Statnett

Statnett Group

1st halfyear 2022

Contents

Highlights and future outlook

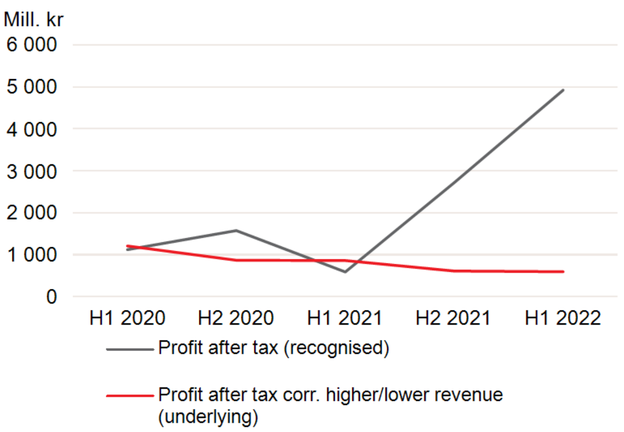
In the first half of the year, the demanding situation in the European energy markets pushed power prices to a historical high. The situation is primarily driven by the Russian invasion of Ukraine and reduced Russian gas exports to Europe. In addition, minimal precipitation so far in 2022 has resulted in unusually low reservoir levels in southern Norway. This has heightened the focus on security of supply and the key challenges for Norway's planned green transition.

The situation in the power markets and restrictions in transmission capacity has resulted in some high price differences between southern Norway and central and northern parts of the country. Together with the power exchange with other countries, this has generated high congestion revenue for Statnett. Statnett's higher revenue is being returned to grid customers through a reduction in the tariff and Statnett will from September 1st this year set the energy component of the grid tariff to zero. The fixed component of the consumption tariff has been set to zero from 1st April until the end of 2023. Together these new tariff reductions will be the equivalent of around 11 billion kroner in lower costs for Norwegian energy consumers.

On 24th of May, Statnett changed its assessment of the power situation in southern Norway to "pressed". The background for this is the low reservoir levels, the development in the power market and uncertainty related to import of power in the coming winter.

Statnett is following the situation closely, together with the authorities, and has established a number of measures to ensure security of supply.

Profit after tax



Amongst other things an arrangement is established whereby the producers of hydro power in southern Norway will deliver a weekly production report showing to what degree the production leads to lower reservoir levels. Statnett has also started to develop measures to meet a strained situation in the power supply and has implemented measures for improved import using interconnectors. Work has also started to improve the transmission capacity between the different price areas in the north and south of Norway.

An important part of Statnett's mission is to deliver a more and better power grid capacity, and so far in 2022 we have delivered investments worth just over NOK 2 billion. This level is somewhat lower than described in the grid development plan (NUP 2021). We expect increased activity in the second-half of the year and that new projects will be started continuously.

In the first half of 2022, the Statnett Group posted an underlying profit after tax of NOK 596 million (NOK 862 million). The recorded profit after tax for the first half of the year was NOK 4,921 million (NOK 590 million). Statnett's higher revenue balance increased by NOK 5,545 million in the first half of the year.

Outlook: We are currently in the middle of the green transition.

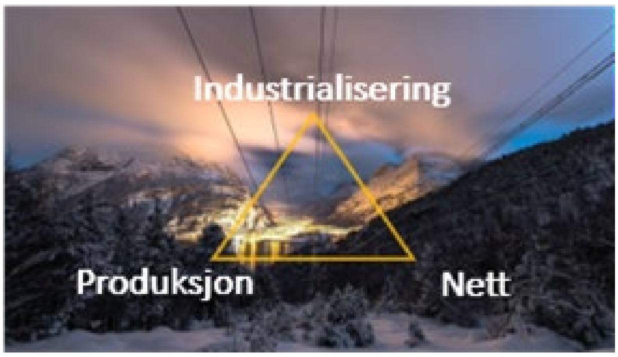
The war in Ukraine has changed the situation in Europe in many areas and significantly affected the European energy system. These are very troubled times for Europe and the rest of the world as energy and security policies have become more intertwined. Statnett is playing a pivotal role in this context.

The short-term development in the energy market is influenced by major insecurity. The significant price differences in Norway are due to limitations in the grid between the north and south of Norway as well as a significant surplus of energy in the north of Norway and Sweden. Statnett has plans for more connections that will contribute to increased capacity, and work has started on connections over Sognefjorden and Trondheimsfjorden. The project portfolio is subject to continuous prioritization. In addition, work continues with several initiatives related to system operation both in Norway, and in cooperation with Svenska kraftnät.

The EU is aiming for greater independence from Russian gas and has launched extensive plans for building new renewable energy production. Even though there will be an increase in energy production in Norway over time, there is also need for increased production in the near future in order to allow for increased energy consumption.

Europe is meeting the situation with large-scale investments in the construction of new renewable energy and measures to become independent of Russian gas imports. The RePowerEU package of measures was launched by the European Commission in May. In Norway too, investment in renewable energy will be important for the future development of society. The number of requests for connection to the grid is continuing to rise and currently exceeds the available grid capacity. Statnett's analyses also show that the Norwegian power surplus is expected to reach zero as early as 2026.

Statnett's strategy emphasises the relationship between industrial investments in the coming decades and the need for more power generation and transmission grids. The strategy assumes that Norwegian power consumption could be around 220 TWh by 2050, up from the current level of around 140 TWh. This means that the industrial development require significant investments in new renewable power production, and Statnett plans to invest NOK 60–100 billion by 2030 to meet the quickening pace of industrialisation.



Graphic: Illustration of Norway's energy triangle

Offshore wind is a key element in this context and will provide a large share of the new production in the EU. Belgium, Denmark, Germany and the Netherlands have jointly signed the Esbjerg Declaration with the aim of developing 65 GW of offshore wind in the North Sea by 2030 and a minimum of 150 GW by 2050.

Norway is also planning investments in offshore wind and Statnett was earlier this year appointed as responsible for planning and design of the offshore grid. The government set out its ambitions for investment in offshore wind in May, announcing plans to open up offshore areas to develop 30 GW of offshore wind by 2040. In March, Statnett published a technical review of offshore wind in Southern North Sea II. The review emphasises the need for comprehensive development of the onshore and offshore power system, and that the development of a meshed offshore grid will require technological development. It also shows that the impact the various connection solutions will have on prices will be low as long as there is an energy balance in Norway.

