EBIT) margin underlying</b>	<b>12.8%</b>	<b>21.5%</b>	<b>19.0%</b>	<b>34.2%</b>	<b>35.0%</b>
<b>RECONCILIATION OF OPERATING PROFIT (EBIT) UNDERLYING TO EBITDA UNDERLYING</b>					
Operating profit (EBIT) underlying	1 100	1 970	5 090	11 320	16 744
Depreciations and amortisations	958	927	3 038	2 789	3 824
<b>EBITDA underlying</b>	<b>2 059</b>	<b>2 896</b>	<b>8 129</b>	<b>14 109</b>	<b>20 569</b>
<b>FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED</b>					
Intangible assets			4 708	3 964	4 633
Property, plant and equipment			114 326	109 078	109 852
Other non-current assets			5 455	3 268	3 597
- Loans to equity accounted investments <sup>1)</sup>			-1 529	-1 491	-1 463
- Bonds and other long-term investments <sup>1)</sup>			-88	-221	-203
- Pension assets <sup>1)</sup>			-478	-511	-886
- Other shares and shareholdings <sup>1)</sup>			-517	-432	-478
Inventories			2 174	3 039	4 468
Receivables			14 236	9 650	13 348
- Receivables related to cash collateral <sup>2)</sup>			-4 115	-2 914	-3 035
- Current loans to equity accounted investments <sup>2)</sup>			-58	-53	-55
- Other receivables not part of capital employed <sup>2)</sup>			-170	-64	-245
Provisions allocated to capital employed			-2 231	-2 142	-2 308
Taxes payable			-3 067	-7 862	-7 109
Interest-free liabilities allocated to capital employed			-8 008	-6 963	-9 720
<b>Capital employed</b>			<b>120 637</b>	<b>106 347</b>	<b>110 396</b>
<b>Average capital employed <sup>3)</sup></b>			<b>115 551</b>	<b>106 599</b>	<b>107 997</b>
<b>RECONCILIATION OF CAPITAL EMPLOYED TO TOTAL ASSETS</b>					
<b>Capital employed</b>			<b>120 637</b>	<b>106 347</b>	<b>110 396</b>
Deferred tax assets			2 034	721	614
Equity accounted investments			13 310	12 834	12 917
Other non-current financial assets <sup>1)</sup>			2 613	2 655	3 031
Derivatives, non-current			4 905	4 895	2 961
Receivables <sup>2)</sup>			4 343	3 031	3 335
Current financial investments			584	1 381	1 470
Derivatives, current			8 657	5 095	8 752
Cash and cash equivalents (incl. restricted cash)			8 102	18 492	15 203
Liabilities allocated to capital employed, see table above			13 306	16 967	19 137
<b>Total assets as of the statement of financial position</b>			<b>178 490</b>	<b>172 418</b>	<b>177 815</b>
<b>RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)</b>					
Operating profit (EBIT) underlying, rolling 12 months			10 515	16 204	16 744
Average capital employed			115 551	106 599	107 997
<b>ROACE</b>			<b>9.1%</b>	<b>15.2%</b>	<b>15.5%</b>
<b>RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)</b>					
Share of profit/loss in equity accounted investments, rolling 12 months			1 212	595	1 249
Average equity accounted investments <sup>3)</sup>			13 189	13 174	13 107
<b>ROAE</b>			<b>9.2%</b>	<b>4.5%</b>	<b>9.5%</b>
<b>NET INTEREST-BEARING DEBT</b>					
Non-current interest-bearing liabilities			33 478	28 969	28 427
Current interest-bearing liabilities			3 579	5 099	4 479
Cash and cash equivalents (incl. restricted cash)			-8 102	-18 492	-15 203
Current financial investments			-584	-1 381	-1 470
<b>Net interest-bearing debt</b>			<b>28 371</b>	<b>14 195</b>	<b>16 232</b>
<b>NET INTEREST-BEARING DEBT-EQUITY RATIO</b>					
Net interest-bearing debt			28 371	14 195	16 232
Equity			97 639	96 919	100 764
<b>Sum of net interest-bearing debt and equity</b>			<b>126 010</b>	<b>111 114</b>	<b>116 996</b>
<b>Net interest-bearing debt - equity ratio</b>			<b>22.5%</b>	<b>12.8%</b>	<b>13.9%</b>

<sup>1)</sup> The item is a part of other non-current financial assets in the statement of financial position, but not a part of capital employed.

<sup>2)</sup> The item is a part of receivables in the statement of financial position, but not a part of capital employed.

<sup>3)</sup> Average capital employed and average equity accounted investments are based on the average for the last four quarters.

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