However, the rapidly growing need for new power also reveals a need for more power production prior to the offshore wind investment becomes a reality. This need can be met by increased hydro power capacity and onshore wind.

The restructuring of the energy systems, the industrial investment and a higher share of intermittent power will require both extensive investments and the best possible utilisation of the existing power grid. Statnett is working on several measures to increase the grid performance, both with regard to individual components and at the system level. An example is the joint Nordic project to optimise calculation of available capacity. This is known as the flow-based method and will ensure better utilisation of the existing network.

The large element of stable and flexible hydropower is the mainstay of the Norwegian system. The Norwegian system is in a better position than most other European power systems to implement the green transition. Major variations in power production will nevertheless also require flexibility in consumption and market solutions that accommodate this need. Many more processes will have to be automated to cope with larger and more frequent changes, market solutions will have to be adapted and digital tools will have to be developed to handle the tasks. Statnett has a strong focus on these tasks and is actively partnering with other players in the power market to overcome the challenges.

Key figures and alternative performance measures

In addition to the standard income statement, a number of alternative performance measures are presented to give a better understanding of Statnett's underlying results. Alternative performance measures are defined in ESMA's guidelines as a financial measure of historical or future financial performance, as opposed to a financial measure defined or specified in the applicable financial reporting framework.

Statnett's alternative performance measures are adjusted for higher/lower revenue and supplement the figures in the IFRS financial statements. Reported accumulated higher/lower revenue also includes applied interest and any prior-year adjustments.

Changes in selected key financial and operational ratios used by management to monitor alternative performance measures over time are also shown.

	H1		Year
Key figures *(Amounts in NOK million)*	**2022**	**2021**	**2021**
Accounting profit			
Operating revenue	12 616	5 279	14 412
Depreciation and amortisation [1]	-1 540	-1 471	-3 080
Operating profit before depreciation and amortisation EBITDA	8 245	2 510	7 926
Operating profit	6 705	1 039	4 846
Profit for the period	4 921	590	3 307
Adjustments			
Change in higher/lower (+/-) revenue befor tax	-5 545	349	-2 350
Change in higher/lower (+/-) revenue after tax	-4 325	272	-1 833
Accumulated higher/lower (+/-) revenue	-7 955	290	-2 410
Underlying profit (adjusted for change in higher/lower revenue)[2]			
Operating profit befor depreciation and amortisation EBITDA	2 700	2 859	5 576
Underlying operating profit	1 160	1 388	2 496
Underlying profit for the period	596	862	1 474
Key figures balance sheet			
Investments (additions, facilities under construction and purchased grid infrastructure)	2 162	3 231	6 121
Equity adjusted for higher/lower revenue after tax	19 866	18 890	19 587
Total assets	86 211	83 694	84 446
Capital employed [3]	70 851	68 669	69 891
Financial key figures			
Return on capital employed before tax, adjusted for higher/lower revenue [4]	3,3 %	4,0 %	3,6 %
Equity ratio after tax, adjusted for higher/lower revenue	23,0 %	22,6 %	23,7 %
Key figures, Operations			
Number of full-time equivalents	1 659	1 615	1 638
Sickness absence %	3,9 %	2,5 %	3,0 %
Lost-time injuries, own employees	2	3	3
Lost-time injuries, including suppliers/contractors	6	8	9

1) Depreciation, amortisation and impairments per statement of total comprehensive income less impairments disclosed in Note 4, Facilities under construction.
2) The underlying profit is based on regulated permitted revenue, while the accounting result will vary depending on established tariffs, charges and congestion revenue. The difference is known as higher/lower revenue (see Note 2).
3) Capital employed = Property, plant and equipment + Facilities under construction + Trade and other current receivables + Trade and other current payables
4) Return on capital emplyed before tax, adjusted for higher/lower revenue =EBIT, adjusted for higher/lower revenue / Average capital employed last two years.

Operating and market information

Low reservoir levels in southern Norwegian reservoirs, combined with the shortage of gas in Europe because of the war in Ukraine, has increased the uncertainty related to the security of supply in Norway. This is the background in which Statnett, in May, assessed the power situation as "Strained" for southern Norway (NO1, NO2 and NO5).

The power situation in central and northern Norway (NO3 and NO4) is the opposite thanks to high reservoir levels and good access to resources in northern areas of Sweden. Prices have been very low in these areas.

At the end of the first half of the year, overall reservoir levels in Norway were at 59.2 per cent of capacity, 8.7 percentage points below normal. In southern Norway, reservoir levels were significantly lower, and down to 45.5 per cent of capacity in NO2, 24 percentage points lower than normal for this bidding zone. In the last week of June, reservoir levels in NO1 and NO5 were respectively 12.2 and 7.9 percentage points lower than normal.

In the two northernmost bidding zones, NO3 and NO4, reservoir levels were higher than average for this time of year. At the end of June, reservoir levels in NO4 were as high as 75 per cent of capacity, 11.4 percentage points higher than normal, while in NO3 they were 10.5 percentage points above normal.

Although prices have been low in the northernmost parts of Sweden and Norway, price levels have been very high in southern Scandinavia and other European countries. The prices in southern Norway reflect both low reservoir levels and price levels in other European countries. The war in Ukraine has drastically reduced gas supplies to Europe, resulting in very high prices.

A reduction in production of French nuclear power has also exacerbated the situation.

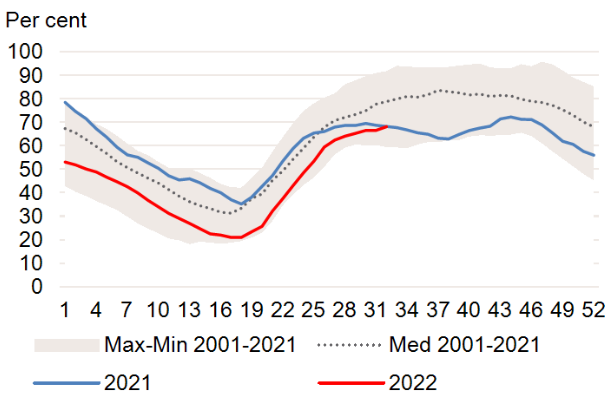
Norwegian power production was just over 75 TWh in the first half of the year, while consumption was just under 69 TWh. In the same period, net exports to other countries from northern and central Norway were 2.6 TWh, while net exports from southern Norway totalled 3.9 TWh. Also in the same period, the net transmission volume from the northernmost areas to southern Norway was 2.5 TWh.

There were several violent storms throughout Norway at the start of the year, including the extreme weather system Gyda, which swept across the counties of Møre og Romsdal and Norland. The storms resulted in multiple short-term outages that reduced security of supply (including the area around Bergen), but there were no significant blackouts due to outages at Statnett's facilities.

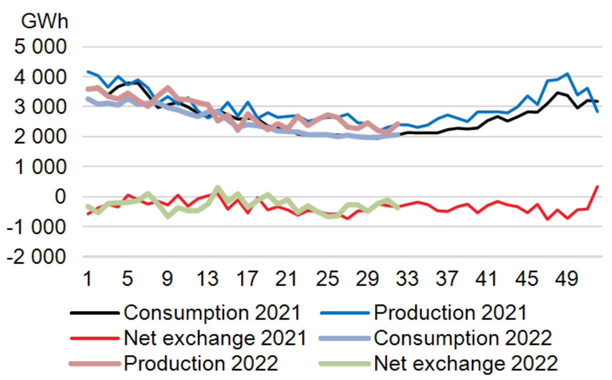
Availability on the interconnectors has varied. The capacity of the NordLink interconnector varies due to restrictions in the German grid, whilst faults on the Dutch side of NorNed reduced capacity to 420 MW from 13 March and a further fault has resulted in zero capacity since 6 May. The Skagerrak interconnector has continued to have reduced capacity due to faults on the Danish side in 2019.

The capacity in the power grid between Norway and southern Sweden was limited for large parts of 2021. This has mainly resulted in reduced transmission from Sweden. Statnett and Svenska Kraftnät have cooperated closely to implement measures to improve capacity and draw up effective plans for further improvements.

Reservoir levels Norway



Production and consumption Norway



	Unit	2022 Ambition level	H1 2022	H1 2021	2021
Non-Delivered Energy (NDE)	MWh	1250	61	183	701
Frequency variances	Minutes	10 000	4 932	5 497	10 670

Sustainability and safety

Through our social mission, Statnett is a central facilitator for the green transition. The transmission grid and system operation are fundamental in achieving zero emissions by 2050 and will facilitate electrification and new green value creation. Sustainability and safety shall be the basis for everything we do.

Sustainability

The UN's sustainable development goals provide a framework for our efforts. Sustainability has been accorded a high priority within the organisation and the strategic agenda and is defined as one of Statnett's six main goals.

Statnett is continuing to strengthen follow-up of supply chains in order to prioritise social and environmental considerations through qualification of suppliers and requirements incorporated in supplier contracts.

Environmental actions need to have significant emphasis on preserving natural diversity and landscape values and we are committed to reducing climate gas emissions. We are working hard to meet future requirements and expectations.

In the first half of 2022, six environmental incidents were reported. Two of the incidents involved oil leakages during operation of our facilities. The source and the extent of the leaks has been ascertained and remedial actions have been initiated. The other four incidents relate to violations of area restrictions by contractors related to protection of cultural monuments, run-offs towards vulnerable nature areas and transportation over areas that are not included in the contractor's land use plan.

Follow up of these contractors with regard to implementation of remedial actions is in progress.

We are working to increase diversity in our own organisation. The proportion of women in management positions at all levels increased from 30 to 33 per cent in the first half of 2022.

Statnett reports annually on sustainability in accordance with the international Global Reporting Initiative. See www.statnett.no and Statnett's 2021 Annual Report.

Personal safety

After the reorganisation in 2021, groupwide HMS initiatives have been strengthened.

Statnett regularly observes third parties carrying out activities in the vicinity of live installations in breach of the requirements for safety distances. Statnett has strengthened reporting and introduced communication measures to reduce such third-party risk.

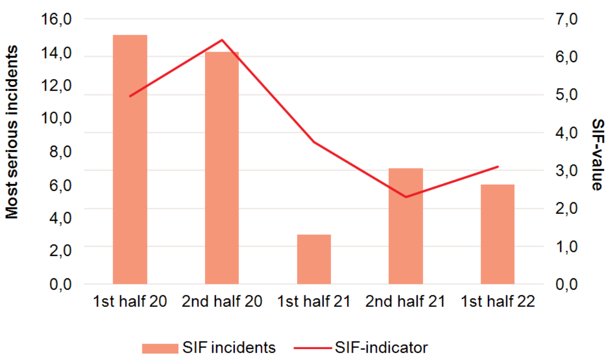
So far in 2022, six SIF incidents have been registered, all based on their potential consequences. The overall SIF indicator has declined sharply since the second half of 2020. The current value of 3.1 after the first half of 2022 is higher than the target value for the year of 2.0. With regard to lost-time injuries, the H1 indicator for own employees has steadily declined over the past three years. The H1 indicator for external personnel varies to a greater extent but has steadily decreased since the first half of 2021.

Following the pandemic, more staff have returned to our offices. Sickness absence rose slightly in the first half of 2022 compared to the corresponding period in 2021 – from 2.5 to 3.9 per cent on a rolling basis. Statnett's sickness absence is still lower than the national average[1].

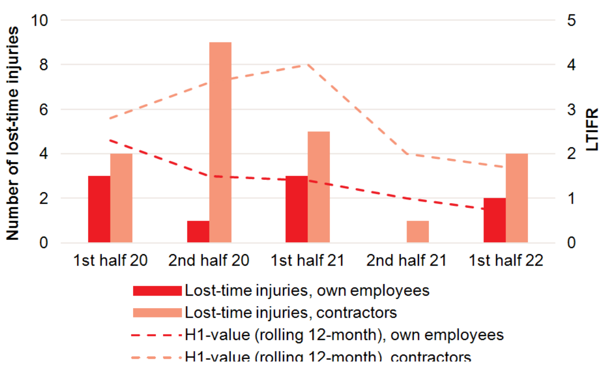
[1] See seasonally adjusted sickness absence rates for wage earners aged 16–69 (Statistics Norway) Q1 2022

Digital security
Work related to digital security is given high priority so that we can protect the company's assets against cyber-attacks. The first half of 2022 has been dominated by the war in Ukraine and changes in the threat landscape. This has intensified the spotlight on digital security throughout the organisation and specific measures have been carried out. Statnett has worked closely with NVE, KraftCERT and NCSC on handling the situation. The increase in alerts and incidents reported to Stattnett's SOC (Security Operation Centre) in the first half of the year reflects increased awareness in this area within the organisation. No cyber incidents have been registered at Statnett that have affected our system operation in the first half of 2022.

SIF-value 12 months rolling average Group[4)]



LTIF-value rolling 12 month and lost-time injuries Group[2) and 3]



[2)] Lost-time injury frequency, number of lost-time injuries per million working hours.
[3)] Injury frequency, number of lost-time and non-lost time injuries per million working hours.
[4)] Number of serious (red) incidents involving injuries, near misses, environmental harm and hazardous conditions relating to electrical safety and working at height per million working hours.

Projects

Important project-related events

Under construction

- A decision has been taken to start the implementation phase for the following projects: Kolsvik refurbishment of control and switchgear equipment, Ørskog increased transformation, Increased transformation Fana & Litlesotra
- Licence application is submitted for the following projects: Increased transformation Fana & Litlesotra, New substations Langerud and Onarheim.
- Amendment application and expropriation application submitted to NVE for the projects Power line/cable Åfjord-Snilldal and Surna-Viklandet.
- OED approved the licence in February for Power line Aurland-Sogndal and NVE approved the ETCP for the power line in March.

A list of projects with a total cost of more than NOK 500 million is presented on the following page.

Number of kilometres of power lines

In the last five years, an average of approximately 150 km of power lines has been completed, where the most was 232 km in 2017 and the least was 76 km in 2021. We are aiming to increase activities in this area compared with 2021 and 2022 from next year, and so far we have approved investment decisions for 230 km of power lines in 2022.

Digital development

Statnett has placed all digital development and innovation projects in a common portfolio. The largest digital projects currently in progress are: New Nordic Balancing Model (NBM) for power system operation and upgrading of the communications network in the project roll out of operations critical grid.

	Unit	Target for 2022	H1 2022	H1 2021	2021
Finished power lines	Km	70	30	30	76
Commissioned field circuit breakers	Number	46	14	10	40

List of investment projects with a total cost of more than NOK 500 million

See **www.statnett.no** for more information about the projects.

Project [1]	**Location**	**Expected investment (MNOK)**
Under construction		
Kabel til England (North Sea Link) [2]		MEUR 750-850
Balsfjord–Skaidi, 420 kV power line	North	4,090 - 4,230
Sogn–Ulven, new 420 kV cable installation	Oslo and Østfold	2,020–2,520
Lyse–Fagrafjell, new power line and substation [3]	South Rogaland and Agder	2,220 - 2,340
Smestad–Sogn substation and cable installation	Oslo and Østfold	1,570 - 1,630
Hamang, new transformer substation	Oslo and Østfold	845 - 900
Rød, refurbishment of control gear and switchgear equipment and increased transformation capacity	Telemark and Vestfold	750 - 780
Sogn, transformer substation reinvestment	Oslo and Østfold	680 - 710
Kvandal–Kanstadbotn refurbishment	North	620 - 650
Salten, new substation solution	Nordland	595 - 620
Sylling, reinvestment	Hallingdal and Ringerike	585 - 605
Final licences granted		
Åfjord–Snilldal, new 420 kV power line and cable installation	Central	1,900 - 2,700
Aurland–Sogndal, voltage upgrade	Hallingdal and Ringerike	1,345 - 1,490
Aura/Viklandet–Surna, voltage upgrade	Central	500 - 700
Digital development		
Roll-out of operations-critical grid		528–565
New Nordic Balancing Model (NBM)		520–620

[1] The amounts in the table show the expected intervals for project costs

[2] Statnett's share Exposure mainly in EUR, including for agreements with partners in the UK.

[3] Cost range does not include clearance of the Stokkeland substation.

All costs for "Projects under construction" are shown at the current exchange rate, other projects are shown at 2022 rates, excl. interest on construction loans and currency hedging.

Financial results

Operating revenue

In the first half of 2022, consolidated operating revenues totalled NOK 12,616 million, an increase of NOK 7,338 million on the same period last year. The increase is mainly due to extraordinary high congestion revenue which will benefit power grid customers through reduction of grid rental prices.

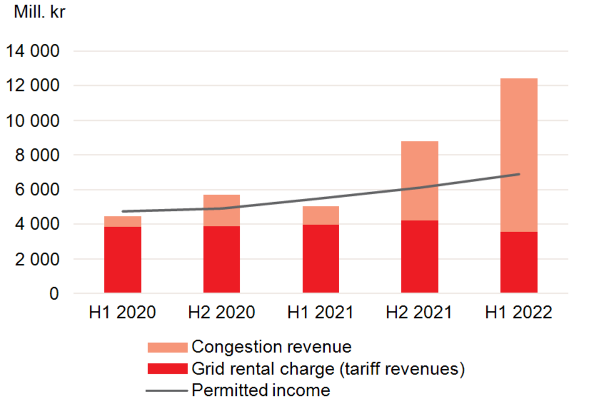
- Tariff revenues were NOK 3,550 million, a reduction of NOK 415 million compared with the first half of last year. The reduction of NOK 944 million in the fixed tariff component is attributable to the decision to reduce this component to zero from 1 April 2022. This has been somewhat offset by a NOK 306 million increase in the energy component because of significantly higher power prices in the first half of 2022. In addition, revenues from balance settlement increased as a result of higher system operating costs.
- Congestion revenue was NOK 8,877 million, NOK 7,813 million higher than the same period last year. The increase is due to large price differences with Sweden and with Europe, as well as within Norway.
- Other operating revenue totalled NOK 230 million, up NOK 96 million on the same period in 2021. The increase is due to several factors, including increased revenue from customer projects, revenue from the sale of grid facilities and assets as well as compensation settlements following breakdowns.

The Group's operating revenues are primarily regulated through a cap for permitted revenue established by the Norwegian Energy Regulation Authority (RME). Total permitted revenue amounted to NOK 6,887 million in the first half of 2022 (NOK 5,492 million). The increase is attributable to a higher revenue base because of the completion of more facilities, including the North Sea Link (NSL). Permitted revenue also increased due to a higher regulatory rate of return and higher power prices. Increased activity in the Group in 2020 compared to 2019 also creates a higher revenue base due to costs that are recognised after a two-year time lag.

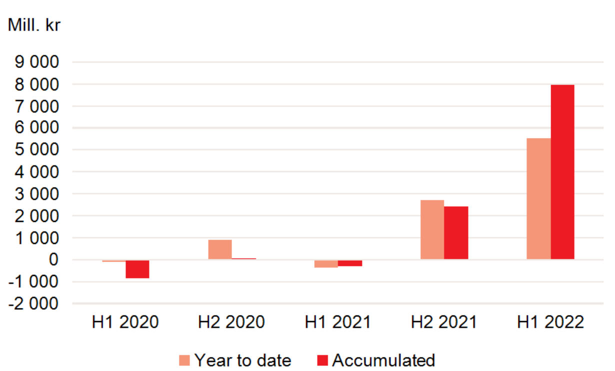
In 2022, the fixed component of the consumption tariff has been reduced to zero from April 1st until the end of the year and is also set to zero for the whole of 2023. Statnett will also from September 1st 2022 to the end of 2023 set the energy component of the grid tariff to zero. If accounting revenues from grid operations deviate from permitted revenue in a year, this gives rise to higher or lower revenue. In accordance with the regulations, higher/lower revenue is not recognised in the balance sheet but is equalised over time through adjustment of the future grid rental charge for customers.

In the first half of 2022, Statnett had a higher revenue (see Note 2) of NOK 5,545 million (NOK 349 million). At the end of the first half year 2022, the accumulated higher revenue amounted to NOK 7,955 million. The increase is mainly attributable to the sharp increase in congestion revenue.

Total operating revenue



Higher/ lower revenue



Operating costs

Consolidated operating costs in the first half of 2022 totalled NOK 5,911 million, an increase of NOK 1,671 million on the same period last year (NOK 4,240 million).

- System services rose by NOK 561 million, mainly due to high prices and major price differences. This has resulted in increased costs for reserves as well as for net balancing and peak-load power. In addition, shutdowns of the NordLink interconnector and long-term single-phase operation for NSL have resulted in higher loss costs.
- Transmission losses rose by NOK 836 million primarily due to higher power prices.
- Total salary and personnel costs increased by NOK 68 million. The increase is mainly due to wage regulation and increased staffing levels in addition to a lower share of capitalised costs.
- Total depreciation, amortisation and impairments were up NOK 63 million due to a higher level of capitalisation towards the end of 2021, including for the North Sea Link and the Western Corridor.
- The increase in other operating costs of NOK 144 million is related to higher costs for plant and property operation, mainly because of high electricity prices and general inflation. Costs are also up due to more staff returning to the offices and increased activity in operations and customer projects. In addition, costs for IT licences rose as a result of increased complexity, prices and volumes.

Income statement

The operating profit for the first half of the year was NOK 6,705 million, an increase of NOK 5,666 million from NOK 1,039 million the year before. The increase is mainly attributable to higher congestion revenue.

Consolidated net financial items closed on NOK -392 million (NOK -289 million).

- The main reasons for the increase in financial costs were higher interest rates and increased interest costs. The average loan interest rate was 0.56 percentage points higher in the first half of 2022 than in the same period in 2021, although the increase was slightly offset by lower net borrowings.
- The remainder of the increase in net financial costs is attributable to a reduced market value of securities of NOK 19 million and higher foreign currency losses of NOK 28 million.

In the first half of the year, the consolidated profit after tax amounted to NOK 4,921 million (NOK 590 million). Adjusted for the change in higher/lower revenue not recognised in the balance sheet, the underlying profit after tax amounted to NOK 596 million (NOK 862 million). The reduction in the underlying profit is mainly attributable to increased costs for system services as a result of high power prices and increase in other operating costs in 2022.

Cash flow

The net cash flow for the period amounted to NOK 1,316 million (NOK 1,455 million).

- The consolidated cash flow from operating activities closed the first half of the year on NOK 7,359 million (NOK 2,094 million).
- The net cash flow from investing activities came in at NOK -2,250 million (NOK -2,950 million).
- In total, loans of NOK 1,794 million were repaid. No new loans were taken out in the period.
- At the end of the first half of 2022, consolidated cash and cash equivalents and market-based securities totalled NOK 5,139 million (NOK 3,914 million).
- Statnett SF has a high credit rating. Standard & Poor’s and Moody’s Investor Service have given Statnett SF credit ratings for long-term borrowings of A+ and A2 respectively. The high credit rating gives Statnett SF good borrowing opportunities.
- Statnett SF has total unused drawdown rights of NOK 8,000 million and an undrawn loan with the European Investment Bank of EUR 130 million.

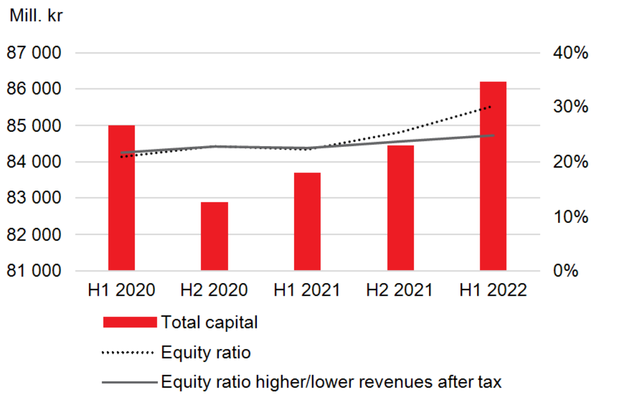
	H1		Year
Operating costs	**2022**	**2021**	**2021**
System services	1,109	548	1,505
Transmission losses	1,448	613	1,746
Salary and personnel costs	663	595	1,201
Depreciation, amortisation and impairments	1,547	1,485	3,119
Other operating costs	1,144	1,000	1,995
Total operating costs	**5,911**	**4,240**	**9,566**

Balance sheet

At the end of June 2022, the Group had total assets of NOK 86,211 million (NOK 83,694 million).

- Interest-bearing liabilities totalled NOK 49,104 million (NOK 56,464 million) and included CSA payments (guarantees from derivative counterparties) of NOK 2,771 million (NOK 4,239 million). The market value of interest and currency swaps (value hedges) recognised in the balance sheet relating to interest-bearing liabilities amounted to NOK 2,649 million. Adjusted for the above, interest-bearing liabilities totalled NOK 46,455 million.
- Adjusted for higher/lower revenue, the equity ratio was 23.0 per cent at the end of the first half of the year (22.6 per cent).

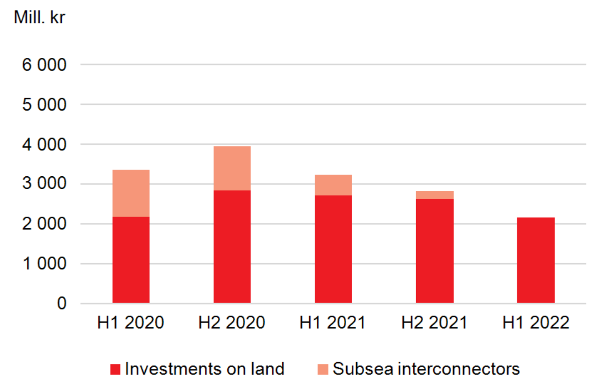
Balance sheet values and equity ratio



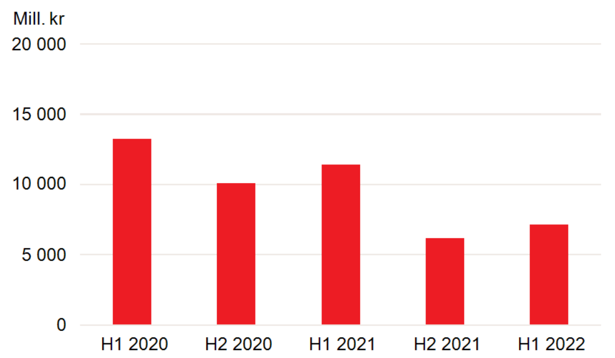
Investments

In the first half of the year, Statnett made total investments of NOK 2,162 million, compared with NOK 3,231 million in the first six months of 2021. These investments related to commissioned grid projects, projects under construction, information and communication technology and other investments, as well as acquisitions of grid infrastructure from other grid owners. Investments for 2022 are expected to total around NOK 6 billion.

Development investments



Development plants and construction



Comprehensive income statement

		First half		Year
(Amounts in NOK million)	Note	**2022**	**2021**	**2021**
Operating revenue				
Regulated operating revenue	2	12 387	5 145	13 944
Other operating revenue		230	134	468
Total operating revenue		**12 616**	**5 279**	**14 412**
Operating costs				
System services		1 109	548	1 505
Transmission losses		1 448	613	1 746
Salaries and personnel costs		663	595	1 201
Depreciation, amortisation and impairment	4	1 547	1 485	3 119
Other operating costs		1 144	1 000	1 995
Total operating costs		**5 911**	**4 240**	**9 566**
Operating profit		**6 705**	**1 039**	**4 846**
Financial income		13	29	37
Financial costs		405	318	644
Net financial items		**-392**	**-289**	**-607**
Profit before tax		**6 313**	**751**	**4 239**
Tax		1 392	161	932
Profit for the year		**4 921**	**590**	**3 307**
Other comprehensive income				
Changes in fair value for cash flow hedges		538	130	298
Tax effect		-118	-29	-66
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**420**	**101**	**233**
Changes in estimate deviations of pension liabilities		-	36	36
Tax effect		-	-8	-8
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-**	**28**	**28**
Total other comprehensive income		**420**	**129**	**260**
Total comprehensive income		**5 340**	**719**	**3 567**

Balance sheet

(Amounts in NOK million)	Note	**30.6.2022**	**30.6.2021**	**31.12.2021**
Assets				
Non-current assets				
Intangible assets		1 657	1 046	1 737
Tangible assets		66 311	60 918	66 767
Plants under construction	4	7 139	11 400	6 197
Investment in jointly controlled company and associates		157	120	57
Pension assets		164	84	127
Derivatives	3	3 979	4 899	4 500
Other non-current financial assets	3	123	131	128
Total non-current assets		**79 529**	**78 598**	**79 513**
Current assets				
Inventories		5	-	3
Trade accounts and other short-term receivables	3	1 284	922	1 134
Market-based securities	3	1 435	1 401	1 407
Assets held for sale		254	254	-
Derivatives	3	-	7	1
Cash and cash equivalents	3	3 703	2 513	2 387
Total current assets		**6 682**	**5 096**	**4 933**
Total assets		**86 211**	**83 694**	**84 446**
Equity and liabilities				
Equity				
Contributed capital		5 950	5 950	5 950
Other equity accrued		20 121	12 668	15 517
Total equity		**26 071**	**18 618**	**21 467**
Long-term liabilities				
Deferred tax liability		5 590	3 289	4 055
Pension liabilities		270	259	266
Other liabilities		586	473	495
Derivatives	3	489	1	169
Long-term interest-bearing debt	3	41 665	48 627	46 903
Total long-term liabilities		**48 601**	**52 650**	**51 888**
Current liabilities				
Short-term interest-bearing debt	3	7 439	7 837	6 831
Trade accounts payable and other short-term debt	3	3 883	4 517	4 202
Derivatives	3	205	69	17
Tax payable		13	4	40
Total current liabilities		**11 540**	**12 426**	**11 091**
Total equity and liabilities		**86 211**	**83 694**	**84 446**

Changes in equity

(Amounts in NOK million)	Total equity	Other equity accrued	Hedge reserve	Contributed capital
01.01.2021	**18 938**	**13 147**	**-159**	**5 950**
Profit/loss for the period	3 307	3 307	-	-
Other comprehensive income	260	28	233	-
Dividends declared	-1 039	-1 039	-	-
31.12.2021	**21 467**	**15 443**	**73**	**5 950**
01.01.2021	**18 938**	**13 147**	**-159**	**5 950**
Profit/loss for the period	590	590	-	-
Other comprehensive income	129	28	101	-
Dividends declared	-1 039	-1 039	-	-
30.6.2021	**18 618**	**12 726**	**-58**	**5 950**
01.01.2022	**21 467**	**15 443**	**73**	**5 950**
Profit/loss for the period	4 921	4 921	-	-
Other comprehensive income	420	-	420	-
Dividends declared	-737	-737	-	-
30.6.2022	**26 071**	**19 628**	**493**	**5 950**

Cash flow

		First half		Year
(Amounts in NOK million)	Note	**2022**	**2021**	**2021**
Cash flow from operating activities				
Profit before tax		6 313	751	4 239
Loss/gain(-) on sale of fixed assets		-24	-4	-8
Depreciation, amortisation and impairment		1 547	1 485	3 119
Net paid taxes		-1	-3	-8
Interest recognised in the income statement		344	128	542
Interest received		25	5	20
Interest paid, excl. construction interest		-373	-294	-528
Proceeds from sale of market-based securities		179	317	426
Purchase of market-based securities		-172	-10	-113
Changes in trade accounts receivable		-17	54	-261
Changes in trade accounts payable		-35	153	246
Changes in other accruals		-427	-488	538
Net cash flow from operating activities		**7 359**	**2 094**	**8 212**
Cash flow from investing activities				
Proceeds from sale of tangible fixed assets		129	14	276
Purchase of tangible and intangible fixed assets and plants under construction	4	-2 300	-2 789	-6 533
Construction interest paid	4	-72	-71	-120
Capital contribution to subsidiary		-14	-	-
Changes in investment in joint ventures, associates and other companies		-	-9	-10
Changes in long term loan receivables	3	-	-95	-
Changes in short term loan receivables	3	-	-	2
Dividend received		7	-	50
Net cash flow from investing activities		**-2 250**	**-2 950**	**-6 335**
Cash flow from financing activities				
Proceeds from new interest-bearing debt	3	-	11 700	16 782
Repayment of interest-bearing debt	3	-1 794	-7 108	-13 716
Changes in collateral under CSA (Credit Support Annex) agreements		-1 262	-2 280	-2 576
Dividend paid		-737	-	-1 039
Net cash flow from financing activities		**-3 793**	**2 311**	**-549**
Net cash flow for the period		1 316	1 455	1 329
Cash and cash equivalents at the start of the period		2 387	1 058	1 058
Cash and cash equivalents at the close of the period		**3 703**	**2 513**	**2 387**

Selected notes

Note 1 – Accounting policies

These interim financial statements have been prepared in accordance with International Standards for Financial Reporting (IFRSs) and interpretations issued by the International Accounting Standards Board (IASB), including IAS 34. The interim financial statements do not contain all the supplementary disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements for 2021. The interim financial statements have not been audited.

The accounting policies applied for the interim financial statements are consistent with the accounting policies applied in the annual financial statements for 2021.

Note 2 – Operating revenue

The note present Statnetts Operating revenues and an alternative performance measure regulated by the RME.

Operating revenue

(Amounts in NOK mill)

	Year to date		Year
Operating revenue from regulated grid operations	**2022**	**2021**	**2021**
Tariff revenue	3 550	3 965	8 179
Congestion revenues	8 877	1 064	5 658
Income from other owners in shared grids	-1	-8	-23
Total operating revenue from regulated grid operations	**12 425**	**5 021**	**13 814**
Fee revenue from imbalance settlement	319	124	529
Fee revenue covered by imbalance settlement	-357	-	-398
Total fee revenue	**-38**	**124**	**131**
Total operating revenue from regulated activities	**12 387**	**5 145**	**13 945**
Other operating revenue	230	134	468
Total operating revenue	**12 616**	**5 729**	**13 945**

*** Not comparable figures for first halv year 2021**

Permitted revenue regulated operations

(Amounts in NOK mill)

	Year to date		Year
Permitted revenue grid operations	**2022**	**2021**	**2021**
Revenue cap	5 935	4 424	9 188
Supplement to revenue cap	774	917	2 087
Total permitted revenue grid operations	**6 709**	**5 341**	**11 275**
Permitted revenue imbalance settlement			
Permitted fee revenue imbalance settlement	178	151	327
Total permitted revenue grid operations and imbalance settlement	**6 887**	**5 492**	**11 602**

Higher/lower revenue -This year's changed and total balance

(Amounts in NOK mill)

	Year to date		Year
Regulated grid operations	**2022**	**2021**	**2021**
This year's higher/lower revenue (-/+), not recognized	-5 716	320	-859
This year's provision for interest higher/lower revenue (-/+), not recognized	-49	-	3
This year's higher/lower revenue adjustment (-/+), not recognized*	-	-	79
This year's changed balance for higher/lower revenue (-/+)	**-5 765**	**320**	**-777**
Balance higher/lower revenue (-/+), incl. interest as at 1 Jan	-2 659	-110	-110
Changed balance for higher/lower revenue (-/+), incl. interest	-5 765	320	-2 549
Balance higher/lower revenue (-/+), incl. Interest, closing balance	**-8 424**	**210**	**-2 659**

	Year to date		Year
Imbalance settlement	**2022**	**2021**	**2021**
This year's higher/lower revenue (-/+), not recognized	216	26	194
This year's provision for interest higher/lower revenue (-/+), not recognised	4	3	5
This year's changed balance for higher/lower revenue (-/+)	**220**	**29**	**199**
Balance higher/lower revenue (-/+) incl. interest 1 Jan.	250	50	50
Changed balance for higher/lower revenue (-/+) incl. interest	220	29	199
Balance higher/lower revenue (-/+) incl. interest, closing balance	**470**	**79**	**249**

	Year to date		Year
Total balance higher/lower revenue, grid and imbalance settlement	**2022**	**2021**	**2021**
Balance higher/lower revenue (-/+) 1 Jan.	-2 410	-60	-60
Change in balance for Grid operations, excl. interest	-5 716	320	-2 538
Change in balance for Imbalance settlementt, excl. Interest	216	26	194
Interest on change in balances	-45	3	-6
Total balance higher/lower revenue (-/+), closing balance	**-7 955**	**290**	**-2 410**

Note 3 –Financial instruments

The Note provides an overview of the carrying value and fair value of financial instruments, and how these are treated in the financial statements. The table also shows at which level in the valuation hierarchy the various measurement methods for the Group's financial instruments measured at fair value are included, based on the relative objectivity of the measuring methods.

(Amounts in NOK million)	Classification under IFRS 9	Measure-ment level	30.6.2022 Carrying value	30.6.2021 Carrying value
Fixed assets				
Derivatives, interest bearing	Fair value through P/L	2	3 979	4 899
Total derivatives			**3 979**	**4 899**
Long-term receivables	Amortised cost	i/a	45	54
Subord. capital in Statnett SF's pension fund	Amortised cost	i/a	75	75
Financial assets available for sale	Fair value through P/L	3	3	3
Total other non-current financial assets			**123**	**131**
Current assets				
Trade accounts receivable	Amortised cost	i/a	422	139
Other short-term receivables	Amortised cost	i/a	839	784
Total trade accounts and other short-term receivables			**1 261**	**922**
Market-based securities	Fair value through P/L	1	**1 435**	**1 401**
Derivatives, interest bearing	Fair value through P/L	2	-	7
Total derivatives	Fair value through P/L		**-**	**7**
Liquid assets	Fair value through P/L	1	**3 703**	**2 513**
Long-term liabilities				
Other liabilities	Amortised cost	i/a	**586**	**473**
Derivatives, interest bearing	Fair value through P/L	2	489	-
Derivatives, non-interest-bearing	Fair value through P/L	2	-	1
Total derivatives	Fair value through P/L		**489**	**1**
Other long-term interest-bearing debt	Amortised cost	2	41 480	48 432
Lease liability	Amortised cost	i/a	185	195
Total long-term interest-bearing debt			**41 665**	**48 627**
Current liabilities				
Other short-term interest-bearing debt	Amortised cost	2	7 408	7 801
Lease liability	Amortised cost	i/a	32	35
Total short-term interest-bearing debt			**7 439**	**7 837**
Trade accounts payable and other short term debt		**i/a**	**3 870**	**4 517**
Derivatives, interest bearing	Fair value through P/L	2	199	9
Derivatives, non-interest-bearing	Fair value through P/L	2	6	60
Total derivatives			**205**	**69**

Fair value of other interest bearing debt recognised at amortised cost	**30.6.2022**	**30.6.2021**
	Fair value	**Fair value**
Other long-term interest-bearing debt	40 680	47 794
Other short-term interest-bearing debt	4 751	3 002
Total other interest bearing debt	**45 431**	**50 796**

	30.6.2022	**30.6.2021**
Total measurement levels	**Carrying value**	**Carrying value**
Level 1	1 435	1 401
Level 2	-45 603	-51 398
Level 3	78	78

There have not been any transfers between the measurement levels during the period.

Fair value
The fair value of forward exchange contracts is established using the forward rate at the balance sheet date. The fair value of currency and interest swaps is calculated as the present value of future cash flows. Fair values are mainly confirmed by the financial institutions with which Statnett has entered an agreement.

The fair value of financial assets, trade payables and other current and interest-bearing liabilities are measured at amortized cost using the effective interest method.

Due to their short-term nature, the carrying value of financial instruments such as available-for-sale financial assets, trade and other current receivables, cash and cash equivalents, trade and other current payables is deemed to be a fair estimate of fair value.

Measurement of financial instruments
The Group applies the following hierarchy to measure and present the fair value of financial instruments:

Level 1: Fair value is measured using listed prices from active markets for identical financial instruments. No adjustment is made for these prices.
Level 2: Fair value is measured using other observable inputs than those used at level 1, either directly (prices) or indirectly (derived from prices).
Level 3: Fair value is measured using input that is not based on observable market data.

Listed shares, money market and interest funds, bonds and certificates are deemed to be Level 1 since the securities are listed on a stock market and freely tradable and are measured at the most recent quoted price. Non-listed shares and shareholdings are valued based on the company’s financial statements and are therefore deemed to be Level 3.

Derivatives are deemed to be Level 2. The currency element of forward exchange rates is measured at observable market prices using rates from Norges Bank. The fair value of forward exchange contracts also takes account of the interest element inherent in the individual contract.

Note 4 Plants under construction

(Amounts in NOK million)	**2022**	**2021**
Acquisition cost at 1 January	6 200	10 081
Additions	2 084	2 730
Capitalised construction interest	76	71
Transferred to tangible and other intangible fixed assets	-1 214	-1 496
Write-offs	-7	-14
Acquisition cost at 30 June	**7 139**	**11 372**
Hedge accounting effects	-	27
Plants under construction at 30 June	**7 139**	**11 400**

Contractual obligations
Total contractual commitments as of 30 June 2022 amounted to NOK 1.7 billion. The total relates to development projects where future contractual commitments are greater than NOK 50 million.

Declaration from the board and CEO

We confirm that, to the best of our knowledge, the interim financial statements for the period 1 January to 30 June 2022 have been prepared in accordance with IFRS and that the disclosures in the financial statements provide a true and fair view of the company's and the Group's assets, liabilities, financial position, and performance as a whole. We further declare that, to the best of our knowledge, the information contained in the Interim Report from the Board of Directors for the first six months of 2022 provides a true and fair view of the performance, results and position of the company and the Group, together with a description of the key risks and uncertainties facing the company.

Oslo, 26 August 2022
Statnett SF's Board of Directors

Nils Kristian Nakstad
Board Chair

Hilde Singsaas
Board member

Maria Sandsmark
Board member

Egil Gjesteland
Board member

Wenche Teigland
Board member

Christian Reusch
Board member

Ingeborg Ligaarden
Board member

Rolf Korneliussen
Board member

Steinar Jøråndstad
Board member

Hilde Tonne
CEO